BARCLAYS PLC
Form 6-K
February 16, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13A-16 OR 15D-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934

February 2010

Barclays PLC and
Barclays Bank PLC
(Names of Registrants)

1 Churchill Place
London E14 5HP
England
(Address of Principal Executive Offices)

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

Form 20-F x   Form 40-F

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

Yes   No x

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

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

This Report comprises:

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

EXHIBIT INDEX

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: February 16, 2010

By: /s/ Patrick Gonsalves

Patrick Gonsalves
Deputy Secretary

BARCLAYS BANK PLC
(Registrant)

Date: February 16, 2010

By: /s/ Patrick Gonsalves

Patrick Gonsalves
Joint Secretary

Barclays PLC
Preliminary Results Announcement

31st December 2009

BARCLAYS PLC, ONE CHURCHILL PLACE, LONDON E14 5HP, UNITED KINGDOM. TELEPHONE +44 (0)2071161000. COMPANY NO. 48839.

Unless otherwise stated, the Performance Highlights, Group Chief Executive's Review, Group Finance Director's Review, Group Results Summary, Results by Business and Capital and Performance Management sections of this Preliminary Results Announcement provide information and discuss the Group as a whole rather than separating out discontinued operations, representing the Barclays Global Investors (BGI) business sold on 1st December 2009. These non-GAAP measures are provided because management believes that including BGI as part of group operations and separately identifying the gain on this disposal provides more useful information about the performance of the Group as a whole and better reflects how the operations were managed until the disposal of BGI. The financial statements included within the annual report and accounts will be prepared on a GAAP basis. In the Notes on pages 86 onwards, the portion of the BGI business sold is represented as discontinued operations and the Notes include only continuing operations unless otherwise indicated. The Consolidated Summary Income Statement on page 12 provides a reconciliation between continuing and total Group results.
The Listing Rules of the UK Listing Authority (LR 9.7A.1) require that preliminary unaudited statements of annual results must be agreed with the listed company's auditors prior to publication, even though an audit

opinion has not yet been issued. In addition, the Listing Rules require such statements to give details of the nature of any likely modification that may be contained in the auditors' report to be included with the annual report and accounts. Barclays PLC confirms that it has agreed this preliminary statement of annual results with PricewaterhouseCoopers LLP and that the Board of Directors has not been made aware of any likely modification to the auditors' report required to be included with the annual report and accounts for the year ended
31st December 2009.

The information in this announcement, which was approved by the Board of Directors on 15th February 2010, does not comprise statutory accounts for the years ended 31st December 2009 or 31st December 2008, within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31st December 2008, which included certain information required for the Joint Annual Report on Form 20-F of Barclays PLC and Barclays Bank PLC to the US Securities and Exchange Commission (SEC) and which contained an unqualified audit report under Section 235 of the Companies Act 1985 and which did not make any statements under Section 237 of the Companies Act 1985, have been delivered to the Registrar of Companies in accordance with Section 242 of the Companies Act 1985. The 2009 Annual Review and Summary Financial Statements will be posted to shareholders together with the Group's full Annual Report and Accounts for those shareholders that request it.

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 outcome of pending and future litigation, the success of future acquisitions and other strategic transactions and the impact of competition - a number of such factors being beyond the Group's control. As a result, the Group's actual future results may differ materially from the plans, goals, and expectations set forth in the Group's forward-looking statements.

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

Chairman's Statement

I am taking the unusual step of adding a statement to today's annual results announcement.

I am writing mostly on the subject of remuneration, but my context is broader. It relates to what is expected of Barclays as the world recovers from the credit crunch and the recession.

The bond of trust between banks and their stakeholders has been significantly weakened by the events of the last three years. Our view is that the vital task of rebuilding that trust will be based on banks acknowledging the mistakes that they have made; on their working with governments, central banks and regulators to create a system which will be resilient to shock; and on their playing a full role in the stabilisation and regeneration of economic health. By being successful, banks can and should make significant contributions to society by facilitating the taking of appropriate risk by those they serve; by lending and investing; by paying dividends and taxes; by creating employment; and, by contributing to the communities in which they operate. But if trust is to be re-established, then banks have to do these things in a way that serves society.

We believe that when the behaviour of banks is assessed by their stakeholders to see whether we have genuinely learnt from the experiences of the last years, we will be judged mostly by how we conduct our business and, in particular today, by how we lend and how we pay.

We know that the impact of the credit crunch and of the subsequent recession has made the lives of millions of citizens and thousands of businesses more difficult. We know that it's our obligation to provide support in ways that are responsible.

In the area of lending in 2009, we remained focussed on responsible lending to our customers and clients around the world. Specifically in the UK, we made a commitment in April 2009 to make an additional £11bn of credit available to the UK economy during the year. We actually lent an additional £35bn, about half to UK households and about half to businesses. We lent on terms that were prudent, knowing that sound lending is in the interests of our owners and the financial system, of which we form part, and we lent because we understand that providing credit to our customers will enable them to grow and progress.

Regarding remuneration, the Board met recently to consider the year end remuneration recommendations made by the Human Resources and Remuneration Committee, which is chaired by Sir Richard Broadbent, our Deputy Chairman. These reflected the detailed review of remuneration which had been undertaken by the Committee during 2009. This established clear guidelines as to the measures by which remuneration should be determined. These include: the service of customers and clients; shareholder returns; risk adjusted profits; higher capital requirements; and reduced leverage.

The Board considers that the performance of Barclays has been strong in 2009, both on an absolute and a relative basis. Accordingly, the Board, through the Remuneration Committee, formed the view that annual bonuses for John Varley, Group Chief Executive and for Robert E Diamond Jr, Group President were merited based on both Group and personal performance. However, out of consideration of the continued impact of the economic downturn on many clients, customers and shareholders, combined with the fact that banks and bankers' pay remain matters of intense public interest and concern, both have advised the Board that they wish to decline any such awards for the second successive year.

The Board has accepted these wishes. The Board has directed its remuneration decisions relating to Mr Varley and Mr Diamond to the customary forward looking elements of remuneration which relate to future performance and alignment with shareholders interests.

The Board has determined that 100% of the 2009 discretionary remuneration for other members of the Barclays Group Executive Committee and all members of Barclays Capital Executive Committee, should be awarded over a three year period, subject to claw back.

More broadly across Barclays, deferral structures have been implemented which are consistent with the new FSA Remuneration Code and the Financial Stability Board Implementation Standards endorsed by G20.

Barclays remains committed to playing its part both in supporting the economies of the world in which it does business, and in contributing to the critical discussions currently taking place regarding the future structure and regulation of our industry. We must together safeguard the world from a recurrence of the events of the last three years. Financial services are integral to every day life, and we will strive to

demonstrate, both in our words and actions, that Barclays is responsive to public concerns and to the needs of those we serve, and committed to playing its part as the banking industry rebuilds trust.
Marcus Agius, Group Chairman

Performance Highlights

	Group Total[1]		
	Year Ended	**Year Ended**	
Group Results	**31.12.09**	**31.12.08**	
	£m	£m	% Change
Total income net of insurance claims	30,986	23,115	34
Impairment charges and other credit provisions	(8,071)	(5,419)	49
Operating expenses	(17,852)	(14,366)	24
Profit before tax excluding sale of Barclays Global Investors	**5,311**	**6,077**	(13)
Own credit charge/(gain)	1,820	(1,663)	-
Gains on acquisitions and disposals, excluding Barclays Global Investors,	(248)	(2,747)	(91)
and profits from associates and joint ventures			
Gains on debt buy-backs	(1,249)	(24)	-
Underlying profit before tax	**5,634**	**1,643**	243
Profit on disposal of Barclays Global Investors	6,331	-	-
Profit before tax	**11,642**	**6,077**	92
Profit after tax	10,288	5,287	95
Profit attributable to equity holders of the parent	9,393	4,382	114
Economic profit[2]	4,875	1,760	177
Basic earnings per share	86.2p	59.3p	45
Diluted earnings per share	81.6p	57.5p	42
Dividend per share	2.5p	11.5p	(78)
Performance Ratios			
Return on average shareholders' equity[2]	23.8%	16.5%	44
Cost:income ratio[2]	58%	62%	(7)
Cost:net income ratio[2]	78%	81%	(4)
Capital and Balance Sheet	**31.12.09**	**31.12.08**	% Change
Core Tier 1 ratio[2]	10.0%	5.6%	79
Tier 1 ratio[2]	13.0%	8.6%	51
Risk asset ratio[2]	16.6%	13.6%	22
Total shareholders' equity	£58.5bn	£47.4bn	23
Total assets	£1,379bn	£2,053bn	(33)
Risk weighted assets[2]	£383bn	£433bn	(12)
Adjusted gross leverage[2]	20x	28x	(29)
Group liquidity pool[2]	£127bn	£43bn	195

