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 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 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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Interim Results Announcement

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

Group Results	**Half Year [1] Ended 30.06.09**	**Half Year Ended 30.06.09**	**Half Year Ended 30.06.08**	
		£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)	-

Capital and Balance Sheet	**Pro Forma [1] 30.06.09**	**As at 30.06.09**	**As at 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

- 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 absorbtion 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 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 Lehmans 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

Assets	**As at 30.06.09** £m	**As at 31.12.08** £m	**As at 30.06.08** £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 30.06.09** £m	**As at 31.12.08** £m	**As at 30.06.08** £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

Income Statement Information	**Half Year Ended 30.06.09**	**Half Year Ended 31.12.08**	**Half Year Ended 30.06.08**
	£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

Income Statement Information	**Half Year Ended 30.06.09**	**Half Year Ended 31.12.08**	**Half Year Ended 30.06.08**
	£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

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

Income Statement Information	**Half Year Ended 30.06.09**	**Half Year Ended 31.12.08**	**Half Year Ended 30.06.08**
	£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

Income Statement Information	Half Year Ended 30.06.09	Half Year Ended[3] 31.12.08	Half Year Ended 30.06.08
	£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

Income Statement Information	**Half Year Ended 30.06.09**	**Half Year [2] Ended 31.12.08**	**Half Year Ended 30.06.08**
	£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

Income Statement Information	**Half Year Ended 30.06.09**	**Half Year Ended 31.12.08**	**Half Year Ended 30.06.08**
	£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

Income Statement Information	**Half Year Ended 30.06.09**	**Half Year Ended 31.12.08**	**Half Year Ended 30.06.08**
	£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).

Analysis of Total Income	**Half Year Ended 30.06.09**	**Half Year Ended 31.12.08**	**Half Year Ended 30.06.08**
	£m	£m	£m
Fixed Income, Currency and Commodities	7,888	3,735	3,618
Equities and Prime Services	1,625	631	522
Investment Banking	1,086	580	473
Principal Investments	(110)	128	171

Top-line income	**10,489**	**5,074**	**4,784**
Credit market losses in income	(3,507)	(4,065)	(2,225)
Own credit	(893)	811	852
Total Income	**6,089**	**1,820**	**3,411**

Income of £6,089m was up 79% (2008: £3,411m), reflecting strength across the client franchise. Top-line income more than doubled to £10,489m (2008: £4,784m) and was generated evenly across the first two quarters of 2009. Fixed Income, Currency and Commodities produced excellent results which drove a strong increase in trading and interest income. In particular Barclays Capital benefited from increased client flows and wider spreads in fixed income rates and credit. This was supported by significant growth in emerging markets and commodities and increased volumes in currencies. The contribution from Equities and Prime Services increased significantly following the Lehman Brothers North American businesses acquisition with a strong performance in equity cash and derivative products, and in prime services from the expanded client base and increased margins.

Investment Banking, which comprises advisory businesses and equity and debt underwriting, delivered net revenues of over £1bn driven by origination and advisory activity. Together with the cash equity business, this drove a significant rise in fee and commission income.

Net investment loss of £265m (2008: income of £304m) was driven by realised losses in a commercial real estate equity investment and losses in our principal investments business.

Impairment of £1,874m (2008: £1,226m) included non credit market related impairment of £704m (2008: £118m) which principally related to charges in the portfolio management, global loans and principal investment businesses.

Operating expenses increased 89% to £3,176m (2008: £1,679m), reflecting the inclusion of the acquired Lehman business and higher performance related costs. There was a two percentage point improvement in the cost:net income ratio.

Total headcount decreased from 23,100 at 31st December 2008 to 21,900 as a result of reductions across the business, which more than offset recruitment.

The corporate lending portfolio declined 24% to £58.3bn (31st December 2008: £76.6bn), primarily due to reductions in lending to non UK clients, the repayment of leveraged finance exposure and the appreciation of Sterling against other currencies.

Total assets reduced 30% to £1,133.7bn (31st December 2008: £1,629.1bn) primarily as a result of reductions in derivative balances. Additional reductions across trading portfolio and lending asset classes as well as the appreciation of Sterling against other currencies, contributed to an overall decrease of 13% on the adjusted gross leverage assets to £591.1bn (31st December 2008: £681.0bn). Risk weighted assets reduced 8% to £209.8bn (31st December 2008: £227.4bn) driven by the reduction in the balance sheet offset by the impact of credit downgrades.

Average DVaR at 95% of £87.4m was broadly in line with the total DVaR as at 31st December 2008. Total DVaR at 30th June 2009 was £71.1m.

Barclays Global Investors

Income Statement Information	**Half Year Ended 30.06.09**	**Half Year Ended 31.12.08**	**Half Year Ended 30.06.08**
	£m	£m	£m
Net interest (expense)/income	10	(18)	(20)
Net fee and commission income	923	930	987
Net trading income/(loss)	13	(9)	(5)
Net investment income/(loss)	14	(53)	24
Principal transactions	**27**	**(62)**	**19**
Other income	3	7	1
Total income	**963**	**857**	**987**
Operating expenses excluding amortisation and deal costs	(573)	(516)	(718)
Amortisation of intangible assets	(8)	(11)	(4)
Deal costs	(106)	-	-
Operating expenses	**(687)**	**(527)**	**(722)**
Profit before tax	**276**	**330**	**265**
Balance Sheet Information			
Total assets	£67.8bn	£71.3bn	£79.0bn
Performance Ratios			
Return on average economic capital [1]	31%	76%	83%
Cost:income ratio [1]	71%	61%	73%
Other Financial Measures			
Economic profit [1]	£65m	£167m	£122m
Risk weighted assets	£3.7bn	£3.9bn	£4.5bn
Average net income generated per member of staff (000s) [1]	£253	£229	£278
Key Facts	£bn	£bn	£bn
Assets under management	1,019	1,040	988
- indexed	650	653	612
- iShares	234	226	189
- active	135	161	187
Net new assets in period	72	49	12
	$bn	$bn	$bn
Assets under management	1,678	1,495	1,967
- indexed	1,071	939	1,218
- iShares	385	325	376
- active	222	231	373
Net new assets in period	108	74	25
Number of iShares products	386	360	338
Number of institutional clients	2,900	3,000	3,000

1 Defined on page122 to 123.

Barclays Global Investors

Barclays Global Investors profit before tax increased 4% (£11m) to £276m (2008: £265m). Profit was impacted by recovery on liquidity support charges, deal costs of £106m and a 32% appreciation in the average value of the US Dollar against Sterling. Income declined 2% (£24m) to £963m (2008: £987m).

Net fee and commission income declined 6% (£64m) to £923m (2008: £987m). This was primarily attributable to lower management fees and reduced incentive fees of £11m (2008: £39m). This was partially offset by increased net interest revenue.

Operating expenses excluding deal costs decreased 20% (£141m) to £581m (2008: £722m). Operating expenses excluding deal costs benefited from a recovery of £13m on liquidity support charges in the first half of 2009 (2008: charge of £196m). Deal costs of £106m reflected the break fee paid to CVC Capital Partners on termination of the planned disposal of the iShares business. The cost:income ratio improved two percentage points to 71% (2008: 73%).

Total assets under management decreased 2% (£21bn) to £1,019bn (31st December 2008: £1,040bn) comprising £127bn of negative exchange rate movements, partially offset by £72bn of net new assets and £34bn of favourable market movements. In US Dollar terms assets under management increased 12% ($183bn) to $1,678bn (31st December 2008: $1,495bn), comprising $108bn of net new assets, $50bn of favourable exchange rate movements and $25bn of positive market movements.

Total assets decreased 5% (£3.5bn) to £67.8bn (31st December 2008: £71.3bn), mainly attributable to adverse market movements in certain asset management products recognised as investment contracts. Risk weighted assets decreased 5% (£0.2bn) to £3.7bn (31st December 2008: £3.9bn) mainly attributed to changes in the asset class mix, and the strengthening of Sterling against other currencies.

