BARCLAYS PLC
Form 6-K
August 05, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 6-K

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

August, 2010

Barclays PLC and
Barclays Bank PLC
(Names of Registrants)

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

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

Form 20-F x Form 40-F

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

Yes No x

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

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

This Report comprises:

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

EXHIBIT INDEX

Half Yearly Report dated August 5, 2010

SIGNATURES

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

BARCLAYS PLC
(Registrant)

Date: August 5, 2010

By: /s/ Patrick Gonsalves

Patrick Gonsalves
Deputy Secretary

BARCLAYS BANK PLC
(Registrant)

Date: August 5, 2010

By: /s/ Patrick Gonsalves

Patrick Gonsalves
Joint Secretary

Barclays PLC
Interim Results Announcement

30th June 2010

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

Relevant terms that are used in this document but are not defined under applicable regulatory guidance or International Financial Reporting Standards (IFRS) are explained in the glossary on pages 115 to 121.

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, and having regard to the BBA Disclosure Code, the information provided in this report goes beyond the minimum levels required by accounting standards and listing rules for interim reporting. Barclays continues to develop its financial reporting considering best practice and feedback from investors, regulators and other stakeholders on the disclosures that investors would find most useful.

The information in this announcement, which was approved by the Board of Directors on 4th August 2010, does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31st December 2009, which included certain information required for the Joint Annual Report on Form 20-F of Barclays PLC and Barclays Bank PLC to the US Securities and Exchange Commission (SEC) and which contained an unqualified audit report under Section 495 of the Companies Act 2006 and which did not make any statements under Section 498 of the Companies Act 2006, have been delivered to the Registrar of Companies in accordance with Section 441 of the Companies Act 2006.

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, liquidity, payment of dividends, projected levels of growth in the banking and financial markets, projected costs, estimates of capital expenditures, and plans and objectives for future operations and other statements that are not historical fact. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, including, but not limited to, UK domestic and global economic and business conditions, the effects of continued volatility in credit markets, market related risks such as changes in interest rates and exchange rates, effects of changes in valuation of credit market exposures, changes in valuation of issued notes, the policies and actions of governmental and regulatory authorities, changes in legislation, the further development of standards and interpretations under IFRS applicable to past, current and future periods, evolving practices with regard to the interpretation and application of standards under IFRS, the outcome of pending and future litigation, the success of future acquisitions and other strategic transactions and the impact of competition - a number of such factors being beyond the Group's control. As a result, the Group's actual future results may differ materially from the plans, goals, and expectations set forth in the Group's forward-looking statements.

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

Performance Highlights

Group Results	**Half Year Ended 30.06.10**	**Half Year Ended 30.06.09**	
	£m	£m	% Change
Total income net of insurance claims	16,581	15,318	8
Impairment charges and other credit provisions	(3,080)	(4,556)	(32)
Net income	13,501	10,762	25
Operating expenses	(9,720)	(8,051)	21
Profit before tax	**3,947**	**2,745**	44
Own credit (gain)/charge	(851)	893	nm
Gains on acquisitions and profits on disposals of subsidiaries, associates and JVs	(133)	(21)	nm
Gains on debt buy-backs	-	(1,192)	nm
Adjusted profit before tax	**2,963**	**2,425**	22
Profit after tax	2,921	2,213	32

Total profit attributable to equity holders of the parent	2,431	1,888	29
Basic earnings per share from continuing operations	20.9p	16.4p	27
Diluted earnings per share from continuing operations	19.7p	16.0p	23
Dividend per share	2.0p	0.0p	nm
Performance Measures			
Return on average shareholders' equity	9.8%	9.4%	nm
Return on average tangible shareholders' equity	12.0%	13.0%	nm
Return on average risk weighted assets	1.5%	1.0%	nm
Cost:income ratio	59%	53%	nm
Cost:net income ratio	72%	75%	nm
Economic loss	(612)	(127)	nm

Capital and Balance Sheet	**30.06.10**	**31.12.09**	% Change
Core Tier 1 ratio	10.0%	10.0%	nm
Tier 1 ratio	13.2%	13.0%	nm
Total shareholders' equity	£61.1bn	£58.5bn	4
Total assets	£1,587bn	£1,379bn	15
Risk weighted assets	£395bn	£383bn	3
Adjusted gross leverage	20x	20x	nm
Group liquidity pool	£160bn	£127bn	26
Group loan:deposit ratio	124%	130%	nm
Net asset value per share	412p	414p	nm
Net tangible asset value per share	338p	337p	nm
Number of employees (full time equivalent)	146,800	144,200	2

Business Segment Results Profit Before Tax	**30.06.10**	**30.06.09**	% Change
UK Retail Banking	504	313	61
Barclaycard	317	375	(15)
Western Europe Retail Banking	10	92	(89)
Barclays Africa	70	65	8
Barclays Capital	3,400	1,047	225
Barclays Corporate			
- UK & Ireland	379	369	3
- Continental Europe	(524)	(27)	nm
- New Markets	(232)	(190)	(22)
Barclays Wealth	95	75	27
Investment Management	31	37	(16)
Absa	318	259	23
Head Office Functions	(421)	330	nm

"Against the backdrop of subdued economic and market activity and the sovereign debt storm of the second quarter, we have delivered good growth in income and profits during the first half of the year, and, at the same time as lending a further £18bn to UK households and businesses, we have kept the regulatory balance sheet under tight control. The twin benefits of a broadly based set of banking activities - both by geography and business line - and sound risk management lie behind these results.

We recognise our wider social responsibility as an enabler of economic growth and prosperity, and our actions are - and will continue to be - informed by this duty. The period ahead will be one of great *importance to the future of the industry as the final shape of the reform agenda starts to solidify. We will engage fully in that dialogue, whilst keeping our eyes firmly on the needs and interests of our customers and clients."*

John Varley, Chief Executive

-
Group profit before tax of £3,947m, up 44%
-
Income of

£16,581m, up 8%
-
Impairment charges of £3,080m, down 32%, giving a loan loss rate of 118bps (full year 2009: 156bps), with a sharp decrease in impairment at Barclays Capital partially offset by an increase in impairment in Barclays Corporate in Spain
-
Net income of £13,501m, up 25%
-
Operating expenses of £9,720m, up 21%, reflecting continued investment in the build-out of Barclays Capital and Barclays Wealth, increased regulatory costs, increased charges relating to prior year compensation deferrals, adverse impact of currency exchange rate movements and restructuring charges in Barclays Corporate
-
Positive net income:cost "jaws" of 4%
-
Returns on average shareholders' equity of 9.8% (2009: 9.4%), on average tangible shareholders' equity of 12.0% (2009: 13.0%) and on average risk weighted assets of 1.5% (2009: 1.0%)
-
Key measures of Group's financial strength:
-
Core Tier 1 ratio of 10.0% (31st December 2009: 10.0%) and Tier 1 capital ratio of 13.2% (31st December 2009: 13.0%)
-
Adjusted gross leverage of 20x (31st December 2009: 20x)
-
Group liquidity pool up £33bn to £160bn (31st December 2009: £127bn)
-
Barclays Capital profit before tax more than trebled to £3,400m (2009: £1,047m)
-
Includes gain of £851m on own credit (2009: loss of £893m)
-
Excluding effect of own credit, profit before tax of £2,549m (2009: £1,940m)
-
Global Retail Banking (GRB) profit before tax of £901m (2009: £845m)
-
Income of £5,134m (2009: £5,207m), reflecting weak economic growth and further margin compression
-
Impairment charges of £1,518m (2009: £1,647m)
-
Net income of £3,616m (2009: £3,560m)
-

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

-

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

-

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

-

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

-

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

-

Second interim dividend of 1.0p per share, making 2.0p for the half year

Group Chief Executive's Review

Summary

In the first half of 2010 we performed strongly against most parts of the Strategic Framework we use to manage the Group. We generated pre-tax profits of £3.9bn, up 44% (or 22% on an adjusted basis), and increased total income by 8%. We did so against a backdrop of slow growth in most of the economies and markets in which we operate, and some fragility of sentiment, particularly in the second quarter.

Our job is to supply services and products that are relevant and helpful to our customers, and thereby generate good returns for shareholders. Our return on average shareholders' equity improved to 9.8%, albeit that this figure is still below our cost of equity and below where it needs to be. The post-tax return on our regulatory balance sheet improved significantly to 1.5%.

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

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

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

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

When reviewing our full year 2009 performance, I said that our dividend policy going forward would be conservative (because of the uncertain outlook for regulation) but progressive relative to a total pro forma comparable dividend for 2009 of 4.5p per share. We have declared a second interim dividend for the second quarter of 2010 of 1p, on top of the first interim dividend of 1p already paid to shareholders in respect of our first quarter's performance. We will review our dividend policy regularly, not only in the light of our own performance but also reflecting the evolution of the regulatory environment. As the regulatory outlook becomes clearer, and provided that the economic environment does not worsen, I would expect our pay-out ratio to increase over time, though not to the 50% or so dividend distribution at which our policy operated before the onset of the credit crisis.

Before describing the progress we are making within the context of the Strategic Framework I outlined at the beginning of 2010, a comment on our key output goal, which is to produce top quartile total shareholder returns (TSR) over time. We delivered TSR over the 18 months to 30th June 2010 of 78%, putting us at the top of the global peer group of 11 other universal banks based in the UK, Continental Europe and the US (the TSR Peer Group)1 against which we measure our TSR performance for these purposes. We ranked 4th out of 12 over the six months to the same date, and 7th out of 12 over three and five years. We will continue to monitor our performance on a medium term basis against this measure as we believe that it is the most visible and relevant external benchmark to our shareholders.

2010 Strategic Framework

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

1. I said that we would

act as responsible corporate citizens

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

2. I said that we would maintain a

sound financial and organisational footing

. The Summary above sets out the headline financial figures for the half year.

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

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

1 Peer group: Banco Santander, Grupo BBVA, BNP Paribas, Citigroup, Deutsche Bank, HSBC, JP Morgan Chase & Co., Lloyds Banking Group, RBS, UBS and UniCredit Group.

Group Chief Executive's Review

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

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

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

Key Objectives

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

1. Staying close to our customers and clients

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

The benefit of our underlying income strength is shown by the net income that we are reporting today, up 25%. If the economic cycle improves, and our impairment charges with it, so the scale of the income we are generating should be increasingly felt in greater profit.

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

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

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

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

Group Chief Executive's Review

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

Barclays Africa put in a solid performance in the first half, with income rising 10% and profits rising 8%. Meanwhile, profits in our South African subsidiary Absa Group Limited rose 18% in local currency and 41% in Sterling, helped by the relative strength of the Rand against our home currency. These two businesses give us broad coverage across the continent of Africa, where we look after approximately 14 million customers.

In Barclays Corporate's UK & Ireland business, there was solid growth in our deposit base and the overall corporate customer franchise remains very strong. We are restructuring our New Markets and Continental Europe businesses here, both of which were loss-making in the half, as we manage through significantly higher loan loss severity assumptions for our property and construction exposure in Spain.

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

2. Managing our risks

The list of stakeholders who want to see good risk management in Barclays is long: it includes customers, clients, creditors and shareholders, of course; but also our Board, our regulators, and the governments in whose economies we do business. Effective risk management is central to our ability to support the economy through loan growth and employment, to pay tax, and to pay dividends. And if we are to support growth at a stage in the economic cycle when government spending is reducing and the private sector is required to pick up the baton, we have to be footsure in managing risk.

I want here to address one important issue at the heart of the current debate about how to make the financial system safer. If banking were to become risk free, then assuredly it would be socially useless. Our job is to help our customers take appropriate risk - that might be the risk of listing a company on a stock exchange and raising new capital; or it might be the risk of borrowing for university education.

Of course, we must help make the system safer so that governments, economies and ultimately taxpayers are not faced with the prospect of having to bail banks out again. We should not, however, lose sight of the fact that banks must take risk in order to act as a catalyst of economic activity. At the heart of a bank's risk-taking lies maturity transformation - which is acting as the custodian of cash placed with us on a short term basis by depositors and lending it out on a longer term basis to borrowers to enable them to consume or invest. If we try to have risk free banks by creating new rules for capital, liquidity and funding which substantially constrain risk taking, we will surely have banks that cannot perform their key role of facilitating economic activity. The goal of regulatory reform should not be to turn banks into riskless utilities unless governments (that means taxpayers) are prepared to be the suppliers of credit to households and businesses. A healthy, privately capitalised and privately funded banking system is a vital component in the machinery of all strong modern economies.

I do, however, believe that banks should only be allowed to take the risk necessary to fulfil their economic purpose in the economy within a new framework which combines sensibly calibrated capital, leverage and liquidity requirements, good brand governance, strong regulatory oversight and fit-for-purpose risk management practices.

Our risk management record through the credit crisis has been underpinned by the universal banking model, which enables us to diversify our risk across different markets, geographies and economic and political cycles.

It is risk management, overseen by strong macro and micro prudential regulatory supervision, that allows banks to fulfil, safely, their core functions of the safe storage of deposits and the giving of investment advice, payments and money transmission lending and maturity transformation, and the provision of underwriting and liquidity in the debt, equity and derivative capital markets. These activities can safely co-exist in a single banking group such as Barclays provided that the appropriate risk management skills and governance structures are in place.

Group Chief Executive's Review

We support the development of recovery and resolution plans as a further means of reducing the probability and impact of potential bank failure. We are currently closely engaged with the FSA on their pilot project to take this forward and see this as an important and appropriate part of our overall risk management framework.

