From:	Whittington, Sarah [sarah.whittington@linklaters.com]
Sent:	Tuesday, April 22, 2008 12:21:42 PM
To:	kathryn.mcleland@barcap.com; yenal.ghori@barcap.com; tanja.gihr@barcap.com; simon.croxford@barcap.com; richard.d.johnson@barcap.com; belinda.vickery@barcap.com; bret.ganis@barcap.com; richard.smith3@barcap.com; peter.o.aherne@citi.com; leohendrik.greve@citi.com; peter.james.mason@citi.com; laura.drumm@citi.com; christopher.k.white@citi.com; derrick.deese@citi.com; stanley.louie@citi.com; deborah.keat@citi.com; anastasia.letina@citi.com; laura.stephenson@citi.com; david.walker@citi.com; james.reid@citi.com; jack.d.mcspadden@citi.com; chandru.harjani@citi.com; rasad, Siddharth (IBK EMEA); Pass, Matthew (IBK EMEA); Roman, Julien (IBK EMEA); Palmer, Robin (IBK EMEA); Wilson, Eric (FIG-CM&F-Americas); MacDonald, Christine (FIG-CM&F-Americas) ; Camara, Alvaro (IBK EMEA); Davidson, AJ (IBK EMEA); Davis, Sarah (IBK EMEA); Doyle, Richard N (IBK EMEA); Dicapua, Joseph (OGC); gary.abrahams@ubs.com; Ion.yanagi@ubs.com; sophia.vonta@ubs.com; michael.altschuler@ubs.com; Jason.Norton@ubs.com; monica.meo@ubs.com; stuart.aylward@wachovia.com; faye.thorogood@wachovia.com; kristina.clark@wachovia.com; faye.thorogood@wachovia.com; kristina.clark@wachovia.com; fleur.twohig@wachovia.com; kiley.knepp@wachovia.com; carolyn.coan@wachovia.com; laurie.watts@wachovia.com; mike.borut@morganstanley.com; Victoria.Ortiz@morganstanley.com;
	Yurij.Slyz@morganstanley.com; Jennifer.Moreland@morganstanley.com
CC:	Ludwick, David; Brewer, Michael
BCC:	bryant.h.owens@cf.funb.com; faye.thorogood@cf.funb.com; edward.boulderstone@cf.funb.com; john.papadopulos@cf.funb.com; kristina.clark@cf.funb.com; fleur.twohig@cf.funb.com; carolyn.coan@cf.funb.com
Subject:	Rimu greenshoe - Executed opinions for your records
Attachments:	img-422123034-0001.pdf; Rimu (greenshoe) - S&C validity opinion.pdf; img-422103054- 0001.pdf; img-422114701-0001.pdf

Dear all:

Please find attached for your records the executed opinions of Linklaters, S&C and Clifford Chance for the Rimu greenshoe closing.

Kind regards, Sarah

Sarah Whittington U.S. Associate Linklaters LLP, London

Tel: (+44) 20 7456 5580 Fax: (+44) 20 7456 2222 One Silk Street, London EC2Y 8HQ United Kingdom

sarah.whittington@linklaters.com http://www.linklaters.com This communication, sent by or on behalf of Linklaters LLP or one of its affiliated firms or other entities (together "Linklaters"), is confidential and may be privileged or otherwise protected. If you receive it in error please inform us and then delete it from your system. You should not copy it or disclose its contents to anyone. Messages sent to and from Linklaters may be monitored to ensure compliance with internal policies and to protect our business. Emails are not secure and cannot be guaranteed to be error free. Anyone who communicates with us by email is taken to accept these risks.

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YOUR REFERENCE

IN REPLY PLEASE QUOTE MT/70-40359827/SS DIRECT DIAL date 22 April 2008

Barclays Capital Securities Limited, Citigroup Global Markets Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, UBS Securities LLC and Wachovia Capital Markets, LLC (the "Joint Bookrunners") and the other underwriters named in the pricing agreement referred to below (together, the "Underwriters")

and

The Bank of New York, as Depositary 101 Barclay Street New York, New York 10286

Dear Sirs

Barclays Bank PLC

U.S.\$150,000,000 8.125 per cent. Non-Cumulative Callable Preference Shares (to be consolidated and form a single series with the U.S.\$2,500,000,000 8.125 per cent. Non-Cumulative Callable Preference Shares issued on 11 April 2008)

We have acted, and have prepared this letter, on the instructions of Barclays Bank PLC (the "Issuer") in connection with the issue by the Issuer of U.S.\$150,000,000 8.125 per cent. Non-Cumulative Callable Preference Shares, Series 5 with a nominal value of U.S.\$0.25 each (the "Preference Shares") which will be sold in the form of American Depositary Shares (the "ADSs") (to be consolidated and form a single series with the U.S.\$2,500,000,000 8.125 per cent. Non-Cumulative Callable Preference Shares, Series 5 in the form of American Depositary Shares (the "ADSs") (to be consolidated and form a single series series 5 in the form of American Depositary Shares issued on 11 April 2008).

1. Documents

For the purposes of this letter, we have examined *inter alia* the following:

1.1 The prospectus dated 31 August 2007 relating to, inter alia, the Preference Shares and the ADSs (the "Base Prospectus").

CLIFFORD CHANGE IS A LIMITED LIABULITY PARTMERSHIP REGISTERED IN ENGLAND AND WALES UNDER NUMBER CC323571. THE FIRM IS REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS IS AT 10 UPPER BANK STREET, LONDON, ETA LUI A LUST OF THE MEMBERS IS OPEN TO INSPECTION AT THIS OFFICE. THE FIRM USES THE WORD "PARTMENT TO REFER TO A MEMBER OF CLIFFORD CHANGE LLP OR AN EMPLOYEE OR CONSULTANT WITH EQUINALENT STANDING AND QUALIFICATIONS. THE FIRM USES THE WORD "PARTMENT TO REFER REGULATION AUTRORITY.

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- 1.2 The preliminary prospectus supplement dated 7 April 2008 relating to the Preference Shares and the ADSs (the "Preliminary Prospectus Supplement" and, together with the Base Prospectus, the "Preliminary Prospectus").
- 1.3 The prospectus supplement dated 8 April 2008 relating to the Preference Shares and the ADSs (the "Prospectus Supplement" and, together with the Base Prospectus, the "Prospectus").
- 1.4 The Underwriting Agreement Standard Provisions dated 30 November 2007 relating to the Preference Shares and the ADSs (the "Underwriting Agreement").
- 1.5 The pricing agreement dated 8 April 2008 relating to the Preference Shares and the ADSs (the "Pricing Agreement").
- 1.6 The agency agreement dated 11 April 2008 between the Issuer and The Bank of New York, London office (the "Agency Agreement").
- 1.7 The deposit agreement dated 25 April 2006 between the Issuer and The Bank of New York and all holders from time to time of American Depositary Receipts issued thereunder (the "Deposit Agreement").
- 1.8 An executed share warrant to bearer in the form of a global Preference Share dated 22 April 2008 in respect of the Preference Shares (the "Global Preference Share").
- 1.9 The deed of covenant executed by Barclays PLC and dated 11 April 2008 relating to the Preference Shares (the "Deed of Covenant").
- 1.10 A copy of the memorandum and articles of association of the Issuer as amended on 1 June 2005 (the "Articles of Association").
- 1.11 A copy of the memorandum and articles of association of Barclays PLC.
- 1.12 A copy of extracts from the minutes of a meeting of the board of directors of the Issuer held on 14 April 1994.
- A copy of extracts from the minutes of a meeting of the board of directors of Barclays PLC held on 6 December 2007.
- 1.14 A copy of resolutions of the members of the Issuer made on 9 April 2008 adopting the terms of the Preference Shares (the "Members' Resolution").
- 1.15 A copy of written resolutions of the Fund Raising Committee of the Issuer passed on 10 April 2008.

The Underwriting Agreement, the Pricing Agreement, the Agency Agreement, the Deposit Agreement and the Deed of Covenant shall together be referred to as the "Issue Documents". Terms and expressions which are defined in the Underwriting Agreement or the Pricing Agreement have the same respective meanings where used in this letter.

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2. English Law

The opinions set out in this letter relate only to English law as applied by the English courts as at today's date. This letter expresses no opinion on the laws of any other jurisdiction and is governed by English law.

3. Assumptions

The opinions set out in this letter are based upon the following assumptions:

- 3.1 The genuineness of all signatures, stamps and seals, the conformity to the originals of all documents supplied to us as certified, photostatic or faxed copies and the authenticity of the originals of such documents.
- 3.2 That the Issue Documents are duly authorised by and duly executed by or on behalf of each of the parties thereto (except the Issuer and Barclays PLC) and that the performance thereof is within the capacity and powers and legal ability of each of them (except as aforesaid).
- 3.3 That the Global Preference Share and any definitive Preference Shares are duly executed on behalf of the Issuer by the person(s) authorised to do so in the resolutions referred to above, that they are authenticated and issued in accordance with the Agency Agreement and, in the case of any definitive Preference Shares, in accordance with the terms of the Global Preference Share.
- 3.4 That the obligations expressed to be assumed by the Issuer under the Issue Documents to which it is a party constitute the Issuer's legal, valid, binding and enforceable obligations under the laws of the State of New York and that words and phrases used in such Issue Documents have the same meaning and effect as they would if such Issue Documents were governed by English law.
- 3.5 That the submission to the jurisdiction of any state and federal court in the City and State of New York by the Issuer contained in the Issue Documents to which it is a party is legal, valid and binding under the laws of the State of New York.
- 3.6 That the copy of the memorandum and articles of association of each of the Issuer and Barclays PLC referred to above is true and up-to-date.
- 3.7 That the resolutions set out in the minutes referred to above were passed at a duly convened and quorate meeting and have not been revoked or superseded and that the minutes of any meeting referred to above are true records of the proceedings at the meetings.
- 3.8 The absence of any other arrangements between any of the parties to the Issue Documents which modify or supersede any of the terms of the Issue Documents.

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3.9 That each of the Underwriters is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business.

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- 3.10 That each of the parties to the Issue Documents which is or has been carrying on, or purporting to carry on, a regulated activity in the United Kingdom within the meaning of the Financial Services and Markets Act 2000 (the "FSMA") has done so, and will do so, at all relevant times, in circumstances which do not contravene section 19 (*the general prohibition*) of the FSMA.
- 3.11 That there has been no alteration in the status or condition of either the Issuer or Barclays PLC as revealed by a search carried out against each of the Issuer and Barclays PLC at the Companies Registration Office in London at 10.22a.m. and 10.20a.m. respectively on 22 April 2008 and an enquiry by telephone in respect of each of the Issuer and Barclays PLC at the Central Index of Winding Up Petitions at 10.17a.m. on 22 April 2008.
- 3.12 That the Fund Raising Committee referred to above, in resolving to create and issue the Preference Shares and to execute the Issue Documents, has acted *bona fide* and in the interests of the Issuer and Barclays PLC.
- 3.13 That an English court would conclude that each of the Issue Documents which are governed by a law other than English law has the same effect under the relevant governing law as it would have if such agreement was governed by English law.

