BARCLAYS PLC
Form 6-K
February 28, 2006

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

28 February 2006

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 ON FORM 6-K SHALL BE DEEMED TO BE INCORPORATED BY REFERENCE IN THE REGISTRATION STATEMENTS ON FORM F-3 (NOS.333-126811, 333-85646 AND 333-12384) OF BARCLAYS BANK PLC AND TO BE A PART THEREOF FROM THE DATE ON WHICH THIS REPORT IS FURNISHED, TO THE EXTENT NOT SUPERSEDED BY DOCUMENTS OR REPORTS SUBSEQUENTLY FILED OR FURNISHED. THIS REPORT ON FORM 6-K SHALL BE DEEMED TO BE SUPERCEDED IN ITS ENTIRETY BY, AND UPON THE FILING OF, THE ANNUAL REPORT ON FORM 20-F FOR THE YEAR ENDED DECEMBER 31, 2005 TO BE FILED JOINTLY BY BARCLAYS PLC AND BARCLAYS BANK PLC.

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.

The Report comprises:

The results of Barclays PLC and Barclays Bank PLC for the year ended 31st December 2005.

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 authorised.

	BARCLAYS PLC (Registrant)
Date: February 28, 2006	By: /s/ Patrick Gonsalves Patrick Gonsalves Deputy Secretary
	BARCLAYS BANK PLC (Registrant)
Date: February 28, 2006	By: /s/ Patrick Gonsalves Patrick Gonsalves Joint Secretary

This document includes portions from the previously published results announcement of Barclays PLC for the year ended 31 December 2005, as amended to comply with the requirements of Regulation G and Item 10(e) of Regulation S-K promulgated by the U.S. Securities and Exchange Commission. In addition, this document includes data relating to Barclays Bank PLC, the wholly owned subsidiary of Barclays plc. The purpose of this document is to provide such additional disclosure as required by Regulation G and Regulation S-K Item 10 (e), to delete certain information not in compliance with SEC regulations and to include reconciliations of certain non-IFRS figures to the most directly equivalent IFRS figures, as of, and for the period ended, 31 December 2005, and does not update or otherwise supplement the information contained in the results announcement, which speaks only as of its date.

In this document certain non-IFRS measures are reported. Barclays management believes that these non-IFRS measures provide valuable information to readers of its financial statements because they enable the reader to focus more directly on the underlying day-to-day performance of its businesses and provide more detail concerning the elements of performance which the managers of these businesses are most directly able to influence. They also reflect an important aspect of the way in which operating targets are defined and performance is monitored by Barclays management.

An audit opinion has not been rendered on this announcement.

BARCLAYS PLC

PRELIMINARY ANNOUNCEMENT OF RESULTS FOR 2005

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

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The information in this announcement, which was approved by the Board of Directors on 20th February 2006, does not comprise statutory accounts within the meaning of Section 240 of the Companies Act 1985 (the Act). Statutory accounts, which also include 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), will be delivered to the Registrar of Companies in accordance with Section 242 of the Act. The 2005 Annual Review and Summary Financial Statement will be posted to shareholders together with the Group s full Annual Report for those shareholders who request it.

International Financial Reporting Standards

The Group has applied International Financial Reporting Standards (IFRS) from 1st January 2004, with the exception of the standards relating to financial instruments and insurance contracts which are applied only with effect from 1st January 2005. Therefore the impacts of adopting IAS 32, IAS 39 and IFRS 4 are not included in the 2004 comparatives in accordance with IFRS 1 and financial instruments and insurance contracts are accounted for under UK GAAP in 2004.

The results for 2005 are therefore not entirely comparable to those for 2004 in affected areas. For a fuller discussion of the transitional impacts of IFRS, please refer to the IFRS Transition Report 2004/2005, released 11th May 2005. The IFRS Transition Report provided the reconciliations required by IFRS and the provisional accounting policies expected to be applied in the preparation of the 2005 financial statements. The Interim Results Announcement on 5th August 2005 amended the reconciliations and the provisional accounting policies for the use of the fair value option. The financial information in this announcement has been prepared in accordance with these amended accounting policies. A summary of the Group s significant accounting policies will be included in the 2005 Annual Report. Dashes have been used to indicate where changes in policy cause an item to be not applicable and where there is no amount to report.

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. 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 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, impairment charges, business strategy, projected levels of growth in the banking and financial markets, projected costs, estimates of capital expenditures, and plans and objectives for future operations.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, including, but not limited to, 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, as well as UK domestic and global economic and business conditions, market related risks such as changes in interest rates and exchange rates, the policies and actions of governmental and regulatory authorities, changes in legislation, progress in the integration of Absa into the Group s business and the achievement of synergy targets related to Absa, the outcome of pending and future litigation, and the impact of competition - a number of which factors are beyond the Group s control. As a result, the Group s actual future results may differ materially from the plans, goals, and expectations set forth in the Group s forward-looking statements. Any forward-looking statements made by or on behalf of Barclays speak only as of the date they are made. Barclays does not undertake to update forward-looking statements to reflect any changes in Barclays expectations with regard thereto or any changes 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.

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21st February 2006

BARCLAYS PLC

SUMMARY OF KEY INFORMATION[1]

Group Results	**2005** **£m**	**2004** **£m**	**% Change**
Total income net of insurance claims	**17,333**	14,108	23
Impairment charge and other credit provisions	**(1,571)**	(1,093)	44
Operating expenses	**(10,527)**	(8,536)	23
Profit before tax	**5,280**	4,580	15
Profit attributable to minority interests	**(394)**	(47)	738
Profit attributable to equity holders of the parent	**3,447**	3,254	6
Earnings per share	**54.4p**	51.0p	7
Proposed full year dividend per share	**26.6p**	24.0p	11
Post-tax return on average shareholders equity	**21.1%**	21.7%	

	£m	**£m**	**% Change**
Summary of divisional profit before tax[2]			
UK Banking	**2,455**	2,265	8
UK Retail Banking	**1,027**	963	7
UK Business Banking	**1,428**	1,302	10
Barclays Capital	**1,272**	1,020	25
Barclays Global Investors	**542**	336	61
Wealth Management	**172**	110	56
Barclaycard	**687**	843	(19)
International Retail and Commercial Banking (IRCB)	**690**	293	135
IRCB - ex Absa	**355**	293	21
IRCB - Absa	**335**		

1 In this document the income statement analysis compares, unless stated otherwise, the year ended 31st December 2005 to the corresponding period of 2004. Balance sheet comparisons, unless stated otherwise, relate to the corresponding position at 31st December 2004. 2004 comparatives do not include additional impacts arising from the first time application of IAS 32 (Financial instruments: Disclosure and Presentation), IAS 39 (Financial instruments: Recognition and Measurement) and IFRS 4 (Insurance Contracts), which were applied from 1st January 2005.

2 Summary excludes Wealth Management-closed life assurance activities and Head office functions and other operations. Full analysis of business profit before tax is on page 10.

BARCLAYS PLC

FINANCIAL HIGHLIGHTS

	2005 £m	2004 £m
RESULTS		
Net interest income	**8,075**	6,833
Net fee and commission income	**5,705**	4,847
Principal transactions[1]	**3,179**	2,514
Net premiums from insurance contracts	**872**	1,042
Other income	**147**	131
Total income	**17,978**	15,367
Net claims and benefits paid on insurance contracts	**(645)**	(1,259)
Total income net of insurance claims	**17,333**	14,108
Impairment charge and other credit provisions	**(1,571)**	(1,093)
Net income	**15,762**	13,015
Operating expenses (including amortisation of intangible assets)	**(10,527)**	(8,536)
Share of post-tax results of associates and joint ventures	**45**	56
Profit on disposal of associates and joint ventures		45
Profit before tax	**5,280**	4,580
Profit attributable to equity holders of the parent	**3,447**	3,254
	p	p
PER ORDINARY SHARE		
Earnings	**54.4**	51.0
Diluted earnings	**52.6**	49.8
Proposed full year dividend	**26.6**	24.0
Net asset value	**269**	246
	%	%
PERFORMANCE RATIOS		
Post-tax return on average shareholders equity	**21.1**	21.7
Cost:income ratio[2]	**61**	61
Cost:net income ratio[3]	**67**	66

	2005 £m	As at 01.01.05 £m	2004 £m
BALANCE SHEET			
Shareholders equity excluding minority interests	**17,426**	15,287	15,870
Minority interests	**7,004**	3,330	894
Total shareholders equity	**24,430**	18,617	16,764
Loan capital	**12,463**	10,606	12,277
Total capital resources	**36,893**	29,223	29,041
Total assets	**924,357**	715,600	538,181
Weighted risk assets	**269,148**	219,758	218,601
	%	%	%
CAPITAL RATIOS			
Tier 1 ratio	**7.0**	7.1	7.6
Risk asset ratio	**11.3**	11.8	11.5

1 Principal transactions comprise net trading income and net investment income.
2 The cost:income ratio is defined as operating expenses compared to total income net of insurance claims.
3 The cost:net income ratio is defined as operating expenses compared to total income net of insurance claims, less impairment charges.

BARCLAYS PLC

CONSOLIDATED INCOME STATEMENT

	2005 £m	2004 £m
Continuing operations		
Interest income	**17,232**	13,880
Interest expense	**(9,157)**	(7,047)
Net interest income	**8,075**	6,833
Fee and commission income	**6,430**	5,509
Fee and commission expense	**(725)**	(662)
Net fee and commission income	**5,705**	4,847
Net trading income	**2,321**	1,487
Net investment income	**858**	1,027
Principal transactions	**3,179**	2,514
Net premiums from insurance contracts	**872**	1,042
Other income	**147**	131
Total income	**17,978**	15,367
Net claims and benefits paid on insurance contracts	**(645)**	(1,259)
Total income net of insurance claims	**17,333**	14,108
Impairment charge and other credit provisions	**(1,571)**	(1,093)
Net income	**15,762**	13,015
Operating expenses excluding amortisation of intangible assets	**(10,448)**	(8,514)
Amortisation of intangible assets	**(79)**	(22)
Operating expenses	**(10,527)**	(8,536)
Share of post-tax results of associates and joint ventures	**45**	56
Profit on disposal of associates and joint ventures		45
Profit before tax	**5,280**	4,580
Tax	**(1,439)**	(1,279)
Profit for the year	**3,841**	3,301
Profit attributable to minority interests	**394**	47
Profit attributable to equity holders of the parent	**3,447**	3,254
	3,841	3,301
	p	**p**
Basic earnings per ordinary share	**54.4**	51.0
Diluted earnings per share	**52.6**	49.8
Paid and proposed dividends per ordinary share:		
Interim paid	**9.20**	8.25
Final proposed	**17.40**	15.75
Interim dividend	**£ 582m**	£ 528m
Proposed final dividend	**£ 1,105m**	£ 1,001m

