

# RatingsDirect®

---

## Barclays Bank PLC

**Primary Credit Analyst:**

William Edwards, London + 44 20 7176 3359; [william.edwards@spglobal.com](mailto:william.edwards@spglobal.com)

**Secondary Contact:**

Richard Barnes, London + 44 20 7176 7227; [richard.barnes@spglobal.com](mailto:richard.barnes@spglobal.com)

### Table Of Contents

---

Credit Highlights

Outlook

Key Statistics

Related Criteria

Related Research

# Barclays Bank PLC

## Credit Highlights

### Global Scale Ratings

#### Issuer Credit Rating

A/Positive/A-1

#### Resolution Counterparty Rating

A+/-/A-1

### Overview

Key strengths	Key risks
Core subsidiary of the Barclays group.	Weakening global economic environment will pressure asset quality and customer revenues.
Leading market positions in international wholesale and consumer businesses.	Focus on businesses prone to earnings volatility.
Resilient performance in its well-diversified investment bank.	Inherent risks and opacity in investment bank activities.

**S&P Global Ratings assesses Barclays Bank (BB) as a core subsidiary of parent Barclays PLC (Barclays).** BB has an integral role in the parent's strategy, material contribution to the group's capital base and financial performance, and a strong link to the group's brand and reputation. We therefore align our long-term issuer credit rating on BB with the 'a' group credit profile, which includes a two-notch uplift for additional loss-absorbing capacity (ALAC), and we do not assess BB's stand-alone credit profile.

**BB is Barclays' non-ring-fenced bank and largest operating entity.** The U.K. ring-fencing regime is intended to protect critical banking functions. Therefore, group support for the non-ring-fenced bank, at the margin, may be lower than for the ring-fenced bank. However, for BB we do not see a material distinction and its scale means it is critical to Barclays' overall success. On a consolidated basis, BB accounted for 72% of the group's total income by half-year 2022, and 83% of total equity.

**BB houses Barclays' investment bank.** BB's business profile is dominated by its corporate and investment bank (CIB) division, which is a leading global competitor serving a broad range of products and clients. Consumer, cards, and payments (CC&P), the bank's other division, includes U.S. and German credit card portfolios, U.K.-focused payments business, and private banking. We see this business profile as prone to earnings volatility in stressed economic and market conditions, although BB's 2022 performance so far has shown good resilience, with strong market performance more than offsetting the sluggish performance in advisory, alongside a good resilience in its CC&P earnings.

**A diverse business model and rising interest rates will support BB's earnings.** CIB leveraged the volatile market conditions to deliver strong trading revenue in the first half of 2022, even as origination revenues slumped. Combined with rising credit card balances and continued growth in payments revenues, BB's half-year 2022 revenues were up 14% on the prior year. We expect underlying earnings growth in 2022 to be strong, due to persistent market volatility throughout the year and the restoration of card balances in the U.S. That said, the cost of remediation for the group's overissuance of securities under its shelf program will be a drag on statutory earnings.

***The consequences of Barclays' overissuance of securities under a U.S. shelf program were manageable.*** However, the breach of the program limit was a specific control lapse and the final impact of remediation and market hedging efforts cost £894 million of pre-tax earnings, through to September 2022 and including full-year 2021 impacts.

***BB reports relatively high stage 2 balances.*** BB's stage 2 loans represented 8% of the total portfolio at half-year 2022, the vast majority of which are fully performing. We expect stage 3 and past-due stage 2 balances will increase moderately in the next 12 months as pressure on households and corporate rises among weakening economic growth, high inflation, and rising interest rates. We think that BB's provisions anticipate this scenario, but that credit losses will rise in the next 12 to 24 months as loan performance weakens against a challenging macroeconomic backdrop.

***BB faces material market and operational risks.*** CIB's trading activities engage heavily in derivatives and other traded products, resulting in material market, counterparty, and operational risks. Conduct and litigation charges have been a burden on BB's earnings, even before the overissuance.

***BB reports solid capital, funding, and liquidity metrics.*** Although BB lacks a high level of stable funding sources, such as insured retail deposits, we nevertheless consider that its funding and liquidity profiles are satisfactory. The liquidity coverage ratio for its domestic liquidity subgroup was 137% at half-year 2022, with strong deposit inflows throughout the pandemic and 2022 largely invested in liquid assets. The solo-consolidated common equity Tier 1 ratio stood at 12.8%.

***Barclays has downstreamed material loss-absorbing debt to BB.*** We think this buffer benefits BB's senior creditors and therefore include ALAC uplift in the ratings.

