

Research

Barclays Bank Ireland PLC

Primary Credit Analyst:

Letizia Conversano, Paris + 353 (0)1 568 0615; letizia.conversano@spglobal.com

Secondary Contacts:

Anastasia Turdyeva, Dublin + (353)1 568 0622; anastasia.turdyeva@spglobal.com

William Edwards, London + 44 20 7176 3359; william.edwards@spglobal.com

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Barclays Bank Ireland PLC

Credit Highlights

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

Overview

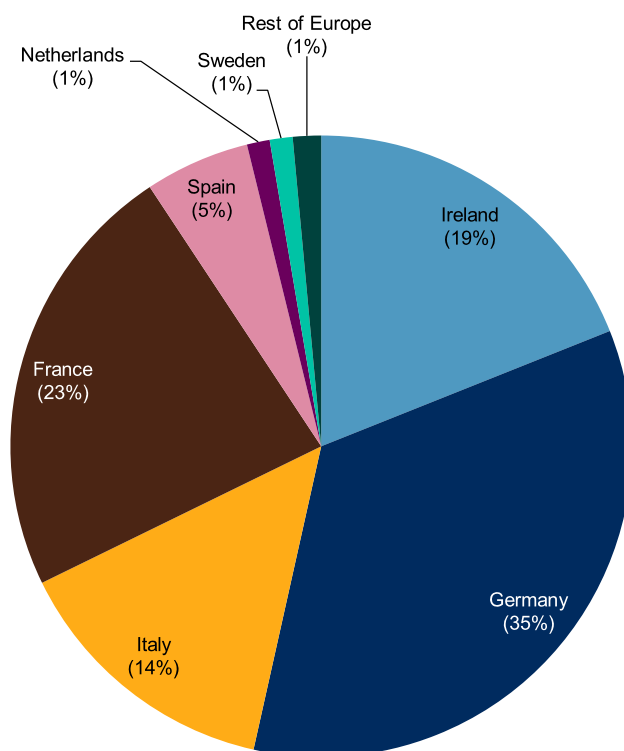
Key strengths	Key risks
Core subsidiary of the Barclays Group, where it acts as the group's European hub.	Concentration of revenue in more volatile capital markets activity.
Well diversified by geography and revenue.	Inflation and continuous investments will likely weigh on the bank's cost base.

We view Barclays Bank Ireland PLC (BBI) as a core subsidiary of the Barclays Group. We believe that BBI plays a crucial role in continuing to serve Barclays' clients in the European Economic Area (EEA) following Brexit. We therefore assess BBI as core to the Barclays Group. We follow a top-down approach to rating BBI by emphasizing its key role within the Barclays Group and do not assign a stand-alone credit profile to it.

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 (ALAC) because, as a material EU subsidiary of a non-EU GSIB (global systematically important bank), BBI has been subject to TLAC (total loss-absorbing capacity) requirements since January 2021, and intermediate MREL (minimum requirement for own funds and eligible liabilities) from January 2022. These requirements are fully effective from January 2024. BBI will satisfy these requirements through instruments downstreamed from the parent.

Barclays' capital, funding, and liquidity profiles will remain sound. The common equity Tier 1 (CET1) ratio was 16.7% as of financial year-end 2022, above the group target of 13%-14%, giving BBI headroom to fund its ambitious growth plans. Into the medium term, we anticipate that the bank's capital will remain sound, although it will normalize over time as the bank pursues its growth agenda in Europe. We also expect BBI's funding and liquidity metrics to 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 particular country.

Chart 1**Income by geographic region**
FY2022

Source: S&P Global Ratings.

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BBI has seen strong growth across its business lines, though we expect expansion to cool from 2024. Total income increased by 19.6% in FY2022 to €1,430 million. Growth was solid across the board. 26.4% growth in net fee and commission income in the CIB segment primarily reflected ongoing trading business expansion by BBI and a backdrop of sharp market volatility. Alongside this, the rollout of enhanced transaction banking capabilities spurred growth in the corporate banking business, while the consumer, cards, and payments business (CC&P) segment saw income increase by 8.6% as consumer spending recovered post pandemic. We note that BBI has continued to pursue growth against volatile, but supportive, economic conditions, which have enabled it to grow its business lines at an accelerated rate. To this end, we expect this growth to slow down, balancing BBI's solid growth prospects against an uneven economic environment.

