



Brexit & Barclays Response

Barclays Bank Ireland PLC (BBI) Information Pack

July 2019

Barclays Strategy & Plans for Brexit

Barclays strategy is to continue to offer its core products and services to its European (non UK) clients, excluding the UK, by expanding Barclays Bank Ireland PLC to encompass the activities we undertake today across our European footprint.

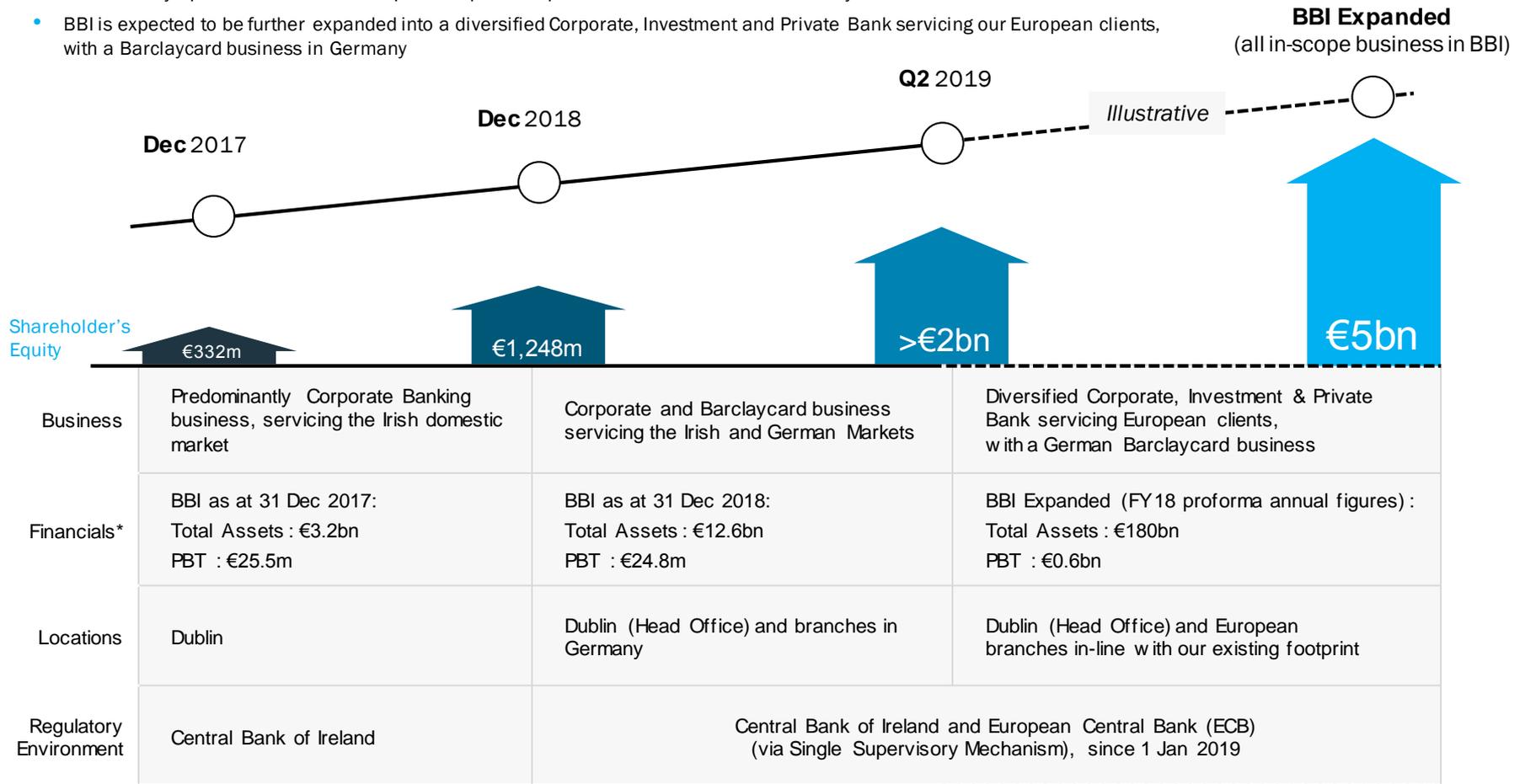
- Barclays delivers a broad range of products and services to clients across Europe at present. We value these relationships and our priority is to minimise disruption and preserve our clients' ability to continue to transact with Barclays.
- Under the assumption of a loss of passporting following the UK's departure from the European Union, new transactions performed for European (non UK) clients under our existing passports will need to be carried out by an EEA-regulated entity after Brexit.
- European clients who faced Barclays Bank PLC (BBPLC) or Barclays Capital Securities Ltd (BCSL) will face BBI going forward.

Barclays has migrated significant activity to BBI through December 2018 and H1, and has plans in place to expand BBI to support further activity with European clients.