BARCLAYS PLC

CONSOLIDATED BALANCE SHEET

	2005 £m	As at 01.01.05 £m	2004 £m
Assets			
Cash and balances at central banks	**3,906**	3,238	1,753
Items in the course of collection from other banks	**1,901**	1,772	1,772
Treasury bills and other eligible bills			6,658
Trading portfolio assets	**155,723**	110,033	
Financial assets designated at fair value:			
held on own account	12,904	9,799	
held in respect of linked liabilities to customers under investment contracts	83,193	63,124	
Derivative financial instruments	**136,823**	94,211	
Loans and advances to banks	**31,105**	25,728	80,632
Loans and advances to customers	**268,896**	207,259	262,409
Debt securities			130,311
Equity shares			11,399
Available for sale financial investments	**53,497**	48,097	
Reverse repurchase agreements and cash collateral on securities borrowed	**160,398**	139,574	
Other assets	**4,620**	3,647	25,915
Insurance assets including unit-linked assets	**114**	109	8,576
Investments in associates and joint ventures	**546**	429	429
Goodwill	**6,022**	4,518	4,518
Intangible assets	**1,269**	139	139
Property plant and equipment	**2,754**	2,282	2,282
Deferred tax assets	**686**	1,641	1,388
Total assets	**924,357**	715,600	538,181

BARCLAYS PLC

CONSOLIDATED BALANCE SHEET

	2005 £m	**As at 01.01.05 £m**	**2004 £m**
Liabilities			
Deposits from banks	**75,127**	74,735	111,024
Items in the course of collection due to other banks	**2,341**	1,205	1,205
Customer accounts	**238,684**	194,478	217,492
Trading portfolio liabilities	**71,564**	59,114	
Financial liabilities designated at fair value:			
held on own account	33,385	5,320	
Liabilities to customers under investment contracts	**85,201**	64,609	
Derivative financial instruments	**137,971**	94,429	
Debt securities in issue	**103,328**	76,154	83,842
Repurchase agreements and cash collateral on securities lent	**121,178**	98,582	
Other liabilities	**11,131**	9,869	82,936
Current tax liabilities	**747**	621	621
Insurance contract liabilities including unit-linked liabilities	**3,767**	3,596	8,377
Subordinated liabilities:			
Undated loan capital-non convertible	4,397	4,208	6,149
Dated loan capital-convertible	38	15	15
Dated loan capital-non convertible	8,028	6,383	6,113
Deferred tax liabilities	**700**	1,397	1,362
Other provisions for liabilities	**517**	403	416
Retirement benefit liabilities	**1,823**	1,865	1,865
Total liabilities	**899,927**	696,983	521,417
Shareholders equity			
Called up share capital	**1,623**	1,614	1,614
Share premium account	**5,650**	5,524	5,524
Available for sale reserve	**225**	314	
Cash flow hedging reserve	**70**	302	
Capital redemption reserve	**309**	309	309
Other capital reserve	**617**	617	617
Translation reserve	**156**	(58)	(58)
Retained earnings	**8,957**	6,784	7,983
Less: treasury shares	**(181)**	(119)	(119)
Shareholders equity excluding minority interests	**17,426**	15,287	15,870
Minority interests	**7,004**	3,330	894
Total shareholders equity	**24,430**	18,617	16,764
Total liabilities and shareholders equity	**924,357**	715,600	538,181

BARCLAYS PLC

FINANCIAL REVIEW

Results by business

The following section analyses the Group s performance by business. For management and reporting purposes, Barclays is organised into the following business groupings:

- **UK Banking**, comprising
  - UK Retail Banking
  - UK Business Banking
- **Barclays Capital**
- **Barclays Global Investors**
- **Wealth Management**
- **Wealth Management - closed life assurance activities**
- **Barclaycard**
- **International Retail and Commercial Banking**, comprising
  - International Retail and Commercial Banking - excluding Absa
  - International Retail and Commercial Banking - Absa, included with effect from 27th July 2005
- **Head office functions and other operations**

UK Banking

UK Banking delivers banking solutions to Barclays UK retail and business banking customers. It offers a range of integrated products and services and access to the expertise of other Group businesses. Customers are served through a variety of channels comprising the branch network, automated teller machines, telephone banking, online banking and relationship managers. UK Banking is managed through two business areas, UK Retail Banking and UK Business Banking.

UK Retail Banking

UK Retail Banking comprises Personal Customers, Mortgages, Small Business and UK Premier. This cluster of businesses aims to build broader and deeper relationships with both existing and new customers. Personal Customers and Mortgages provide a wide range of products and services to retail customers, including current accounts, savings, mortgages, and general insurance. Small Business provides banking services to small businesses. UK Premier provides banking, investment products and advice to affluent customers.

UK Business Banking

UK Business Banking provides relationship banking to Barclays larger and medium business customers in the United Kingdom. Customers are served by a network of relationship and industry sector specialist managers who provide local access to an extensive range of products and services, as well as offering business information and support. Customers are also offered access to the products and expertise of other businesses in the Group, particularly Barclays Capital. UK Business Banking provides asset financing and leasing solutions through a specialist business.

BARCLAYS PLC

FINANCIAL REVIEW

Barclays Capital

Barclays Capital is a leading global investment bank which provides large corporate, institutional and government clients with solutions to their financing and risk management needs.

Barclays Capital services a wide variety of client needs, from capital raising and managing foreign exchange, interest rate, equity and commodity risks, through to providing technical advice and expertise. Activities are organised into three principal areas: Rates, which includes fixed income, foreign exchange, commodities, emerging markets, money markets sales, trading and research, prime services and equity products; Credit, which includes primary and secondary activities for loans and bonds for investment grade, high yield and emerging market credits, as well as hybrid capital products, asset based finance, commercial mortgage backed securities, credit derivatives, structured capital markets and large asset leasing; and Private Equity.

Barclays Global Investors

Barclays Global Investors (BGI) is one of the world s largest asset managers and a leading global provider of investment management products and services.

BGI offers structured investment strategies such as indexing, global asset allocation and risk-controlled active products, including hedge funds. BGI also provides related investment services such as securities lending, cash management and portfolio transition services. In addition, BGI is the global leader in assets and products in the exchange traded funds business, with over 140 funds for institutions and individuals trading in eleven markets globally. BGI s investment philosophy is founded on managing all dimensions of performance: a consistent focus on controlling risk, return and cost.

Wealth Management

Wealth Management serves affluent, high net worth and corporate clients, providing private banking, offshore banking, stockbroking, asset management and financial planning services.

Wealth Management - closed life assurance activities

Wealth Management - closed life assurance activities comprise the closed life assurance businesses of Barclays and Woolwich in the UK.

BARCLAYS PLC

FINANCIAL REVIEW

Barclaycard

Barclaycard is a multi-brand international credit card and consumer lending business; it is one of the leading credit card businesses in Europe.

In the UK, Barclaycard manages the Barclaycard branded credit cards and other non-Barclaycard branded card portfolios including Monument, SkyCard and Solution Personal Finance. In consumer lending, Barclaycard manages both secured and unsecured loan portfolios, through Barclays branded loans, being mostly Barclayloan, and also through the FirstPlus and Clydesdale Financial Services businesses.

Outside the UK, Barclaycard provides credit cards in the United States through Barclaycard US (previously Juniper), Germany, Spain, Greece, Italy, Portugal and a number of other countries. In the Nordic region, Barclaycard operates through Entercard, a joint venture with FöreningsSparbanken (Swedbank).

Barclaycard Business processes card payments for retailers and issues purchasing and credit cards to business customers and to the UK Government.

Barclaycard works closely with other parts of the Group, including UK Retail Banking, UK Business Banking and International Retail and Commercial Banking, to leverage their distribution capabilities.

International Retail and Commercial Banking

International Retail and Commercial Banking provides Barclays international personal and corporate customers with banking services. The products and services offered to customers are tailored to meet the regulatory and commercial environments within each country. For reporting purposes in 2005, the operations have been grouped into two components: International Retail and Commercial Banking excluding Absa encompasses Barclays operations in continental Europe, Africa and the Middle East and the Caribbean joint venture; and International Retail and Commercial Banking - Absa represents the total business of Absa Group Limited in which Barclays acquired a majority stake on 27th July 2005.

International Retail and Commercial Banking - excluding Absa

International Retail and Commercial Banking excluding Absa provides a range of banking services, including current accounts, savings, investments, mortgages and loans to personal and corporate customers across Spain, Portugal, France, Italy, the Caribbean, Africa and the Middle East.

International Retail and Commercial Banking excluding Absa works closely with other parts of the Group, including Barclaycard, UK Banking, Barclays Capital and Barclays Global Investors, to leverage synergies from product and service propositions.

International Retail and Commercial Banking - Absa

Absa Group Limited is one of South Africa s largest financial services organisations serving personal, commercial and corporate customers predominantly in South Africa. Absa serves retail customers through a variety of distribution channels and offers a full range of banking services, including basic bank accounts, mortgages, instalment finance, credit cards, bancassurance products and wealth management services; for commercial and large corporate customers Absa offers customised business solutions. As at 31st December 2005, Barclays owned 56.6% of Absa Group Limited s ordinary shares and has voting control.

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FINANCIAL REVIEW

Head office functions and other operations

Head office functions and other operations comprise:

- Head office and central support functions
- discontinued businesses in transition
- consolidation adjustments

Head office and central support functions comprise the following areas: Executive Management, Finance, Treasury, Corporate Affairs, Human Resources, Strategy and Planning, Internal Audit, Legal, Corporate Secretariat, Property, Tax, Compliance and Risk. Costs incurred wholly on behalf of the businesses are recharged to them.

Discontinued businesses in transition principally relate to Middle Eastern corporate banking businesses and airline leasing activities. These businesses are centrally managed with the objective of maximising recovery from the assets.

Consolidation adjustments largely reflect the elimination of inter segment transactions.

