

BARCLAYS PLC
Form 6-K
August 03, 2009

**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
UNDER THE SECURITIES EXCHANGE ACT OF 1934**

August 2009

**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 ☐ Form 40-F ☒

Indicate by check mark whether the registrant by furnishing the information
contained in this Form is also thereby furnishing the information to the
Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ☐ No ☒

If "Yes" is marked, indicate below the file number assigned to the registrant
in connection with Rule 12g3-2(b):

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.

This Report comprises:

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Information given to The London Stock Exchange and furnished pursuant to
General Instruction B to the General Instructions to Form 6-K.

EXHIBIT INDEX

Half Yearly Report dated August 3, 2009

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 authorized.

BARCLAYS PLC
(Registrant)

Date: August 3, 2009

By: /s/ Patrick Gonsalves

Patrick Gonsalves
Deputy Secretary

BARCLAYS BANK PLC
(Registrant)

Date: August 3, 2009

By: /s/ Patrick Gonsalves

Patrick Gonsalves
Joint Secretary

Barclays PLC

Interim Results Announcement

30th June 2009

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

Unless otherwise stated, the income statement analyses compare the six months to 30th June 2009 to the corresponding six months of 2008. Balance sheet comparisons, unless otherwise stated, relate to the corresponding position at 31st December 2008.

Unless otherwise stated, the Performance Highlights, Group Chief Executive's Review, Group Finance Director's Review, Summary Income Statement, Summary Balance Sheet, Results by Business, Risk Management and Capital and Performance Management sections of the Interim Results Announcement discuss the Group as a whole rather than presenting the portion of the Barclays Global Investors (BGI) business held for sale as a discontinued operation. These non-GAAP measures are provided because, until disposal, management believes that including BGI as part of continuing operations provides more useful information about the performance of the Group as a whole and better reflects how the operations are managed. In the Unaudited Condensed Consolidated Interim Financial Statements on pages 82 onwards, the portion of the BGI business held for sale is represented as discontinued operations. We have provided a schedule which presents the continuing and discontinued activities of BGI on page 29.

In accordance with Barclays policy to provide meaningful disclosures that help investors and other stakeholders understand the financial position, performance and changes in the financial position of the Group for the period, the information provided in this report goes beyond the minimum levels required by accounting standards and listing rules for interim reporting. In the specific context of facilitating an understanding of the recent market turmoil Barclays has considered best practice recommendations relating to disclosure and feedback from investors, regulators and other stakeholders on the disclosures that investors would find most useful.

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", "believe" or other words of 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, 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 International Financial Reporting Standards (IFRS) applicable to past, current and future periods, evolving practices with regard to the interpretation and application of standards under IFRS, the integration of the Lehman Brothers North American businesses into the Group's business and the quantification of the benefits resulting from such acquisition, the proposed disposal of Barclays Global Investors and the impact on the Group, the outcome of pending and future litigation, the success of future acquisitions and other strategic transactions and the impact of competition - a number of which factors are 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.

Performance Highlights

	Half Year ¹ Ended 30.06.09	Half Year Ended 30.06.09	Half Year Ended 30.06.08	
Group Results		£m	£m	% Change
Total income net of insurance claims		16,253	11,843	37
Impairment charges and other credit provisions		(4,556)	(2,448)	86
Operating expenses		(8,747)	(6,753)	30
Profit before tax		2,984	2,754	8
Profit after tax		2,338	2,134	10
Profit attributable to equity holders of the parent		1,888	1,718	10
Economic (loss)/profit		(127)	501	-
Basic earnings per ordinary share	16.4p	17.5p	27.0p	
Diluted earnings per ordinary share	16.0p	17.1p	26.2p	
Dividend per share		-	11.5p	

Performance Ratios

Return on average shareholders' equity (annualised)	10.1%	14.9%
Cost:income ratio	54%	57%
Cost:net income ratio	75%	72%

Profit Before Tax by Business	£m	£m	% Change
UK Retail Banking	268	690	(61)
Barclays Commercial Bank	404	702	(42)
Barclaycard	391	388	1
GRCB - Western Europe	31	115	(73)
GRCB - Emerging Markets	(86)	52	-
GRCB - Absa	248	298	(17)
Barclays Capital	1,047	524	100
Barclays Global Investors	276	265	4
Barclays Wealth	75	182	(59)
Head Office Functions and Other Operations	330	(462)	-

	Pro Forma 1	As at	As at
Capital and Balance Sheet	30.06.09	30.06.09	31.12.08
Core Tier 1 ratio ²	8.8%	7.1%	5.6%
Tier 1 ratio	11.7%	10.5%	8.6%
Risk asset ratio	15.3%	14.5%	13.6%
Total shareholders' equity		£48.7bn	£47.4bn
Total assets		£1,545bn	£2,053bn
Risk weighted assets		£406bn	£433bn
Adjusted gross leverage ²	20x	22x	28x
Group surplus liquidity		£88bn	£36bn
Group loan:deposit ratio ²		129%	138%
Total DVaR		£71.1m	£86.6m
Net asset value per share ²	391p	342p	437p
Net tangible asset value per share ²	313p	250p	313p

1 Presents the impact of the sale of the Barclays Global Investors business to BlackRock Inc as if it would have occurred on 16th June 2009 with EPS from continuing operations.

2 Defined on pages 122 to 123

"In challenging market conditions, we have continued to benefit from our diversified business base. The investments we have made, particularly in our international businesses, are driving very strong income performance and allowing us to absorb the consequences of the economic downturn. Our capital base is stronger and we have significantly reduced leverage. Our goal for 2009 is very clear: we seek to deliver another year of solid profitability. Our first half performance is a good start to this."

John Varley, Chief Executive

- Strong income drives financial performance
- Record income of £16,253m, up 37%
- Profit before tax of £2,984m, up 8%
- Income absorbed gross credit market losses and higher reserves of £4,677m (including impairment of £1,170m) and other Group impairment of £3,386m
- £1,192m of gains on debt buy-backs and extinguishment more than offset £893m own credit charge
- Good progress on key financial measures
- Loan loss rate of 144bps on constant year end 2008 loans and advances and currency basis

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- Capital ratios: Core Tier 1 at 8.8% and Tier 1 at 11.7% pro forma for the expected sale of Barclays Global Investors to BlackRock Inc.
- Balance sheet reduced by over £500bn (25%)
- Adjusted gross leverage at 22x from 28x at 31st December 2008 and 33x at 31st December 2007 reflecting reductions in adjusted total tangible assets and increases in qualifying Tier 1 capital
- Cost:income ratio improved to 54% from 57%
- Global Retail and Commercial Banking generates higher income in a tough economic environment
- Strong income growth of 14% to £8,051m driven by Barclaycard and the international businesses
- Profit before tax of £1,256m
- Underlying costs well controlled
- Impairment up significantly to £2,660m (2008: £1,207m)
- Investment Banking and Investment Management records very strong income and profit growth
- Overall profit before tax of £1,398m, up 44%
- Barclays Capital top-line income more than doubled to £10,489m with very strong performances across client franchises in the UK, Europe and Asia and a transformation in the scale and service offering in the US enabling absorption of credit market losses and impairment
- Profit before tax at Barclays Capital doubled to £1,047m (2008: £524m)
- Resilient performance at Barclays Global Investors with profit before tax up 4% to £276m, net of deal costs of £106m, and assets under management up 12% to \$1,678bn
- Sale of Barclays Global Investors business to BlackRock Inc. agreed for consideration of approximately \$13bn and expected to complete at the end of 2009 giving Barclays an economic stake of 19.9% in the enlarged BlackRock Global Investors business

Group Chief Executive's Review

Summary

The environment has remained very difficult in 2009 as a consequence of the onset during 2008 of economic recession in most parts of the world in which we operate. But we were nonetheless solidly profitable, reporting a first

half profit of £3 billion.