- BBI received confirmation of its extended banking license in October 2018. The authorisation for Client Assets went through a separate notification, which was confirmed on 30 November 2018. Branch passports for the seven jurisdictions in which BBI has branches were received from the respective National Competent Authorities in 2018.
- BBPLC transferred its continental European branches in France, Germany, Italy, Portugal, Spain, Sweden and the Netherlands to BBI between December 2018 and March 2019. Additional client relationships have transferred from BBPLC London to BBI during H1 2019.
- We anticipate all new transactions being performed in BBI for European (non UK) clients by the time the UK leaves the European Union. Where existing positions in Barclays London are to migrate to BBI, we continue to take a phased approach.
- The final outcome of the negotiations between the UK and EU and any settlement reached in respect of financial services remain uncertain, and as a result we are ready to refine our plans in light of external developments and will continue to work closely with regulators, clients, colleagues and other stakeholders to ensure that we are able to respond appropriately to any outcome.

Barclays Bank Ireland PLC - At A Glance

- The transfer of business to BBI commenced in December 2018, further activities have been transferred through Q2 2019, increasing the shareholder's equity by c.€1bn post the December 2018 balance sheet
- BBI currently operates as a diversified pan European Corporate Bank with a German Barclaycard business
- BBI is expected to be further expanded into a diversified Corporate, Investment and Private Bank servicing our European clients, with a Barclaycard business in Germany



BBI 'expanded' illustrative pro forma as of FY 2018, please refer to the Disclaimers for the basis of preparation and the key assumptions related to the illustrative financial information contained herein. Currency translations used herein are based on the internal Barclays daily rates and following customary accounting practice of applying a spot rate for balance sheet items as of December 31st 2018 of GBP 1.00 = Euro 1.12, and an average for the Profit and Loss items as of the period January 1st 2018 to December 31st 2018 of GBP 1.00 = 1.13 Euro

Expanded BBI Overview

Overview

- BBI is a wholly owned subsidiary of Barclays Bank PLC
- BBI continues to operate, from a business perspective, as an integrated part of Barclays International and BBPLC, and is expected to be a significant entity within the Barclays Group ¹.
- BBI is expected to have a geographically diversified client franchise across Europe, excluding the UK

Balance Sheet

As of FY18, if all EEA-domiciled client and assumed migrated business had been conducted from BBI:

- Total external assets would have been c.€143bn ²
- Total assets would have been c.€180bn ² including internal transactions with Group entities.
- Inclusive of internal transactions, slightly more than half of total assets and liabilities would have comprised of derivative financial instruments

Profitability

- BBI is expected to be a profitable entity with well diversified sources of revenues.
- If all EEA-domiciled client and assumed migrated business had been conducted from BBI from the beginning of 2018, PBT would have been c.€0.6bn²

¹ The entity is also expected to incorporate an Italian mortgage portfolio

² Refer to the Disclaimers for the basis of preparation and the key assumptions related to the illustrative pro forma financial information contained herein. Currency translations used herein are based on the internal Barclays daily rates and following customary accounting practice of applying a spot rate for balance sheet items as of December 31st 2018 of GBP 1.00 = Euro 1.12, and an average for the Profit and Loss items as of the period January 1st 2018 to December 31st 2018 of GBP 1.00 = Euro 1.13

³ As necessary, to support large transactions, Barclays intends to use the capital base of other Group entities including BBPLC

Funding & Liquidity

- Barclays intends to manage BBI to prudent internal buffers over the regulatory minimum requirements
- BBI is currently, and will continue to be, subject to a minimum Liquidity Coverage Ratio (LCR) requirement and is expected to become subject to a binding Net Stable Funding Ratio (NSFR) requirement by Dec 2020
- Consistent with these assumptions, as of FY18 if all EEA-domiciled client and assumed migrated business had been conducted from BBI then, excluding trading book gross-ups, the funded balance sheet would have been c.€36bn²
- We intend to fund the balance sheet with an appropriate mix of diversified Corporate, International Wealth and Barclaycard customer deposits, a mix of short and long-term sources of wholesale funds, and MREL and equity provided from within the Barclays Group. This will ensure BBI has strong liquidity ratios

Capital

- Barclays intends to manage BBI to prudent internal buffers over the regulatory minimum requirements
- BBI is currently and will continue to be subject to minimum CET1, T1 and Total Capital Ratio requirements and is expected to become subject to a CRR T1 Leverage Ratio requirement upon implementation of CRR2.
- As a material subsidiary of the Barclays Group, BBI is also be subject to a stand-alone MREL requirement. MREL will be provided from within the Group, benefiting from the Group's diversified risk profile and cost of funds
- We anticipate that BBI's CET1 and CRR leverage ratios will be broadly in line with BBPLC and the Barclays Group
- Consistent with these assumptions, as of FY18 if all EEA-domiciled client and assumed migrated business had been conducted from BBI, shareholder's equity would have been c.€5bn ^{2 3}

STANDARD & POOR'S

A/A-1 long and short-term issuer credit ratings

- ☑ Incorporates our plans for the expanded entity
- ☑ Ratings aligned to BBPLC

'Barclays PLC (the group) is progressing with plans to materially expand its existing licensed bank in Ireland in order to fully ensure it can provide banking business and other financial services that require an EU passport across the European Economic Area once the U.K. leaves the EU next year. We believe that BBI is therefore evolving into a more material and relevant subsidiary of the group, which reinforces our view of its core status.'¹