4. Opinion as to English Law

On the basis of such assumptions and subject to the reservations set out below, we are of the opinion that:

- 4.1 The Issuer is a public company incorporated with limited liability in England and has full power and capacity to create and issue the Preference Shares, to execute the Issue Documents to which it is a party and to undertake and perform the obligations expressed to be assumed by it therein.
- 4.2 Barclays PLC is a public company incorporated with limited liability in England and has full power and capacity, to execute the Deed of Covenant and to undertake and perform the obligations expressed to be assumed by it therein.
- 4.3 The issue of the Preference Shares has been duly authorised and the Global Preference Share has been duly executed by or on behalf of the Issuer, and the Preference Shares when issued and delivered upon payment in accordance with the terms of the Underwriting Agreement and the Pricing Agreement (or in the case of the Preference Shares to be issued to Barclays Capital Securities Limited, delivered against the unconditional undertaking to pay for the relevant Preference Shares in full in cash as set out in the Pricing Agreement) will be validly issued and fully paid and non-

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assessable, and the issuance of the Preference Shares is not subject to any pre-emptive or similar rights.

- 4.4 The Deed of Covenant and the Agency Agreement constitute legal, valid, binding and enforceable obligations of Barclays PLC and the Issuer, respectively.
- 4.5 The statements under the caption "Description of Preference Shares" set out on pages S-14 to S-18 of the Preliminary Prospectus Supplement and Prospectus Supplement insofar as they relate to (i) the Articles of Association or (ii) the Members' Resolution and in each such case are matters governed by English law, are in all material respects a correct summary of the relevant provisions found in the Articles of Association or the Members' Resolution, as the case may be.
- 4.6 We are aware of no reason why the choice of English law as the governing law of the Deed of Covenant and the Agency Agreement should not be recognised and given effect by the courts of England.
- 4.7 In any proceedings taken in England for the enforcement of any of the Issue Documents to which it is a party, the obligations expressed to be assumed by the Issuer in such Issue Documents would be recognised by the English courts as its legal, valid and binding obligations and would be enforceable in the English courts.
- 4.8 No further acts, conditions or things are required by English law to be done, fulfilled or performed in order to enable the Issuer lawfully to enter into, exercise its rights or perform its obligations under the Issue Documents to which it is a party or make such Issue Documents admissible in evidence in England.
- 4.9 In any proceedings taken in England for the enforcement of the obligations of the Issuer under the Underwriting Agreement, the Pricing Agreement and the Deposit Agreement, the English courts would recognise the choice of the laws of the State of New York to govern the Underwriting Agreement, the Pricing Agreement and the Deposit Agreement, subject to the provisions of the Contracts (Applicable Law) Act 1990.
- 4.10 The submission to the jurisdiction of any state or federal court of the City and State of New York by the Issuer contained in the Issue Documents is legal, valid and binding.
- 4.11 The English courts will enforce by separate action a final and conclusive judgment for a definite sum of money (not being a sum payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty) entered against the Issuer in connection with the enforcement of the Issue Documents to which it is a party in civil proceedings in a court of competent jurisdiction in the City and State of New York.
- 4.12 No registration or filing is required in England, and no authorisations, consents or approvals are required from any governmental or regulatory agency in England, in connection with:

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- 4.12.1 the creation and issue of the Preference Shares or the ADSs, the execution of the Issue Documents or the performance by the Issuer and Barclays PLC of the obligations expressed to be undertaken by them therein; or
- 4.12.2 the offering and sale by the Underwriters of the ADSs or the distribution by them of the Preliminary Prospectus and the Prospectus,

provided that the Preference Shares and the ADSs have not been and will not be offered to the public in the United Kingdom in any circumstances other than those described in section 86 (*Exempt offers to the public*) of the FSMA and that no request has been made or will be made for the Preference Shares or the ADSs to be admitted to trading on a regulated market situated or operating in the United Kingdom.

- 4.13 The provisions of section 21 (*restrictions on financial promotion*) of the FSMA will not be contravened by reason of the communication of any invitation or inducement to engage in investment activity (within the meaning of that section) in connection with the issue or sale of the ADSs *provided that*:
 - 4.13.1 the communication is made by an authorised person;
 - 4.13.2 the contents of the communication have been approved for the purposes of section 21 of the FSMA by an authorised person; or
 - 4.13.3 the communication is otherwise made in circumstances in which section 21(1) of the FSMA does not apply.

5. Reservations

The opinions set out in paragraph 4 above are subject to a number of reservations, including the general reservation that the term "enforceable" as used above signifies that the relevant obligations are of a type which the English courts may enforce, but does not mean that those obligations will necessarily be enforced in all circumstances in accordance with their terms. You should particularly note the following reservations:

- 5.1 The power of an English court to order specific performance of an obligation or to order any other equitable remedy is discretionary and, accordingly, an English court might make an award of damages where specific performance of an obligation or any other equitable remedy was sought.
- 5.2 Where obligations of any person are to be performed in jurisdictions outside England, such obligations may not be enforceable under English law to the extent that performance thereof would be illegal or contrary to public policy under the laws of any such jurisdiction.
- 5.3 In some circumstances an English court may, and in certain circumstances it must, terminate or suspend proceedings commenced before it, or decline to restrain proceedings commenced in another court, notwithstanding the provisions of the

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Preference Shares or the Issue Documents providing that the courts of England have jurisdiction in relation thereto.

- 5.4 Where any person is vested with a discretion or may determine a matter in its opinion, English law may require that such discretion is exercised reasonably or that such opinion is based on reasonable grounds.
- 5.5 Any provision to the effect that any calculation, determination or certification will be conclusive and binding will not be effective if such calculation, determination or certification is fraudulent, arbitrary or manifestly incorrect, and an English court may regard any calculation, determination or certification as no more than *prima facie* evidence of the matter calculated, determined or certified.
- 5.6 Enforcement of rights may be or become limited by prescription or by the lapse of time, or may be or become subject to set-off or counterclaim.
- 5.7 Under English law, any obligation to pay additional interest in circumstances of breach or default might be held to be unenforceable on the ground that it is a penalty and thus void.
- 5.8 If the Deed of Covenant does not provide a contractual remedy for late payment of any amount payable thereunder that is a substantial remedy within the meaning of the Late Payment of Commercial Debts (Interest) Act 1998, the person entitled to that amount may have a right to statutory interest (and to payment of certain fixed sums) in respect of that late payment at the rate (and in the amount) from time to time prescribed pursuant to that Act. Any term of the Deed of Covenant may be void to the extent that it excludes or varies that right to statutory interest, or purports to confer a contractual right to interest that is not a substantial remedy for late payment of that amount, within the meaning of that Act. We express no opinion as to whether any such provisions in the Deed of Covenant do in fact constitute a "substantial remedy" in compliance with the conditions set out in Section 9 of such Act.
- 5.9 Any indemnity may be void insofar as it relates to stamp duty payable in the United Kingdom.
- 5.10 Any provision purporting to require a party to indemnify another person against the costs or expenses of proceedings in the English courts is subject to the discretion of the court to decide whether and to what extent a party to such proceedings should be awarded the costs or expenses incurred by it in connection therewish.
- 5.11 Any question as to whether or not any provision of any agreement or instrument which is illegal, invalid, not binding, unenforceable or void may be severed from the other provisions thereof in order to save those other provisions would be determined by an English court in its discretion.
- 5.12 If a party to any Issue Document or to any transfer of, or payment in respect of, a Preference Share is controlled by or otherwise connected with a person (or is itself)

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resident in, incorporated in or constituted under the laws of a country which is the subject of United Nations, European Community or United Kingdom sanctions implemented or effective in the United Kingdom under the United Nations Act 1946 or the Emergency Laws (Re-enactments and Repeals) Act 1964 or the Anti-terrorism, Crime and Security Act 2001 or under the Treaty establishing the European Community, as amended, or is otherwise the target of any such sanctions, then obligations to that party under the relevant Issue Document or in respect of the relevant transfer or payment may be unenforceable or void.

- 5.13 Our opinions as regards the binding nature and enforceability of the obligations of the Issuer and Barclays PLC under the Issue Documents are subject to all limitations arising from bankruptcy, insolvency, liquidation, reorganisation, moratorium or similar laws affecting the rights of creditors generally.
- 5.14 It is our experience that searches and enquiries of the type referred to in paragraph 3.11 above may be unreliable and, in particular, that notice of a winding up order made or resolutions passed, or an administration order made, or a receiver or administrative receiver appointed may not be filed promptly at the Companies Registry.
- 5.15 An English court may not apply the laws of the State of New York if to do so would be contrary to public policy or mandatory rules of English law.
- 5.16 If any proceedings are brought by the Issuer in the English courts, those courts may accept jurisdiction in certain cases, notwithstanding any provisions of the Underwriting Agreement, Pricing Agreement, Deposit Agreement and the ADSs providing that the Issuer has irrevocably submitted to the jurisdiction of any state or federal court in the City and State of New York.
- 5.17 There are no reciprocal arrangements in force between the United States of America and the United Kingdom for the recognition or enforcement of judgments. Accordingly, a judgment by any state or federal court in the City and State of New York is not enforceable directly in England but may be recognised by the English courts according to common law principles. A judgment by those courts will not be enforced by the English courts if:
 - 5.17.1 the proceedings in which the judgment was given were opposed to natural justice;
 - 5.17.2 the judgement was obtained by fraud;
 - 5.17.3 the enforcement of the judgment would be contrary to English public policy;
 - 5.17.4 an order has been made and remains effective under section 9 of the Foreign Judgments (Reciprocal Enforcement) Act 1933 applying that section to judgments of those courts.