Group loan:deposit ratio[2]	130%	138%	(6)
Group loan:deposit and long-term funding ratio[2]	81%	93%	(13)
Net asset value per share[2]	414p	437p	(5)
Net tangible asset value per share[2]	337p	313p	8
Number of employees (full time equivalent)	144,200	152,800	(6)

1 Includes the results of Barclays Global Investors (BGI), which was sold to BlackRock on 1st December 2009. A reconciliation of Group total and Continuing Operations is provided on page 12.
2 Defined on pages 106 to 111.

"Our record income performance produced a sharp increase in underlying profitability in 2009. We have strengthened our financial position considerably over the year in the areas of capital, liquidity and leverage and are well positioned to manage further changes that may be required of us by our regulators. I thank our customers and clients for their trust in us, and our employees for their commitment and stamina in a tough and, at times, hostile environment."
John Varley, Chief Executive

-
The underlying profits of the Group were very strong. Excluding movement on own credit, gains on acquisitions and disposals and gains on debt buy-backs, Group profit before tax increased 243% to £5,634m from £1,643m
-
Group profit before tax was £11,642m, 92% up on 2008. Excluding the £6,331m profit on disposal of Barclays Global Investors (BGI), total Group profit before tax was £5,311m, down 13%
-
Retained earnings in 2009 were £9.6bn (2008: £3.2bn)
-
The results were driven by
very strong income performance and cost containment creating significant positive income:cost jaws and impairment in line with expectations:
-
Record income of

£30,986m, 34% up on 2008
-
Increase in income absorbed higher impairment charges of £8,071m, 49% up on 2008, with a loan loss rate of 156bps (2008: 95bps); or 135bps[1] on a basis consistent with our planning assumption of 130-150bps
-
Cost:income ratio improved to 58% (2008: 62%), driven by control of underlying costs within GRCB and a reduction in the compensation:income ratio within Barclays Capital to 38% (2008: 44%)
-
Total Group 2009 discretionary cash payments of £1.5bn and a further £1.2bn of long term awards, vesting over 3 years and subject to claw back
-
There was good
progress on key measures of financial strength:
-

Group liquidity pool increased to £127bn (2008: £43bn)
-
Core Tier 1 ratio was 10.0% (2008: 5.6%) and Tier 1 capital ratio was 13.0% (2008: 8.6%)
-
Balance sheet reduced 33% to £1,379bn (2008: £2,053m)
-
Adjusted gross leverage reduced to 20x (2008: 28x)
-
Global Retail and Commercial Banking generated higher income in a difficult economic environment:
-
Good income growth of £1,004m (7%) to £16,097m (2008: £15,093m) driven by growth in average balances partially offset by liability margin compression
-
Tight control of underlying costs, with the cost:income ratio improving to 52% (2008: 53%)
-
Significant increase in impairment to £5,413m (2008: £2,922m)
-
Investment Banking and Investment Management recorded very strong income and profit growth:
-
Barclays Capital top-line income growth of £8,004m (81%) to £17,862m (2008: £9,858m), with very strong performances across client franchises in the UK and Europe and a transformation in the scale and service offering in the US
-
Profit before tax at Barclays Capital up 89% to £2,464m (2008: £1,302m) after absorbing £1,820m of own credit losses (2008: gain of £1,663m)
-
Profit on disposal of Barclays Global Investors of £6,331m. 19.9% economic interest retained in BlackRock
-
Total credit market exposures reduced by £14bn
-
Gross new lending to UK households and businesses totalled £35bn during 2009
-
Final dividend of 1.5p per share, giving a total declared dividend of 2.5p per share

1 On consistent year end loans and advances balances and impairment at average 2008 foreign exchange rates.

Group Chief Executive's Review

Summary

Our primary objective is generating returns for shareholders. But we recognise that we can, and should, in ways consistent with that objective, contribute to the wellbeing of society by conducting our business responsibly and by performing well, on behalf of our customers, our core functions of payments and money transmission, safe storage of deposits, maturity transformation and lending, and the provision of advice and execution in underwriting and trading. These activities lie at the heart of economic activity in a modern economy, and if economies are to grow - and reap all the beneficial consequences that flow from that growth - then banks must help those they serve take appropriate risks. Getting this balance between our obligation to create returns for our owners and our need to do that in a responsible way has never been more important.

Economic slowdown last year impacted most parts of the world in which we operate. But despite that, I am pleased with the way we have performed both in 2009 and in the two tumultuous years which preceded it. That performance allows us to enter 2010 with confidence.

During 2009, we increased our income substantially. Barclays Capital had a very strong year across all global franchises, in particular as its businesses in North America started to reap the benefits of the Lehman acquisition and integration. We have invested during 2009 in building out our equities and advisory platforms in Europe and Asia, which will be sources of income growth in Barclays Capital in the years ahead. Barclaycard also produced good income growth. The steadiness of our profit performance over the past three years, even after absorbing the impact of higher impairments and the continued legacy of credit market writedowns, is attributable to the diversification of income that we have built during recent years.

It was clear as we came into 2009 that the regulatory balance sheet should be an area of considerable focus during the year. So we have strengthened our capital position, reduced leverage and added to our liquidity buffer. We are, by consequence, both well prepared for any future economic weakness and also able to continue to execute on our strategy as opportunities arise.

In March, we decided not to participate in the UK Government's Asset Protection Scheme, following the application of a detailed stress test by the UK Financial Services Authority to determine our resilience to stressed credit risk, market risk and economic conditions. This test confirmed our expectation that we would continue to be able to meet our regulatory capital obligations.

In April, we announced our intention to sell the iShares business of Barclays Global Investors (BGI). Following unsolicited interest for the whole of BGI, and strategic analysis of the optimal ownership structure within the future asset management industry given the direction of regulation, we agreed in June to sell the whole of BGI to BlackRock, Inc. (BlackRock). We completed this transaction in December for an aggregate consideration of $15.2bn (£9.5bn), realising a profit on disposal of £6.3bn. Our shareholders will be able to participate in the institutional asset management sector through our continuing holding of 37.567m new BlackRock shares. This gives us an economic interest of 19.9% in the enlarged BlackRock group, and also provides a strong basis for a new commercial relationship between Barclays and BlackRock, which will be particularly relevant to Barclays Capital as a provider, and Barclays Wealth as a consumer. Bob Diamond and I look forward to contributing to the progress of this new global leader in asset management as members of the BlackRock Board of Directors.

Across our retail and commercial banking activities we continued to consolidate our position in our core markets through organic revenue, cost and risk management measures. We took advantage of inorganic opportunities as they arose. In September, we established a long-term life insurance joint venture with CNP Assurances (CNP) in Spain, Italy and Portugal. In the same month, we agreed to acquire the Portuguese credit card business of Citibank International plc, adding some 400,000 new credit card customers to our Portuguese business as we continued to invest in the expansion of our GRCB - Western European retail operations. And in October we agreed to acquire Standard Life Bank Plc from Standard Life Plc, adding an attractive mortgage and savings book to our UK Retail business. This acquisition completed in early January 2010.

2009 Priorities

In my review a year ago, I said that we had three priorities for 2009: staying close to customers and clients, managing our risks and maintaining strategic momentum. How did we fare in these areas?