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SUMMARY OF RESULTS

Analysis of profit attributable to equity holders of the parent

	2005 £m	2004 £m
UK Banking	**2,455**	2,265
UK Retail Banking	**1,027**	963
UK Business Banking	**1,428**	1,302
Barclays Capital	**1,272**	1,020
Barclays Global Investors	**542**	336
Wealth Management	**172**	110
Wealth Management - closed life assurance activities	**(6)**	(52)
Barclaycard	**687**	843
International Retail and Commercial Banking	**690**	293
International Retail and Commercial Banking - ex Absa	**355**	293
International Retail and Commercial Banking - Absa	**335**	
Head office functions and other operations	**(532)**	(235)
Profit before tax	**5,280**	4,580
Tax	**(1,439)**	(1,279)
Profit for the year	**3,841**	3,301
Profit attributable to minority interests	**(394)**	(47)
Profit attributable to equity holders of the parent	**3,447**	3,254

BARCLAYS PLC

TOTAL ASSETS AND WEIGHTED RISK ASSETS

Total assets

	2005 £m	As at 01.01.05 £m	2004 £m
UK Banking	**141,190**	131,392	122,380
UK Retail Banking	**69,193**	71,850	71,647
UK Business Banking	**71,997**	59,542	50,733
Barclays Capital	**581,865**	454,437	346,901
Barclays Global Investors	**80,900**	61,371	968
Wealth Management	**6,094**	5,659	5,616
Wealth Management - closed life assurance activities	**7,276**	6,551	6,425
Barclaycard	**25,771**	23,186	23,367
International Retail and Commercial Banking	**73,589**	28,780	28,505
International Retail and Commercial Banking - ex Absa	**34,195**	28,780	28,505
International Retail and Commercial Banking - Absa	**39,394**		
Head office functions and other operations	**7,672**	4,224	4,019
Total assets	**924,357**	715,600	538,181

Weighted risk assets

	2005 £m	As at 01.01.05 £m	2004 £m
UK Banking	**94,195**	92,590	91,913
UK Retail Banking	**32,298**	37,835	37,111
UK Business Banking	**61,897**	54,755	54,802
Barclays Capital	**96,095**	79,511	79,949
Barclays Global Investors	**1,659**	1,233	1,230
Wealth Management	**4,467**	4,187	4,018
Wealth Management - closed life assurance activities			
Barclaycard	**20,438**	21,595	20,188
International Retail and Commercial Banking	**50,071**	18,701	19,319
International Retail and Commercial Banking - ex Absa	**21,637**	18,701	19,319
International Retail and Commercial Banking - Absa	**28,434**		
Head office functions and other operations	**2,223**	1,941	1,984
Weighted risk assets	**269,148**	219,758	218,601

Further analysis of total assets and weighted risk assets, including the impact of securitisations, can be found on page 49.

BARCLAYS PLC

UK Banking

	2005 £m	2004 £m
Net interest income	**3,990**	3,477
Net fee and commission income	**1,776**	1,936
Net trading income		
Net investment income	**31**	5
Principal transactions	**31**	5
Net premiums from insurance contracts	**280**	249
Other income	**26**	37
Total income	**6,103**	5,704
Net claims and benefits on insurance contracts	**(58)**	(46)
Total income net of insurance claims	**6,045**	5,658
Impairment charge and other credit provisions	**(344)**	(199)
Net income	**5,701**	5,459
Operating expenses excluding amortisation of intangible assets	**(3,240)**	(3,239)
Amortisation of intangible assets	**(3)**	(2)
Operating expenses	**(3,243)**	(3,241)
Share of post-tax results of associates and joint ventures	**(3)**	5
Profit on disposal of associates and joint ventures		42
Profit before tax	**2,455**	2,265
Cost:income ratio	**54%**	57%
Cost:net income ratio	**57%**	59%
Risk Tendency	**£ 450m**	£ 375m

	2005	As at 01.01.05	2004
Loans and advances to customers	**£ 129.1bn**	£ 119.6bn	£ 114.1bn
Customer accounts	**£ 133.6bn**	£ 124.6bn	£ 114.8bn
Total assets	**£ 141.2bn**	£ 131.4bn	£ 122.4bn
Weighted risk assets	**£ 94.2bn**	£ 92.6bn	£ 91.9bn

Key Facts	2005	2004
Number of UK branches	**2,029**	2,061

BARCLAYS PLC

UK Banking profit before tax increased 8% (£190m) to £2,455m (2004: £2,265m) driven by good income growth and strong cost management.

UK Banking has targeted a cost:income ratio reduction of two percentage points per annum in 2005, 2006 and 2007. This has been exceeded in 2005 as the cost:income ratio improved by three percentage points to 54% (2004: 57%). UK Banking has continued to make good progress towards achieving its strategic aims of delivering integrated banking solutions to customers, enhancing the customer service experience, capturing revenue growth opportunities and improving productivity.

BARCLAYS PLC

UK Retail Banking

	2005 £m	2004 £m
Net interest income	**2,174**	2,059
Net fee and commission income	**1,112**	1,123
Net trading income		
Net investment income	**9**	1
Principal transactions	**9**	1
Net premiums from insurance contracts	**280**	249
Other income	**17**	26
Total income	**3,592**	3,458
Net claims and benefits on insurance contracts	**(58)**	(46)
Total income net of insurance claims	**3,534**	3,412
Impairment charge and other credit provisions	**(142)**	(60)
Net income	**3,392**	3,352
Operating expenses	**(2,359)**	(2,433)
Share of post-tax results of associates and joint ventures	**(6)**	2
Profit on disposal of associates and joint ventures		42
Profit before tax	**1,027**	963
Cost:income ratio	**67%**	71%
Cost:net income ratio	**70%**	73%
Risk Tendency	**£ 170m**	£ 150m

	2005	As at 01.01.05	2004
Loans and advances to customers	**£ 63.6bn**	£ 66.0bn	£ 65.6bn
Customer accounts	**£ 77.6bn**	£ 73.1bn	£ 72.4bn
Total assets	**£ 69.2bn**	£ 71.9bn	£ 71.7bn
Weighted risk assets	**£ 32.3bn**	£ 37.8bn	£ 37.1bn

Key Facts	**2005**	**2004**
Personal Customers		
Number of UK current accounts	**11.1m**	10.7m
Number of UK savings accounts	**10.8m**	10.6m
Total UK mortgage balances (residential)	**£ 59.6bn**	£ 61.7bn
Small Business and UK Premier		
Number of Small Business customers	**592,000**	566,000
Number of UK Premier customers	**286,000**	273,000

BARCLAYS PLC

UK Retail Banking profit before tax increased 7% (£64m) to £1,027m (2004: £963m). Profit before tax increased 12% excluding the impact of a £42m profit on disposal of a stake in Edotech in 2004.

Total income net of insurance claims increased 4% (£122m) to £3,534m (2004: £3,412m). The full-year growth compares favourably with 1% growth reported for the first half of 2005. There was good growth in current accounts, Small Business and UK Premier, whilst income from retail savings was weaker. The application of IAS 32 and IAS 39 from 1st January 2005, in particular Effective Interest Rate requirements, resulted in the reclassification of certain lending related fees from net fee and commission income to net interest income.

Net interest income increased 6% (£115m) to £2,174m (2004: £2,059m). Growth was driven by higher contributions from Mortgages and Small Business, partly offset by some margin pressure on savings and deposits. Excluding the impact of the application of IAS 32 and IAS 39 from 1st January 2005, net interest income increased 3%.

UK residential mortgage balances ended the period at £59.6bn (2004: £61.7bn). The mortgage business continued to focus on higher margin new business which resulted in an improved new business spread. Gross advances were £11.5bn which represented a market share of 4%. The loan to value ratio within the mortgage book on a current valuation basis averaged 35% (2004: 35%). There was strong balance growth in non-mortgage loans, as Small Business average loan balances increased 14% and within Personal Customers, average overdraft balances increased 8%.

Total average customer deposit balances increased 6% to £72.4bn (2004: £68.5bn). There was strong growth in UK Premier average balances of 11%, and good growth in Small Business average deposits of 5%. Within Personal Customers, retail savings average balances increased 5% and current account average balances increased 3%.

Net fee and commission income decreased 1% (£11m) to £1,112m (2004: £1,123m) with lending related fees impacted by the application of IAS 32 and IAS 39 from 1st January 2005. Excluding this impact, net fee and commission income growth was 5%. There was strong growth in current account fees, including a higher contribution from value-added Additions accounts. UK Premier delivered strong growth reflecting higher income from investment advice. There was also good growth from Small Business, including higher income from money transmission.

Income from principal transactions was £9m (2004: £1m) representing the gain on the sale of the investment in Gresham, an insurance underwriting business, ahead of the launch in 2005 of the new general insurance offering.

Net premiums from insurance underwriting activities increased 12% (£31m) to £280m (2004: £249m). In 2004 there was a provision relating to the early termination of contracts. Adjusting for this, income was slightly lower as a result of reduced insurance take-up on consumer loans.

Impairment charges increased 137% (£82m) to £142m (2004: £60m). Excluding UK mortgage releases (£40m in 2004 and £10m in 2005) impairment charges increased 52% (£52m) to £152m (2004: £100m). The increase principally reflected some deterioration in the delinquency experience and balance growth in overdrafts and small business lending. Losses from the mortgage portfolio remained negligible, with arrears increasing slightly over the year but remaining at low levels.

Operating expenses decreased 3% (£74m) to £2,359m (2004: £2,433m). The successful execution of initiatives focused on reducing back and middle office expenditure continued. Regulatory costs reduced in 2005. Despite continued investment in the business, the cost:income ratio improved four percentage points to 67% (2004: 71%).

BARCLAYS PLC

UK Business Banking

	2005	2004
		£m
Net interest income	**1,816**	1,418
Net fee and commission income	**664**	813
Net trading income		
Net investment income	**22**	4
Principal transactions	**22**	4
Other income	**9**	11
Total income	**2,511**	2,246
Impairment charge and other credit provisions	**(202)**	(139)
Net income	**2,309**	2,107
Operating expenses excluding amortisation of intangible assets	**(881)**	(806)
Amortisation of intangible assets	**(3)**	(2)
Operating expenses	**(884)**	(808)
Share of post-tax results of associates and joint ventures	**3**	3
Profit before tax	**1,428**	1,302
Cost:income ratio	**35%**	36%
Cost:net income ratio	**38%**	38%
Risk Tendency	**£ 280m**	£ 225m

	2005	As at 01.01.05	2004
Loans and advances to customers	**£ 65.5bn**	**£ 53.6bn**	£ 48.5bn
Customer accounts	**£ 56.0bn**	**£ 51.5bn**	£ 42.4bn
Total assets	**£ 72.0bn**	**£ 59.5bn**	£ 50.7bn
Weighted risk assets	**£ 61.9bn**	**£ 54.8bn**	£ 54.8bn

Key Facts	2005	2004
Total number of Business Banking customers	**183,000**	179,000
Customers registered for online banking/Business Master	**70,100**	66,900

BARCLAYS PLC

UK Business Banking profit before tax increased 10% (£126m) to £1,428m (2004: £1,302m), driven by strong income growth. Both Larger Business and Medium Business performed well in highly competitive markets and maintained their respective shares of primary banking relationships. In June 2005, UK Business Banking completed the acquisition of a 51% stake in Iveco Finance.

Total income increased 12% (£265m) to £2,511m (2004: £2,246m), driven by strong balance sheet growth. The application of IAS 32 and IAS 39 from 1st January 2005, in particular Effective Interest Rate requirements, resulted in the reclassification of certain lending related fees from net fee and commission income to net interest income.

Net interest income increased 28% (£398m) to £1,816m (2004: £1,418m). Excluding the impact of the application of IAS 32 and IAS 39 from 1st January 2005, net interest income increased by 13%.

