BARCLAYS PLC
Form 6-K
August 05, 2010
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

PURSUANT TO RULE 13a-16 OR 15d-16 OF THE

SECURITIES EXCHANGE ACT OF 1934

August 5, 2010

Barclays PLC and

Barclays Bank PLC

(Names of Registrants)

1 Churchill Place

London E14 5HP

England

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F x Form 40-F ¨

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ______

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ______

THIS REPORT ON FORM 6-K SHALL BE DEEMED TO BE INCORPORATED BY REFERENCE IN THE REGISTRATION STATEMENTS ON FORM F-3 (NO. 333-145845) AND FORM S-8 (NOS. 333-112796, 333-112797, 333-149301 AND 333-149302) OF BARCLAYS BANK PLC AND THE REGISTRATION STATEMENT ON FORM S-8 (NO. 333-153723) OF BARCLAYS PLC AND TO BE A PART THEREOF FROM THE DATE ON WHICH THIS REPORT IS FURNISHED, TO THE EXTENT NOT SUPERSEDED BY DOCUMENTS OR REPORTS SUBSEQUENTLY FILED OR FURNISHED.

Table of Contents

This Report is a joint Report on Form 6-K filed by Barclays PLC and Barclays Bank PLC. All of the issued ordinary share capital of Barclays Bank PLC is owned by Barclays PLC.

The Report comprises the following:

Exhibit No.	Description
99.1	The results of Barclays PLC as of, and for the six months ended, 30th June 2010.
99.2	A table setting forth the issued share capital of Barclays Bank PLC and the Group s total shareholders equity, indebtedness and contingent liabilities as at 30th June 2010.

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, each of the registrants has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorised.

BARCLAYS PLC
(Registrant)

Date: August 5, 2010

By: /s/ Marie Smith
Name: Marie Smith
Title: Assistant Secretary

BARCLAYS BANK PLC
(Registrant)

Date: August 5, 2010

By: /s/ Marie Smith
Name: Marie Smith
Title: Assistant Secretary

Table of Contents

Exhibit 99.1

BARCLAYS PLC AND BARCLAYS BANK PLC

Unless otherwise stated, the income statement analyses compare the six months to 30th June 2010 to the corresponding six months of 2009. Balance sheet comparisons, unless otherwise stated, relate to the corresponding position at 31st December 2009. Unless otherwise stated, all disclosed figures relate to continuing operations.

This document includes portions from the previously published results announcement of Barclays PLC as of, and for the six months ended, June 30, 2010, as amended to comply with the requirements of Regulation G and Item 10(e) of Regulation S-K promulgated by the U.S. Securities and Exchange Commission (the SEC), and also includes the reconciliation to certain financial information prepared in accordance with International Financial Reporting Standards (IFRS). The results of Barclays Bank PLC are materially the same as those of Barclays PLC and are not presented separately in this document. The purpose of this document is to provide such additional disclosure as required by Regulation G and Regulation S-K Item 10(e), to delete certain information not in compliance with SEC regulations and to include reconciliations of certain non-IFRS figures to the most directly equivalent IFRS figures, as of, and for the six months ended, June 30, 2010. This document does not update or otherwise supplement the information contained in the previously published results announcement.

In this document certain non-IFRS measures are reported. Barclays management believes that these non-IFRS measures provide valuable information to readers of its financial statements because they enable the reader to focus more directly on the underlying day-to-day performance of its businesses and provide more detail concerning the elements of performance which the managers of these businesses are most directly able to influence. They also reflect an important aspect of the way in which operating targets are defined and performance is monitored by Barclays management. However, any non-IFRS measures in this document are not a substitute for IFRS measures and readers should consider the IFRS measures as well.

An audit opinion has not been rendered in respect of this announcement.

Relevant terms that are used in this document but are not defined under applicable regulatory guidance or International Financial Reporting Standards (IFRS) are explained in the glossary on pages 94 to 99.

The information in this announcement, which was approved by the Board of Directors on 4th August 2010, does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006.

Forward-looking Statements

This document contains certain forward-looking statements within the meaning of Section 21E of the US Securities Exchange Act of 1934, as amended, and Section 27A of the US Securities Act of 1933, as amended, with respect to certain of the Group s plans and its current goals and expectations relating to its future financial condition and performance. Barclays cautions readers that no forward-looking statement is a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking statements. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as may , will , seek , continue , aim , anticipate , target , expect , estimate , intend , plan , goal , similar meaning. Examples of forward-looking statements include, among others, statements regarding the Group s future financial position, income growth, assets, impairment charges, business strategy, capital ratios, leverage, liquidity, payment of dividends, projected levels of growth in the banking and financial markets, projected costs, estimates of capital expenditures, and plans and objectives for future operations and other statements that are not historical fact. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, including, but not limited to, UK domestic and global economic and business conditions, the effects of continued volatility in credit markets, market related risks such as changes in interest rates and exchange rates, effects of changes in valuation of credit market exposures, changes in valuation of issued notes, the policies and actions of governmental and regulatory authorities, changes in legislation, the further development of standards and interpretations under IFRS applicable to past, current and future periods, evolving practices with regard to the interpretation and application of standards under IFRS, the outcome of pending and future litigation, the success of future acquisitions and other strategic transactions and the impact of competition a number of such factors being beyond the Group s control. As a result, the Group s actual future results may differ materially from the plans, goals, and expectations set forth in the Group s forward-looking statements.

Any forward-looking statements made herein speak only as of the date they are made. Except as required by the UK Financial Services Authority (FSA), the London Stock Exchange or applicable law, Barclays expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this announcement to reflect any change in Barclays expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. The reader should, however, consult any additional disclosures that Barclays has made or may make in documents it has filed or may file with the SEC.

Table of Contents

Table of Contents

BARCLAYS PLC, 1 CHURCHILL PLACE, LONDON, E14 5HP, UNITED KINGDOM. TELEPHONE: +44 (0) 20 7116 1000. COMPANY NO. 48839

Table of Contents

Group Finance Director s Review

Group Performance

Barclays delivered profit before tax of £3,947m in the first half of 2010, an increase of 44% on 2009. Excluding movements on own credit of £851m gain (2009: £893m charge), gains on acquisitions of £133m (2009: £21m) and gains on debt buy-backs in 2009 of £1,192m, Group profit before tax increased by 22% to £2,963m from £2,425m.

Income increased 8% to £16,581m (2009: £15,318m). Barclays Capital reported a 30% increase in total income to £7,912m (2009: £6,089m). This reflected a substantial reduction in losses taken through income relating to credit market exposures which fell to £65m (2009: £3,507m) and a gain relating to own credit of £851m (2009: loss of £893m). Top-line income at Barclays Capital, which excludes these items, declined by 32% in the first half of 2010 to £7,126m relative to the exceptionally strong levels seen in 2009 and by 15% in the second quarter of 2010 to £3,281m relative to the first quarter of 2010 as overall activity levels slowed. Global Retail Banking (GRB) income declined by 1% to £5,134m, reflecting slow economic growth and further net interest income compression. Income at Absa increased 14% to £1,379m (2009: £1,210m).

Impairment charges across the Group against loans and advances, available for sale assets and reverse repurchase agreements improved 32% to £3,080m (2009: £4,556m). This reduction was achieved in spite of an increase of £433m in impairment on the Barclays Corporate loan book in Spain. Impairment charges as a proportion of Group loans and advances as at 30th June 2010 improved to 118 bps, compared to 156 bps for the full year 2009.

Net income for the Group after impairment charges increased 25% to £13,501m (2009: £10,762m) with a particularly strong increase at Barclays Capital of 80% to £7,603m (2009: £4,215m).

As a result, the Group s cost:net income ratio improved from 75% to 72%, with operating expenses up £1,669m to £9,720m, a 21% increase compared to the 25% increase in net income. Barclays Capital accounted for £1,037m of this increase, reflecting investment in the business across our sales, origination, trading and research functions, investment in technology and infrastructure, and increased charges relating to prior year compensation deferrals. Operating expenses increased in Head Office by £198m, principally from a provision in relation to the possible resolution of a review of Barclays compliance with US economic sanctions legislation. Expenses in Absa increased £127m, driven by the appreciation in the average value of the Rand against Sterling, and in Barclays Corporate growth in expenses in New Markets reflects restructuring charges of £93m. As a result, the Group s cost:income ratio increased to 59% (2009: 53%).

Outlook

Although the market and economic environment in which we operate remains uncertain, we are pleased with the strength of our income generation, the flexibility in our cost base and the performance of our risk management which, in combination, are driving higher profits and returns. Our client and customer relationships are at the heart of this performance.

The trends that we have observed during July are broadly similar to the first half, with each of our retail, commercial and wealth management businesses performing in line. Investment banking volumes picked up in the second half of July matching the second quarter run rate which was resilient. Own credit remains volatile and has been impacted by movements in credit spreads.

We will continue to maintain the Group s total capital, leverage and liquidity around current levels in anticipation of likely regulatory change over years to come.

Table of Contents

Condensed Consolidated Financial Statements (Unaudited)

Condensed Consolidated Interim Income Statement (Unaudited)

		Half Year Ended 30.06.10	Half Year Ended 31.12.09	Half Year Ended 30.06.09
Continuing Operations	Notes[1]	£m	£m	£m
Net interest income	1	5,969	6,196	5,722
Net fee and commission income	2	4,194	4,291	4,127
Net trading income	3	5,633	2,883	4,118
Net investment income/(loss)	4	529	185	(129)
Net premiums from insurance contracts	5	582	570	602
Other income	6	89	90	1,299
Total income		**16,996**	**14,215**	**15,739**
Net claims and benefits incurred on insurance contracts	7	(415)	(410)	(421)
Total income net of insurance claims		**16,581**	**13,805**	**15,318**
Impairment charges and other credit provisions	8	(3,080)	(3,515)	(4,556)
Net income		**13,501**	**10,290**	**10,762**
Staff costs	9	(5,812)	(5,133)	(4,815)
Administration and general expenses		(3,276)	(2,932)	(2,629)
Depreciation of property, plant and equipment		(408)	(380)	(379)
Amortisation of intangible assets		(224)	(219)	(228)
Operating expenses	9	**(9,720)**	**(8,664)**	**(8,051)**
Share of post-tax results of associates and joint ventures	10	33	21	13
Profit on disposal of subsidiaries, associates and joint ventures	11	4	167	21
Gains on acquisitions	16	129	26	-
Profit before tax from continuing operations		**3,947**	**1,840**	**2,745**
Tax on continuing operations	12	(1,026)	(542)	(532)
Profit after tax from continuing operations		**2,921**	**1,298**	**2,213**
Profit after tax from discontinued operations including gain on disposal	32	-	6,652	125

Net profit for the period		**2,921**	**7,950**	**2,338**
Attributable to:				
Non-controlling interests	13	490	445	450
Equity holders of the parent		2,431	7,505	1,888
		2,921	**7,950**	**2,338**
Earnings per Share				
Basic earnings per ordinary share from continuing operations	14	20.9p	7.9p	16.4p
Basic earnings per ordinary share from discontinued operations	14	-	60.8p	1.1p
		20.9p	**68.7p**	**17.5p**
Diluted earnings per ordinary share from continuing operations	14	19.7p	7.3p	16.0p
Diluted earnings per ordinary share from discontinued operations	14	-	57.2p	1.1p
		19.7p	**64.5p**	**17.1p**

1 The notes on pages 68 to 91 form an integral part of the condensed consolidated interim financial statements.

Table of Contents

Condensed Consolidated Financial Statements (Unaudited)

Condensed Consolidated Interim Statement of Comprehensive Income (Unaudited)

	Half Year Ended 30.06.10 £m	Half Year Ended 31.12.09 £m	Half Year Ended 30.06.09 £m
Net profit for the period	2,921	7,950	2,338
Other Comprehensive Income			
Continuing operations			
Currency translation differences	1,054	661	(1,522)
Available for sale financial assets	(1,904)	671	565
Cash flow hedges	730	(2)	167
Other	-	20	(20)
Tax relating to components of other comprehensive income	(259)	18	(44)
Other comprehensive income for the year, net of tax from continuing operations	**(379)**	**1,368**	**(854)**
Other comprehensive income for the year, net of tax from discontinued operations	-	79	(137)
Total comprehensive income for the year	**2,542**	**9,397**	**1,347**
Attributable to:			
Non-controlling interests	662	620	568
Equity holders of the parent	1,880	8,777	779
Total comprehensive income for the year	**2,542**	**9,397**	**1,347**

1 The notes on pages 68 to 91 form an integral part of this condensed consolidated interim financial information.

Table of Contents

Condensed Consolidated Financial Statements (Unaudited)

Condensed Consolidated Interim Balance Sheet (Unaudited)

		As at 30.06.10	As at 31.12.09	As at 30.06.09
Assets	Notes[1]	£m	£m	£m
Cash and balances at central banks		103,928	81,483	21,423
Items in the course of collection from other banks		961	1,593	1,995
Trading portfolio assets		167,029	151,344	153,973
Financial assets designated at fair value		42,764	42,568	45,301
Derivative financial instruments	17	505,210	416,815	556,045
Loans and advances to banks	20	45,924	41,135	52,944
Loans and advances to customers	21	448,266	420,224	411,804
Available for sale financial investments		52,674	56,483	66,716
Reverse repurchase agreements and cash collateral on securities borrowed		197,050	143,431	144,978
Current and deferred tax assets		2,187	2,652	2,953
Investments in associates and joint ventures		406	422	284
Goodwill and intangible assets		8,824	8,795	9,732
Property, plant and equipment		5,738	5,626	4,138
Other assets		6,185	6,358	6,660
Assets of disposal group		-	-	66,392
Total assets		**1,587,146**	**1,378,929**	**1,545,338**
Liabilities				
Deposits from banks		94,304	76,446	105,776
Items in the course of collection due to other banks		1,500	1,466	2,060
Customer accounts		360,980	322,429	319,101
Trading portfolio liabilities		71,752	51,252	44,737
Financial liabilities designated at fair value		87,229	86,202	64,521
Liabilities to customers under investment contracts		1,786	1,679	1,881
Derivative financial instruments	17	486,261	403,416	534,966
Debt securities in issue		151,728	135,902	142,263
Repurchase agreements and cash collateral on securities lent		227,706	198,781	175,077
Current and deferred tax liabilities		1,491	1,462	1,607