## Outlook

The positive outlook on BB mirrors that on Barclays (BBB/Positive/A-2). It reflects our view that Barclays is delivering a stronger business profile and stably stronger financial performance. We expect it to navigate the difficult and uncertain environment well, recording material profitability even as major economies face economic contraction and persistent inflation, among elevated geopolitical risk.

Our ratings on BB will move in tandem with those on Barclays as long as we continue to view BB as a core subsidiary of the group.

### Upside scenario

We could raise the long-term issuer credit ratings on Barclays and BB during our two-year outlook horizon if Barclays demonstrates a sustained competitive advantage in line with higher-rated global peers, stability in management and strategy, and profitable earnings contributions across all divisions. Achieving these could improve our business position assessment and group stand-alone credit profile (SACP). At the same time, a potential upgrade would require a clear demonstration that the group's risk management systems are commensurate to the risks that Barclays encounters in all lines of its global operations.

If we revised upward the group SACP by one notch and raised the long-term issuer credit rating on Barclays, we would raise by one notch our ratings on all the senior unsecured and subordinated debt issued by Barclays, BB, and related entities.

### Downside scenario

We could revise the outlook on Barclays and BB to stable if the U.K. banking system deteriorated materially, or Barclays' strategy implementation faltered, and we saw weaker prospects for its risk profile, earnings, and capitalization.

We could lower the ratings on BB independently of a rating action on Barclays if we saw BB becoming less integral to the parent, which is not a likely scenario.

## Key Statistics

Table 1

### Barclays Bank PLC--Key Figures

(Mil. £)	--Year-ended Dec. 31--				
	2022*	2021	2020	2019	2018
Adjusted assets	1,271,089.0	1,060,329.0	1,058,577.0	875,460.0	876,373.0
Customer loans (gross)	183,548.0	120,513.0	115,167.0	124,711.0	128,728.0
Adjusted common equity	51,875.0	45,261.0	42,336.0	40,568.0	38,681.0
Operating revenues	9,990.0	15,412.0	15,785.0	14,208.0	13,668.0

**Table 1**

<b>Barclays Bank PLC--Key Figures (cont.)</b>					
<b>--Year-ended Dec. 31--</b>					
<b>(Mil. £)</b>	<b>2022*</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Noninterest expenses	5,259.0	9,885.0	9,383.0	9,718.0	10,033.0
Core earnings	3,627.1	4,871.1	2,369.1	2,896.2	1,812.4

\*Data as of June 30.

**Table 2**

<b>Barclays Bank PLC--Business Position</b>					
<b>--Year-ended Dec. 31--</b>					
<b>(%)</b>	<b>2022*</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Total revenues from business line (currency in millions)	9,990.0	15,412.0	15,911.0	14,296.0	13,668.0
Commercial banking/total revenues from business line	80.9	80.9	79.3	70.8	71.5
Retail banking/total revenues from business line	19.9	21.7	22.7	31.5	31.5
Commercial & retail banking/total revenues from business line	100.9	102.6	102.0	102.3	103.0
Other revenues/total revenues from business line	(0.9)	(2.6)	(2.0)	(2.3)	(3.0)
Return on average common equity	8.9	10.3	5.5	6.6	1.3

\*Data as of June 30.

**Table 3**

<b>Barclays Bank PLC--Capital And Earnings</b>					
<b>--Year-ended Dec. 31--</b>					
<b>(%)</b>	<b>2022*</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Tier 1 capital ratio	16.4	17.6	18.1	18.1	18.4
Adjusted common equity/total adjusted capital	84.1	82.4	83.1	83.0	83.6
Double leverage	35.0	36.2	34.8	34.9	34.6
Net interest income/operating revenues	22.4	19.9	20.0	27.5	22.9
Fee income/operating revenues	28.4	42.7	35.9	39.9	41.0
Market-sensitive income/operating revenues	48.9	37.0	44.1	31.6	34.1
Cost to income ratio	52.6	64.1	59.4	68.4	73.4
Preprovision operating income/average assets	0.8	0.5	0.7	0.5	0.4
Core earnings/average managed assets	0.6	0.5	0.2	0.3	0.2

\*Data as of June 30.

**Table 4**

<b>Barclays Bank PLC--Risk Position</b>					
<b>--Year-ended Dec. 31--</b>					
<b>(%)</b>	<b>2022*</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Growth in customer loans	104.6	4.6	(7.7)	(3.1)	(65.2)
Total managed assets/adjusted common equity (x)	24.5	23.5	25.0	21.6	22.7
New loan loss provisions/average customer loans	0.4	(0.2)	2.8	0.9	0.3
Net charge-offs/average customer loans	0.7	1.0	(0.1)	1.0	0.5
Gross nonperforming assets/customer loans + other real estate owned	1.9	2.8	4.4	3.5	3.3

**Table 4**

<b>Barclays Bank PLC--Risk Position (cont.)</b>					
	<b>--Year-ended Dec. 31--</b>				
<b>(%)</b>	<b>2022*</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Loan loss reserves/gross nonperforming assets	101.3	104.5	99.0	85.0	89.3

\*Data as of June 30.

