BARCLAYS PLC
Form 6-K
August 05, 2010

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, 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 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 x

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:

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 5, 2010

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 5, 2010

By: /s/ Patrick Gonsalves

Patrick Gonsalves
Deputy Secretary

BARCLAYS BANK PLC
(Registrant)

Date: August 5, 2010

By: /s/ Patrick Gonsalves

Patrick Gonsalves
Joint Secretary

Barclays Bank PLC
Interim Results Announcement

30th June 2010

BARCLAYS BANK PLC, 1 CHURCHILL PLACE, LONDON, E14 5HP, UNITED KINGDOM. TELEPHONE: +44 (0) 20 7116 1000. COMPANY NO.1026167

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.
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 55 to 59.
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. Statutory accounts for the year ended
31st December 2009, which included certain information required for the Joint Annual Report on Form 20-F of Barclays PLC and Barclays Bank PLC to the US Securities and Exchange Commission (SEC) and which contained an unqualified audit report under Section 495 of the Companies Act 2006 and which did not make any statements under Section 498 of the Companies Act 2006, have been delivered to the Registrar of Companies in accordance with Section 441 of the Companies Act 2006.
This report contains disclosure on risk management matters on pages 20 to 30. More extensive disclosures on risk management and business performance are contained in the Barclays PLC Interim Results Announcement for the half year ended 30th June 2010, for which risk exposures and business performance are materially the same as those in Barclays Bank PLC.

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”, “estimate”, “intend”, “plan”, “goal”, “believe” or other words of similar meaning. Examples of forward-looking stateme include, among others, statements regarding the Group’s future financial position, income growth, assets, impairment charges, business strategy, capital ratios, leverage, liquidity, 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.

Performance Highlights

“Against the backdrop of subdued economic and market activity and the sovereign debt storm of the second quarter, we have delivered good growth in income and profits during the first half of the year, and, at the same time as lending a further £18bn to UK households and businesses, we have kept the regulatory balance sheet under tight control. The twin benefits of a broadly based set of banking activities – both by geography and business line – and sound risk management lie behind these results.
We recognise our wider social responsibility as an enabler of economic growth and prosperity, and our actions are – and will continue to be – informed by this duty. The period ahead will be one of great importance to the future of the industry as the final shape of the reform agenda starts to solidify. We will engage fully in that dialogue, whilst keeping our eyes firmly on the needs and interests of our customers and clients.”

John Varley, Chief Executive

- Group profit before tax of £3,947m, up 45%

- Income of £16,578m, up 8%

- Impairment charges of £3,080m, down 32%, giving a loan loss rate of 118bps (full year 2009: 156bps), with a sharp decrease in impairment at Barclays Capital partially offset by an increase in impairment in Barclays Corporate in Spain

- Net income of £13,498m, up 26%

- Operating expenses of £9,717m, up 21%, reflecting continued investment in the build-out of Barclays Capital and Barclays Wealth, increased regulatory costs, increased charges relating to prior year compensation deferrals, adverse impact of currency exchange rate movements and restructuring charges in Barclays Corporate

- Positive Net income:cost "jaws" of 5%

- Key measures of Group's financial strength:

- Core Tier 1 ratio of 10.2% (31st December 2009: 10.1%) and Tier 1 capital ratio of 13.2% (31st December 2009: 13.0%)

- Adjusted gross leverage of 20x (31st December 2009: 19x)

- Group liquidity pool up £33bn to £160bn (31st December 2009: £127bn)

- Barclays Capital profit before tax more than trebled to £3,400m (2009: £1,047m)

- Includes gain of £851m on own credit (2009: loss of £893m)

- Excluding effect of own credit, profit before tax of £2,549m (2009: £1,940m)

- Global Retail Banking (GRB) profit before tax of £901m (2009: £845m)

- Income of £5,134m (2009: £5,207m) reflecting weak economic growth and further margin compression

- Impairment charges of £1,518m (2009: £1,647m)

- Net income of £3,616m (2009: £3,560m)

- Absa profit before tax of £318m (2009: £259m) largely reflecting appreciation in the average value of the Rand against Sterling

- Barclays Corporate loss of £377m (2009: profit of £152m)