On 16th June 2009 the Board of Barclays PLC announced that it had accepted BlackRock's offer to purchase the Barclays Global Investors business and has resolved to recommend it to shareholders for approval at a general meeting on 6th August 2009.

The continuing operations of BGI represent certain cash fund assets, their associated valuation charges and liquidity support charges. Further information on the disposal is set out in note 33 on page 118.

Income Statement	**Half Year Ended 30.06.09** Continuing £m	**Half Year Ended 30.06.09** Discontinued £m	**Half Year Ended 31.12.08** Continuing £m	**Half Year Ended 31.12.08** Discontinued £m	**Half Year Ended 30.06.08** Continuing £m	**Half Year Ended 30.06.08** Discontinued £m
Total income	28	935	(58)	915	(14)	1,001
Operating expenses excl amortisation and deal costs	9	(590)	(76)	(451)	(198)	(524)
Deal costs	-	(106)	-	-	-	-
Operating expenses	**9**	**(696)**	**(76)**	**(451)**	**(198)**	**(524)**
Profit/(loss) before tax	**37**	**239**	**(134)**	**464**	**(212)**	**477**

Balance Sheet						
Assets						
Financial assets designated at fair value: held in respect of linked liabilities under investment contracts	-	64,158	-	67,142	-	75,124
Available for sale financial investments	899	83	673	119	241	111
Other assets	551	2,151	1,201	2,205	2,032	1,522
	1,450	**66,392**	**1,874**	**69,466**	**2,273**	**76,757**
Liabilities						
Liabilities under investment contracts	-	64,158	-	67,142	-	75,124
Other liabilities	613	454	57	1,173	411	919
	613	**64,612**	**57**	**68,315**	**411**	**76,043**

Barclays Wealth

Income Statement Information	**Half Year Ended 30.06.09**	**Half Year Ended 31.12.08**	**Half Year Ended 30.06.08**
	£m	£m	£m
Net interest income	246	261	225
Net fee and commission income	369	371	349
Net trading income/(loss)	12	(12)	1
Net investment (loss)	(1)	(163)	(170)
Principal transactions	**11**	**(175)**	**(169)**
Net premiums from insurance contracts	-	54	82
Other income	1	18	8
Total income	**627**	**529**	**495**
Net claims and benefits incurred under insurance contracts	-	127	173
Total income net of insurance claims	**627**	**656**	**668**
Impairment charges and other credit provisions	(21)	(32)	(12)
Net income	**606**	**624**	**656**
Operating expenses excluding amortisation of intangible assets	(518)	(450)	(469)
Amortisation of intangible assets	(14)	(11)	(5)
Operating expenses	**(532)**	**(461)**	**(474)**
Profit on disposal of subsidiaries, associates and joint ventures	1	326	**-**
Profit before tax	**75**	**489**	**182**
Balance Sheet Information			
Loans and advances to customers at amortised cost	£12.0bn	£11.4bn	£9.4bn
Customer accounts	£38.2bn	£42.4bn	£36.7bn
Total assets	£14.3bn	£13.3bn	£17.7bn

Performance Ratios			
Return on average economic capital [1]	19%	169%	59%
Cost:income ratio [1]	85%	70%	71%
Other Financial Measures			
Economic profit [1]	£17m	£430m	£123m
Risk weighted assets	£10.9bn	£10.3bn	£9.0bn
Average net income generated per member of staff (000s) [1]	£79	£82	£92
Key Fact			
Total client assets	£134.1bn	£145.1bn	£132.5bn

1 *Defined on page122 to 123.*

Barclays Wealth

Barclays Wealth profit before tax reduced 59% to £75m as a result of the sale of the closed life assurance business on 31st October 2008 (profit before tax of £89m in the first half of 2008) and the integration of the Lehman Brothers North American businesses (Barclays Wealth Americas) which made a loss of £15m as business operations continued to be re-established. Excluding the impact of these transactions profit before tax reduced by 4% in difficult market conditions.

Income reduced 6% (£41m) to £627m (2008: £668m) driven by the sale of the closed life business partly offset by the addition of Barclays Wealth Americas. Excluding the impact of these two transactions, income was flat with benefits of new business 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.

Net interest income increased 9% (£21m) to £246m (2008: £225m) reflecting growth in customer deposits and lending and pricing changes as the assets margin increased 11 basis points to 1.13% (2008: 1.02%). Average lending grew 30% to £12.1bn (2008: £9.3bn). Average deposits grew 6% to £38.2bn (2008: £36.0bn). The liabilities margin reduced by 15 basis points to 0.80% (2008: 0.95%) driven by margin compression due to lower interest rates.

Net fee and commission income increased 6% (£20m) to £369m (2008: £349m) driven by Barclays Wealth Americas.

The decreases in principal transactions and net premiums from insurance contracts were due to the sale of the closed life assurance business.

Impairment charges increased £9m to £21m (2008: £12m). This growth reflected both the increase in the loan book over the last three years and the impact of the current economic environment on client liquidity and collateral values.

Operating expenses increased 12% (£58m) to £532m (2008: £474m) principally reflecting the impact of the acquisition of Barclays Wealth Americas.

Total client assets, comprising customer deposits and client investments, were £134.1bn (31st December 2008 £145.1bn). The reduction principally reflects exchange rate movement and a small net outflow in Barclays Wealth Americas.

Head Office Functions and Other Operations

Income Statement Information	**Half Year Ended 30.06.09**	**Half Year Ended 31.12.08**	**Half Year Ended 30.06.08**
	£m	£m	£m
Net interest (expense)/income	(511)	161	21
Net fee and commission (expense)	(226)	(244)	(242)
Net trading profit/(loss)	80	(62)	(183)
Net investment (loss)/income	(2)	(18)	45
Principal transactions	**78**	**(80)**	**(138)**
Net premiums from insurance contracts	47	48	71
Other income	1,135	2	24
Total income	**523**	**(113)**	**(264)**
Impairment charges and other credit provisions	(1)	(27)	(3)
Net income/(loss)	**522**	**(140)**	**(267)**
Operating expenses excluding amortisation of intangible assets	(193)	(256)	(195)
Amortisation of intangible assets	1		-
Operating expenses	**(192)**	**(256)**	**(195)**
Profit/(loss) before tax	**330**	**(396)**	**(462)**
Balance Sheet Information			
Total assets	£6.1bn	£3.1bn	£4.5bn
Other Financial Measures			
Risk weighted assets	£0.1bn	£0.4bn	£1.1bn

Head Office Functions and Other Operations

Head Office Functions and Other Operations profit before tax increased £792m to £330m (2008: loss of £462m).

Total income increased £787m to £523m (2008: loss of £264m).

During 2009, certain upper Tier 2 perpetual debt was exchanged for new issuances of lower Tier 2 dated loan stock resulting in net gains of £1,109m. Gains of £1,127m have been included within other income and fees paid of £18m included within net fee and commission income.

Group segmental reporting is performed in accordance with Group accounting policies. This means that inter-segment transactions are recorded in each segment as if undertaken on an arm's length basis. Adjustments necessary to eliminate inter-segment transactions are included in Head Office Functions and Other Operations. The impact of such inter-segment adjustments decreased £5m to £135m (2008: £140m). These adjustments included internal fees for structured capital market activities of £147m (2008: £98m) and fees paid to Barclays Capital for debt and equity raising and risk management advice of £22m (2008: £67m), both of which reduce net fee and commission income. In addition a consolidation adjustment is required to match the booking of certain derivative hedging transactions between different segments in the Group. This resulted in a £131m decrease in net interest income with an offsetting increase in principal transactions.

Net interest income decreased £532m to a loss of £511m (2008: profit of £21m) primarily due to an increase in costs in central funding activity due to the money market dislocation, in particular LIBOR resets, and a decrease of £131m in the consolidation adjustment on hedging derivatives.