Insurance contract liabilities, including unit-linked liabilities		2,168	2,140	2,032
Subordinated liabilities	23	25,929	25,816	25,269
Provisions	24	807	590	481
Retirement benefit liabilities	25	788	769	1,523
Other liabilities		11,644	12,101	10,745
Liabilities of disposal group		-	-	64,612
Total liabilities		**1,526,073**	**1,320,451**	**1,496,651**
Shareholders Equity				
Called up share capital	26	3,011	2,853	2,757
Share premium account		9,053	7,951	7,282
Other reserves		2,212	2,768	1,693
Retained earnings		36,053	33,845	26,121
Less: treasury shares		(738)	(140)	(154)
Shareholders equity excluding non-controlling interests		**49,591**	**47,277**	**37,699**
Non-controlling interests		11,482	11,201	10,988
Total shareholders equity		**61,073**	**58,478**	**48,687**
Total liabilities and shareholders equity		**1,587,146**	**1,378,929**	**1,545,338**

1 The notes on pages 68 to 91 form an integral part of this condensed consolidated interim financial information.

Table of Contents

Condensed Consolidated Financial Statements (Unaudited)

Condensed Consolidated Interim Statement of Changes in Equity (Unaudited)

	Share Capital and Share Premium[1]	Other Reserves[2]	Retained Earnings	Total	Non-controlling Interests	Total Equity
Half Year Ended 30.06.10	£m	£m	£m	£m	£m	£m
Balance at 1st January 2010	**10,804**	**2,628**	**33,845**	**47,277**	**11,201**	**58,478**
Net profit for the period	-	-	2,431	2,431	490	2,921
Other comprehensive income:						
Currency translation movements	-	935	-	935	119	1,054
Available-for-sale financial assets	-	(1,905)	-	(1,905)	1	(1,904)
Cash flow hedges	-	694	-	694	36	730
Tax relating to components of other comprehensive income	-	(279)	4	(275)	16	(259)
Total comprehensive income	**-**	**(555)**	**2,435**	**1,880**	**662**	**2,542**
Issue of new ordinary shares	1,240	-	-	1,240	-	1,240
Issue of shares under employee share schemes	20	-	405	425	-	425
Net purchase of treasury shares	-	(932)	-	(932)	-	(932)
Transfers	-	334	(334)	-	-	-
Dividends	-	-	(294)	(294)	(372)	(666)
Other	-	(1)	(4)	(5)	(9)	(14)
Balance at 30th June 2010	**12,064**	**1,474**	**36,053**	**49,591**	**11,482**	**61,073**
Half Year Ended 31.12.09						
Balance at 1st July 2009	**10,039**	**1,539**	**26,121**	**37,699**	**10,988**	**48,687**
Net profit for the period	-	-	7,505	7,505	445	7,950
Other comprehensive income:						
Currency translation movements	-	504	-	504	157	661
Available-for-sale financial assets	-	672	-	672	(1)	671
Cash flow hedges	-	3	-	3	(5)	(2)
Other	-	-	20	20	-	20
Tax relating to components of other comprehensive income	-	(176)	170	(6)	24	18

Other comprehensive income net of tax from discontinued operations	-	70	9	79	-	79
Total comprehensive income	**-**	**1,073**	**7,704**	**8,777**	**620**	**9,397**
Issue of new ordinary shares	749	-	-	749	-	749
Issue of shares under employee share schemes	16	-	98	114	-	114
Net purchase of treasury shares	-	(17)	-	(17)	-	(17)
Transfers	-	31	(31)	-	-	-
Dividends	-	-	(113)	(113)	(414)	(527)
Net decrease in non-controlling interest arising on acquisitions, disposals and capital issuances	-	-	-	-	(40)	(40)
Other	-	2	66	68	47	115
Balance at 31st December 2009	**10,804**	**2,628**	**33,845**	**47,277**	**11,201**	**58,478**

1 *Details of share capital are shown in note 26.*
2 *Other Reserves include Treasury Shares.*

Table of Contents

Condensed Consolidated Financial Statements (Unaudited)

Condensed Consolidated Interim Statement of Changes in Equity (Unaudited)

Half Year Ended 30.06.09	Share Capital and Share Premium[1]	Other Reserves[2]	Retained Earnings	Total	Non-controlling Interests	Total Equity
	£m	£m	£m	£m	£m	£m
Balance at 1st January 2009	**6,138**	**6,272**	**24,208**	**36,618**	**10,793**	**47,411**
Net profit for the period	-	-	1,888	1,888	450	2,338
Other comprehensive income:						
Currency translation movements	-	(1,642)	-	(1,642)	120	(1,522)
Available-for-sale financial assets	-	578	-	578	(13)	565
Cash flow hedges	-	191	-	191	(24)	167
Other	-	-	(20)	(20)	-	(20)
Tax relating to components of other comprehensive income	-	(80)	1	(79)	35	(44)
Other comprehensive income net of tax from discontinued operations	-	(145)	8	(137)	-	(137)
Total comprehensive income	**-**	**(1,098)**	**1,877**	**779**	**568**	**1,347**
Issue of new ordinary shares	-	-	-	-	-	-
Issue of shares under employee share schemes	19	-	200	219	-	219
Net purchase of treasury shares	-	(30)	-	(30)	-	(30)
Transfers	-	49	(49)	-	-	-
Dividends	-	-	-	-	(353)	(353)
Net decrease in non-controlling interest arising on acquisitions, disposals and capital issuances	-	-	-	-	(42)	(42)
Conversion of Mandatorily Convertible Notes	3,882	(3,652)	(230)	-	-	-
Other	-	(2)	115	113	22	135
Balance at 30th June 2009	**10,039**	**1,539**	**26,121**	**37,699**	**10,988**	**48,687**

Total comprehensive income of £2,542m (31st December 2009: £9,397m, 30th June 2009: £1,347m) has been recognised in the statement of changes in equity.

1 *Details of share capital are shown in note 26.*
2 *Other Reserves include Treasury Shares.*

Table of Contents

Condensed Consolidated Financial Statements (Unaudited)

Condensed Consolidated Interim Cash Flow Statement (Unaudited)

	Half Year Ended 30.06.10 £m	Half Year Ended 31.12.09 £m	Half Year Ended 30.06.09 £m
Continuing Operations			
Profit before tax	3,947	1,840	2,745
Adjustment for non-cash items	(960)	13,026	611
Changes in operating assets and liabilities	22,096	29,574	(4,775)
Tax paid	(728)	(504)	(673)
Net cash from operating activities	**24,355**	**43,936**	**(2,092)**
Net cash from investing activities	3,821	20,264	(8,376)
Net cash from financing activities	(1,418)	719	(1,380)
Net cash from discontinued operations	-	(375)	(1)
Effect of exchange rates on cash and cash equivalents	2,747	(8,694)	5,830
Net increase in cash and cash equivalents	**29,505**	**55,850**	**(6,019)**
Cash and cash equivalents at beginning of period	114,340	58,490	64,509
Cash and cash equivalents at end of period	**143,845**	**114,340**	**58,490**

Table of Contents

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Table of Contents

Results by Business

UK Retail Banking

	Half Year Ended 30.06.10	Half Year Ended 31.12.09	Half Year Ended 30.06.09
Income Statement Information	£m	£m	£m
Net interest income	1,493	1,417	1,425
Net fee and commission income	624	651	648
Net premiums from insurance contracts	73	91	107
Other (loss)/income	-	(1)	6
Total income	**2,190**	**2,158**	**2,186**
Net claims and benefits incurred under insurance contracts	(19)	(33)	(35)
Total income net of insurance claims	**2,171**	**2,125**	**2,151**
Impairment charges and other credit provisions	(447)	(510)	(521)
Net income	**1,724**	**1,615**	**1,630**
Operating expenses excluding amortisation of intangible assets	(1,301)	(1,197)	(1,299)
Amortisation of intangible assets	(21)	(22)	(20)
Operating expenses	**(1,322)**	**(1,219)**	**(1,319)**
Share of post-tax results of associates and joint ventures	2	1	2
Gains on acquisition	100	-	-
Profit before tax	**504**	**397**	**313**
Balance Sheet Information			
Loans and advances to customers at amortised cost	£113.9bn	£103.0bn	£100.3bn
Customer accounts	£106.3bn	£96.8bn	£96.0bn
Total assets	£119.3bn	£109.3bn	£106.9bn
Risk weighted assets	£35.6bn	£35.9bn	£35.3bn

Performance Measures

Loan loss rate (bps)	77	97	102
3 month arrears rates - UK loans	2.38%	2.74%	2.71%
Cost:income ratio	61%	57%	61%
Cost:net income ratio	77%	75%	81%

Table of Contents

Results by Business

UK Retail Banking

UK Retail Banking profit before tax increased 61% (£191m) to £504m (2009: £313m). Results included a pension credit resulting from amendments to the treatment of minimum defined benefits, a gain on the acquisition of Standard Life Bank and lower impairment charges.

Income increased 1% (£20m) to £2,171m (2009: £2,151m) reflecting good growth in Barclays Business, partially offset by the impact of margin compression.

Net interest income increased 5% (£68m) to £1,493m (2009: £1,425m) driven by business growth and the acquisition of Standard Life Bank which more than offset continued margin compression. Total average customer deposit balances increased 11% to £103.5bn (2009: £93.0bn), reflecting good growth in personal customer balances and the impact of Standard Life Bank. The average liabilities margin increased, reflecting the impact of the revised internal Funds Transfer Pricing mechanism. Total customer account balances increased £9.5bn to £106.3bn (31st December 2009: £96.8bn).

Total average customer asset balances increased 12% to £112.5bn (2009: £100.9bn), reflecting good growth in Home Finance mortgage balances and the acquisition of Standard Life Bank. The average assets margin decreased, reflecting the impact of the revised internal Funds Transfer Pricing mechanism. Total loans and advances to customers increased £10.9bn to £113.9bn (31st December 2009: £103.0bn), of which £6.7bn is due to the acquisition of Standard Life Bank.

Average mortgage balances grew 16%, reflecting strongly positive net lending. Mortgage balances were £98.7bn at the end of the period (31st December 2009: £87.9bn), a market share of 8% (2009: 7%). Gross advances increased to £8.5bn (2009: £6.0bn), a share by value of 14% (2009: 9%), with redemptions of £5.2bn (2009: £3.8bn). Net mortgage lending was £3.3bn (2009: £2.2bn). The average loan to value ratio of the mortgage portfolio (including buy-to-let) on a current valuation basis was 42% (2009: 43%). The average loan to value ratio of new mortgage lending was 51% (2009: 48%).

Barclays Business was created in 2010 to cater for the needs of business customers with turnover up to £5m. Within this segment, customer numbers increased 18,000 to 760,000 (2009: 742,000), with Local Business start-ups increasing by 14% and customers who transferred their arrangements from other banks increasing by 10% year on year.

Net fee and commission income decreased 4% (£24m) to £624m (2009: £648m) reflecting lower investment related income.

Total impairment charges represented 77bps (2009: 102bps) of total gross loans and advances to customers and banks. This reflects a reduction in impairment charges of 14% (£74m) to £447m (2009: £521m), driven by low interest rates and improvements in the quality of new business. Impairment charges within Consumer Lending decreased 24% (£71m) to £221m (2009: £292m) and within Home Finance decreased 60% (£21m) to £14m (2009: £35m) more than offsetting an increase of 12% (£14m) to £129m (2009: £115m) in Barclays Business. As a percentage of the portfolio, 3 month arrears rates for the UK loans has improved by 36bps to 238bps (2009: 274bps).

Operating expenses were £1,322m (2009: £1,319m). This includes a pension credit of £118m resulting from amendments to the treatment of minimum defined benefits, offset by a year on year increase in pension costs of £46m and increased investment spend.

Gain on acquisition of £100m represented the gain on purchase of Standard Life Bank.

Total assets increased 9% to £119.3bn (2009: £109.3bn) driven by growth in Home Finance balances and the acquisition of Standard Life Bank. Risk weighted assets remained flat at £35.6bn (2009: £35.9bn) with reductions in operational risk and improved economic conditions offsetting the acquisition of Standard Life Bank.

Table of Contents

Results by Business

Barclaycard

	Half Year Ended 30.06.10	Half Year Ended 31.12.09	Half Year Ended 30.06.09
Income Statement Information	£m	£m	£m
Net interest income	1,369	1,366	1,357
Net fee and commission income	569	651	620
Net trading (loss)/income	(4)	(2)	1
Net investment income	10	3	20
Net premiums from insurance contracts	19	23	21
Other income	2	-	1
Total income	**1,965**	**2,041**	**2,020**
Net claims and benefits incurred under insurance contracts	(7)	(9)	(11)
Total income net of insurance claims	**1,958**	**2,032**	**2,009**
Impairment charges and other credit provisions	(890)	(883)	(915)
Net income	**1,068**	**1,149**	**1,094**
Operating expenses excluding amortisation of intangible assets	(721)	(758)	(687)
Amortisation of intangible assets	(43)	(45)	(37)
Operating expenses	**(764)**	**(803)**	**(724)**
Share of post-tax results of associates and joint ventures	13	6	2
Profit on disposal of subsidiaries, associates and joint ventures	-	-	3
Profit before tax	**317**	**352**	**375**
Balance Sheet Information			
Loans and advances to customers at amortised cost	£26.3bn	£26.5bn	£26.0bn

Total assets	£31.1bn	£30.3bn	£29.6bn
Risk weighted assets	£32.2bn	£30.6bn	£26.9bn
Performance Measures			
Loan loss rate (bps)	596	593	636
3 month arrears rates - UK cards	1.62%	1.79%	2.09%
3 month arrears rates - US cards	2.90%	3.31%	3.17%
Cost:income ratio	39%	40%	36%
Cost:net income ratio	72%	70%	66%

Table of Contents

Results by Business

Barclaycard

Barclaycard profit before tax decreased 15% (£58m) to £317m (2009: £375m) largely as a result of the impact of the Credit Card Accountability, Responsibility and Disclosure Act in the US (the US Credit Card Act), partially offset by an increase in Absa Card profit before tax to £66m (2009: £33m). Results reflected geographic and product diversification with approximately 50% of customers and 40% of average balances outside the UK and with over 20% of income generated via non-consumer credit cards.

Income decreased 3% (£51m) to £1,958m (2009: £2,009m) primarily driven by lower net fees and commissions reflecting the effect of the US Credit Card Act.