Balance sheet growth was very strong. The application of IAS 32 and IAS 39 from 1st January 2005 has resulted in the grossing up of previously netted positions (assets and liabilities subject to master netting agreements). As at 31st December 2005 these balances were £8.9bn. Average lending balances (excluding previously netted balances) increased 23% to £54.9bn (2004: £44.6bn), with good contributions from all business areas and in particular large corporates. Iveco Finance contributed £1.1bn of average lending balances. Average deposit balances (excluding previously netted balances) increased 11% to £46.1bn (2004: £41.5bn) with strong growth from large corporate deposits. The underlying lending margin (adjusting for the income reclassification) was broadly stable.

Net fee and commission income decreased 18% (£149m) to £664m (2004: £813m). Excluding the impact of IAS 32 and IAS 39, net fee and commission income increased 8%, as a result of higher lending and transaction fees.

Income from principal transactions was £22m (2004: £4m). The majority of the increase represented gains on equity investments.

Impairment charges increased £63m to £202m (2004: £139m). Excluding the impact of a £57m recovery in the second half of 2004, the impairment charge was broadly stable. Corporate credit conditions remained steady during 2005 with potential credit risk loans unchanged, despite very strong loan growth.

Operating expenses increased 9% (£76m) to £884m (2004: £808m), reflecting volume growth, increased expenditure on front line staff and the costs of Iveco Finance since acquisition. The cost:income ratio improved one percentage point to 35% (2004: 36%).

BARCLAYS PLC

Barclays Capital

	2005 £m	2004 £m
Net interest income	**926**	991
Net fee and commission income	**724**	603
Net trading income	**2,194**	1,463
Net investment income	**401**	297
Principal transactions	**2,595**	1,760
Other income	**25**	21
Total income	**4,270**	3,375
Impairment charge and other credit provisions	**(103)**	(102)
Net income	**4,167**	3,273
Operating expenses excluding amortisation of intangible assets	**(2,894)**	(2,253)
Amortisation of intangible assets	**(1)**	
Operating expenses	**(2,895)**	(2,253)
Profit before tax	**1,272**	1,020
Cost:income ratio	**68%**	67%
Cost:net income ratio	**69%**	69%
Risk Tendency	**£ 85m**	£ 70m
Average net income per member of staff (000)	**£ 496**	£ 481

	2005	As at 01.01.05	2004
Total assets	**£ 581.9bn**	£ 454.4bn	£ 346.9bn
Weighted risk assets	**£ 96.1bn**	£ 79.5bn	£ 79.9bn

	2005		2004	
Key Facts[1]	League table position	Issuance value	League table position	Issuance value
Global all debt	**4th**	**$ 329.2bn**	4th	$ 284.0bn
European all debt	**2nd**	**$ 221.6bn**	1st	$ 174.2bn
All international bonds (all currencies)	**2nd**	**$ 183.6bn**	3rd	$ 148.7bn
All international bonds (Euros)	**4th**	**70.1bn**	6th	59.0bn
Sterling bonds	**1st**	**£ 23.0bn**	1st	£ 18.5bn
US investment grade bonds	**5th**	**$ 9.9bn**	10th	$ 4.8bn

1 League tables compiled by Barclays Capital from external sources including Dealogic and Thomson Financial.

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BARCLAYS PLC

Barclays Capital delivered record profit before tax and net income. Profit before tax increased 25% (£252m) to £1,272m (2004: £1,020m) as a result of the very strong income performance driven by higher business volumes and client activity levels. Net income increased 27% (£894m) to £4,167m (2004: £3,273m).

Total income increased 27% (£895m) to £4,270m (2004: £3,375m) as a result of strong growth across Rates and Credit Businesses. Income by asset category was broadly based with particularly strong growth delivered by credit products, commodities, currency products and equity products. Income by geography was well spread with significant growth in the US. Areas of investment in 2004, such as commodities, commercial mortgage backed securities and equity derivatives, performed well, delivering significant income growth. Market risk was well controlled with average DVaR falling 6% to £32m (2004: £34m) as a result of increased diversification across asset classes.

Secondary income, comprising principal transactions (net trading income and net investment income) and net interest income, is mainly generated from providing financing and client risk management solutions. This increased 28% (£770m) to £3,521m (2004: £2,751m).

Net trading income increased 50% (£731m) to £2,194m (2004: £1,463m) with very strong contributions across the Rates and Credit Businesses; commodities, foreign exchange, fixed income and credit derivatives performed particularly well. These results were driven by the continued return on prior year investments and higher volumes of client led activity across a broad range of products and geographical regions. Net investment income increased 35% (£104m) to £401m (2004: £297m) driven by realisations from credit products. Net interest income decreased 7% (£65m) to £926m (2004: £991m) reflecting flattening yield curves and the impact of IAS 32 and IAS 39.

Primary income, comprising net fee and commission income from advisory and origination activities, grew 20% (£121m) to £724m (2004: £603m). This reflected higher volumes and continued market share gains in a number of key markets, with strong performances from both bonds and loans.

Other income of £25m (2004: £21m) primarily reflected income from operating leases.

Impairment charges of £103m (2004: £102m) were in line with the prior year reflecting the stable wholesale credit environment.

Operating expenses increased 28% (£642m) to £2,895m (2004: £2,253m), reflecting higher business volumes and the ongoing costs associated with staff hired during 2004 and 2005 as part of the business expansion plan. Performance related costs increased due to the strong profit performance. Investment expenditure, primarily in the front office, continued to be significant although less than 2004 as headcount growth slowed. The cost:net income ratio remained stable at 69% (2004: 69%). Total staff costs to net income of 56% was in line with 2004 levels. Approximately half of operating expenses comprised performance related pay, discretionary investment spend and short-term contractor resource, consistent with 2004.

Total headcount increased by 1,200 during 2005 to 9,000 (2004: 7,800). Growth occurred across all regions with over half of the increase in the front office, spread across product, client coverage and distribution.

BARCLAYS PLC

Barclays Global Investors

	2005 £m	2004 £m
Net interest income	**17**	5
Net fee and commission income	**1,297**	882
Net trading income	**2**	3
Net investment income	**4**	3
Principal transactions	**6**	6
Other income		
Total income	**1,320**	893
Operating expenses excluding amortisation of intangible assets	**(775)**	(555)
Amortisation of intangible assets	**(4)**	(1)
Operating expenses	**(779)**	(556)
Share of post-tax results of associates and joint ventures	**1**	(2)
Profit on disposal of associates and joint ventures		1
Profit before tax	**542**	336
Cost:income ratio	**59%**	62%
Average income per member of staff (000)	**£ 629**	£ 464

	2005	As at 01.01.05	2004
Total assets	**£ 80.9bn**	£ 61.4bn	£ 1.0bn
Weighted risk assets	**£ 1.7bn**	£ 1.2bn	£ 1.2bn

Key Facts	2005	2004
Number of institutional clients	**2,800**	2,600
Assets under management:		
indexed	£ 586bn	£ 478bn
active	£ 198bn	£ 147bn
managed cash and other	£ 97bn	£ 84bn
Total assets under management	**£ 881bn**	£ 709bn
Total assets under management (US$)	**$ 1,513bn**	$ 1,362bn
Net new assets in period	**£ 48bn**	£ 58bn
Number of iShares products	**149**	132
Total iShares assets under management[1]	**£ 113bn**	£ 68bn

[1] Included in indexed assets

BARCLAYS PLC

Barclays Global Investors (BGI) delivered another year of outstanding financial results, achieving record revenues and profit before tax. The performance was spread across a diverse range of products, distribution channels and geographies. Profit before tax increased 61% (£206m) to £542m (2004: £336m) reflecting substantial income growth and focused investment spend.

Net fee and commission income increased 47% (£415m) to £1,297m (2004: £882m), driven by significant increases in management, incentive and securities lending revenues. Higher margin assets under management, strong investment performance and higher market levels contributed to the significant income growth, which was strong across all areas, particularly in the active and iShares businesses.

Investment performance remained very good for the majority of active funds as they outperformed their respective benchmarks. The growth in global iShares continued at pace, with related assets under management up 66% (£45bn) to £113bn (2004: £68bn).

Operating expenses increased 40% (£223m) to £779m (2004: £556m) as a result of higher performance based expenses, significant investment in key growth initiatives and ongoing investment in infrastructure required to support business growth. The cost:income ratio improved to 59% (2004: 62%).

Total headcount rose by 400 to 2,300 (2004: 1,900). Headcount increased in all regions, across product groups and the support functions, reflecting the investments made to support strategic initiatives.

Total assets under management increased 24% (£172bn) to £881bn (2004: £709bn). The growth included £48bn of net new assets, £53bn attributable to favourable exchange rate movements and £71bn as a result of market movements. In US$ terms, the increase in assets under management to US$1,513bn from US$1,362bn (2004) included US$88bn of net new assets and US$121bn of market movements, partially offset by adverse exchange rate movements of US$58bn. BGI manages assets denominated in numerous currencies although the majority are held in US dollars.

BARCLAYS PLC

Wealth Management

	2005 £m	2004 £m
Net interest income	**335**	303
Net fee and commission income	**589**	529
Net trading income		
Net investment income	**5**	
Principal transactions	**5**	
Other income	**(1)**	7
Total income	**928**	839
Impairment charge and other credit provisions	**(2)**	1
Net income	**926**	840
Operating expenses excluding amortisation of intangible assets	**(752)**	(729)
Amortisation of intangible assets	**(2)**	(1)
Operating expenses	**(754)**	(730)
Profit before tax	**172**	110
Cost:income ratio	**81%**	87%
Cost:net income ratio	**81%**	87%
Risk Tendency	**£ 5m**	£ 5m
Average net income per member of staff (000)	**£ 129**	£ 119

	2005	As at 01.01.05	2004
Loans and advances to customers	**£ 4.7bn**	£ 4.2bn	£ 4.1bn
Customer accounts	**£ 23.1bn**	£ 21.4bn	£ 21.3bn
Total assets	**£ 6.1bn**	£ 5.7bn	£ 5.6bn
Weighted risk assets	**£ 4.5bn**	£ 4.2bn	£ 4.0bn

Key Facts	**2005**	**2004**
Total customer funds	**£ 78.3bn**	£ 70.8bn
Multi-Manager assets (included above)	**£ 6.0bn**	£ 1.6bn

BARCLAYS PLC

Wealth Management profit before tax increased 56% (£62m) to £172m (2004: £110m), driven by broad based income growth and improved cost efficiency.

Total income increased 11% (£89m) to £928m (2004: £839m).

Net interest income increased 11% (£32m) to £335m (2004: £303m) reflecting strong growth in loans and deposits. Total average customer deposits increased 12% to £23.0bn (2004: £20.6bn) driven by strong growth from offshore and private banking clients. Total average loans increased 22% to £4.4bn (2004: £3.6bn), reflecting growth from corporate clients in the offshore business.