Principal transactions increased £216m to a profit of £78m (2008: loss of £138m) reflecting a £131m increase in consolidation reclassification adjustment on hedging derivatives.

Other income increased £1,111m to £1,135m (2008: £24m). This reflects the gain made on debt extinguishment.

Operating expenses decreased £3m to £192m (2008: £195m). This reflects a reduction of £26m in the costs relating to an internal review of Barclays compliance with US economic sanctions (2008: £52m) and reduced staff costs, partially offset by a charge of £37m for the Group's share of levies that will be raised by the UK Financial Services Compensation Scheme (2008: nil) and lower proceeds on property sales.

Total assets increased 97% to £6.1bn (31st December 2008: £3.1bn).

Risk Management

Principal Risks and Uncertainties

As a consequence of adverse economic conditions in most of the parts of the world in which Barclays operates, the overall market and risk environment has been challenging for all of Barclays businesses in the first half of 2009.

Barclays continues to actively manage its businesses to mitigate this risk and address these challenges. Since the year end there have been no material changes to the risk management processes as described in the Risk Management section of our Annual Report and Accounts for the year ended 31st December 2008.

Pages 36 to 67 of this Interim Results Announcement provide further details with respect to Barclays risk exposures:

· Pages 38 to 64 provide an analysis of the key credit risks faced by Barclays across a number of asset classes and businesses, referencing significant portfolios and including summary measures of asset quality. Additional information referenced in this section is to be found in the notes to the financial statements. Further information on the detail within this section is as follows:

- Analysis of total assets by valuation basis and underlying asset class (pages 36 to 37)

- Detailed disclosures and analysis of Barclays Capital's credit market exposures by asset class, covering current exposures, losses in the year, sales and paydowns, foreign exchange movements and, where appropriate, details of collateral held, geographic spread, vintage and credit quality (pages 38 to 49)

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

> Loans and advances at amortised cost, impairment charges and segmental analyses (pages 50 to 52)

> Wholesale Credit Risk (pages 53 to 57)

> Retail Credit Risk (pages 58 to 61)

> Potential Credit Risk Loans and Coverage Ratios (pages 60 to 61)

- Statistical measure of credit losses under Expected Loss (pages 62 to 63)

- Analysis of the credit quality of debt and similar securities, other than loans held within Barclays (page 64)

· Pages 65 to 66 provide an analysis of market risk and, in particular, Barclays Capital's DVaR

· Pages 66 to 67 set out the key measures of liquidity risk, including Barclays surplus liquidity, GRCB and Barclays Wealth surplus liquidity and funding, Barclays Capital funding and commentary on unsecured and secured funding

Barclays is also affected by legal risk and regulatory compliance risk through the extensive range of legal obligations, regulations and codes in force in the territories in which Barclays operates. The principal uncertainties regarding these risks are further discussed on pages 107 to 109.

Analysis of Total Assets

		Accounting Basis	
	Total Assets	**Fair Value**	**Cost Based Measure**
Assets as at 30.06.09	£m	£m	£m
Cash and balances at central banks	**24,844**		24,844
Items in the course of collection from other banks	**1,995**		1,995
Treasury & other eligible bills	2,976	2,976	
Debt securities	126,101	126,101	

Equity securities	22,394	22,394	
Traded loans	496	496	
Commodities [6]	2,006	2,006	
Trading portfolio assets	**153,973**	153,973	
Financial assets designated at fair value			
Loans and advances	25,800	25,800	
Debt securities	4,286	4,286	
Equity securities	5,539	5,539	
Other financial assets[7]	8,172	8,172	
Held for own account	**43,797**	43,797	
Held in respect of linked liabilities to customers under investment contracts [8]	**63,275**	63,275	
Derivative financial instruments	**556,045**	556,045	
Loans and advances to banks	**52,944**		52,944
Loans and advances to customers	**411,804**		411,804
Debt securities	60,218	60,218	
Equity securities	1,610	1,610	
Treasury & other eligible bills	4,971	4,971	
Available for sale financial instruments	**66,799**	66,799	
Reverse repurchase agreements and cash collateral on securities borrowed	144,978		144,978
Other assets	24,884		24,884
Total assets as at 30.06.09	**1,545,338**	**883,889**	**661,449**
Total assets as at 31.12.08	**2,052,980**	**1,356,614**	**696,366**

1 Further analysis of loans and advances is on pages 50 to 61.
2 Further analysis of debt securities and other bills is on page 64.
3 Reverse repurchase agreements comprise primarily short-term cash lending with assets pledged by counterparties securing the loan.
4 Equity securities comprise primarily equity securities determined by available quoted prices in active markets.

				Analysis of Total Assets		**Sub Analysis**
Derivatives	**Loans and Advances [1]**	**Debt Securities and Other Bills [2]**	**Reverse Repurchase Agreements [3]**	**Equity Securities [4]**	**Other**	**Credit Market Exposures [5]**
£m	£m	£m	£m	£m	£m	£m
					24,844	

					1,995	
		2,976				
		126,101				2,941
				22,394		
	496					
					2,006	
	496	129,077		22,394	2,006	
	25,800					10,292
		4,286				
				5,539		
	193		6,885		1,094	
	25,993	4,286	6,885	5,539	1,094	
					63,275	
556,045						7,451
	52,944					
	411,804					8,669
		60,218				386
				1,610		
		4,971				
		65,189		1,610		
			144,978			
					24,884	50
556,045	**491,237**	**198,552**	**151,863**	**29,543**	**118,098**	
984,802	**542,118**	**224,692**	**137,637**	**39,173**	**124,558**	

5 Further analysis of Barclays Capital credit market exposures is on pages 40 to 49. Undrawn commitments of £731m are off-balance sheet and therefore not included in the table above.
6 Commodities primarily consists of physical inventory positions.
7 These instruments consist primarily of loans with embedded derivatives and reverse repurchase agreements designated at fair value.
8 Financial assets designated at fair value in respect of linked liabilities to customers under investment contracts have not been further analysed as the Group is not exposed to the risks inherent in these assets.

Analysis of Barclays Capital Credit Market Exposures by Asset Class

	As at 30.06.09	ABS Super	Other US Sub-prime	Alt-A

		Senior			**RMBS Wrapped by Monoline Insurers**
	£m	£m	£m	£m	£m
Debt securities	2,941		398	1,228	
Trading portfolio assets	**2,941**		398	1,228	
Loans and advances	10,292		714	495	
Financial assets designated at fair value	**10,292**		714	495	
Derivative financial instruments	**7,451**		370	260	1,272
Loans and advances to customers	**8,669**	2,255	123		
Debt securities	386		92	294	
Available for sale financial instruments	**386**		92	294	
Other assets	**50**		50		
Exposure as at 30.06.09		**2,255**	**1,747**	**2,277**	**1,272**
Exposure as at 31.12.08		**3,104**	**3,441**	**4,288**	**1,639**

1 Further analysis of Barclays Capital credit market exposures is on pages 40 to 49. Undrawn commitments of £731m are off-balance sheet and therefore not included in the table above.

Commercial Real Estate Loans	**Commercial Mortgage Backed Securities**	**CMBS Wrapped by Monoline Insurers**	**Leveraged Finance [1]**	**SIVs and SIV-lites**	**CDPCs**	**CLO and Other Exposure Wrapped by Monoline Insurers**
£m	£m	£m	£m	£m	£m	£m
	1,315					
	1,315					
8,730				353		
8,730				353		

(2)	(735)	1,567		138	84	4,497
			6,197	94		
8,728	**580**	**1,567**	**6,197**	**585**	**84**	**4,497**
11,578	**735**	**1,854**	**9,361**	**963**	**150**	**4,939**

Barclays Capital Credit Market Exposures

Barclays Capital's credit market exposures primarily relate to US residential mortgages, commercial mortgages and leveraged finance businesses that have been significantly impacted by the continued deterioration in the global credit markets. The exposures include both significant positions subject to fair value movements in the profit and loss account and positions that are classified as loans and advances and as available for sale.