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5.17.5 before the date on which those courts gave judgment, the matter in dispute had been the subject of a final judgment of another court having jurisdiction whose judgment is enforceable in England;

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- 5.17.6 the judgment is for multiple damages within the meaning of section 5(3) of the Protection of Trading Interests Act 1980;
- 5.17.7 the judgment is based on a rule of law specified by the Secretary of State as concerned with the prohibition of restrictive trade practices;
- 5.17.8 the judgment is based on foreign measures which the Secretary of State specifies as regulating and controlling international trade and which, in so far as they apply to persons carrying on business in the United Kingdom, are damaging or threaten to damage the trading interests of the United Kingdom; or
- 5.17.9 the bringing of proceedings in those courts was contrary to an agreement under which the dispute in question was to be settled otherwise than by proceedings in those courts.
- 5.18 The confirmation provided in paragraph 4.5 is subject to the following specific reservations:
 - 5.18.1 We give no confirmation as to any section of the Preliminary Prospectus or the Prospectus other than the confirmation set out in paragraph 4.5.
 - 5.18.2 The confirmation is given solely on the basis set out in paragraph 4.5 and in particular is limited to matters governed by English law.
 - 5.18.3 Whilst we have reviewed the statements under the caption "Description of Preference Shares" we have not been responsible for drafting them so we might have expressed certain matters in a different manner or with a different emphasis.
- 5.19 If the English court gives judgment for the sum payable under a judgment of the state or federal courts in the City and State of New York, the English judgment would be enforceable by the methods generally available for the enforcement of English judgments. These give the court a discretion whether to allow enforcement by any particular method. In addition, it may not be possible to obtain an English judgment or to enforce any English judgment if the judgment debtor is subject to any insolvency or similar proceedings, if there is delay, if an appeal is pending or anticipated against the English judgment in England or against the foreign judgment in the state or federal courts in the City and State of New York or if the judgment debtor has any set-off or counterclaim against the judgment creditor.

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6. Limits of our Opinion

We express no opinion as to any agreement, instrument or other document other than as specified in this letter, or as to any liability to tax which may arise or be suffered as a result of or in connection with the Preference Shares or the ADSs or, in either case, their creation, issue, allotment or delivery. We have not been responsible for investigation or verification of statements of fact (including statements as to foreign law) or the reasonableness of any statements of opinion contained in the Preliminary Prospectus or the Prospectus, the Underwriting Agreement or the Pricing Agreement, nor have we been responsible for ensuring that the Preliminary Prospectus contain all material facts. In particular, we have not been responsible for ensuring that the Prospectus complies with the rules of the New York Stock Exchange, or the requirements of any competent authority.

This letter is given solely for the purposes of the issue of the Preference Shares and for the information of the persons to whom it is addressed, and may not be relied upon for any other purpose or by any other person.

Yours faithfully

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DATE

YOUR REFERENCE

IN REPLY PLEASE QUOTE
RAS/MAXP/JAE/70-40359827

22 April 2008

DIRECT DIAL

Barclays Bank PLC (the "Issuer") 1 Churchill Place London E14 5HP

Barclays Capital Securities Limited ("BCSL") 5 The North Colonnade Canary Wharf London E14 4BB

and

the Underwriter parties named in Schedule 1 to the Pricing Agreement referred to below

PRIVILEGED AND CONFIDENTIAL

Dear Sirs

Barclays Bank PLC 6,000,000 American Depositary Shares, Series 5 Representing 8.125 per. cent. Non-Cumulative Callable Dollar Preference Shares, Series 5 (the "Additional Preference Shares")

- 1. Introduction
- 1.1 We have acted as counsel to the Issuer in connection with the issue of the Additional Preference Shares.
- 1.2 We have, at the request of the Issuer, prepared this letter addressed to the Issuer, BCSL and the Underwriters named in Schedule 1 to the Pricing Agreement dated 8 April 2008 (the "Pricing Agreement") between the Issuer and the Underwriters, incorporating the Underwriting Agreement Standard Provisions dated 30 November 2007 (the "Underwriting Agreement" and, together with the Pricing Agreement, the "Transaction Documents").

UK/1679403/03 227086/70-40359827 CUFFORD CHARCE IS A LIMITED LIABILITY PARTMERSHIP REGISTERED IN ENGLAND AND WALES UNDER NUMBER OC323571. THE FIRM 'S REGISTERED OFFICE AND PRINCIPAL PLACE OF BUBRESS IS AT 10 UPPER BANK STREET. LONDON E14 SUL ALIST OF THE MEMBERS IS OFEN TO INSPECTION AT THIS OFFICE. THE FIRM USES THE WORD 'ANTTHEN' TO REFER TO A MEMBER OF CLIFFORD CHARCE LLP OR AN EMPLOYEE OR CONSULTANT WITH EQUIVALENT STANDING AND QUALIFICATIONS. THE FIRM IS REGULATED BY THE SOLICITORS REGULATION AUTHORITY.

CHANCE 2. Opinion

- 2.1 We refer to our tax opinion dated 11 April 2008 (the "Tax Opinion").
- 2.2 We confirm that, as of the date hereof, and subject to the assumptions, reservations and qualifications contained in the Tax Opinion (which we assume were correct when made, have continued to be correct to the date hereof and will continue to be correct at all material times in the future), we continue to hold the views expressed in the Tax Opinion.

3. General

- 3.1 This opinion is addressed and given for the sole benefit of the addressees of this letter, and only in connection with the issue of the Additional Preference Shares.
- 3.2 It is not to be used by the addressees for any other purpose, or made available to any other person, or quoted or referred to in any public document without our express written consent.
- 3.3 This opinion is governed by, and is to be construed in accordance with, English law.

Yours faithfully

non llp

Clifford Chance LLP

227086/70-40359827

Linklaters

Linklaters LLP One Silk Street London EC2Y 8HQ Telephone (44-20) 7456 2000 Facsimile (44-20) 7456 2222

Barclays Capital Securities Limited, Citigroup Global Markets Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, UBS Securities LLC, Wachovia Capital Markets, LLC and the several other Underwriters named in Schedule I to the Pricing Agreement referred to below (the "Underwriters")

c/o Barclays Capital Securities Limited 5 The North Colonnade Canary Wharf London E14 48B United Kingdom

22 April 2008

Ladies and Gentlemen,

Barclays Bank PLC (the "Bank")

Offering of 6,000,000 Non-Cumulative Cailable Dollar Preference Shares, Series 5 (the "Preference Shares") in the form of American Depositary Shares (the "ADSs") (to be consolidated and form a single series with 100,000,000 Preference Shares in the form of ADSs issued on 11 April 2008)

- We have acted as your United States counsel in connection with the execution by you and the Bank of the Pricing Agreement dated 8 April 2008 (the "Pricing Agreement"), which incorporates by reference the Underwriting Agreement Standard Provisions dated 30 November 2007 (the "Underwriting Agreement"). American Depositary Receipts (the "ADRs") representing the ADSs are being issued pursuant to the Deposit Agreement, dated as of 25 April 2006, among the Bank, The Bank of New York, as depositary (the "Depositary"), and the holders of ADSs evidenced by ADRs (the "Deposit Agreement").
- 2 This opinion is limited to the federal laws of the United States and the laws of the State of New York, and we express no opinion as to the effect of the laws of any other state of the United States or any other jurisdiction.
- 3 For the purpose of this opinion, we have examined the Pricing Agreement, the Underwriting Agreement, the Deposit Agreement, such certificates and other documents, and such questions of law, as we have considered necessary or appropriate. We have assumed that the Bank has the power to execute and deliver the Pricing Agreement, the Underwriting Agreement and the Deposit

This communication is confidential and may be privileged or otherwise protected by work product immunity.

Please refer to www.linklaters.com/regulation for important information on our regulatory position A09320075/0.1/18 Apr 2008

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Linklaters

Agreement, and perform its obligations thereunder, that the Pricing Agreement, the Underwriting Agreement and the Deposit Agreement have been duty and validly authorised, executed and delivered under the laws of England by the Bank, and that the ADRs conform to the form examined by us. We have also assumed, without independent verification, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as copies and the authenticity of the originals of such copies, and that all signatures on all documents examined by us are genuine.

- 4 In our opinion:
 - **4.1** The Underwriting Agreement and the Pricing Agreement have been duly executed and delivered by the Bank.
 - 4.2 The Deposit Agreement has been duly executed and delivered by the Bank and, assuming due authorisation, execution and delivery thereof by the Depositary, constitutes a valid and legally binding agreement of the Bank enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganisation, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles. We express no opinion, however, as to Section 5.8 of the Deposit Agreement.
 - 4.3 Upon due issuance by the Depositary of ADRs evidencing ADSs against the deposit of Preference Shares in respect thereof in accordance with the provisions of the Deposit Agreement and upon due execution by one or more of the Depositary's authorised officers and payment by, or at the direction of, the Underwriters for the ADSs evidenced thereby, such ADRs will be duly and validly issued and the persons in whose names such ADRs are registered will be entitled to the rights specified therein and in the Deposit Agreement.
- 5 This opinion is addressed to you solely for your benefit in connection with the offer and sale of the Preference Shares and the ADRs. It is not to be transmitted to anyone else nor is it to be relied upon by anyone else or for any other purpose or quoted or referred to in any public document or filed with anyone without our express consent. This opinion may, however, be disclosed by the addressees hereof to the extent required by law, regulation or any governmental or competent regulatory authority or court proceedings relating to the offer and sale of the Preference Shares and the ADRs, provided that no such party to whom the opinion is disclosed may rely on the opinion without our express consent.

Yours faithfully.

A09320075/0.1/18 Apr 2008

SULLIVAN & CROMWELL LLP

A LIMITED LIABILITY PARTNERSHIP

TELEPHONE: +44 (0) 20-7959-8900 FACSIMILE: +44 (0) 20-7959-8950 WWW.SULLCROM.COM

One New Fetter Lane London &C4A 1AN, England

FRANKFURT + PARIS LOS ANGELES + NEW YORK + PALO ALTO + WASHINGTON, D.C. BEIJING + HONG KONG + TOXYO MELBOURNE + SYDNEY

April 22, 2008

Barclays Capital Securities Limited, Citigroup Global Markets Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, UBS Securities LLC, Wachovia Capital Markets, LLC, and the other Underwriters named in Schedule I to the Pricing Agreement, c/o Barclays Capital Securities Limited, 5 The North Colonnade, Canary Wharf, London E14 4BB.

Ladies and Gentlemen:

In connection with the purchase today by you as the several Underwriters (the "Underwriters") named in Schedule I to the Pricing Agreement, dated April 8, 2008 (the "Pricing Agreement"), between Barclays Bank PLC, a public limited company organized under the laws of England and Wales (the "Bank"), and you, which Pricing Agreement incorporates by reference the Underwriting Agreement — Standard Provisions, dated November 30, 2007 (the "Underwriting Agreement") executed by the Bank, of 6,000,000 Non-Cumulative Callable Dollar Preference Shares, Series 5, nominal value \$0.25 each (the "Preference

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A list of the partners' names and professional qualifications is available for inspection at the above address. All partners are either registered foreign lawyers in England and Wales or solicitors. Regulated by the Solicitors Regulation Authority.