- Profit before tax of £379m (2009: £369m) in UK & Ireland operation

- More than offset by losses of £756m (2009: £217m) within Continental Europe and New Markets, reflecting an increase in corporate impairment in Spain of £433m and restructuring costs in New Markets of £93m

- Gross new lending to UK households and businesses of £18bn during the first half, plus a further £7bn through the acquisition of Standard Life Bank

Group Chief Executive's Review

Summary

In the first half of 2010 we performed strongly against most parts of the Strategic Framework we use to manage the Group. We generated pre-tax profits of £3.9bn, up 45% (or 23% on an adjusted basis), and increased total income by 8%. We did so against a backdrop of slow growth in most of the economies and markets in which we operate, and some fragility of sentiment, particularly in the second quarter.

Our job is to supply services and products that are relevant and helpful to our customers, and thereby generate good returns for shareholders.

As we seek to increase returns, we are carefully applying our capital resources to those businesses capable of generating the highest returns on a risk-adjusted basis. With a Core Tier 1 ratio of 10% and surplus liquidity of £160bn, together with an adjusted gross leverage ratio of 20x our Tier 1 capital, our balance sheet is well positioned to accommodate further economic uncertainty. We also believe that we are appropriately positioned to address the prudential changes that our regulators will require over the coming years.

We have continued to improve our overall loan-to-deposit ratio and we have adjusted internal incentives through our internal Funds Transfer Pricing structure to reward the attraction of long term deposits. During the first half, we raised term financing in the wholesale markets well in excess of the wholesale term funding which matures over the whole of 2010. We will continue to pre-fund forthcoming wholesale needs given the overall high demand likely to be placed on the wholesale markets by the volumes of funding required by a number of banks as previous government-supported programmes expire. We believe that the ability to fund competitively will be a key differentiator of bank performance in the months and years ahead and we will manage Barclays in a manner that ensures that we continue to be advantaged in terms of access to multiple funding sources and overall cost of funds.

91 banks across the European Union have recently been exposed to stress tests conducted by the Committee of European Banking Supervisors (CEBS). After application of CEBS-defined adverse stress scenarios and additional sovereign shock across 30 European markets, Barclays PLC's consolidated Tier 1 ratio was projected to be 13.7% at the end of 2011, which was higher than all the European members of our major bank peer group. We regularly conduct our own internal stress testing as part of our overall risk management frameworks, based on adverse economic shock and adverse conditions in financial markets. We have also been the subject of annual external stress tests by the UK's Financial Services Authority (FSA). In each stress test, whether internal or external, Barclays has demonstrated that its capital position and resources are sufficient to meet its regulatory capital requirements.

Our cost:net income ratio improved from 75% to 72% for the first half of 2010 as increases in overall levels of operating expenses were more than offset by increases in net income. Although pre-impairment income did not rise as much as expenses, we monitor and maintain our flexibility to reduce costs by ensuring that enough of our cost base is discretionary, enabling us to vary expenditure should the income environment require this. We have been able to take advantage of opportunities from market dislocation and strategic refocusing of a number of competitors by continuing to build out a number of our underlying businesses on a "pay-as-you-go" basis, with costs of build-out borne by the businesses as ongoing operating expenses.

Group Chief Executive's Review

2010 Strategic Framework

At the beginning of the year I talked about our Strategic Framework and I identified aspects of it which I thought would be particularly relevant to our performance in 2010. In this section of my half year report, I review the areas identified at that time – responsible citizenship, soundness of financial and organisational footing, geographical and business line diversification, and profitability.

1. I said that we would **act as responsible corporate citizens** by continuing to play our part as a source of economic growth and job creation in the countries in which we operate. We want to do this in a manner consistent with our obligations both to our shareholders to deliver returns, and to our regulators to run our businesses prudently. In this context we reported that our gross new lending to UK businesses and households totalled over £18bn in the first half. The number of people we employ around the world stood at nearly 147,000 by the end of June 2010. In the UK, our MoneySkills programme targets economically and socially disadvantaged young people and offers them training in the basic financial skills necessary to live independent and successful lives. We attach great importance to responsible banking in all our markets. This manifests itself in Africa through our investment in social infrastructure and the schemes we operate to encourage financial inclusion, all with the goal of building sustainable markets with long-term growth potential. We must help our customers and clients wherever we can as they cope with the aftermath of the economic downturn. We can do this either directly, by working with indebted clients to help them reschedule, or indirectly, by continued active support, for example, of the Citizens Advice Bureau or the National Debt Line. And we will engage constructively with the UK Government as its Banking Commission looks at the structure of the banking market in the UK with a view to making it safer and more competitive.