At the heart of this performance is the service to our customers and clients, for whom the recession creates both challenges and opportunities. High levels of activity on their behalf enabled us to grow our income by 37%, to over £16 billion. This has enabled us to absorb the impact of further credit market writedowns and increasing impairment. We were exposed to, and came through, the stress tests applied by our lead regulator in the UK, the Financial Services Authority (FSA). And we have pursued strategic change with the sale of Barclays Global Investors (BGI) business which, when completed, will crystallise significant value within the business portfolio and open new opportunities within the consolidating asset management industry through our stake in the combined BlackRock Global Investors business. Our proposal to sell the BGI business is the subject of a shareholder general meeting to be held on 6th August 2009.

Costs have been well controlled, with a 3 percentage point improvement in the cost:income ratio. The rate of income growth exceeded the rate of cost growth by 7%. On the balance sheet, we have reduced total assets by over £500 billion since the end of 2008, leading to a reduction in adjusted gross leverage. Risk weighted assets (RWAs) have been managed down by 6%.

The ratio of loans to deposits has improved by 9 percentage points as we strengthened our funding position. With a proforma Core Tier 1 ratio of 8.8%, we have capital resources well in excess of the regulatory minima.

2009 Priorities

As we navigate 2009, our governing objectives are unchanged. They are: staying close to our customers and clients, managing our risk and maintaining strategic momentum.

Staying Close to Our Customers and Clients

The strength of our relationships with customers and clients is observable in the income performance of Barclays during the first half of 2009. We reported income growth of 14% in GRCB, and of 52% in IBIM. Income diversification has helped us mitigate the severe writedown and impairment impacts of the banking crisis and the economic crisis.

Protecting and growing our ability to serve customers and clients all around the world lay at the heart of our decision about recapitalisation in October 2008. An independent Barclays is a Barclays which can build on the strategy of diversification by geography and by business line. The income performance we have sustained through the crisis gives us a lot of confidence, and international diversification lies at the centre of the income story.

The increase in income at Barclays Capital was broadly based by product and geography and was driven by increased client flows and wider spreads. GRCB income growth, both in 2009 and since the crisis began in the summer of 2007, has been dominated by the international businesses which are now delivering over 40% of GRCB's income. The strength of income performance over the last three years has enabled us to invest heavily in the build-out of distribution channels outside the United Kingdom and increase the number of customers we serve to 49m. While there is clearly a cost to this in terms of investment in branches and people and from impairment growth in maturing asset books, the significant broadening of the business base over the last two years will in time provide strong, diversified profit momentum for the Group.

We made specific statements earlier this year about the lending support that we would make available for our customers in the UK. New lending by Barclays to UK households and businesses in the first half for this year totalled

some £17 billion, which was divided equally between credit made available to households and credit made available to businesses. Underlying this new lending are approval rates for applications for credit by business customers of Barclays Commercial Bank running at high levels consistent with those of 2007 and 2008.

Managing Our Risk

We see risk and capital as two sides of the same coin. It has been very important to us to strengthen our capital ratios during this half. We started 2009 with a Core Tier 1 ratio of 5.6% and on a pro forma basis taking into account the BGI sale, this ratio was 8.8% at the end of June.

Profit generation is intrinsic to a bank's ability to protect and grow its capital ratios. Barclays has continued to generate profits in every reporting period since this crisis began and our aggregate profit over the two year period to 30th June 2009 amounted to £12bn.

The managing of systemic risk is a priority for governments and regulators, and careful attention is being directed by them at effecting change to the banking industry to ensure that what has happened over the last two years never happens again. This is both understandable and appropriate. There have been many failings in the industry and there is much to be sorry about. But we should not lose sight of the fact that the banking crisis which began in the summer of 2007 brought to an end two decades of global growth and stability from which the world benefited greatly. An important ingredient of the rapid economic growth over that twenty year period was the activity of banks and global capital markets.

We need a new regulatory framework, of course, and that will mean more regulation. But that framework, when introduced, must be sensitive to the many good things delivered to the world over the last decades by an increasingly vibrant market economy. A properly governed market economy encourages thrift, innovation, creativity and enterprise. The world needs these things as it recovers.

One consequence of this crisis is a requirement for more capital and less leverage in the banking system. On a pro forma basis, we have increased our Core Tier 1 ratio by well over 400 bps since the end of 2007 and we have reduced our adjusted leverage from 33x to 20x over the same period. We have reduced reliance on unsecured funding, and increased the average duration of our funding. These actions will make it easier for us to manage the impacts of new regulatory requirements.

We have been steadily building liquidity in the balance sheet to anticipate the introduction of the new FSA rules. In the context of future levels of market risk capital, we make the assumption that the decisions made in due course by our regulators will recognise a distinction between capital required to support proprietary trading (which is not our focus) and capital required to support the risk management and financing needs of our government and corporate clients (which very much is).

The regulatory balance sheet required to support the business of Barclays Capital at the end of June 2009 was lower than at the end of December 2008, notwithstanding the very large growth in income and profits, as we have developed the mix of earnings in Barclays Capital to take account of anticipated changes in the regulatory capital environment. The Lehman Brothers North American businesses acquisition of 2008, coupled with the market share opportunities created by the upheaval in the global investment banking sector, have enabled us to increase substantially the scale of the (relatively low capital consuming) client flow business within Barclays Capital.

Maintaining Strategic Momentum

Our strategy is to increase the growth potential of Barclays by diversifying our businesses.

Notwithstanding the uncertainty of the economic outlook and the attendant uncertainty about the development of regulation, we have a clear view about the overall size and shape of the Barclays Group.

Within GRCB, our goal is that the profit contribution of our international activities will, in time, equal that of the UK businesses. We will seek to grow the profitability of our African businesses through time. We have ample opportunity to develop our Western European retail and commercial banking businesses, and in due course we will be seeking to grow further the Asian businesses of GRCB, which are still underweight. That strategic objective underpins the investments that we have been making in India, Pakistan and Indonesia over the last two years. We remain strongly committed to the continuation of our international development strategy within GRCB, where the medium term growth characteristics of our selected markets are unchanged, although the scale and pace of future growth will of course be determined by our assessment of the economic conditions that prevail and the market opportunities that arise.

In IBIM, we have been developing business in the areas where we have been geographically under-represented over the years - particularly in Asia and the United States. The US accounts today for some 40% of the income in the global financial services industry. Our presence in the United States has increased significantly from the Lehman Brothers North American businesses acquisition. Meanwhile, we are investing to make global businesses of the platforms in equities and mergers and acquisitions in the United States that we acquired through the Lehman transaction.

Looked at in the context of the Group as a whole, 51% of our first half income was generated outside the United Kingdom (2008: 47%), and it is a strategic priority for us to grow that percentage further in the future.

If we look at the shape of the Group by business line, the Lehman acquisition, the sale of Barclays Global Investors, and the impact on GRCB's profits made by the compression of liability margins and rising impairment, will skew the relative contribution of investment banking for a period of time. But our intention continues to be that, over time and in circumstances where Barclays Capital continues to grow, about two-thirds of the Group's profits will come from GRCB and Barclays Wealth.

Goals

Our economic profit goal for the period 2008 through to 2011 is unlikely to be met, principally because of the increased regulatory capital requirements that were introduced at the end of last year.

Our output goal remains unchanged; it is to produce top quartile total returns for shareholders (TSR) over time. I am pleased to report - not least because we recognise how difficult an experience the owners of our shares have had over the last two years - that we have been the best performing share across our international peer group for the first 6 months of this year.

The relative importance of the input goals which we must directly manage to achieve the output goal of top quartile TSR have changed, however. We believe that the returns to investors will be sensitive in the period ahead to items additional to economic profit, which has historically been our key input goal. These include balance sheet size and leverage; RWAs and return on RWAs; the level of Core Tier One capital; return on equity; our loan to deposit ratio; the differential between income growth and cost growth; and dividend payments. These are all areas that we will continue to manage carefully as inputs to our future TSR performance.

Within that list, our principal input goal is that our return on equity (ROE) will exceed our cost of equity (COE). In the short term, that requires ensuring that the ROE at least achieves COE, so this is the way in which we will judge our performance over the period between now and the end of 2010. In the medium term, a ROE at the rate only of COE is inadequate and we will seek to ensure that the former materially exceeds the latter.

