FITCH UPGRADES BARCLAYS BANK, BARCLAYS BANK UK AND BARCLAYS BANK IRELAND TO 'A+'

Fitch Ratings-London-20 December 2018: Fitch Ratings has upgraded the Long-Term Issuer Default Ratings (IDRs) of Barclays Bank plc (BB plc), Barclays Bank UK plc (BBUK plc) and Barclays Bank Ireland plc (BBI) to 'A+' from 'A' and removed them from Rating Watch Positive (RWP). The Outlooks are Stable.

The upgrades follow the increase of subordinated debt buffers at the operating companies. The 'a' Viability Ratings (VRs) of BB plc and BBUK plc and the ratings of the holding company, Barclays plc (A/Stable/a), are unaffected by this rating action. A full list of rating actions is at the end of this Rating Action Commentary.

KEY RATING DRIVERS
IDRS, DERIVATIVE COUNTERPARTY RATINGS (DCRS) AND SENIOR DEBT RATINGS
The Long-Term IDRs of BB plc and BBUK plc are now one notch above the banks' respective VRs. The upgrades of the Long-Term IDRs, DCRs and senior debt ratings reflect the amended ranking of internal senior loans extended to both entities by their parent, Barclays plc, using the proceeds from its senior unsecured issuance. This makes the internal loans eligible for the purpose of internal minimum requirement for eligible liabilities (MREL). Following the amendments, the internal loans rank junior to ordinary senior unsecured debt, and combined with the existing large volumes of hybrid additional tier 1 (AT1) instruments and tier 2 debt, are in our view sufficient to protect both banks' external senior unsecured creditors in case of failure.

In Fitch's view, the sustainability of the buffers at both entities is supported by Barclays plc's consolidated MREL (29.9% of risk-weighted assets (RWAs) by 2022 based on current requirements, including a 0.5% counter-cyclical buffer) and by the expected internal MREL applicable to BB plc and BBUK plc. If the group enters resolution, Fitch's view of the regulatory intervention point and post-resolution capital needs suggests a buffer of qualifying junior and internal MREL-eligible debt of at least about 9% of RWAs in the case of BB plc and about 10% of RWAs in the case of BBUK plc could be required to restore their viability without hitting external senior creditors.

The DCRs of BB plc and BBUK plc are at the same level as their Long-Term IDRs because derivative counterparties have no definitive preferential status over other senior obligations in a resolution scenario in the UK. The Short-Term IDRs of 'F1' are the lower option mapping to an 'A+' Long-Term IDR since the debt buffers that benefit the Long-Term IDRs do not confer any liquidity enhancements for the banks.

BBI's ratings are equalised with BB plc's. Fitch has equalised BBI's Long-Term IDR with BB plc's rather than the parent's VR because the parent has placed at BBI a significant buffer of internal debt subordinated to external senior creditors and of qualifying junior debt, which we view as sustainable and which is likely to be sufficient to recapitalise BBI in case of need without imposing losses on external senior creditors.

RATING SENSITIVITIES
IDRS, DCRS AND SENIOR DEBT RATINGS
The ratings of BB plc and BBUK plc are sensitive to the amounts of qualifying junior and internal subordinated debt downstreamed from Barclays plc, and could be downgraded should the combined buffer of debt that is subordinated to external senior creditors fall below around 9%

of RWAs for BB plc and around 10% of RWAs for BBUK plc. The ratings are also sensitive to changes in the banks' VRs (see 'Fitch Affirms Barclays plc's IDR at 'A'' dated 21 June 2018).

BBI's ratings are primarily sensitive to BB plc's ratings, and to the amount of qualifying junior and internal subordinated debt held at the Irish subsidiary. BBI's IDR would be equalised with BB plc's VR should the combined buffer of subordinated debt fall below our required recapitalisation amount, which at 8% of RWAs is BBI's Pillar 1 total capital requirement but could be higher depending on future Pillar 2 or capital buffer requirements. BBI's ratings are also sensitive to Fitch's assessment of BB plc's propensity to support BBI (see 'Fitch Rates Barclays Bank Ireland 'A'; on Rating Watch Positive' dated 03 July 2018).

The rating actions are as follows:

Barclays Bank Plc
Long-Term IDR: upgraded to 'A+' from 'A'; off RWP; Outlook Stable;
Short-Term IDR: affirmed at 'F1'
DCR: upgraded to 'A+(dcr)' from 'A(dcr)'; off RWP
Long-term senior unsecured debt, including programme ratings: upgraded to 'A+' from 'A'; off RWP
Short-term senior unsecured debt, including programme ratings, commercial paper and certificates of deposits: affirmed at 'F1'

Barclays Bank UK plc
Long-Term IDR: upgraded to 'A+' from 'A'; off RWP; Outlook Stable
Short-Term IDR: affirmed at 'F1'
DCR: upgraded to 'A+(dcr)' from 'A(dcr)'; off RWP
Long-term senior unsecured debt: upgraded to 'A+' from 'A'; off RWP
Short-term senior unsecured debt: affirmed at 'F1'

Barclays Bank Ireland plc
Long-Term IDR: upgraded to 'A+' from 'A'; off RWP; Outlook Stable
Short-Term IDR: affirmed at 'F1'
DCR: upgraded to 'A+(dcr)' from 'A(dcr)'; off RWP

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Additional information is available on www.fitchratings.com

Applicable Criteria
Bank Rating Criteria (pub. 12 Oct 2018)
https://www.fitchratings.com/site/re/10044408