2. I said that we would maintain a **sound financial and organisational footing**. The Summary above sets out the headline financial figures for the half year.

Our organisational footing will, of course, be reviewed by the Banking Commission. We have a universal (i.e. broadly based) banking model, and we believe in it for three reasons. First, we believe that the services, products and capabilities within Barclays enable us, by their compositional mix, to respond best to the needs of our customers. What we have created in Barclays is in direct response to what our customers tell us they require. Second, the history of banking in the last 100 years reveals a broadly based structure to be the banking vehicle most resilient to extreme climates or shocks. Third, our own history in Barclays over the last three years – which have constituted a stress test of all banking models – reveals the model to be not a risk aggregator, but a risk diversifier, best illustrated both by the geographical and business line diversity of our Group and by the uncorrelated and asymmetrical income and risk cycles of investment banking on the one hand and retail banking on the other. The risk mitigation provided by our structure, which results from co-existent and mutually diversifying businesses, and from our own risk management techniques, lies behind our consistently profitable performance over the credit crisis. Since the crisis began in July 2007, the total pre tax profits posted by Barclays amount to £25bn in aggregate.

Our view is that if you want to see clearly revealed the ability of narrow banks to cope with extreme conditions, you have to look no further than the upheaval now visiting some of the narrow bank communities in mainland Europe.

3. I have commented above on the allocation of capital. Our Strategic Framework expresses, at its core, the view that medium term growth is best pursued through an **internationally and operationally diversified business**. We have made quiet but good progress towards this objective these last three years.

In the context of geographical diversity, approximately two-thirds of our revenue and profits were generated outside the UK in the first half of 2010. We intend to continue to increase the percentage of our profits that come from outside our home market. It is a Group of this future geographical mix that we believe will offer the best platform from which to deliver increasing risk-adjusted returns and medium term growth potential to our shareholders.

4. The final component of our Strategic Framework for 2010 is a requirement that we deliver **another year of substantial profitability**. Our performance in the first half of 2010 establishes a firm foundation from which to deliver that over the full year.

Group Chief Executive's Review

Key Objectives

Regular readers of Barclays full year and semi annual reviews will know that we have been managing Barclays against three principal objectives – staying close to customers and clients, managing our risks, and maintaining strategic momentum - since the credit crisis began in 2007. I want to comment on our performance in each area.

1. Staying close to our customers and clients

At the heart of our ability to generate profits and returns for our shareholders throughout the credit crisis has been our income performance. Customers have choice. Income is driven and sustained by the strength of our relationships with the customers and clients who choose to do business with us. Our performance in the first half was executed in circumstances of relatively slow economic growth as the major economies in which we do business emerged from recession. Group income grew by 8%. It was up considerably in Barclays Capital; down in Barclays Corporate; up modestly in Wealth and Absa; and flat in GRB.

The benefit of our underlying income strength is shown by the net income that we are reporting today, up 26%. If the economic cycle improves, and our impairment charges with it, so the scale of the income we are generating should be increasingly felt in greater profit.

The income line in Barclays Capital is continuing to benefit from the Lehman transaction. The source of net income growth is broadly-based. We are beginning to see the benefits of the investments we have been making through 2009 in Equities and Investment Banking. Over time we would expect to see the sources of income within Barclays Capital more broadly diversified. Fixed Income, Currency and Commodities (FICC) accounted for 75% of top-line income at Barclays Capital in 2008 and 76% in 2009. In the first half of 2010, these revenues were 69% of the total without our market shares in FICC businesses declining. Barclays Capital operates a client-focused, flow model. Like any investment banking business, it is not immune to the economic cycle, but we are building an enterprise where the key determinant of performance is client activity levels.

In Barclays Wealth, our income performance in the first half started to show the benefit of the investment we have made in the business over the past years. We now have a broad investment programme underway, which we intend to accelerate in the second half of 2010 as we build out the international platforms and invest in people, technology and infrastructure.