Shares") of the Bank, which are being delivered in the form of American Depositary Shares ("ADSs"), each ADS representing the right to receive one Preference Share, and evidenced by American Depositary Receipts ("ADRs"), issued pursuant to the Deposit Agreement, dated as of April 25, 2006 (the "Deposit Agreement"), among the Bank, The Bank of New York, as depositary (the "Depositary"), and the registered holders from time to time of ADRs issued thereunder, we, as United States counsel for the Bank, have examined such corporate records, certificates and other documents, and such questions of United States Federal and New York State law, as we have considered necessary or appropriate for the purposes of this opinion. Upon the basis of such examination, it is our opinion that:

(1) The Deposit Agreement has been duly executed and delivered by the Bank, and assuming due authorization, execution and delivery thereof by the Depositary, constitutes a valid and legally binding agreement of the Bank enforceable in accordance with

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its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles. We express no opinion, however, as to Section 5.8 of the Deposit Agreement.

(2) Upon due issuance by the Depositary of ADRs evidencing the ADSs against the deposit of Preference Shares in respect thereof in accordance with the provisions of the Deposit Agreement, such ADRs will be duly and validly issued and will entitle the persons in whose names such ADRs are registered to the rights specified therein and in the Deposit Agreement.

(3) The Underwriting Agreement and the PricingAgreement have been duly executed and delivered by the Bank.

(4) The issuance of the Preference Shares by the Bank, the deposit of the Preference Shares by the Bank pursuant to the Deposit Agreement against issuance of ADRs and the sale of the ADSs by the Bank to the

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Underwriters pursuant to the Underwriting Agreement and the Pricing Agreement do not, and the performance by the Bank of its obligations under the Deposit Agreement, the Underwriting Agreement and the Pricing Agreement will not, violate any Federal law of the United States or law of the State of New York applicable to the Bank; provided, however, that for the purposes of this paragraph (4), we express no opinion with respect to Federal or state securities laws, other antifraud laws and fraudulent transfer laws; provided, further, that insofar as performance by the Bank of its obligations under the Deposit Agreement, the Underwriting Agreement and the Pricing Agreement is concerned, we express no opinion as to bankruptcy, insolvency, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights.

(5) Assuming the legality, validity, effectiveness and irrevocability of such submission

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and appointment insofar as the laws of England and Wales are concerned, the Bank has, pursuant to paragraph 17 of the Underwriting Agreement, validly and irrevocably submitted to the personal jurisdiction of any state or Federal court in The City and State of New York, New York, in any legal suit, action or proceeding brought by any of the Underwriters or by any person controlling any of the Underwriters, arising out of or based upon the Underwriting Agreement or the Pricing Agreement, has validly waived, to the fullest extent it may effectively do so, any objection to the venue of a proceeding in any such court, and has validly and irrevocably designated Barclays Bank PLC (New York Branch) as its authorized agent for the purpose described in paragraph 17 of the Underwriting Agreement, and service of process effected on such agent in the manner set forth in paragraph 17 of the Underwriting Agreement will be effective to confer valid personal jurisdiction over

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the Bank in any such proceeding, subject, in each case, to bankruptcy, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(6) All regulatory consents, authorizations, approvals and filings required to be obtained or made by the Bank under the Federal laws of the United States and the laws of the State of New York for the sale and delivery of the ADSs by the Bank to you and the other several Underwriters in accordance with the Underwriting Agreement and the Pricing Agreement have been obtained or made.

(7) The Bank is not, and as a result of the issuance of the Preference Shares will not become, an "investment company" as defined in the Investment Company Act of 1940.

In connection with our opinion set forth in paragraph (5) above, we assume that any such action will be

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properly brought in a court having jurisdiction over the subject matter, and we are expressing no opinion with respect to the subject matter jurisdiction of any such court. Also, we are expressing no opinion as to whether or under what circumstances such a court might decline to accept jurisdiction over such action on the ground that New York is an inconvenient forum.

The foregoing opinion is limited to the Federal laws of the United States and the laws of the State of New York, and we are expressing no opinion as to the effect of the laws of any other jurisdiction. In rendering the foregoing opinion, we have, with your approval, assumed that (i) the Bank has been duly organized and is an existing company under the laws of England and Wales and (ii) any document referred to in this opinion as executed by the Bank has been duly authorized, executed and delivered in accordance with the laws of England and Wales. We note that with respect to all matters of English law, you are relying on the opinions, dated the date hereof, of

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Clifford Chance LLP, English counsel to the Bank, delivered to you pursuant to the Pricing Agreement and Section 9(d) of the Underwriting Agreement.

Also, with your approval, we have relied as to certain matters on information obtained from public officials, officers of the Bank and of the Depositary and other sources believed by us to be responsible, and we have assumed that the ADRs will conform to the form provided in Exhibit A to the Deposit Agreement, and that the signatures on all documents examined by us are genuine, assumptions which we have not independently verified.

Very truly yours,

Aulwans amuell of

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April 11, 2008

Barclays Treasury 9th Floor 1 Churchill Place London E14 5HP

Tel 020 7773 3700 Fax 020 7773 5539

www.barclays.com

Barclays Capital Securities Limited, Citigroup Global Markets Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, UBS Securities LLC, Wachovia Capital Markets, LLC and the other Underwriters named in the Underwriting Agreement referred to below

c/o Citigroup Global Markets Inc. 390 Greenwich Street New York, NY 10013 U.S.A

Ladies and Gentlemen:

BARCLAYS BANK PLC (the "Issuer" or the "Bank") U.S.\$2,500,000,000 8.125 per cent. Non-Cumulative Callable Dollar Preference Shares, Series 5 (the "Preference Shares") in the form of American Depositary Shares ("ADSs")

I being a duly authorized signatory of the Issuer refer to the Underwriting Agreement – Standard Provisions (the "Underwriting Agreement") dated November 30, 2007 and the related Pricing Agreement (the "Pricing Agreement"), dated April 8, 2008, between the Issuer and Barclays Capital Securities Limited and Citigroup Global Markets Inc., as representatives (the "Representatives") of the several underwriters named in Schedule I to the Pricing Agreement, relating to the issue and offering of the Preference Shares in the form of ADSs. Capitalized terms used but not defined herein have the same meaning as set forth in the Underwriting Agreement.

As required by the Underwriting Agreement, in my capacity as duly authorized signatory, I certify that at today's date:

- (a) no event has occurred which renders the representations and warranties of the Issuer ,contained in the Underwriting Agreement untrue or incorrect, and such representation and warranties remain true and correct as if made on the date hereof;
- (b) the Issuer has satisfied all conditions required to be satisfied under the Underwriting Agreement and has performed all of its obligations under the Underwriting Agreement to be performed on or before today;
- (c) the final term sheet contemplated by Section 7(a) of the Underwriting Agreement has been filed with the Commission within the time period prescribed by Rule 433(d) under the Act; the Prospectus as amended or supplemented has been filed with the

Barclays Bank PLC. Authorised and regulated by the Financial Services Authority. Registered in England. Registered No: 1026167. Registered Office: 1 Churchill Place, London E14 5HP Commission pursuant to Rule 424(b) within the applicable time period prescribed for such filing by the rules and regulations of the Commission under the Act in accordance with Section 6(a) of the Underwriting Agreement; no stop order suspending the effectiveness of the Bank's Registration Statement or any part thereof has been issued and no proceeding for that purpose has been initiated or threatened by the Commission and no notice of objection of the Commission to the use of the Registration Statement or any post-effective amendment thereto pursuant to Rule 401(g)(2) under the Act has been received; and all requests to the Bank for additional information on the part of the Commission have been complied with to the Representatives' reasonable satisfaction; and

(d) the undersigned has carefully examined the Registration Statement, the ADS Registration Statement and the Prospectus and, in his opinion, the Registration Statement (at its effective date), the ADS Registration Statement (at its effective date) and the Prospectus (at the date of its publication) did not include any untrue statement of a material fact and did not omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading.

Yours faithfully

BARCLAYS BANK PLC

NSCham By:



April 22, 2008

Barclays Treasury 9th Floor 1 Churchill Place London E14 5HP

Tel 020 7773 3700 Fax 020 7773 5539

www.barclays.com

Barclays Capital Securities Limited, Citigroup Global Markets Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, UBS Securities LLC, Wachovia Capital Markets, LLC and the other Underwriters named in the Underwriting Agreement referred to below

c/o Citigroup Global Markets Inc. 390 Greenwich Street New York, NY 10013 U.S.A

Ladies and Gentlemen:

BARCLAYS BANK PLC (the "Issuer" or the "Bank")

U.S.\$150,000,000 8.125 per cent. Non-Cumulative Callable Dollar Preference Shares, Series 5 (the "Preference Shares") in the form of American Depositary Shares ("ADSs") (to be consolidated and form a single series with the U.S.\$2,500,000,000 8.125 per cent. Non-Cumulative Callable Dollar Preference Shares, Series 5 in the form of ADSs issued on April 11, 2008)

I being a duly authorized signatory of the Issuer refer to the Underwriting Agreement – Standard Provisions (the "Underwriting Agreement") dated November 30, 2007 and the related Pricing Agreement (the "Pricing Agreement"), dated April 8, 2008, between the Issuer and Barclays Capital Securities Limited and Citigroup Global Markets Inc., as representatives (the "Representatives") of the several underwriters named in Schedule I to the Pricing Agreement, relating to the issue and offering of the Preference Shares in the form of ADSs. Capitalized terms used but not defined herein have the same meaning as set forth in the Underwriting Agreement.

As required by the Underwriting Agreement, in my capacity as duly authorized signatory, I certify that at today's date:

- (a) no event has occurred which renders the representations and warranties of the issuer contained in the Underwriting Agreement untrue or incorrect, and such representation and warranties remain true and correct as if made on the date hereof;
- (b) the Issuer has satisfied all conditions required to be satisfied under the Underwriting Agreement and has performed all of its obligations under the Underwriting Agreement to be performed on or before today;

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- (c) the final term sheet contemplated by Section 7(a) of the Underwriting Agreement has been filed with the Commission within the time period prescribed by Rule 433(d) under the Act; the Prospectus as amended or supplemented has been filed with the Commission pursuant to Rule 424(b) within the applicable time period prescribed for such filing by the rules and regulations of the Commission under the Act in accordance with Section 6(a) of the Underwriting Agreement; no stop order suspending the effectiveness of the Bank's Registration Statement or any part thereof has been issued and no proceeding for that purpose has been initiated or threatened by the Commission and no notice of objection of the Commission to the use of the Registration Statement or any post-effective amendment thereto pursuant to Rule 401(g)(2) under the Act has been received; and all requests to the Bank for additional information on the part of the Commission have been complied with to the Representatives' reasonable satisfaction; and
- (d) the undersigned has carefully examined the Registration Statement, the ADS Registration Statement and the Prospectus and, in his opinion, the Registration Statement (at its effective date), the ADS Registration Statement (at its effective date) and the Prospectus (at the date of its publication) did not include any untrue statement of a material fact and did not omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading.