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

3. Maintaining strategic momentum

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

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

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

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

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

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

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

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

Group Chief Executive's Review

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

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

Priorities, Goals and Strategic Framework

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

John Varley, Group Chief Executive

Group Finance Director's Review

Group Performance

Barclays delivered profit before tax of £3,947m in the first half of 2010, an increase of 44% on 2009. Excluding movements on own credit, gains on acquisitions and gains on debt buy-backs, Group profit before tax increased by 22% to £2,963m from £2,425m.

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

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

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

As a result, the Group's cost:net income ratio improved from 75% to 72%, with operating expenses up £1,669m to £9,720m, a 21% increase compared to the 25% increase in net income. Barclays Capital accounted for £1,037m of this increase, reflecting investment in the business across our sales, origination, trading and research functions, investment in technology and infrastructure, and increased charges relating to prior year compensation deferrals. Operating expenses increased in Head Office by £198m, principally from a provision in relation to the possible resolution of a review of Barclays compliance with US economic sanctions legislation. Expenses in Absa increased £127m, driven by the appreciation in the average value of the Rand against Sterling, and in Barclays Corporate growth in expenses in New Markets reflects restructuring charges of £93m. As a result, the Group's cost:income ratio increased to 59% (2009: 53%). The compensation:income ratio for Barclays Capital was 37% compared to 38% for the full year 2009.

Business Performance - Global Retail Banking

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

Income declined 1% to £5,134m (2009: £5,207m) as a result of a 26bps decline in the net interest margin to 223bps as well as lower fees and commissions, partly offset by business growth. The decline in the net interest margin was driven by the continued low interest rate environment and competition for deposits, which was partially offset by the expansion of underlying asset margins. The impact of the new internal Funds Transfer Pricing mechanism (see pages 84 for details), whilst broadly neutral in its effect on the net interest margin across GRB, resulted in relatively higher liability margins and lower asset margins.

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

UK Retail Banking

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

Group Finance Director's Review

Barclaycard

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

Western Europe Retail Banking

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

Barclays Africa

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

Business Performance - Corporate and Investment Banking, and Barclays Wealth

Barclays Capital

profit before tax increased to £3,400m (2009: £1,047m). Excluding a gain on own credit, profit before tax grew 31% to £2,549m. Total income increased to £7,912m up 30% (2009: £6,089m). This reflected a substantial reduction in losses taken through income relating to credit market exposures which fell to £65m (2009: £3,507m) and a gain relating to own credit of £851m (2009: loss of £893m). Top-line income, which excludes these items, was £7,126m down 32% on the exceptionally strong prior year performance. Fixed Income, Currency and Commodities top-line income of £4,948m declined 40%, reflecting lower contributions from rates and commodities. Equities and Prime Services top-line income of £1,056m declined 18%, as growth in cash equities was more than offset by subdued market activity in European equity derivatives. Investment Banking revenues of £1,017m declined 6%.

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

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

Barclays Corporate

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

Barclays Wealth

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

Group Finance Director's Review

Investment Management

profit before tax of £31m (2009: £37m) principally reflected dividend income from the 19.9% holding in BlackRock, Inc. Total assets as at 30th June 2010 of £3,604m reflected the fair value of the 37.567m shares held in BlackRock, Inc. (31st December 2009: £5,406m).

Business Performance - Absa

Absa Group Limited reported profit before tax of R5,617m (2009: R4,757m), an increase of 18%. In Barclays segmental reporting, the results of the Absa credit card business are included in

Barclaycard,
the investment banking operations in
Barclays Capital
and wealth operations in
Barclays Wealth
. The other operations of Absa Group Limited are reported in the
Absa
segment.
Absa
profit before tax increased 23% to £318m (2009: £259m), driven by the appreciation in the average value of the Rand against Sterling. The impact of exchange rate movements also impacted operating expenses, which increased 19%, and impairment charges, which decreased 4%. Impairment charges in local currency improved by 18% reflecting a moderation in economic conditions.

Business Performance - Head Office Functions and Other Operations

Head Office Functions and Other Operations
loss before tax was £421m (2009: profit £330m). This decrease resulted from the non recurrence of net gains on debt extinguishment of £1,109m in 2009 and a provision of £194m in relation to the possible resolution of Barclays compliance with US economic sanctions. These were partially offset by increased net interest income in 2010 due to reduced costs of central funding activity as money market dislocations eased and a reclassification of profit from the currency translation reserve to the income statement.

Balance Sheet and Capital Management

Shareholders' Equity

Shareholders' equity, including non-controlling interests, increased 4% to £61.1bn in 2010 driven by profit after tax of £2.9bn and the exercise of warrants. Net asset value per share was 412p (31st December 2009: 414p). Net tangible asset value per share was broadly flat at 338p (31st December 2009: 337p).

Balance Sheet

Total assets increased by £208bn to £1,587bn in 2010. Loans and advances increased by £33bn largely in Barclays Capital, UK Retail Banking and Barclays Wealth. Gross new lending to UK households and businesses amounted to £18bn during the first half and the acquisition of Standard Life Bank added a further £7bn. Derivative assets increased £88bn, largely reflecting an increase in the interest rate derivative asset balances resulting from decreases in major forward curves. Balances attributable to derivative assets and liabilities would have been £461bn lower (31st December 2009: £374bn lower) than reported under IFRS if, as under US GAAP, netting were permitted for assets and liabilities with the same counterparty or for which the Group holds cash collateral. Excluding this, assets under management on the balance sheet, settlement balances, goodwill and intangible assets, adjusted total tangible assets were £1,063bn at 30th June 2010 (31st December 2009: £969bn). Adjusted gross leverage on this basis, being the multiple of adjusted total tangible assets over total qualifying Tier 1 capital, was 20x as at 30th June 2010 (31st December 2009: 20x) and moved in the range of 20x to 24x during 2010, reflecting fluctuations in normal trading activities.

Capital Management

At 30th June 2010, on a Basel II basis, the Group's Core Tier 1 ratio was 10.0% (31st December 2009: 10.0%) and the Tier 1 ratio was 13.2% (31st December 2009: 13.0%). Risk weighted assets increased 3% to £395bn in the first half of 2010. Changes in regulatory methodologies accounted for £14bn of this increase in risk weighted assets and foreign exchange movements accounted for a further increase of £7bn. These increases were partially offset by a managed reduction of Risk Weighted Assets of £12bn. The exercise of warrants in February 2010 generated shareholders' equity of £1.2bn and attributable profit accounted for a further increase of £2.3bn over the period. The adverse movement in the fair value of the Group's holding in BlackRock, Inc. resulted in an adverse impact of 48bps in the Core Tier 1 ratio.

Group Finance Director's Review

Liquidity and Funding

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

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

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

Dividends

It is our policy to declare and pay dividends on a quarterly basis. We will pay an interim cash dividend for the second quarter of 2010 of 1p per share on 10th September 2010 giving a declared dividend for the first half of 2010 of 2p per share.

Outlook

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

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

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

Chris Lucas, Group Finance Director

Condensed Consolidated Financial Statements (Unaudited)

Condensed Consolidated Interim Income Statement (Unaudited)

Continuing Operations	Notes[1]	**Half Year Ended 30.06.10** £m	**Half Year Ended 31.12.09** £m	**Half Year Ended 30.06.09** £m
Net interest income	1	5,969	6,196	5,722
Net fee and commission income	2	4,194	4,291	4,127
Net trading income	3	5,633	2,883	4,118
Net investment income/(loss)	4	529	185	(129)
Net premiums from insurance contracts	5	582	570	602
Other income	6	89	90	1,299
Total income		**16,996**	**14,215**	**15,739**
Net claims and benefits incurred on insurance contracts	7	(415)	(410)	(421)
Total income net of insurance claims		**16,581**	**13,805**	**15,318**

Impairment charges and other credit provisions	8	(3,080)	(3,515)	(4,556)
Net income		**13,501**	**10,290**	**10,762**
Staff costs	9	(5,812)	(5,133)	(4,815)
Administration and general expenses		(3,276)	(2,932)	(2,629)
Depreciation of property, plant and equipment		(408)	(380)	(379)
Amortisation of intangible assets		(224)	(219)	(228)
Operating expenses	9	**(9,720)**	**(8,664)**	**(8,051)**
Share of post-tax results of associates and joint ventures	10	33	21	13
Profit on disposal of subsidiaries, associates and joint ventures	11	4	167	21
Gains on acquisitions	16	129	26	-
Profit before tax from continuing operations		**3,947**	**1,840**	**2,745**
Tax on continuing operations	12	(1,026)	(542)	(532)
Profit after tax from continuing operations		**2,921**	**1,298**	**2,213**
Profit after tax from discontinued operations including gain on disposal	32	-	6,652	125
Net profit for the period		**2,921**	**7,950**	**2,338**
Attributable to:				
Non-controlling interests	13	490	445	450
Equity holders of the parent		2,431	7,505	1,888
		2,921	**7,950**	**2,338**
Earnings per Share				
Basic earnings per ordinary share from continuing operations	14	20.9p	7.9p	16.4p
Basic earnings per ordinary share from discontinued operations	14	-	60.8p	1.1p
		20.9p	**68.7p**	**17.5p**
Diluted earnings per ordinary share from continuing operations	14	19.7p	7.3p	16.0p
Diluted earnings per ordinary share from discontinued operations	14	-	57.2p	1.1p
		19.7p	**64.5p**	**17.1p**

1 The notes on pages 89 to 112 form an integral part of the condensed consolidated interim financial statements.

Condensed Consolidated Financial Statements (Unaudited)

Condensed Consolidated Interim Statement of Comprehensive Income (Unaudited)

	Half Year Ended	Half Year Ended	Half Year Ended

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

1 The notes on pages 89 to 112 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Financial Statements (Unaudited)

Condensed Consolidated Interim Balance Sheet (Unaudited)

		As at	As at	As at
Assets		**30.06.10**	**31.12.09**	**30.06.09**
	Notes[1]	£m	£m	£m
Cash and balances at central banks		103,928	81,483	21,423
Items in the course of collection from other banks		961	1,593	1,995
Trading portfolio assets		167,029	151,344	153,973
Financial assets designated at fair value		42,764	42,568	45,301
Derivative financial instruments	17	505,210	416,815	556,045
Loans and advances to banks	20	45,924	41,135	52,944
Loans and advances to customers	21	448,266	420,224	411,804
Available for sale financial investments		52,674	56,483	66,716
Reverse repurchase agreements and cash collateral on securities borrowed		197,050	143,431	144,978
Current and deferred tax assets		2,187	2,652	2,953
Investments in associates and joint ventures		406	422	284
Goodwill and intangible assets		8,824	8,795	9,732

Property, plant and equipment		5,738	5,626	4,138
Other assets		6,185	6,358	6,660
Assets of disposal group		-	-	66,392
Total assets		**1,587,146**	**1,378,929**	**1,545,338**
Liabilities				
Deposits from banks		94,304	76,446	105,776
Items in the course of collection due to other banks		1,500	1,466	2,060
Customer accounts		360,980	322,429	319,101
Trading portfolio liabilities		71,752	51,252	44,737
Financial liabilities designated at fair value		87,229	86,202	64,521
Liabilities to customers under investment contracts		1,786	1,679	1,881
Derivative financial instruments	17	486,261	403,416	534,966
Debt securities in issue		151,728	135,902	142,263
Repurchase agreements and cash collateral on securities lent		227,706	198,781	175,077
Current and deferred tax liabilities		1,491	1,462	1,607
Insurance contract liabilities, including unit-linked liabilities		2,168	2,140	2,032
Subordinated liabilities	23	25,929	25,816	25,269
Provisions	24	807	590	481
Retirement benefit liabilities	25	788	769	1,523
Other liabilities		11,644	12,101	10,745
Liabilities of disposal group		-	-	64,612
Total liabilities		**1,526,073**	**1,320,451**	**1,496,651**
Shareholders' Equity				
Called up share capital	26	3,011	2,853	2,757
Share premium account		9,053	7,951	7,282
Other reserves		2,212	2,768	1,693
Retained earnings		36,053	33,845	26,121
Less: treasury shares		(738)	(140)	(154)
Shareholders' equity excluding non-controlling interests		**49,591**	**47,277**	**37,699**
Non-controlling interests		11,482	11,201	10,988
Total shareholders' equity		**61,073**	**58,478**	**48,687**
Total liabilities and shareholders' equity		**1,587,146**	**1,378,929**	**1,545,338**

1 The notes on pages 89 to 112 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Financial Statements (Unaudited)

Condensed Consolidated Interim Statement of Changes in Equity (Unaudited)

Half Year Ended 30.06.10	**Share Capital and Share**	**Other Reserves[2]**	**Retained Earnings**	**Total**	**Non-controlling Interests**	**Total Equity**