Staying Close to Customers and Clients

: In the dense fog that was brought down on the industry by the credit crunch, it was clear that we needed a powerful magnetic north - customers. The rapid economic slowdown of 2008 and 2009 has complicated the lives of many of those that we serve. Our job in 2009 was to stay close to them as they sought to navigate the risks and the opportunities thrown up by the crisis. The income line is a good proxy for customer activity levels and customer relationships. And our income generation in 2009 achieved record levels.

I am pleased with the number of new mortgage, savings, Premier accounts and Local Business customers we have added in UK Retail Banking and with the increase in customer account balances. In Barclays

Commercial Bank, we were able to increase average asset and deposit balances in a difficult business environment. In Barclaycard, we rolled out a number of initiatives to offer support to customers in financial difficulties whilst limiting our exposure to the most at risk segments of the market.

There is a lot of focus from stakeholders on the willingness of banks to lend, and of course availability of credit is a critical component of economic stabilisation and regeneration. In April 2009, we said that we would make an additional £11bn of lending available to UK households and businesses. In fact, our gross new lending to UK households and businesses in 2009 totalled some £35bn, indicating both that we were open for business, and that we were able to extend credit on terms which we regard as prudent.

Our retail and commercial banking businesses in GRCB - Western Europe, where we now serve almost 3m customers, have continued to grow. In addition to the CNP joint venture and cards acquisition in Portugal, we added nearly 100 new branches in Italy and 50 in Portugal and attracted almost £8bn of new customer deposits as we increased our focus on the asset:liability mix of our business flows in these markets. Our task looking forward is to ensure this business produces sustainable profits, which will require it to be less reliant on one-offs than it has been in the past two years.

In the developing countries of the world in which we operate, our performance in the 10 mature markets of Africa and the Indian Ocean where we are present has been strong. GRCB - Emerging Markets as a whole made a loss. We now serve almost 4m customers across these markets, but we have been too aggressive in our approach to business expansion here over the past two years. This business must now convert investments made in the last three years (in terms of people, customer recruitment and sales outlets) into sustainable profits.

GRCB - Absa performed resiliently in a very difficult economic environment. Notable during the year was its ability to continue to grow customer deposit balances, particularly for the South African consumer.

Our success in Barclays Capital is reflected both in the exceptional revenue progress across 2009 and also in some of the client and market-nominated awards which it has won over the year. These included Primary Debt House of the Year from Euromoney, IFR Bond House of the Year, Derivative House of the Year from Risk magazine and the Number 1 Ranking for US Equity Research and US Fixed Income Research in the Annual Institutional Investor All-America Team surveys.

In Barclays Wealth we continued to attract client assets at a time of great uncertainty. Our intention for 2010 and beyond is to accelerate growth in the High Net Worth businesses.

Managing Our Risks

: As we expected, 2009 was another year of vicious testing of our risk management. In February, we shared with the market our planning assumption for loan loss rates for 2009, indicating that we expected them to be in the range of 130 to 150 basis points, predicated on certain macroeconomic assumptions. The economies of the world in which we do business performed worse in 2009 than our central planning case had projected at the beginning of the year. Despite that, our loan loss rate was 135bps on a consistent basis[1], towards the bottom end of the 130-150bps range we planned for. This is evidence of the robust risk management and planning procedures we have in place. And although impairment rose significantly in 2009 versus 2008 (and in certain areas of our business could rise further in 2010), a combination of strong income and good cost control enabled us, through substantial profit generation, to enter 2010 with our Core Tier 1 capital ratio at 10.0%. At the same time, we reduced our leverage to 20x, from 28x, and our total assets by 33%, and we increased the surplus of liquid assets in the balance sheet by £84bn.

Governments, regulators and banks are currently focused on many of these metrics of financial and risk management health as they seek to ensure that the excesses of the previous economic cycle, and the costs of financial failure that have resulted from it, are not repeated. We support these moves and are committed to adapting our business to the changes that result.

1 On consistent year end loans and advances balances and impairment at average 2008 foreign exchange rates.

Those reforms need to balance three things: the need for a safer financial system, the importance of economic growth and the ability of the suppliers of bank capital to earn appropriate returns. The achievement of these objectives, which is so important to the world over the course of the next decade, will be facilitated by a strong and supportive banking system providing credit, managing risk and supporting innovation. An important dimension of the reform agenda is that decisions about investment banking are based on science and experience, not on rhetoric. There has been much talk about "gambling by investment banks". Barclays Capital no more gambles in the work it does on behalf of its clients than the clients do themselves. Its work is the work of risk management and financing. Its job is to help governments, companies and investors around the world raise money, stimulate economic growth, create employment, and manage pensions and other savings. This is a real economy role.

Investment banking plays an important part in the universal banking model that we have built in Barclays because many of those that we serve need to have access to the capital markets, and because we cannot meet their financing and risk management needs without having a strong advisory, execution and trading capability within the Group. History and the current crisis demonstrate that the performance of the capital markets businesses and retail and commercial businesses is naturally asymmetrical. The asymmetry of their respective income and impairment cycles provides a strong source of resilience. The effects and benefits of that are very clear in the performance of Barclays during this cycle. That is one of the principal benefits of the universal banking model; the others include: capital and funding efficiencies; and business and risk diversification. Forcing banks to adopt "narrow" business models, as some have suggested as part of the on-going reform dialogue, will not make the system safer. There has been no correlation so far in this crisis between "failure" and the popular dichotomies drawn of bank business models: big or small; narrow or broad; domestic or international.

Maintaining Strategic Momentum

: Despite the regulatory uncertainty that will continue to confront the industry this year, our strategic path remains clear - to increase the growth potential of Barclays by continuing to diversify our business by customer, product and geography. That strategy lay behind the broadening of our Executive Committee[1] and changes to senior management responsibilities that I announced in November 2009. The Executive Directors of the Group, Bob Diamond, Group President, Chris Lucas, Group Finance Director, and myself, have been joined on the Executive Committee by the leaders of a number of Barclays business units and control and governance functions. We have also regrouped our activities to form:

- Global Retail Banking (GRB), comprising UK Retail Banking, Barclaycard and the former GRCB - Western Europe and Emerging Markets businesses, led by Antony Jenkins
- Corporate and Investment Banking (CIB), comprising Barclays Capital and Barclays Commercial Bank (now called Barclays Corporate); Jerry del Missier and Rich Ricci are Co-Chief Executives of Corporate and Investment Banking

GRB focuses on mass consumers, mass affluent consumers and small business customers. We have significantly changed the footprint here over the past three years, and we intend to push that forward, increasing, through time, the ratio of non-UK to UK business whilst strengthening our UK franchises. We will place particular emphasis on creating appropriate scale in the markets in which we have a presence. As we do that, our objectives will be four-fold: profit growth; an improved loan-to-deposit ratio; further international diversification through deepening existing presences; and the generation of net equity.

Barclays Corporate, as part of CIB, focuses on the high end of what we used to call Barclays Commercial, particularly financial institutions, public sector entities and corporate clients. We brought this business alongside Barclays Capital within CIB because we see significant synergy in sharing relationship management and sector expertise across the two. Realisation of that synergy is enabled by the increasing fungibility of client requirements between traditional corporate banking and investment banking product needs within our client base. This is a global opportunity with significant income growth potential for CIB in the years ahead. Our early work has only reinforced that strongly held belief.

In the area of wealth management, the competitive landscape in the global industry has gone through a sea change over the course of the last three years. That creates opportunity, and we intend to seize that by investing to change the scale of this business over the next five years.

1 The following have been promoted to the Group Executive Committee: Antony Jenkins, Chief Executive of Global Retail Banking; Tom Kalaris, Chief Executive of Barclays Wealth; Rich Ricci, Co-Chief Executive of Corporate and Investment Banking; Jerry del Missier, Co-Chief Executive of Corporate and Investment Banking; Maria Ramos, Chief Executive of Absa; Mark Harding, Group General Counsel; Robert Le Blanc, Group Risk Director; Cathy Turner, Group Head of Human Resources and Corporate Affairs.