Yours faithfully

BARCLAYS BANK PLC

NSK her

From:	Ludwick, David [david.ludwick@linklaters.com]
Sent:	Thursday, March 20, 2008 9:15:12 PM
То:	drew.haigh@uk.pwc.com; david.j.mayland@uk.pwc.com;
	vassos.vrachimis@uk.pwc.com
CC:	ross.aucutt@barclaysgt.com;
	keith.harding@barclaysgt.com; leigh.meyer@barclaysgt.com;
	todd.foreman@barclays.com; victoria.hardy@barclays.com;
	kathryn.mcleland@barcap.com; yenal.ghori@barcap.com;
	tanja.gihr@barcap.com; simon.croxford@barcap.com;
	richard.d.johnson@barcap.com; belinda.vickery@barcap.com;
	mark.graham@barcap.com; bret.ganis@barcap.com;
	richard.smith3@barcap.com; Aherne, Peter O; Greve, Leo-Hendrik; Mason,
	Peter James ; Drumm, Laura ; White, Christopher K ; Deese, Derrick ; Dickey,
	John W; Mcgeary, Simon; Louie, Stanley; Keat, Deborah; Letina, Anastasia;
	Stephenson, Laura ; Walker, David ; Reid, James ; Mcspadden, Jack D ; Harjani,
	Chandru ; Rose-Smith, Alastair ; Siekel, Peter ; Ludwick, David; van Amelsfort,
	Joost; Whittington, Sarah
Subject:	Project Rimu - Circle Up
Importance:	High
Attachments:	Form20F.zip

Please find attached our circle up of the draft 20-F. Please let us know if you have any questions or there are items that you would like to discuss. We also look forware to seeing drafts of your comfort letters at your earliest convenience.

<<Form20F.zip>> Kind regards David

David Ludwick Partner Equity and Debt Markets Member of the New York Bar Linklaters LLP, London

Tel: +44 20 7456 4636
Fax: +44 20 7456 2222
david.ludwick@linklaters.com
 <http://www.linklaters.com> http://www.linklaters.com

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Page 1 of 3

UNITED STATES SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549

FORM 20-F

(Mark One)

□ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) or (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934, FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006

OR

□ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

LI SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______ to _____,

Commission file numbers:

Barclays PLC Barclays Bank PLC

1-09246 1-10257

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BARCLAYS PLC BARCLAYS BANK PLC

(Exact names of registrants as specified in their charters)

ENGLAND (Jurisdictions of Incorporation)

1 CHURCHILL PLACE, LONDON, E14 5HP, ENGLAND (Address of principal executive offices)

Securities registered pursuant to Section 12(b) of the Act: [List below to be confirmed by Barclays]

	Title of each class	Name of each exchange on which registered
Barclays PLC	25p ordinary shares	New York Stock Exchange*
	American Depositary Shares, each representing four 25p ordinary shares	New York Stock Exchange Q ひーデ
Barclays Bank PLC	7.4% Subordinated Notes 2009	New York Stock Exchange
	Callable Floating Rate Notes 2035 Non-Cumulative Callable Dollar	New York Stock Exchange
	Preference Shares, Series 2 American Depositary Shares, Series 2, each representing one Non- Cumulative Callable Dollar	New York Stock Exchange*
	Preference Share, Series 2 Non-Cumulative Callable Dollar	New York Stock Exchange
	Preference Shares, Series 3 American Depositary Shares, Series 2, each representing one Non- Cumulative Callable Dollar	New York Stock Exchange*
	Preference Share, Series 3	New York Stock Exchange

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Financial review

Group Performance

Paralays delivered profit before tax of 27076m Earnings per share were 68.99 and we increased the full year dividend payout to 340 a rise of 1099.

Income grew (%) to (23,000m) Growth was well spread by business, with strong contributions from International Rotail and Commercial Banking, Barclays Global Investors and Barclays Wealth. Net income, after impairment charges, grew 4%, and included net bases of (), 635m/relating to credit market turbulence, net of (658m) of gains arising from the fair valuation of notes issued by Barclays Capital and settlements on overdroft fees in relation to prior years of (166m) full Retail Banking.

Impairment charges and other credit provisions rose (80%) to (2,795m) Impairment charges relating to US sub-prime mortgages and other credit market exposures were (2782m, Excluding these sub-prime related charges, impairment charges Improve 27%) to (2,013m) in UK Reta 1 Banking and Barclaycard, impairment charges improved significantly, as a consequence of reductions in llows into definquency and arrears balances in UK cards and unsecured loans. UK mortgage impairment charges remained negligible, with low levels of defaults, and the wholesale and corporate sector remained stable. The significant increase in impairment charges in International Retail and Commercial Banking was driven by very strong book growth.

Operating expenses increased 20 to 13,199m We invested in growing the branch network and distribution chantels in International Relait and Commercial Banking and in infrastructure development in Barclays Stobal investors. Costs were lower in UK Banking and broadly flat in Barclays Capital. Gains from property disposals were 257m(2006;432m) The Group cost.income ratio improved two percentage points to 57%

4 Barclays PLC Annual Report 2007 Business Performance - Global Retail and Commercial Banking

Page 1 of 1

In UK Banking we improved the cost/income ratio a further two percentage points to 49%, excluding settlements on overdrait fees in relation to prior years of 116m3 On this basis we have delivered a cumulative eight percentage point improvement in the past three years, well ahead of our target of six percentage points.

LIK Retail Banking profit before tax grew to 1,282m, Income grew the excluding settlements on overdraft fees in relation to prior years of CLIGM; reliecting a very strong performance in Personal Customer Retail Savings and good performances in Current Accounts, Local Business and Home Finance, partially offset by lower income from loan protection insurance. Enhancements in product offering and continued improvements in processing capacity enabled a strong performance in mortgage origination, with a share of net new lending of 630 Operating expenses were well controlled and improved 330 Impairment: charges Improver(1230 reflecting lower charges in unsecured consumer tending and Local Business. This was driven by improvements in the collection process which led to reduced flows into delinquency, lower fevels of arrears and stable charge-offs. Mortgage impairment charges remained negligible.

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BARCLAYS	RR Donnelley ProFile	ACWIN-CTXP78 99.28	MWR:asij0ma	14-Mar-2008 03:31 EST		15325 TX 5	5*
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Barclays Commercial Bank delivered profit before tax of 1371pt. Profit before business disposals improve 52. Income improve 72 driven by vcry strong growth in fees and commissions and steady growth in net interest income. Non-interest income increased to 320 of total income reflecting continuing focus on cross safes and efficient balance sheet utilisation. Operating expenses road 6% reflecting increased investment in product development and support, safes force capability and operational efficiency. Impairment charges increased (S38m) as a result of asset growth and higher charges in Larger Business.

Barclaycard profit before fax increased to £540m 1998 ahead of the prior year. Steady income relative to 2006 reflected Strong growth in Barclaycard International offset by a reduction in UK card extended credit balances as we re-positioned the UK business and reduced lower credit quality exposures including the sale of the Mcnument card portfolio. As a result, impairment charges improved [1%] reflecting more selective customer recruitment, client management and improved collections. Operating expenses increased (12%) driven by continued investment in Barclaycard International and the non-recurrence of a property gain included in the 2006 results. Barclaycard US continued to make good progress, and for the first time made a profit for the year.

International Retail and Commercial Banking profits decline(233.to ES35m. Results in 2006 included aC247m profit on disposals and 41m post fax profit share from FirstCaribbean International Bank, 2007 results reliected a (23) decline in the average value of the Rand.

International Retail and Commercial Banking – excluding Absa delivered a profit before tax of £246m) income rose 28% as we significantly increased the pace of organic growth across the business, with especially strong growth in Emerging Markets and Spain. Opening 324 new branches and 157 new sales centres and also invested in rolling out a common technology platform and processes across the business. Impairment increased to 79m)including very strong balance sheet growth and lower releases.

International Retail and Commercial Banking – Absa Sterling profit fell (Sm)to (500m after absorbing the 12% decline in the average value of the Rand. Retail loans and advances grew (22%) and retail deposits grew (20%). Business Performance – Investment Banking and Investment Management

Barclays Capital delivered a 5% increase in profit before tax to 2,355m. Net income was ahead of last year, reflecting very strong performances in most asset classes including interest rates, currencies, equily products and commodities. <u>Results</u> also included net losses arising from credit market turbulance of 21,635m)net of gains from the fair valuation of issued notes of 2653m. All geographies outside the US enjoyed significant growth in income and profits. Strong cost control left to operating expenses declining slightly year on year.

Barclays Global investors (BGI) profit before tax increased (B) to (734), Income grew (G), driven by very strong growth in management less and in securities lending revenues. Profit and income growth were both affected by the 8% depreciation in the average value of the US Dollar. BGI costs increased (25% as we continued to build our infrastructure across multiple products and plation's to support future growth.

The cost income ratio rose to 62% Assets under management-grew US\$2050n to US\$2.1 trillion including net new assets of US\$460m

Barclays Wealth profit before lax rose (2) to (307m. Income growth of 11% was driven by increased client funds and greater transaction volumes. Costs were well controlled as business volumes rose and the costincome ratio improved the percentage points to (6)? We continued to invest in dient facing staff and infrastructure. Redress costs declined. Total client assets increased (14%) to (133b)?

Head office functions and other operations

Head Office functions and other operations loss before tax increased 65% to 6428m reflecting higher inter-segment adjustments and tower gains from hedging activities.

Capital management

At 31st December 2007, our Basel I Tier 1 Capital ratio was (7.8%) (2006: 7.7%). We started managing capital ratios under Basel II from 1st January 2005, Our Basel II fier 1 Capital ratio was 7.6%. Our Equity Tier 1 ratio was 5.0%)under Basel I (2006: 5.3%) and 5.1% under Basel II.

We have increased the proposed dividend payable to shareholders in respect of 2007 by 10%) We maintain our progressive approach to dividends, expecting dividend growth broadly to match earnings growth over time.