	Premium[1]					
	£m	£m	£m	£m	£m	£m
Balance at 1st January 2010	**10,804**	**2,628**	**33,845**	**47,277**	**11,201**	**58,478**
Net profit for the period	-	-	2,431	2,431	490	2,921
Other comprehensive income:						
Currency translation movements	-	935	-	935	119	1,054
Available-for-sale financial assets	-	(1,905)	-	(1,905)	1	(1,904)
Cash flow hedges	-	694	-	694	36	730
Tax relating to components of other comprehensive income	-	(279)	4	(275)	16	(259)
Total comprehensive income	**-**	**(555)**	**2,435**	**1,880**	**662**	**2,542**
Issue of new ordinary shares	1,240	-	-	1,240	-	1,240
Issue of shares under employee share schemes	20	-	405	425	-	425
Net purchase of treasury shares	-	(932)	-	(932)	-	(932)
Transfers	-	334	(334)	-	-	-
Dividends	-	-	(294)	(294)	(372)	(666)
Other	-	(1)	(4)	(5)	(9)	(14)
Balance at 30th June 2010	**12,064**	**1,474**	**36,053**	**49,591**	**11,482**	**61,073**
Half Year Ended 31.12.09						
Balance at 1st July 2009	**10,039**	**1,539**	**26,121**	**37,699**	**10,988**	**48,687**
Net profit for the period	-	-	7,505	7,505	445	7,950
Other comprehensive income:						
Currency translation movements	-	504	-	504	157	661
Available-for-sale financial assets	-	672	-	672	(1)	671
Cash flow hedges	-	3	-	3	(5)	(2)
Other	-	-	20	20	-	20
Tax relating to components of other comprehensive income	-	(176)	170	(6)	24	18
Other comprehensive income net of tax from discontinued operations	-	70	9	79	-	79
Total comprehensive income	**-**	**1,073**	**7,704**	**8,777**	**620**	**9,397**
Issue of new ordinary shares	749	-	-	749	-	749
Issue of shares under employee share schemes	16	-	98	114	-	114
Net purchase of treasury shares	-	(17)	-	(17)	-	(17)
Transfers	-	31	(31)	-	-	-
Dividends	-	-	(113)	(113)	(414)	(527)
	-	-	-	-	(40)	(40)

Net decrease in non-controlling interest arising on acquisitions, disposals and capital issuances						
Other	-	2	66	68	47	115
Balance at 31st December 2009	**10,804**	**2,628**	**33,845**	**47,277**	**11,201**	**58,478**

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

Condensed Consolidated Financial Statements (Unaudited)

Condensed Consolidated Interim Statement of Changes in Equity (Unaudited)

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

on acquisitions, disposals and capital issuances						
Conversion of Mandatorily Convertible Notes	3,882	(3,652)	(230)	-	-	-
Other	-	(2)	115	113	22	135
Balance at 30th June 2009	**10,039**	**1,539**	**26,121**	**37,699**	**10,988**	**48,687**

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

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

Condensed Consolidated Financial Statements (Unaudited)

Condensed Consolidated Interim Cash Flow Statement (Unaudited)

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

Group Results Summary

Set out below is a summary of the Group's results by quarter from 1st January 2009:

Group Results	**Q210**	**Q110**	**Q409**	**Q309**	**Q209**	**Q109**
	£m	£m	£m	£m	£m	£m
Top-line income	7,678	8,117	7,453	8,189	10,419	9,299

Credit market (losses)/income	(115)	50	(166)	(744)	(1,648)	(1,859)
Own credit gain/(charge)	953	(102)	(522)	(405)	(1,172)	279
Total income net of insurance claims	**8,516**	**8,065**	**6,765**	**7,040**	**7,599**	**7,719**
Impairment charges and other credit provisions	(1,452)	(1,317)	(1,612)	(1,404)	(1,831)	(1,555)
Credit market writedowns - impairment charges	(120)	(191)	(245)	(254)	(416)	(754)
Impairment charges	**(1,572)**	**(1,508)**	**(1,857)**	**(1,658)**	**(2,247)**	**(2,309)**
Net Income	**6,944**	**6,557**	**4,908**	**5,382**	**5,352**	**5,410**
Operating expenses	(4,868)	(4,852)	(4,482)	(4,182)	(3,888)	(4,163)
Share of post tax results of associates & JVs	18	15	16	5	24	(11)
Profit on disposal of subsidiaries, associates & JVs	4	-	10	157	19	2
Gains/(losses) on acquisitions	29	100	26	-	(1)	1
Profit before tax	**2,127**	**1,820**	**478**	**1,362**	**1,506**	**1,239**
Profit after tax	**1,611**	**1,310**	**350**	**948**	**1,246**	**967**
Cost:income ratio	57%	60%	66%	59%	51%	54%
Cost:net income ratio	70%	74%	91%	78%	73%	77%
Basic earnings per share from continuing operations	11.6p	9.3p	1.1p	6.6p	9.5p	6.9p
Profit before tax	**2,127**	**1,820**	**478**	**1,362**	**1,506**	**1,239**
Own credit (gain)/charge	(953)	102	522	405	1,172	(279)
Gains on acquisitions and profits on disposals of subsidiaries, associates & JVs	(33)	(100)	(36)	(157)	(18)	(3)
Gains on debt buy-backs	-	-	-	(57)	(1,192)	-
Adjusted profit before tax	**1,141**	**1,822**	**964**	**1,553**	**1,468**	**957**

Set out below is a summary of Barclays Capital's results by quarter from 1st January 2009:

Barclays Capital Results	**Q210**	**Q110**	**Q409**	**Q309**	**Q209**	**Q109**
	£m	£m	£m	£m	£m	£m
Fixed Income, Currency and Commodities	2,253	2,695	2,711	2,714	3,883	4,344
Equities and Prime Services	563	493	334	545	748	538
Investment Banking	461	556	643	459	751	335
Principal Investments	4	101	(46)	13	(107)	(3)
Top-line income	**3,281**	**3,845**	**3,642**	**3,731**	**5,275**	**5,214**
Credit market (losses)/income	(115)	50	(166)	(744)	(1,648)	(1,859)
Own credit gain/(charge)	953	(102)	(522)	(405)	(1,172)	279
Total income	**4,119**	**3,793**	**2,954**	**2,582**	**2,455**	**3,634**
Impairment charges and other credit provisions	(41)	(268)	(371)	(346)	(806)	(1,068)
Net income	**4,078**	**3,525**	**2,583**	**2,236**	**1,649**	**2,566**
Operating expenses	(2,154)	(2,059)	(1,552)	(1,864)	(1,529)	(1,647)
Share of post tax results of associates & JVs	7	3	17	(3)	20	(12)
Profit before tax	**1,931**	**1,469**	**1,048**	**369**	**140**	**907**
Profit before tax (excluding own credit)	978	1,571	1,570	774	1,312	628

Cost:income ratio	52%	54%	53%	72%	62%	45%
Cost:net income ratio	53%	58%	60%	83%	93%	64%

Results by Business

UK Retail Banking

Income Statement Information	**Half Year Ended 30.06.10**	**Half Year Ended 31.12.09**	**Half Year Ended 30.06.09**
	£m	£m	£m
Net interest income	1,493	1,417	1,425
Net fee and commission income	624	651	648
Net premiums from insurance contracts	73	91	107
Other (loss)/income	-	(1)	6
Total income	**2,190**	**2,158**	**2,186**
Net claims and benefits incurred under insurance contracts	(19)	(33)	(35)
Total income net of insurance claims	**2,171**	**2,125**	**2,151**
Impairment charges and other credit provisions	(447)	(510)	(521)
Net income	**1,724**	**1,615**	**1,630**
Operating expenses excluding amortisation of intangible assets	(1,301)	(1,197)	(1,299)
Amortisation of intangible assets	(21)	(22)	(20)
Operating expenses	**(1,322)**	**(1,219)**	**(1,319)**
Share of post-tax results of associates and joint ventures	2	1	2
Gains on acquisition	100	-	-
Profit before tax	**504**	**397**	**313**
Balance Sheet Information			
Loans and advances to customers at amortised cost	£113.9bn	£103.0bn	£100.3bn
Customer accounts	£106.3bn	£96.8bn	£96.0bn
Total assets	£119.3bn	£109.3bn	£106.9bn
Risk weighted assets	£35.6bn	£35.9bn	£35.3bn
Performance Measures			
Return on average equity	11%	9%	8%
Return on average tangible equity	22%	18%	16%
Return on average risk weighted assets	2.1%	1.6%	1.4%
Loan loss rate (bps)	77	97	102
3 month arrears rates - UK loans	2.38%	2.74%	2.71%
Cost:income ratio	61%	57%	61%
Cost:net income ratio	77%	75%	81%
Economic profit/(loss)	£124m	£31m	(£38m)

Key Facts			
Number of UK current accounts	11.4m	11.2m	11.4m
Number of UK savings accounts[1]	14.1m	13.2m	13.0m
Number of UK mortgage accounts[1]	913,000	834,000	824,000
LTV of mortgage portfolio[1]	42%	43%	44%
LTV of new mortgage lending[1]	51%	48%	46%
Number of Barclays Business customers	760,000	742,000	728,000
Number of branches	1,674	1,698	1,720
Number of ATMs	3,343	3,394	3,414

1 *Number of saving and mortgage and LTV figures include the impact of Standard Life Bank.*

Results by Business

UK Retail Banking

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

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

Net interest income increased 5% (£68m) to £1,493m (2009: £1,425m) driven by business growth and the acquisition of Standard Life Bank which more than offset continued margin compression. Net interest margin for UK Retail Banking reduced to 139bps (2009: 148bps). Total average customer deposit balances increased 11% to £103.5bn (2009: £93.0bn), reflecting good growth in personal customer balances and the impact of Standard Life Bank. The average liabilities margin increased to 161bps (2009: 128bps) reflecting the impact of the revised internal Funds Transfer Pricing mechanism. Total customer account balances increased £9.5bn to £106.3bn (31st December 2009: £96.8bn).

Total average customer asset balances increased 12% to £112.5bn (2009: £100.9bn), reflecting good growth in Home Finance mortgage balances and the acquisition of Standard Life Bank. The average assets margin decreased to 117bps (2009: 151bps) reflecting the impact of the revised internal Funds Transfer Pricing mechanism. Total loans and advances to customers increased £10.9bn to £113.9bn (31st December 2009: £103.0bn), of which £6.7bn is due to the acquisition of Standard Life Bank.

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

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

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

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

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

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

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

Results by Business

Barclaycard

Income Statement Information	**Half Year Ended 30.06.10**	**Half Year Ended 31.12.09**	**Half Year Ended 30.06.09**
	£m	£m	£m
Net interest income	1,369	1,366	1,357
Net fee and commission income	569	651	620
Net trading (loss)/income	(4)	(2)	1
Net investment income	10	3	20
Net premiums from insurance contracts	19	23	21
Other income	2	-	1
Total income	**1,965**	**2,041**	**2,020**
Net claims and benefits incurred under insurance contracts	(7)	(9)	(11)
Total income net of insurance claims	**1,958**	**2,032**	**2,009**
Impairment charges and other credit provisions	(890)	(883)	(915)
Net income	**1,068**	**1,149**	**1,094**
Operating expenses excluding amortisation of intangible assets	(721)	(758)	(687)
Amortisation of intangible assets	(43)	(45)	(37)
Operating expenses	**(764)**	**(803)**	**(724)**
Share of post-tax results of associates and joint ventures	13	6	2
Profit on disposal of subsidiaries, associates and joint ventures	-	-	3
Profit before tax	**317**	**352**	**375**
Balance Sheet Information			
Loans and advances to customers at amortised cost	£26.3bn	£26.5bn	£26.0bn
Total assets	£31.1bn	£30.3bn	£29.6bn
Risk weighted assets	£32.2bn	£30.6bn	£26.9bn

Performance Measures

Return on average equity	10%	13%	15%
Return on average tangible equity	14%	19%	22%
Return on average risk weighted assets	1.4%	1.7%	1.9%
Loan loss rate (bps)	596	593	636
3 month arrears rates - UK cards	1.62%	1.79%	2.09%
3 month arrears rates - US cards	2.90%	3.31%	3.17%
Cost:income ratio	39%	40%	36%
Cost:net income ratio	72%	70%	66%
Economic (loss)/profit	(£20m)	(£10m)	£28m
Key Facts			
Number of Barclaycard UK customers	11.1m	10.4m	11.9m
Number of Barclaycard International customers	10.5m	10.8m	11.7m
Total number of Barclaycard customers	**21.6m**	**21.2m**	**23.6m**
UK credit cards - average outstanding balances	£10.6bn	£10.9bn	£10.8bn
International - average outstanding balances	£9.8bn	£9.6bn	£9.9bn
Total - average outstanding balances	**£20.4bn**	**£20.5bn**	**£20.7bn**
UK credit cards - average extended credit balances	£8.6bn	£8.5bn	£8.5bn
International - average extended credit balances	£7.8bn	£7.8bn	£8.0bn
Total - average extended credit balances	**£16.4bn**	**£16.3bn**	**£16.5bn**
Loans - average outstanding balances	£5.6bn	£5.9bn	£6.0bn
Number of retailer relationships	85,000	87,000	88,000

Results by Business

Barclaycard

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

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

Net interest income increased 1% (£12m) to £1,369m (2009: £1,357m) reflecting modest growth in UK consumer card extended credit balances, up 1% to £8.6bn (2009: £8.5bn), the appreciation of the average value of the Rand against Sterling and growth in other portfolios, partially offset by lower net interest income due to the impact of the US Credit Card Act and the continued attrition of the FirstPlus portfolio. The asset margin remained stable at 906bps and the net interest margin fell to 962bps (2009: 979bps).

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

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

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

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

Period end total assets increased 3% to £31.1bn (2009: £30.3bn) reflecting the appreciation in the US Dollar against Sterling.
Risk weighted assets increased 5% (£1.6bn) to £32.2bn (2009: £30.6bn) reflecting lower securitisation relief and the appreciation in the US Dollar against Sterling. Return on average risk weighted assets decreased to 1.4% (full year 2009: 1.8%).