Net fee and commission income increased 11% (£60m) to £589m (2004: £529m). The increase was driven principally by sales of investment products to private banking and financial planning clients, stronger equity markets and higher client transaction volumes.

Operating expenses increased 3% (£24m) to £754m (2004: £730m). The business is being re-organised to establish an integrated global operating model and efficiency savings have enabled the funding of significant restructuring expenditure and the initiation of major investment programmes in people and infrastructure. The cost:income ratio improved six percentage points to 81% (2004: 87%).

The integration of the Gerrard business continued to make good progress with profits well ahead of 2004.

Total customer funds, comprising customer deposits and assets under management, increased to £78.3bn (31st December 2004: £70.8bn). Multi-Manager assets increased to £6.0bn(31st December 2004: £1.6bn); this growth included existing customer assets.

BARCLAYS PLC

Wealth Management - closed life assurance activities

	2005 £m	2004 £m
Net interest income	**(13)**	(53)
Net fee and commission income	**44**	
Net trading income		
Net investment income	**259**	596
Principal transactions	**259**	596
Net premiums from insurance contracts	**195**	362
Other income	**11**	4
Total income	**496**	909
Net claims and benefits on insurance contracts	**(375)**	(818)
Total income net of insurance claims	**121**	91
Operating expenses	**(127)**	(143)
Loss before tax	**(6)**	(52)
Cost:income ratio	**105%**	157%

	2005	As at 01.01.05	2004
Total assets	**£ 7.3bn**	£ 6.6bn	£ 6.4bn

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BARCLAYS PLC

Wealth Management closed life assurance activities loss before tax reduced to £6m (2004: loss of £52m) predominantly due to lower funding and redress costs in 2005.

Profit before tax excluding customer redress costs of £85m was £79m (2004: £45m).

From 1st January 2005, following the application of IAS 39 and IFRS 4, life assurance products are divided into investment contracts and insurance contracts. Investment income from assets backing investment contracts, and the corresponding movement in investment contract liabilities, has been presented on a net basis in other income. In addition, these standards have impacted the reporting of net claims and benefits paid.

Total income decreased to £496m (2004: £909m), largely due to the application of IFRS. The decrease was offset by a broadly similar reduction in net claims and benefits.

Operating expenses decreased 11% (£16m) to £127m (2004: £143m). Costs relating to redress for customers decreased to £85m (2004: £97m) and other operating expenses decreased 9% (£4m) to £42m (2004: £46m).

BARCLAYS PLC

Barclaycard

	2005 £m	2004 £m
Net interest income	**1,773**	1,600
Net fee and commission income	**972**	790
Net premiums from insurance contracts	**24**	22
Total income	**2,769**	2,412
Net claims and benefits on insurance contracts	**(7)**	(5)
Total income net of insurance claims	**2,762**	2,407
Impairment charge and other credit provisions	**(1,098)**	(761)
Net income	**1,664**	1,646
Operating expenses excluding amortisation of intangible assets	**(961)**	(804)
Amortisation of intangible assets	**(17)**	(3)
Operating expenses	**(978)**	(807)
Share of post-tax results of associates and joint ventures	**1**	4
Profit before tax	**687**	843
Cost:income ratio	**35%**	34%
Cost:net income ratio	**59%**	49%
Risk Tendency	**£ 1,100m**	£ 860m

	2005	As at 01.01.05	2004
Loans and advances to customers	**£ 24.0bn**	£ 22.2bn	£ 22.3bn
Total assets	**£ 25.8bn**	£ 23.2bn	£ 23.4bn
Weighted risk assets	**£ 20.4bn**	£ 21.6bn	£ 20.2bn

Key Facts	2005	2004
Number of Barclaycard UK customers	**11.2m**	11.2m
Number of retailer relationships	**93,000**	90,000
UK credit cards - average outstanding balances	**£ 10.1bn**	£ 9.6bn
UK credit cards - average extended credit balances	**£ 8.6bn**	£ 8.2bn
UK loans - average consumer lending balances	**£ 10.3bn**	£ 9.4bn
International - average extended credit balances	**£ 1.8bn**	£ 0.9bn
International - cards in issue	**4.3m**	2.9m

BARCLAYS PLC

Barclaycard profit before tax decreased 19% (£156m) to £687m (2004: £843m) as strong income growth was more than offset by higher impairment charges and increased costs from the continued development of the International business. Excluding Barclaycard US (previously Juniper) loss before tax of £56m, profit before tax fell 12% (£102m) to £743m.

Total income, net of insurance claims, increased 15% (£355m) to £2,762m (2004: £2,407m) driven by good performances across the diversified UK cards and loans businesses and Barclaycard Business, and by very strong momentum in international cards. Excluding Barclaycard US income of £75m, income increased 10%. The application of IAS 32 and IAS 39 from 1st January 2005, in particular the Effective Interest Rate requirements, resulted in the reclassification of fee and commission expenses to net interest income.

Net interest income increased 11% (£173m) to £1,773m (2004: £1,600m) as a result of growth in average balances, although the rate of growth in the UK slowed during 2005. UK average extended credit balances rose 5% to £8.6bn (2004: £8.2bn) and international average extended credit balances doubled to £1.8bn (2004: £0.9bn). Excluding Barclaycard US average extended credit balances of £0.9bn, international average extended credit balances increased 26%. UK average consumer lending balances increased 10% to £10.3bn (2004: £9.4bn). Margins in the cards business improved during 2005 to 7.96% (2004: 7.34%) due to the impact of increased card rates and a reduced proportion of total balances on promotional offers. Margins in consumer lending fell to 4.96% (2004: 6.27%), due to the impact of IAS 32 and IAS 39, competitive pressure and a change in the product mix. Excluding the impact of the application of IAS 32 and IAS 39, net interest income increased 14%.

Net fee and commission income increased 23% (£182m) to £972m (2004: £790m) as a result of the inclusion of Barclaycard US and increased contributions from Barclaycard Business and FirstPlus. Excluding the impact of IAS 32 and IAS 39, net fee and commission income increased 16%.

Impairment charges increased 44% (£337m) to £1,098m (2004: £761m). The increase was driven by a rise in delinquent balances, lower rates of recovery from customers, the inclusion of Barclaycard US, and an increase in the size of the average loan book. Excluding Barclaycard US impairment charges of £53m, impairment charges increased 38%. The increases arose in the UK businesses as a result of the industry wide credit experience during 2005. Within the portfolio, the greater increase arose in the UK cards business; impairment charges in the consumer lending business increased at a lower rate. Non-performing loans increased significantly, driven by the growth in delinquent balances.

Operating expenses rose 21% (£171m) to £978m (2004: £807m) mostly as a result of the inclusion of Barclaycard US. Excluding Barclaycard US operating expenses of £111m, operating expenses rose 7% reflecting continued investment in the UK and continental European card businesses and the development of the UK Partnerships business.

Barclaycard International performed strongly, with Germany and Spain delivering excellent results. In June Barclaycard formed a new joint venture with Swedbank to develop a card business in the Nordic region; the business is performing in line with expectations. Excluding Barclaycard US, Barclaycard International profit before tax was £26m (2004: £8m), with income ahead 22%. Barclaycard US performance and integration proceeded in line with expectations, with strong growth in balances and customers and the establishment of a number of new partnerships. The loss before tax for Barclaycard US was £56m (2004: loss of £2m).

BARCLAYS PLC

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BARCLAYS PLC

International Retail and Commercial Banking

	2005 £m	2004 £m
Net interest income	**1,096**	534
Net fee and commission income	**711**	288
Net trading income	**40**	
Net investment income	**150**	135
Principal transactions	**190**	135
Net premiums from insurance contracts	**227**	300
Other income	**62**	25
Total income	**2,286**	1,282
Net claims and benefits on insurance contracts	**(205)**	(390)
Total income net of insurance claims	**2,081**	892
Impairment charge and other credit provisions	**(33)**	(31)
Net income	**2,048**	861
Operating expenses excluding amortisation of intangible assets	**(1,356)**	(616)
Amortisation of intangible assets	**(48)**	(1)
Operating expenses	**(1,404)**	(617)
Share of post-tax results of associates and joint ventures	**46**	49
Profit before tax	**690**	293
Cost:income ratio	**67%**	69%
Cost:net income ratio	**69%**	72%
Risk Tendency	**£ 195m**	£ 65m

	2005	As at 01.01.05	2004
Loans and advances to customers	**£ 54.3bn**	£ 20.8bn	£ 20.7bn
Customer accounts	**£ 33.4bn**	£ 9.5bn	£ 10.1bn
Total assets	**£ 73.6bn**	£ 28.8bn	£ 28.5bn
Weighted risk assets	**£ 50.1bn**	£ 18.7bn	£ 19.3bn

International Retail and Commercial Banking profit before tax increased £397m to £690m (2004: £293m). The increase reflected the inclusion of Absa profit before tax of £335m for the period from 27th July 2005 and strong organic growth in Africa and Europe.

From 1st January 2005, following the application of IAS 39 and IFRS 4, life assurance products are divided into investment contracts and insurance contracts. Investment income from assets backing insurance contracts, and the corresponding movement in investment contract liabilities, has been presented on a net basis in other income. In addition, these standards have impacted the reporting of net claims and benefits paid. Also the application of IAS 32 and IAS 39 from 1st January 2005, in particular the Effective Interest Rate requirements, resulted in the reclassification of certain lending related fees from net fee and commission income to net interest income.

BARCLAYS PLC

International Retail and Commercial Banking - excluding Absa

	2005 £m	2004 £m
Net interest income	**582**	534
Net fee and commission income	**377**	288
Net trading income	**31**	
Net investment income	**88**	135
Principal transactions	**119**	135
Net premiums from insurance contracts	**129**	300
Other income	**23**	25
Total income	**1,230**	1,282
Net claims and benefits on insurance contracts	**(161)**	(390)
Total income net of insurance claims	**1,069**	892
Impairment charge and other credit provisions	**(13)**	(31)
Net income	**1,056**	861
Operating expenses excluding amortisation of intangible assets	**(734)**	(616)
Amortisation of intangible assets	**(6)**	(1)
Operating expenses	**(740)**	(617)
Share of post-tax results of associates and joint ventures	**39**	49
Profit before tax	**355**	293
Cost:income ratio	**69%**	69%
Cost:net income ratio	**70%**	72%
Risk Tendency	**£ 75m**	£ 65m

	2005	As at 01.01.05	2004
Loans and advances to customers	**£ 25.4bn**	£ 20.8bn	£ 20.7bn
Customer accounts	**£ 10.4bn**	£ 9.5bn	£ 10.1bn
Total assets	**£ 34.2bn**	£ 28.8bn	£ 28.5bn
Weighted risk assets	**£ 21.6bn**	£ 18.7bn	£ 19.3bn

Key Facts	2005	2004
Number of international branches	**798**	830
Number of Barclays Africa and the Middle East customer accounts	**1.3m**	1.4m
Number of Barclays Europe customers	**0.8m**	0.7m
Number of European mortgage customers	**229,000**	153,000
European mortgages - average balances (Euros)	**21.2bn**	16.9bn
European assets under management (Euros)	**22.6bn**	17.1bn

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International Retail and Commercial Banking excluding Absa performed strongly, with profit before tax increasing 21% (£62m) to £355m (2004: £293m). The performance was broad based, featuring stronger profits in all geographies.