Net interest income increased 1% (£12m) to £1,369m (2009: £1,357m) reflecting modest growth in UK consumer card extended credit balances, up 1% to £8.6bn (2009: £8.5bn), the appreciation of the average value of the Rand against Sterling and growth in other portfolios, partially offset by lower net interest income due to the impact of the US Credit Card Act and the continued attrition of the FirstPlus portfolio. The asset margin remained stable but there was a reduction in the net interest margin.

Net fee and commission income decreased 8% (£51m) to £569m (2009: £620m) primarily through the impact of regulation on late and over limit fees in the US.

Investment income of £10m (2009: £20m) represented the gain from the sale of MasterCard shares.

Impairment charges reduced 3% (£25m) to £890m (2009: £915m), reflecting the improvement in economic conditions in major markets. The 90 day delinquency rates for consumer card portfolios in the UK of 1.62% (2009: 1.79%), and in the US of 2.90% (2009: 3.31%), reduced compared to the second half of 2009.

Operating expenses increased 6% (£40m) to £764m (2009: £724m), due to increases in staff-related costs and investment in marketing activities primarily relating to the launch and promotion of Barclaycard Freedom, the new point of sale loyalty programme being provided to UK cardholders and merchants which was launched in March 2010. Cost increases were partially offset by a pension credit resulting from amendments to the treatment of minimum defined benefits.

Period end total assets increased 3% to £31.1bn (2009: £30.3bn) reflecting the appreciation in the US Dollar against Sterling.

Risk weighted assets increased 5% (£1.6bn) to £32.2bn (2009: £30.6bn) reflecting lower securitisation relief and the appreciation in the US Dollar against Sterling.

Table of Contents

Results by Business

Western Europe Retail Banking

	Half Year Ended 30.06.10	Half Year Ended 31.12.09	Half Year Ended 30.06.09
Income Statement Information	£m	£m	£m
Net interest income	335	405	463
Net fee and commission income	214	181	171
Net trading income	7	10	4
Net investment income	36	56	62
Net premiums from insurance contracts	262	255	289
Other income/(loss)	24	1	(7)
Total income	**878**	**908**	**982**
Net claims and benefits incurred under insurance contracts	(276)	(272)	(300)
Total income net of insurance claims	**602**	**636**	**682**
Impairment charges and other credit provisions	(133)	(190)	(148)
Net income	**469**	**446**	**534**
Operating expenses excluding amortisation of intangible assets	(481)	(433)	(432)
Amortisation of intangible assets	(14)	(12)	(10)
Operating expenses	**(495)**	**(445)**	**(442)**
Share of post-tax results of associates and joint ventures	7	4	-
Profit on disposal of subsidiaries, associates and joint ventures	-	157	-
Gains on acquisition	29	26	-
Profit before tax	**10**	**188**	**92**
Balance Sheet Information			
Loans and advances to customers at amortised cost	£39.9bn	£41.1bn	£36.0bn
Customer accounts	£17.1bn	£17.6bn	£12.7bn

Total assets	£49.0bn	£51.0bn	£45.2bn
Risk weighted assets	£15.9bn	£16.8bn	£14.6bn

Performance Measures

Loan loss rate (bps)	65	89	81
Cost:income ratio	82%	70%	65%
Cost:net income ratio	106%	100%	83%

Table of Contents

Results by Business

Western Europe Retail Banking

Western Europe Retail Banking profit before tax fell 89% (£82m) to £10m (2009: £92m). This reflected a reduction in income, consistent with an economic environment which remains challenging, continued investment in developing the franchise in accordance with the business strategic priorities and the negative impact of the 3% decline in the average value of the Euro against Sterling.

Income fell by 12% (£80m) to £602m (2009: £682m) due to lower net interest income, partially offset by higher fees and commissions.

Net interest income fell by 28% (£128m) to £335m (2009: £463m), mainly reflecting a decline in treasury interest income and continued underlying liability margin compression, resulting in a reduction in the net interest margin. Average customer accounts increased 52% and average loans and advances increased 7%. Net interest income benefited from growth in credit cards. Customer assets margin remained broadly steady as the effect of repricing initiatives was offset by higher costs resulting from the new internal Funds Transfer Pricing mechanism. Customer liability margins fell reflecting the cost of acquiring deposits in a highly competitive environment, which more than offset the benefits from the new internal Funds Transfer Pricing mechanism.

Net fee and commission income increased 25% (£43m) to £214m (2009: £171m). The growth reflects the investment in the network in previous years and the credit card businesses acquired since late 2009, combined with increased investment and insurance income reflecting continued growth in the mass affluent market.

Net premiums from insurance contracts decreased 9% (£27m) to £262m (2009: £289m) and net claims and benefits incurred fell correspondingly by 8% (£24m) to £276m (2009: £300m).

Despite the economic conditions, impairment charges improved 10% (£15m) to £133m (2009: £148m) reflecting better delinquency trends, tightened credit criteria and improved collections activity. The overall 30 day delinquency rate improved by 54 bps to 195bps (2009: 249bps) and the 90 day delinquency rate improved by 33bps to 82bps (2009: 115bps) with improvements across all portfolios. Significant improvements were experienced across the Spanish business; the 90 day delinquency rate for mortgages improved by 37bps to 39bps (2009: 76bps). The average Loan to Value ratio for mortgages in Spain was 56% (full year 2009: 54%) and 12% of these (full year 2009: 10%) had a Loan to Value ratio of more than 85%, reflecting continued declines in Spanish house prices. Further, impairment levels are likely to reflect weakening house prices through the remainder of 2010.

Operating expenses increased 12% (£53m) to £495m (2009: £442m). This reflected continued investment in developing the franchise and pursuing strategic priorities: further penetration of the mass affluent market, which has resulted in higher Euro customer account balances; selective expansion of the distribution network, with 60 new distribution points opened in the first half of the year and; further development of the credit card network across the region, including the acquisition of Citigroup s credit card business in Italy in March 2010 and integration of the credit card business acquired in Portugal from Citigroup in late 2009. Underlying costs continue to be tightly controlled.

The £29m gain on acquisition was generated on the purchase of the Citigroup card business in Italy in March 2010. This resulted in the addition of approximately 200,000 customers and loans and advances to customers of £0.2bn.

Period end loans and advances to customers in Euro increased 4% to 48.6bn (2009: 46.6bn), reflecting continued growth in the business. Customer accounts in Euro increased 5% to 20.9bn (31st December 2009: 20.0bn) reflecting a continued focus on growing deposit balances. Period end asset and liability balances in Sterling were affected by the 8% decline in the value of Euro against Sterling since 31st December 2009. Accordingly, in Sterling terms, loans and advances to customers decreased 3% and customer accounts decreased 3%. Risk weighted assets decreased 5% to £15.9bn (2009: £16.8bn) largely reflecting the reductions in loans and advances to customers.

Table of Contents

Results by Business

Barclays Africa

	Half Year Ended 30.06.10	Half Year Ended 31.12.09	Half Year Ended 30.06.09
Income Statement Information	£m	£m	£m
Net interest income	270	251	247
Net fee and commission income	95	89	89
Net trading income	38	27	27
Net investment (loss)/income	(1)	6	1
Other income	1	1	1
Total income	**403**	**374**	**365**
Impairment charges and other credit provisions	(48)	(58)	(63)
Net income	**355**	**316**	**302**
Operating expenses excluding amortisation of intangible assets	(282)	(281)	(252)
Amortisation of intangible assets	(3)	(3)	(2)
Operating expenses	**(285)**	**(284)**	**(254)**
Profit on disposal of subsidiaries, associates and joint ventures	-	7	17
Profit before tax	**70**	**39**	**65**
Balance Sheet Information			
Loans and advances to customers at amortised cost	£3.9bn	£3.9bn	£3.9bn
Customer accounts	£6.8bn	£6.4bn	£5.9bn
Total assets	£7.9bn	£7.9bn	£7.1bn
Risk weighted assets	£7.8bn	£7.6bn	£6.8bn

Performance Measures			
Loan loss rate (bps)	200	242	270
Cost: income ratio	71%	76%	70%
Cost: net income ratio	80%	90%	84%

Table of Contents

Results by Business

Barclays Africa

Barclays Africa profit before tax increased 8% to £70m (2009: £65m) driven by income growth and lower impairment. Prior year results included a one-off gain of £17m from sale of shares in Barclays Bank of Botswana Limited.

Income increased 10% (£38m) to £403m (2009: £365m) as a result of improved net interest margins and trading income.

Net interest income increased 9% (£23m) to £270m (2009: £247m), with an increase in the net interest margin. The assets margin improved, primarily driven by a reduction in funding costs and changes in business mix. The liabilities margin decreased due to margin compression.

Net fee and commission income increased 7% (£6m) to £95m (2009: £89m) primarily driven by growth in retail fee income.

Impairment charges decreased 24% (£15m) to £48m (2009: £63m), representing 200bps of total gross loans and advances to customers and banks (2009: 270bps). Impairment charges on the retail portfolio decreased to £32m (2009: £47m) reducing 224bps to 319bps (2009: 543bps) as a result of a better economic environment and improved collections. The retail portfolio 30 day delinquency rate decreased by 45bps to 290bps (2009: 335bps).

Operating expenses increased 12% (£31m) to £285m (2009: £254m) reflecting investment in infrastructure and an increase in staff costs.

Customer deposits increased 6% (£0.4bn) to £6.8bn (2009: £6.4bn), mainly in retail. Total assets remained flat at £7.9bn (2009: £7.9bn) and risk weighted assets increased 3% (£0.2bn) to £7.8bn (2009: £7.6bn).

On 27th April 2010, Barclays Africa announced the sale of its custody businesses in Africa to Standard Chartered. These businesses had gross assets of £1.9m and assets under custody of £3.9bn as at 31st December 2009. The sale is expected to complete in the second half of 2010, subject to regulatory approvals and other conditions.

Table of Contents

Results by Business

Barclays Capital

	Half Year Ended 30.06.10	Half Year Ended 31.12.09	Half Year Ended 30.06.09
Income Statement Information	£m	£m	£m
Net interest income	357	770	828
Net fee and commission income	1,516	1,454	1,547
Net trading income	5,560	3,205	3,980
Net investment income/(loss)	479	101	(265)
Other income/(loss)	-	6	(1)
Total income	**7,912**	**5,536**	**6,089**
Impairment charges and other credit provisions	(309)	(717)	(1,874)
Net income	**7,603**	**4,819**	**4,215**
Operating expenses excluding amortisation of intangible assets	(4,135)	(3,333)	(3,073)
Amortisation of intangible assets	(78)	(83)	(103)
Operating expenses	**(4,213)**	**(3,416)**	**(3,176)**
Share of post-tax results of associates and joint ventures	10	14	8
Profit before tax	**3,400**	**1,417**	**1,047**
Profit before tax (excluding own credit)	2,549	2,344	1,940
Balance Sheet Information			
Loans and advances to banks and customers at amortised cost	£188.1bn	£162.6bn	£173.5bn
Total assets	£1,212.4bn	£1,019.1bn	£1,133.7bn
Risk weighted assets	£194.3bn	£181.1bn	£209.8bn
Liquidity pool	£160bn	£127bn	£88bn

Performance Measures			
Loan loss rate (bps)	34	80	140
Cost:income ratio	53%	62%	52%
Cost:net income ratio	55%	71%	75%
Cost:net income (excluding own credit) ratio	62%	59%	62%

Other Financial Measures			
Average DVaR (95%)	£57m	£66m	£87m

Table of Contents

Results by Business

Barclays Capital

Barclays Capital profit before tax increased to £3,400m (2009: £1,047m). Excluding an own credit gain of £851m (2009: loss of £893m), profit before tax increased 31% to £2,549m (2009: £1,940m). Top-line income[1] of £7,126m (2009: £10,489m) was down 32% on the very strong prior year performance, reflecting a more challenging market environment. Net income, excluding an own credit gain, increased 32% to £6,752m (2009: £5,108m). There was a significant reduction both in credit market losses taken through income to £65m (2009: £3,507m) and in total impairment charges to £309m (2009: £1,874m).

	Half Year Ended 30.06.10	**Half Year Ended 31.12.09**	**Half Year Ended 30.06.09**
Analysis of Total Income	£m	£m	£m
Fixed Income, Currency and Commodities	4,948	5,425	8,227
Equities and Prime Services	1,056	879	1,286
Investment Banking	1,017	1,102	1,086
Principal Investments	105	(33)	(110)
Top-line income	**7,126**	**7,373**	**10,489**
Credit market losses in income	(65)	(910)	(3,507)
Total income (excluding own credit)	**7,061**	**6,463**	**6,982**
Own credit	851	(927)	(893)

Total income	**7,912**	**5,536**	**6,089**

Income of £7,912m was up 30% on prior year (2009: £6,089m). The impact of difficult trading conditions in the second quarter on top-line income was more than offset by the substantial reduction of credit market losses in income.

Fixed Income, Currency and Commodities top-line income was £4,948m (2009: £8,227m) a decline of 40% relative to the first half of 2009, reflecting lower contributions from rates and commodities. Higher funding costs also drove a reduction in net interest income.

Equities and Prime Services decreased 18% to £1,056m (2009: £1,286m) due to the subdued market activity in European equity derivatives, partially offset by improved client flow in cash equities.

Investment Banking, which comprises advisory businesses and equity and debt underwriting, reported income of £1,017m, a 6% decrease on prior year (2009: £1,086m) as a result of reduced market activity in the second quarter. Fee and commission income was broadly in line with prior year at £1,516m (2009: £1,547m) across the investment banking, fixed income and equities client franchises.

Principal Investments generated income of £105m (2009: loss of £110m) and contributed to the overall net investment gain of £479m (2009: loss of £265m) in addition to the disposal of available for sale assets and gains on assets held at fair value.

Impairment charges of £309m (2009: £1,874m) reflected credit market impairment of £311m (2009: £1,170m), as discussed on page 55. Non credit market related impairment was a release of £2m (2009: charge of £704m).

Operating expenses increased 33% to £4,213m (2009: £3,176m), broadly in line with net income excluding own credit, reflecting the continuing build-out of Equities and Investment Banking, investment in infrastructure, increased charges relating to prior year compensation deferrals and consolidation of entities due to holdings arising from debt restructuring. Cost:net income (excluding own credit) ratio was 62% (2009: 62%), which is within the 60-65% long term range that is targeted for the business.