Barclays PLC Annual Report 2007

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Financial data

Consolidated income statement summary For the year unded 31st December

	2007	2006	2005	2004
, · · · · · · · · · · · · · · · · ·	<u>£m</u>	ይጠ	ይጠ	£m ^a
Net interest income	9,610	9,143	8,075	6,833
Net fee and commission income	7,708	7,177	5,705	4.847
Principal transactions	4,975	4,576	3,179	2,514
Net premiums from insurance contracts	1,011	1,060	872	1,042
Other income	189	214	147	131
Total income	23,492	22,170	17,978	15,367
Net claims and benefits incorred on insurance contracts	(492)	(575)	(645)	(1,259)
Total income net of insurance claims	23,000	21,595	17.333	14,108
Impairment charges and other credit provisions	(2,795)	(2,154)	(1,571)	(1,093)
Net income	20,205	19,441	15,762	13,015
Operating expenses	(13,199)	(12,674)	(10,527)	(8,536)
Share of post-tax results of associates and joint ventures	42	46	45	56
Prolit before business disposals	7,048	6,813	5,280	4,535
Profit on disposal of subsidiaries, associates and joint ventures	28	323		45
Profit before tax	7.076	7,136	5,280	4.580
Tax	(1,981)	(1.941)	(1,439)	(1,279)
Profit after tax	5.095	5,195	3.841	3,301
Profit attributable to minority interests	678	624	394	47
Profit attributable to equity holders of the parent	4,417	4,571	3,447	3,254
	5,095	5,195	3,841	3,301
Selected financial statistics				
Basic earnings per share	58.9p	71.9p	54,40	51.00
Diluted earnings per share	56.7p	69.80	52.60	49.80
Dividends per ordinary share	34.00	31.0p	26.60	24.0p
Dividend payout ratio	49.3%	43.1%	48.9%	47.1%
Prolit attributable to the equity holders of the parent as a percentage of:	*** 			
average shareholders' equity	20,3%	24.7%	21.1%	21.7%
average total assets	0.3%	0.4%	0.4%	0.5%
Selected statistical measures				
Cost:income ratio ^b	57%	59%	61%	61%
Average United States Dollar exchange rate used in preparing the accounts	2.00	1.84	1.82	1.83
Average Euro exchange rate used in preparing the accounts	1.46	1,47	1.46	1.47
Average Rand exchange rate used in preparing the accounts	14.11	12.47	11.57	11.83

The financial information above is extracted from the published accounts for the last three years. This information should be read together with, and is qualified by reference to, the accounts and notes included in this report.

Note

Does not reflect the application of IAS 32, IAS 39 and IFRS 4 which became effective from 1st January 2005, Defined on page 2. a b



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Financial data

Consolidated balance sheet summary As al 31st December

	2007	2006	2005	2004
	£m	£m	£m	£m a
Assets Cash and other short-term funds				
Treasury bills and other eligible bills	7,637 n/a	9,753 r√a	5,807 n/a	3,525 6,658
Trading portfolio and financial assets designated at fair value	341,171			0,008 n/a
Derivative linancial instruments	248.088			n/a
Debt securities and equity shares	n/a	n/a		141.710
coans and advances to banks		50,926		80.632
Loans and advances to customers	\$45,398			
wailable for sale linancial investments	43.072			n/a
Reverse repurchase agreements and cash collateral on securities borrowed	183,075			n/a
Dither assets			16,011	43,247
Total assets	1,227,361	96.787	924.357	555,181
labilities				
Deposits and items in the course of collection due to banks	60.000	R1 792	77,468	110 000
	294,987			
Frading portfclio and financial liabilities designated at fair value	139,891			n/a
abilities to customers under investment contracts	92,639			n/a
Derivative financial instruments	248,288			n/a
Debt securities in issue	120,228			
Repurchase agreements and cash collateral on securities tent	169,429			n/a
nsurance contract liabilities, including unit-linked liabilities	3,903	3,878	3,767	8,377
Schordinated Trabilities			12,463	12,277
Other Nabifilies	15.032		14,918	87,200
Total liabilities	1,194,885	69,397	899,927	
Shareholders' equity				
Shareholders' equity excluding minosity interests	23,291	19,799	17,426	15,870
Vinonity Interests	9.185	7,591	7.004	894
fotal shareholders' equity	32,475	27,390	24,430	16,764
fotal liabilities and shareholders' equity	1,227,361			
Risk weighted assets and capital ratios ^b			·	
Fisk weighted assets	353,476			
fier 1 ratio) 7.8%	7.7%	7.0%	
Risk asset ratio	12.1%	11,7%	11.3%	
Selected financial statistics				
let asset value per ordinary share	1 3 53p	<u>303p</u>		246p
fear-end United States Dollar exchange rate used in preparing the accounts	2.50	1.96	1.72	1.92
fear-end Euro exchange rate used in preparing the accounts	1.36	1.49	1.46	1.41
Year end Rand exchange rate used in preparing the accounts	13.64	13.71	10.87	10.86

The financial information above is extracted from the published accounts for the last three years. This information should be read together with, and is qualified by reference to, the accounts and Notes included in this report.

Notes

Does not reflect the application of IAS 32, IAS 39 and IFRS 4 which became effective from 1st January 2005, а

b Risk weighted assets and capital ratios are calculated on a Basel : basis. Capital ratios for 2004 based on IFRS are not available. As at 1st January 2005 the tier 1 ratio was 7.1% and the risk asset ratio was 11.8% reflecting the impact of IFRS including the adoption of IAS 32, IAS 39 and IFRS 4

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Financial review Analysis of results by business

Analysis of results by business For the year ended 31st December 2007

	UK Banking £m	Barclaycard £m	International Retail and Commercial Banking £m	Barclays Copitel £m	Barclays Global Investors £m	Barclays Wealth £m	Head office functions and other operations £m	Group Em
Net interest income Net fee and commission income	4,596 1,932	1,394 1,080	1,890 1,210	1,179 1,235	(8) 1,936	431 739	1 2 8 (424)	9,610 7,708
Principal transactions ^a Net premiums trom insurance	56	11	248	4,692	(4)	55	(83)	4,975
contracts Other income	252 58	40 (28)	372 87	13	2	195 19	152 35	1,011 18B
Total income Net claims and benefits incurred on	6,894	2,499	3,807	7,119	1,926	1,439	(192)	23,492
insurance contracts	(43)	(13)	(284)			(152)	-	(492)
Total income, net of insurance claims Impairment charges	6,851 (849)	2,486 (835)	3,523 (252)	7,119 (846)	1 ,926	†,287 (7)	(192) (3)	23,000 (2,795)
Net income Operating expenses Share of post-tax results of associates	<u>6,002</u> (3,370)	1,64 <u>8</u> (1,101)	<u>3,271</u> (2,355)	<u>6,273</u> (3,973)	1,926 (1,192)	<u>1,280</u> (973)	(195) (234)	20,205 (13,199)
and joint ventures	7	(7)	7	35		-	-	42
Profit before business disposals Profit on disposal of subsidiaries,	2,639	540	922	2,335	734	307	(429)	7,048
associates and joint ventures	14		13	-	-		1	28
Profit before tax	2,653	540	935	2,335	734	307	(428)	7,078
As at 31st December 2007								
Total assets	161,777	22,164	89.457	839,662	89,224	18,024	7,053	1,227,361
Total Ilabilities	166.988	1,559	48,809	811.516	87,101	43,988	34,924	1,194,885

Note a Principal transactions comprise net trading income and net investment income.

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Global Retail and Commercial Banking UK Banking

Who we are

UK Banking comprises UK Retail Banking and Barclays Commercial Bank (formerly UK Business Banking).

What we do

UK Banking delivers banking solutions to Barclays retail and business banking customers in the United Kingdom. We offer a range of integrated products and services and access to the expertise of other Group bus'nesses. Customers are served through a variety of channels comprising the branch network, automated teller machines, telephone banking, online banking and relationship managers. Highlights

Performance 2007/06

UK Banking profit before tax increased (2) (£107m) to (2.653m (2006: (2.546m) driven principally by solid income growth. Results included cains from the sale and leaseback of properties and property sales of (2.32m) (2006 (£313m).

The cost:income ratio improved Cneppercentage point to (195). Excluding the impact of settlements on overdraft fees in relation to prior years (12116m), the cost:income ratio improved two percentage points to 48%, making eigh/percentage points of improvement from 2004 to 2007 compared to the target of six percentage points.

2006/05

UK Banking profit before tax increased (49) (510m) to (254m) (2005: (2,236m) driven principally by good income growth. Profit before business disposals grew (0% (234m) to (22470m) (2005 (22,238m).

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	2007 Em	2006 Em	2005 £m
Income statement information	1		~~~~~
Net interest income Net fee and commission income Net trading income	4,596 1,932 9	4,467 1,874 2	4,213 1,728
Net investment income Priscipal transactions Net premiums from insurance contracts Other income	147 56 252 58	28 30 342 63	26 26 298 32
Total income Net claims and benefits incurred on insurance contracts	6,894 (43)	6,776 (35)	6,297 (61)
Total income, net of insurance claims Impairment charges	6,851 (849)	6,741 (887)	6,236 (671)
Net Income Operating expenses excluding amortisation of Intangible assets Amortisation of Intangible assets Operating expenses Share of posi-tax results of associates and joint ventures Profit on disposal of subsidiaries, associates and joint ventures	6.002 (3,358) (12) (3,370) 7 14	5,854 (3,387) (2) (3,389) 5 76	5,565 (3,323) (3) (3,326) (3,326)
Profit before tax	2,653	2,546	2,236
Balance sheet information			
Loans and advances to customers Customer accounts Total assets	£145.3bn £147.9bn £161.8bn	£131.0bn £139.7bn £147.6bn	£125.5bn £127.2bn £138.0bn
Selected statistical measures			
Cost:income ratio ^a	49%	50%	53%
Risk Tendency ^a Risk weighted assets	£ 775m £ 99.8bn	£ 790m £ 93.0bn	£ 665m £ 87.9bn

a Defined on page 2.

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Global Retail and Commercial Banking UK Retail Banking

Who we are

UK Retail Banking comprises Personal Customers, Home Finance, Local Business, Consumer Lending and Barclays Financial Planning. We have one of the largest branch networks in the UK with around 1,700 branches and an extensive network of cash machines.

What we do

Our cluster of businesses aims to build broader and deeper relationships with customers. Personal Customers and Home Finance provide a wide range of products and services to retail customers, including current accounts, savings and investmant products, mortgages branded Woolwich and general insurance. Barclays Financial Planning provides banking, investment products and advice to affluent customers.

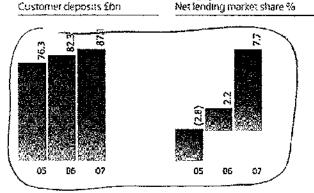
Local Business provides banking services to small businesses. UK Retail Banking is also a gateway to more specialised services from other parts of Barclays such as Barclays Stockbrokers.

Our business serves 15 million UK customers.



Performance indicators

Mortgages – Net lending market share %



Performance 2007/06

UK Retail Banking profit excluding tax increased (92) (101m) to 1,282m (2006: 1,181m) due to reduced costs and a strong improvement in impairment.

Including the impact of settlements on overdraft lees from prior years ((£116m) income decreased 1% (£49m) to £4,297m (2006; £4,246m). Income grew(2%; (£67m) excluding the impact of settlements on overdraft fees in relation to prior years (£116m). This was driven by very strong growth in Personal Customer refail savings and good growth in Personal Customer current accounts, Home Finance and Local Business.

