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Research Update:

Barclays Bank Ireland PLC 'A/A-1' Ratings Affirmed On Expansion Plans As The Barclays Group's EU Bank; Outlook Stable

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Overview

- 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 Barclays Bank Ireland PLC (BBI) is therefore evolving into a more material and relevant subsidiary of the group, which reinforces our view of its core status.
- We are affirming the 'A/A-1' long- and short-term issuer credit ratings on BBI.
- The stable outlook reflects our expectation that the expansion plans will broadly proceed as planned, and is also consistent with our stable outlook on its immediate parent, Barclays Bank PLC.

Rating Action

On June 14, 2018, S&P Global Ratings affirmed its 'A/A-1' long- and short-term issuer credit ratings on Ireland-incorporated Barclays Bank Ireland PLC. The outlook is stable.

There is no rated debt.

Rationale

The affirmations follow our review of the expansion plans for Barclays Bank Ireland PLC (BBI). We believe that BBI is evolving into a more material and relevant subsidiary of Barclays PLC (the group), which reinforces its core status as per our group rating methodology.

The Barclays group currently offers a variety of products and services to European Economic Area (EEA) clients, principally in relation to its corporate banking and investment banking operations, but also in other areas, such as Barclaycard Germany. Barclays Bank PLC--the non-ring-fenced bank of the Barclays group, and the immediate parent of BBI--also has a number of branches across the EU.

The Barclays group is expanding BBI as part of its plans related to the U.K.'s decision to leave the EU and the expectation of a subsequent loss of the so-called passport required to provide banking services across the EEA. To that end, BBI will be instrumental in allowing Barclays to continue to service its EEA-domiciled clients but also provide important services to network clients with operations in the EEA. We understand that the group has sought regulatory approval for its expansion plans from the Central Bank of Ireland and we assume that the group will receive approval later this year.

In our view, the planned transfer of operations, and BBI's enhanced role, support the importance of the subsidiary to the wider group. We consider the entity will remain core, given it will:

- Operate in business lines that are integral to the overall group strategy, including corporate banking, investment banking, and cards, among other activities;
- Represent a meaningful proportion, at least over 5%, of consolidated group capital and risk-weighted assets;
- Be fully integrated into the group's risk management and leverage the group's infrastructure; and
- Be closely linked to the group's reputation, given it will operate under the group's name.

Due to the core status of BBI, and given the nature of its activities, we do not assign a stand-alone credit profile to the entity. However, we expect the expanded BBI will be comfortably profitable, with varied revenue streams, while expanding capital, funding, and liquidity ratios to remain sufficiently above regulatory limits as assets gradually transfer. We also understand that, as a material subsidiary of the Barclays group, BBI will be subject to a stand-alone minimum requirement for own funds and eligible liabilities, which will be provided from within the group.

Barclays established BBI as a subsidiary in 2005, focused upon local and multi-national corporate lending, and it remained profitable throughout the recent Irish economic downturn. It reported total assets of €3.2 billion at Dec. 31, 2017, and a common equity tier one ratio of 16.7%.

Outlook

The stable outlook reflects our expectation that the expansion plans will broadly proceed as planned. The outlook is also consistent with that on its immediate parent, Barclays Bank PLC.

If we were to take a positive or negative rating action on Barclays Bank PLC, we would likely do the same to the rating on BBI.

We deem a downward revision of BBI's group status, which would lead to a lowering of its ratings, unlikely absent an unexpected shift in Barclays' strategy or material underperformance by BBI relative to the group.

Related Criteria

- General: Methodology For Assigning Financial Institution Resolution Counterparty Ratings, April 19, 2018
- General: Risk-Adjusted Capital Framework Methodology, July 20, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings , April 7, 2017
- Banks: Bank Rating Methodology And Assumptions: Additional Loss-Absorbing Capacity, April 27, 2015
- Banks: Bank Hybrid Capital And Nondeferrable Subordinated Debt Methodology And Assumptions, Jan. 29, 2015
- General Criteria: Principles For Rating Debt Issues Based On Imputed Promises, Dec. 19, 2014
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- Banks: Assessing Bank Branch Creditworthiness, Oct. 14, 2013
- Banks: Quantitative Metrics For Rating Banks Globally: Methodology And Assumptions, July 17, 2013
- Banks: Banks: Rating Methodology And Assumptions, Nov. 9, 2011
- Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Nov. 9, 2011
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009
- Banks: Commercial Paper I: Banks, March 23, 2004

Related Research

- Barclays PLC 'BBB/A-2' Ratings Affirmed On Expected Statutory Earnings Improvement; Outlook Stable, June 13, 2018
- 31 European Banking Groups Assigned Resolution Counterparty Ratings; Four Collateralized Notes Upgraded; UCO Removed, June 12, 2018
- Resolution Counterparty Ratings Jurisdiction Assessment For Ireland Completed, June 11, 2018
- Barclays Bank Ireland PLC, June 28, 2017

Ratings List

Ratings Affirmed

Barclays Bank Ireland PLC	
Issuer Credit Rating	A/Stable/A-1
Resolution Counterparty Rating	A+/--/A-1

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column. Alternatively, call one of the following S&P Global Ratings numbers: Client Support Europe (44) 20-7176-7176; London Press Office (44) 20-7176-3605; Paris (33) 1-4420-6708; Frankfurt (49) 69-33-999-225; Stockholm (46) 8-440-5914; or Moscow 7 (495) 783-4009.