Remuneration

Recognising the political and regulatory focus on remuneration practices, and the interest of both our shareholders and our staff in the topic, it is important for me to say that we see compensation as a means of supporting the implementation of strategy in a way that best serves the interests of our shareholders. We want to be able to do four things simultaneously; pay dividends to shareholders, invest in the business, strengthen our capital ratios, and pay staff appropriate compensation. I don't pretend that achieving this is always easy, or that the judgements involved are straightforward. The market for the best people is both global and intensely competitive. Banking is a service industry and, if we are to remain successful, we must attract and retain the best people. We have to pay for performance but, I emphasise, we seek to pay no more than the amount consistent with competitiveness.

Our compensation framework is determined by the Board HR and Remuneration Committee, a sub-committee of the Group Board which is chaired by our Deputy Chairman, Sir Richard Broadbent. The Remuneration Committee makes its decisions after appropriate input from the Board Risk Committee and the Group Chief Risk Officer to ensure that the level of risk within the business and the quality of underlying profits generated are taken properly into account. The Remuneration Committee has also considered the impact on profits of our usage of Government and Central Bank schemes, higher liquidity requirements and the shape of the yield curve.

Our discretionary pay awards for 2009 are fully compliant with the FSA Remuneration Code and the Financial Stability Board Implementation Standards, endorsed by the G20. This has resulted in an increase in the deferred awards by approximately 70% and greater use of equity in deferral structures, particularly to senior staff. 100% of the discretionary pay awards for 2009 to our Executive Committee will be deferred.

The overall quantum of compensation we pay is designed to ensure that we exceed the FSA's minimum capital requirements at all times. We understand how important it is to our shareholders that we maintain Core Tier 1 ratio well in excess of regulatory minima. A direct and intended consequence of our decisions on pay has been the further strengthening of this ratio. Meanwhile, we have been able to meet the commitment that we announced in April 2009 to resume dividend payments and we seek to ensure that we manage the business in such a way (including in relation to compensation) as facilitates the adoption of a conservative but progressive dividend policy.

Our approach to the UK Bank Payroll Tax since the tax was announced in December last year has been to manage the compensation pool in such a way that the cost of the tax to the Group broadly equates to a reduction in the size of the pool, with the reduction being borne by senior executives. The cost to the Group of the UK Bank Payroll Tax in respect of 2009 cash compensation is £190m, and £35m in respect of certain prior year awards which may fall within the proposed legislation. Where a liability arises in subsequent years, we will follow the same approach.

2010 Strategic Framework

The economic outlook remains uncertain. The worst of the financial crisis is behind us, but the environment remains unpredictable, and for that reason, we have to be very clear about the strategic framework in which we will be doing business in 2010 and beyond. The principal components are as follows:

1. We will continue to act as
responsible corporate citizens

. We will ensure that our wider responsibilities to society are reflected in how we act. To the extent consistent with what is required of us by our regulators and with our obligations to shareholders, we will continue to play our part as a source, via service to customers and clients, of economic growth and job creation in the geographies in which we operate. We must behave constructively to help our customers and clients as they cope with the economic downturn and to support governments and supervisors as they deal with the effects of the financial crisis.
2. We will ensure that we maintain a
sound financial and organisational footing
that anticipates and adapts to the regulatory changes that will be required from us. The Basel authorities announced a package of proposed reforms in December on which they are consulting. We are working hard to advocate regulatory consistency; to ensure that the cumulative impact of intended reforms on the economy is well understood; and to ensure the reforms are implemented over sufficiently extended transitional periods to enable the banking industry to support economic growth and job creation. We will be obliged to accommodate such changes as are finally enacted over the coming years and we will have the ability over the period to take mitigating actions. Meanwhile, we are seeking to anticipate many of the changes that may be required of us in the areas of capital, leverage and liquidity. It is within our power to be net generators, rather than consumers, of capital, which our performance in 2009 demonstrates. We will maintain high levels of liquidity, and we will be very attentive to the size and composition of our balance sheet. In particular, we will manage leverage tightly, and we will seek to bring down, over time, our loan to deposit ratio. Stress testing has been institutionalised across Barclays in recent years. This is also now part of the FSA supervision cycle. We will ensure that we continue to monitor regularly our responsiveness to changing economic, market and operational environments and align our views with those of our regulator.
3. We have recommenced
dividend payments
in accordance with our prior commitments. We will make 3 quarterly fixed payments in 2010 and a final variable payment relating to the calendar year 2010 in March 2011. Given uncertainty about the full consequences of regulatory reform, prudence dictates that our dividend policy should be conservative. But, subject to that caveat, we intend our dividend policy to be progressive relative to a 2009 annualised dividend of 4.5 pence per share.
4. Our
allocation of capital
across the Group will continue to be made on both an economic and strategic basis, reflecting our goal of increasing the international diversification of our income sources in the pursuit of medium term growth. So we will nurture Barclays Wealth, Barclays Corporate, Absa and GRB, whilst ensuring that Barclays Capital takes advantage of the structural changes in the investment banking sector. 2010 will be another year, however, in which we put returns before growth, and where prudence will determine our approach to balance sheet size.
5. Notwithstanding the regulatory uncertainty which colours the goals I have described so far, we must deliver
another year of substantial profitability
. The balance of earnings is also important to us, and we continue over time to target two thirds of our profits coming from GRB, Absa, Barclays Wealth and Barclays Corporate and one third from Barclays Capital.

Goals

As I stated at the time of our Interim Results last August, our key output goal is to produce top quartile total shareholder returns (TSR) over time. We achieved that goal for 2009, generating a TSR of 80% for 2009, at the upper end of our peer group[1]. But I recognise that for many shareholders the starting point from which this return was generated was unacceptably low. We will continue to measure our performance against this output goal.
We will carefully manage multiple input goals. These include: economic profit; overall balance sheet size and leverage; risk weighted assets (RWAs) and the returns they generate; the level of our Core Tier 1

capital; our return on equity; our overall funding and liquidity positions, and our loan to deposit ratio as part of this; our comparative income and cost performance (the "jaws"); and dividend payments.

Our medium term goal is to generate an average return on equity that exceeds our cost of equity over the cycle. In 2009 and again in 2010, the combination of very high levels of capital and the relatively high cost of capital make this a very stretching target. But we are well aware of the direction in which our shareholders expect us to be moving in this context and we have constructed our medium term plans accordingly.

Conclusion

We have over 144,000 employees worldwide who have helped us weather the economic storm of the last two and a half years. They have not allowed the events in the market place to distract them from attending to the needs of those they serve; on behalf of the Board, I thank them warmly. They are as determined as I am that we shall meet the expectations of our owners in the year ahead, by putting the resources of the Group to work on behalf of our customers and clients.

John Varley, Group Chief Executive

1 Peer group: Banco Santander, BBVA, BNP Paribas, Citigroup, Deutsche Bank, HSBC, JP Morgan Chase, Lloyds Banking Group, Royal Bank of Scotland, UBS and Unicredit.

Group Finance Director's Review

Group Performance

Barclays delivered profit before tax of £11,642m in 2009, an increase of 92% on 2008. Excluding a gain of £6,331m realised on the sale of Barclays Global Investors, profit before tax was £5,311m. This was achieved after absorbing: £6,086m in writedowns on credit market exposures (including impairment of £1,669m), other Group impairment of £6,402m and a charge of £1,820m relating to the tightening of own credit spreads. Profit included £1,249m of gains on debt buy-backs and extinguishment.

Income grew 34% to £30,986m, with particularly strong growth in Barclays Capital. Within Global Retail and Commercial Banking (GRCB), Barclaycard and GRCB - Western Europe also reported good income growth. The aggregate revenue performance of GRCB businesses was, however, affected by the impact of margin compression on deposit income as a result of the very low absolute levels of interest rates. Barclays Capital income was up 122% compared to 2008. Top-line income rose by £8,004m reflecting the successful integration of the acquired Lehman Brothers North American businesses, buoyant market conditions observed across most financial markets in the first half of 2009 and a good relative performance in the second half of 2009 despite weaker markets. Income in Barclays Capital was impacted by writedowns of £4,417m (2008: £6,290m) relating to credit market exposures held in its trading books and by a charge of £1,820m (2008: gain of £1,663m) relating to own credit.