Fitch Ratings

A+/F1 long and short-term issuer credit ratings ²

- ☑ Incorporates our plans for the expanded entity.
- ☑ Ratings aligned to BBPLC

'The ratings reflect Fitch's expectation that BBI will be expanded from a domestic Irish corporate bank to house BB plc's EU operations (mainly corporate and investment banking, credit cards and mortgages), with the aim of avoiding business disruption following the UK's departure from the EU. Fitch views the businesses that will be housed in BBI as core to the group and vital for client relationships that are important to the parent and the wider group's business.'^{3,4}

1 S&P Global Ratings Research Update: Barclays Bank Ireland PLC 'A/A-1' ratings affirmed on expansion plans as the Barclays Groups EU Bank; outlook stable 14th June 2018

2 On 1 March 2019 Fitch placed the outlooks of the Long-Term Issuer Default Ratings (IDR) of 19 UK banking groups - including Barclays - on Rating Watch Negative (RWN). The banks' other ratings, including their Viability Ratings and debt ratings are not affected by the rating action. The actions follow Fitch placing the UK's Long-Term IDR on RWN on 20 February. The RWN reflects the heightened uncertainty over the ultimate outcome of the Brexit process and expects to resolve the RWN during Q2 19 depending on the outcome of negotiations.

3 Fitch Ratings Press release: Fitch rates Barclays Bank Ireland 'A'; on rating watch positive 3rd July 2018

4 Fitch Ratings Press release: Fitch Upgrades Barclays Bank, Barclays Bank UK and Barclays Bank Ireland to 'A+' 20th Dec 2018

Additional Information

Financial Statements:

BBI has been operating as an Irish banking subsidiary of the Barclays Group since 2005 and publishes annual audited financial statements. PDF copies of the accounts for the last three years are available on our website: <https://home.barclays/who-we-are/our-strategy/preparing-for-brexit/> ..

Credit Ratings:

PDF copies of the credit rating agency reports for BBI for S&P and Fitch are available on our website: <https://home.barclays/who-we-are/our-strategy/preparing-for-brexit/> .

Letter of Comfort:

There is currently in place a letter of comfort issued by BBPLC in support of BBI, consistent with BBPLC's usual policy of maintaining the good standing of its subsidiaries. BBPLC is not obliged to continue providing the letter of comfort, and the letter of comfort does not create any legally binding obligations on the part of BBPLC to any person.

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The information set out above includes both FY18 Actual financials (management accounts as at 31st December 2018 and also FY18 Proforma financials. The Proforma financials (the "Illustrative Financial Information") are for illustrative purposes only and is subject to change. The Illustrative Financial Information, including indications of total assets, revenue, funding, balance sheet estimations and ratios has been compiled on a pro forma basis as if the following activities, customers and clients ("In-Scope Business") were comprised in the businesses of Barclays Bank Ireland PLC ("BBI") as at 31 December 2018:

- (i) all regulated activity of all existing European branches and client base of Barclays Bank PLC ("BBPLC") as at 31 December 2018; and*
- (ii) all European clients of BBPLC who were located within the EEA (excluding the UK) as at 31 December 2018.*

The illustrative financial information represents a modelled view including estimates based on Barclays current planning assumptions for the business and operating model for BBI, and is presented to show the possible effect of the proposed business transfers as if they had occurred on 31 December 2018. In addition to this certain of the illustrative financial information has been sourced from the 2018 BBI statutory accounts, management accounts up to 31st December 2018 and also the general ledger. The illustrative financial information has not been independently verified.

While Barclays plans for an expanded BBI in response to the UK's withdrawal from the EU are well progressed they remain subject to the outcome of political negotiation and to management discretion, and so are subject to changes which may be significant. Among other variables the actual amount of In-Scope Business that may ultimately transfer to and/or continue to trade with BBI in the future may differ significantly from the assumptions used in producing the Illustrative Financial Information. The illustrative financial information is therefore provided of illustrative purposes only and is not a forecast of present or future financial condition or performance of BBPLC of BBI. Whilst all reasonable care has been taken in providing the illustrative financial information no responsibility of liability is or will be accepted by Barclays PLC and any of its subsidiaries, affiliates, or associate companies or any of their respective officers, employees or agents in relation to the adequacy, accuracy or completeness of reasonableness of the illustrative financial information or for any action taken in reliance upon that information by any party whether customer, client, counterparty, investor or otherwise. Nothing in the relevant slide should be taken as (or is) a representation of warranty, express or implied as to any of the matters presented.

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Barclays Bank PLC is registered in England No. 1026167 with its registered office at 1 Churchill Place, London E14 5HP.

Barclays Bank Ireland PLC (BBI) is regulated by the Central Bank of Ireland and ECB (via Single Supervisory Mechanism, since 1 January 2019). BBI is registered in Ireland. Registered Number: 396330. Registered Office: One Molesworth Street, Dublin 2, D02 RF29.