Total income net of insurance claims increased 20% (£177m) to £1,069m (2004: £892m).

Net interest income increased 9% (£48m) to £582m (2004: £534m), reflecting strong balance sheet growth in Europe, Africa and the Middle East, and the development of the corporate businesses in Spain.

Total average customer loans increased 28% to £22.8bn (2004: £17.8bn). Mortgage balance growth in continental Europe was particularly strong with average Euro balances up 25%. Average lending balances in Africa and the Middle East increased 34%. Changes in the overall product mix, as a result of growth in European mortgages and competitive pressures in key European markets contributed to lower lending margins. Average customer deposits increased 7% to £9.5bn (2004: £8.9bn), with deposit margins rising modestly.

Net fee and commission income increased 31% (£89m) to £377m (2004: £288m). This reflected a strong performance from the Spanish funds business, where assets under management increased 15%, together with good growth in France, including the contribution of the ING Ferri business which was acquired on 1st July 2005. Fee income also showed solid growth in Italy, Africa and the Middle East. Excluding the impact of IAS 32 and IAS 39, net fee and commission income increased 25%.

Principal transactions reduced to £119m (2004: £135m), reflecting the change in accounting for insurance business, partly offset by investment realisations during 2005 including a gain of £23m from the redemption of preference shares in FirstCaribbean.

Impairment charges decreased 58% (£18m) to £13m (2004: £31m), mainly as a result of releases and recoveries in Africa and the Middle East. In Europe, charges remained broadly stable.

Operating expenses increased 20% (£123m) to £740m (2004: £617m). The increase was in line with the growth in income, and was due to higher integration costs in Spain, the continued expansion of the business in Africa and the Middle East, investments in the European distribution network, particularly in Portugal and Italy, and the acquisition of the ING Ferri business in France. The cost:income ratio remained stable at 69% (2004: 69%).

Barclays Spain continued to perform very strongly with profit before tax, pre integration costs of £57m, up 25% to £156m (2004: £125m). Including integration costs, profit before tax was up 19% to £99m (2004: £83m). This was driven by the continued realisation of benefits from the accelerated integration of Banco Zaragozano, together with good growth in mortgages and assets under management. The integration of Banco Zaragozano continued to be well ahead of plan; integration costs were £57m (2004: £42m). Profit before tax also increased strongly in Italy and Portugal reflecting strong customer acquisition and increased business volumes. France performed well as a result of good organic growth and the acquisition of ING Ferri.

Africa and the Middle East profit before tax increased 14% to £142m (2004: £125m) reflecting continued investment and balance sheet growth across the businesses, particularly in Egypt, United Arab Emirates and South Africa and lower impairment charges.

The post-tax profit from associates decreased £10m to £39m (2004: £49m) due to a lower contribution from FirstCaribbean. The underlying performance in 2005 was stronger; Barclays results in 2004 included £28m relating to the gain made by FirstCaribbean on the sale of shares in Republic Bank Limited.

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International Retail and Commercial Banking - Absa

		Period from 27th July until 31st December 2005 £m
Net interest income		514
Net fee and commission income		334
Net trading income		9
Net investment income		62
Principal transactions		71
Net premiums from insurance contracts		98
Other income		39
Total income		1,056
Net claims and benefits on insurance contracts		(44)
Total income net of insurance claims		1,012
Impairment charge and other credit provisions		(20)
Net income		992
Operating expenses excluding amortisation of intangible assets		(622)
Amortisation of intangible assets		(42)
Operating expenses		(664)
Share of post-tax results of associates and joint ventures		7
Profit before tax		335
Cost:income ratio		66%
Cost:net income ratio		67%
Risk Tendency	£	120m
Loans and advances to customers	£	28.9bn
Customer accounts	£	23.0bn
Total assets	£	39.4bn
Weighted risk assets	£	28.4bn

Key Facts	2005
Number of branches	718
Number of ATM s	5,835
Number of retail customers	7.6m
Number of corporate customers	82,000

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Absa s profit before tax for the period from 27th July 2005 was £335m. On consolidation into Barclays results, a charge of £42m has been taken for the amortisation of intangible assets and is included within operating expenses. The consolidated results for Absa represent 100% of earnings, 43.4% of which is attributable to minority interests. This is deducted from Barclays results as profit attributable to minority interests.

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Head office functions and other operations

	2005 £m	2004 £m
Net interest expense	**(49)**	(24)
Net fee and commission expense	**(408)**	(181)
Net trading income	**85**	21
Net investment income	**8**	(9)
Principal transactions	**93**	12
Net premiums from insurance contracts	**146**	109
Other income	**24**	37
Total income	**(194)**	(47)
Impairment release/(charge) and other credit provisions	**9**	(1)
Net loss	**(185)**	(48)
Operating expenses excluding amortisation of intangible assets	**(343)**	(175)
Amortisation of intangible assets	**(4)**	(14)
Operating expenses	**(347)**	(189)
Share of post-tax results of associates and joint ventures		2
Loss before tax	**(532)**	(235)
Risk Tendency	**£ 10m**	£ 20m

	2005	As at 01.01.05	2004
Total assets	**£ 7.7bn**	£ 4.2bn	£ 4.0bn
Weighted risk assets	**£ 2.2bn**	£ 1.9bn	£ 2.0bn

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Head office functions and other operations loss before tax increased £297m to £532m (2004: loss £235m), reflecting the elimination of inter-segment transactions and increased operating expenses.

Group segmental reporting is prepared in accordance with Group accounting policies. This means that inter-segment transactions are recorded in each segment as if undertaken on an arms length basis. Consolidation adjustments necessary to eliminate the inter-segment transactions, including adjustments to eliminate the timing differences on the recognition of inter-segment income and expenses, are included in Head office functions and other operations.

The increase in asymmetric consolidation adjustments of £135m to £204m (2004: £69m) mainly arises from the timing of the recognition of insurance premiums included in Barclaycard and UK Banking amounting to £113m (2004: £nil).

In UK Banking, captive insurers pay commissions to other businesses for the introduction of short term payment protection insurance. The recognition of commissions payable is generally spread over the term of the insurance to match the fact that claims arise over the term of the insurance.

In Barclaycard, introducer commissions received from UK Banking s captive insurers are recognised as Net fees and commission income at the time the service is provided. This is on the basis that the introducer carries none of the related policy risk and provides no on-going service to the policy holder. In addition, the related cost of introduction is incurred at the inception of any policy.

In 2004 and prior years, Barclaycard dealt with third party underwriters but from the start of 2005 this activity was undertaken with the captive insurance operation within UK Banking.

In Head office functions and other operations, consolidation adjustments are made:

- to eliminate the differential timing of the recognition of insurance commissions between UK Banking and Barclaycard; and

- to reclassify fees and commissions, as recorded in Barclaycard, as net premiums from insurance contracts in Head office functions and other operations.

In addition there were two other significant consolidation adjustments: internal fees for structured capital markets activities arranged by Barclays Capital of £67m (2004: £63m); and the fees paid to Barclays Capital for capital raising and risk management advice of £50m (2004: £nil). Previously capital raising fees were amortised over the life of the capital raising and taken as a charge to net interest income. Under IFRS they are recognised as a cost in the year of issue.

Net trading income of £85m (2004: £21m) primarily arose as a result of hedging related transactions in Treasury. The hedge ineffectiveness from 1st January 2005, together with other related Treasury adjustments, amounted to a gain of £18m (2004: £nil) and was reported in net interest income. The cost of hedging the foreign exchange risk on the Group s investment in Absa amounted to £37m (2004: £nil) and was deducted from net interest income.

Other income primarily comprises property rental income.

Impairment gains reflect recoveries made on loans previously written off in the transition businesses.

Operating expenses rose £158m to £347m (2004: £189m) and included non-recurring costs relating to the head office relocation to Canary Wharf of £105m (2004: £32m) and a charge to write down capitalised IT related assets held centrally of £60m (2004: £nil). Underlying operating expenses, excluding non-recurring costs of £165m, rose by £25m, representing an increase of 16%.

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Results by nature of income and expense

Net interest income

	2005 £m	2004[1] £m
Interest income[2]		
Cash and balances with central banks	**9**	4
Financial instruments	**2,272**	
Debt securities		2,597
Loans and advances to banks	**690**	957
Loans and advances to customers	**12,944**	10,312
Other	**1,317**	10
	17,232	13,880
Interest expense[2]		
Deposits from banks	**(2,056)**	(1,535)
Customer accounts	**(2,715)**	(2,053)
Debt securities in issue	**(3,268)**	(1,569)
Subordinated liabilities	**(605)**	(692)
Other	**(513)**	(1,198)
	(9,157)	(7,047)
Net interest income	**8,075**	6,833

Group net interest income increased 18% (£1,242m) to £8,075m (2004: £6,833m). The inclusion of Absa added net interest income of £514m in the second half of 2005. Group net interest income excluding Absa grew 11% reflecting growth in average balances across all businesses. Growth in net interest income was strongest in UK Banking, particularly reflecting the growth in UK Business Banking average lending and deposit balances. Net interest income also improved in Barclaycard and International Retail and Commercial Banking as a result of strong growth in balances.

In 2005, interest income relating to reverse repurchase agreements has been included within other interest income. In 2004, such income was classified within the loans and advances to banks and the loans and advances to customers categories. Expenditure relating to repurchase agreements has been treated accordingly and is included within other interest expense. In 2004 the expenditure was included within deposits from banks and customer accounts.

A component of the benefit of free funds included in Group net interest income is the structural hedge which functions to reduce the impact of the volatility of short-term interest rate movements. The contribution of the structural hedge has decreased to £145m (2004: £304m), largely due to the impact of higher short-term interest rates and lower medium-term rates. The reduced contribution from the structural hedge has impacted the interest earned on shareholders funds and reported liability margins.

Interest income includes £76m accrued on impaired loans, reflecting the application of IAS 32.

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1 Does not include IAS 32, IAS 39 or IFRS 4. Financial instruments are measured in accordance with UK GAAP.

2 Following application of IAS 32 and IAS 39 there are a number reclassifications, which affect the year on year comparisons of interest income and expense:

- Certain lending related fees and commissions transferred to net interest income.

- The interest expense of certain capital instruments transferred to minority interests.

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Net fee and commission income

	2005 £m	2004 £m
Fee and commission income	**6,430**	5,509
Fee and commission expense	**(725)**	(662)
Net fee and commission income	**5,705**	4,847

Net fee and commission income increased 18% (£858m) to £5,705m (2004: £4,847m) reflecting good growth across all businesses. The inclusion of Absa increased net fee and commission income by £334m in the second half of 2005. Group net fee and commission income excluding Absa grew 11%. Excluding the application of IAS 32 and IAS 39 net fee and commission income increased 20%.