The exposures and gross writedowns to 30th June 2009 are set out by asset class below:

						Half Year Ended 30.06.09		
US Residential Mortgages		**As at 30.06.09**	**As at 31.12.08**	**As at 30.06.09**	**As at 31.12.08**	**Fair Value Losses**	**Impair-ment Charge**	**Gross Losses**
	Notes	$m [1]	$m [1]	£m [1]	£m [1]	£m	£m	£m
ABS CDO Super Senior	A1	3,709	4,526	2,255	3,104	-	437	437
Other US sub-prime	A2	2,873	5,017	1,747	3,441	506	148	654
Alt-A	A3	3,745	6,252	2,277	4,288	51	347	398
Monoline wrapped US RMBS	A4	2,092	2,389	1,272	1,639	256	-	256
Commercial Mortgages								
Commercial real estate	B1	14,354	16,882	8,728	11,578	1,443	-	1,443
Commercial mortgage-backed securities	B1	954	1,072	580	735	17	-	17
Monoline wrapped CMBS	B2	2,577	2,703	1,567	1,854	549	-	549
Other Credit Market								
Leveraged Finance	C1	11,394	15,152	6,928	10,391	-	204	204

SIVs and SIV -Lites	C2	962	1,404	585	963	97	34	131
CDPCs	C3	138	218	84	150	(5)	-	(5)
Monoline wrapped CLO and other	C4	7,396	7,202	4,497	4,939	593	-	593
Total gross writedowns						**3,507**	**1,170**	**4,677**

During the period ended 30th June 2009, these exposures have been reduced by net sales and paydowns of £6,252m, including a £3,056m sale of leveraged finance exposure which was repaid at par, £1,448m of Alt-A and £865m of sub-prime exposure. Exposure reductions were impacted as the US Dollar and the Euro both depreciated 11% relative to Sterling.

In the period to 30th June, there were gross writedowns of £4,677m (2008: £3,333m), before related income and hedges of £346m (2008: £502m) and own credit losses of £893m (2008: gain £852m).
The gross writedowns, which included £1,170m (2008: £1,108m) in impairment charges, comprised: £1,745m (2008: £2,832m) against US residential mortgage exposures; £2,009m (2008: £271m) against commercial mortgage exposures; and £923m (2008: £230m) against other credit market exposures.

1 As the majority of exposure is held in US Dollars, the exposures above are shown in both US Dollars and Sterling.

A. US Residential Mortgages

A1. ABS CDO Super Senior

	As at 30.06.09 Total	**As at 31.12.08 Total**	**As at 30.06.09 Marks [1]**	**As at 31.12.08 Marks [1]**
	£m	£m	%	%
2005 and earlier	1,052	1,226	81%	90%
2006	418	471	16%	37%
2007 and 2008	22	25	48%	69%
Sub-prime	**1,492**	**1,722**	**62%**	**75%**
2005 and earlier	768	891	51%	77%
2006	245	269	62%	75%
2007 and 2008	55	62	23%	37%
Alt-A	**1,068**	**1,222**	**52%**	**74%**
Prime	445	520	100%	100%
RMBS CDO	351	402	0%	0%
Sub-prime second lien	108	127	0%	0%
Total US RMBS	**3,464**	**3,993**	**56%**	**68%**

CMBS	37	44	100%	100%
Non-RMBS CDO	397	453	56%	56%
CLOs	31	35	100%	100%
Other ABS	36	51	100%	100%
Total Other ABS	**501**	**583**	**65%**	**66%**
Total Notional Collateral	**3,965**	**4,576**	**57%**	**68%**
Subordination	(400)	(459)		
Gross exposure pre-impairment	**3,565**	**4,117**		
Impairment allowances	(1,310)	(1,013)		
Net exposure	**2,255**	**3,104**		

ABS CDO Super Senior exposure at 30th June 2009 comprised five high grade liquidity facilities which were fully drawn and classified within loans and receivables.

During the period, ABS CDO Super Senior exposures reduced by £849m to £2,255m (31st December 2008: £3,104m). Net exposures are stated after writedowns and charges of £437m incurred in 2009 (2008: £875m). There was a decline of £321m resulting from stronger Sterling and amortisation of £91m in the period.

The impairment assessment of these exposures is based on cash flow methodology using standard market assumptions such as default curves and remittance data to calculate the net present value of the future losses for the collateral pool over time. As a result, future potential impairment charges depend on changes in these assumptions.

1 Marks above reflect the gross exposure after impairment and subordination.

A2. Other US Sub-Prime

	As at 30.06.09	As at 31.12.08	Marks at 30.06.09	Marks at 31.12.08
	£m	£m	%	%
Whole loans - performing	537	1,290	55%	80%
Whole loans - more than 60 days past due	177	275	35%	48%
Total whole loans	**714**	**1,565**	**48%**	**72%**
AAA securities	101	111	24%	40%
Other securities	389	818	12%	23%
Total securities (net of hedges)	**490**	**929**	**14%**	**25%**
Other exposures with underlying sub-prime collateral:				
- Derivatives	370	643	95%	87%
- Loans	123	195	55%	70%
- Real Estate	50	109	32%	46%

Total other direct and indirect exposure	**1,033**	**1,876**
Total	**1,747**	**3,441**

The majority of Other US sub-prime exposures are measured at fair value through profit and loss. Exposure reduced by £1,694m to £1,747m (31st December 2008: £3,441m), driven by net sales, paydowns and other movements of £792m and gross losses of £654m. Stronger Sterling resulted in a decrease in exposure of £248m.

At 30th June 2009, 75% of the whole loan exposure remaining was performing. Whole loans were largely originated by EquiFirst. On 17th February 2009, the operations of EquiFirst were discontinued. No sub-prime loans were originated in 2009.

Counterparty derivative exposures to vehicles which hold sub-prime collateral was £370m (31st December 2008: £643m). The majority of this exposure was the most senior obligation of the vehicles.

A3. Alt-A

	As at 30.06.09	**As at 31.12.08**	**Marks at 30.06.09**	**Marks at 31.12.08**
	£m	£m	%	%
Whole Loans	495	776	55%	67%
AAA securities	753	1,847	38%	43%
Other Alt-A securities	769	1,265	8%	9%
Residuals	-	2	-	6%
Derivative exposure with underlying Alt-A collateral	260	398	99%	100%
Total	**2,277**	**4,288**		

The majority of Alt-A exposures are measured at fair value through profit and loss. Net exposure to the Alt-A market reduced by £2,011m to £2,277m (31st December 2008: £4,288m), driven by net sales, paydowns and other movements of £1,312m and gross losses of £398m in the period. Stronger Sterling resulted in a decrease in exposure of £301m.

At 30th June 2009, 83% of the Alt-A whole loan exposure was performing.

Counterparty derivative exposure to vehicles which hold Alt-A collateral was £260m (31st December 2008: £398m). The majority of this exposure was the most senior obligation of the vehicles.

A4. US Residential Mortgage Backed Securities Exposure Wrapped by Monoline Insurers

The deterioration in the US residential mortgage market has resulted in exposure to monoline insurers and other financial guarantors that provide credit protection.

The table below shows RMBS assets where Barclays Capital held protection from monoline insurers at 30th June 2009. These are measured at fair value through profit and loss.