**Table 5**

<b>Barclays Bank PLC--Funding And Liquidity</b>					
	<b>--Year-ended Dec. 31--</b>				
<b>(%)</b>	<b>2022*</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Core deposits/funding base	35.4	33.1	32.6	33.1	30.5
Customer loans (net)/customer deposits	57.8	47.8	48.4	61.8	68.0
Long-term funding ratio	50.1	48.6	47.6	51.3	86.5
Stable funding ratio	78.2	76.6	76.3	78.1	163.3
Short-term wholesale funding/funding base	53.2	55.3	56.3	52.8	14.6
Broad liquid assets/short-term wholesale funding (x)	0.7	0.8	0.8	0.8	3.7
Broad liquid assets/total assets	27.1	29.1	28.4	27.4	36.9
Broad liquid assets/customer deposits	110.7	126.3	132.6	122.7	176.1
Net broad liquid assets/short-term customer deposits	(40.0)	(41.2)	(41.0)	(37.3)	129.7
Short-term wholesale funding/total wholesale funding	80.9	81.0	82.0	77.3	20.6
Narrow liquid assets/3-month wholesale funding (x)	N/A	N/A	N/A	N/A	4.5

\*Data as of June 30. N/A--Not applicable.

## Related Criteria

- General Criteria: Hybrid Capital: Methodology And Assumptions, March 2, 2022
- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology, Dec. 9, 2021
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, 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: Guarantee Criteria, Oct. 21, 2016
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

## Related Research

- Barclays Bank U.K. PLC, Nov. 30, 2022
- Robust Earnings And Balance Sheets Keep The U.K. Banking Industry In BICRA Group 3 Despite Deepening Economic Woes, Oct. 25, 2022
- Economic Outlook U.K. Q4 2022: Under The Pump, Oct. 3, 2022
- United Kingdom Outlook Revised To Negative On Rising Fiscal Risks; 'AA/A-1+' Ratings Affirmed, Sept. 30, 2022
- U.K. Banks Face The Weakening Macroeconomy From A Resilient Balance Sheet Position, Sept. 21, 2022
- Barclays PLC, Aug. 22, 2022

### Ratings Detail (As Of November 30, 2022)\*

#### Barclays Bank PLC

Issuer Credit Rating	A/Positive/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+
Resolution Counterparty Liability	A-1
Senior Unsecured	A
Short-Term Debt	A-1
Subordinated	BBB-

#### Issuer Credit Ratings History

24-Jun-2021	A/Positive/A-1
26-Feb-2021	A/Stable/A-1
23-Apr-2020	A/Negative/A-1

#### Sovereign Rating

United Kingdom	AA/Negative/A-1+
----------------	------------------

#### Related Entities

##### Barclays Bank Ireland PLC

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

##### Barclays Bank Ireland PLC (Milan Branch)

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

## Ratings Detail (As Of November 30, 2022)\*(cont.)

<b>Barclays Bank Ireland PLC, Sucursal en Espana (Madrid Branch)</b>	
Issuer Credit Rating	A/Positive/A-1
Resolution Counterparty Rating	A+/--/A-1
<b>Barclays Bank Mexico S.A.</b>	
Issuer Credit Rating	
<i>CaVal (Mexico) National Scale</i>	mxAAA/Stable/mxA-1+
<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/Positive/A-1
Resolution Counterparty Rating	A+/--/A-1
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/Positive/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/Positive/A-1
Resolution Counterparty Rating	A+/--/A-1
<b>Barclays Capital Trading Luxembourg</b>	
Issuer Credit Rating	A/Positive/A-1
Resolution Counterparty Rating	A+/--/A-1
<b>Barclays Execution Services Ltd.</b>	
Issuer Credit Rating	A/Positive/A-1
<b>Barclays PLC</b>	
Issuer Credit Rating	BBB/Positive/A-2
Commercial Paper	A-2
Junior Subordinated	B+
Senior Unsecured	BBB
Subordinated	BB+
<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.



Copyright © 2022 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, [www.standardandpoors.com](http://www.standardandpoors.com) (free of charge), and [www.ratingsdirect.com](http://www.ratingsdirect.com) (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at [www.standardandpoors.com/usratingsfees](http://www.standardandpoors.com/usratingsfees).

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.