Net interest income increased 39 (293m) to 2.858p (2006: (2,765m). Growth was driven by a higher contribution from deposits, through a combination of good balance sheet growth and an increased liability margin_Johal average customer deposit balances increased (7%) to (81.90) (2006 (276.5bn), supported by the launch of new products.

Mortgage volumes increased significantly, driven by an improved mix of longer term value products for customers, higher levels of retention and continuing improvements in processing canability. Mortgage balances were [69,80] but the end of the period (2006; [61,70]), an approximate market share of [62,1206; 64). Gross advances were (52,61) of the rate of [62,1206; 64). Solution to a current value to no value ratio of the residential mortgage book on a current valuation basis was (33). The average loan to value ratio of new residential mortgage in 2007 was (43) Consumer Lending balances decreased (43) to (7,90) (2005; (28,20)), reflecting the impact of tighter lending orderia.

Overall asset margins decreased as a result of the increased proportion of mortgages and contraction in unsecured loans.

Net (as and commission income reduced (4%) (£49m) lof(1, 189m) (2006: (£1,202m). There was strong Current Account income growth in Personal Customers and good growth within Local Business. This was more than offset by settlements on overright tees.

Net premiums from insurance underwriting activities reduced 26%) (E90m)to E252m (2006: (C342m), as there continued to be lower customer take up of foar protocling insurance. Net claims and benefits on insurance contracts increased to E43m (2006: E35m).

Impairment charges cecreased (22) (76m) to (55m) (2006: (635m) reflecting lower charges in unscoured Consumer Londing and Local Business. This was driven by improvements in the collection process which led to reduced flows into delinquency, lower levels of arrears and stable charge-offs. Mortgage impairment charges remained negligible.

Operating expenses reduced 3% (E69m) to (2,463m) 2006 (2,532m), reflecting strong and active management of all expense lines, targeted processing improvements and tack office consolidation. Gains from the sale of property were 133m (2006; 253m). Increased investment was focused on improving the overall customer experience through converting and improving the branch network; revitatising the product offering; increasing operational and process efficiency; and meeting regulatory requirements.

The cost:income ratio Improved impercentage point to 57%. Excluding the impact of settlements on overdraft fees from prior years (£116m), the cost:income ratio Improved two percentage points to 56%

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	2007 	2006 £m	2005 £m
ncome statement information	ſ		
Vet Interest income	2,858	2,765	2,677
Net fee and commission income	1,183	1,232	1,065
Vel premiums from insurance contracts	252	342	372
Diher income	47	42	24
fotal income	4,340	4,381	4,138
Vet claims and benefits on insurance contracts	(43)	(35)	. (61)
Total income net of insurance claims	4,297	4,346	4,077
mpairment charges	(559)	(635)	(494)
Net income	3,738	9,711	3,583
Derating expenses excluding amonisation of intangible assets	(2,455)	(2,531)	(2,501)
Imortisation of intangible assets	(8)	(1)	- (2,001)
Dperating expenses	{2,463}	(2,532)	(2,501)
Share of post-tax results of associates and joint ventures	7	2	(6)
Prolit before tax	1,282	1,181	1,076
Balance sheet information			
cans and advances to customers	E82.0bn	£74.7bn	£72.1bn
Customer accounts	£87.1bn	£82.3bn	£76.3bn
lotal assets	£87.8bn	£81.7bn	£76.1bn
Selected statistical measures			
Cost:income ralio ^a	57%	58%	61%
Risk Tendency ^a	······································	£ 500m	£ 415m
Risk weighted assets	£45.0bn	£43.0bn	£40.8bn

a Defined on page 2.

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2006/05

UK Retail Barking profit before tax increased 10%(£105m) o £1,181m) (2005: €1,076m), driven by good income growth and well controlled costs. There has been substantial additional investment to transform the business.

Income increased 7% (1269m) to (14,346m) (2005 (14,077m) Income growth was broadly based. There was strong income growth in Personal Customers retail sevings, Local Business and UK Premier and good growth in Personal Customers current account income. Sales volumes increased, with a particularly strong performance from direct channels.

Net interest income increased 37 (ES8m) to 22.765m (2005 (22.677m). Growth was driven by a higher contribution from deposits, through a combination of good balance sheet growth and a stable liability margin. Total average customer deposit balances increased 39 to 276.55m (2005: (271.0bh), supported by new products. Growth of personal savings was above that of the market.

Mortgage volumes improved significantly, driven by a focus on improving capacity, customer service, value and promotion. UK residential mortgage balances ended the year at £31.7b) (2005: (£9.6b)). Gross advances were £0%) higher at £18.4b) (2005: (£9.6b)), with a market share of 5% (2005: 4%). Net terding was £2.4bn) with performance improving during the year, teading to a market share of 4% in the second hall of the year. The mortgage margin was reduced by changed assumptions used in the calculation of effective interest rates, a higher proportion of new mortgages and base rate changes. The new business spread was in line with the industry. The loan to value ratio within the residential mortgage book on a current valuation basis was 34% (2005: (35%)).

14 Barclays PLC Annual Report 2007 There was good balance growth in non-mortgage loans, where Local Business average balances increased 9% and UK Premier average balances increased 25%

Net lee and commission income increased (16%) (2167m) to (7,232m) (2005: (21,065m). There was strong current account income growth in Personal Clustomers and Local Business. UK Premier delivered strong growth reflecting higher income from banking services, montgage sales and investment advice.

Net premiums from insurance underwriting activities decreased 8%) (C30m) to (C342m) (2005 (C372m)). There continued to be lower customer take-up of loan protection insurance. Net claums and benefits on insurance contracts improved to (C35m) (2005 (E61m)).

Impairment charges increased 29% (141m) to (635m (2005: (444m)). The increase principally reflected balance growth and 55me deterioration in delinquency rates in the Local Business Ioan book. Losses from the mortgage portfolio remained negligible, with amears at low levels.

Operating expenses were steady at (2.532m) (2005; (2.501m). Gains from the sate and leaseback of property amounted to (253m) (2005; nll). Investment in the business to improve customer service and deliver sustainable performance improvements was directed at upgrading distribution capabilities, including restructuring and improving the branch network. Further investment was focused on upgrading the contact centres, transforming the performance of the mortgage business, revitalising the retail product range to meet customers' needs, improving core operations and processes and rationalising the number of operating sites. The level of investment reflected in operating expenses in 2006 was approximately double the level of 2005.

The cost income ratio improved three percentage points to \$5% (2005: 61%).

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Global Retail and Commercial Banking Barclays Commercial Bank

Who we are

Batclays Commercial Bank comprises 8,400 colleagues who serve 81,000 customers.

Earlier this year, we launched our new brand – Barclays Commercial Bank – to replace UK Business Banking. This new identity is much more than just a name change. Instead, it more accurately reflects our current capabilities and future aspirations, and it is scalable across markets. To complement the new identity, we also launched a clear customer proposition. It comprises three elements:

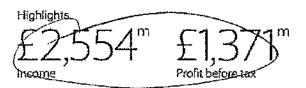
- relationship
- specialisation
- innovation

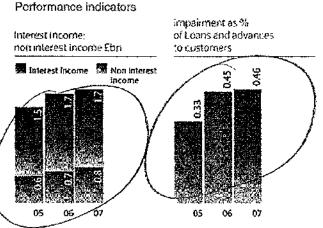
These encapsulate our capability to deliver distinctive service and solutions that meet our customers' needs.

What we do

Barclays Commercial Bank provides banking services to organisations with an annual turnover of more than £1m. Customers are served via a network of relationship and industry sector specialists, which provides solutions constructed from a comprehensive suite of banking products, support, expertise and services, including specialist asset financing and leasing facilities.

We are a key component of the Barclays universal banking model, delivering income in partnership with all the constituent business units of the Barclays Group.





Performance

2007/06

Barclays Commercial Bank profit before tax increased find (1.37 m) (2006: (1.365m) due to continued good income growth partially offsel by lower gains from business disposals. Profit excluding profit on business disposals of (14m)(2006 (176m) increased 5%) o (1.357m) (2006: (1.289m).

Income increased 7% (2159m) to (2,554m) (2006; (2,395m). Non-interest income increased to (32% of total income (2006; (2,3%)) reflecting continuing focus on cross sales and efficient balance sheet utilisation. There was very strong growthin net fee and commission income, which increased (17%) (2107m) to (2749m) (2006; (2642m) due to very strong performance in lending lees. There was a 30 good growth in transaction related income, foreign exchange and derivatives transactions undertaken on behalf of clients.

Net interest income improved 2% [236m] to (£1,738m) (2006 (£1,702m) Average customer leadings increased 3% to (£3,65m) (2006 (£32,05m) Average customer accounts grow 4% to (£46,45m) (2006 (£44,95m).

Income from principal transactions granarily reflecting venture capital and other equily realisations increased 87% (£26m) to (£56m) (2006: £30m).

Impairment charges increased 15% (E38m) to (2006) (2006) (258m) mainly due to a higher level of impairment losses in Larger Business as Impairment trended towards risk tendency. There was a reduction in impairment levels in Medium Business due to a tightening of the lending criteria.

Operating expenses increased 5% (250m) (2005) (2005) (2557m) Operating expenses are net of gains of (2557m) (2006) (260m) on the sale of property. Growth in operating expenses was focused on continuing investment in operations, infrastructure, and new initiatives in product development and sales capability.

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	2007 £m	2006 £m	2005 £m
ncome statement information Net interest income Net lee and commission income Net frading income Net investment income Principal transactions Other income	1,738 749 9 47 55 11	1,702 842 2 28 30 21	1,536 589 17 17 17 17
fotal income mpairment charges	2,554 (290)	2,395 (252)	2,159 (177)
Net income Derating expenses excluding amortisation of intangible assets Amortisation of intangible assets Diparating expenses Share of post-tax results of associates and joint ventures Profit on disposal of subsidiaries, associates and joint ventures	(903) (4) (907) (14)	2,143 (856) (1) (857) 3 76	1,982 (822) (3) (825) 3 -
Profil belore tax	1,371	1,365	1,150
Balance sheet information coans and advances to customers Customer accounts Fotal assets	263.3bn 260.8bn 273.9bn	256.3bn 257.4bn 265.9bn	253.4bn 250.9bn 259.9bn
Selected statistical measures			
Sost:Income ratio ^a	36%	36%	38%
lisk Tendency ^a lisk weighted assets	£_305m £53.8bn	£ 290m £50.0bn	£ 250m £47.1bn

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2006/05

Barclays Commercial Bank profit before tax increased(18%)(1205m) to (T.355m)(2005:(1.160m)) driven by continued strong income growth. Barclays Commercial Bank maintained its market share of primary customer relationships. The 2006 result included a(23m)(2005(CTSm)) contribution from the full year consolidation of lyeco Finance, in which a 51% stake was acquired on 151 June 2005. Profit before business disposals increased 11% oct1,289m (2005: £1,160m).