By Rating of the Monoline	Notional	Fair Value of Underlying Asset	Fair Value Exposure	Credit Valuation Adjustment	Net Exposure
As at 30.06.09	£m	£m	£m	£m	£m
A/BBB	-	-	-	-	-
Non-investment grade	2,281	348	1,933	(661)	1,272
Total	**2,281**	**348**	**1,933**	**(661)**	**1,272**
As at 31.12.08					
A/BBB	2,567	492	2,075	(473)	1,602
Non-investment grade	74	8	66	(29)	37
Total	**2,641**	**500**	**2,141**	**(502)**	**1,639**

Net exposure reduced by £367m to £1,272m (31st December 2008: £1,639m). This reflected an increase in the credit valuation adjustment and stronger Sterling which was partially offset by an increase in fair value exposure in local currency.

Claims become due in the event of default of the underlying assets. There is uncertainty as to whether all of the monoline insurers will be able to meet liabilities if such claims were to arise. Certain monoline insurers have been subject to downgrades in 2009. A fair value loss of £256m was recognised in 2009 (2008: £94m). There have been no claims due under these contracts as none of the underlying assets defaulted in the period.

The fair value is determined by a credit valuation adjustment calculation which incorporates stressed cashflow shortfall projections, current market valuations, stressed Probability of Default (PDs) and a range of Loss Given Default (LGD) assumptions. The cashflow shortfall projections are stressed to ensure that the valuation considers the potential for further market deterioration and resultant additional cashflow shortfall in underlying collateral. In addition, depending on the monoline and the underlying asset, it considers current market valuations. Monoline ratings are based on external ratings analysis and where appropriate significant internal analysis conducted by the independent Credit Risk function. In addition, the valuation reflects the potential for further deterioration of monolines by using stressed PDs. LGDs range from 45% to 100% depending on the monoline.

The notional value of the assets split by the rating of the underlying asset is shown below.

	As at 30.06.09			As at 31.12.08			
	A/BBB	Non-Investment Grade	Total	AAA/AA	A/BBB	Non-Investment Grade	Total
	£m	£m	£m	£m	£m	£m	£m
2005 and earlier	-	117	117	143	-	-	143
2006	-	1,086	1,086	-	-	1,240	1,240
2007 and 2008	-	452	452	-	-	510	510
High Grade	**-**	**1,655**	**1,655**	**143**	**-**	**1,750**	**1,893**
Mezzanine - 2005 and earlier	301	284	585	31	330	338	699
CDO^2 - 2005 and earlier	-	41	41	-	-	49	49
US RMBS	**301**	**1,980**	**2,281**	**174**	**330**	**2,137**	**2,641**

B. Commercial Mortgages

B1. Commercial Real Estate and Mortgage-Backed Securities

Commercial mortgages held at fair value include commercial real estate loan exposure of £8,728m (31st December 2008: £11,578m) and commercial mortgage-backed securities of £580m (31st December 2008: £735m). In the period there were gross losses of £1,460m, of which £856m relates to the US and £561m relates to Europe; Sterling movement decreased exposure by £1,275m. There were gross sales and paydowns of £418m in the US and £202m in the UK and Continental Europe.

The commercial real estate loan exposure comprised 54% US, 42% UK and Europe and 4% Asia.

Two large transactions comprised 44% of the total US exposure. The remaining 56% of the US exposure comprised 71 transactions. The remaining weighted average number of years to initial maturity of the US portfolio is 1.2 years (31st December 2008: 1.4 years).

The UK and Europe portfolio is well diversified with 63 transactions as at 30th June 2009. In Europe protection is provided by loan covenants and periodic LTV retests, which cover 84% of the portfolio. 48% of the German exposure relates to one transaction secured on residential assets.

Commercial Real Estate Loan Exposure by Region	As at 30.06.09	As at 31.12.08	Marks at 30.06.09	Marks at 31.12.08
	£m	£m	%	%
US	4,703	6,329	77%	88%
Germany	2,004	2,467	84%	95%
France	216	270	84%	94%
Sweden	210	265	89%	96%
Switzerland	140	176	89%	97%
Spain	73	106	71%	92%
Other Continental Europe	425	677	63%	90%
UK	597	831	69%	89%
Asia	360	457	91%	97%
Total	**8,728**	**11,578**		

	As at 30.06.09						As at 31.12.08
Commercial Real Estate Loan Exposure by Industry	**US**	**Germany**	**Other Europe**	**UK**	**Asia**	**Total**	**Total**
	£m	£m	£m	£m	£m	£m	£m
Office	1,589	354	624	141	110	2,818	3,656
Residential	1,455	1,063	-	173	112	2,803	3,582
Retail	57	432	78	73	94	734	957

Hotels	798	-	240	9	1	1,048	1,633
Leisure	-	-	-	168	-	168	233
Land	135	-	-	-	-	135	232
Industrial	473	107	103	33	10	726	887
Mixed/Others	198	48	19	-	33	298	375
Hedges	(2)	-	-	-	-	(2)	23
Total	**4,703**	**2,004**	**1,064**	**597**	**360**	**8,728**	**11,578**

Commercial Mortgage Backed Securities (Net of Hedges)	**As at 30.06.09**	**As at 31.12.08**	**Marks [1] at 30.06.09**	**Marks [1] at 31.12.08**
	£m	£m	%	%
AAA securities	417	588	46%	42%
Other securities	163	147	35%	8%
Total	**580**	**735**		

1 *Marks are based on gross collateral.*

B2. CMBS Exposure Wrapped by Monoline Insurers

The deterioration in the commercial mortgage market has resulted in exposure to monoline insurers and other financial guarantors that provide credit protection.

The table below shows commercial mortgage backed security assets where Barclays Capital held protection from monoline insurers at 30th June 2009. These are measured at fair value through profit and loss.

By rating of the monoline	**Notional**	**Fair Value of Underlying Asset**	**Fair Value Exposure**	**Credit Valuation Adjustment**	**Net Exposure**
As at 30.06.09	£m	£m	£m	£m	£m
AAA/AA	57	13	44	(5)	39
A/BBB	-	-	-	-	-
Non-investment grade	3,263	920	2,343	(815)	1,528
Total	**3,320**	**933**	**2,387**	**(820)**	**1,567**
As at 31.12.08	£m	£m	£m	£m	£m
AAA/AA	69	27	42	(4)	38
A/BBB	3,258	1,301	1,957	(320)	1,637
Non-investment grade	425	181	244	(65)	179
Total	**3,752**	**1,509**	**2,243**	**(389)**	**1,854**

Net exposure reduced by £287m to £1,567m (31st December 2008: £1,854m). This reflected an increase in the credit valuation adjustment and stronger Sterling which was partially offset by an increase in fair value exposure in local currency.

Claims would become due in the event of default of the underlying assets. At 30th June 2009, 82% of the underlying assets were rated AAA/AA.

There is uncertainty as to whether all of the monoline insurers will be able to meet liabilities if such claims were to arise: certain monoline insurers have been subject to downgrades in 2009. A fair value loss of £549m was recognised in 2009 (2008: £100m). There have been no claims due under these contracts as none of the underlying assets defaulted in the period.

The fair value is determined by a credit valuation adjustment calculation which incorporates stressed cashflow shortfall projections, current market valuations, stressed Probability of Default (PDs) and a range of Loss Given Default (LGD) assumptions. The cashflow shortfall projections are stressed to ensure that the valuation considers the potential for further market deterioration and resultant additional cashflow shortfall in underlying collateral. In addition, depending on the monoline and the underlying asset, it considers current market valuations. Monoline ratings are based on external ratings analysis and where appropriate significant internal analysis conducted by the independent Credit Risk function. In addition, the valuation reflects the potential for further deterioration of monolines by using stressed PDs. LGDs range from 45% to 100% depending on the monoline.

The notional value of the assets split by the current rating of the underlying asset is shown below.