Dividend

We intend to resume dividend payments before the end of 2009. As announced at the Annual General Meeting, it will be our policy to pay cash dividends on a quarterly basis. For the second half of 2009 we intend to make an interim cash payment in December, with a final cash dividend for the year being declared in February 2010 and paid in March. Looking forward, we intend to maintain strong capital ratios. We therefore expect that the proportion of profits after tax distributed through dividends will be significantly lower than the 50% level which was maintained in recent years.

H2 2009 Trading

The trends that lie behind our operating performance in the first half of this year were again observable in July. We are realistic about just how difficult the environment is, and will remain, but we are committed to delivering another year of solid profitability through our continued emphasis on serving our customers and clients.

Conclusion

Notwithstanding the tumultuous events of the last two years, we have remained independent and profitable. It has been a humbling experience but we have been able to strengthen our balance sheet and have continued to invest to broaden our business base. We are a British company with an increasingly international footprint and earnings base. Our strategy has helped us weather the crisis and we want our employees, customers and shareholders alike to continue to benefit from it over time.

John Varley, Group Chief Executive

Group Finance Director's Review

Group Performance

Barclays delivered profit before tax of £2,984m in the first half of 2009, an increase of 8% on 2008. This was after absorbing a further £4,677m of gross losses on credit market exposures (including impairment of £1,170m) and other Group impairment of £3,386m, and £1,192m of gains on debt buy-backs and extinguishment which more than offset a charge of £893m relating to the tightening of own credit spreads.

Income grew 37% to £16,253m. Growth was particularly strong in Barclays Capital, Barclaycard and a number of the international businesses within Global Retail and Commercial Banking (GRCB). Within GRCB however, the momentum of income growth is slowing as the impact of margin compression on deposit income resulting from very low absolute levels of interest rates takes effect and as we have slowed the rate of growth in distribution points across the business. Within Barclays Capital reported income is up 79% compared to the first half of 2008 reflecting the impact of the successful integration of the acquired Lehman Brothers North American businesses and as buoyant market conditions observed across most financial markets in the first quarter of 2009 continued through the second quarter. Barclays Capital also experienced losses of £3,507m relating to credit market exposures held in its trading books, with a marked deterioration in valuations in monolines and commercial real estate in the US and Europe having a notable impact. In addition a charge of £893m relating to own credit on issued structured notes was recognised as credit spreads tightened.

Impairment charges of £4,556m increased 86% on the first half of 2008. These charges included £1,170m against credit market exposures within Barclays Capital. Wholesale impairment charges increased significantly in the corporate loan books of both Barclays Commercial Bank and in Barclays Capital as corporate credit conditions

worsened sharply. In UK Retail Banking impairment increased mainly in Consumer Lending as unemployment continued to rise. UK mortgage impairment charges remained relatively low. Loan loss rates continued to rise at Barclaycard, up to 6.8% across our UK books and 9.8% across our US books for the first half on an annualised basis. Significant impairment growth in our Global Retail and Commercial Banking businesses in Western Europe, Absa and Emerging Markets impacted the retail segments in these markets in particular and also our commercial property and SME portfolios in Spain. The loan loss rate for the period was 144 basis points when measured against constant year-end loans and advances balances and impairment at average 2008 foreign exchange rates.

Operating expenses increased 30% to £8,747m. Much of this increase related to prior year growth across our distribution network in GRCB and the Lehman Brothers North American businesses expansion at Barclays Capital. Overall costs across GRCB increased 13%. Adjusting for the non-recurrence of gains from the sale of property, costs across GRCB increased 10% reflecting higher pension costs, growth in the distribution network and new operations in Western Europe and Emerging Markets including entry into Russia, Pakistan and Indonesia. The number of full-time employees across the GRCB businesses decreased 5% over the period. Within Barclays Capital the cost:net income ratio of 75% improved two percentage points relative to the prior year. Expenses in Barclays Global Investors decreased 5% in Sterling terms due to recovery on certain liquidity support charges partially offset by exchange rate moves and deal costs related to the planned disposal of iShares of £106m. The Group cost:income ratio improved three percentage points to 54%. Staff numbers fell 5% to 145,200 (31st December 2008: 152,800).

Business Performance - Global Retail and Commercial Banking

UK Retail Banking profit before tax decreased 61% to £268m in a challenging economic environment. Income was down 8% reflecting the impact of margin compression net of hedges, partially offset by excellent growth in Home Finance and good growth in Consumer Lending. Total loans and advances to customers increased £1.7bn. Gross new mortgage lending was £6.0bn and net new mortgage lending was £2.2bn in a market which grew £1.1bn on a net basis. The average loan to value ratio of the mortgage book was 44%. Impairment charges increased 63% due to the deteriorating economic environment and growth in assets. Operating expenses increased 6% reflecting non-recurrence of gains from the sale of property and increased pension costs.

Barclays Commercial Bank profit before tax decreased 42% to £404m as economic conditions remained challenging. Income growth of 5% principally reflected continued momentum from net fees and commissions and a gain of £83m from the repurchase of securitised debt issued. Total loans and advances decreased 7%, in part due to net reduction by customers in their overdraft borrowings. New term lending extended to customers was £7.4bn. Operating expenses were tightly controlled with an increase of 9% driven by increased pension costs and lower gains on the sale of property. Impairment charges increased to £467m reflecting the impact of the UK recession with rising default rates and falling asset values across all business segments.

Barclaycard profit before tax increased 1% to £391m. Income growth of 42% reflected strong growth across the portfolios driven by increased lending and improved margins as a result of lower funding rates. Costs increased 10% reflecting growth due to acquisitions made in 2008. Impairment charges increased 92% due to the deteriorating global economic environment with growth in charges across both the international and UK businesses including the impact of the acquisition of Goldfish. The cost:income ratio in the business improved ten percentage points to 35%.

Global Retail and Commercial Banking - Western Europe profit before tax fell 73% to £31m. Results included Barclays Russia which incurred a loss of £35m. Income grew 38% as the expanded network continued to mature with average customer assets over the period increasing 32% to £51.1bn. Costs increased 31% reflecting the expansion of the Portuguese and Italian networks, the addition of Barclays Russia, restructuring charges of £24m and reduced gains

from the sale of property. Impairment charges increased £198m to £301m, largely driven by deteriorating trends in Spain which led to losses in property-related commercial banking exposures and credit cards.

Global Retail and Commercial Banking - Emerging Markets loss before tax of £86m compared to a profit of £52m for the same period in 2008 but included strong income growth across Africa. Income increased 29% with significant growth across established markets in Africa, India and UAE. Impairment charges increased £147m to £213m with marked increases in the retail segment, particularly in India and UAE, as a result of rising unemployment. Operating expense growth of 43% reflected continued investment in infrastructure across new and existing markets.

Global Retail and Commercial Banking - Absa profit before tax decreased 17% to £248m. Income growth of 15% was driven by solid balance sheet growth, the appreciation in the average value of the Rand against Sterling and higher fees and commissions. Operating expenses increased 6%, well below the rate of inflation. This led to a five percentage point improvement in the cost:income ratio to 55%. Impairment charges rose £170m to £295m as a result of higher delinquency levels in the retail portfolios reflecting high consumer indebtedness.

Business Performance - Investment Banking and Investment Management

Barclays Capital profit before tax increased 100% to £1,047m as a result of a very strong performance in the underlying business, including the impact of the Lehman Brothers North American businesses acquisition, partially offset by a charge of £893m relating to own credit (2008: £852m gain). Top-line income more than doubled to over £10bn reflecting excellent results particularly in Fixed Income, Currency and Commodities (FICC), which benefited from client flows and wider spreads. Contribution from Equities and Prime Services increased significantly and Investment Banking (by which we mean advisory businesses and equity and debt underwriting) delivered net income of over £1bn. Operating expenses were 89% higher than 2008 due to the inclusion of the acquired Lehman Brothers North American businesses. Total assets reduced 30% driven by initiatives to reduce derivative, trading portfolio and lending portfolio balances, as well as the appreciation of Sterling against other currencies.