Impairment charges against loans and advances, available for sale assets and reverse repurchase agreements increased 49% to £8,071m, reflecting deteriorating economic conditions, portfolio maturation and currency movements. The impairment charge against credit market exposures included within this total reduced 5% to £1,669m. Impairment charges as a percentage of Group loans and advances as at 31st December 2009 increased to 156bps from 95bps, or 135bps on constant 2008 year end balance sheet amounts and average foreign exchange rates.

Operating expenses increased 24% to £17,852m, but by 10% less than the rate of increase in Group total income. Underlying expenses in GRCB were well controlled, with the cost:income ratio improving from 53% to 52%. Operating expenses in Barclays Capital increased by £2,818m to £6,592m reflecting the significant increase in the size of the business and an uplift in volumes. The cost:income ratio improved from 72% to 57%. At Barclays Capital the compensation:income ratio improved from 44% to 38%.

Business Performance - Global Retail and Commercial Banking

UK Retail Banking

profit before tax decreased 55% to £612m as economic conditions remained challenging. Income was down 11% reflecting the impact of deposit margin compression net of hedges, partially offset by good growth in Home Finance. Total loans and advances to customers increased £4.7bn to £99.1bn. Gross new mortgage lending was £14.2bn during 2009 and net new mortgage lending was £5.7bn. The average loan to value ratio of the mortgage book remained conservative at 43%. Impairment charges increased 55% due to the deteriorating economic environment. Operating expenses continued to be tightly controlled and decreased 3% reflecting a one-off credit from the closure of the UK final salary pension scheme offset by a year on year increase in pension costs and the non-recurrence of gains from the sale of property.

Barclays Commercial Bank

profit before tax decreased 41% to £749m. Income was broadly flat on 2008 with good growth in net fees and commissions offset by lower income from principal transactions. Net interest income was broadly flat as margin compression on the deposit book was offset by higher lending and deposit volumes. New term lending extended to UK customers during 2009 was £14bn. Operating expenses were tightly controlled and fell 3% driven by a one-off credit from the closure of the UK final salary pension scheme partially offset by an increase in pensions and share-based payment costs and the non-recurrence of gains from the sale of property. Impairment charges increased to £974m reflecting the impact of the weak business environment with rising default rates and falling asset values across all business segments.

Barclaycard

profit before tax decreased 4% to £761m. Income growth of 26% reflected strong growth across the businesses driven by increased lending and improved margins. Average customer assets increased 19% to £28.1bn. Impairment charges increased 64% due to the deteriorating global economic environment, although the rate of growth in the second half of the year was lower than in the first half. Impairment grew across both the international and UK businesses. Cost growth of 5% was largely driven by appreciation of the average value of the US Dollar and the Euro against Sterling and growth in the card portfolios including acquisitions made in 2008.

Global Retail and Commercial Banking - Western Europe

profit before tax fell 48% to £130m. Results included Barclays Russia, which incurred a loss of £67m and reflected a gain of £157m on the sale of Barclays life insurance and pensions business in Iberia. Income grew in all countries, improving 18% as the expanded network continued to mature with customer deposits increasing £7.8bn to £23.4bn. Costs increased 16% 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 £370m to £667m, largely driven by losses in Spain in commercial property, construction and SME portfolios. However, delinquency trends improved throughout the second half of 2009 in both retail and commercial portfolios.

Global Retail and Commercial Banking - Emerging Markets

loss before tax of £254m compared to a profit of £141m in 2008. Income increased 5% with significant growth across Africa and the UAE, partially offset by lower income in India. Impairment charges increased £306m to £471m with significant increases in India and the UAE, reflecting the impact of the economic recession across the business with continued pressure on liquidity, rising default rates and lower asset values. Operating expense growth of 24% reflected continued investment in Indonesia and Pakistan and investment in infrastructure across other markets.

Global Retail and Commercial Banking - Absa

profit before tax decreased 8% to £506m. Income growth of 16% 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 at a lower rate of 13% which led to an improvement in the cost:income ratio to 58% (2008: 59%). Impairment charges rose £220m to £567m 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 89% to £2,464m as a result of very strong performances in the UK, Europe and the US, partially offset by a charge of £1,820m relating to own credit (2008: £1,663m gain). Top-line income increased 81% to £17.9bn reflecting excellent results across the client franchise and a resilient fourth quarter with top-line income of £3.6bn. Fixed Income, Currency and Commodities (FICC) was up £5.6bn to £13.0bn following the expansion of the business and increased client flows. Top-line income in Equities and Prime Services increased 147% and Investment Banking income more than doubled. Total credit market exposures were reduced by £14.1bn. In addition £5.1bn of credit market assets (and £2.4bn of other assets) were sold to Protium Finance LP. Operating expenses were 75% higher than 2008 given the substantial increase in the overall scale of the business. The cost:income ratio improved to 57% (2008: 72%). Compensation expenses as a proportion of income reduced to 38%, down from 44% in 2008. Total assets reduced 37% driven by initiatives to reduce derivative balances.

On 1st December 2009 Barclays completed the sale of
Barclays Global Investors
to BlackRock, Inc. Included in the consideration were 37.567 million new BlackRock shares giving Barclays an economic interest of 19.9% of the enlarged BlackRock group. The profit on disposal before tax was £6,331m. Profit before tax, excluding the profit on disposal, increased 26% to £748m (2008: £595m) following a recovery on liquidity support charges and an 18% appreciation in the average value of the US Dollar against Sterling.

Barclays Wealth
profit before tax reduced 78% to £145m principally as a result of the impact of the sale of the closed life business in 2008 and the cost of the integration of Barclays Wealth Americas during 2009. Income was in line with 2008. Excluding the impact of these transactions there was solid growth in income due to growth in the client franchise and the product offering. Operating expenses grew by 22%, reflecting the integration of the US business, partially offset by the disposal of the closed life business. Total client assets increased by 4% (£6bn) to £151bn.

Business Performance - Head Office Functions and Other Operations

Head Office Functions and Other Operations
loss before tax was £550m, an improvement of £308m compared to 2008. The increase was the result of gains on debt extinguishment of £1,164m partially offset by increased costs in central funding activity due to money market dislocation, in particular LIBOR resets, and the cost of the announced UK bank payroll tax charge of £190m in respect of 2009 cash compensation, and £35m in respect of certain prior year awards which may fall within the proposed legislation.

Balance Sheet and Capital Management

Shareholders' Equity

Shareholders' equity, including non-controlling interests, increased 23% to £58.5bn in 2009 driven by profit after tax of £10.3bn. Net tangible asset value increased by 47% to £38.5bn. Net tangible asset value per share increased to 337p (2008: 313p).

Balance Sheet

Total assets decreased by £674bn to £1,379bn in 2009, primarily reflecting movements in market rates and active reductions in derivative balances. Balances attributable to derivative assets and liabilities would have been £374bn lower (31st December 2008: £917bn lower) than reported under IFRS if netting were permitted for assets and liabilities with the same counterparty or for which we hold cash collateral.

Excluding this, assets and liabilities held under investment contracts, settlement balances, goodwill and intangible assets, our adjusted total tangible assets were £969bn at 31st December 2009 (31st December 2008: £1,027bn). On this basis, we calculate adjusted gross leverage, being the multiple of adjusted total tangible assets over total qualifying Tier 1 capital, as 20x as at 31st December (31st December 2008: 28x).

Assets and risk weighted assets were affected by the depreciation in value of various currencies relative to Sterling during 2009. As at 31st December 2009, the US Dollar and the Euro had depreciated 10% and 7% respectively, relative to Sterling.

Capital Management

At 31st December 2009, on a Basel II basis, our Core Tier 1 ratio was 10.0% (31st December 2008: 5.6%) and our Tier 1 ratio was 13.0% (31st December 2008: 8.6%). Capital ratios reflect a 12% decrease (£51bn) in risk weighted assets to £383bn in 2009. Key drivers included a reduction in the overall size of the balance sheet and foreign exchange movements.