In UK Retail Banking, income was broadly flat but average customer asset balances grew 12% reflecting the acquisition of Standard Life Bank's mortgage book and good growth in our Home Finance mortgage balances. Our share by value of gross advances over the first half in UK mortgages was 14%. The number of active Barclays savings accounts increased by over 1 million to 14.1 million by comparison to the equivalent at the end of June 2009 and total average customer deposit balances increased 11%.

Barclaycard's income fell slightly, principally as a result of the impact of regulatory changes in the US. But overall numbers of Barclaycard customers increased by around 400,000 to 21.6 million globally over the half year and total outstanding balances declined only marginally despite the propensity of many consumers to pay down unsecured debt in the current environment.

Income was down in Western Europe Retail Banking but our customer numbers in this business have increased to 2.7 million, up about 30% over the end of the first half of 2009. Whilst the economic backdrop in Southern Europe is challenging, we are working hard to achieve scale in our target markets of Spain, Portugal and the 10 largest cities in Italy. Our objective here is to convert the investment that we have made over the last three years in broadening products and services and developing distribution channels (which has significantly increased our average annual

income run rate) into sustainable profit.
Barclays Africa put in a solid performance in the first half, with income rising 10% and profits rising 8%. Meanwhile, profits in our South African subsidiary Absa Group Limited rose 18% in local currency and 41% in Sterling, helped by the relative strength of the Rand against our home currency. These two businesses give us broad coverage across the continent of Africa, where we look after approximately 14 million customers.
In Barclays Corporate's UK & Ireland business, there was solid growth in our deposit base and the overall corporate customer franchise remains very strong. We are restructuring our New Markets and Continental Europe businesses here, both of which were loss-making in the half as we manage through significantly higher loan loss severity assumptions for our property and construction exposure in Spain.

Group Chief Executive's Review

Finally, in the area of staying close to customers and clients, a comment on lending. One of the most tangible ways in which we can demonstrate our commitment to customers and clients is to support them through lending. In 2009, we committed to making an additional £11bn of credit available to the UK economy but the outturn for the year was an additional £35bn. We have continued that strong trend in the first half of 2010, lending an additional £18bn to UK businesses and households, despite widespread evidence of softer demand for credit.

2. Managing our risks

The list of stakeholders who want to see good risk management in Barclays is long: it includes customers, clients, creditors and shareholders, of course but also our Board, our regulators, and the governments in whose economies we do business. Effective risk management is central to our ability to support the economy through loan growth and employment, and to pay tax. And if we are to support growth at a stage in the economic cycle when government spending is reducing and the private sector is required to pick up the baton, we have to be footsure in managing risk.
I want here to address one important issue at the heart of the current debate about how to make the financial system safer. If banking were to become risk free, then assuredly it would be socially useless. Our job is to help our customers take appropriate risk – that might be the risk of listing a company on a stock exchange and raising new capital; or it might be the risk of borrowing for university education.
Of course, we must help make the system safer so that governments, economies and ultimately taxpayers are not faced with the prospect of having to bail banks out again. We should not, however, lose sight of the fact that banks must take risk in order to act as a catalyst of economic activity. At the heart of a bank's risk-taking lies maturity transformation - which is acting as the custodian of cash placed with us on a short term basis by depositors and lending it out on a longer term basis to borrowers to enable them to consume or invest. If we try to have risk free banks by creating new rules for capital, liquidity and funding which substantially constrain risk taking, we will surely have banks that cannot perform their key role of facilitating economic activity. The goal of regulatory reform should not be to turn banks into riskless utilities unless governments (that means taxpayers) are prepared to be the suppliers of credit to households and businesses. A healthy, privately capitalised and privately funded banking system is a vital component in the machinery of all strong modern economies.
I do, however, believe that banks should only be allowed to take the risk necessary to fulfil their economic purpose in the economy within a new framework which combines sensibly calibrated capital, leverage and liquidity requirements, good brand governance, strong regulatory oversight and fit-for-purpose risk management practices.
Our risk management record through the credit crisis has been underpinned by the universal banking model which enables us to diversify our risk across different markets, geographies and economic and political cycles.
It is risk management, overseen by strong macro and micro prudential regulatory supervision, that allows banks to fulfil, safely, their core functions of the safe storage of deposits and the giving of investment advice, payments and money transmission, lending and maturity transformation, and the provision of underwriting and liquidity in the debt, equity and derivative capital markets. These activities can safely co-exist in a single banking group such as Barclays provided that the appropriate risk management skills and governance structures are in place.
We support the development of recovery and resolution plans as a further means of reducing the probability and