Fee and commission income rose 17% (£921m) to £6,430m (2004: £5,509m). The inclusion of Absa increased fee and commission income by £386m. Excluding Absa, fee and commission income grew by 10%. The growth was driven by Barclays Global Investors, reflecting strong growth in net new assets, strong investment performance and higher market levels, and Barclays Capital as a result of increased business volumes and higher market share. In addition, Barclaycard fee and commission income increased as a result of higher contributions from Barclaycard Business and FirstPlus and the inclusion of Barclaycard US for the full year. Fee and commission expense increased 10% (£63m) to £725m (2004: £662m), largely reflecting the inclusion of Absa which added £52m.

Total foreign exchange income was £648m (2004: £520m) and consisted of revenues earned from both retail and wholesale activities. The foreign exchange income earned on customer transactions by UK Retail Banking, UK Business Banking, International Retail and Commercial Banking, Barclaycard, Barclays Global Investors and Wealth Management, both externally and with Barclays Capital, is reported in those respective business units, within fee and commission income. The foreign exchange income earned in Barclays Capital is reported within trading income.

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Principal transactions

	2005 £m	2004 £m
Net trading income		
Rates related business	**1,732**	1,141
Credit related business	**589**	346
	2,321	1,487
Net investment income		
Cumulative gain from disposal of available for sale assets/investment securities	**120**	45
Dividend income	**22**	17
Net income from financial instruments designated at fair value	**389**	
Income from assets backing insurance policies[1]		717
Other investment income	**327**	248
	858	1,027
Principal transactions	**3,179**	2,514

Most of the Group s trading income is generated in Barclays Capital.

Net trading income increased 56% (£834m) to £2,321m (2004: £1,487m) due to strong performances across Barclays Capital Rates and Credit businesses, in particular from commodities, foreign exchange, fixed income and credit derivatives. This was driven by the continued return on prior year investments and higher volumes of client led activity across a broad range of products and geographical regions. Group net trading income, excluding £9m of Absa income, grew 55%.

Net investment income decreased 16% (£169m) to £858m (2004: £1,027m). The inclusion of Absa increased net investment income by £62m in the second half of 2005. Group net investment income excluding Absa decreased 22%.

Following the application of IAS 39 at 1st January 2005, certain assets and liabilities have been designated at fair value. Fair value movements on these items have been reported within net trading income or within net investment income depending on the nature of the transaction. Fair value movements on insurance assets included within net investment income contributed £317m.

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1 From 1st January 2005, investment and insurance contracts are separately accounted for in accordance with IAS 39 and IFRS 4. This has resulted in investment income and the corresponding movement in investment contract liabilities being presented on a net basis within other income. In 2004, all contracts were accounted for as insurance contracts and the gross income relating to these contracts was reported as income from assets backing insurance policies.

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Net premiums from insurance contracts

	2005 £m	2004 £m
Gross premiums from insurance contracts	**909**	1,069
Premiums ceded to reinsurers	**(37)**	(27)
Net premiums from insurance contracts	**872**	1,042

The application of IAS 39 and IFRS 4 in 2005 has affected year on year comparatives of insurance results. These standards change the basis of recognition for insurance premiums, claims and insurance contract liability movements (together reported as net claims and benefits) and also of investment management fees on unit linked products. IFRS 4 requires preparers to distinguish portfolios with the legal form of insurance contracts between those that contain significant insurance risk and those that are largely investment in nature.

The change in accounting for investment contracts resulted in a substantial decline in reported net premiums from insurance contracts in the Wealth Management - closed life assurance activities and International Retail and Commercial Banking businesses. There is a corresponding decline in net claims and benefits paid on insurance contracts.

Other income

	2005 £m	2004 £m
Increase in fair value of assets held in respect of linked liabilities to customers under investment contracts	**9,234**	
Increase in liabilities held in respect of linked liabilities to customers under investment contracts	**(9,234)**	
Property rentals	**54**	46
Other income	**93**	85
	147	131

In accordance with IAS 39, from 1st January 2005 certain asset management products offered to institutional clients by Barclays Global Investors are recognised as investment contracts. This results in a substantial increase in the fair value of assets held in respect of linked liabilities to customers under investment contracts and in the related liabilities.

Net claims and benefits paid on insurance contracts

	2005 £m	2004 £m
Gross claims and benefits paid on insurance contracts	**694**	1,275
Reinsurers share of claims paid	**(49)**	(16)
Net claims and benefits paid on insurance contracts	**645**	1,259

The change in accounting for investment contracts results in a substantial decline in reported net claims and benefits paid on insurance contracts in Wealth Management - closed life assurance activities and International Retail and Commercial Banking. There is a corresponding decline in net premiums from insurance contracts.

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Impairment charge and other credit provisions

	2005 £m	2004 £m
Impairment charges		
The charges for the period in respect of impairment for loans and advances comprise:		
- New and increased	**2,129**	1,755
- Releases	**(333)**	(396)
- Recoveries	**(222)**	(255)
Total impairment charges for loans and advances	**1,574**	1,104
Impairment on available for sale assets	**4**	
Other credit provisions		
Charges for the period in respect of provision for undrawn contractually committed facilities and guarantees provided	**(7)**	(11)
Total impairment charge and other credit provisions	**1,571**	1,093

Period-on-period comparison is affected by the adoption of IAS 39 on 1st January 2005, which has changed the absolute value and calculation basis of the impairment charges and Potential Credit Risk Loans (PCRLs). In addition, following the adoption of IAS 39 on 1st January 2005 wholesale and corporate charges now include the impairment of private equity investments.

Total impairment charges and other credit provisions increased 44% (£478m) to £1,571m (2004: £1,093m). This reflected some large one-off releases and recoveries in 2004, the impact of acquisitions in 2005 and changes in methodology.

In the UK pressure on household cashflows due to a range of factors and the high level of household indebtedness have led to a greater strain on personal budgets. This has resulted in a deterioration in consumer credit quality which has been evident from higher average delinquency balances and shorter periods between delinquency and charge-off. Smaller business customers have also shown some limited deterioration in credit quality. Wholesale and corporate credit conditions remained steady. In other key markets for the Group, the US consumer and corporate credit markets remained robust while the consumer and SME markets in Iberia remained well underpinned by strong economic growth. In South Africa good economic growth has led to buoyant domestic demand for credit, whilst rising retail debt:income ratios were underpinned by growth in household income and low interest rates.

As a result of an increase in impairment charges to the retail portfolios, and to a lesser extent in the wholesale and corporate portfolios, the impairment charges for the Group, excluding Absa impairment of £20m, for the full-year was £1,551m (2004: £1,093m). Impairment charges excluding Absa amounted to 0.57% (2004: 0.48%), as a percentage of period-end total non-trading loans and advances.

Retail impairment charges, excluding Absa impairment charges of £19m, increased to £1,235m (2004: £811m), accounting for just under 80% of the Group s impairment charges. Excluding Absa impairment charges of £19m, retail impairment charges amounted to 1.05% (2004: 0.72%) of the period-end total non-trading loans and advances. The increase was predominantly in the UK cards and consumer loans portfolios.

In the wholesale and corporate businesses, excluding Absa impairment charges of £1m, impairment charges increased to £323m (2004: £282m). The increase occurred largely in UK Business Banking and reflected the fact that the 2004 results included a large one-off recovery of £57m. Underlying impairment charges excluding this item were broadly flat. Wholesale and corporate impairment charges, excluding Absa impairment charges of £1m, were 0.21% (2004: 0.25%) of period-end total non-trading loans and advances.

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Impairment charge and other credit provisions (continued)

Absa s impairment charge of £20m for the five month period was low in a benign credit environment and also reflected a reduction in the number and value of non-performing loans and a higher level of releases and recoveries.

Impairment charges by their very nature are subject to exceptional increases, releases and recoveries from time to time. The presence of such items means that the movements in the impairment charge from one period to another will differ from the movement in the underlying trend. In 2004, the credit loss was reduced by a number of one-off items, including an exceptional recovery of £57m in UK Business Banking and a release of mortgage provisions of £40m (2005: release £10m) in UK Retail Banking.

Operating expenses excluding amortisation of intangible assets

	2005	**2004**
	£m	**£m**
Staff costs (refer to page 42)	**6,318**	5,227
Administrative expenses	**3,443**	2,766
Depreciation	**362**	297
Impairment loss - intangible assets	**9**	9
Operating lease rentals	**316**	215
Operating expenses excluding amortisation of intangible assets	**10,448**	8,514

Operating expenses increased 23% (£1,934m) to £10,448m (2004: £8,514m). The inclusion of Absa added operating expenses of £622m to the second half of 2005. Group operating expenses excluding Absa grew 15% reflecting higher business activity.

Administrative expenses increased 24% (£677m) to £3,443m (2004: £2,766m). The inclusion of Absa added administrative expenses of £257m in the second half of 2005. Group administrative expenses excluding Absa grew 15% principally as a result of higher business activity in Barclays Capital and Barclays Global Investors and the inclusion of Barclaycard US for the full year. There was a strong focus on cost control across the business, with particularly good results in UK Retail Banking.

Administrative expenses included non-recurring costs relating to the write down of capitalised IT related assets held centrally of £60m (2004: £nil). Impairment losses of £9m (2004: £9m) reflected a further charge for the impairment of certain capitalised IT related assets following a review of their likely future economic benefit.

Operating lease rentals increased 47% (£101m) to £316m (2004: £215m). The inclusion of Absa added operating lease rentals of £27m in the second half of 2005. Operating lease rentals excluding Absa increased primarily as a consequence of the double occupancy costs associated with the head office relocation to Canary Wharf.

The Group cost:income ratio remained steady at 61%. This reflected improved productivity in UK Banking, Barclays Global Investors and Wealth Management; and a stable performance by International Retail and Commercial Banking, offset by an increase in non-recurring operating expenses in head office and other functions.

The Group cost:net income ratio was 67% (2004: 66%).

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Amortisation of intangible assets

	2005 £m	2004 £m
Internally generated software	**20**	19
Other software	**3**	
Brands	**9**	
Customer lists and relationships	**27**	
Licences	**13**	3
Core deposit intangibles	**7**	
Amortisation of intangible assets	**79**	22

The increase in the amortisation of intangible assets primarily reflects the inclusion of Absa in the second half of 2005.

Staff costs

	2005 £m	2004 £m
Salaries and accrued incentive payments	**5,036**	4,098
Social security costs	**412**	339
Pension costs		
defined contribution plans	**76**	92
defined benefit plans	**271**	235
Other post retirement benefits	**27**	29
Other	**496**	434
Staff costs	**6,318**	5,227

Included in salaries and accrued incentive payments is £338m (2004: £204m) arising from equity settled share based payments.