Total assets increased 19% to £1,212bn (31st December 2009: £1,019bn), reflecting an increase in interest rate derivative assets resulting from decreases in major forward curves, increased reverse repurchase trading and an increased holding in the liquidity pool, which Barclays Capital manages on behalf of the Group. Foreign exchange movements contributed 13% of the total increase. Risk weighted assets increased 7% to £194bn (31st December 2009: £181bn). Increases in the first quarter, primarily driven by prescribed regulatory changes of £15bn, increases in business activity of £8bn and foreign exchange rate movements of £8bn were partially offset by the reduction in business activity in the second quarter of £18bn.

Average DVaR decreased £30m to £57m (2009: £87m), due to lower client activity in the second quarter. Spot DVaR at 30th June 2010 of £43m reduced by £12m (31st December 2009: £55m).

1 *Top-line income is a non-IFRS measure that represents income before own credit gain/losses and credit writedowns. This measure has been presented as it provides for a consistent basis for comparing the business performance between financial periods.*

Table of Contents

Results by Business

Barclays Corporate

	Half Year Ended 30.06.10	Half Year Ended 31.12.09	Half Year Ended 30.06.09
Income Statement Information	£m	£m	£m
Net interest income	939	1,042	1,041
Net fee and commission income	464	494	508
Net trading income/(loss)	27	25	(7)
Net investment loss	(33)	(22)	(24)
Other income	4	4	120
Total income	**1,401**	**1,543**	**1,638**
Impairment charges and other credit provisions	(949)	(840)	(718)
Net income	**452**	**703**	**920**
Operating expenses excluding amortisation of intangible assets	(806)	(680)	(750)
Amortisation of intangible assets	(23)	(18)	(18)
Operating expenses	**(829)**	**(698)**	**(768)**
(Loss)/profit before tax	**(377)**	**5**	**152**
Balance Sheet Information			
Loans and advances to customers at amortised cost	£66.8bn	£70.7bn	£74.8bn
Loans and advances to customers at fair value	£14.4bn	£13.1bn	£12.0bn
Customer accounts	£68.4bn	£66.3bn	£57.8bn
Total assets	£86.9bn	£88.8bn	£92.3bn
Risk weighted assets	£72.7bn	£76.9bn	£77.9bn

Performance Measures

Loan loss rate (bps)	240	229	184
Cost:income ratio	59%	45%	47%
Cost:net income ratio	183%	99%	83%

Table of Contents

Results by Business

Barclays Corporate

Barclays Corporate recorded a loss before tax of £377m (2009: profit £152m). Losses within Continental Europe and New Markets more than offset an increased profit in the UK & Ireland.

Profit before tax in UK & Ireland grew 3% (£10m) to £379m. Excluding the benefits of the 2009 buy-back of securitised debt of £83m, profit before tax in the UK & Ireland increased 33% (£93m). Performance reflected strong growth in customer accounts and significantly reduced impairment. The Continental Europe loss before tax increased £497m to £524m driven by impairment charges on property and construction exposures in Spain. The New Markets loss before tax increased £42m to £232m reflecting restructuring costs of £93m partially offset by a substantial reduction in impairment charges, particularly in retail businesses.

Total income decreased 14% (£237m) to £1,401m (2009: £1,638m) reflecting the 2009 buy-back of securitised debt and higher funding costs in the UK. In Continental Europe and New Markets income decreased due to higher funding costs and lower treasury management income as well as reduced risk appetite.

Net interest income fell 10% (£102m) to £939m (2009: £1,041m) reflecting lower treasury management income and higher funding charges in Continental Europe and New Markets. UK & Ireland net interest income was broadly flat, with reduced lending demand and higher funding costs mostly offset by higher deposit income driven by deposit balance growth.

The net interest margin decreased. Total average lending fell 9% (£7.2bn) to £70.9bn (2009: £78.1bn) and UK new term lending was more than offset by reduced utilisation of overdraft facilities and reduced demand in asset based lending in the UK, along with tighter underwriting criteria outside the UK. The asset margin which excludes treasury management income decreased reflecting the impact of changes to the new internal Funds Transfer Pricing mechanism. There was strong growth in total average deposits, which grew 24% (£11.4bn) to £59.8bn, with the majority arising in the UK as a result of a significant increase in current accounts and managed and currency deposits benefiting from ongoing cash management initiatives. As a result the gap between loans and deposits in UK & Ireland closed substantially. Deposit margins grew reflecting the benefit of the new internal Funds Transfer Pricing mechanism which gives higher returns to behaviourally long-term deposits.

Non interest related income decreased 23% (£135m) to £462m (2009: £597m). Net fees and commissions income fell 9% (£44m) to £464m (2009: £508m) driven by lower debt fees and treasury income.

Net trading income increased £34m to £27m (2009: loss of £7m) and net investment loss increased 38% (£9m) to £33m loss (2009: loss of £24m) reflecting an increase in small venture capital investment write downs.

Other income decreased by £116m to £4m (2009: £120m), reflecting non recurrence of £83m income from the repurchase of securitised debt issued in 2009 and lower operating lease income.

Impairment charges increased to £949m (2009: £718m) primarily in Spain where an increase of £433m was driven by the depressed market conditions in the property and construction sector including some significant single name cases. This was partly offset by an improved performance in UK & Ireland of £135m reflecting lower default rates and fewer insolvencies and an improvement in New Markets of £77m, including £68m in the retail book. Impairment as a percentage of period-end loans and advances to customers and banks increased to 240bps (2009: 184bps).

Operating expenses grew 8% (£61m) to £829m (2009: £768m), reflecting restructuring costs in New Markets of £93m predominantly relating to Indonesia, and investment in infrastructure primarily in the UK. This was partly offset by lower pension charges in the UK resulting from a £62m pension credit resulting from amendments to the treatment of minimum defined benefits.

Total assets fell 2% (£1.9bn) to £86.9bn (2009: £88.8bn) mostly driven by lower Asset Finance business loans. UK new term lending was £5.4bn. Risk weighted assets fell by 5% to £72.7bn (2009: £76.9bn) reflecting improving credit quality particularly in the UK, an 8% decline in the value of Euro denominated assets in Sterling terms and lower levels of customer assets.

Table of Contents

Results by Business

Barclays Corporate

Half Year Ended 30th June 2010	UK & Ireland	Continental Europe	New Markets	Total
Income Statement Information	£m	£m	£m	£m
Income	1,122	147	132	1,401
Impairment charges and other credit provisions	(280)	(586)	(83)	(949)
Operating expenses	(463)	(85)	(281)	(829)
Profit/(loss) before tax	**379**	**(524)**	**(232)**	**(377)**
Balance Sheet Information				
Loans and advances to customers at amortised cost	£52.8bn	£10.4bn	£3.6bn	£66.8bn
Loans and advances to customers at fair value	£14.4bn	-	-	£14.4bn
Customer accounts	£61.6bn	£4.4bn	£2.4bn	£68.4bn
Total assets	£69.5bn	£12.5bn	£4.9bn	£86.9bn
Half Year Ended 31st December 2009				
Income Statement Information				
Income	1,195	189	159	1,543
Impairment charges and other credit provisions	(464)	(165)	(211)	(840)
Operating expenses	(427)	(80)	(191)	(698)
Profit/(loss) before tax	**304**	**(56)**	**(243)**	**5**
Balance Sheet Information				
Loans and advances to customers at amortised cost	£55.6bn	£11.5bn	£3.6bn	£70.7bn
Loans and advances to customers at fair value	£13.1bn	-	-	£13.1bn
Customer accounts	£58.4bn	£5.6bn	£2.3bn	£66.3bn
Total assets	£71.3bn	£12.8bn	£4.7bn	£88.8bn

Half Year Ended 30th June 2009

Income Statement Information				
Income	1,266	196	176	1,638
Impairment charges and other credit provisions	(415)	(143)	(160)	(718)
Operating expenses	(482)	(80)	(206)	(768)
Profit/(loss) before tax	**369**	**(27)**	**(190)**	**152**

Balance Sheet Information				
Loans and advances to customers at amortised cost	£58.2bn	£12.8bn	£3.8bn	£74.8bn
Loans and advances to customers at fair value	£12.0bn	-	-	£12.0bn
Customer accounts	£52.1bn	£3.7bn	£2.0bn	£57.8bn
Total assets	£73.1bn	£14.4bn	£4.8bn	£92.3bn

Table of Contents

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Results by Business

Barclays Wealth

	Half Year Ended 30.06.10	Half Year Ended 31.12.09	Half Year Ended 30.06.09
Income Statement Information	£m	£m	£m
Net interest income	308	257	246
Net fee and commission income	444	428	364
Net trading income/(loss)	2	(5)	12
Net investment income/(loss)	3	14	(1)
Other income	-	5	2
Total income	**757**	**699**	**623**
Impairment charges and other credit provisions	(27)	(30)	(21)
Net income	**730**	**669**	**602**
Operating expenses excluding amortisation of intangible assets	(621)	(591)	(514)
Amortisation of intangible assets	(14)	(10)	(14)
Operating expenses	**(635)**	**(601)**	**(528)**
Profit on disposal of subsidiaries, associates and joint ventures	-	-	1
Profit before tax	**95**	**68**	**75**
Balance Sheet Information			
Loans and advances to customers at amortised cost	£14.3bn	£13.0bn	£11.9bn
Customer accounts	£41.8bn	£38.4bn	£38.1bn
Total assets	£16.4bn	£14.9bn	£14.1bn
Risk weighted assets	£11.6bn	£11.4bn	£10.9bn
Performance Measures			

Loan loss rate (bps)	37	46	34
Cost:income ratio	84%	86%	85%

Table of Contents

Results by Business

Barclays Wealth

Barclays Wealth profit before tax increased 27% (£20m) to £95m (2009: £75m).

Income increased 22% (£134m) to £757m (2009: £623m) principally reflecting growth in the High Net Worth businesses and higher attributable net interest income from the new internal Funds Transfer Pricing mechanism.

Net interest income increased 25% (£62m) to £308m (2009: £246m). The increase in net interest income was principally due to changes in internal Funds Transfer Pricing which gives credit for the behaviourally long-term deposits held by Barclays Wealth. The net interest margin increased, reflecting an increase in the liabilities margin offset by a reduction in the asset margin. Customer accounts grew 9% to £41.8bn (31st December 2009: £38.4bn) and loans and advances to customers grew 10% to £14.3bn (31st December 2009: £13.0bn).

Net fee and commission income increased 22% (£80m) to £444m (2009: £364m) primarily driven by higher transactional activity with High Net Worth clients.

Impairment charges increased £6m to £27m (2009: £21m).

Operating expenses increased 20% (£107m) to £635m (2009: £528m). This was principally due to the impact of the growth in High Net Worth business revenues on staff and infrastructure costs and the start of Barclays Wealth s strategic investment programme. Expenditure in this programme was £33m in the first half of 2010 and is expected to increase to £80m for the second half. This programme is focused on hiring client facing staff to build productive capacity and investment in the facilities and technology required to develop our client experience.

Total client assets, comprising customer deposits and client investments were £153.5bn (2009: £151.2bn). Risk weighted assets increased 2% to £11.6bn (2009: £11.4bn) reflecting growth in loans and advances and improved collateral coverage.

Table of Contents

Results by Business

Investment Management

	Half Year Ended 30.06.10	Half Year Ended 31.12.09	Half Year Ended 30.06.09
Income Statement Information	£m	£m	£m
Net interest (expense)/income	(3)	-	10
Net fee and commission income/(expense)	3	26	(28)
Net trading (loss)/income	(17)	(12)	32
Net investment income/(loss)	51	(3)	14
Other income	-	1	-
Total income	**34**	**12**	**28**
Operating expenses excluding amortisation of intangible assets	(3)	(26)	9
Operating expenses	**(3)**	**(26)**	**9**
Loss on disposal of subsidiaries, associates and joint ventures	-	(1)	-
Profit/(loss) before tax	**31**	**(15)**	**37**
Balance Sheet Information			
Total assets[1]	£3.6bn	£5.4bn	£67.8bn
Risk weighted assets[1]	£0.1bn	£0.1bn	£3.7bn

1 30.6.09 includes assets and risk weighted assets relating to Barclays Global Investors discontinued operations.

Table of Contents

Results by Business

Investment Management

Investment Management profit before tax of £31m (2009: £37m) principally reflected dividend income from the 19.9% holding in BlackRock, Inc.

Total assets as at 30th June 2010 of £3.6bn (31st December 2009: £5.4bn) reflected the value of the 37.567m shares held in BlackRock, Inc. at the closing market price on 30th June 2010 of US$ 143.40 (31st December 2009: US$ 232.20).

This investment is carried as an available for sale financial instrument with the downward fair value movement of £2.2bn taken to the available for sale reserve. The offsetting appreciation in the shares US Dollar value against Sterling of £0.4bn was hedged by foreign exchange instruments.

The holding was assessed for impairment by the Group as at 30th June 2010 in line with Group accounting policy. This analysis identified that the reduction in fair value was not significant or prolonged in the context of observed market volatility and, as such, there was no impairment as at 30th June 2010.

Table of Contents

Results by Business

Absa

	Half Year Ended 30.06.10	Half Year Ended 31.12.09	Half Year Ended 30.06.09
Income Statement Information	£m	£m	£m
Net interest income	737	684	616
Net fee and commission income	538	509	434
Net trading income/(loss)	23	6	(11)
Net investment (loss)/income	(16)	62	66
Net premiums from insurance contracts	187	156	138
Other income	23	22	42
Total income	**1,492**	**1,439**	**1,285**
Net claims and benefits incurred under insurance contracts	(113)	(96)	(75)
Total income net of insurance claims	**1,379**	**1,343**	**1,210**
Impairment charges and other credit provisions	(282)	(272)	(295)
Net income	**1,097**	**1,071**	**915**
Operating expenses excluding amortisation of intangible assets	(756)	(768)	(632)
Amortisation of intangible assets	(28)	(26)	(25)
Operating expenses	**(784)**	**(794)**	**(657)**
Share of post-tax results of associates and joint ventures	1	(4)	-
Profit/(loss) on disposal of subsidiaries, associates and joint ventures	4	(4)	1
Profit before tax	**318**	**269**	**259**
Balance Sheet Information			
Loans and advances to customers at amortised cost	£37.3bn	£36.4bn	£34.1bn

Customer accounts	£20.7bn	£19.7bn	£18.0bn
Total assets	£47.0bn	£45.8bn	£42.6bn
Risk weighted assets	£23.1bn	£21.4bn	£20.2bn
Performance Measures			
Loan loss rate (bps)	147	146	168
Cost:income ratio	57%	59%	54%
Cost:net income ratio	71%	74%	72%

Table of Contents

Results by Business

Absa

Absa profit before tax increased 23% (£59m) to £318m (2009: £259m) mainly as a result of the 19% appreciation of the Rand against Sterling. Rand income declined slightly with cost growth offset by lower impairments.