Barclays Global Investors profit before tax increased 4% to £276m. Income fell 2% to £963m due to lower management and incentive fees partially offset by increased net interest revenue. Operating expenses decreased 5% with a recovery on certain liquidity support charges being partially offset by exchange rate movements and deal costs of £106m related to the termination of CVC Capital Partners' proposed purchase of the iShares business. Total assets under management were US\$1,678bn, reflecting net new assets of US\$108bn, favourable exchange rate movements of US\$50bn and positive market moves of US\$25bn.

Barclays Wealth profit before tax reduced 59% to £75m principally as a result of the period-on-period effect of the sale of the closed life assurance business in 2008 and the acquisition of Lehman Brothers North American businesses (Barclays Wealth Americas). Income reduced 6%. Excluding the impact of the acquisition and sale, income was in line with 2008 with growth initiatives offset by the impact of reduced interest rates on interest income and lower annuity and transactional fee income as a result of falls in equity markets. Operating expenses grew by 12% principally reflecting the net impact of the acquisition and sale. Client assets remained broadly stable from the year end position after adjusting for the impact of exchange rate movements and a small net outflow in Barclays Wealth Americas.

Business Performance - Head Office Functions and Other Operations

Head Office Functions and Other Operations profit before tax was £330m, an improvement of £792m compared to the same period in 2008. The increase was the result of gains on debt extinguishment of £1,109m partially offset by increased costs in central funding activity due to money market dislocation, in particular LIBOR resets. Costs were in line with the prior year and included £37m for Barclays contribution to the UK Financial Services Compensation Scheme for the period.

Balance Sheet and Capital Management

Shareholders' Equity

Shareholders' equity, including minority interests, increased 3% to £48.7bn over the first half of 2009 and has increased over 48% since June 2008. The main driver for the increase in 2009 was profit after tax of £2.3bn.

Capital Management

At 30th June 2009, on a Basel II basis, our Core Tier 1 ratio was 7.1%, our pro forma Core Tier 1 ratio was 8.8% and our Tier 1 ratio was 10.5%. Capital ratios reflect a 6% decrease in risk weighted assets to £406bn over the first half of 2009. This was driven by the combined impacts on risk weighted assets of the strengthening of Sterling and management actions across all businesses to manage balance sheet growth. The ratios significantly exceed the minimum levels established by the FSA.

We continue to expect a single digit percentage rate of risk weighted asset growth annually through the cycle.

We expect to maintain our Core Tier 1 and Tier 1 ratios at levels which significantly exceed the minimum requirements of the FSA for the duration of the current period of financial and economic stress.

Balance Sheet

Our total assets decreased by £508bn to £1,545bn over the first half of 2009. There was a decrease of 8% in total assets due primarily to favourable moves in exchange rates. £429bn was attributable to a decrease in derivative assets. Loans and advances decreased by £44.8bn to £464.7bn over the period principally due to a decrease in the cash collateral held against derivative trades and the increase in the value of Sterling relative to other currencies.

Balances attributable to derivative assets and liabilities would be £506.8bn (31st December 2008: £917.1bn) lower than reported under IFRS if netting were permitted for assets and liabilities with the same counterparty or for which we hold cash collateral.

Our assets and liabilities also include amounts held under investment contracts with third parties of a further £66.0bn as at 30th June 2009 (31st December 2008: £69.2bn). These constitute asset management products offered to institutional pension funds which are required to be recognised as financial instruments. Changes in value in these assets are entirely to the account of the beneficial owner of the asset.

Excluding these items, settlement balances, goodwill and intangible assets, our adjusted total tangible assets were £927.1bn at 30th June 2009 (31st December 2008: £1,026.5bn). On this basis we define adjusted gross leverage, being the multiple of adjusted total tangible assets over total qualifying Tier 1 capital. At 30th June 2009 adjusted gross leverage was 22x (31st December 2008: 28x).

On a pro forma basis taking account of the capital benefit expected to result from the completion of the sale of BGI, our adjusted gross leverage would be 20x.

Foreign Currency Translation

Assets and risk weighted assets were affected by the increase in value of Sterling relative to other currencies during the first half of 2009. As at 30th June 2009, the US Dollar and the Euro had both depreciated 11% relative to Sterling. We estimate that currency movements contributed to a reduction of £20bn in risk weighted assets.

Our hedging strategy in respect of net investments in foreign currencies is designed to mitigate the impact of such movements on our capital ratios. In this regard, our Core Tier 1 and Tier 1 capital ratios are currently hedged to approximately 90%, 30% and 100% of the movements in US Dollar, Euro and South African Rand respectively against Sterling.

The currency translation reserve decreased by £1.8bn to £1.0bn over the first half of 2009. This reflected foreign exchange movements in foreign currency net investments which are largely economically hedged through preference share capital (denominated in US Dollars and Euros) that is not revalued for accounting purposes.

Outlook

We expect the remainder of 2009 to be challenging, with continuing recessions in many of the economies in which we are represented. In the first half of 2009 our profits were reduced by the impacts of substantial gross credit market losses and impairment. For the remainder of 2009, we expect credit market losses to be lower than in the first half but impairment trends to be consistent with those experienced over the first half.

Official interest rates in the UK and elsewhere have reduced significantly in response to the continuing recession. This has had and will continue to have the impact of substantially reducing the spread generated on our retail and commercial banking liabilities, particularly in the UK. We expect this to continue while interest rates are low. The impact on Barclays will be reduced to an extent by our interest rate hedges, which we expect to mitigate around 50% of the second half impact of low interest rates on our liabilities margin. As well as interest rate reductions, governments in the UK and elsewhere have taken significant measures to assist borrowers and lenders. We expect the combined impact of these measures and the lower interest rate environment to be positive for the economy in time.

Chris Lucas, Group Finance Director

Summary Income Statement

	Half Year Ended 30.06.09	Half Year Ended 31.12.08	Half Year Ended 30.06.09
	£m	£m	£m
Net interest income	5,722	6,299	5,170
Net fee and commission income	5,078	4,493	3,914
Net trading income/(loss)	4,099	(455)	1,784
Net investment (loss)/income	(129)	335	345
Principal transactions	3,970	(120)	2,129
Net premiums from insurance contracts	602	522	568
Other income	1,302	214	163
Total income	16,674	11,408	11,944
Net claims and benefits incurred on insurance contracts	(421)	(136)	(101)
Total income net of insurance claims	16,253	11,272	11,843
Impairment charges and other credit provisions	(4,556)	(2,971)	(2,448)
Net income	11,697	8,301	9,395
Operating expenses	(8,747)	(7,613)	(6,753)

Share of post-tax results of associates and joint ventures	13	(9)	23
Profit on disposal of subsidiaries, associates and joint ventures	21	327	-
Gains on acquisitions	-	2,317	89
Profit before tax	2,984	3,323	2,754
Tax	(646)	(170)	(620)
Profit after tax	2,338	3,153	2,134
Attributable to			
Minority interests	450	489	416
Equity holders of the parent	1,888	2,664	1,718
	2,338	3,153	2,134
Earnings per Share			
Basic earnings per ordinary share	17.5p	32.3p	27.0p
Diluted earnings per ordinary share	17.1p	31.3p	26.2p

The Summary Income Statement and Summary Balance Sheet include the result of BGI and can be reconciled to the Consolidated Interim Financial Statements on page 82 onwards by excluding the result of BGI's discontinued business per the reconciliation on page 29

Summary Balance Sheet

	As at	As at	As at
Assets	30.06.09	31.12.08	30.06.08
	£m	£m	£m
Trading portfolio assets	153,973	185,637	177,628
Financial assets designated at fair value:			
- held on own account	43,797	54,542	46,697
- held in respect of linked liabilities to customers under investment contracts	63,275	66,657	79,486
Derivative financial instruments	556,045	984,802	400,009
Loans and advances to banks	52,944	47,707	54,514
Loans and advances to customers	411,804	461,815	395,467
Available for sale financial investments	66,799	64,976	42,765
Reverse repurchase agreements and cash collateral on securities borrowed	144,978	130,354	139,955
Goodwill	7,599	7,625	6,932
Intangible assets	2,547	2,777	1,200
Other assets	41,577	46,088	21,001
Total assets	1,545,338	2,052,980	1,365,654
Liabilities	As at	As at	As at
	30.06.09	31.12.08	30.06.08
	£m	£m	£m