Staff costs increased 21% (£1,091m) to £6,318m (2004: £5,227m). The inclusion of Absa added staff costs of £296m during the second half of the year. Excluding the impact of Absa, staff costs increased 15%.

Salaries and accrued incentive payments rose 23% (£938m) to £5,036m (2004: £4,098m), principally due to increased headcount in Barclays Capital and performance related payments primarily in Barclays Capital and Barclays Global Investors and the inclusion of Absa. Excluding Absa salaries and accrued incentive payments of £276m, salaries and accrued incentive payments rose 16% (£662m).

Pension costs comprise all UK and international pension schemes. Included in pension costs is a charge of £276m (2004: £261m) in respect of the Group s main UK pension schemes.

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Staff numbers

	2005	2004
UK Banking	**39,900**	41,800
UK Retail Banking	**31,900**	34,400
UK Business Banking	**8,000**	7,400
Barclays Capital	**9,000**	7,800
Barclays Global Investors	**2,300**	1,900
Wealth Management	**7,200**	7,200
Barclaycard	**7,800**	6,700
International Retail and Commercial Banking	**46,200**	12,100
International Retail and Commercial Banking - ex Absa	**12,700**	12,100
International Retail and Commercial Banking - Absa	**33,500**	
Head office functions and other operations	**900**	900
Total Group permanent and fixed term contract staff worldwide	**113,300**	78,400
Agency staff worldwide	**7,000**	4,300
Total including agency staff	**120,300**	82,700

Staff numbers are shown on a full-time equivalent basis. Total Group permanent and contract staff comprise 59,100 (2004: 60,000) in the UK and 54,200 (2004: 18,400) internationally.

Since 2004 permanent and contract staff numbers increased by 34,900, primarily as a result of the acquisition of Absa Group Limited, offset in part by the implementation of restructuring programmes resulting in a decrease of 2,400 staff.

UK Banking staff numbers fell by 1,900 to 39,900 (2004: 41,800), reflecting the cost management programme in UK Retail Banking partially offset by an increase in UK Business Banking frontline staff and the inclusion of 200 Iveco Finance staff.

Barclays Capital staff numbers rose by 1,200 to 9,000 (2004: 7,800), reflecting the continued expansion of the business.

Barclays Global Investors increased staff numbers by 400 to 2,300 to support strategic initiatives (2004: 1,900).

Barclaycard staff numbers rose by 1,100 to 7,800 (2004: 6,700), reflecting growth of 300 in Barclaycard US, an increase of 200 in other international operations and growth in customer facing staff in the UK.

International Retail and Commercial Banking increased staff numbers by 34,100, primarily due to the inclusion of 33,500 Absa staff. International Retail and Commercial Banking excluding Absa increased staff numbers by 600 to 12,700 (2004: 12,100), mainly due to growth in continental Europe, including over 100 from the acquisition of the ING Ferri business in France.

Head office functions and other operations staff numbers remained stable at 900 (2004: 900).

The increase in agency staff worldwide largely reflects the inclusion of 3,300 temporary staff at Absa.

The number of staff under notice at 31st December 2005, was 2,400.

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Share of post-tax results of associates and joint ventures

	2005 £m	2004 £m
Loss from joint ventures	**(8)**	
Profit from associates	**53**	56
Share of post-tax results of associates and joint ventures	**45**	56

The share of post-tax results of associates and joint ventures fell 20% (£11m) to £45m (2004: £56m). A stronger underlying performance by FirstCaribbean in 2005 was more than offset by the impact of a gain in 2004 relating to the sale of shares held in Republic Bank Ltd (Barclays share £28m). Losses from joint ventures primarily related to Intelligent Processing Systems Limited, a cheque processing joint venture in the UK.

Tax

The charge for the period is based upon a UK corporation tax rate of 30% for the calendar year 2005 (full-year 2004: 30%). The effective rate of tax for 2005 was 27% (2004: 28%). This is lower than the standard rate due to the beneficial effects of lower tax on certain overseas income and certain non-taxable gains. The tax charge for the year includes £961m (2004: £1,028m) arising in the UK and £478m (2004: £251m) arising overseas.

Profit attributable to minority interests

	2005 £m	2004 £m
International Retail and Commercial Banking - Absa minority interests	**116**	
Preference shares	**113**	2
Reserve capital instruments	**93**	
Upper tier 2 instruments	**11**	
Barclays Global Investors minority interests	**41**	22
Other minority interests	**20**	23
Profit attributable to minority interests	**394**	47

Profit attributable to minority interests increased due to the acquisition of Absa, the inclusion of certain capital instruments within minority interests in accordance with IAS 39 and an increase in the preference share capital of subsidiary undertakings.

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Earnings per share

	2005	2004
Profit attributable to equity holders of the parent	**£ 3,447m**	£ 3,254m
Dilutive impact of convertible options	**£ (38)m**	£ (16)m
Profit attributable to equity holders of the parent including dilutive impact of convertible options	**£ 3,409m**	£ 3,238m
Basic weighted average number of shares in issue	**6,337m**	6,381m
Number of potential ordinary shares[1]	**149m**	124m
Diluted weighted average number of shares	**6,486m**	6,505m
	p	**p**
Basic earnings per ordinary share	**54.4**	51.0
Diluted earnings per ordinary share	**52.6**	49.8

Dividends on ordinary shares

The Board has decided to pay, on 28th April 2006, a final dividend for the year ended 31st December 2005 of 17.4p per ordinary share, for shares registered in the books of the Company at the close of business on 3rd March 2006. Shareholders who have their dividends paid direct to their bank or building society account will receive a consolidated tax voucher detailing the dividends paid in the 2005 - 2006 tax year in mid-October 2006.

The amount payable for the 2005 final dividend is £1,105m (2004: £1,001m). This amount excludes £24m payable on own shares held by employee benefit trusts (2004: £16m).

For qualifying US and Canadian resident ADR holders, the final dividend of 17.4p per ordinary share becomes 69.6p per ADS (representing four shares). The ADR depositary will mail the dividend on 28th April 2006 to ADR holders on the record on 3rd March 2006.

For qualifying Japanese shareholders, the final dividend of 17.4p per ordinary share will be distributed in mid-May to shareholders on the record on 3rd March 2006.

Shareholders may have their dividends reinvested in Barclays PLC shares by participating in the Barclays Dividend Reinvestment Plan. The plan is available to all shareholders, including members of Barclays Sharestore, provided that they do not live in or are subject to the jurisdiction of any country where their participation in the plan would require Barclays or The Plan Administrator to take action to comply with local government or regulatory procedures or any similar formalities. Any shareholder wishing to obtain details and a form to join the plan should contact The Plan Administrator by writing to: The Plan Administrator to Barclays, Share Dividend Team, The Causeway, Worthing, West Sussex, BN99 6DA; or, by telephoning 0870 609 4535. The completed form should be returned to The Plan Administrator on or before 7th April 2006 for it to be effective in time for the payment of the final dividend on 28th April 2006. Shareholders who are already in the plan need take no action unless they wish to change their instructions in which case they should write to The Plan Administrator.

1 Potential ordinary shares reflect the dilutive effect of share options outstanding.

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Analysis of amounts included in the balance sheet

Capital resources

	2005 £m	As at 01.01.05 £m	2004 £m
Shareholders equity excluding minority interests	**17,426**	15,287	15,870
Preference shares	**2,977**	690	690
Reserve capital instruments	**1,868**	1,907	
Upper tier 2 instruments	**581**	586	
International Retail and Commercial Banking - Absa minority interests	**1,351**		
Other minority interests	**227**	147	204
Minority interests	**7,004**	3,330	894
Total shareholders equity	**24,430**	18,617	16,764
Loan capital	**12,463**	10,606	12,277
Total capital resources	**36,893**	29,223	29,041

The authorised share capital of Barclays PLC is £2,500m (2004: £2,500m) comprising 9,996 million (2004: 9,996 million) ordinary shares of 25p shares and 1 million (2004: 1 million) staff shares of £1 each. Called up share capital comprises 6,490 million (2004: 6,454 million) ordinary shares of 25p each and 1 million (2004: 1 million) staff shares of £1 each.

Total capital resources increased £7,670m to £36,893m since 1st January 2005.

Shareholders equity, excluding minority interests, increased £2,139m since 1st January 2005. The increase primarily reflected profits attributable to equity holders of the parent of £3,447m, offset by dividends of £1,581m.

Loan capital rose £1,857m reflecting capital raisings of £1,283m, acquisition of Absa Group Limited s loan capital of £669m, accrued interest of £210m and exchange rate movements of £207m; offset by redemptions of £464m, fair value adjustments of £43m and amortisation of issue expenses of £5m.

Minority interests increased £3,674m since 1st January 2005, primarily reflecting the purchase of Absa Group Limited with minority interest of £1,351m and the following issuances of preference shares during 2005:

140,000 preference shares of nominal 100 each (Principal amount: 1.4bn; £978m) with a 4.75% dividend issued on 15th March 2005.

100,000 preference shares of nominal US$100 each (Principal amount: US$1.0bn; £551m) with a 6.278% dividend issued on 8th June 2005.

75,000 preference shares of nominal £100 each (Principal amount: £750m) with a 6% dividend issued on 22nd June 2005.

The impact of IAS 32 resulted in the reclassification of certain capital instruments from debt to minority interests. This accounts for substantially all of the increase in minority interests between 31st December 2004 and 1st January 2005.

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Capital ratios

Weighted risk assets and capital resources, as defined for supervisory purposes by the Financial Services Authority (FSA), comprised:

	2005 £m	As at 01.01.05 £m	2004 £m
Weighted risk assets:			
Banking book			
On-balance sheet	**180,808**	148,328	148,621
Off-balance sheet	**31,351**	28,191	26,741
Associated undertakings and joint ventures	**3,914**	3,020	3,020
Total banking book	**216,073**	179,539	178,382
Trading book			
Market risks	**23,216**	22,106	22,106
Counterparty and settlement risks	**29,859**	18,113	18,113
Total trading book	**53,075**	40,219	40,219
Total weighted risk assets	**269,148**	219,758	218,601
Capital resources:			
Tier 1			
Called up share capital	**1,623**	1,614	1,614
Eligible reserves	**16,837**	14,933	15,670
Minority interests[1]	**6,634**	2,824	2,890
Tier one notes[2]	**981**	920	920
Less: intangible assets	**(7,180)**	(4,747)	(4,432)
Total qualifying tier 1 capital	**18,895**	15,544	16,662
Tier 2			
Revaluation reserves	**25**	25	25
Available for sale - equity gains	**223**		
Collectively assessed impairment allowances	**2,306**	2,046	
General provisions			564
Minority Interests	**515**	397	
Qualifying subordinated liabilities[3]			
Undated loan capital	**3,212**	3,176	3,573
Dated loan capital			