Income increased 14% (£169m) to £1,379m (2009: £1,210m) predominantly reflecting the impact of exchange rate movements.

Net interest income improved 20% (£121m) to £737m (2009: £616m) reflecting the appreciation in the average value of the Rand against Sterling and an increase in the net interest margin. Average customer assets increased 15% to £36.6bn (2009: £31.8bn) purely driven by appreciation of the Rand. Mortgages remained relatively flat, while instalment finance showed a decline with the run-off outweighing new sales. The assets margin decreased as a result of the higher cost of wholesale funding. Average customer liabilities increased 24% to £20.4bn (2009: £16.5bn), primarily driven by the appreciation of the Rand. Retail savings and commercial cheque and call deposits had growth of 4.9% and 3.7% respectively in Rand terms. The liability margin was in line with the previous year as the improvement in retail cheque accounts, fixed and notice deposits offsets the decline in business customers call, cheque and fixed deposits. The decline in business customers deposit margins is indicative of the significant competition in the market for deposits.

Net fee and commission increased 24% (£104m) to £538m (2009: £434m), mainly reflecting the impact of exchange rate movements as well as some pricing increases and volume growth.

Net trading income increased £34m to £23m (2009: loss of £11m), with net investment income decreasing £82m to a loss of £16m (2009:£66m). These movements reflect the non-recurrence of the gain of £17m from the sale of shares in MasterCard and the adverse impact of mark to market adjustments on Visa of a £9m loss compared to a £7m gain in 2009.

Net premiums from insurance contracts increased 36% (£49m) to £187m (2009: £138m) reflecting volume growth in both life and short-term insurance and the impact of exchange rate movements.

Other income decreased £19m to £23m (2009: £42m) reflecting lower mark-to-market adjustments on investment property portfolios.

Impairment charges decreased by 4% (£13m) to £282m (2009: £295m) mainly as a result of the continuing improvement in the retail portfolios associated with the moderate economic climate. This was offset by the impact of exchange rate movements. In local currency, impairment charges fell by 18%.

Operating expenses increased 19% (£127m) to £784m (2009: £657m) reflecting the impact of exchange rate movements partially offset by a one-off credit relating to the Group s recognition of a pension surplus. As a result, the cost:income ratio deteriorated from 54% to 57%.

Total assets increased 3% to £47.0bn (31st December 2009: £45.8bn) and risk weighted assets increased 8% (£1.7bn) to £23.1bn (31st December 2009: £21.4bn), reflecting the impact of exchange rate movements.

Table of Contents

Results by Business

Head Office Functions and Other Operations

	Half Year Ended 30.06.10	Half Year Ended 31.12.09	Half Year Ended 30.06.09
Income Statement Information	£m	£m	£m
Net interest income/(expense)	164	4	(511)
Net fee and commission expense	(273)	(192)	(226)
Net trading (loss)/income	(3)	(371)	80
Net investment loss	-	(32)	(2)
Net premiums from insurance contracts	41	45	47
Other income	35	51	1,135
Total (loss)/income	**(36)**	**(495)**	**523**
Impairment charges and other credit provisions	5	(15)	(1)
Net (loss)/income	**(31)**	**(510)**	**522**
Operating expenses	**(390)**	**(378)**	**(192)**
Share of post-tax results of associates and joint ventures	-	-	1
Profit/(loss) on disposal of associates and joint ventures	-	8	(1)
(Loss)/profit before tax	**(421)**	**(880)**	**330**
Balance Sheet Information			
Total assets	£13.7bn	£6.4bn	£6.1bn
Risk weighted assets	£1.8bn	£0.9bn	£0.1bn

Table of Contents

Results by Business

Head Office Functions and Other Operations

Head Office Functions and Other Operations profit before tax decreased £751m to a loss of £421m (2009: profit of £330m). The first half of 2009 included £1,109m relating to a net gain on debt buy-backs.

Total income decreased £559m to a loss of £36m (2009: income of £523m).

Group segmental reporting is performed in accordance with Group accounting policies. This means that inter-segment transactions are recorded in each segment as if undertaken on an arm s length basis. Adjustments necessary to eliminate inter-segment transactions are included in Head Office Functions and Other Operations.

Net interest income increased £675m to £164m (2009: loss of £511m) primarily due to reduced costs of central funding activity as the money market dislocations eased and a £235m increase in consolidation adjustments on hedging derivatives, with the corresponding expense being recorded in net trading income.

Net fees and commissions expense increased £47m to £273m (2009: £226m) driven by increases in fees for structured capital market activities to £191m (2009: £147m).

Net trading income decreased £83m to a loss of £3m (2009: profit of £80m). During the half year a repatriation of capital from an overseas operation led to reclassification of £221m of profit from the currency translation reserve to the income statement. This was more than offset by the £235m increase in consolidation adjustments on hedging derivatives, noted above, and net losses on hedging activities.

Other income decreased £1,100m to £35m (2009: £1,135m) reflecting gains in 2009 of £1,127m on exchange of upper Tier 2 perpetual debt for new issuances of lower Tier 2 dated loan stock.

Operating expenses increased £198m to £390m (2009: £192m), largely due to a provision of £194m in relation to the possible resolution of a review of Barclays compliance with US economic sanctions legislation and UK bank payroll taxes of £51m.

Total assets increased 114% to £13.7bn (31st December 2009: £6.4bn) driven mainly by a change in hedging strategy.

1 *Exchange differences arising from translation of foreign operations are included within cumulative translation reserves which are then released to the profit and loss account on disposal or partial disposal of the operation.*

Table of Contents

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Table of Contents

Risk Management

Overview of Barclays Risk Exposures

Overall impairment charges fell during the first half of 2010 reflecting generally improving credit conditions in our main markets. In the UK, GDP growth has been moderate, labour and housing markets have shown more resilience. Interest rates remained low, which has supported improved credit conditions. The economic environment in many other key markets has also begun to show signs of improvement. The most material risks to this outlook relate to the uncertainty in the strength of the global economic recovery, which would affect unemployment, asset values and interest rates over time.

Barclays continues to manage actively its businesses to mitigate these risks and address these challenges. There have been no material changes to the risk management processes as described in the Risk Management section of Barclays Annual Report and Accounts for the year ended 31st December 2009.

Pages 35 to 61 of this Results Announcement provide details with respect to Barclays risk exposures:

Pages 35 to 48 provide an analysis of the key credit risks faced by Barclays across a number of asset classes and businesses, referencing significant portfolios and including summary measures of asset quality. Additional information referenced in this section is to be found in the notes to the financial statements. Further information on the detail within this section is as follows:

Analysis of total assets by valuation basis and underlying asset class (pages 33 to 34)

Quality of loans and advances to banks and customers, with further information being provided on:

> Loans and advances, impairment charges and segmental analyses (pages 35 to 38)

> Potential Credit Risk Loans and Coverage Ratios (pages 39 to 40)

> Wholesale Credit Risk (pages 41 to 44)

> Retail Credit Risk (pages 45 to 47)

Analysis of the credit quality of debt and similar securities, other than loans held within Barclays (page 48)

Pages 49 to 50 provide an analysis of market risk and, in particular, Barclays Capital s DVaR

Pages 51 to 53 set out the key measures of liquidity risk, including the Group liquidity pool, term financing and funding structure, GRB, Barclays Corporate, Wealth and Head Office functions funding and Barclays Capital funding

Pages 54 to 59 provide detailed disclosures and analysis of Barclays Capital credit market assets by asset class, covering current exposures, performance in the year, sales and paydowns, foreign exchange movements and, where appropriate, details of collateral held, geographic spread, vintage and credit quality

Pages 60 to 61 provide exposures for selected Eurozone countries

Barclays is also affected by legal risk and regulatory compliance risk. Certain information regarding these risks can be found on pages 85 to 86. Other principal risks discussed in the 2009 Annual Report remain unchanged from the year end.

Table of Contents

Risk Management

Analysis of Total Assets

	Total	Accounting Basis Cost Based	Fair
	Assets	Measure	Value
Assets as at 30.06.10	£m	£m	£m
Cash and balances at central banks	**103,928**	103,928	-
Items in the course of collection from other banks	**961**	961	-
Treasury & other eligible bills	3,955	-	3,955
Debt securities	137,456	-	137,456
Equity securities	21,365	-	21,365
Traded loans	2,562	-	2,562
Commodities[6]	1,691	-	1,691
Trading portfolio assets	**167,029**	-	167,029
Financial Assets Designated at Fair Value			
Loans and advances	24,056	-	24,056
Debt securities	3,192	-	3,192
Equity securities	4,701	-	4,701
Other financial assets[7]	9,346	-	9,346
Held for own account	**41,295**	-	41,295
Held in respect of linked liabilities to customers under investment contracts[8]	**1,469**	-	1,469
Derivative financial instruments	**505,210**	-	505,210
Loans and advances to banks	**45,924**	45,924	-

Loans and advances to customers	**448,266**	448,266	-
Debt securities	42,348	-	42,348
Equity securities	4,741	-	4,741
Treasury & other eligible bills	5,585	-	5,585
Available for sale financial instruments	**52,674**	-	52,674
Reverse repurchase agreements and cash collateral on securities borrowed	**197,050**	197,050	-
Other assets	**23,340**	22,085	1,255
Total assets as at 30.06.10	**1,587,146**	**818,214**	**768,932**
Total assets as at 31.12.09	1,378,929	710,512	668,417

1 Further analysis of loans and advances is on pages 35 to 38.
2 Further analysis of debt securities and other bills is on page 48.
3 Reverse repurchase agreements comprise primarily short-term cash lending with assets pledged by counterparties securing the loan.
4 Equity securities comprise primarily equity securities determined by available quoted prices in active markets.

Table of Contents

Risk Management

Analysis of Total Assets						Sub Analysis
		Debt Securities	Reverse			
Loans and		and Other	Repurchase	Equity		Credit Market
Advances[1]	Derivatives	Bills[2]	Agreements[3]	Securities[4]	Other	Exposures[5]
£m	£m	£m	£m	£m	£m	£m
-	-	-	-	-	103,928	-
-	-	-	-	-	961	-
-	-	3,955	-	-	-	-
-	-	137,456	-	-	-	231
-	-	-	-	21,365	-	-
2,562	-	-	-	-	-	-
-	-	-	-	-	1,691	-
2,562	-	141,411	-	21,365	1,691	231
24,056	-	-	-	-	-	6,482
-	-	3,192	-	-	-	-
-	-	-	-	4,701	-	-
-	-	-	8,624	-	722	-
24,056	-	3,192	8,624	4,701	722	6,482
-	-	-	-	-	1,469	-
-	505,210	-	-	-	-	2,527

45,924	-	-	-	-	-	-
448,266	-	-	-	-	-	15,216
-	-	42,348	-	-	-	455
-	-	-	-	4,741	-	-
-	-	5,585	-	-	-	-
-	-	47,933	-	4,741	-	455
-	-	-	197,050	-	-	-
-	-	-	-	-	23,340	1,252
520,808	**505,210**	**192,536**	**205,674**	**30,807**	**132,111**	**26,163**
487,268	416,815	180,334	151,188	32,534	110,790	26,601

5 *Further analysis of Barclays Capital credit market exposures is on pages 54 to 59. Undrawn commitments of £219m (31st December 2009: £257m) are off-balance sheet and therefore not included in the table above.*
6 *Commodities primarily consist of physical inventory positions.*
7 *These instruments consist primarily of reverse repurchase agreements designated at fair value.*
8 *Financial assets designated at fair value in respect of linked liabilities to customers under investment contracts have not been further analysed as the Group is not exposed to the risks inherent in these assets.*

Table of Contents

Risk Management

Credit Risk

Loans and Advances to Customers and Banks

Total loans and advances to customers and banks increased 7% to £520,808m (31st December 2009: £487,268m). Loans and advances at amortised cost were £494,190m (31st December 2009: £461,359m) and loans and advances at fair value were £26,618m (31st December 2009: £25,909m).

Total loans and advances to customers and banks at amortised cost gross of impairment increased by £33,782m (7%) to £505,937m (31st December 2009: £472,155m) with rises in both the wholesale (9%) and retail (5%) portfolios.

The principal drivers for this increase were:

- Barclays Capital, where loans and advances increased 15% to £190,941m (31st December 2009: £165,624m). This was driven by increases in settlement balances and cash collateral provided against derivative trades and the net depreciation of Sterling relative to other currencies, offset by a reduction in borrowings. The corporate and government lending portfolio declined 10% to £49,113m (31st December 2009: £54,342m), primarily due to reductions in borrowings by customers offset by increases due to the net depreciation in the value of Sterling relative to other currencies

- UK Retail Banking, due to the acquisition of the Standard Life Bank mortgage portfolio and increased lending in Home Finance

This was partially offset by a reduction of £3,329m (5%) in Barclays Corporate, due to lower customer demand in UK & Ireland operations.