	As at 30.06.09			As at 31.12.08	
	AAA/AA	**A/BBB**	**Total**	**AAA/AA**	**Total**
	£m	£m	£m	£m	£m
2005 and earlier	-	385	385	437	437
2006	333	206	539	613	613
2007 and 2008	2,396	-	2,396	2,702	2,702
CMBS	**2,729**	**591**	**3,320**	**3,752**	**3,752**

C. Other Credit Market Exposures

C1. Leveraged Finance

Leveraged Finance Exposure by Region	**As at 30.06.09**	**As at 31.12.08**
	£m	£m
UK	4,813	4,810
US	727	3,830
Europe	1,422	1,640
Asia	195	226
Total lending and commitments	**7,157**	**10,506**
Impairment	(229)	(115)
Net lending and commitments at period end	**6,928**	**10,391**

Leveraged loans are classified within loans and advances and are stated at amortised cost less impairment. The overall credit performance of the assets remains satisfactory with the majority of the portfolio performing to plan or in line with original stress tolerances. There are however a small number of deteriorating positions and as a result the impairment has increased.

At 30th June 2009, the gross exposure relating to leveraged finance loans was £7,157m (31st December 2008: £10,506m) following a repayment of £3,056m at par in January 2009. Of this exposure, £6,426m was drawn at 30th June 2009 (31st December 2008: £9,476m).

There are two major loans comprising 48% of the exposure which continue to perform strongly.

	As at 30.06.09			As at 31.12.08		
Leveraged Finance Exposure by Industry	**Drawn**	**Undrawn**	**Total**	**Drawn**	**Undrawn**	**Total**
	£m	£m	£m	£m	£m	£m
Insurance	2,560	17	2,577	2,546	31	2,577
Retail	929	99	1,028	904	128	1,032
Healthcare	713	93	806	659	144	803
Services	524	152	676	568	131	699
Media	600	72	672	655	89	744
Manufacture	471	66	537	500	102	602
Chemicals	278	19	297	317	26	343
Telecoms	27	13	40	2,998	211	3,209
Other	324	200	524	329	168	497
Total	**6,426**	**731**	**7,157**	**9,476**	**1,030**	**10,506**

C2. SIVs and SIV-Lites

	As at 30.06.09	**As at 31.12.08**	**Marks at 30.06.09**	**Marks at 31.12.08**
	£m	£m	%	%
Liquidity facilities	447	679	48%	62%
Bond inventory	-	11	-	7%
Derivatives	138	273		
Total	**585**	**963**		

SIV exposure reduced by £378m to £585m (31st December 2008: £963m). There were £131m of writedowns in the period.

At 30th June 2009 liquidity facilities of £447m (31st December 2008: £679m) include £353m designated at fair value through profit and loss. The remaining £94m represented drawn liquidity facilities in respect of SIV-lites and SIVs classified as loans and advances stated at cost less impairment.

Bond inventory and derivatives are fair valued through profit and loss.

C3. CDPC Exposure

	Notional	Gross Exposure	Total Write-downs	Net Exposure
As at 30.06.09	£m	£m	£m	£m
AAA/AA	705	43	(1)	42
A/BBB	787	49	(7)	42
Total	**1,492**	**92**	**(8)**	**84**
As at 31.12.08	£m	£m	£m	£m
AAA/AA	796	77	(14)	63
A/BBB	976	87	-	87
Total	**1,772**	**164**	**(14)**	**150**

Credit derivative product companies (CDPCs) are specialist providers of credit protection principally on corporate exposures in the form of credit derivatives. Barclays Capital has purchased protection from CDPCs against a number of securities with a notional value of £1,492m (31st December 2008: £1,772). The fair value of the exposure to CDPCs at 30th June 2009 was £84m (31st December 2008: £150m). There was no new trading activity since 31st December 2008.

Of the notional exposure, 47% (31st December 2008: 45%) related to AAA/AA rated counterparties, with the remainder rated A/BBB.

Exposures have reduced in the period due to maturing of various credit derivatives. The remaining portfolio has an average life of 3.6 years.

C4. CLO and Other Exposure Wrapped by Monoline Insurers

The table below shows Collateralised Loan Obligations (CLOs) and other assets where we held protection from monoline insurers at 30th June 2009.

By Rating of the Monoline	Notional	Fair Value of Underlying Asset	Fair Value Exposure	Credit Valuation Adjustment	Net Exposure
As at 30.06.09	£m	£m	£m	£m	£m
AAA/AA	7,319	4,893	2,426	(86)	2,340
A/BBB	-	-	-	-	-
Non-investment grade	11,268	7,968	3,300	(1,143)	2,157
Total	**18,587**	**12,861**	**5,726**	**(1,229)**	**4,497**
As at 31.12.08					
AAA/AA	8,281	5,854	2,427	(55)	2,372
A/BBB	6,446	4,808	1,638	(204)	1,434
Non-investment grade	6,148	4,441	1,707	(574)	1,133
Total	**20,875**	**15,103**	**5,772**	**(833)**	**4,939**

Net exposure reduced by £442m to £4,497m (31st December 2008: £4,939m). This reflected an increase in the credit valuation adjustment and stronger Sterling, which was partially offset by an increase in fair value exposure in local currency.

Claims would become due in the event of default of the underlying assets. At 30th June 2009, 93% of the underlying assets have investment grade ratings and 39% were wrapped by monolines rated AAA/AA. 87% of the underlying assets were CLOs, 94% of which were rated AAA/AA.

There is uncertainty whether all of the monoline insurers would be able to meet all liabilities if such claims were to arise certain monoline insurers have been subject to downgrades in 2009. Consequently, a fair value loss of £593m was recognised in 2009 (2008: £173m). There have been no claims due under these contracts as none of the underlying assets defaulted in the period.

The fair value is determined by a credit valuation adjustment calculation which incorporates stressed cashflow shortfall projections, current market valuations, stressed Probability of Default (PDs) and a range of Loss Given Default (LGD) assumptions. The cashflow shortfall projections are stressed to ensure that the valuation considers the potential for further market deterioration and resultant additional cashflow shortfall in underlying collateral. In addition, depending on the monoline and the underlying asset, it considers current market valuations. Monoline ratings are based on external ratings analysis and where appropriate significant internal analysis conducted by the independent Credit Risk function. In addition, the valuation reflects the potential for further deterioration of monolines by using stressed PDs. LGDs range from 45% to 100% depending on the monoline.

The notional value of the assets split by the current rating of the underlying asset is shown below.

	As at 30.06.09				**As at 31.12.08**		
	AAA/AA	**A/BBB**	**Non-investment Grade**	**Total**	**AAA/AA**	**A/BBB**	**Total**
	£m	£m	£m	£m	£m	£m	£m
2005 and earlier	4,752	237	313	5,302	6,037	-	6,037
2006	5,052	214	-	5,266	5,894	-	5,894
2007 and 2008	5,384	239	-	5,623	6,295	-	6,295
CLOs	**15,188**	**690**	**313**	**16,191**	**18,226**	**-**	**18,226**
2005 and earlier	-	629	139	768	862	-	862
2006	116	153	207	476	535	-	535
2007 and 2008	437	-	715	1,152	785	467	1,252
Other	**553**	**782**	**1,061**	**2,396**	**2,182**	**467**	**2,649**
Total	**15,741**	**1,472**	**1,374**	**18,587**	**20,408**	**467**	**20,875**

Own Credit

The carrying amount of issued notes that are designated under the IAS 39 fair value option is adjusted to reflect the effect of changes in own credit spreads. The resulting gain or loss is recognised in the income statement.

At 30th June 2009, the own credit adjustment arose from the fair valuation of £53.1bn of Barclays Capital structured notes (31st December 2008: £54.5bn). The tightening of Barclays credit default swap spreads in the period affected the fair value of these notes and as a result revaluation losses of £893m were recognised in trading income (2008: gain £852m).

Barclays Capital also uses credit default swap spreads to determine the impact of Barclays own credit quality on the fair value of derivative liabilities. At 30th June 2009, cumulative adjustments of £596m (31st December 2008: £1,176m) were netted against derivative liabilities. The impact of these adjustments in both periods were more than offset by the impact of the credit valuation adjustments to reflect counterparty creditworthiness that were netted against derivative assets.