Liquidity

The liquidity pool held by the Group increased to £127bn at 31st December 2009 from £43bn at the end of 2008. Whilst funding markets were difficult, particularly in the first half of 2009, we were able to increase available liquidity and we extended the average term of unsecured liabilities from at least 14 months to 26 months. We completed senior benchmark transactions totalling £15bn equivalent in the senior unsecured debt markets across multiple currencies and raised €2bn equivalent in the secured covered bond market and issued £21bn equivalent of structured notes. We have continued to manage liquidity prudently in the light of market conditions and in anticipation of ongoing regulatory developments.

Dividends

As previously announced, it is now our policy to declare and pay dividends on a quarterly basis. We will pay a final cash dividend for 2009 of 1.5p per share on 19th March 2010 giving a total declared dividend for 2009 of 2.5p per share. We are committed to maintaining strong capital ratios and so our dividend policy is intended to be both conservative and progressive.

Outlook

We had a good start to 2010 with Group profit before tax well ahead of first half and full year 2009 run rates.

Overall impairment levels in the second half of 2009 were 23% lower than in the first half. Whilst we expect 2010 impairment levels to rise in certain books of business, particularly in our commercial lending portfolios, our planning assumption is for a moderate decline in impairment.

The evolution of our balance sheet and, in particular risk weighted assets, capital ratios and liquidity reserves, will depend upon the outcome of multiple regulatory reviews underway. It is our intention to remain conservatively positioned in anticipation of developments in the overall regulatory framework.

Chris Lucas, Group Finance Director

Consolidated Summary Income Statement

		Year Ended 31.12.09			**Year Ended 31.12.08**		
	Notes[1]	**Continuing Operations**	**Discon-tinued Operations**	**Total**	**Continuing Operations**	**Discon-tinued Operations**	**Total**
		£m	£m	£m	£m	£m	£m
Net interest income	1	11,918	33	11,951	11,469	-	11,469
Net fee and commission income	2	8,418	1,759	10,177	6,491	1,916	8,407
Net trading income/(loss)		7,001	1	7,002	1,339	(10)	1,329
Net investment income		56	66	122	680	-	680
Principal transactions	**3**	**7,057**	**67**	**7,124**	**2,019**	**(10)**	**2,009**
Net premiums from insurance contracts	4	1,172	-	1,172	1,090	-	1,090
Other income	5	1,389	4	1,393	367	10	377

Total income		**29,954**	**1,863**	**31,817**	**21,436**	**1,916**	**23,352**
Net claims and benefits incurred on insurance contracts	6	(831)	-	(831)	(237)	-	(237)
Total income net of insurance claims		**29,123**	**1,863**	**30,986**	**21,199**	**1,916**	**23,115**
Impairment charges and other credit provisions	7	(8,071)	-	(8,071)	(5,419)	-	(5,419)
Net income		**21,052**	**1,863**	**22,915**	**15,780**	**1,916**	**17,696**
Operating expenses	8	**(16,715)**	**(1,137)**	**(17,852)**	**(13,391)**	**(975)**	**(14,366)**
Share of post-tax results of associates and joint ventures	9	34	-	34	14	-	14
Profit on disposal of subsidiaries, associates and joint ventures	10	188	-	188	327	-	327
Gains on acquisitions	15	26	-	26	2,406	-	2,406
Profit before tax and disposal of discontinued operations		**4,585**	**726**	**5,311**	**5,136**	**941**	**6,077**
Profit on disposal of discontinued operations	29	**-**	6,331	6,331	-	-	-
Profit before tax		**4,585**	**7,057**	**11,642**	**5,136**	**941**	**6,077**
Tax	11	(1,074)	(280)	(1,354)	(453)	(337)	(790)
Profit after tax		**3,511**	**6,777**	**10,288**	**4,683**	**604**	**5,287**
Profit for the year attributable to							
Equity holders of the parent		2,628	6,765	9,393	3,795	587	4,382
Non-controlling interests	12	883	12	895	888	17	905
		3,511	**6,777**	**10,288**	**4,683**	**604**	**5,287**
Earnings per Share							
Basic earnings per share	13	24.1p	62.1p	86.2p	51.4p	7.9p	59.3p
Diluted earnings per share	13	22.7p	58.9p	81.6p	49.8p	7.7p	57.5p

1 *Notes start on page 86 and relate to continuing operations.*

Consolidated Statement of Comprehensive Income

	Year Ended 31.12.09	Year Ended 31.12.08
	£m	£m
Profit after tax	10,288	5,287
Other Comprehensive Income		
Continuing operations		
Currency translation differences	(861)	2,274
Available for sale financial assets	1,236	(1,561)
Cash flow hedges	165	376
Other	-	(5)
Tax relating to components of other comprehensive income	(26)	851
Other comprehensive income for the year, net of tax from continuing operations	**514**	**1,935**
Other comprehensive income for the year, net of tax from discontinued operations	(58)	114
Total comprehensive income for the year	**10,744**	**7,336**
Attributable to:		
Non-controlling interests	1,188	1,123
Equity holders of the parent	9,556	6,213
Total comprehensive income for the year	**10,744**	**7,336**

Consolidated Summary Balance Sheet

Assets	Notes[1]	As at 31.12.09	As at 31.12.08
		£m	£m
Cash and balances at central banks		81,483	30,019
Items in the course of collection from other banks		1,593	1,695
Trading portfolio assets		151,344	185,637
Financial assets designated at fair value:			
- held on own account		41,311	54,542
- held in respect of linked liabilities to customers under investment contracts		1,257	66,657
Derivative financial instruments	16	416,815	984,802
Loans and advances to banks	19	41,135	47,707

Loans and advances to customers	20	420,224	461,815
Available for sale financial investments		56,483	64,976
Reverse repurchase agreements and cash collateral on securities borrowed		143,431	130,354
Goodwill and intangibles		8,795	10,402
Property, plant and equipment		5,626	4,674
Deferred tax assets		2,303	2,668
Other assets		7,129	7,032
Total assets		**1,378,929**	**2,052,980**

Liabilities	Notes[1]	**As at 31.12.09**	**As at 31.12.08**
		£m	£m
Deposits from banks		76,446	114,910
Items in the course of collection due to other banks		1,466	1,635
Customer accounts		322,429	335,505
Trading portfolio liabilities		51,252	59,474
Financial liabilities designated at fair value		86,202	76,892
Liabilities to customers under investment contracts		1,679	69,183
Derivative financial instruments	16	403,416	968,072
Debt securities in issue		135,902	149,567
Repurchase agreements and cash collateral on securities lent		198,781	182,285
Subordinated liabilities		25,816	29,842
Deferred tax liabilities		470	304
Other liabilities		16,592	17,900
Total liabilities		**1,320,451**	**2,005,569**
Shareholders' Equity			
Shareholders' equity excluding non-controlling interests		47,277	36,618
Non-controlling interests		11,201	10,793
Total shareholders' equity		**58,478**	**47,411**
Total liabilities and shareholders' equity		**1,378,929**	**2,052,980**

1 For notes, see pages 86 to 103.

Consolidated Statement of Changes in Equity

2009	**Share Capital and Share Premium[1]**	**Other Reserves**	**Retained Earnings**	**Total**	**Non-controlling Interests**	**Total Equity**
	£m	£m	£m	£m	£m	£m
Balance at 1st January 2009	**6,138**	**6,272**	**24,208**	**36,618**	**10,793**	**47,411**
Profit after tax	-	-	9,393	9,393	895	10,288
Other comprehensive income:						
Currency translation differences	-	(1,138)	-	(1,138)	277	(861)
	-	1,250	-	1,250	(14)	1,236