Results by Business

Western Europe Retail Banking

Income Statement Information	**Half Year Ended 30.06.10**	**Half Year Ended 31.12.09**	**Half Year Ended 30.06.09**
	£m	£m	£m
Net interest income	335	405	463
Net fee and commission income	214	181	171
Net trading income	7	10	4
Net investment income	36	56	62
Net premiums from insurance contracts	262	255	289
Other income/(loss)	24	1	(7)
Total income	**878**	**908**	**982**
Net claims and benefits incurred under insurance contracts	(276)	(272)	(300)
Total income net of insurance claims	**602**	**636**	**682**
Impairment charges and other credit provisions	(133)	(190)	(148)
Net income	**469**	**446**	**534**
Operating expenses excluding amortisation of intangible assets	(481)	(433)	(432)
Amortisation of intangible assets	(14)	(12)	(10)
Operating expenses	**(495)**	**(445)**	**(442)**
Share of post-tax results of associates and joint ventures	7	4	-
Profit on disposal of subsidiaries, associates and joint ventures	-	157	-
Gains on acquisition	29	26	-
Profit before tax	**10**	**188**	**92**
Balance Sheet Information			
Loans and advances to customers at amortised cost	£39.9bn	£41.1bn	£36.0bn
Customer accounts	£17.1bn	£17.6bn	£12.7bn
Total assets	£49.0bn	£51.0bn	£45.2bn
Risk weighted assets	£15.9bn	£16.8bn	£14.6bn
Performance Measures			
Return on average equity[1]	10%	15%	5%
Return on average tangible equity[1]	15%	21%	7%
Return on average risk weighted assets[1]	1.5%	1.9%	0.6%
Loan loss rate (bps)	65	89	81
Cost:income ratio	82%	70%	65%

Cost:net income ratio	106%	100%	83%
Economic profit/(loss)[1]	£23m	£59m	(£46m)
Key Facts			
Number of customers	2.7m	2.4m	2.1m
Number of branches	1,111	1,094	998
Number of sales centres	211	168	178
Number of distribution points	**1,322**	**1,262**	**1,176**

1 Return on average equity, return on average tangible equity, return on average risk weighted assets and economic profit/(loss) reflects a deferred tax benefit of £112m.

Results by Business

Western Europe Retail Banking

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

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

Net interest income fell by 28% (£128m) to £335m (2009: £463m), mainly reflecting a decline in treasury interest income and continued underlying liability margin compression. As a result, the net interest margin reduced to 115bps (2009: 188bps). Average customer accounts increased 52% and average loans and advances increased 7%. Net interest income benefited from growth in credit cards. Customer assets margin remained broadly steady at 127bps (2009: 128bps) as the effect of repricing initiatives was offset by higher costs resulting from the new internal Funds Transfer Pricing mechanism. Customer liability margins fell to 49bps (2009: 59bps) reflecting the cost of acquiring deposits in a highly competitive environment, which more than offset the benefits from the new internal Funds Transfer Pricing mechanism.

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

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

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

Operating expenses increased 12% (£53m) to £495m (2009: £442m). This reflected continued investment in developing the franchise and pursuing strategic priorities: further penetration of the mass affluent market, which has resulted in higher Euro customer account balances; selective expansion of the distribution network, with 60 new distribution points opened in the first half of the year and; further development of the

credit card network across the region, including the acquisition of Citigroup's credit card business in Italy in March 2010 and integration of the credit card business acquired in Portugal from Citigroup in late 2009. Underlying costs continue to be tightly controlled.
The £29m gain on acquisition was generated on the purchase of the Citigroup card business in Italy in March 2010. This resulted in the addition of approximately 200,000 customers and loans and advances to customers of £0.2bn.
Period end loans and advances to customers in Euro increased 4% to €48.6bn (2009: €46.6bn), reflecting continued growth in the business. Customer accounts in Euro increased 5% to €20.9bn (31st December 2009: €20.0bn) reflecting a continued focus on growing deposit balances. Period end asset and liability balances in Sterling were affected by the 8% decline in the value of Euro against Sterling since 31st December 2009. Accordingly, in Sterling terms, loans and advances to customers decreased 3% and customer accounts decreased 3%. Risk weighted assets decreased 5% to £15.9bn (2009: £16.8bn) largely reflecting the reductions in loans and advances to customers.

Results by Business

Barclays Africa

	Half Year Ended	Half Year Ended	Half Year Ended
Income Statement Information	**30.06.10**	**31.12.09**	**30.06.09**
	£m	£m	£m
Net interest income	270	251	247
Net fee and commission income	95	89	89
Net trading income	38	27	27
Net investment (loss)/income	(1)	6	1
Other income	1	1	1
Total income	**403**	**374**	**365**
Impairment charges and other credit provisions	(48)	(58)	(63)
Net income	**355**	**316**	**302**
Operating expenses excluding amortisation of intangible assets	(282)	(281)	(252)
Amortisation of intangible assets	(3)	(3)	(2)
Operating expenses	**(285)**	**(284)**	**(254)**
Profit on disposal of subsidiaries, associates and joint ventures	-	7	17
Profit before tax	**70**	**39**	**65**
Balance Sheet Information			
Loans and advances to customers at amortised cost	£3.9bn	£3.9bn	£3.9bn
Customer accounts	£6.8bn	£6.4bn	£5.9bn
Total assets	£7.9bn	£7.9bn	£7.1bn
Risk weighted assets	£7.8bn	£7.6bn	£6.8bn
Performance Measures			
Return on average equity	13%	14%	2%
Return on average tangible equity	14%	16%	2%
Return on average risk weighted assets	1.5%	1.6%	0.4%
Loan loss rate (bps)	200	242	270

Cost:income ratio	71%	76%	70%
Cost:net income ratio	80%	90%	84%
Economic loss	(£8m)	(£5m)	(£48m)
Key Facts			
Number of customers	2.7m	2.8m	2.8m
Number of branches	488	490	491
Number of sales centres	57	83	165
Number of distribution points	**545**	**573**	**656**

Results by Business

Barclays Africa

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

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

Net interest income increased 9% (£23m) to £270m (2009: £247m) and the net interest margin increased to 506bps (2009: 446bps). The assets margin improved 241bps to 713bps primarily driven by a reduction in funding costs and changes in business mix. The liabilities margin decreased 32bps to 260bps due to margin compression.

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

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

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

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

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

Results by Business

Barclays Capital

Income Statement Information	**Half Year Ended 30.06.10**	**Half Year Ended 31.12.09**	**Half Year Ended 30.06.09**
	£m	£m	£m
Net interest income	357	770	828

Net fee and commission income	1,516	1,454	1,547
Net trading income	5,560	3,205	3,980
Net investment income/(loss)	479	101	(265)
Other income/(loss)	-	6	(1)
Total income	**7,912**	**5,536**	**6,089**
Impairment charges and other credit provisions	(309)	(717)	(1,874)
Net income	**7,603**	**4,819**	**4,215**
Operating expenses excluding amortisation of intangible assets	(4,135)	(3,333)	(3,073)
Amortisation of intangible assets	(78)	(83)	(103)
Operating expenses	**(4,213)**	**(3,416)**	**(3,176)**
Share of post-tax results of associates and joint ventures	10	14	8
Profit before tax	**3,400**	**1,417**	**1,047**
Profit before tax (excluding own credit)	2,549	2,344	1,940
Balance Sheet Information			
Loans and advances to banks and customers at amortised cost	£188.1bn	£162.6bn	£173.5bn
Total assets	£1,212.4bn	£1,019.1bn	£1,133.7bn
Assets contributing to adjusted gross leverage	£697.6bn	£618.2bn	£591.1bn
Risk weighted assets	£194.3bn	£181.1bn	£209.8bn
Liquidity pool	£160bn	£127bn	£88bn
Performance Measures			
Return on average equity[1]	21%	11%	6%
Return on average tangible equity[1]	22%	12%	7%
Return on average risk weighted assets[1]	2.2%	1.0%	0.6%
Loan loss rate (bps)	34	80	140
Cost:income ratio	53%	62%	52%
Cost:net income ratio	55%	71%	75%
Cost:net income (excluding own credit) ratio	62%	59%	62%
Compensation:income ratio	37%	41%	35%
Economic profit/(loss)	£1,412m	£289m	(£94m)
Other Financial Measures			
Average DVaR (95%)	£57m	£66m	£87m
Average income per employee (000s)	£325	£243	£272

1 *Includes own credit gains/(losses).*

Results by Business

Barclays Capital

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

Analysis of Total Income	**Half Year Ended 30.06.10**	**Half Year Ended 31.12.09**	**Half Year Ended 30.06.09**
	£m	£m	£m
Fixed Income, Currency and Commodities	4,948	5,425	8,227
Equities and Prime Services	1,056	879	1,286
Investment Banking	1,017	1,102	1,086
Principal Investments	105	(33)	(110)
Top-line income	**7,126**	**7,373**	**10,489**
Credit market losses in income	(65)	(910)	(3,507)
Total income (excluding own credit)	**7,061**	**6,463**	**6,982**
Own credit	851	(927)	(893)
Total income	**7,912**	**5,536**	**6,089**

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

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

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

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

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

Impairment charges of £309m (2009: £1,874m) reflected credit market impairment of £311m (2009: £1,170m), as discussed on page 68. Non credit market related impairment was a release of £2m (2009: charge of £704m).

Operating expenses increased 33% to £4,213m (2009: £3,176m), broadly in line with net income excluding own credit, reflecting the continuing build-out of Equities and Investment Banking, investment in infrastructure, increased charges relating to prior year compensation deferrals and consolidation of entities due to holdings arising from debt restructuring. Compensation costs represented 37% (full year 2009: 38%) of income. Cost:net income (excluding own credit) ratio was 62% (2009: 62%), which is within the 60-65% long term range that is targeted for the business.

Total assets increased 19% to £1,212bn (31st December 2009: £1,019bn), reflecting an increase in interest rate derivative assets resulting from decreases in major forward curves, increased reverse repurchase trading and an increased holding in the liquidity pool, which Barclays Capital manages on behalf of the Group. Foreign exchange movements contributed 13% of the total increase. The above contributed to an overall increase of 13% in the adjusted gross leverage assets to £698bn (31st December 2009: £618bn).

Risk weighted assets increased 7% to £194bn (31st December 2009: £181bn). Increases in the first quarter, primarily driven by prescribed regulatory changes of £15bn, increases in business activity of £8bn and foreign exchange rate movements of £8bn were partially offset by the reduction in business activity in

the second quarter of £18bn.
Average DVaR decreased £30m to £57m (2009: £87m), due to lower client activity in the second quarter.
Spot DVaR at 30th June 2010 of £43m reduced by £12m (31st December 2009: £55m).

Results by Business

Barclays Corporate

Income Statement Information	**Half Year Ended 30.06.10**	**Half Year Ended 31.12.09**	**Half Year Ended 30.06.09**
	£m	£m	£m
Net interest income	939	1,042	1,041
Net fee and commission income	464	494	508
Net trading income/(loss)	27	25	(7)
Net investment loss	(33)	(22)	(24)
Other income	4	4	120
Total income	**1,401**	**1,543**	**1,638**
Impairment charges and other credit provisions	(949)	(840)	(718)
Net income	**452**	**703**	**920**
Operating expenses excluding amortisation of intangible assets	(806)	(680)	(750)
Amortisation of intangible assets	(23)	(18)	(18)
Operating expenses	**(829)**	**(698)**	**(768)**
(Loss)/profit before tax	**(377)**	**5**	**152**
Balance Sheet Information			
Loans and advances to customers at amortised cost	£66.8bn	£70.7bn	£74.8bn
Loans and advances to customers at fair value	£14.4bn	£13.1bn	£12.0bn
Customer accounts	£68.4bn	£66.3bn	£57.8bn
Total assets	£86.9bn	£88.8bn	£92.3bn
Risk weighted assets	£72.7bn	£76.9bn	£77.9bn
Performance Measures			
Return on average equity	(12%)	-	4%
Return on average tangible equity	(13%)	-	4%
Return on average risk weighted assets	(1.2%)	-	0.3%
Loan loss rate (bps)	240	229	184
Cost:income ratio	59%	45%	47%
Cost:net income ratio	183%	99%	83%
Economic loss	(£760m)	(£332m)	(£200m)

Results by Business

Barclays Corporate

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

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

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

Net interest income fell 10% (£102m) to £939m (2009: £1,041m) reflecting lower treasury management income and higher funding charges in Continental Europe and New Markets. UK & Ireland net interest income was broadly flat, with reduced lending demand and higher funding costs mostly offset by higher deposit income driven by deposit balance growth. The net interest margin decreased 21bps to 145bps (2009: 166bps).

Total average lending fell 9% (£7.2bn) to £70.9bn (2009: £78.1bn) and UK new term lending was more than offset by reduced utilisation of overdraft facilities and reduced demand in asset based lending in the UK, along with tighter underwriting criteria outside the UK. The asset margin which excludes treasury management income decreased 25bps to 141bps reflecting the impact of changes to the new internal Funds Transfer Pricing mechanism. There was strong growth in total average deposits, which grew 24% (£11.4bn) to £59.8bn, with the majority arising in the UK as a result of a significant increase in current accounts and managed and currency deposits benefiting from ongoing cash management initiatives. As a result the gap between loans and deposits in UK & Ireland closed substantially. Deposit margins grew 5bps to 115bps reflecting the benefit of the new internal Funds Transfer Pricing mechanism which gives higher returns to behaviourally long-term deposits.