Credit Risk

Loans and Advances to Customers and Banks

Total loans and advances to customers and banks net of impairment allowance fell 9% to £491,237m. Loans and advances at amortised cost were £464,748m (31st December 2008: £509,522m) and loans and advances at fair value were £26,489 (31st December 2008: £32,596m).

Loans and Advances at Amortised Cost

As at 30.06.09	**Gross Loans & Advances**	**Impairment Allowance**	**Loans & Advances Net of Impairment**	**Credit Risk Loans**	**CRLs % of Gross Loans & Advances**	**Impairment Charge [1]**	**Loan Loss Rates [2]**
	£m	£m	£m	£m	%	£m	bps
Wholesale - customers	220,030	3,906	216,124	9,886	4.5%	1,911	174
Wholesale - banks	53,002	58	52,944	42	0.1%	11	4
Total wholesale	**273,032**	**3,964**	**269,068**	**9,928**	**3.6%**	**1,922**	**141**
Retail - customers	200,552	4,872	195,680	10,017	5.0%	1,981	198
Total retail	**200,552**	**4,872**	**195,680**	**10,017**	**5.0%**	**1,981**	**198**
Total	**473,584**	**8,836**	**464,748**	**19,945**	**4.2%**	**3,903**	**165**
As at 31.12.08							
Wholesale - customers	266,750	2,784	263,966	8,144	3.1%	2,540	95
Wholesale - banks	47,758	51	47,707	48	0.1%	40	8
Total wholesale	**314,508**	**2,835**	**311,673**	**8,192**	**2.6%**	**2,580**	**82**
Retail - customers	201,588	3,739	197,849	7,508	3.7%	2,333	116
Total retail	**201,588**	**3,739**	**197,849**	**7,508**	**3.7%**	**2,333**	**116**
Total	**516,096**	**6,574**	**509,522**	**15,700**	**3.0%**	**4,913**	**95**

Gross loans and advances to customers and banks at amortised cost fell 8% to £473,584m (31st December 2008: £516,096m).

The fall in balances in the wholesale portfolio was primarily within Barclays Capital, where gross loans and advances fell by £32,415m (16%), 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 in Barclays Commercial Bank fell by £5,125m (7%) due to reduced customer demand in Larger Business and BASF.

In the retail portfolios, balances were stable. There were increases of £1,766m (2%) in UK Retail Banking, reflecting a rise of £2,126m (3%) in Home Finance balances, and of £1,038m (4%) in GRCB - Absa, mainly due to increases in the Home Finance book. These were offset by falls in GRCB - Emerging Markets, GRCB - Western Europe, and Barclaycard, which were principally driven by an increase in the value of Sterling relative to other currencies.

1 For 30.06.09, the impairment charge provided above relates to the six months ended 30.06.09. For 31.12.08, the impairment charge provided above relates to the twelve months ended 31.12.08

2 The loan loss rates for 30.06.09 have been calculated on an annualised basis.

Impairment Charges

Impairment charges on loans and advances increased 73% (£1,642m) to £3,903m (2008: £2,261m). Approximately one third of this increase was attributable to currency movements and methodology and model enhancements, with the remainder being driven by economic deterioration and portfolio maturation. This increase in impairment, combined with a fall in loans and advances balances means that the impairment charges on loans and advances as a percentage of period-end Group total loans and advances increased to 165bps (31st December 2008: 95bps). When measured against constant year-end loans and advances balances and impairment at average 2008 foreign exchange rates, the loan loss rate for the period was 144 bps.

In the wholesale portfolios, impairment charges on loans and advances rose 51% (£646m) to £1,922m (2008: £1,276m) mainly as a consequence of increases in Barclays Capital, Barclays Commercial Bank and GRCB - Western Europe (Spain). With gross loans and advances falling by 13% to £273,032m (31st December 2008: £314,508m), the wholesale loan loss rate increased to 141bps (31st December 2008: 82bps).

In the retail portfolios, impairment charges on loans and advances rose 101% (£996m) to £1,981m (2008: £985m), as a consequence of increased impairment across all GRCB businesses, particularly in the international portfolios. With gross loans and advances remaining broadly stable at £200,552m (31st December 2008: £201,588m), the retail loan loss rate increased to 198bps (31st December 2008: 116bps).

Impairment Charges and Other Credit Provisions

	Half Year Ended 30.06.09	Half Year Ended 31.12.08	Half Year Ended 30.06.08
	£m	£m	£m
Impairment charges on loans and advances	3,870	2,651	1,933
Charges in respect of undrawn facilities and guarantees	33	1	328
Impairment charges on loans and advances	**3,903**	**2,652**	**2,261**

Impairment charges on reverse repurchase agreements	3	21	103
Impairment charges on available for sale assets	650	298	84
Impairment charges and other credit provisions	**4,556**	**2,971**	**2,448**

	Half Year Ended 30.06.09	**Half Year Ended 31.12.08**	**Half Year Ended 30.06.08**
By Business	£m	£m	£m
UK Retail Banking	469	314	288
Barclays Commercial Bank	457	266	148
Barclaycard	915	620	477
GRCB - Western Europe	301	194	103
GRCB - Emerging Markets	213	99	66
GRCB - Absa	295	222	125
Barclays Capital	525	365	54
Barclays Wealth	21	32	12
Head Office Functions & Other Operations	1	8	3
Group Total excluding other credit market related provisions	**3,197**	**2,120**	**1,276**
Credit Market Related Provisions	1,170	655	1,108
Other AFS Assets & Reverse Repos	189	196	64
Group Total	**4,556**	**2,971**	**2,448**

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

	United Kingdom	**Other European Union**	**United States**	**Africa**	**Rest of the World**	**Total**
As at 30.06.09	£m	£m	£m	£m	£m	£m
Financial institutions	33,071	28,553	51,890	4,923	21,712	140,149
Agriculture, forestry and fishing	2,231	156	1	873	3	3,264
Manufacturing	9,157	7,012	1,898	834	2,773	21,674
Construction	4,076	1,782	17	2,733	286	8,894
Property	13,516	4,617	476	3,750	1,099	23,458
Government	298	1,046	402	1,428	1,919	5,093
Energy and water	2,541	4,927	2,339	118	2,353	12,278
Wholesale and retail distribution and leisure	13,538	2,454	764	1,062	1,422	19,240
Transport	2,957	1,961	314	241	1,331	6,804
Postal and communication	1,201	819	565	486	906	3,977
Business and other services	15,091	4,672	2,494	4,846	2,852	29,955
Home loans	86,811	31,008	39	20,316	242	138,416
Other personal	29,251	7,158	6,897	2,514	3,174	48,994
Finance lease receivables	3,518	2,310	304	5,057	199	11,388
	217,257	**98,475**	**68,400**	**49,181**	**40,271**	**473,584**

Total loans and advances to customers

As at 31.12.08						
Financial institutions	32,982	26,081	68,825	4,017	26,927	158,832
Agriculture, forestry and fishing	2,245	216	-	817	3	3,281
Manufacturing	11,340	8,700	2,171	1,082	3,081	26,374
Construction	4,278	1,786	21	2,053	101	8,239
Property	12,091	4,814	549	3,485	1,216	22,155
Government	661	1,826	1,133	1,869	2,807	8,296
Energy and water	3,040	5,313	3,085	118	2,545	14,101
Wholesale and retail distribution and leisure	14,421	2,653	1,165	1,012	957	20,208
Transport	3,467	2,603	415	739	1,388	8,612
Postal and communication	1,491	962	3,343	293	1,179	7,268
Business and other services	19,589	5,490	2,279	4,699	5,316	37,373
Home loans	82,544	33,644	17	19,018	161	135,384
Other personal	31,490	7,247	7,702	3,087	3,561	53,087
Finance lease receivables	3,911	3,328	298	5,130	219	12,886
Total loans and advances to customers	**223,550**	**104,663**	**91,003**	**47,419**	**49,461**	**516,096**

Wholesale Credit Risk

As we enter the second half of 2009, the principal uncertainties relating to the performance of the wholesale portfolios are:

· The depth and duration of the recessions in the UK, US, Spain and South Africa

· The potential for single name risk and for idiosyncratic losses in different sectors and geographies where credit positions are sensitive to economic downturn

· The performance of the underlying collateral supporting US RMBS and related positions, which may deteriorate further

· Possible additional deterioration in the underlying collateral supporting our other credit market exposures, including monolines, commercial real estate and leveraged finance

Gross loans and advances fell 13% to £273,032m (31st December 2008: £314,508m), largely due to Barclays Capital where loans and advances fell by £32,415m (16%), 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. Gross loans and advances in Barclays Commercial Bank fell by £5,125m (7%) due to reduced customer demand in Larger Business and BASF. The fall in balances of £1,805m (11%) in GRCB -Western Europe was primarily due to the strengthening of Sterling against the Euro.