Outlook

The stable outlook on BBI mirrors that on ultimate parent Barclays PLC. It indicates that we expect Barclays PLC to maintain a robust credit profile over our two-year outlook horizon and continue generating solid, stable earnings. We also expect it to 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 adverse credit, market, or operational risk events, or broader macroeconomic pressures that materially weaken Barclays' asset quality and earnings. A sustained weakening in its funding and liquidity would also likely precipitate a negative rating action.

Upside scenario

We would 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 exceptional asset quality and risk management, and if its risk-adjusted capital ratio moves above 15% on a sustained basis. We view this scenario as remote, however.

Key Statistics

Table 1

Barclays Bank Ireland PLC Key Figures					
	--Year-ended Dec. 31--				
(Mil. €)	2022	2021	2020	2019	2018
Adjusted assets	132,475	117,053	134,887	69,007	12,567
Customer loans (gross)	14,487	13,533	12,736	13,451	5,194
Adjusted common equity	5,862	5,049	3,943	2,692	906
Operating revenues	1,483	1,240	872	737	88
Noninterest expenses	1,106	959	669	587	54
Core earnings	134	273	N/A	21	24

N.A.--Not available. N/A--Not applicable. N.M.--Not meaningful.

Table 2

Barclays Bank Ireland PLC Business Position					
	--Year-ended Dec. 31--				
(%)	2022	2021	2020	2019	2018
Total revenues from business line (currency in millions)	1,483	1,240	872	737	87.7
Retail banking/total revenues from business line	24.8	27.3	43.5	51.7	N/A

Table 2

Barclays Bank Ireland PLC Business Position (cont.)					
	--Year-ended Dec. 31--				
(%)	2022	2021	2020	2019	2018
Commercial & retail banking/total revenues from business line	24.8	27.3	43.5	51.7	100.0
Corporate finance/total revenues from business line	75.3	69.6	67.0	55.9	N/A
Other revenues/total revenues from business line	(0.1)	3.1	(10.4)	(7.6)	N/A
Investment banking/total revenues from business line	75.3	69.6	67.0	55.9	N/A
Return on average common equity	1.9	5.2	(3.5)	1.0	3.1

N.A.--Not available. N/A--Not applicable. N.M.--Not meaningful.

Table 3

Barclays Bank Ireland PLC Capital And Earnings					
	--Year-ended Dec. 31--				
(%)	2022	2021	2020	2019	2018
Tier 1 capital ratio	19.0	18.0	19.1	17.6	N/A
Adjusted common equity/total adjusted capital	87.9	86.2	87.5	82.7	75.2
Net interest income/operating revenues	21.6	25.2	33.6	41.2	65.8
Fee income/operating revenues	62.6	62.2	62.6	59.7	29.1
Market-sensitive income/operating revenues	15.8	12.7	3.8	(0.9)	5.0
Cost to income ratio	74.6	77.3	76.7	79.6	61.1
Preprovision operating income/average assets	0.3	0.2	0.2	0.4	0.4
Core earnings/average managed assets	0.1	0.2	N/A	0.1	0.3

N.A.--Not available. N/A--Not applicable. N.M.--Not meaningful.

Table 4

Barclays Bank Ireland PLC Risk Position					
	--Year-ended Dec. 31--				
(%)	2022	2021	2020	2019	2018
Growth in customer loans	7.0	6.3	(5.3)	159.0	303.0
Total managed assets/adjusted common equity (x)	22.6	23.2	34.2	25.6	13.9
New loan loss provisions/average customer loans	1.2	(0.7)	2.1	0.7	0.2
Net charge-offs/average customer loans	0.3	0.3	0.6	0.5	0.1
Gross nonperforming assets/customer loans + other real estate owned	4.2	4.6	5.1	3.8	3.7
Loan loss reserves/gross nonperforming assets	88.5	72.8	91.7	84.6	151.6

N.A.--Not available. N/A--Not applicable. N.M.--Not meaningful.