impact of potential bank failure. We are currently closely engaged with the FSA on their pilot project to take this forward and see this as an important and appropriate part of our overall risk management framework.

There is a multitude of proposals, bills, regulations, acts, levies and charges that is being debated and implemented to make banks and the financial system safer. We will need to accommodate the changes that are finally implemented and are working hard with the authorities to ensure as much consistency as possible internationally. A broadly level playing field on international regulation is vital if a robust financial services industry can continue to thrive in the United Kingdom – it will only thrive if it can compete on broadly equal terms.

3. Maintaining strategic momentum

Our profit performance has afforded us the ability to develop our businesses on a "pay-as-you-go" basis, with investment costs being treated as ongoing operating expenses and absorbed through the income statement.

Group Chief Executive's Review

In Barclays Capital we have continued to develop our sale, origination, trading and research functions. We will pace further investment in line with market conditions. We have flexibility in the cost base; we are benefiting from reduced credit market write downs and impairment and are increasing net income notwithstanding the continued spend on the development of our underlying platforms.

In Barclays Wealth our strategic investment programme to invest £350m in people and technology, is under way.

In Barclays Corporate, we are restructuring the business in New Markets and will take a charge of approximately £100m this year in this context. We expect a strong, well integrated regional (not global) corporate bank to emerge from this work offering world class cash, trade, credit and hedging capabilities in Europe, Africa and certain Asian markets to both larger local corporates and to subsidiaries of global multinationals, with a strongly integrated investment banking product and advisory offering. Credit conditions have worsened in our corporate business in Spain resulting in much higher impairment provision, particularly against our property and construction sector exposures. Our Spanish business remains an important part of an overall well diversified global lending portfolio; and I am confident about the medium term prospects for the Spanish economy and its attractiveness as a banking market for Barclays.

At our GRB investor day six weeks ago, we reported to you in detail on the progress we have made since we set up GRB in November of last year. We have set four key goals for the business as a whole: strong profit growth; improved loan to deposit ratios; business line depth not breadth; and the generation of net equity. Good progress is being made against each of these. The new GRB management team has laid out its strategy to deepen our mass consumer platforms in existing markets; to grow our mass affluent presence; to deliver better targeted service to the SME clients GRB serves utilising all available channels but, in particular, through face-to-face relationships with the local bank managers in our branch network; and to expand the range of payment products we offer both through Barclaycard and through the retail banking platforms we operate in individual markets. Overlaying all of this is a fundamental belief in the need to build strong, personal and durable relationships with our customers by putting service of them at the centre of everything we do. We believe that our "Lives Made Much Easier" vision will help us to achieve not only our financial goals but also fulfil our social and regulatory responsibilities.

Within UK Retail Banking, we are benefiting from customer satisfaction ratings at the top of our peer group. We are continuing to invest in alternative channels including branch network refurbishment and in Barclays.mobi, our mobile phone offering. We have successfully acquired Standard Life Bank. We are directing a lot of effort at increasing Premier customer numbers.

At Barclaycard, we are pleased with continued diversification of this business by product and geography. We now have strong and material card platforms in the US, Germany, Scandinavia, South Africa and through Western Europe Retail Banking in Southern Europe. We are developing innovative payment products: for example, 8 million of the 9 million contactless cards in the UK are either issued by Barclaycard or Barclays debit cards. Barclaycard's new loyalty programme, Freedom, is showing encouraging early results. In total we have around 50 new payment innovations at various stages of early development, some of which we would expect to bring to market.

In Western Europe Retail Banking, we have been able to add 60 distribution points in the first half, 45 of them in Italy. We are seeing strong results from the CNP life and pension joint venture announced last year with financial results at the upper end of the JV's business plan.