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

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

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

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

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

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

Results by Business

Barclays Corporate
Half Year Ended 30th June 2010

Income Statement Information	**UK & Ireland**	**Continental Europe**	**New Markets**	**Total**
	£m	£m	£m	£m
Income	1,122	147	132	1,401
Impairment charges and other credit provisions	(280)	(586)	(83)	(949)
Operating expenses	(463)	(85)	(281)	(829)
Profit/(loss) before tax	**379**	**(524)**	**(232)**	**(377)**
Balance Sheet Information				
Loans and advances to customers at amortised cost	£52.8bn	£10.4bn	£3.6bn	£66.8bn
Loans and advances to customers at fair value	£14.4bn	-	-	£14.4bn
Customer accounts	£61.6bn	£4.4bn	£2.4bn	£68.4bn
Total assets	£69.5bn	£12.5bn	£4.9bn	£86.9bn
Half Year Ended 31st December 2009				
Income Statement Information				
Income	1,195	189	159	1,543
Impairment charges and other credit provisions	(464)	(165)	(211)	(840)
Operating expenses	(427)	(80)	(191)	(698)
Profit/(loss) before tax	**304**	**(56)**	**(243)**	**5**
Balance Sheet Information				
Loans and advances to customers at amortised cost	£55.6bn	£11.5bn	£3.6bn	£70.7bn
Loans and advances to customers at fair value	£13.1bn	-	-	£13.1bn
Customer accounts	£58.4bn	£5.6bn	£2.3bn	£66.3bn
Total assets	£71.3bn	£12.8bn	£4.7bn	£88.8bn
Half Year Ended 30th June 2009				
Income Statement Information				
Income	1,266	196	176	1,638
Impairment charges and other credit provisions	(415)	(143)	(160)	(718)
Operating expenses	(482)	(80)	(206)	(768)
Profit/(loss) before tax	**369**	**(27)**	**(190)**	**152**
Balance Sheet Information				
Loans and advances to customers at amortised cost	£58.2bn	£12.8bn	£3.8bn	£74.8bn
Loans and advances to customers at fair value	£12.0bn	-	-	£12.0bn
Customer accounts	£52.1bn	£3.7bn	£2.0bn	£57.8bn
Total assets	£73.1bn	£14.4bn	£4.8bn	£92.3bn

Results by Business

Barclays Wealth

Income Statement Information	Half Year Ended 30.06.10	Half Year Ended 31.12.09	Half Year Ended 30.06.09
	£m	£m	£m
Net interest income	308	257	246
Net fee and commission income	444	428	364
Net trading income/(loss)	2	(5)	12
Net investment income/(loss)	3	14	(1)
Other income	-	5	2
Total income	**757**	**699**	**623**
Impairment charges and other credit provisions	(27)	(30)	(21)
Net income	**730**	**669**	**602**
Operating expenses excluding amortisation of intangible assets	(621)	(591)	(514)
Amortisation of intangible assets	(14)	(10)	(14)
Operating expenses	**(635)**	**(601)**	**(528)**
Profit on disposal of subsidiaries, associates and joint ventures	-	-	1
Profit before tax	**95**	**68**	**75**
Balance Sheet Information			
Loans and advances to customers at amortised cost	£14.3bn	£13.0bn	£11.9bn
Customer accounts	£41.8bn	£38.4bn	£38.1bn
Total assets	£16.4bn	£14.9bn	£14.1bn
Risk weighted assets	£11.6bn	£11.4bn	£10.9bn
Performance Measures			
Return on average equity	11%	9%	9%
Return on average tangible equity	16%	14%	13%
Return on average risk weighted assets	1.4%	1.1%	1.1%
Loan loss rate (bps)	37	46	34
Cost:income ratio	84%	86%	85%
Economic profit	£50m	£29m	£17m
Other Financial Measures			
Average net income generated per member of staff (000s)	£99	£90	£78
Total client assets	£153.5bn	£151.2bn	£134.0bn

Results by Business

Barclays Wealth

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

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

Net interest income increased 25% (£62m) to £308m (2009: £246m). The increase in net interest income was principally due to changes in internal Funds Transfer Pricing which gives credit for the behaviourally long-term deposits held by Barclays Wealth. The net interest margin increased to 116bps (2009: 99bps). This reflects the increase in the liabilities margin from 80bps to 130bps as well as the reduction in the asset

margin from 113bps to 78bps. Customer accounts grew 9% to £41.8bn (31st December 2009: £38.4bn) and loans and advances to customers grew 10% to £14.3bn (31st December 2009: £13.0bn).
Net fee and commission income increased 22% (£80m) to £444m (2009: £364m) primarily driven by higher transactional activity with High Net Worth clients.
Impairment charges increased £6m to £27m (2009: £21m).
Operating expenses increased 20% (£107m) to £635m (2009: £528m). This was principally due to the impact of the growth in High Net Worth business revenues on staff and infrastructure costs and the start of Barclays Wealth's strategic investment programme. Expenditure in this programme was £33m in the first half of 2010 and is expected to increase to £80m for the second half. This programme is focused on hiring client facing staff to build productive capacity and investment in the facilities and technology required to develop our client experience.
Total client assets, comprising customer deposits and client investments were £153.5bn (2009: £151.2bn) with underlying net new asset inflows of £3bn. Risk weighted assets increased 2% to £11.6bn (2009: £11.4bn) reflecting growth in loans and advances and improved collateral coverage.

Results by Business

Investment Management

Income Statement Information	**Half Year Ended 30.06.10**	**Half Year Ended 31.12.09**	**Half Year Ended 30.06.09**
	£m	£m	£m
Net interest (expense)/income	(3)	-	10
Net fee and commission income/(expense)	3	26	(28)
Net trading (loss)/income	(17)	(12)	32
Net investment income/(loss)	51	(3)	14
Other income	-	1	-
Total income	**34**	**12**	**28**
Operating expenses excluding amortisation of intangible assets	(3)	(26)	9
Operating expenses	**(3)**	**(26)**	**9**
Loss on disposal of subsidiaries, associates and joint ventures	-	(1)	-
Profit/(loss) before tax	**31**	**(15)**	**37**
Balance Sheet Information			
Total assets[1]	£3.6bn	£5.4bn	£67.8bn
Risk weighted assets[1]	£0.1bn	£0.1bn	£3.7bn
Performance Measures			
Economic (loss)/profit[2]	(195)	6,582	65

1 30.6.09 includes assets and risk weighted assets relating to Barclays Global Investors discontinued operations.
2 Half year ended 31.12.09 includes profit before tax on disposal of Barclays Global Investors of £6,331m.

Results by Business

Investment Management

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

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

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

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

Results by Business

Absa

Income Statement Information	Half Year Ended 30.06.10	Half Year Ended 31.12.09	Half Year Ended 30.06.09
	£m	£m	£m
Net interest income	737	684	616
Net fee and commission income	538	509	434
Net trading income/(loss)	23	6	(11)
Net investment (loss)/income	(16)	62	66
Net premiums from insurance contracts	187	156	138
Other income	23	22	42
Total income	**1,492**	**1,439**	**1,285**
Net claims and benefits incurred under insurance contracts	(113)	(96)	(75)
Total income net of insurance claims	**1,379**	**1,343**	**1,210**
Impairment charges and other credit provisions	(282)	(272)	(295)
Net income	**1,097**	**1,071**	**915**
Operating expenses excluding amortisation of intangible assets	(756)	(768)	(632)
Amortisation of intangible assets	(28)	(26)	(25)
Operating expenses	**(784)**	**(794)**	**(657)**
Share of post-tax results of associates and joint ventures	1	(4)	-
Profit/(loss) on disposal of subsidiaries, associates and joint ventures	4	(4)	1
Profit before tax	**318**	**269**	**259**
Balance Sheet Information			
Loans and advances to customers at amortised cost	£37.3bn	£36.4bn	£34.1bn
Customer accounts	£20.7bn	£19.7bn	£18.0bn
Total assets	£47.0bn	£45.8bn	£42.6bn
Risk weighted assets	£23.1bn	£21.4bn	£20.2bn

Performance Measures			
Return on average equity[1]	11%	11%	9%
Return on average tangible equity[2]	22%	24%	24%
Return on average risk weighted assets	1.9%	1.9%	1.9%
Loan loss rate (bps)	147	146	168
Cost:income ratio	57%	59%	54%
Cost:net income ratio	71%	74%	72%
Economic profit/(loss)	£13m	(£1m)	(£14m)
Key Facts			
Number of corporate customers	97,000	100,000	102,000
Number of retail customers	11.2m	11.4m	11.0m
Number of ATMs	8,500	8,560	8,826
Number of branches	851	857	865
Number of sales centres	192	205	208
Number of distribution points	**1,043**	**1,062**	**1,073**

1 The return on average equity differs from the return on equity (ROE) reported by Absa Group Ltd of 15% as the latter does not include goodwill arising from Barclays acquisition of Absa and reflects all of the Absa group businesses.

2 Including non-controlling interests

Results by Business

Absa

Impact of Absa Group Limited on Barclays Results

Absa Group Limited profit before tax of R5,617m (2009: R4,757m), an increase of 18%, is translated prior to consolidation into Barclays results at an average exchange rate of R11.48/£ (2009: R13.70/£), a 19% appreciation in the average value of the Rand against Sterling. Consolidation adjustments reflected the amortisation of intangible assets of £28m (2009: £25m) and internal funding and other adjustments of £22m (2009: £23m). The resulting profit before tax of £439m (2009: £299m) is represented within Absa £318m (2009: £259m), Barclays Capital £58m (2009: £6m), Barclaycard £66m (2009: £33m) and Barclays Wealth £3m loss (2009: £1m profit).

Absa Group Limited's total assets were R718,204m (31st December 2009: R710,796m), an increase of 1%. This is translated into Barclays results at a period end exchange rate of R11.45/£ (2009: R11.97/£).

Absa

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

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

Net interest income improved 20% (£121m) to £737m (2009: £616m) reflecting the appreciation in the average value of the Rand against Sterling. The net interest margin increased to 261bps (2009: 257bps). Average customer assets increased 15% to £36.6bn (2009: £31.8bn) purely driven by appreciation of the Rand. Mortgages remained relatively flat, while instalment finance showed a decline with the run-off outweighing new sales. The assets margin decreased to 269bps (2009: 274bps) as a result of the higher cost of wholesale funding. Average customer liabilities increased 24% to £20.4bn (2009: £16.5bn), primarily driven by the appreciation of the Rand. Retail savings and commercial cheque and call deposits had growth of 4.9% and 3.7% respectively in Rand terms. The liability margin was in line with the previous year as the improvement in retail cheque accounts, fixed and notice deposits offsets the decline in business customers' call, cheque and fixed deposits. The decline in business customers' deposit margins is indicative of the significant competition in the market for deposits.

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

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

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

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

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

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

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

Results by Business

Head Office Functions and Other Operations

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

Balance Sheet Information

Total assets	£13.7bn	£6.4bn	£6.1bn
Risk weighted assets	£1.8bn	£0.9bn	£0.1bn

Results by Business

Head Office Functions and Other Operations

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

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

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

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

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

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

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

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

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

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

Risk Management

Overview of Barclays Risk Exposures

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

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

Pages 46 to 74 of this Results Announcement provide details with respect to Barclays risk exposures:

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Pages 48 to 61 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 46 to 47)

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

› Loans and advances, impairment charges and segmental analyses (pages 48 to 51)
› Potential Credit Risk Loans and Coverage Ratios (pages 52 to 53)
› Wholesale Credit Risk (pages 54 to 57)
› Retail Credit Risk (pages 58 to 60)

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Analysis of the credit quality of debt and similar securities, other than loans held within Barclays (page 61)

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Pages 62 to 63 provide an analysis of market risk and, in particular, Barclays Capital's DVaR

-
Pages 64 to 66 set out the key measures of liquidity risk, including the Group liquidity pool, term financing and funding structure, GRB, Barclays Corporate, Wealth and Head Office functions funding and Barclays Capital funding

-
Pages 67 to 72 provide
detailed disclosures and analysis of Barclays Capital credit market assets by asset class, covering current exposures, performance in the year, sales and paydowns, foreign exchange movements and, where appropriate, details of collateral held, geographic spread, vintage and credit quality

-
Pages 73 to 74 provide exposures for selected Eurozone countries

Barclays is also affected by legal risk and regulatory compliance risk. Certain information regarding these risks can be found on pages 106 to 107. Other principal risks discussed in the 2009 Annual Report remain unchanged from the year end.