Available-for-sale financial assets						
Cash flow hedges	-	194	-	194	(29)	165
Tax relating to components of other comprehensive income	-	(256)	171	(85)	59	(26)
Other comprehensive income net of tax from discontinued operations	-	(75)	17	(58)	-	(58)
Total comprehensive income	**-**	**(25)**	**9,581**	**9,556**	**1,188**	**10,744**
Issue of new ordinary shares	749	-	-	749	-	749
Issue of shares under employee share schemes	35	-	298	333	-	333
Net purchase of treasury shares	-	(47)	-	(47)	-	(47)
Transfers	-	80	(80)	-	-	-
Dividends	-	-	(113)	(113)	(767)	(880)
Net increase/decrease in non-controlling interest arising on acquisitions, disposals and capital issuances	-	-	-	-	(82)	(82)
Conversion of Mandatorily Convertible Notes	3,882	(3,652)	(230)	-	-	-
Other	-	-	181	181	69	250
Balance at 31st December 2009	**10,804**	**2,628**	**33,845**	**47,277**	**11,201**	**58,478**
2008						
Balance at 1st January 2008	**1,707**	**614**	**20,970**	**23,291**	**9,185**	**32,476**
Profit after tax	-	-	4,382	4,382	905	5,287
Other comprehensive income:						
Currency translation differences	-	2,174	-	2,174	100	2,274
Available-for-sale financial assets	-	(1,559)	-	(1,559)	(2)	(1,561)
Cash flow hedges	-	271	-	271	105	376
Other	-	-	(5)	(5)	-	(5)
Tax relating to components of other comprehensive income	-	882	(46)	836	15	851
Other comprehensive income net of tax from discontinued operations	-	124	(10)	114	-	114
Total comprehensive income	**-**	**1,892**	**4,321**	**6,213**	**1,123**	**7,336**
Issue of new ordinary shares	4,422	-	-	4,422	-	4,422
Issue of shares under employee share schemes	19	-	463	482	-	482
Issue of shares and warrants	-	-	1,410	1,410	-	1,410
Repurchase of shares	(10)	10	(173)	(173)	-	(173)
Net purchase of treasury shares	-	(350)	-	(350)	-	(350)
Transfers	-	437	(437)	-	-	-
Dividends	-	-	(2,344)	(2,344)	(703)	(3,047)
Net increase/decrease in non-controlling interest arising	-	-	-	-	1,338	1,338

on acquisitions, disposals and capital issuances						
Issue of Mandatorily Convertible Notes	-	3,652	-	3,652	-	3,652
Other	-	17	(2)	15	(150)	(135)
Balance at 31st December 2008	**6,138**	**6,272**	**24,208**	**36,618**	**10,793**	**47,411**

1 Details of share capital is shown in note 24.

Consolidated Summary Cash Flow Statement

	Year Ended 31.12.09 £m	Year Ended 31.12.08 £m
Continuing Operations		
Profit before tax	4,585	5,136
Adjustment for non-cash items	13,637	4,950
Changes in operating assets and liabilities	24,799	24,510
Tax paid	(1,177)	(1,404)
Net cash from operating activities	**41,844**	**33,192**
Net cash from investing activities	11,888	(8,662)
Net cash from financing activities	(661)	12,634
Net cash from discontinued operations	(376)	286
Effect of exchange rates on cash and cash equivalents	(2,864)	(6,018)
Net increase in cash and cash equivalents	**49,831**	**31,432**
Cash and cash equivalents at beginning of period	64,509	33,077
Cash and cash equivalents at end of period	**114,340**	**64,509**

Group Results Summary

Set out below is a summary of the Group's results by quarter since the start of 2008 and business segments' income and profit before tax:

Group Results

	Q409 £m	Q309 £m	Q209 £m	Q109 £m	Q408 £m	Q308 £m	Q208 £m	Q108 £m
Top-line income	7,888	8,682	10,923	9,730	7,642	6,884	6,815	6,401
Credit market writedowns	(166)	(744)	(1,648)	(1,859)	(3,069)	(996)	(844)	(1,381)
Own credit	(522)	(405)	(1,172)	279	(288)	1,099	149	703
Total income net of insurance claims	7,200	7,533	8,103	8,150	4,285	6,987	6,120	5,723
Impairment charges and other credit provisions	(1,612)	(1,404)	(1,831)	(1,555)	(1,454)	(862)	(648)	(692)
Impairment charges - credit market writedowns	(245)	(254)	(416)	(754)	(203)	(452)	(510)	(598)

Net Income	**5,343**	**5,875**	**5,856**	**5,841**	**2,628**	**5,673**	**4,962**	**4,433**
Operating expenses	(4,626)	(4,479)	(4,286)	(4,461)	(3,275)	(4,338)	(3,506)	(3,247)
Share of results of JVs & associates	16	5	24	(11)	(15)	6	15	8
Profit on disposal of subsidiaries, associates & JVs	6,341	157	19	2	327	-	-	-
Gains on acquisitions	26	-	(1)	1	817	1,500	89	-
Profit before tax	**7,100**	**1,558**	**1,612**	**1,372**	**482**	**2,841**	**1,560**	**1,194**
Profit after tax	**6,875**	**1,075**	**1,282**	**1,056**	**824**	**2,329**	**1,209**	**925**
Cost:income ratio	64%	59%	53%	55%	76%	62%	57%	57%
Cost:net income ratio	87%	76%	73%	76%	125%	76%	71%	73%
Basic earnings per share	60.9p	7.8p	9.8p	7.7p	2.9p	29.4p	15.5p	11.5p

Business Segments Results

	Total Income net of Insurance Claims			**Profit Before Tax**		
	Year Ended 31.12.09	**Year Ended 31.12.08**		**Year Ended 31.12.09**	**Year Ended 31.12.08**	
	£m	£m	% Change	£m	£m	% Change
UK Retail Banking	3,985	4,482	(11)	612	1,369	(55)
Barclays Commercial Bank	2,753	2,745	0	749	1,266	(41)
Barclaycard	4,042	3,219	26	761	789	(4)
GRCB - Western Europe	1,723	1,455	18	130	250	(48)
GRCB - Emerging Markets	1,045	994	5	(254)	141	(280)
GRCB - Absa	2,549	2,198	16	506	552	(8)
Barclays Capital	11,625	5,231	122	2,464	1,302	89
Barclays Global Investors[1]	1,903	1,844	3	7,079	595	-
Barclays Wealth	1,333	1,324	1	145	671	(78)
Head Office Functions	28	(377)	107	(550)	(858)	36

1 Continuing and discontinued operations including profit on disposal.

Results by Business

UK Retail Banking

Income Statement Information	**Year Ended 31.12.09**	**Year Ended 31.12.08**
	£m	£m
Net interest income	2,624	2,996
Net fee and commission income	1,225	1,299
Net premiums from insurance contracts	198	205
Other income	6	17
Total income	**4,053**	**4,517**

Net claims and benefits incurred under insurance contracts	(68)	(35)
Total income net of insurance claims	**3,985**	**4,482**
Impairment charges and other credit provisions	(936)	(602)
Net income	**3,049**	**3,880**
Operating expenses excluding amortisation of intangible assets	(2,400)	(2,499)
Amortisation of intangible assets	(40)	(20)
Operating expenses	**(2,440)**	**(2,519)**
Share of post-tax results of associates and joint ventures	3	8
Profit before tax	**612**	**1,369**
Balance Sheet Information		
Loans and advances to customers at amortised cost	£99.1bn	£94.4bn
Customer accounts	£92.5bn	£89.6bn
Total assets	£105.2bn	£101.4bn
Performance Ratios		
Return on average economic capital[1]	12%	27%
Cost:income ratio[1]	61%	56%
Cost:net income ratio[1]	80%	65%
Other Financial Measures		
Economic (loss)/profit[1]	(£64m)	£633m
Risk weighted assets	£32.2bn	£30.5bn
Key Facts		
Number of UK current accounts[2]	11.2m	11.7m
Number of UK savings accounts	13.2m	12.0m
Number of UK mortgage accounts	834,000	816,000
LTV of mortgage book	43%	40%
LTV of new mortgage lending	48%	47%
Number of Local Business customers	686,000	660,000
Number of branches	1,698	1,724
Number of ATMs	3,394	3,455

1 Defined on pages 106 to111.
2 Number of accounts at 31st December 2009 is after a reduction of 0.9m due to the closure of dormant accounts.