In Barclays Africa, our market positions are strong in most markets. We see significant incremental opportunity within our existing markets by working more closely with Absa on mutual clients; with Absa Capital, Absa Card and Absa Wealth in their respective areas of expertise; and with Barclays Corporate in serving the needs of the local subsidiaries of global multi-national corporations.

Absa is performing well in a difficult economic climate, and is increasingly integrated across the Barclays network. Absa is a core source of competitive strength for Barclays in its goal to be the most complete pan-African bank for wholesale and institutional clients.

Group Chief Executive's Review

Priorities, Goals and Strategic Framework

I send my thanks, at this half year stage, to the 147,000 employees who dedicate their working lives to our business objectives daily. Our priorities and goals for the rest of 2010 remain unchanged. We will continue to work hard to apply the resources of the Group to the strategic, operational and regulatory opportunities and challenges ahead so that we can meet the expectations of our owners as we serve our customers and clients.

John Varley, Group Chief Executive

Group Finance Director's Review

Group Performance

Barclays delivered profit before tax of £3,947m in the first half of 2010, an increase of 45% on 2009. Excluding movements on own credit, gains on acquisitions and gains on debt buy-backs, Group profit before tax increased by 23% to £2,963m from £2,406m.

Income increased 8% to £16,578m (2009: £15,297m). 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. 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 118bps, compared to 156bps for the full year 2009.

Net income for the Group after impairment charges increased 26% to £13,498m (2009: £10,741m) 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 £1,668m to £9,717m, a 21% increase compared to the 26% 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 £197m, 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%). The compensation:income ratio for Barclays Capital was 37% compared to 38% for the full year 2009.

Business Performance – Global Retail Banking

GRB comprises UK Retail Banking, Barclaycard, Western Europe Retail Banking and Barclays Africa. Global Retail Banking profit before tax increased 7% to £901m (2009: £845m) and included £129m of gains on the acquisitions of Standard Life Bank in the UK and the Citigroup card business in Italy.

Income declined 1% to £5,134m (2009: £5,207m) as a result of a 26bps decline in the net interest margin to 223bps as well as lower fees and commissions, partly offset by business growth. The decline in the net interest margin was driven by the continued low interest rate environment and competition for deposits, which was partially offset by the expansion of underlying asset margins. The impact of the new internal Funds Transfer Pricing mechanism, whilst broadly neutral in its effect on the net interest margin across GRB, resulted in relatively higher liability margins and lower asset margins.

Impairment charges fell by 8% resulting in a 32bps improvement in the loan loss rate to 159bps demonstrating the relatively conservative positioning of GRB's asset mix and some improvements in economic conditions. Costs increased by 5% to £2,866m (2009: £2,739m) driven by the impact of acquisitions in the second half of 2009 and the first half of 2010, as well as higher ongoing pension costs. The first half of 2010 also reflected the benefit of a £146m pension credit resulting from amendments to the treatment of minimum defined benefits.

UK Retail Banking (UKRB) profit before tax increased 61% to £504m (2009: £313m) including a £100m gain on the acquisition of Standard Life Bank and lower impairment charges, partially offset by margin compression as a result of the continued low interest environment. Despite margin compression, income increased 1% reflecting continued business growth. The average loan-to-value ratio of new mortgage lending was 51%, continuing the conservative approach to lending. Impairment charges decreased 14%, driven by low interest rates and improvements in the quality of new business. As a result, net income grew 6% to £1,724m (2009: £1,630m). Operating expenses benefited by £118m from the UKRB portion of the pension credit resulting from amendments to the treatment of minimum defined benefits referred to above, partially offset by a year-on-year increase of £46m in pension costs.

Group Finance Director's Review

Barclaycard profit before tax decreased 15% to £317m (2009: £375m) largely as a result of the Credit Card Accountability, Responsibility and Disclosure Act in the US. Income decreased by 3% to £1,958m. Impairment charges also reduced, reflecting the improvement in economic conditions and better delinquency trends in all major markets. Operating expenses increased due to an increase in staff-related costs and investment in marketing activities.