Risk Management

Analysis of Total Assets

		Accounting Basis	
Assets as at 30.06.10	**Total Assets**	**Cost Based**	**Fair Value**

		Measure	
	£m	£m	£m
Cash and balances at central banks	**103,928**	103,928	-
Items in the course of collection from other banks	**961**	961	-
Treasury & other eligible bills	3,955	-	3,955
Debt securities	137,456	-	137,456
Equity securities	21,365	-	21,365
Traded loans	2,562	-	2,562
Commodities[6]	1,691	-	1,691
Trading portfolio assets	**167,029**	-	167,029
Financial Assets Designated at Fair Value			
Loans and advances	24,056	-	24,056
Debt securities	3,192	-	3,192
Equity securities	4,701	-	4,701
Other financial assets[7]	9,346	-	9,346
Held for own account	**41,295**	-	41,295
Held in respect of linked liabilities to customers under investment contracts[8]	**1,469**	-	1,469
Derivative financial instruments	**505,210**	-	505,210
Loans and advances to banks	**45,924**	45,924	-
Loans and advances to customers	**448,266**	448,266	-
Debt securities	42,348	-	42,348
Equity securities	4,741	-	4,741
Treasury & other eligible bills	5,585	-	5,585
Available for sale financial instruments	**52,674**	-	52,674
Reverse repurchase agreements and cash collateral on securities borrowed	**197,050**	197,050	-
Other assets	**23,340**	22,085	1,255
Total assets as at 30.06.10	**1,587,146**	**818,214**	**768,932**
Total assets as at 31.12.09	1,378,929	710,512	668,417

1 *Further analysis of loans and advances is on pages 48 to 51.*
2 *Further analysis of debt securities and other bills is on page 61.*
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.*

Risk Management

Analysis of Total Assets						**Sub Analysis**
Loans and Advances[1]	**Derivatives**	**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
-	**-**	**-**	**-**	**-**	103,928	**-**
-	**-**	**-**	**-**	**-**	961	**-**
-	-	3,955	-	-	-	-
-	-	137,456	-	-	-	231
-	-	-	-	21,365	-	-
2,562	-	-	-	-	-	-
-	-	-	-	-	1,691	-
2,562	-	141,411	-	21,365	1,691	231
24,056	-	-	-	-	-	6,482
-	-	3,192	-	-	-	-
-	-	-	-	4,701	-	-
-	-	-	8,624	-	722	-
24,056	-	3,192	8,624	4,701	722	6,482
-	-	-	-	-	1,469	-
-	505,210	-	-	-	-	2,527
45,924	-	-	-	-	-	-
448,266	-	-	-	-	-	15,216
-	-	42,348	-	-	-	455
-	-	-	-	4,741	-	-
-	-	5,585	-	-	-	-

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

5 Further analysis of Barclays Capital credit market exposures is on pages 67 to 72. Undrawn commitments of £219m (31st December 2009: £257m) are off-balance sheet and therefore not included in the table above.
6 Commodities primarily consist of physical inventory positions.
7 These instruments consist primarily of reverse repurchase agreements designated at fair value.
8 Financial assets designated at fair value in respect of linked liabilities to customers under investment contracts have not been further analysed as the Group is not exposed to the risks inherent in these assets.

Risk Management

Credit Risk
Loans and Advances to Customers and Banks
Total loans and advances to customers and banks increased 7% to £520,808m (31st December 2009: £487,268m). Loans and advances at amortised cost were £494,190m (31st December 2009: £461,359m) and loans and advances at fair value were £26,618m (31st December 2009: £25,909m).
Total loans and advances to customers and banks at amortised cost gross of impairment increased by £33,782m (7%) to £505,937m (31st December 2009: £472,155m) with rises in both the wholesale (9%) and retail (5%) portfolios.
The principal drivers for this increase were:

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

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

Loans and Advances at Amortised Cost

As at 30.06.10	**Gross Loans & Advances**	**Impair-ment Allowance**	**Loans & Advances Net of Impair-ment**	**Credit Risk Loans**	**CRLs % of Gross Loans & Advances**	**Impair-ment Charge[1]**	**Loan Loss Rates[2]**
	£m	£m	£m	£m	%	£m	bp
Wholesale - customers	234,738	5,007	229,731	11,005	4.7%	1,214	103
Wholesale - banks	45,984	60	45,924	55	0.1%	(6)	(3)
Total wholesale	**280,722**	**5,067**	**275,655**	**11,060**	**3.9%**	**1,208**	**86**
Retail - customers	225,215	6,680	218,535	11,657	5.2%	1,773	157
Total retail	**225,215**	**6,680**	**218,535**	**11,657**	**5.2%**	**1,773**	**157**
Total	**505,937**	**11,747**	**494,190**	**22,717**	**4.5%**	**2,981**	**118**
As at 31.12.09							
Wholesale - customers	217,470	4,616	212,854	10,982	5.0%	3,428	158
Wholesale - banks	41,196	61	41,135	57	0.1%	11	3
Total wholesale	**258,666**	**4,677**	**253,989**	**11,039**	**4.3%**	**3,439**	**133**
Retail - customers	213,489	6,119	207,370	11,349	5.3%	3,919	184
Total retail	**213,489**	**6,119**	**207,370**	**11,349**	**5.3%**	**3,919**	**184**
Total	**472,155**	**10,796**	**461,359**	**22,388**	**4.7%**	**7,358**	**156**

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

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

Risk Management

Impairment Charges

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

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

Impairment Charges and Other Credit Provisions

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

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

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

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

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

Risk Management

Impairment Charges and other Credit Provisions by Business

Half Year Ended 30.06.2010	Loans and Advances[1]	Available for Sale Assets	Reverse Repurchase Agreements	Total
	£m	£m	£m	£m
Global Retail Banking	**1,518**	-	**-**	**1,518**
UK Retail Banking	447	-	-	447
Barclaycard	890	-	-	890
Western Europe Retail Banking	133	-	-	133
Barclays Africa	48	-	-	48
Corporate and Investment Banking, and Barclays Wealth	**1,186**	**97**	**2**	**1,285**
Barclays Capital[2]	322	(15)	2	309
Barclays Corporate	837	112	-	949

Barclays Wealth	27	-	-	27
Absa	**282**	**-**	**-**	**282**
Head Office Functions and Other Operations	**(5)**	**-**	**-**	**(5)**
Total impairment charges and other credit provisions	**2,981**	**97**	**2**	**3,080**
Half Year Ended 31.12.2009				
Global Retail Banking	**1,637**	**4**	**-**	**1,641**
UK Retail Banking	510	-	-	510
Barclaycard	883	-	-	883
Western Europe Retail Banking	186	4	-	190
Barclays Africa	58	-	-	58
Corporate and Investment Banking, and Barclays Wealth	**1,533**	**14**	**40**	**1,587**
Barclays Capital[2]	667	10	40	717
Barclays Corporate	836	4	-	840
Barclays Wealth	30	-	-	30
Absa	**272**	**-**	**-**	**272**
Head Office Functions and Other Operations	**13**	**2**	**-**	**15**
Total impairment charges and other credit provisions	**3,455**	**20**	**40**	**3,515**
Half Year Ended 30.06.2009				
Global Retail Banking	**1,647**	**-**	**-**	**1,647**
UK Retail Banking	521	-	-	521
Barclaycard	915	-	-	915
Western Europe Retail Banking	148	-	-	148
Barclays Africa	63	-	-	63
Corporate and Investment Banking, and Barclays Wealth	**1,960**	**650**	**3**	**2,613**
Barclays Capital[2]	1,231	640	3	1,874
Barclays Corporate	708	10	-	718
Barclays Wealth	21	-	-	21
Absa	**295**	**-**	**-**	**295**
Head Office Functions and Other Operations	**1**	**-**	**-**	**1**
Total impairment charges and other credit provisions	**3,903**	**650**	**3**	**4,556**

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

Risk Management

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

As at 30.06.10	**United Kingdom**	**Other European Union**	**United States**	**Africa**	**Rest of the World**	**Total**
	£m	£m	£m	£m	£m	£m
Financial institutions	30,972	37,284	66,119	5,743	20,118	160,236
Agriculture, forestry and fishing	2,108	149	-	1,755	6	4,018
Manufacturing	7,179	5,034	1,411	1,083	2,256	16,963
Construction	3,859	1,363	5	1,525	125	6,877
Property	12,287	3,671	360	3,341	1,722	21,381
Government and central banks	616	1,467	614	3,041	4,090	9,828
Energy and water	2,174	2,324	1,851	163	1,954	8,466
Wholesale and retail distribution and leisure	11,110	2,411	775	1,864	1,678	17,838
Transport	3,376	1,821	263	220	1,471	7,151
Postal and communications	1,615	743	111	658	650	3,777
Business and other services	18,282	4,823	1,348	5,080	2,714	32,247
Home loans	100,475	34,259	64	22,504	1,448	158,750
Other personal	30,039	7,439	7,524	1,036	1,938	47,976
Finance lease receivables	2,813	1,969	295	5,147	205	10,429
Total loans and advances to customers and banks	**226,905**	**104,757**	**80,740**	**53,160**	**40,375**	**505,937**
As at 31.12.09						
Financial institutions	26,687	26,977	59,212	4,365	15,369	132,610
Agriculture, forestry and fishing	2,192	187	1	1,936	5	4,321
Manufacturing	8,549	5,754	797	1,419	2,336	18,855
Construction	3,544	1,610	7	903	239	6,303
Property	13,514	4,224	428	4,154	1,148	23,468
Government and central banks	913	770	360	3,072	4,111	9,226
Energy and water	2,447	3,882	2,336	158	1,912	10,735
Wholesale and retail distribution and leisure	12,792	2,428	720	1,789	2,017	19,746
Transport	2,784	1,905	383	368	1,844	7,284
Postal and communications	1,098	649	355	715	610	3,427
Business and other services	16,577	4,878	1,721	4,319	2,782	30,277
Home loans	90,903	35,752	19	22,057	1,007	149,738
Other personal	27,687	7,403	7,410	964	1,507	44,971
Finance lease receivables	3,021	2,636	318	5,018	201	11,194
Total loans and advances to customers and banks	**212,708**	**99,055**	**74,067**	**51,237**	**35,088**	**472,155**

Risk Management

Potential Credit Risk Loans and Coverage Ratios

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

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

Credit Risk Loans

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

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

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

Potential Problem Loans

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

Potential Credit Risk Loans

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

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

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

Risk Management

Impairment Allowances and Coverage Ratios

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

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

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

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

Risk Management

Wholesale Credit Risk

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

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

higher charges in Continental Europe, although this was mitigated by lower default rates and fewer single name charges in UK & Ireland and New Markets.
The loan loss rate across the Group's wholesale portfolios for the first half of 2010 was 86bps (full year 2009: 133bps), reflecting the fall in impairment and the 9% rise in wholesale loans and advances.
As Barclays enters the second half of 2010, the principal uncertainties relating to the performance of the wholesale portfolios are:

- The extent and sustainability of economic recovery in the UK, US, Spain and South Africa as governments consider how to tackle large budget deficits through fiscal tightening which will impact economic growth
- The potential for single name risk and for losses in different sectors and geographies
- Possible deterioration in Barclays remaining credit market exposures, including commercial real estate and leveraged finance
- The impact of potentially deteriorating sovereign credit quality on the credit performance of related corporate lending

Risk Management

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

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

Barclays Wealth	3,495	43	3,452	179	5.1%	17	49
Absa	10,077	195	9,882	690	6.8%	67	66
Head Office	1,030	26	1,004	127	12.4%	14	137
Total	**258,666**	**4,677**	**253,989**	**11,039**	**4.3%**	**3,439**	**133**

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

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

1 Loans and advances to business customers in Western Europe Retail Banking are included in the Retail Loans and Advances to customers at amortised cost table on page 58.
2 For 30.06.10, the impairment charge provided above relates to the six months ended 30.06.10. For 31.12.09, the impairment charge provided above relates to the twelve months ended 31.12.09.
3 The loan loss rates for 30.06.10 have been calculated on an annualised basis. The loan loss rates for 31.12.09 have been calculated on the 12 months ended 31.12.09.
4 Barclaycard represents corporate credit and charge cards.

Risk Management

Analysis of Barclays Capital Wholesale Loans and Advances at Amortised Cost

As at 30.06.10	**Gross L&A**	**Impair-ment Allowance**	**L&A Net of Impair-ment**	**Credit Risk Loans**	**CRLs % of Gross L&A**	**Impair-ment Charge[1]**	**Loan Loss Rates[2]**
Loans and Advances to Banks	£m	£m	£m	£m	%	£m	bp
Cash collateral and settlement balances	21,598	-	21,598	-	-	-	-

Interbank lending	20,974	60	20,914	55	0.3%	(6)	(6)
Loans and Advances to Customers							
Corporate and Government lending	49,113	731	48,382	1,357	2.8%	207	84
ABS CDO Super Senior	3,760	1,860	1,900	3,760	100.0%	113	601
Other wholesale lending	31,224	230	30,994	600	1.9%	8	5
Cash collateral and settlement balances	64,272	-	64,272	-	-	-	-
Total	**190,941**	**2,881**	**188,060**	**5,772**	**3.0%**	**322**	**34**
As at 31.12.09							
Loans and Advances to Banks							
Cash collateral and settlement balances	15,893	-	15,893	-	-	-	-
Interbank lending	21,722	61	21,661	57	0.3%	14	6
Loans and Advances to Customers							
Corporate and Government lending	54,342	1,037	53,305	2,198	4.0%	1,115	205
ABS CDO Super Senior	3,541	1,610	1,931	3,541	100.0%	714	2,016
Other wholesale lending	30,347	317	30,030	615	2.0%	55	18
Cash collateral and settlement balances	39,779	-	39,779	-	-	-	-
Total	**165,624**	**3,025**	**162,599**	**6,411**	**3.9%**	**1,898**	**115**

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

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

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

1 For 30.06.10, the impairment charge provided above relates to the six months ended 30.06.10. For 31.12.09, the impairment charge provided above relates to the twelve months ended 31.12.09.
2 The loan loss rates for 30.06.10 have been calculated on an annualised basis.

Risk Management

Loans and Advances Held at Fair Value

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

Barclays Capital loans and advances held at fair value were £12,222m (31st December 2009: £12,835m). Included within this balance is £6,482m relating to credit market exposures, the majority of which is made up of commercial real estate loans. The balance of £5,740m primarily comprises loans to financial institutions.
Barclays Corporate loans and advances held at fair value, which comprise lending to property, government and business and other services, were £14,396m (31st December 2009: £13,074m). The fair value of these loans and any movements are matched by offsetting fair value movements on hedging instruments.