Deposits from banks	105,776	114,910	89,944
Customer accounts	319,101	335,505	319,281
Trading portfolio liabilities	44,737	59,474	56,040
Financial liabilities designated at fair value	64,521	76,892	86,162
Liabilities to customers under investment contracts	66,039	69,183	80,949
Derivative financial instruments	534,966	968,072	396,357
Debt securities in issue	142,263	149,567	115,739
Repurchase agreements and cash collateral on securities lent	175,077	182,285	146,895
Other liabilities	44,171	49,681	41,465
Total liabilities	1,496,651	2,005,569	1,332,832
Shareholders' Equity			
Shareholders' equity excluding minority interests	37,699	36,618	22,289
Minority interests	10,988	10,793	10,533
Total shareholders' equity	48,687	47,411	32,822
Total liabilities and shareholders' equity	1,545,338	2,052,980	1,365,654

The Summary Income Statement and Summary Balance Sheet include the result of BGI and can be reconciled to the Consolidated Interim Financial Statements on page 82 onwards by excluding the result of BGI's discontinued business per the reconciliation on page 29

Results by Business

UK Retail Banking

	Half Year Ended 30.06.09	Half Year Ended 31.12.08	Half Year Ended 30.06.08
Income Statement Information	£m	£m	£m
Net interest income	1,315	1,543	1,453
Net fee and commission income	613	660	639
Net premiums from insurance contracts	107	102	103
Other income	7	17	-
Total income	2,042	2,322	2,195
Net claims and benefits incurred under insurance contracts	(35)	(16)	(19)
Total income net of insurance claims	2,007	2,306	2,176
Impairment charges and other credit provisions	(469)	(314)	(288)
Net income	1,538	1,992	1,888
Operating expenses excluding amortisation of intangible assets	(1,253)	(1,304)	(1,195)
Amortisation of intangible assets	(19)	(13)	(7)
Operating expenses	(1,272)	(1,317)	(1,202)

Share of post-tax results of associates and joint ventures	2	4	4
Profit before tax	268	679	690

Balance Sheet Information

Loans and advances to customers at amortised cost	£96.1bn	£94.4bn	£89.1bn
Customer accounts	£91.5bn	£89.6bn	£88.4bn
Total assets	£102.6bn	£101.4bn	£96.3bn

Performance Ratios

Return on average economic capital ¹	11%	24%	28%
Cost:income ratio ¹	63%	57%	55%
Cost:net income ratio ¹	83%	66%	64%

Other Financial Measures

Economic (loss)/profit ¹	(£62m)	£309m	£324m
Risk weighted assets	£31.7bn	£30.5bn	£31.7bn

Key Facts

Number of UK current accounts ²	11.4m	11.7m	11.5m
Number of UK savings accounts	13.0m	12.0m	11.7m
Number of UK mortgage accounts	824,000	816,000	786,000
Number of Local Business customers	672,000	660,000	653,000
Number of branches	1,720	1,724	1,733
Number of ATMs	3,414	3,455	3,336

¹ Defined on pages 122 to 123.

² Number of accounts at 30th June 2009 is after a reduction of 0.6m due to the closure of dormant accounts.

UK Retail Banking

In a challenging economic environment UK Retail Banking profit before tax decreased 61% (£422m) to £268m (2008: £690m), impacted by the current low interest rates resulting in margin compression on the deposit book, increased impairment charges, the non-recurrence of gains from the sale of property and higher pension costs.

The number of savings accounts increased 8% to 13.0m (31st December 2008: 12.0m), mortgage accounts increased 8,000 to 824,000 (31st December 2008: 816,000). Local Business customer numbers increased 12,000 to 672,000 (31st December 2008: 660,000) and there was gross new lending of £561m. Total loans and advances to customers increased £1.7bn to £96.1bn (31st December 2008: £94.4bn).

Income decreased 8% (£169m) to £2,007m (2008: £2,176m) reflecting the impact of margin compression, which more than offset excellent growth in Home Finance and good growth in Consumer Lending.

Net interest income decreased 9% (£138m) to £1,315m (2008: £1,453m) driven by margin compression of £381m on liabilities after taking into account gains on product hedges implemented to protect income on current accounts and managed rate deposits. This was partially offset by increases in asset driven net interest income. Total average customer deposit balances increased 3% to £88.5bn (2008: £85.7bn), reflecting solid growth in Personal Customer Current Account and Savings balances. The average liabilities margin declined to 1.26% (2008: 2.12%) reflecting reductions in UK base rates.

Average mortgage balances grew 13%, reflecting positive net lending. Mortgage balances were £84.4bn at the end of the period (31st December 2008: £82.3bn), a market share of 7% (2008: 7%). Gross advances reduced to £6.0bn (2008: £12.7bn) reflecting a continued conservative approach to lending, with redemptions of £3.8bn (2008: £5.6bn). Net new mortgage lending was £2.2bn (2008: £7.1bn), in a market of £1.1bn (2008: £26.3bn). The average loan to value ratio of the mortgage book (including buy-to-let) on a current valuation basis was 44% (2008: 40%). The average loan to value ratio of new mortgage lending was 46% (2008: 47%). The assets margin increased to 1.43% (2008: 1.09%) reflecting increased returns from mortgages and consumer loans.

Net fee and commission income decreased 4% (£26m) to £613m (2008: £639m) reflecting reduced income from mortgage application and redemption fees.

Impairment charges increased 63% (£181m) to £469m (2008: £288m), reflecting lower expectations for recoveries in line with the current economic environment and growth in customer assets of 8%. Impairment charges within Consumer Lending increased 54% to £284m (2008: £185m) and mortgage impairment charges remained relatively low at £35m (2008: £1m). Total impairment charges represented 0.98% (2008: 0.65%) of total loans and advances to customers.

Operating expenses increased 6% (£70m) to £1,272m (2008: £1,202m) reflecting the non-recurrence of gains from the sale of property of £65m and increased costs relating to pensions. Excluding these items, costs reduced 4% reflecting continued active cost management, including further back office consolidation and process efficiencies.

Total assets increased 1% to £102.6bn (31st December 2008: £101.4bn) driven by net new mortgage lending of £2.2bn. Risk weighted assets increased 4% (£1.2bn) to £31.7bn (31st December 2008: £30.5bn) reflecting growth in asset balances and impact of the current economic environment.

Barclays Commercial Bank

	Half Year Ended 30.06.09	Half Year Ended 31.12.08	Half Year Ended 30.06.08
Income Statement Information	£m	£m	£m
Net interest income	857	883	874
Net fee and commission income	475	464	397
Net trading (loss)/income	-	(1)	4
Net investment (loss)/income	(26)	11	8
Principal transactions	(26)	10	12
Other income	107	39	66
Total income	1,413	1,396	1,349
Impairment charges and other credit provisions	(467)	(266)	(148)
Net income	946	1,130	1,201
Operating expenses excluding amortisation of intangible assets	(533)	(554)	(494)

Amortisation of intangible assets	(9)	(11)	(4)
Operating expenses	(542)	(565)	(498)
Share of post-tax results of associates and joint ventures	-	(1)	(1)
Profit before tax	404	564	702

Balance Sheet Information

Loans and advances to customers at amortised cost	£62.5bn	£67.5bn	£67.5bn
Loans and advances to customers at amortised cost and at fair value	£74.5bn	£80.5bn	£76.0bn
Customer accounts	£56.8bn	£60.6bn	£61.3bn
Total assets	£77.6bn	£84.0bn	£81.0bn

Performance Ratios

Return on average economic capital ¹	17%	24%	28%
Cost:income ratio ¹	38%	40%	37%
Cost:net income ratio ¹	57%	50%	41%

Other Financial Measures

Economic profit ¹	£64m	£239m	£305m
Risk weighted assets	£61.5bn	£63.1bn	£58.6bn

Key Fact

Total number of customers	79,600	81,200	83,200
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¹ Defined on page 122 to 123.