Western Europe Retail Banking profit before tax was down £82m to £10m (2009: £92m) in a challenging economic environment. Despite the difficult backdrop there has been continued investment, with the acquisition of the Italian Citigroup credit card business which generated a £29m gain on acquisition. Income fell by 12% due to declining treasury interest income and margin compression, partially offset by higher fees and commissions. Impairment charges fell by 10% reflecting improved delinquency trends, tightened credit criteria and improved collections activities. Operating expenses increased by 12% driven mainly by branch expansion and the impact of the credit card acquisition in Portugal in the second half of 2009 and in Italy in the first half of 2010.

Barclays Africa profit before tax increased 8% to £70m (2009: £65m) driven by income growth coupled with lower impairment charges. Income increased 10% driven by improved margins and trading income. Impairment charges decreased as a result of the better economic environment coupled with improved collection processes. Operating expenses grew 12% as a result of increased investment in infrastructure. The sale of Barclays Africa's custody business agreed in April is expected to be completed by the end of 2010.

Business Performance – Corporate and Investment Banking, and Barclays Wealth

Barclays Capital profit before tax increased to £3,400m (2009: £1,047m). Excluding a gain on own credit, profit before tax grew 31% to £2,549m. Total income increased to £7,912m up 30% (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, which excludes these items, was £7,126m down 32% on the exceptionally strong prior year performance. Fixed Income, Currency and Commodities top-line income of £4,948m declined 40%, reflecting lower contributions from rates and commodities. Equities and Prime Services top-line income of £1,056m declined 18%, as growth in cash equities was more than offset by subdued market activity in European equity derivatives. Investment Banking revenues of £1,017m declined 6%.

Top-line income in the second quarter of 2010 was £3,281m, down 15% on the first quarter of 2010. Market conditions were more challenging in the second quarter of 2010, with lower activity levels leading to first to second quarter declines in the Fixed Income, Currency and Commodities business of 16% and Investment Banking businesses of 17%, which more than offset a 14% increase in the contribution from Equities and Prime Services.

Impairment charges of £309m for 2010 were significantly lower (2009: £1,874m) resulting in net income up 80% to £7,603m. Operating expenses increased 33%, broadly in line with the increase in net income excluding own credit, largely reflecting the continuing build-out of our sales, origination, trading and research activities and increased charges relating to prior year compensation deferrals. Compensation costs represented 37% of income compared with a rate of 38% full year 2009; excluding the gain relating to own credit, compensation costs would have been 42% of income.

Barclays Corporate recorded a loss before tax of £377m (2009: profit of £152m), as losses in Continental Europe and New Markets more than offset increased profits in the UK & Ireland operation. Total income decreased 14%, reflecting lower treasury management income and higher funding charges. Impairment charges increased 32% to £949m, driven by an increase of £433m in Spain due to increasing loss severity assumptions on exposures to the property and construction sector. In the UK & Ireland and New Markets operations, impairment charges improved significantly. Operating expenses grew 8% (£61m) to £829m, reflecting restructuring costs of £93m in New Markets and investment in infrastructure in the UK, partly offset by a pension credit resulting from amendments to the treatment of minimum defined pension benefits.

Barclays Wealth profit before tax increased 27% to £95m (2009: £75m). Income increased 22% to £757m benefiting from strong income growth in the High Net Worth businesses and reflecting higher attributable net interest income from changes to the internal Funds Transfer Pricing mechanism. Impairment charges increased £6m reflecting the impact of the current economic environment on client liquidity and collateral values. Operating expenses increased 20%, principally due to the impact of growth in High Net Worth business revenues on staff and infrastructure costs and the start of Barclays Wealth's strategic investment programme. We expect investment in this programme to increase to approximately £80m in the second half of 2010.

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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 £3,603m reflected the fair value of the 37.567m shares held in BlackRock, Inc. (31st December 2009: £5,406m).

Business Performance – Absa

Absa Group Limited reported profit before tax of R5,617m (2009: R4,757m), an increase of 18%. In Barclays segmental reporting, the results of the Absa credit card business are included in **Barclaycard** the investment banking operations in **Barclays Capital** and wealth operations in **Barclays Wealth**. The other operations of Absa Group Limited are reported in the **Absa** segment.