Impairment charges on loans and advances rose 51% (£646m) to £1,922m (2008: £1,276m), primarily in Barclays Capital. In Barclays Commercial Bank, impairment charges rose in both the Larger and Medium Business divisions as default rates rose and asset values fell. Impairment rose in GRCB - Western Europe, reflecting the impact of economic deterioration in Spain on the commercial, construction, and SME portfolios, and in GRCB Absa, which rose from a low base, reflecting the deterioration in wholesale credit conditions.

The loan loss rate on the wholesale and corporate portfolio rose to 141bps (31st December 2008: 82bps).

Wholesale Loans and Advances at Amortised Cost

As at 30.06.09	Gross Loans and Advances	Impairment Allowance	Loans and Advances Net of Impairment	Credit Risk Loans	CRLs % of Gross Loans and Advances	Impairment Charge [1]	Loan Loss Rates [2]
	£m	£m	£m	£m	%	£m	bps
BCB	63,779	599	63,180	1,713	2.7%	457	143
Barclaycard	384	4	380	11	2.9%	8	417
GRCB WE	13,945	342	13,603	1,151	8.3%	151	217
GRCB EM	5,087	126	4,961	173	3.4%	27	106
GRCB Absa	9,308	188	9,120	408	4.4%	41	88
Barclays Capital	176,181	2,658	173,523	6,302	3.6%	1,231	140
BGI	319	-	319	-	-	-	-
Barclays Wealth	3,213	35	3,178	170	5.3%	6	37
Head Office	816	12	804	-	-	1	25
Total	**273,032**	**3,964**	**269,068**	**9,928**	**3.6%**	**1,922**	**141**
As at 31.12.08							
BCB	68,904	504	68,400	1,181	1.7%	414	60
Barclaycard	301	2	299	20	6.6%	11	365
GRCB WE	15,750	232	15,518	579	3.7%	125	79
GRCB EM	7,233	122	7,111	190	2.6%	36	50
GRCB Absa	8,648	140	8,508	304	3.5%	19	22
Barclays Capital	208,596	1,796	206,800	5,743	2.8%	1,936	93
BGI	834	-	834	-	-	-	-
Barclays Wealth	3,282	28	3,254	174	5.3%	28	85
Head Office	960	11	949	1	0.1%	11	115
Total	**314,508**	**2,835**	**311,673**	**8,192**	**2.6%**	**2,580**	**82**

1 For 30.06.09, the impairment charge provided above relates to the six months ended 30.06.09. For 31.12.08, the impairment charge provided above relates to the twelve months ended 31.12.08

2 The loan loss rates for 30.06.09 have been calculated on an annualised basis.

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

	Corporate	Government	Settlement Balances & Cash	Other Wholesale	Total Wholesale

						Collateral				
Wholesale	**30.06.09**	**31.12.08**	**30.06.09**	**31.12.08**	**30.06.09**	**31.12.08**	**30.06.09**	**31.12.08**	**30.06.09**	**31.12.08**
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
BCB	62,934	67,741	246	659	-	-	-	-	63,180	68,400
B'card	380	299	-	-	-	-	-	-	380	299
GRCB WE	13,469	15,226	-	32	-	-	134	260	13,603	15,518
GRCB EM	4,126	5,074	178	1,709	-	-	657	328	4,961	7,111
GRCB Absa	8,785	8,480	335	28	-	-	-	-	9,120	8,508
BarCap	54,980	72,796	3,297	3,760	61,908	79,418	53,338	50,826	173,523	206,800
BGI	319	834	-	-	-	-	-	-	319	834
Wealth	3,178	3,254	-	-	-	-	-	-	3,178	3,254
HO	804	949	-	-	-	-	-	-	804	949
Total	**148,975**	**174,653**	**4,056**	**6,188**	**61,908**	**79,418**	**54,129**	**51,414**	**269,068**	**311,673**

Analysis of Barclays Capital Wholesale Loans and Advances at Amortised Cost

As at 30.06.09	**Gross Loans & Advances**	**Impair-ment Allowance**	**Loans and Advances Net of Impairment**	**Credit Risk Loans**	**CRLs % of Gross Loans & Advances**	**Impair-ment Charge [1]**	**Loan Loss Rates [2]**
Loans & Advances to Banks	£m	£m	£m	£m	%	£m	bps
Cash collateral & settlement balances	16,198	-	16,198	-	-	-	-
Interbank lending	33,138	58	33,080	42	0.1%	11	7
Loans & Advances to Customers							
Corporate lending	59,384	1,107	58,277	1,755	3.0%	676	228
ABS CDO Super Senior	3,565	1,310	2,255	3,565	100.0%	437	2,452
Other wholesale lending	18,186	183	18,003	940	5.2%	107	118
Cash collateral and settlement balances	45,710	-	45,710	-	-	-	-
Total	**176,181**	**2,658**	**173,523**	**6,302**	**3.6%**	**1,231**	**140**
As at 31.12.08							
Loans & Advances to Banks							
Cash collateral & settlement balances	19,264	-	19,264	-	-	-	-
Interbank lending	24,086	51	24,035	48	0.2%	40	17
Loans & Advances to Customers							
Corporate lending	77,042	486	76,556	1,100	1.4%	305	40
ABS CDO Super Senior	4,117	1,013	3,104	4,117	100.0%	1,383	3,359
	23,933	246	23,687	478	2.0%	208	87

Other wholesale lending							
Cash collateral and settlement balances	60,154	-	60,154	-	-	-	-
Total	**208,596**	**1,796**	**206,800**	**5,743**	**2.8%**	**1,936**	**93**

1 For 30.06.09, the impairment charge provided above relates to the six months ended 30.06.09. For 31.12.08, the impairment charge provided above relates to the twelve months ended 31.12.08
2 The loan loss rates for 30.06.09 have been calculated on an annualised basis.

Barclays Capital wholesale loans and advances decreased 16% to £176,181m (31st December 2008: £208,596m). This was driven by a decrease in the cash collateral held against derivative trades and the increase in the value of Sterling relative to other currencies.

The corporate lending portfolio declined 24% to £58,277m (31st December 2008: £76,556m) primarily due to reductions in lending to non-UK clients, the repayment of leveraged finance exposure and the appreciation of Sterling against other currencies.

Included within corporate lending and other wholesale lending portfolios are £6,595m (31st December 2008: £7,674m) of loans backed by retail mortgage collateral classified within financial institutions.

Analysis of Barclays Capital Loans and Advances at Amortised Cost Net of Impairment Allowances by Industry Sector

	As at 30.06.09	**As at 31.12.08**
	£m	£m
Financial institutions	124,892	146,765
Agriculture, forestry and fishing	11	-
Manufacturing	10,649	13,954
Construction	204	190
Property	2,968	3,504
Government	5,526	5,031