Barclays Commercial Bank

Barclays Commercial Bank profit before tax decreased 42% (£298m) to £404m (2008: £702m) in a challenging economic environment. Income benefited from continued momentum from net fees and commissions and a gain of £83m from the repurchase of securitised debt issued. 2008 included a £42m gain from restructuring of Barclays interest in a third party finance operation. This was more than offset by a significant increase in impairment resulting from the impact of the UK recession with rising default rates and falling asset values.

Income grew 5% (£64m) to £1,413m (2008: £1,349m).

Net interest income fell 2% (£17m) to £857m (2008: £874m). Although there was good growth in average lending of 10% (£5.8bn) to £64.9bn (2008: £59.0bn) reflecting the continued commitment to lend to viable businesses, income from deposits was affected by margin compression of £83m resulting from the fall in base rate. Average customer accounts grew £0.5bn to £47.8bn (2008: £47.3bn) and the deposit margin declined to 1.18% (2008: 1.48%) reflecting the sharp year on year fall in UK base rates. The assets margin increased 2 basis points to 1.62%

(2008: 1.60%) reflecting a slight increase in term loan margins.

Non-interest income increased to 39% of total income (2008: 35%) partly reflecting continued focus on cross sales, impacts of new initiatives and efficient balance sheet utilisation. Net fee and commission income increased 20% (£78m) to £475m (2008: £397m), driven by strong debt fees and an increase in customer demand for risk management solutions in particular derivative sales and foreign exchange income.

Principal transactions income decreased £38m to a loss of £26m (2008: profit of £12m), impacted by investment writedowns and fewer opportunities for equity realisations in the current market.

Other income of £107m (2008: £66m) included income from the repurchase of securitised debt issued of £83m (2008: £7m) and rental income from operating leases of £18m (2008: £11m). Prior year income included a £42m gain from restructuring of Barclays interest in a third party finance operation.

Impairment charges rose to £467m (2008: £148m), primarily reflecting the impact of the economic recession across Larger and Medium businesses with pressures on corporate liquidity, falling asset values and rising default rates. Impairment as a percentage of period-end loans and advances to customers and banks increased to 1.43% (2008: 0.42%).

Operating expenses were tightly controlled and increased 9% (£44m) to £542m (2008: £498m) as a result of increased pension costs and the non-recurrence of gains on the sale of property. Excluding these items costs remained flat.

Total assets fell 8% to £77.6bn (31st December 2008: £84.0bn) driven by reduced customer overdraft borrowings and lower volumes in Barclays Asset and Sales Finance (BASF). New term lending extended to customers was £7.4bn. Risk weighted assets fell 3% (£1.6bn) to £61.5bn (31st December 2008: £63.1bn) largely reflecting the reduction in assets and currency movements.

Barclaycard

	Half Year Ended 30.06.09	Half Year Ended 31.12.08	Half Year Ended 30.06.08
Income Statement Information	£m	£m	£m
Net interest income	1,357	999	787
Net fee and commission income	620	715	584
Net trading income	1	1	1
Net investment income	20	64	16
Principal transactions	21	65	17
Net premiums from insurance contracts	21	26	18
Other income	1	1	18
Total income	2,020	1,806	1,424
Net claims and benefits incurred under insurance contracts	(11)	(5)	(6)
Total income net of insurance claims	2,009	1,801	1,418
Impairment charges and other credit provisions	(915)	(620)	(477)
Net income	1,094	1,181	941
Operating expenses excluding amortisation of intangible assets	(671)	(747)	(614)
Amortisation of intangible assets	(37)	(34)	(27)
Operating expenses	(708)	(781)	(641)

Share of post-tax results of associates and joint ventures	2	(2)	(1)
Profit on disposal of subsidiaries, associates and joint ventures	3	-	-
Gain on acquisition	-	3	89
Profit before tax	391	401	388

Balance Sheet Information

Loans and advances to customers at amortised cost	£26.0bn	£27.4bn	£22.1bn
Total assets	£29.5bn	£30.9bn	£24.3bn

Performance Ratios

Return on average economic capital ¹	16%	23%	22%
Cost:income ratio ¹	35%	43%	45%
Cost:net income ratio ¹	65%	66%	68%

Other Financial Measures

Economic profit ¹	£41m	£188m	£147m
Risk weighted assets	£26.9bn	£27.3bn	£22.8bn

Key Facts

Number of Barclaycard UK customers	11.9m	11.7m	11.9m
UK credit cards - average outstanding balances	£10.5bn	£10.4bn	£9.3bn
UK credit cards - average extended credit balances	£8.5bn	£8.5bn	£7.5bn
Number of Barclaycard International customers	11.8m	11.6m	8.1m
International - average outstanding balances	£9.9bn	£7.8bn	£5.1bn
International - average extended credit balances	£8.1bn	£6.3bn	£4.2bn
Secured lending - average outstanding loans	£4.6bn	£4.8bn	£4.7bn
Number of retailer relationships	88,000	89,000	93,000

¹ Defined on page 122 to 123.

Barclaycard

Barclaycard profit before tax increased 1% (£3m) to £391m (2008: £388m) reflecting a resilient performance in challenging market conditions. Strong income growth across the portfolio, driven by increased lending, improved margins and foreign exchange gains, was offset by higher impairment charges, driven by the deterioration in the global economy and increased operating expenses, due to acquisitions in 2008. 2008 results include a gain on acquisition net of restructuring expenses relating to the purchase of Goldfish, and a gain on a portfolio sale in the US. Excluding these items profit growth would be 17%.

Income growth of 42% (£591m) to £2,009m (2008: £1,418m) reflected strong growth across the portfolios through acquisitions, lower funding rates, and the appreciation of the average values of the US dollar and the Euro against Sterling.

Net interest income increased 72% (£570m) to £1,357m (2008: £787m) driven by strong growth in international average extended credit card balances, up 93% to £8.1bn (2008: £4.2bn), and lower funding rates as margins improved to 9.06% (2008: 6.77%).

Net fee and commission income increased 6% (£36m) to £620m (2008: £584m) with growth in Barclaycard International offset by lower volumes in FirstPlus.

Principal transactions of £21m (2008: £17m) included a £20m gain from the sale of MasterCard shares (2008: £16m).

Other income in 2008 included a £18m gain on the sale of a portfolio in the US.

Impairment charges increased £438m (92%) to £915m (2008: £477m) reflecting higher charges in Barclaycard International portfolios, particularly Barclaycard US which was driven by loan growth and higher delinquency due to deteriorating economic conditions. Impairment in the international markets was adversely affected by the appreciation of the average values of the US Dollar and the Euro gaining against Sterling. UK portfolio charges were higher as a result of rising delinquency and the inclusion of Goldfish in UK Cards.

Operating expenses increased 10% (£67m) to £708m (2008: £641m), due to growth in the portfolios including the acquisitions made in the UK, US and South Africa in 2008, and the depreciation of the average value of Sterling against the US Dollar and the Euro. Costs in 2008 include £54m of restructuring relating to the Goldfish acquisition.

The purchase of Goldfish resulted in a gain on acquisition of £89m in 2008.

Barclaycard International profit before tax decreased 41% to £59m (2008: £100m). Strong income growth driven by higher average extended credit balances was more than offset by impairment growth and increased operating expenses. International customers grew by 3.7m (46%) to 11.8m, primarily in the second half of 2008, including a 36% increase in the US, as scale continued to be built across the portfolios.

Total assets decreased 5% to £29.5bn (31st December 2008: £30.9bn) reflecting the appreciation of Sterling against the US Dollar and Euro, the decision to stop writing new business in FirstPlus and tighter lending criteria. Risk weighted assets decreased 1% (£0.4bn) to £26.9bn (31st December 2008: £27.3bn) reflecting the appreciation of Sterling and lower secured lending balances in FirstPlus.