Loans and Advances at Amortised Cost

As at 30.06.10	Gross Loans & Advances £m	Impairment Allowance £m	Loans & Advances Net of Impairment	Credit Risk Loans £m	CRLs % of Gross Loans & Advances	Impairment Charge[1] £m	Loan Loss Rates[2] bp

			£m		%		
Wholesale - customers	234,738	5,007	229,731	11,005	4.7%	1,214	103
Wholesale - banks	45,984	60	45,924	55	0.1%	(6)	(3)
Total wholesale	**280,722**	**5,067**	**275,655**	**11,060**	**3.9%**	**1,208**	**86**
Retail - customers	225,215	6,680	218,535	11,657	5.2%	1,773	157
Total retail	**225,215**	**6,680**	**218,535**	**11,657**	**5.2%**	**1,773**	**157**
Total	**505,937**	**11,747**	**494,190**	**22,717**	**4.5%**	**2,981**	**118**
As at 31.12.09							
Wholesale - customers	217,470	4,616	212,854	10,982	5.0%	3,428	158
Wholesale - banks	41,196	61	41,135	57	0.1%	11	3
Total wholesale	**258,666**	**4,677**	**253,989**	**11,039**	**4.3%**	**3,439**	**133**
Retail - customers	213,489	6,119	207,370	11,349	5.3%	3,919	184
Total retail	**213,489**	**6,119**	**207,370**	**11,349**	**5.3%**	**3,919**	**184**
Total	**472,155**	**10,796**	**461,359**	**22,388**	**4.7%**	**7,358**	**156**

1 *For 30.06.10, the impairment charge provided above relates to the six months ended 30.06.10. For 31.12.09, the impairment charge provided above relates to the twelve months ended 31.12.09.*

2 *The loan loss rates for 30.06.10 have been calculated on an annualised basis.*

Table of Contents

Risk Management

Impairment Charges

Impairment charges on loans and advances fell 24% (£922m) to £2,981m (2009: £3,903m). The fall reflected generally improving credit conditions in Barclays main markets, which led to lower charges across the majority of businesses but predominantly in the wholesale portfolios, where charges against credit market exposures fell and single name charges were generally lower. This reduction was achieved in spite of an increase of £433m in impairment on the Barclays Corporate loan book in Spain. In the retail portfolios, impairment performance improved as delinquency rates fell across Barclays businesses, most notably our UK, US, Spanish and Indian books.

As a result of this fall in impairment and the rise in loans and advances, the impairment charges as a percentage of period end Group total loans and advances decreased to 118bps (2009: 165bps).

Impairment Charges and Other Credit Provisions

	Half Year Ended 30.06.10	Half Year Ended 31.12.09	Half Year Ended 30.06.09
	£m	£m	£m
Impairment charges on loans and advances (note 22)	2,970	3,460	3,870
Charges in respect of undrawn facilities and guarantees	11	(5)	33
Impairment charges on loans and advances and other credit provisions	**2,981**	**3,455**	**3,903**
Impairment charges on reverse repurchase agreements	2	40	3
Impairment charges on available for sale assets	97	20	650
Impairment charges and other credit provisions	**3,080**	**3,515**	**4,556**

In Corporate and Investment Banking and Barclays Wealth, impairment fell by 39% (£774m) to £1,186m (2009: £1,960m), reflecting lower charges against credit market exposures and fewer charges against large single name exposures, partially offset by higher charges against property and construction related names in Spain. The loan loss rate for the first half of 2010 was 86bps (2009: 148bps).

The impairment charge in Global Retail Banking fell by 8% (£129m) to £1,518m (2009: £1,647m) with lower charges across the majority of portfolios, reflecting improving credit conditions across all regions, which favourably impacted delinquency rates and reduced the loan loss rate for the first half of 2010 to 159bps (2009: 191bps).

In Absa, impairment fell by 4% (£13m) to £282m (2009: £295m) as a result of continued improvement in the retail portfolios offset by currency movements. The loan loss rate for the first half of 2010 was 147bps (2009: 168bps).

The impairment charge against available for sale assets and reverse repurchase agreements fell by 85% (£554m) to £99m (2009: £653m), principally driven by lower impairment against credit market exposures.

Table of Contents

Risk Management

Impairment Charges and other Credit Provisions by Business

	Loans and Advances[1]	Available for Sale Assets	Reverse Repurchase Agreements	Total
Half Year Ended 30.06.2010				
	£m	£m	£m	£m
Global Retail Banking	**1,518**	**-**	**-**	**1,518**
UK Retail Banking	447	-	-	447
Barclaycard	890	-	-	890
Western Europe Retail Banking	133	-	-	133
Barclays Africa	48	-	-	48
Corporate and Investment Banking, and Barclays Wealth	**1,186**	**97**	**2**	**1,285**
Barclays Capital[2]	322	(15)	2	309
Barclays Corporate	837	112	-	949
Barclays Wealth	27	-	-	27
Absa	**282**	**-**	**-**	**282**
Head Office Functions and Other Operations	**(5)**	**-**	**-**	**(5)**
Total impairment charges and other credit provisions	**2,981**	**97**	**2**	**3,080**
Half Year Ended 31.12.2009				
Global Retail Banking	**1,637**	**4**	**-**	**1,641**
UK Retail Banking	510	-	-	510
Barclaycard	883	-	-	883
Western Europe Retail Banking	186	4	-	190
Barclays Africa	58	-	-	58
Corporate and Investment Banking, and Barclays Wealth	**1,533**	**14**	**40**	**1,587**
Barclays Capital[2]	667	10	40	717
Barclays Corporate	836	4	-	840
Barclays Wealth	30	-	-	30
Absa	**272**	**-**	**-**	**272**
Head Office Functions and Other Operations	**13**	**2**	**-**	**15**

Total impairment charges and other credit provisions	**3,455**	**20**	**40**	**3,515**
Half Year Ended 30.06.2009				
Global Retail Banking	**1,647**	**-**	**-**	**1,647**
UK Retail Banking	521	-	-	521
Barclaycard	915	-	-	915
Western Europe Retail Banking	148	-	-	148
Barclays Africa	63	-	-	63
Corporate and Investment Banking, and Barclays Wealth	**1,960**	**650**	**3**	**2,613**
Barclays Capital[2]	1,231	640	3	1,874
Barclays Corporate	708	10	-	718
Barclays Wealth	21	-	-	21
Absa	**295**	**-**	**-**	**295**
Head Office Functions and Other Operations	**1**	**-**	**-**	**1**
Total impairment charges and other credit provisions	**3,903**	**650**	**3**	**4,556**

1 *Includes charges in respect of undrawn facilities and guarantees.*
2 *Credit market related impairment charges within Barclays Capital comprised £311m (2009: £706m) against loans and advances, £nil (2009: £464m) against available for sale assets and £nil (2009: £nil) against reverse repurchase agreements.*

Table of Contents

Risk Management

Gross Loans and Advances at Amortised Cost by Geographical Area and Industry Sector

	United Kingdom	Other European Union	United States	Africa	Rest of the World	Total
As at 30.06.10	£m	£m	£m	£m	£m	£m
Financial institutions	30,972	37,284	66,119	5,743	20,118	160,236
Agriculture, forestry and fishing	2,108	149	-	1,755	6	4,018
Manufacturing	7,179	5,034	1,411	1,083	2,256	16,963
Construction	3,859	1,363	5	1,525	125	6,877
Property	12,287	3,671	360	3,341	1,722	21,381
Government and central banks	616	1,467	614	3,041	4,090	9,828
Energy and water	2,174	2,324	1,851	163	1,954	8,466
Wholesale and retail distribution and leisure	11,110	2,411	775	1,864	1,678	17,838
Transport	3,376	1,821	263	220	1,471	7,151
Postal and communications	1,615	743	111	658	650	3,777
Business and other services	18,282	4,823	1,348	5,080	2,714	32,247
Home loans	100,475	34,259	64	22,504	1,448	158,750
Other personal	30,039	7,439	7,524	1,036	1,938	47,976
Finance lease receivables	2,813	1,969	295	5,147	205	10,429
Total loans and advances to customers and banks	**226,905**	**104,757**	**80,740**	**53,160**	**40,375**	**505,937**
As at 31.12.09						
Financial institutions	26,687	26,977	59,212	4,365	15,369	132,610
Agriculture, forestry and fishing	2,192	187	1	1,936	5	4,321
Manufacturing	8,549	5,754	797	1,419	2,336	18,855
Construction	3,544	1,610	7	903	239	6,303

Property	13,514	4,224	428	4,154	1,148	23,468
Government and central banks	913	770	360	3,072	4,111	9,226
Energy and water	2,447	3,882	2,336	158	1,912	10,735
Wholesale and retail distribution and leisure	12,792	2,428	720	1,789	2,017	19,746
Transport	2,784	1,905	383	368	1,844	7,284
Postal and communications	1,098	649	355	715	610	3,427
Business and other services	16,577	4,878	1,721	4,319	2,782	30,277
Home loans	90,903	35,752	19	22,057	1,007	149,738
Other personal	27,687	7,403	7,410	964	1,507	44,971
Finance lease receivables	3,021	2,636	318	5,018	201	11,194
Total loans and advances to customers and banks	**212,708**	**99,055**	**74,067**	**51,237**	**35,088**	**472,155**

Table of Contents

Risk Management

Potential Credit Risk Loans and Coverage Ratios

	CRLs		PPLs		PCRLs	
	30.06.10	**31.12.09**	**30.06.10**	**31.12.09**	**30.06.10**	**31.12.09**
Home Loans	3,873	3,604	185	135	4,058	3,739
Unsecured and Other	7,784	7,745	538	559	8,322	8,304
Retail	**11,657**	**11,349**	**723**	**694**	**12,380**	**12,043**
Wholesale	11,060	11,039	2,732	2,674	13,792	13,713
Group	**22,717**	**22,388**	**3,455**	**3,368**	**26,172**	**25,756**

	Impairment Allowance		CRL Coverage		PCRL Coverage	
	30.06.10	**31.12.09**	**30.06.10**	**31.12.09**	**30.06.10**	**31.12.09**
Home Loans	650	639	16.8%	17.7%	16.0%	17.1%
Unsecured and Other	6,030	5,480	77.5%	70.8%	72.5%	66.0%
Retail	**6,680**	**6,119**	**57.3%**	**53.9%**	**54.0%**	**50.8%**
Wholesale	5,067	4,677	45.8%	42.4%	36.7%	34.1%
Group	**11,747**	**10,796**	**51.7%**	**48.2%**	**44.9%**	**41.9%**

Credit Risk Loans

The Group s Credit Risk Loans (CRLs) rose 1% to £22,717m (31st December 2009: £22,388m) in 2010. However, the net inflows to the Group continued to fall, quarter-on-quarter, from 17% in Q1 2009 to 3% in Q1 2010 and a net reduction of 1% in Q2 2010.

CRLs in the Retail portfolios rose by 3% to £11,657m (31st December 2009: £11,349m) reflecting an increase in Retail Home Loans of £269m (7%) to £3,873m (31st December 2009: £3,604m) primarily due to an increase in recovery balances in the Absa Home Loans portfolio and the inclusion of Standard Life Bank in UK Retail Banking. Unsecured and Other portfolios remained broadly stable at £7,784m (31st December 2009: £7,745m).

CRLs in the Corporate and Wholesale portfolios remained broadly unchanged at £11,060m (31st December 2009: £11,039m). Wholesale CRL balances were lower in Barclays Capital and Barclays Corporate - UK & Ireland, as credit conditions led to improvements across default grades and an improvement in credit market exposures. This was offset by an increase in CRL balances in Continental Europe, primarily Spain, due to deterioration in the property sector.

Potential Problem Loans

The Group s Potential Problem Loans (PPLs) balance rose by 3% to £3,455m (31st December 2009: £3,368m). In the Retail portfolios, PPLs rose 4% (£29m) to £723m (31st December 2009: £694m) as balances increased by £50m in Retail Home Loans, primarily due to an increase in UK Retail Banking as a result of better alignment of definitions across portfolios. This was partially offset by a fall of £21m in Unsecured and Other portfolios, mainly due to lower balances in Western Europe Retail Bank, primarily Spain. PPL balances rose 2% (£58m) in Wholesale portfolios to £2,732m (31st December 2009: £2,674m) mainly reflecting a rise in Barclays Capital, partially offset by a reduction in Spanish balances followed into the CRL categories.

Potential Credit Risk Loans

As a result of the increases in CRLs and PPLs, Group Potential Credit Risk Loan (PCRL) balances increased 2% to £26,172m (31st December 2009: £25,756m).

PCRL balances rose in Retail Home Loans by 9% to £4,058m (31st December 2009: £3,739m) while in Retail Unsecured and Other portfolios they remained broadly unchanged at £8,322m (31st December 2009: £8,304m).

Total PCRL balances in the Corporate and Wholesale portfolios remained broadly unchanged at £13,792m (31st December 2009: £13,713m).

Table of Contents

Risk Management

Impairment Allowances and Coverage Ratios

Impairment allowances increased 9% to £11,747m (31st December 2009: £10,796m), reflecting increased impairment against delinquent assets across the majority of retail businesses as they flowed into later cycles and increased impairment charges against the Spanish property sectors, which has been reflected in Barclays Corporate Continental Europe.

Retail impairment allowances rose by 2% in Retail Home Loans to £650m (31st December 2009: £639m) and by 10% in Retail Unsecured and Other portfolios to £6,030m (31st December 2009: £5,480m) as impairment stock increased against delinquent assets flowing into later cycles. The CRL coverage ratio in Retail Home Loans reduced to 16.8% (31st December 2009: 17.7%), and the PCRL coverage ratio reduced to 16.0% (31st December 2009: 17.1%). The CRL coverage ratio in Retail Unsecured and Other portfolios increased to 77.5% (31st December 2009: 70.8 %) and the PCRL coverage ratio increased to 72.5% (31st December 2009: 66.0%).

In the Corporate and Wholesale portfolios, impairment allowances increased 8% to £5,067m (31st December 2009: £4,677m) reflecting the increase in Barclays Corporate - Continental Europe. The CRL coverage ratio rose to 45.8% (31st December 2009: 42.4%), and the PCRL coverage ratio rose to 36.7% (31st December 2009: 34.1%).

The CRL coverage ratios in Retail Home Loans, Retail Unsecured and Other and Corporate and Wholesale portfolios remain within typical severity rates ranges for these types of products. The Group s CRL coverage ratio increased to 51.7% (31st December 2009: 48.2%), and its PCRL coverage ratio also increased to 44.9% (31st December 2009: 41.9%).

Table of Contents

Risk Management

Wholesale Credit Risk

Loans and advances to customers and banks in the wholesale portfolios increased by £22,056m (9%) to £280,722m (31st December 2009: £258,666m), primarily as a result of a £25,317m (15%) rise in Barclays Capital to £190,941m (31st December 2009: £165,624m). This was driven by an increase in settlement balances, an increase in the cash collateral held against derivative trades and the net depreciation of Sterling relative to other currencies offset by a reduction in borrowings. The corporate and government lending portfolio in Barclays Capital declined 10% to £49,113m (31st December 2009: £54,342m), primarily due to reductions in borrowing by customers offset by increases due to the net depreciation in the value of Sterling relative to other currencies. Loans and advances fell in Barclays Corporate by £3,139m (4%) to £67,986m (31st December 2009: £71,125m), due to reduced customer demand in UK and Ireland. The increase of £777m (8%) in balances at Absa was primarily due to the appreciation of the Rand against Sterling during 2010. In Rand terms, balances were stable.