Risk Management

Retail Credit Risk

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

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

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

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

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

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

As at 30.06.10	**Gross L&A**	**Impairment Allowance**	**L&A Net of Impairment**	**Credit Risk Loans**	**CRLs % of Gross L&A**	**Impairment Charge[1]**	**Loan Loss Rates[2]**
	£m	£m	£m	£m	%	£m	bp
UK Retail Banking	111,865	1,715	110,150	3,061	2.7%	405	72
Barclaycard	29,459	2,955	26,504	3,459	11.7%	880	597
WE Retail Banking[3]	40,886	756	40,130	1,473	3.6%	133	65
Barclays Africa	2,006	161	1,845	180	9.0%	32	319
Barclays Corporate[4]	1,692	289	1,403	320	18.9%	75	887
Barclays Wealth	11,811	69	11,742	379	3.2%	17	29
Absa	27,496	735	26,761	2,785	10.1%	231	168
Total	**225,215**	**6,680**	**218,535**	**11,657**	**5.2%**	**1,773**	**157**
As at 31.12.09							

UK Retail Banking	101,064	1,587	99,477	3,108	3.1%	936	93
Barclaycard	29,460	2,670	26,790	3,392	11.5%	1,781	605
WE Retail Banking[3]	42,012	673	41,339	1,410	3.4%	334	80
Barclays Africa	1,811	138	1,673	163	9.0%	88	486
Barclays Corporate[4]	1,882	340	1,542	397	21.1%	246	1,307
Barclays Wealth	9,972	56	9,916	306	3.1%	34	34
Absa	27,288	655	26,633	2,573	9.4%	500	183
Total	**213,489**	**6,119**	**207,370**	**11,349**	**5.3%**	**3,919**	**184**

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

Risk Management

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

Total home loans to retail customers rose by £9,001m (6%) to £158,100m (31st December 2009: £149,099m). The UK Home Loan portfolios within UK Retail Banking grew 12% to £98,705m (31st December 2009: £87,943m).
Unsecured retail credit (credit card and unsecured loans) portfolios increased 7% to £40,415m (31st December 2009: £37,733m).

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

Home Loans

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

The average LTV for new mortgage business during 2010 at origination was 51% for UK Home Loans (31st December 2009: 48%), 60% for Spain (31st December 2009: 58%), 60% for South Africa (31st December 2009: 56%) and 59% for Italy (31st December 2009: 51%). The percentage of balances with an LTV of over 85% based on current values was 10% for UK Home Loans (31st December 2009: 14%), 12% for Spain (31st December 2009: 10%) and 31% for South Africa (31st December 2009: 36%) and 2% for Italy (31st December 2009: 2%). In the UK, buy-to-let mortgages comprised 6% of the total stock as at 30th June 2010.

Risk Management

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

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

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

Credit Cards and Unsecured Loans

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

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

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

1 Based on the following portfolios: UK: UK Retail Banking residential and buy-to-let mortgage portfolios; Spain: Western Europe Retail Banking Spanish retail mortgage portfolio; South Africa: Absa retail home loans portfolio; and Italy: Western Europe Retail Banking Italian retail mortgage portfolio. Metrics now include the recovery book.
2 Spain mark-to-market methodology based on balance weighted approach as per Bank of Spain requirements. 31.12.09 percentages have been revised to correctly account for further advances.
3 South Africa mark-to-market methodology revised to incorporate additional geographical granularity.
4 Defined as balances greater than 90 days delinquent but not charged off, expressed as a percentage of outstandings excluding balances in recovery. The UK definition includes balances in recovery. As at 30.06.10 the recovery book was Spain: £245m (1.64%); South Africa: £1.2bn (6.20%) and Italy: £132m (1.12%). Percentages are based on outstandings.
5 Defined as balances greater than 90 days delinquent but not charged off, expressed as a percentage of outstandings excluding balances in recovery. Percentages include accounts on repayment plans.

Risk Management

Debt Securities and Other Bills

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

As at 30.06.10	**Treasury and Other Eligible Bills**	**Debt Securities**	**Total**	
	£m	£m	£m	%
AAA to BBB- (investment grade)	9,175	169,507	178,682	92.8%
BB+ to B	365	9,171	9,536	5.0%
B- or lower	-	4,318	4,318	2.2%
Total	**9,540**	**182,996**	**192,536**	**100.0%**
Of Which Issued by:				
- governments and other public bodies	9,540	102,380	111,920	58.1%
- US agency	-	25,980	25,980	13.5%
- mortgage and asset-backed securities	-	14,258	14,258	7.4%
- corporate and other issuers	-	37,820	37,820	19.7%
- bank and building society certificates of deposit	-	2,558	2,558	1.3%
Total	**9,540**	**182,996**	**192,536**	**100.0%**
Of Which Classified as:				
- trading portfolio assets	3,955	137,456	141,411	73.4%

- financial instruments designated at fair value	-	3,192	3,192	1.7%
- available-for-sale securities	5,585	42,348	47,933	24.9%
Total	**9,540**	**182,996**	**192,536**	**100.0%**
As at 31.12.09				
AAA to BBB- (investment grade)	13,950	151,621	165,571	91.8%
BB+ to B	1,895	10,297	12,192	6.8%
B- or lower	-	2,571	2,571	1.4%
Total	**15,845**	**164,489**	**180,334**	**100.0%**
Of Which Issued by:				
- governments and other public bodies	15,845	72,238	88,083	48.8%
- US agency	-	23,924	23,924	13.3%
- mortgage and asset-backed securities	-	17,826	17,826	9.9%
- corporate and other issuers	-	41,641	41,641	23.1%
- bank and building society certificates of deposit	-	8,860	8,860	4.9%
Total	**15,845**	**164,489**	**180,334**	**100.0%**
Of Which Classified as:				
- trading portfolio assets	9,926	116,594	126,520	70.2%
- financial instruments designated at fair value	-	4,007	4,007	2.2%
- available-for-sale securities	5,919	43,888	49,807	27.6%
Total	**15,845**	**164,489**	**180,334**	**100.0%**

Risk Management

Market Risk

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

Risk Measurement and Control

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

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

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

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

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

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

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

Analysis of Barclays Capital's Market Risk Exposure

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

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

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

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

Risk Management

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

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

Analysis of Trading Revenue

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

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

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

Risk Management

Liquidity Risk

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

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

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

Liquidity Pool

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

	Cash and Deposits with Central Banks[1]	**Government Guaranteed Bonds**	**Governments and Supranational Bonds**	**Other Available Liquidity**	**Total**
	£bn	£bn	£bn	£bn	£bn
As at 30.06.10	102	4	46	8	160
As at 31.12.09	81	3	31	12	127

Term Financing

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

- £6bn equivalent of public senior term funding
-

£3bn equivalent of public covered bonds

-

£12bn equivalent of structured notes

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

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

Risk Management

Funding Structure

Global Retail Banking, Barclays Corporate, Barclays Wealth and Head Office Functions are structured to be self-funded through customer deposits and Barclays equity and other long term funding. Barclays Capital and, in part, Absa are funded through the wholesale secured and unsecured funding markets.

The loan to deposit and long term funding ratio improved to 78% at 30th June 2010, from 81% at 31st December 2009. The loan to deposit ratio also improved to 124% at 30th June 2010 (31st December 2009: 130%).

Global Retail Banking, Barclays Corporate, Barclays Wealth and Head Office Functions

An important source of structural liquidity is provided by our core retail deposits in the UK, Europe and Africa; mainly current accounts and savings accounts. Although, contractually, current accounts are repayable on demand and savings accounts at short notice, the Group's broad base of customers - numerically and by depositor type - helps to protect against unexpected fluctuations. Such accounts form a stable funding base for the Group's operations and liquidity needs.

Group policy is to ensure that the assets of the retail, wealth and corporate businesses, together with Head Office functions, on a global basis, do not exceed customer deposits and long term funding so that these businesses place no reliance on wholesale money markets. The exception to this policy is Absa, which has a large portion of wholesale funding, reflecting the structure of the South African financial sector.

In order to assess liquidity risk for these businesses, the balance sheet is modelled to reflect behavioural experience in both assets and liabilities and is managed to maintain a cash surplus. The maturity profile, excluding Absa, resulting from this behavioural modelling is set out below. This shows that there is a funding surplus of £111.1bn, and that there are expected outflows of £11.5bn within one year from asset repayments being less than liability attrition. Expected liability attrition can be offset to the extent that new customer deposits can be raised. As at 31st December 2009, behavioural modelling showed £10.2bn of expected outflows in the under one year category; all of the expected liability attrition was offset by new customer deposits raised in the first half of 2010. For subsequent years the expected repayments on assets are larger than the roll off of liabilities resulting in cash inflows. Maturities of net liabilities are, therefore, behaviourally expected to occur after 5 years.

		Cash Inflow/(Outflow)					
Behavioural Maturity Profile of Assets and Liabilities	**Funding Surplus**	**Not More Than 1yr**	**Over 1yr but Not More Than**	**Over 2yrs but Not More Than**	**Over 3yrs but Not More Than**	**Over 4yrs but Not More Than**	**Over 5yrs**

			2yrs	3yrs	4yrs	5yrs	
	£bn	£bn	£bn	£bn	£bn	£bn	£bn
As at 30.06.10	111.1	(11.5)	13.3	26.0	7.5	(0.9)	(145.5)
As at 31.12.09	**94.5**	**(10.2)**	**17.8**	**21.2**	**7.8**	**1.8**	**(132.9)**

Barclays Capital

Barclays Capital manages its liquidity to be primarily funded through wholesale sources, managing access to liquidity to ensure that potential cash outflows in a stressed environment are covered.

68% of the inventory is funded on a secured basis (31st December 2009: 73%). Additionally, much of the short term funding is invested in highly liquid assets and central bank cash and therefore contributes towards the Group liquidity pool.

Barclays Capital undertakes secured funding in the repo markets based on liquidity characteristics. Limits are in place for each security asset class reflecting liquidity in the cash and financing markets for these assets. The percentage of secured funding using each asset class as collateral is set out below:

Secured Funding by Asset Class	Govt	Agency	MBS	ABS	Corporate	Equity	Other
	%	%	%	%	%	%	%
As at 30.06.10	**64**	**7**	**9**	**5**	**6**	**7**	**2**
As at 31.12.09	59	7	7	6	10	8	3

Risk Management

Unsecured wholesale funding for the Group (excluding Absa) is managed by Barclays Capital within specific term limits. Excluding short term deposits that are placed within the Group liquidity pool, the term of unsecured liabilities has been extended, with average life improving from at least 26 months at 31st December 2009 to at least 31 months at 30th June 2010.

Contractual Maturity of Unsecured Liabilities	Not More than 3 Months	Not More than 6 Months	Not More than 1yr	Over 1yr
	%	%	%	%
As at 30.06.10	**-**	**-**	**-**	**100**
As at 31.12.09	**-**	**-**	**19**	**81**

Extending the term of the wholesale financing in this way has meant that, as at 30th June 2010, 100% of net wholesale funding had a remaining maturity of greater than one year. This means that our Group liquidity pool (excluding other available liquidity) is sufficient to cover more than one year of wholesale maturities.

Risk Management

Analysis of Barclays Capital Credit Market Exposures by Asset Class

	Trading Portfolio Assets - Debt Securities	Financial Assets Designated at Fair Value - L&A	Derivative Financial Instruments	L&A to Customers	Available For Sale - Debt Securities	Other Assets	Total as at 30.06.10[1]	Total as at 31.12.09
	£m	£m	£m	£m	£m	£m	£m	£m
ABS CDO Super Senior	-	-	-	1,900	-	-	1,900	1,931

Other US Sub-prime and Alt-A	-	-	414	30	455	-	899	894
Monoline Wrapped US RMBS	-	-	-	-	-	-	-	6
Commercial Real Estate Loans and Property	-	6,125	-	-	-	1,252	7,377	7,734
CMBS	231	-	(35)	-	-	-	196	218
Monoline Wrapped CMBS	-	-	19	-	-	-	19	30
Leveraged Finance[2]	-	-	-	4,792	-	-	4,792	5,250
SIVs, SIV-lites and CDPCs	-	357	72	122	-	-	551	553
Monoline Wrapped CLO and Other	-	-	2,057	-	-	-	2,057	2,126
Loan to Protium Finance LP	-	-	-	8,372	-	-	8,372	7,859
Total exposures	**231**	**6,482**	**2,527**	**15,216**	**455**	**1,252**	**26,163**	**26,601**

1 Further analysis of Barclays Capital credit market exposures is on pages 68 to 72.
2 Undrawn commitments of £219m (31st December 2009: £257m) are off-balance sheet and therefore not included in the table above.

Risk Management

Barclays Capital Credit Market Exposures

Barclays Capital's credit market exposures primarily relate to commercial real estate, leveraged finance and a loan to Protium Finance LP. These include positions subject to fair value movements in the income statement and positions that are classified as loans and advances and as available for sale.

The balances and writedowns presented below represent credit market exposures held at the time of the market dislocation in mid-2007. Similar assets acquired subsequent to the market dislocation are actively traded in the secondary market and are therefore excluded from this disclosure.