Global Retail and Commercial Banking - Western Europe

	Half Year Ended 30.06.09	Half Year Ended ³ 31.12.08	Half Year Ended 30.06.08
Income Statement Information	£m	£m	£m
Net interest income	621	497	378
Net fee and commission income	210	199	190
Net trading (loss)/income	(6)	(18)	11
Net investment income	64	109	52
Principal transactions	58	91	63
Net premiums from insurance contracts	289	169	183
Other income	8	34	16
Total income	1,186	990	830
Net claims and benefits incurred under insurance contracts	(300)	(176)	(189)
Total income net of insurance claims	886	814	641
Impairment charges and other credit provisions	(301)	(194)	(103)
Net income	585	620	538

Operating expenses excluding amortisation of intangible assets	(535)	(524)	(417)
Amortisation of intangible assets	(19)	(13)	(6)
Operating expenses	(554)	(537)	(423)

Gain on acquisition	-	52	-
Profit before tax	31	135	115

Balance Sheet Information

Loans and advances to customers at amortised cost	£49.0bn	£53.9bn	£41.1bn
Customer accounts	£16.5bn	£15.6bn	£11.4bn
Total assets	£59.9bn	£65.5bn	£51.5bn

Performance Ratios

Return on average economic capital ¹	1%	11%	26%
Cost:income ratio ¹	63%	66%	66%
Cost:net income ratio ¹	95%	87%	79%

Other Financial Measures

Economic (loss)/profit ^{1,2}	(£162m)	£22m	£133m
Risk weighted assets	£30.1bn	£37.0bn	£29.1bn

Key Facts

Number of customers	2.5m	2.5m	2.0m
Number of branches	1,029	997	881
Number of sales centres	192	184	108
Number of distribution points	1,221	1,181	989

1 Defined on page 122 to 123.

2 H1 2008 includes £139m release of a deferred tax liability.

3 H2 2008 figures have been restated to include Barclays Russia.

Global Retail and Commercial Banking - Western Europe

Global Retail and Commercial Banking - Western Europe profit before tax fell by 73% (£84m) to £31m (2008: £115m). The results include an operating loss before tax of £35m related to Barclays Russia and restructuring charges of £24m largely concentrated in Spain. All businesses traded profitably except for Barclays Russia which experienced a sharp increase in Rouble funding costs in the first quarter. Profit before tax was favourably impacted by the 15% appreciation in the average value of the Euro against Sterling.

Income increased across all countries improving 38% (£245m) to £886m (2008: £641m) as a result of the significant expansion in the distribution network in 2007 and 2008. The number of distribution points increased 40 to 1,221 (31st December 2008: 1,181).

Net interest income increased 64% (£243m) to £621m (2008: £378m). The increase was principally driven by strong growth in average customer assets of 32% to £51.1bn (2008: £38.7bn) and higher average margins on assets of 1.29% (2008: 1.13%). Average customer liabilities saw strong growth of 55% to £14.9bn (2008: £9.6bn), however the

interest rate environment contributed to margin compression with the average liabilities margin declining to 0.68% (2008: 1.29%).

Net fee and commission income, predominantly generated from asset management and insurance product lines, increased 11% (£20m) to £210m (2008: £190m), benefiting from the recent recovery in global equity markets.

Principal transactions fell 8% (£5m) to £58m (2008: £63m), in part due to the non-recurrence of the gain on the sale of shares in MasterCard (2008: £17m).

Impairment charges increased £198m to £301m (2008: £103m), principally due to higher impairment in Spain on the commercial property, construction and SME portfolios and the Spanish cards business.

Operating expenses increased 31% (£131m) to £554m (2008: £423m) due to the continued expansion of the Italian and Portuguese networks, the addition of Barclays Russia, restructuring charges of £24m and lower gains from the sale of property of £8m (2008: £37m). The cost income ratio improved three percentage points to 63% (2008: 66%).

Total assets decreased 9% to £59.9bn (31 December 2008: £65.5bn) principally due to the depreciation in the Euro against Sterling. Risk weighted assets decreased 19% (£6.9bn) to £30.1bn (31st December 2008: £37.0bn) driven by active management, the migration of key retail mortgage portfolios onto the advanced credit risk approach and the depreciation of the Euro against Sterling.

On 25th June 2009, Barclays and CNP Assurances SA (CNP) agreed to establish a long-term life insurance joint venture in Spain, Portugal and Italy. Barclays will sell a 50 per cent stake in Barclays Vida y Pensiones Compania de Seguros, Barclays Iberian life insurance and pensions subsidiary, to CNP. CNP will pay Barclays an upfront cash consideration of approximately €140m (£120m) on completion and an additional consideration up to a maximum of €450m (£385m) over a period of 12 years, dependent on the achievement of certain targets. The transaction is expected to complete in the second half of 2009, subject to regulatory approval.

Global Retail and Commercial Banking - Emerging Markets

	Half Year Ended 30.06.09	Half Year Ended ² 31.12.08	Half Year Ended 30.06.08
Income Statement Information	£m	£m	£m
Net interest income	383	346	251
Net fee and commission income	113	121	96
Net trading income	31	46	42
Net investment income	1	74	17
Principal transactions	32	120	59
Other income	1	(3)	4
Total income	529	584	410
Impairment charges and other credit provisions	(213)	(99)	(66)
Net income	316	485	344
Operating expenses excluding amortisation of intangible assets	(417)	(395)	(290)
Amortisation of intangible assets	(2)	(1)	(2)
Operating expenses	(419)	(396)	(292)
Profit on disposal of subsidiaries, associates and joint ventures	17	-	-

(Loss)/profit before tax	(86)	89	52
Balance Sheet Information			
Loans and advances to customers at amortised cost	£7.4bn	£9.7bn	£6.7bn
Customer accounts	£7.7bn	£9.3bn	£7.1bn
Total assets	£11.2bn	£13.9bn	£11.0bn
Performance Ratios			
Return on average economic capital ¹	(13%)	13%	5%
Cost:income ratio ¹	79%	68%	71%
Cost:net income ratio ¹	133%	82%	85%
Other Financial Measures			
Economic (loss)/profit ¹	(£174m)	£19m	(£21m)
Risk weighted assets	£11.3bn	£14.6bn	£12.1bn
Key Facts			
Number of customers	3.9m	3.8m	2.9m
Number of branches	512	500	524
Number of sales centres	293	300	278
Number of distribution points	805	800	802

¹ Defined on page 122 to 123.

² H2 2008 figures have been restated to exclude Barclays Russia.

Global Retail and Commercial Banking - Emerging Markets

Global Retail and Commercial Banking - Emerging Markets made a loss before tax of £86m (2008: £52m profit). Strong income growth across all regions was offset by significantly increased retail impairment in India and UAE and the cost of investment in the new markets of Pakistan and Indonesia. Despite economic challenges, profit before tax in the established markets in Africa and the Indian Ocean increased £21m to £94m (2008: £73m).

Income increased 29% (£119m) to £529m (2008: £410m) as a result of business growth across most markets.

Net interest income increased 53% (£132m) to £383m (2008: £251m), driven by retail and commercial balance sheet growth in the second half of 2008 with average customer assets up 61% to £9.0bn (2008: £5.6bn) and customer deposits up 27% to £8.4bn (2008: £6.6bn). The assets margin decreased 35 basis points to 4.75% (2008: 5.10%) reflecting higher funding costs. The liabilities margin increased 55 basis points to 2.44% (2008: 1.89%) driven by a change in the product mix and higher returns from funding assets.

Net fee and commission income increased 18% (£17m) to £113m (2008: £96m) primarily driven by growth in retail and commercial fee income.

Principal transactions decreased 46% (£27m) to £32m (2008: £59m) due to the non-recurrence of a gain from the sale of shares in MasterCard (2008: £14m) and lower foreign exchange income.

Impairment charges increased £147m to £213m (2008: £66m) mainly reflecting weakening delinquency trends, primarily across India and UAE due to the deteriorating credit environments and portfolio maturation especially across the retail sector.

Operating expenses increased 43% (£127m) to £419m (2008: £292m) reflecting continued investment in Pakistan and Indonesia and investment in infrastructure, people and the rollout of global platforms in existing markets.

Profit on disposal of subsidiaries, associates and joint ventures of £17m representing the sale of a 5% stake in the GRCB - Emerging Markets Botswana business.