In the wholesale portfolios, the impairment charge against loans and advances fell by £714m (37%) to £1,208m (31st December 2009: £1,922m) mainly due to a decrease in Barclays Capital, driven by lower charges against credit market exposures and lower charges against single names in the general loan book. This was partially offset by an increase in the Barclays Corporate impairment charge as a result of deteriorating credit conditions in the Spanish property and construction market leading to significantly higher charges in Continental Europe, although this was mitigated by lower default rates and fewer single name charges in UK & Ireland and New Markets.

The loan loss rate across the Group s wholesale portfolios for the first half of 2010 was 86bps (full year 2009: 133bps), reflecting the fall in impairment and the 9% rise in wholesale loans and advances.

As Barclays enters the second half of 2010, the principal uncertainties relating to the performance of the wholesale portfolios are:

- The extent and sustainability of economic recovery in the UK, US, Spain and South Africa as governments consider how to tackle large budget deficits through fiscal tightening which will impact economic growth

- The potential for single name risk and for losses in different sectors and geographies

- Possible deterioration in Barclays remaining credit market exposures, including commercial real estate and leveraged finance

- The impact of potentially deteriorating sovereign credit quality on the credit performance of related corporate lending

Table of Contents

Risk Management

Wholesale Loans and Advances (L&A) at Amortised Cost

	Gross L&A	Impairment Allowance	L&A Net of Impairment	Credit Risk Loans	CRLs % of Gross L&A	Impairment Charge[2]	Loan Loss Rates[3]
As at 30.06.10[1]	£m	£m	£m	£m	%	£m	bps
UK Retail Banking	4,104	68	4,036	272	6.6%	42	205
Barclaycard[4]	391	6	385	8	2.0%	10	512
Barclays Africa	2,785	126	2,659	223	8.0%	16	115
Barclays Capital	190,941	2,881	188,060	5,772	3.0%	322	34
Barclays Corporate	67,986	1,700	66,286	3,710	5.5%	762	224
Barclays Wealth	2,839	53	2,786	202	7.1%	10	70
Absa	10,854	221	10,633	790	7.3%	51	94
Head Office	822	12	810	83	10.1%	(5)	(122)
Total	**280,722**	**5,067**	**275,655**	**11,060**	**3.9%**	**1,208**	**86**
As at 31.12.09[1]							
UK Retail Banking	4,002	56	3,946	247	6.2%	95	238
Barclaycard[4]	322	4	318	10	3.1%	17	528
Barclays Africa	2,991	124	2,867	227	7.6%	33	110
Barclays Capital	165,624	3,025	162,599	6,411	3.9%	1,898	115
Barclays Corporate	71,125	1,204	69,921	3,148	4.4%	1,298	182
Barclays Wealth	3,495	43	3,452	179	5.1%	17	49
Absa	10,077	195	9,882	690	6.8%	67	66
Head Office	1,030	26	1,004	127	12.4%	14	137
Total	**258,666**	**4,677**	**253,989**	**11,039**	**4.3%**	**3,439**	**133**

Analysis of Wholesale Loans and Advances at Amortised Cost Net of Impairment Allowances

	Corporate		Government		Settlement Balances and Cash Collateral		Other Wholesale		Total Wholesale	
	30.06.10	31.12.09	30.06.10	31.12.09	30.06.10	31.12.09	30.06.10	31.12.09	30.06.10	31.12.09
Wholesale[1]	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
UK Retail Banking	4,036	3,946	-	-	-	-	-	-	4,036	3,946
Barclay-card[4]	385	318	-	-	-	-	-	-	385	318
Barclays Africa	1,939	2,056	96	141	-	-	624	670	2,659	2,867
Barclays Capital	44,675	49,849	3,707	3,456	85,870	55,672	53,808	53,622	188,060	162,599
Barclays Corporate	65,790	69,553	372	211	-	-	124	157	66,286	69,921
Barclays Wealth	2,180	2,818	146	162	-	-	460	472	2,786	3,452
Absa	9,037	8,695	717	263	-	-	879	924	10,633	9,882
Head Office	810	1,004	-	-	-	-	-	-	810	1,004
Total	**128,852**	**138,239**	**5,038**	**4,233**	**85,870**	**55,672**	**55,895**	**55,845**	**275,655**	**253,989**

1 *Loans and advances to business customers in Western Europe Retail Banking are included in the Retail Loans and Advances to customers at amortised cost table on page 45.*
2 *For 30.06.10, the impairment charge provided above relates to the six months ended 30.06.10. For 31.12.09, the impairment charge provided above relates to the twelve months ended 31.12.09.*
3 *The loan loss rates for 30.06.10 have been calculated on an annualised basis. The loan loss rates for 31.12.09 have been calculated on the 12 months ended 31.12.09.*
4 *Barclaycard represents corporate credit and charge cards.*

Table of Contents

Risk Management

Analysis of Barclays Capital Wholesale Loans and Advances at Amortised Cost

As at 30.06.10	Gross L&A	Impairment Allowance	L&A Net of Impairment	Credit Risk Loans	CRLs % of Gross L&A	Impairment Charge[1]	Loan Loss Rates[2]
Loans and Advances to Banks	£m	£m	£m	£m	%	£m	bp
Cash collateral and settlement balances	21,598	-	21,598	-	-	-	-
Interbank lending	20,974	60	20,914	55	0.3%	(6)	(6)
Loans and Advances to Customers							
Corporate and Government lending	49,113	731	48,382	1,357	2.8%	207	84
ABS CDO Super Senior	3,760	1,860	1,900	3,760	100.0%	113	601
Other wholesale lending	31,224	230	30,994	600	1.9%	8	5
Cash collateral and settlement balances	64,272	-	64,272	-	-	-	-
Total	**190,941**	**2,881**	**188,060**	**5,772**	**3.0%**	**322**	**34**
As at 31.12.09							
Loans and Advances to Banks							
Cash collateral and settlement balances	15,893	-	15,893	-	-	-	-
Interbank lending	21,722	61	21,661	57	0.3%	14	6
Loans and Advances to Customers							
Corporate and Government lending	54,342	1,037	53,305	2,198	4.0%	1,115	205
ABS CDO Super Senior	3,541	1,610	1,931	3,541	100.0%	714	2,016
Other wholesale lending	30,347	317	30,030	615	2.0%	55	18
Cash collateral and settlement balances	39,779	-	39,779	-	-	-	-

Total	**165,624**	**3,025**	**162,599**	**6,411**	**3.9%**	**1,898**	**115**

Barclays Capital wholesale loans and advances increased 15% to £190,941m (31st December 2009: £165,624m). This was driven by an increase in settlement balances, an increase in the cash collateral held against derivative trades and the net depreciation in the value of Sterling relative to other currencies offset by a reduction in borrowings.

The corporate and government lending portfolio declined 10% to £49,113m (31st December 2009: £54,342m), primarily due to a reduction in borrowings by customers offset by increases due to the net depreciation in the value of Sterling relative to other currencies.

Included within corporate and government lending and other wholesale lending portfolios are £4,512m (31st December 2009: £5,646m) of loans backed by retail mortgage collateral classified within financial institutions.

1 For 30.06.10, the impairment charge provided above relates to the six months ended 30.06.10. For 31.12.09, the impairment charge provided above relates to the twelve months ended 31.12.09.

2 The loan loss rates for 30.06.10 have been calculated on an annualised basis.

Table of Contents

Risk Management

Loans and Advances Held at Fair Value

	As at 30.06.10 £m	As at 31.12.09 £m
Government	4,916	5,024
Financial Institutions	3,815	3,543
Transport	241	177
Postal and Communications	517	179
Business and other services	3,178	2,793
Manufacturing	483	1,561
Wholesale and retail distribution and leisure	559	664
Construction	333	237
Property	12,184	11,490
Energy and Water	392	241
Total	**26,618**	**25,909**

Barclays Capital loans and advances held at fair value were £12,222m (31st December 2009: £12,835m). Included within this balance is £6,482m relating to credit market exposures, the majority of which is made up of commercial real estate loans. The balance of £5,740m primarily comprises loans to financial institutions.

Barclays Corporate loans and advances held at fair value, which comprise lending to property, government and business and other services, were £14,396m (31st December 2009: £13,074m). The fair value of these loans and any movements are matched by offsetting fair value movements on hedging instruments.

Table of Contents

Risk Management

Retail Credit Risk

Loans and advances to customers in the retail portfolios increased by £11,726m (5%) to £225,215m (31st December 2009: £213,489m). This was driven by an increase in UK Retail Banking, with balances in most other businesses remaining stable. The increase of £10,801m (11%) to £111,865m (31st December 2009: £101,064m) primarily reflected the acquisition of Standard Life Bank mortgage portfolio and increased lending in the UK Home Finance portfolio. Western Europe Retail Banking decreased by £1,126m (3%), which primarily reflected the depreciation of the Euro against Sterling partially offset by steady growth in Italy and Spain mortgages. The increase of £208m (1%) of balances in Absa was principally due to the appreciation of the Rand against Sterling during 2010 offset by a 4% fall in balances in Rand terms.

In the retail portfolios, the impairment charge against loans and advances fell by £208m (10%) to £1,773m (2009: £1,981m) due to improving economic conditions, particularly in the labour and housing markets and the low interest rate environment. The largest improvement was in the Retail portfolios of Barclays Corporate, which decreased by £67m (47%) to £75m, reflecting improving delinquency performance in the Indian book. The decrease of £64m (14%) to £405m in UK Retail Banking was driven by lower charge-offs in unsecured loans and a rise in house prices, which positively impacted Home Finance impairment allowances. The decrease of £27m (3%) in Barclaycard to £880m reflected positive underlying delinquency and bankruptcy trends, most notably in US Cards. Impairment charges were also lower in Western Europe Retail Banking, primarily due to improved collection performance and improving delinquency rates in Spanish cards, and in Barclays Africa mainly as a result of improved collection performance in the Egyptian and Zambian portfolios.

The loan loss rate across the Group s retail portfolios for the first half of 2010 was 157bps (full year 2009: 184bps).

As Barclays enters the second half of 2010, the principal uncertainties relating to the performance of the Group s retail portfolios are:

- The extent and sustainability of economic recovery in the UK, US, Spain and South Africa as governments consider how to tackle large budget deficits through fiscal tightening, which will negatively affect net disposable income and impact economic growth
- The extent and duration of increases in unemployment and the speed and extent of rises in interest rates, as retail portfolio delinquency rates remain very sensitive to economic conditions
- The possibility of any further falls in residential property prices in the UK, South Africa and Western Europe

Retail Loans and Advances (L&A) to Customers at Amortised Cost

As at 30.06.10	Gross L&A £m	Impairment Allowance	L&A Net of	Credit Risk	CRLs % of Gross L&A	Impairment Charge[1]	Loan Loss

		£m	Impairment	Loans	%	£m	Rates[2]
			£m	£m			bp
UK Retail Banking	111,865	1,715	110,150	3,061	2.7%	405	72
Barclaycard	29,459	2,955	26,504	3,459	11.7%	880	597
WE Retail Banking[3]	40,886	756	40,130	1,473	3.6%	133	65
Barclays Africa	2,006	161	1,845	180	9.0%	32	319
Barclays Corporate[4]	1,692	289	1,403	320	18.9%	75	887
Barclays Wealth	11,811	69	11,742	379	3.2%	17	29
Absa	27,496	735	26,761	2,785	10.1%	231	168
Total	**225,215**	**6,680**	**218,535**	**11,657**	**5.2%**	**1,773**	**157**
As at 31.12.09							
UK Retail Banking	101,064	1,587	99,477	3,108	3.1%	936	93
Barclaycard	29,460	2,670	26,790	3,392	11.5%	1,781	605
WE Retail Banking[3]	42,012	673	41,339	1,410	3.4%	334	80
Barclays Africa	1,811	138	1,673	163	9.0%	88	486
Barclays Corporate[4]	1,882	340	1,542	397	21.1%	246	1,307
Barclays Wealth	9,972	56	9,916	306	3.1%	34	34
Absa	27,288	655	26,633	2,573	9.4%	500	183
Total	**213,489**	**6,119**	**207,370**	**11,349**	**5.3%**	**3,919**	**184**

1 *For 30.06.10, the impairment charge provided above relates to the six months ended 30.06.10. For 31.12.09, the impairment charge provided above relates to the twelve months ended 31.12.09.*
2 *The loan loss rates for 30.06.10 have been calculated on an annualised basis. The loan loss rate for 31.12.09 has been calculated on the twelve months ended 31.12.09.*
3 *WE Retail Banking includes loans and advances to business customers at amortised cost.*
4 *Barclays Corporate relates to retail portfolios in India, UAE, Russia, Pakistan and Indonesia.*

Table of Contents

Risk Management

Analysis of Retail Loans & Advances to Customers at Amortised Cost Net of Impairment Allowances

Total home loans to retail customers rose by £9,001m (6%) to £158,100m (31st December 2009: £149,099m). The UK Home Loan portfolios within UK Retail Banking grew 12% to £98,705m (31st December 2009: £87,943m).

Unsecured retail credit (credit card and unsecured loans) portfolios increased 7% to £40,415m (31st December 2009: £37,733m).