Absa profit before tax increased 23% to £318m (2009: £259m), driven by the appreciation in the average value of the Rand against Sterling. The impact of exchange rate movements also impacted operating expenses, which increased 19%, and impairment charges, which decreased 4%. Impairment charges in local currency improved by 18% reflecting a moderation in economic conditions.

Business Performance – Head Office Functions and Other Operations

Head Office Functions and Other Operations loss before tax was £421m (2009: profit £311m). This decrease resulted from the non recurrence of net gains on debt extinguishment of £1,109m in 2009 and a provision of £194m in relation to the possible resolution of Barclays compliance with US economic sanctions. These were partially offset by increased net interest income in 2010 due to reduced costs of central funding activity as money market dislocations eased and a reclassification of profit from the currency translation reserve to the income statement.

Balance Sheet and Capital Management

Shareholders' Equity

Shareholders' equity, including non-controlling interests, increased 5% to £61.7bn in 2010 driven by profit after tax of £2.9bn and a capital injection of £1.1bn following the exercise of warrants in Barclays PLC, offset by movements in other reserves.

Balance Sheet

Total assets increased by £209bn to £1,588bn in 2010. Loans and advances increased by £33bn largely in Barclays Capital, UK Retail Banking and Barclays Wealth. Gross new lending to UK households and businesses amounted to £18bn during the first half and the acquisition of Standard Life Bank added a further £7bn. Derivative assets increased £88bn, largely reflecting an increase in the interest rate derivative asset balances resulting from decreases in major forward curves. Balances attributable to derivative assets and liabilities would have been £461bn lower (31st December 2009: £374bn lower) than reported under IFRS if, as under US GAAP, netting were permitted for assets and liabilities with the same counterparty or for which the Group holds cash collateral. Excluding this, assets under management on the balance sheet, settlement balances, goodwill and intangible assets, adjusted total tangible assets were £1,063bn at 30th June 2010 (31st December 2009: £969bn). Adjusted gross leverage on this basis, being the multiple of adjusted total tangible assets over total qualifying Tier 1 capital, was 20x as at 30th June 2010 (31st December 2009: 19x).

Capital Management

At 30th June 2010, on a Basel II basis, the Group's Core Tier 1 ratio was 10.2% (31st December 2009: 10.1%) and the Tier 1 ratio was 13.2% (31st December 2009: 13.0%). Risk weighted assets increased 3% to £395bn in the first half of 2010.

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Liquidity and Funding

The liquidity pool held by the Group increased by £33bn to £160bn at 30th June 2010 from £127bn at the end of 2009. The Group expects to maintain surplus liquidity at current levels for the foreseeable future. We will review levels of surplus liquidity once regulatory reviews are completed.

We continue to attract deposits in unsecured money markets and to raise additional secured and unsecured term funding in a variety of markets. We have extended the average term of our net unsecured liabilities from at least 26 months to at least 31 months and our Group liquidity pool is currently sufficient to cover more than one year of wholesale maturities.

We have continued to raise senior term debt successfully over the period in multiple markets. Secured public issuance totalled £3bn; unsecured public issuance totalled £6bn. We raised £12bn equivalent from our structured note programme.

Outlook

Although the market and economic environment in which we operate remains uncertain, I am 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.

Chris Lucas, Group Finance Director

Condensed Consolidated Financial Statements (Unaudited)

Condensed Consolidated Interim Income Statement (Unaudited)

Continuing Operations	Notes[1]	**Half Year Ended 30.06.10** £m	**Half Year Ended 30.06.09** £m
Net interest income		5,967	5,475
Net fee and commission income		4,194	4,127
Net trading income	1	5,632	4,117
Net investment income		529	98
Net premiums from insurance contracts		582	602
Other income		89	1,299
Total income		**16,993**	**15,718**
Net claims and benefits incurred on insurance contracts		(415)	(421)
Total income net of insurance claims		**16,578**	**15,297**
Impairment charges and other credit provisions	2	(3,080)	(4,556)
Net income		**13,498**	**10,741**
Staff costs	3	(5,812)	(4,815)
Administration and general expenses		(3,273)	(2,627)
Depreciation of property, plant and equipment		(408)	(379)
Amortisation of intangible assets		(224)	(228)
Operating expenses	3	**(9,717)**	**(8,049)**
Share of post-tax results of associates and joint ventures			