Total assets decreased 19% (£2.7bn) to £11.2bn (31st December 2008: £13.9bn) driven by a realignment of lending strategy in light of the economic downturn. Risk weighted assets decreased 23% (£3.3bn) to £11.3bn (31st December 2008: £14.6bn) as the business managed down corporate and retail exposure in select markets in response to tighter global credit conditions, and the movements of Sterling against other currencies.

Global Retail and Commercial Banking - Absa

	Half Year Ended 30.06.09	Half Year Ended 31.12.08	Half Year Ended 30.06.08
Income Statement Information	£m	£m	£m
Net interest income	616	605	499
Net fee and commission income	434	414	348
Net trading (loss)/income	(12)	(71)	77
Net investment income	66	56	49
Principal transactions	54	(15)	126
Net premiums from insurance contracts	138	123	111
Other income	40	90	23
Total income	1,282	1,217	1,107
Net claims and benefits incurred under insurance contracts	(75)	(66)	(60)
Total income net of insurance claims	1,207	1,151	1,047
Impairment charges and other credit provisions	(295)	(222)	(125)
Net income	912	929	922
Operating expenses excluding amortisation of intangible assets	(639)	(652)	(603)
Amortisation of intangible assets	(26)	(26)	(24)
Operating expenses	(665)	(678)	(627)
Share of post-tax results of associates and joint ventures	-	2	3
Profit on disposal of subsidiaries, associates and joint ventures	1	1	-
Profit before tax	248	254	298

Balance Sheet Information

Loans and advances to customers at amortised cost	£34.1bn	£32.7bn	£28.5bn
Customer accounts	£18.0bn	£17.0bn	£13.1bn
Total assets	£42.6bn	£40.4bn	£34.2bn

Performance Ratios

Return on average economic capital ¹	10%	11%	18%
Cost:income ratio ¹	55%	59%	60%
Cost:net income ratio ¹	73%	73%	68%

Other Financial Measures

Economic (loss)/profit ¹	(£25m)	£28m	£42m
Risk weighted assets	£20.2bn	£18.8bn	£15.8bn

Key Facts

Number of retail customers	11.0m	10.4m	10.0m
Number of corporate customers	102,000	107,000	104,000
Number of ATMs	8,826	8,719	8,338
Number of branches	865	877	871
Number of sales centres	208	300	290
Number of distribution points	1,073	1,177	1,161

¹ Defined on page 122 to 123.

Global Retail and Commercial Banking - Absa

Impact of Absa Group Limited on Barclays Results

Absa Group Limited profit before tax of R4,757m (2008: R7,617m), a decrease of 38%, is translated into Barclays results at an average exchange rate of R13.70/£ (2008: R15.15/£), an 11% appreciation in the average value of the Rand against Sterling. Consolidation adjustments reflected the amortisation of intangible assets of £26m (2008: £24m) and internal funding and other adjustments of £33m (2008: £71m). The resulting profit before tax of £288m (2008: £408m) is represented within Global Retail and Commercial Banking - Absa £248m (2008: £298m), Barclays Capital £6m (2008: £88m), Barclaycard £33m (2008: £22m) and Barclays Wealth £1m (2008: £nil).

Absa Group Limited's total assets were R754,312m (31st December 2008: R773,758m), a decline of 2%. This is translated into Barclays results at a period-end exchange rate of R12.73/£ (2008: R13.74/£).

Global Retail and Commercial Banking - Absa

Global Retail and Commercial Banking - Absa profit before tax decreased 17% (£50m) to £248m (2008: £298m) owing to challenging market conditions despite the 11% appreciation in the average value of the Rand against Sterling. Modest Rand income growth was offset by increased impairment.

Income increased 15% (£160m) to £1,207m (2008: £1,047m) predominantly reflecting the impact of exchange rate movements.

Net interest income improved 23% (£117m) to £616m (2008: £499m) reflecting the appreciation in the average value of the Rand against Sterling and solid balance sheet growth. Average customer assets increased 21% to £31.8bn (2008: £26.3bn) primarily driven by retail and commercial mortgages, instalment finance and commercial cheque accounts. The asset margin increased to 2.74% (2008: 2.57%) as a result of a change in the composition of the book while pricing changes had a negligible impact. Average customer liabilities increased 32% to £16.5bn (2008: £12.5bn), primarily driven by retail savings, with margins down 100 basis points to 2.43% (2008: 3.43%) reflecting strong growth in lower margin retail deposits, pricing pressure from competitors and the decrease in interest rates.

Net fee and commission income increased 25% (£86m) to £434m (2008: £348m), reflecting pricing increases and the impact of exchange rate movements.

Principal transactions decreased £72m to £54m (2008: £126m) reflecting gains of £17m from the sale of shares in MasterCard offset by the non-recurrence in 2009 of gains on economic hedges and the Visa IPO (2008: £46m).

Net premiums from insurance contracts increased 24% (£27m) to £138m (2008: £111m) reflecting strong volumes in short-term insurance and the impact of exchange rate movements.

Other income increased £17m to £40m (2008: £23m) reflecting higher property rental income, and fair value gains on investment properties.

Impairment charges increased £170m to £295m (2008: £125m) as a result of rising delinquency levels in the retail portfolios as a result of high consumer indebtedness, despite the decline in interest and inflation rates during the first half of the year.

Operating expenses increased 6% (£38m) to £665m (2008: £627m). The cost:income ratio improved five percentage points to 55% (2008: 60%).

Total assets increased 5% (£2.2bn) to £42.6bn (31st December 2008: £40.4bn) and risk weighted assets increased 7% (£1.4bn) to £20.2bn (31st December 2008: £18.8bn), reflecting the impact of exchange rate movements, partially offset by the disclosure of Absa's Wealth business within Barclays Wealth.

Barclays Capital

	Half Year Ended 30.06.09	Half Year Ended 31.12.08	Half Year Ended 30.06.08
Income Statement Information	£m	£m	£m
Net interest income	828	1,022	702
Net fee and commission income	1,547	863	566
Net trading income/(loss)	3,980	(330)	1,836
Net investment (loss)/income	(265)	255	304
Principal transactions	3,715	(75)	2,140
Other (loss)/income	(1)	10	3
Total income	6,089	1,820	3,411
Impairment charges and other credit provisions	(1,874)	(1,197)	(1,226)
Net income	4,215	623	2,185
Operating expenses excluding amortisation of intangible assets	(3,073)	(2,018)	(1,664)
Amortisation of intangible assets	(103)	(77)	(15)

Operating expenses	(3,176)	(2,095)	(1,679)
Share of post-tax results of associates and joint ventures	8	(12)	18
Gain on acquisition	-	2,262	-
Profit before tax	1,047	778	524

Balance Sheet Information

Corporate lending portfolio	£58.3bn	£76.6bn	£62.1bn
Loans and advances to banks and customers at amortised cost	£173.5bn	£206.8bn	£178.2bn
Total assets	£1,133.7bn	£1,629.1bn	£966.1bn
Assets contributing to adjusted gross leverage	£591.1bn	£681.0bn	£567.9bn

Performance Ratios

Return on average economic capital ¹	12%	31%	7%
Cost:income ratio ¹	52%	115%	49%
Cost:net income ratio ¹	75%	336%	77%

Other Financial Measures

Economic (loss)/ profit ¹	(£94m)	£931m	(£106m)
Risk weighted assets	£209.8bn	£227.4bn	£168.1bn
Average DVaR (95%)	£87.4m	£62.6m	£43.8m
Average net income generated per member of staff (000s) ¹	£188	£29	£134

1 Defined further on page 122 to 123.

Barclays Capital

Barclays Capital profit before tax increased 100% to £1,047m (2008: £524m). The substantial increase in income and profit reflected very strong performances in the UK, Europe and Asia and a transformation in the scale and service offering in the US through the integration of the acquired Lehman businesses. Profit before tax also reflected credit market writedowns of £4,677m (2008: £3,333m), including £1,170m of impairment, and a loss on own credit of £893m (2008: £852m gain).

	Half Year Ended 30.06.09	Half Year Ended 31.12.08	Half Year Ended 30.06.08
	£m	£m	£m
Analysis of Total Income			
Fixed Income, Currency and Commodities			