	Home Loans		Cards and Unsecured Loans		Other Retail		Total Retail	
	30.06.10	31.12.09	30.06.10	31.12.09	30.06.10	31.12.09	30.06.10	31.12.09
	£m	£m	£m	£m	£m	£m	£m	£m
UK Retail Banking	98,705	87,943	7,018	7,329	4,427	4,205	110,150	99,477
Barclaycard	-	-	22,666	21,564	3,838	5,226	26,504	26,790
WE Retail Banking	32,978	34,506	4,537	3,511	2,615	3,322	40,130	41,339
Barclays Africa	182	142	1,661	1,520	2	11	1,845	1,673
Barclays Corporate	311	396	960	984	132	162	1,403	1,542
Barclays Wealth	4,700	5,620	2,544	1,822	4,498	2,474	11,742	9,916
Absa	21,224	20,492	1,029	1,003	4,508	5,138	26,761	26,633
Total	**158,100**	**149,099**	**40,415**	**37,733**	**20,020**	**20,538**	**218,535**	**207,370**

Home Loans

The Group's principal home loans portfolios continued mainly to be in the UK Retail Banking Home Loans business (62% of the Group's total), Western Europe Retail Banking (21%, primarily Spain and Italy), and South Africa (13%). The asset quality of Barclays principal home loan portfolios remained resilient in the current economic conditions, as a consequence of the well secured back book and low LTV lending. Using current valuations, the average LTV of the portfolios as at 30th June 2010 was 42% for UK Home Loans (31st December 2009: 43%), 56% for Spain (31st December 2009: 54%), 45% for South Africa (31st December 2009: 47%) and 46% for Italy (31st December 2009: 45%).

The average LTV for new mortgage business during 2010 at origination was 51% for UK Home Loans (31st December 2009: 48%), 60% for Spain (31st December 2009: 58%), 60% for South Africa (31st December 2009: 56%) and 59% for Italy (31st December 2009: 51%). The percentage of balances with an LTV of over 85% based on current values was 10% for UK Home Loans (31st December 2009: 14%), 12% for

Spain (31st December 2009: 10%) and 31% for South Africa (31st December 2009: 36%) and 2% for Italy (31st December 2009: 2%). In the UK, buy-to-let mortgages comprised 6% of the total stock as at 30th June 2010.

Table of Contents

Risk Management

Home Loans Distribution of Balances by Loan to Value (Current Valuations[1])

	UK		Spain[2]		South Africa[3]		Italy	
	30.06.10	31.12.09	30.06.10	31.12.09	30.06.10	31.12.09	30.06.10	31.12.09
	%	%	%	%	%	%	%	%
<= 75%	79.3%	74.5%	77.3%	79.1%	53.5%	49.0%	77.5%	79.2%
> 75% & <= 80%	6.3%	6.3%	6.2%	5.9%	7.7%	7.1%	18.8%	16.0%
> 80% & <= 85%	4.6%	5.4%	4.9%	4.9%	8.2%	7.8%	2.1%	2.8%
> 85% & <= 90%	3.6%	4.6%	3.4%	3.7%	7.9%	8.1%	0.8%	1.0%
> 90% & <= 95%	2.6%	3.4%	2.1%	2.2%	7.0%	7.8%	0.4%	0.5%
> 95%	3.6%	5.8%	6.1%	4.2%	15.7%	20.2%	0.4%	0.5%
Marked to market LTV	42%	43%	56%	54%	45%	47%	46%	45%
Average LTV on New Mortgages	51%	48%	60%	58%	60%	56%	59%	51%

Home Loans 3 Month Arrears[4]	As at 30.06.10	As at 31.12.09	As at 30.06.09
	%	%	%
UK	0.99%	1.04%	1.16%
Spain	0.39%	0.63%	0.76%
South Africa	4.33%	4.07%	4.02%
Italy	0.89%	1.00%	1.17%

Credit Cards and Unsecured Loans

The Group s largest card and unsecured loan portfolios are in the UK, being 53% of the Group total (31st December 2009: 56%). The US cards portfolio accounts for 19% of the total exposure (31st December 2009: 20%).

Arrears rates in the UK Cards portfolio have improved during 2010 to 1.62% (31st December 2009: 1.79%), reflecting the impact of the improving economic conditions. As a percentage of the portfolio, three-month arrears rates fell during 2010 to 2.38% for UK Loans (31st December 2009: 2.74%) and 2.90% for US Cards (31st December 2009: 3.31%).

	As at	As at	As at
	30.06.10	**31.12.09**	**30.06.09**
Unsecured Lending 3 Month Arrears[5]			
	%	%	%
UK Cards	1.62%	1.79%	2.09%
UK Loans	2.38%	2.74%	2.71%
US Cards	2.90%	3.31%	3.17%

1 *Based on the following portfolios: UK: UK Retail Banking residential and buy-to-let mortgage portfolios; Spain: Western Europe Retail Banking Spanish retail mortgage portfolio; South Africa: Absa retail home loans portfolio; and Italy: Western Europe Retail Banking Italian retail mortgage portfolio. Metrics now include the recovery book.*

2 *Spain mark-to-market methodology based on balance weighted approach as per Bank of Spain requirements. 31.12.09 percentages have been revised to correctly account for further advances.*

3 *South Africa mark-to-market methodology revised to incorporate additional geographical granularity.*

4 *Defined as balances greater than 90 days delinquent but not charged off, expressed as a percentage of outstandings excluding balances in recovery. The UK definition includes balances in recovery. As at 30.06.10 the recovery book was Spain: £245m (1.64%); South Africa: £1.2bn (6.20%) and Italy: £132m (1.12%). Percentages are based on outstandings.*

5 *Defined as balances greater than 90 days delinquent but not charged off, expressed as a percentage of outstandings excluding balances in recovery. Percentages include accounts on repayment plans.*

Table of Contents

Risk Management

Debt Securities and Other Bills

The following table presents an analysis of the credit quality of debt and similar securities, other than loans held within the Group. Securities rated as investment grade amounted to 92.8% of the portfolio (31st December 2009: 91.8%).

	Treasury and Other Eligible Bills	Debt Securities	Total	
As at 30.06.10	£m	£m	£m	%
AAA to BBB- (investment grade)	9,175	169,507	178,682	92.8%
BB+ to B	365	9,171	9,536	5.0%
B- or lower	-	4,318	4,318	2.2%
Total	**9,540**	**182,996**	**192,536**	**100.0%**
Of Which Issued by:				
governments and other public bodies	9,540	102,380	111,920	58.1%
US agency	-	25,980	25,980	13.5%
mortgage and asset-backed securities	-	14,258	14,258	7.4%
corporate and other issuers	-	37,820	37,820	19.7%
bank and building society certificates of deposit	-	2,558	2,558	1.3%
Total	**9,540**	**182,996**	**192,536**	**100.0%**
Of Which Classified as:				
trading portfolio assets	3,955	137,456	141,411	73.4%
financial instruments designated at fair value	-	3,192	3,192	1.7%
available-for-sale securities	5,585	42,348	47,933	24.9%
Total	**9,540**	**182,996**	**192,536**	**100.0%**
As at 31.12.09				
AAA to BBB- (investment grade)	13,950	151,621	165,571	91.8%
BB+ to B	1,895	10,297	12,192	6.8%
B- or lower	-	2,571	2,571	1.4%
Total	**15,845**	**164,489**	**180,334**	**100.0%**

Of Which Issued by:				
governments and other public bodies	15,845	72,238	88,083	48.8%
US agency	-	23,924	23,924	13.3%
mortgage and asset-backed securities	-	17,826	17,826	9.9%
corporate and other issuers	-	41,641	41,641	23.1%
bank and building society certificates of deposit	-	8,860	8,860	4.9%
Total	**15,845**	**164,489**	**180,334**	**100.0%**
Of Which Classified as:				
trading portfolio assets	9,926	116,594	126,520	70.2%
financial instruments designated at fair value	-	4,007	4,007	2.2%
available-for-sale securities	5,919	43,888	49,807	27.6%
Total	**15,845**	**164,489**	**180,334**	**100.0%**

Table of Contents

Risk Management

Market Risk

Market Risk is the risk that Barclays earnings or capital, or its ability to meet business objectives, will be adversely affected by changes in the level or volatility of market rates or prices such as interest rates, credit spreads, commodity prices, equity prices, and foreign exchange rates. The large majority of traded market risk resides in Barclays Capital.

Risk Measurement and Control

The measurement techniques used to measure and control traded market risk include Daily Value at Risk (DVaR), Expected Shortfall, three worst day average (3W) and stress testing.

DVaR is an estimate of the potential loss arising from unfavourable market movements, if the current positions were to be held unchanged for one business day. Barclays Capital uses the historical simulation methodology with a two year equally weighted historical period, at the 95% confidence level.

Market volatility increased due to concerns over future economic growth and the sovereign debt crisis, but remained below the extreme levels observed in 2008 and early 2009. The extreme volatility data points from 2008 and 2009 continue to impact DVaR in 2010 because the historical simulation methodology uses two years of equally weighted observations.

Barclays Capital s DVaR model has been approved by the FSA to calculate regulatory capital for designated trading books. The FSA categorises a DVaR model as green, amber or red depending on the number of days when a loss (as defined by the FSA) exceeds the corresponding DVaR estimate, measured at the 99% confidence level. A green model is consistent with a good working model. For Barclays Capital s trading book, green model status has been maintained for 2009 and the first half of 2010. Internally, DVaR is calculated for the trading book and certain banking books.

Both Expected Shortfall and 3W metrics use data from the DVaR historical simulation. Expected Shortfall is the average of all hypothetical losses beyond DVaR while 3W is the average of the three worst observations.

Stress testing provides an estimate of the potential losses that could arise in extreme market conditions. Global Asset Class stress testing has been designed to cover major asset classes including interest rate, credit spread, commodity, equity and foreign exchange rates. Global Scenario stress testing is based on hypothetical events which could lead to extreme yet plausible stress type moves, under which profitability is seriously challenged.

Market Risk is controlled through the use of limits on the above risk measures, where appropriate. Limits are set at the Barclays Capital level, risk factor level (e.g. interest rate risk) and business level (e.g. Emerging Markets). Many book limits are also in place, such as foreign exchange and interest rate sensitivity limits.

Analysis of Barclays Capital s Market Risk Exposure

Barclays Capital s market risk exposure, as measured by average total DVaR, was £57m in the first half of 2010. This is £30m (34%) lower compared to the corresponding period of 2009, and £9m (14%) lower compared to the second half of 2009. The decrease in DVaR was due to a reduction in exposures and increased diversification.

Total DVaR as at 30th June 2010 was £43m (30th June 2009: £71m, 31st December 2009: £55m).

Expected Shortfall and 3W averaged £89m and £170m respectively in the first half of 2010. These represent decreases of £44m (33%) and £54m (24%) respectively compared to the corresponding period of 2009 and decreases of £21m (19%) and £24m (12%) respectively compared to the second half of 2009.

As we enter the second half of 2010, the principal uncertainties which may impact Barclays market risk relate to volatility in interest rates, commodities, credit spreads, equity prices and foreign exchange rates. Price instability and higher volatility may arise as government policy targets future economic growth against a background of fiscal pressures and accommodatory monetary policy.

Table of Contents

Risk Management

The daily average, maximum and minimum values of DVaR, Expected Shortfall and 3W are calculated as below:

	Half Year Ended 30.06.10			Half Year Ended 31.12.09			Half Year Ended 30.06.09		
	Avg	High	Low	Avg	High	Low	Avg	High	Low
DVaR (95%)	£m	£m	£m	£m	£m	£m	£m	£m	£m
Interest rate risk	32	49	21	34	52	23	54	83	39
Credit spread risk	50	62	40	45	55	35	71	102	49
Commodity risk	16	25	9	14	20	11	14	17	11
Equity risk	13	24	6	12	27	5	13	19	7
Foreign exchange risk	7	15	3	8	13	3	9	15	4
Diversification effect	(61)	-	-	(47)	-	-	(74)	-	-
Total DVaR	**57**	**75**	**38**	**66**	**93**	**50**	**87**	**119**	**66**
Expected shortfall	**89**	**147**	**52**	**110**	**153**	**88**	**133**	**188**	**96**
3W	**170**	**311**	**90**	**194**	**274**	**158**	**224**	**301**	**148**

Analysis of Trading Revenue

Trading revenue reflects top-line income, excluding income from Private Equity and Principal Investments.

Average daily trading revenue for the first half of 2010 was £57m. This was £29m (34%) lower compared to the corresponding period of 2009 due to reduced client activity in the second quarter, but in line with the average for the second half 2009 of £57m.

In the first half of 2010 there were 121 positive revenue days, 3 negative days and no flat days. For the first half of 2009 there were 119 positive days, 4 negative days and one flat day while for the second half of 2009 there were 128 positive days, one negative day and no flat days.

Table of Contents

Risk Management

Liquidity Risk

Barclays has a comprehensive Liquidity Risk Management Framework (the Liquidity Framework) for managing the Group s liquidity risk. The objective of the Liquidity Framework is for the Group to have sufficient liquidity to continue to operate for at least the minimum period specified by the FSA in the event that the wholesale funding markets are neither open to Barclays nor to the market as a whole. Many of the stress tests currently applied under the Liquidity Framework will also be applied under the FSA s new regime, although the precise calibration may differ in Barclays final Individual Liquidity Guidance to be set by the FSA. The Framework considers a range of possible wholesale and retail factors leading to loss of financing including:

- Maturing of wholesale liabilities
- Loss of secured financing and widened haircuts on remaining book
- Retail and commercial outflows from savings and deposit accounts
- Drawdown of loans and commitments
- Potential impact of a 2 notch ratings downgrade
- Withdrawal of initial margin amounts by counterparties

These stressed scenarios are used to assess the appropriate level for the Group s liquidity pool, which comprises unencumbered assets and central bank deposits. Barclays regularly uses these assets to access secured funding markets, thereby testing the liquidity assumptions underlying pool composition. The Group does not presume the availability of central bank borrowing facilities to monetise the liquidity pool in any of the stress scenarios under the Liquidity Framework.

Liquidity Pool

The Group liquidity pool as at 30th June 2010 was £160bn gross (31st December 2009: £127bn) and comprised the following cash and unencumbered assets:

	Cash and Deposits with Central	Government Guaranteed Bonds	Governments and Supranational	Other Available Liquidity	Total £bn

	Banks[1]	£bn	**Bonds**	£bn	
	£bn		£bn		
As at 30.06.10	102	4	46	8	160
As at 31.12.09	81	3	31	12	127

Term Financing

Raising term funding is important in meeting the risk appetite of the Barclays Liquidity Framework. Barclays has continued to increase the term of issued liabilities during 2010 by issuing:

- £6bn equivalent of public senior term funding
- £3bn equivalent of public covered bonds
- £12bn equivalent of structured notes

As at 31st December 2009 the Group had £4bn of publicly issued term debt and £11bn of term structured notes maturing in 2010. Issuance in the first six months of the year has covered this refinancing requirement. The Group expects to issue further term funding in the second half of the year.

1 *Cash and deposits with central banks exclude Absa.*