Table 5

Barclays Bank Ireland PLC Funding And Liquidity					
	--Year-ended Dec. 31--				
(%)	2022	2021	2020	2019	2018
Core deposits/funding base	37.9	35.6	37.2	63.7	59.2
Customer loans (net)/customer deposits	54.1	61.2	61.9	71.3	76.7
Long-term funding ratio	51.7	48.5	46.7	70.4	65.4

Table 5

Barclays Bank Ireland PLC Funding And Liquidity (cont.)					
	--Year-ended Dec. 31--				
(%)	2022	2021	2020	2019	2018
Stable funding ratio	76.6	68.1	60.7	90.7	145.4
Short-term wholesale funding/funding base	52.9	56.5	57.8	32.9	38.5
Regulatory net stable funding ratio	149.0	148.0	N/A	N/A	N/A
Broad liquid assets/short-term wholesale funding (x)	1.2	1.1	1.2	1.9	1.8
Broad liquid assets/total assets	32.9	32.3	26.1	26.0	59.2
Broad liquid assets/customer deposits	169.2	176.9	179.7	98.1	116.8
Net broad liquid assets/short-term customer deposits	30.6	19.1	25.3	53.5	51.7
Regulatory liquidity coverage ratio (LCR) (x)	194.0	171.0	N/A	N/A	N/A
Short-term wholesale funding/total wholesale funding	83.6	86.0	90.5	86.0	88.3
Narrow liquid assets/3-month wholesale funding (x)	1.3	1.2	1.3	2.2	1.8

N.A.--Not available. N/A--Not applicable. N.M.--Not meaningful.

Related Criteria

- 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
- 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
- General Criteria: Principles Of Credit Ratings , Feb. 16, 2011

Related Research

- Barclays PLC, June 30, 2023

Ratings Detail (As Of July 10, 2023)*

Barclays Bank Ireland PLC

Issuer Credit Rating	A+/Stable/A-1
Resolution Counterparty Rating	AA-/--/A-1+
Senior Unsecured	A+

Issuer Credit Ratings History

19-May-2023	A+/Stable/A-1
24-Jun-2021	A/Positive/A-1

Ratings Detail (As Of July 10, 2023)*(cont.)	
26-Feb-2021	A/Stable/A-1
23-Apr-2020	A/Negative/A-1
Sovereign Rating	
Ireland	AA/Stable/A-1+
Related Entities	
Barclays Bank Ireland PLC (Milan Branch)	
Issuer Credit Rating	A+/Stable/A-1
Resolution Counterparty Rating	AA/--/A-1+
Barclays Bank Ireland PLC, Sucursal en Espana (Madrid Branch)	
Issuer Credit Rating	A+/Stable/A-1
Resolution Counterparty Rating	AA/--/A-1+
Barclays Bank Mexico S.A., Institucion de Banca Multiple, Grupo Financiero Barclays Mexico	
Issuer Credit Rating	
<i>CaVal (Mexico) National Scale</i>	mxAAA/Stable/mxA-1+
Barclays Bank PLC	
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	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
Barclays Bank PLC (Cayman Branch)	
Commercial Paper	A-1
Barclays Bank PLC (New York Branch)	
Commercial Paper	A-1
Barclays Bank UK PLC	
Issuer Credit Rating	A+/Stable/A-1
Resolution Counterparty Rating	AA/--/A-1+
Commercial Paper	A-1
Senior Secured	AAA/Stable
Senior Unsecured	A+
Short-Term Debt	A-1

Ratings Detail (As Of July 10, 2023)*(cont.)

Barclays Capital Inc.

Issuer Credit Rating	A+/Stable/A-1
Resolution Counterparty Rating	A+/-/A-1
Commercial Paper	
<i>Local Currency</i>	A-1

Barclays Capital Luxembourg

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

Barclays Capital Trading Luxembourg

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

Barclays Execution Services Ltd.

Issuer Credit Rating	A+/Stable/A-1
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Barclays PLC

Issuer Credit Rating	BBB+/Stable/A-2
Commercial Paper	A-2
Junior Subordinated	BB-
Senior Unsecured	BBB+
Subordinated	BBB-

BARCLAYS US CCP FUNDING LLC

Resolution Counterparty Liability	A-1+
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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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