The balances and writedowns to 30th June 2010 are set out by asset class below:

						Half Year Ended 30.06.10		
US Residential Mortgages		**As at 30.06.10**	**As at 31.12.09**	**As at 30.06.10**	**As at 31.12.09**	**Fair Value (Losses)/ Gains**	**Impair-ment (Charge)/ Release**	**Total (Losses)/ Gains**
	Notes	$m[1]	$m[1]	£m[1]	£m[1]	£m	£m	£m
ABS CDO Super Senior	A1	2,840	3,127	1,900	1,931	-	(113)	(113)
Other US sub-prime and Alt-A[2]	A2	1,344	1,447	899	894	(32)	(50)	(82)
Monoline wrapped US RMBS	A3	-	9	-	6	(2)	-	(2)
Commercial Mortgages								
Commercial real estate loans and properties	B1	11,026	12,525	7,377	7,734	(191)	-	(191)
CMBS[2]	B1	293	352	196	218	(3)	-	(3)
Monoline wrapped CMBS	B2	29	49	19	30	33	-	33
Other Credit Market								
Leveraged Finance[3]	C1	7,489	8,919	5,011	5,507	-	(160)	(160)
SIVs, SIV -Lites and CDPCs	C2	824	896	551	553	6	12	18
Monoline wrapped CLO and other	C3	3,074	3,443	2,057	2,126	124	-	124
Loan to Protium	D	12,513	12,727	8,372	7,859			
Total credit market exposures		**39,432**	**43,494**	**26,382**	**26,858**			

Total gross writedowns	**(65)**	**(311)**	**(376)**

During the period ended 30th June 2010, these credit market exposures decreased £476m to £26,382m (31st December 2009: £26,858m). The decrease reflected net sales and paydowns and other movements of £1,283m and total writedowns of £376m, offset by foreign exchange rate movements of £1,183m, primarily relating to the appreciation of the US Dollar against Sterling.

In the period ended 30th June 2010, writedowns comprised £311m (2009: £1,170m) of impairment charges and £65m of net fair value losses through income (2009: loss £3,507m). Total writedowns included £197m (2009: £1,745m) against US residential mortgage positions, £161m (2009: £2,009m) against commercial mortgage positions, and £18m (2009: £923m) against other credit market positions.

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

2 31st December 2009 comparatives have been adjusted to exclude actively traded positions relating to other US sub-prime and Alt-A of £498m and commercial mortgage-backed securities of £253m.

3 Includes undrawn commitments of £219m (31st December 2009: £257m).

Risk Management

A. US Residential Mortgages

A1. ABS CDO Super Senior

ABS CDO Super Senior positions at 30th June 2010 comprised five high grade liquidity facilities which were fully drawn and classified within loans and receivables.

ABS CDO Super Senior positions decreased £31m to £1,900m (31st December 2009: £1,931m). Net exposures are stated after impairment charges, of which £113m was incurred in the current period (2009: £437m). There was an increase of £156m resulting from appreciation in the value of the US Dollar against Sterling, offset by amortisation of £74m in the period.

ABS CDO Super Senior positions at 30th June 2010 equated to a 45% mark after impairment and subordination (31st December 2009: 49%).

A2. Other US Sub-Prime and Alt-A

Other US sub-prime and Alt-A positions at 30th June 2010 were £899m (31st December 2009: £894m). The appreciation of the US Dollar against Sterling of £70m and net sales and paydowns and other movements of £17m were mostly offset by writedowns of £82m (2009: £1,052m).

A3. US Residential Mortgage Backed Securities Wrapped by Monoline Insurers

Exposure to US RMBS assets where Barclays Capital holds protection from monoline insurers reduced to £nil at 30th June 2010 (31st December 2009: £6m), as the residual fair value exposure of £50m was fully covered by a credit valuation adjustment.

B. Commercial Mortgages

B1. Commercial Real Estate and Mortgage-Backed Securities

Commercial mortgages include commercial real estate loans of £6,125m (31st December 2009: £6,534m), commercial real estate properties owned of £1,252m (31st December 2009: £1,200m) and commercial mortgage-backed securities of £196m (31st December 2009: £218m).

Commercial Real Estate Loans and Properties Owned

In the period ended 30th June 2010, commercial real estate loans and properties owned decreased by £357m to £7,377m (31st December 2009: £7,734m). The decrease was driven by net sales, paydowns and restructuring of £84m in the US, £230m in the UK and Europe, and £10m in Asia, as well as losses of £191m (2009: £1,443m), of which £156m related to the US, £22m to UK and Europe, and £13m to Asia. This was offset by the appreciation in value of other currencies against Sterling and other movements of £158m.

The geographic distribution of commercial real estate loans comprised 48% UK and Europe, 47% US and 5% Asia.

One large transaction comprised 26% of the total US commercial real estate loan balance. The remaining 74% of the US positions comprised 59 transactions.

The UK and Europe portfolio comprised 55 transactions at 30th June 2010. In Europe, protection is provided by loan covenants and periodic LTV retests, which cover 83% of the portfolio. 50% of the German positions related to one transaction secured on residential assets.

Risk Management

Commercial Real Estate Loans by Region	**As at 30.06.10**	**As at 31.12.09**	**Marks at 30.06.10**	**Marks at 31.12.09**
	£m	£m	%	%
US	2,884	2,852	60%	62%
Germany	1,787	1,959	83%	84%
Sweden	192	201	80%	81%
France	174	189	71%	70%
Switzerland	145	141	86%	85%
Spain	66	72	67%	56%
Other Europe	134	370	62%	57%
UK	413	429	60%	61%
Asia	330	321	73%	77%
Total	**6,125**	**6,534**		

Commercial Real Estate Loans by Industry

	As at 30.06.10						**As at 31.12.09**
	US	**Germany**	**Other Europe**	**UK**	**Asia**	**Total**	**Total**
	£m	£m	£m	£m	£m	£m	£m
Residential	1,058	955	-	155	107	2,275	2,439
Office	357	234	525	69	87	1,272	1,338
Hotels	631	-	3	8	1	643	846
Retail	47	465	70	30	78	690	737
Industrial	395	95	98	15	8	611	622
Leisure	-	-	-	136	-	136	140
Land	269	-	-	-	-	269	128
Mixed/Others	127	38	15	-	49	229	284
Total	**2,884**	**1,787**	**711**	**413**	**330**	**6,125**	**6,534**

Commercial Real Estate Properties Owned by Industry	As at 30.06.10	As at 31.12.09
	£m	£m
Residential	48	56
Office	973	927
Hotels	136	126
Industrial	26	25
Leisure	34	33
Land	34	31
Mixed/Others	1	2
Total	**1,252**	**1,200**

Commercial Mortgage Backed Securities

In the period ended 30th June 2010, commercial mortgage backed securities positions decreased £22m to £196m (31st December 2009: £218m), primarily due to net sales and paydowns of £34m.

B2. CMBS Exposure Wrapped by Monoline Insurers

Exposure to CMBS assets where Barclays Capital held protection from monoline insurers reduced to £19m at
30th June 2010 (31st December 2009: £30m), as the fair value exposure of £228m was largely covered by a credit valuation adjustment of £209m.

Risk Management

C. Other Credit Market

C1. Leveraged Finance

Leveraged Finance Loans by Region	As at 30.06.10	As at 31.12.09
	£m	£m
UK	4,245	4,530
Europe	755	1,051
Asia	169	165
US	16	35
Total lending and commitments	**5,185**	**5,781**
Impairment	(174)	(274)
Net lending and commitments at period end	**5,011**	**5,507**

At 30th June 2010, the gross exposure relating to leveraged finance loans reduced £496m to £5,011m (31st December 2009: £5,507m) reflecting net paydowns and other movements of £258m, impairment charges of £160m (2009: £204m) and the depreciation of the Euro against Sterling driving currency decreases of £78m.

C2. SIVs, SIV-Lites and CDPCs

SIV and SIV-lite positions comprise liquidity facilities and derivatives. At 30th June 2010 exposures increased by £1m to £531m (31st December 2009: £530m).

Credit Derivative Product Companies (CDPCs) positions at 30th June 2010 reduced by £3m to £20m (31st December 2009: £23m).

C3. CLO and Other Exposure Wrapped by Monoline Insurers

The table below shows Collateralised Loan Obligations (CLOs) and other assets where Barclays held protection from monoline insurers at 30th June 2010.

By Rating of the Monoline	Notional	Fair Value of Underlying Asset	Fair Value Exposure	Credit Valuation Adjustment	Net Exposure
As at 30.06.10	£m	£m	£m	£m	£m
AAA/AA	7,537	5,984	1,553	(95)	1,458
Non-investment grade:					
- Fair value through profit and loss	1,100	866	234	(132)	102
- Loans and receivables	9,118	8,096	1,022	(525)	497
Total	**17,755**	**14,946**	**2,809**	**(752)**	**2,057**
As at 31.12.09	£m	£m	£m	£m	£m
AAA/AA	7,336	5,731	1,605	(91)	1,514
Non-investment grade:					
- Fair value through profit and loss	1,052	824	228	(175)	53
- Loans and receivables	9,116	7,994	1,122	(563)	559
Total	**17,504**	**14,549**	**2,955**	**(829)**	**2,126**

The movement in net exposure of £69m was driven by a decrease in the fair value exposure to monoline insurers of £361m, offset by currency appreciation of £168m and credit valuation adjustments of £124m (2009: loss of £593m).

Claims would become due in the event of default of the underlying assets. There have been no claims under the monoline insurance contracts as none of the underlying assets defaulted in the period. At 30th June 2010, the majority of the underlying assets were rated AAA/AA.

On 25th November 2009, £8,027m of the CLO assets wrapped by non-investment grade rated monolines were reclassified to loans and receivables (as discussed in Note 19). At 30th June 2010, the fair value of the reclassified assets was £8,096m and the net exposure to monoline insurers was £497m. The remaining assets continue to be measured at fair value through profit and loss.

Risk Management

D. Protium

On 16th September 2009, Barclays Capital sold assets of £7,454m, including £5,087m in credit market assets, to Protium Finance LP (Protium), a newly established fund.

The table below includes all assets held by Protium as collateral for the loan. At 30th June 2010, there were assets wrapped by monoline insurers with a fair value of $4,229m (31st December 2009: $4,095m). Cash and cash equivalents at 30th June 2010 were $1,351m (31st December 2009: $688m) including cash realised from sales and paydowns and funds available to purchase third party assets. Other assets at 30th June 2010 were $856m
(31st December 2009: $567m) including residential mortgage-backed securities purchased by the fund post inception and other asset-backed securities.

The loan decreased in local currency between 31st December 2009 and 30th June 2010 due to principal repayments of $194m and interest payments of $211m offsetting accrued interest in the period. In July 2010, there was a principal repayment of $437m and an interest payment of $96m, further reducing the Protium loan balance.

The loan to Protium was assessed for impairment at 30th June 2010, and no impairment was identified.

Protium Assets	As at 30.06.10	As at 31.12.09	As at 16.09.09	As at 30.06.10	As at 31.12.09	As at 16.09.09

	$m	$m	$m	£m	£m	£m
Other US sub-prime whole loans and real estate	871	1,038	1,124	583	641	682
Other US sub-prime securities	555	578	513	371	357	311
Total other US sub-prime	**1,426**	**1,616**	**1,637**	**954**	**998**	**993**
Alt-A	2,375	2,112	2,185	1,589	1,304	1,326
Monoline wrapped US RMBS	869	1,447	1,919	581	893	1,164
Monoline wrapped CMBS	1,109	1,378	1,991	742	851	1,208
Monoline wrapped CLO and other	341	475	652	228	294	396
Total monoline wrapped assets	**2,319**	**3,300**	**4,562**	**1,551**	**2,038**	**2,768**
Credit market related assets	**6,120**	7,028	8,384	**4,094**	4,340	5,087
Fair value of underlying US RMBS	769	723	655	514	447	397
Fair value of underlying CMBS	2,595	2,350	1,897	1,736	1,451	1,151
Fair value of underlying CLO and other	865	1,022	1,040	579	631	631
Fair value of underlying assets wrapped by monoline insurers	**4,229**	**4,095**	**3,592**	**2,829**	**2,529**	**2,179**
Cash and cash equivalents	1,351	688	250	904	425	152
Other assets	856	567	309	573	350	187
Total assets	**12,556**	**12,378**	**12,535**	**8,400**	**7,644**	**7,605**
Loan to Protium	**12,513**	**12,727**	**12,641**	**8,372**	**7,859**	**7,669**

E. 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 2010, the own credit adjustment arose from the fair valuation of £76.2bn of Barclays Capital structured notes (31st December 2009: £61.5bn). The current period effect on fair value of changes in own credit was a gain of £851m (2009: loss of £893m).

Barclays Capital also adjusts the fair value of its derivative liabilities to reflect the impact of own credit quality. At 30th June 2010, cumulative adjustments of £532m (31st December 2009: £307m) were netted against derivative liabilities. The impact of these adjustments in both periods was more than offset by the impact of the credit valuation adjustments to reflect counterparty creditworthiness that were netted against derivative assets.

Risk Management

Exposure for Selected Eurozone Countries

The tables below show the Group's exposures as at 30th June 2010 to selected Eurozone countries (Spain, Italy, Portugal and Ireland), representing those countries that have a credit rating of AA or below from Standard & Poor's and where the Group has an exposure of over £0.5bn.

The Group's exposure to Greece, which has a sovereign credit rating of BB, was less than £250m as at 30th June 2010. This principally comprised £114m of loans and advances provided by Barclays Capital to large corporates and financial institutions, and net positions in assets held at fair value of £66m.

The asset balances included in the tables below represent the Group's exposure to retail and corporate customers, including sovereign entities, in each of the respective countries. Assets are stated gross of any trading liability positions and before any risk mitigation but net of impairment allowances and of derivative counterparty netting and collateral held.

Retail Portfolio

Held at Amortised Cost

Retail exposures mainly related to our domestic lending in Spain, Italy and Portugal, principally residential mortgages.

	Loans and Advances Held at Amortised Cost	
As at 30.06.10	**Home Loans**	**Cards and Unsecured Loans**