Results by Business

UK Retail Banking
In the continued challenging economic environment, UK Retail Banking profit before tax decreased 55% (£757m) to £612m (2008: £1,369m), impacted by low interest rates resulting in margin compression on the deposit book and increased impairment charges which together more than offset well controlled costs and an improved assets margin.
The number of savings accounts increased 10% to 13.2m (31st December 2008: 12.0m) and mortgage accounts increased 18,000 to 834,000 (31st December 2008: 816,000). Local Business customer numbers

increased 26,000 to 686,000 (31st December 2008: 660,000) with gross new lending of £1,047m. Total loans and advances to customers increased £4.7bn to £99.1bn (31st December 2008: £94.4bn).

Income decreased 11% (£497m) to £3,985m (2008: £4,482m) reflecting the impact of margin compression, which more than offset good income growth in Home Finance.

Net interest income decreased 12% (£372m) to £2,624m (2008: £2,996m) driven by margin compression of £755m 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 4% to £89.0bn (2008: £85.9bn), reflecting good growth in Personal Customer Current Account balances. The average liabilities margin declined to 1.36% (2008: 2.01%) reflecting reductions in UK base rates.

Average mortgage balances grew 10%, reflecting strongly positive net lending. Mortgage balances were £87.9bn at the end of the period (31st December 2008: £82.3bn), a market share of 7% (2008: 7%). Gross advances reduced to £14.2bn (2008: £22.9bn) reflecting a continued conservative approach to lending, with redemptions of £8.5bn (2008: £10.4bn). Net new mortgage lending was £5.7bn (2008: £12.5bn). The average loan to value ratio of the mortgage book (including buy-to-let) on a current valuation basis was 43% (2008: 40%). The average loan to value ratio of new mortgage lending was 48% (2008: 47%) and the assets margin increased to 1.32% (2008: 1.25%) reflecting increased returns from mortgages and consumer loans.

Net fee and commission income decreased 6% (£74m) to £1,225m (2008: £1,299m) reflecting changing customer usage together with lower mortgage application and redemption fees. Overall sales productivity resulted in fee income growth in investments.

Total impairment charges represented 0.93% (2008: 0.63%) of total gross loans and advances to customers and banks. Impairment charges increased 55% (£334m) to £936m (2008: £602m), reflecting lower expectations for recoveries in line with the current economic environment. Impairment charges within Consumer Lending increased 56% to £573m (2008: £368m) with impairment charges increasing 75% to £183m (2008: £105m) in Personal Customer Current Accounts. Mortgage impairment charges remained low at £26m (2008: £24m).

Operating expenses remained well controlled and decreased 3% (£79m) to £2,440m (2008: £2,519m). This reflected the receipt of a one-off credit of £175m resulting from the closure of the UK final salary pension scheme to existing members, offset by a year on year increase in pension costs of £115m and the non-recurrence of gains of £75m from the sale of property.

Total assets increased 4% to £105.2bn (31st December 2008: £101.4bn) driven by growth in mortgage balances. Risk weighted assets increased 6% (£1.7bn) to £32.2bn (31st December 2008: £30.5bn), a significant contributor being the growth in the mortgage book.

Barclays Commercial Bank

Income Statement Information	**Year Ended 31.12.09**	**Year Ended 31.12.08**
	£m	£m
Net interest income	1,741	1,757
Net fee and commission income	926	861
Net trading income	25	3
Net investment (loss)/income	(51)	19
Principal transactions	**(26)**	**22**
Other income	112	105
Total income	**2,753**	**2,745**
Impairment charges and other credit provisions	(974)	(414)
Net income	**1,779**	**2,331**

Operating expenses excluding amortisation of intangible assets	(1,009)	(1,048)
Amortisation of intangible assets	(21)	(15)
Operating expenses	**(1,030)**	**(1,063)**
Share of post-tax results of associates and joint ventures	-	(2)
Profit before tax	**749**	**1,266**
Balance Sheet Information		
Loans and advances to customers at amortised cost	£59.6bn	£67.5bn
Loans and advances to customers at fair value	£13.1bn	£13.0bn
Customer accounts	£62.7bn	£60.6bn
Total assets	£75.5bn	£84.0bn
Performance Ratios		
Return on average economic capital[1]	16%	26%
Cost:income ratio[1]	37%	39%
Cost:net income ratio[1]	58%	46%
Other Financial Measures		
Economic profit[1]	£90m	£544m
Risk weighted assets	£60.3bn	£63.1bn
Key Fact		
Total number of customers[2]	113,500	120,500

1 Defined on pages 106 to111.
2 Includes 37,000 (2008: 39,000) customers incorporated through a 51% owned subsidiary (Iveco Finance Holdings Limited).

Barclays Commercial Bank

Barclays Commercial Bank profit before tax decreased 41% (£517m) to £749m (2008: £1,266m), primarily driven by significantly higher impairment. Income was flat, with strong performance from net fees and commissions offset by lower principal transactions.

Income totalled £2,753m (2008: £2,745m).

Net interest income fell 1% (£16m) to £1,741m (2008: £1,757m) with the benefit of increased average lending balances and higher deposit volumes offset by margin compression in the deposit book of £220m. Average lending grew 3% (£1.6bn) to £63.3bn (2008: £61.7bn) reflecting our continuing commitment to lend to viable businesses. The asset margin increased 5 basis points to 1.60% (2008: 1.55%). Average customer deposits grew 3% (£1.4bn) to £49.0bn (2008: £47.6bn) benefiting from ongoing product initiatives. Deposit margin fell 25 basis points to 1.22% (2008: 1.47%) reflecting the fall in UK base rate.

Non interest income comprised 37% of total income (2008: 36%). Net fees and commissions income increased 8% (£65m) to £926m (2008: £861m), driven by strong debt fees, trade guarantees and other fee income.

Principal transactions income decreased £48m to a loss of £26m (2008: gain of £22m) as a result of investment writedowns and fewer opportunities for equity realisation within the current market environment.

Other income grew 7% (£7m) to £112m (2008: £105m) reflecting increased income from the repurchase of securitised debt issued of £85m (2008: £24m), partially offset by lower rental income from operating leases of £21m (2008: £29m). 2008 income included a £39m gain from the restructuring of Barclays interest in a third party finance operation.

Impairment charges rose to £974m (2008: £414m), reflecting the impact of the economic recession across the business with continued pressure on corporate liquidity, rising default rates and lower asset values. Impairment as a percentage of period end gross loans and advances to customers and banks increased to 1.58% (2008: 0.60%).
Operating expenses fell 3% to £1,030m (2008: £1,063m); reflecting tightly managed discretionary costs and a £100m one-off credit for the closure of the UK final salary pensions scheme partially offset by an incremental increase in pension costs of £69m and the non-recurrence of property credits.
Total assets fell 10% (£8.5bn) to £75.5bn (2008: £84.0bn) driven by reduced overdraft borrowings and lower volumes in Barclays Asset and Sales Finance business. New term lending was £14bn. Risk weighted assets fell 4% (£2.8bn) to £60.3bn (2008: £63.1bn) largely reflecting a reduction in net balance sheet exposures offset by the impact of deteriorating credit conditions.
The number of customers fell 6% primarily as a result of reductions in exposures to high risk sectors within Barclays Asset and Sales Finance.

Barclaycard

Income Statement Information	**Year Ended 31.12.09**	**Year Ended 31.12.08**
	£m	£m
Net interest income	2,723	1,786
Net fee and commission income	1,271	1,299
Net trading (loss)/income	(1)	2
Net investment income	23	80
Principal transactions	**22**	**82**
Net premiums from insurance contracts	44	44
Other income	2	19
Total income	**4,062**	**3,230**
Net claims and benefits incurred under insurance contracts	(20)	(11)
Total income net of insurance claims	**4,042**	**3,219**
Impairment charges and other credit provisions	(1,798)	