Income Increased 17% (2236m) to (2,395m) (2005 (£2,159m), driven by strong balance sheet growth. The uplift in Income was broadly based across income categories.

Net interest income increased 11% (£186m) to £1,702m) (2005 (£1,536m) driven by strong balance sheet growth. There was strong growth in all business areas and in particular Larger Business. The lenging margin improved slightly. Average customer accounts increased 11% to £44.8bp (2005 (£40.5cm) with good growth across product categories. The deposit margin was stable.

Net tee and commission income increased 9%(ES3m) to E642m (2005(E539m)) There was a strong rise in income from foreign exchange and derivatives business transacted through Barclays Capital on behalf of Barclays Commercial Bank customers.

Income from principal transactions was £30m (2005; £17m), primarily reflecting the profit realised on a number of equity investments.

As expected, impairment rates trended upwards during the year lowards a more normalised level. Impairment increased (42%)(275m))to (2252m)(2005: (C177m)) with the increase mainly reflecting higher charges from Medium Business and balance growth, impairment charges in Larger Business were stable.

Operating expenses increased 4% (132m) to (1857m) (2005 (1825m). Cost growth reflected higher volumes, increased expenditure on front line staff and the costs of lveco Finance for a full year. Operating expenses included a credit of (1900m) on the sale and leaseback of property. Increased investment was focused on the acceleration of the rationalisation of operating sites and technology infrastructure.

The cost:income ratio improved two percentage points to 36% (2005: 38%)

Profit on disposals of subsidiaries, associates and joint ventures of 276 m (2005) Entry arose from the sales of interests in vehicle leasing and European vendor linance businesses.

16

Barclays PLC Annual Report 2007

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Global Retail and Commercial Banking Barclaycard

Who we are

We are a multi-brand international credit card and consumer lending business. Our credit card was the first to be launched in the UK in 1956 and is now one of the leading credit card businesses in Europe, with a fast growing business in the US.

What we do UK

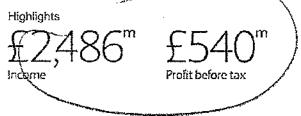
Our activities include all Barclaycard branded credit cards, the FirstPlus secured lending business and the retail finance business Barclays Partner Finance. In addition to these activities, Barclaycard also operates partnership cards with loading brands including SkyCard and the Thomas Cook Credit Card. We continue to lead the UK market with the launch in 2007 of Barclaycard OnePulse, the UK's first contactless card, and Barclaycard Breathe, the first card to donate a percentage of its profits to carbon reduction projects around the world,

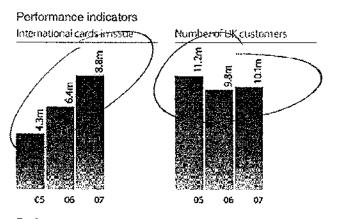
International

Barclaycard's international presence is extensive. In 2007, 3 out of every 4 cards issued by Barclaycard were in markets outside the UK and we have 8.6m international cards in issue. We currently operate across Europe and the United States where we are the fastest growing credit card business. In Scandinavia we operate through Entercard, a joint venture with Swedbank.

Barclaycard Business

Barclaycard Business processes card payments for 93,000 retailers and merchants and issues credit and charge cards to corporate customers and the UK Government. It is Europe's number enertissuer of Vise-Commercial Cards with over 137,000 corporate-customers.





Performance 2007/06

Barclaycard prolit before tax increased 18% (E82m) to (£540m) (2006: £458m), driven by strong international growth coupled with a significant improvement in UK impairment charges. Other income included a 227m loss on disposal of part of the Monument card portfolio, 2006 results reflected a property gain of £38m)

Income decreased 131(228m) to 22,486m (2006, 22,514m) tellecting strong growth in Barciaycard International, offset by a decline in UK Cards revenue resulting from a more cautious approach to lending in the UK and a £27m loss on disposal of part of the Monument card portfolio.

Net interest income increased 1% (£11m) to (£1,394m) (2006 (£1,383m) due to strong organic growth In international average extended credit rand balances up 25% (263.3b) end average secured consumer lending balances up 25% (263.3b) partially offset by lower UK average extended credit rand balances which field 14% to (£6.9b) Margins fell to (£.59% (2006; 7.13%) due to higher average base rates across core operating markets and a change in the product mix with an increased weighting to secured

lending

Net lee and commission income tell 2% (226m) to 1.080m) (2006: (11.106m) with growth in Barclaycard International offset by our actions in response to the Office of Fair Trading's findings on late and overlimit lees in the UK which were implemented in August 2006.

Impairment charges improved 21% (2229m) to (2006) (2006) (2006) reflecting reduced flows into deiinquency, lower levels of arrears and lower charge-olfs in UK Cards. We made charges to our impairment methodologies to standardise our approach and in anticipation of Basel II. The net positive impact of these changes in methodology was offset by an increase in impairment charges in Bardaycard International and secured consumer lending.

Operating expenses increased 12% (£120m) to £1,10 m) (2006: £981m) Excluding a property gain of £387t/in 2006, operating expenses increased (8% (£82m) reflecting continued investment in expanding our businesses in Europe and the US. Costs in the UK businesses were broadly flat, with investment in new UK product innovations such as Barclaycard OnePulse being funded out of operating efficiencies.

Barclaycard International continued to gain momentum, delivering a profit before tax of £77m against a loss before tax of £36m in 2006. We concluded seven new credit card partnership deals across Western Europe. The Entercard joint venture continued to perform ahead of plan and entered the Danish market, extending its reach across the Scandinavian region. Barclaycard US was profitable, with very strong average balance growth and a number of new card partnerships including Luithansa Airlines and Princess Cruise Lines.

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	2007 ይm	2006 £m	2005 £m
Income statement information			
Net interest income Net fee and commission income	1,394	1,383	1,231
Net ree and commission income	1,080	1,106	1,065
Net premiums from insurance contracts	11 40	15 18	- 6
Other income	(26)	-	0
Total income	2,499	2,522	2,302
Net claims and benefits incurred on insurance contracts	(13)	(8)	(3)
Total income net of insurance claims	2,486	2,514	2,299
Impairment charges	(838)	(1,067)	(753)
Net income	1,648	1,447	1,546
Operating expenses excluding amortisation of intangible assets	(1,073)	(964)	(891)
Amortisation of Intangible assets	(28)	(17)	(17)
Operating expenses	(1,101)	(981)	(908)
Share of post-tax results of associates and joint ventures Profit before tax	(7)	(8)	1
	540	458	639
Balance sheet information			
Loans and advances to customers	£20.1bn	£ 18.2bn	£16.6bn
Total assets	£22.2bn	£ 20.1bn	£18,2bn
Selected statistical measures			
Costrincome ratio ^a	44%	39%	397
Risk Tendency ^a	£ 945m	£1.135m	£ 865m
Risk weighted assets	£19.9bp	£ 17.0bn	£13.6bn

a Defined on page 2.

2006/05

Barclaycard profit before tax decreased 28% (£181m) to £158m) (2005: (£639m) as good income growth was more than offset by higher impatrment charges and increased costs from the continued development of international businesses.

Income increased 9% (£15m) to £2,514m (2005 (£2,299m)) reflecting very strong momentum in Barclaycard US ark: strong performances in Barclaycard Pusiness, FirstPlus, SkyCard and continental European markets.

Net interest income increased 12% (£152m) to (£1.383m) (2005 (£1.231m) due to strong growth in International average extended credit card balances up (29% to (2.50m) (2005: (1.301) and average secured consumer lending balances up (55%) to (2.30m) (2005: (2.20n)) parity offset by UK average extended credit card balances down (2% to (8.00m) (2005; (3.66m), reflecting the impact of tighter lending orderia.

Net lies and commission income increased (4%)(£41m) to £1.105m)(2005: \$1,965m) as a result of increased contributions from Barclaycard International, SkyCord, FirstPlus and Barclaycard Business. Barclaycard reduced its late and overlimit tee charges in the UK on 1st August 2006 in response to the Office of Fair Trading's indings.

Investment income of (15m) (2005; (nii) represents the gain arising from the sale of part of the stake in MasterCard Inc, following its flotation.

Impairment charges increased 42% (C014m) to (1.007m) (2005 (2763m). The increase was driven by a rise in delinquent balances and increased numbers of bankruptcies and Individual Volunlary Arrangements. As a rosult of management action in 2005 and 2006 to tighten lending criteria and improve collection processes, the flows of new delinquencies reduced, and levels of arrears balances declined in the second half of 2006 in UK cards.

Operating expenses increased $(5\%, (273m); c_{202110})$ (2005; (203m). This included a (33m) gain from the sale and leaseback of property. Excluding this item, underlying operating expenses increased (22%) ((111m) to (1,019m) This was largely as a result of continued investment in Barclaycard International, particularly Barclaycard US, and the development of UK partnerships.

Barclaycard International continued its growth strategy in the continental Furopean business delivering solid results. The Entercard joint venture, which is based in Scandinavia, performed ahead of plan. Barclaycard International loss before tax reduced to Scan (2005: loss £44m) including the loss before tax for Barclaycard US of £57m (2005: loss £64m) Barclaycard US continued to perform ahead of expectations, delivering very strong growth in balances and customer numbers and creating a number of new partnerships including US Airways, Barnes & Noble, Travelocity and Jo-Ann Stores.

Barclaycard UK customer numbers declined 1.4 million to 9.8 million (2005: 11.2 million). This reflected the closure of 1.5 million accounts that had been inactive.

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Financial review

Analysis of results by business **Global Retail and Commercial Banking** International Retail and **Commercial Banking**

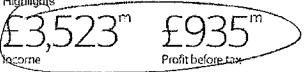
Who we are

Our business comprises: International Retail and Commercial Banking excluding Absa and International Retail and Commercial Banking -- Absa.

What we do

International Retail and Commercial Banking provides banking services to Barclays personal and corporate customers outside the UK. The products and services offered to customers are tailored to meet customer needs and the regulatory and commercial environments within each country,

Highlights



Performance 2007/06

International Retail and Commercial Banking profit before tax decreased International Hetail and Commercial Banking profit before tax decreased **#28** Imbo (3935m) (2006; 21,216m). International Retail and Commercial Banking – excluding Absa profit before tax in 2006 included a<u>#247</u>/mgain on the sale of associate FirstCaribbean International Bank and a [41m] share of its post-tax results. Profit before tax in 2007 included gains from the sale and leaseback of property of <u>(23m)</u>(2006; <u>(55m)</u>). Very strong profit growth in Rand terms in International Retail and Commercial Banking Absa was offeed by a 1027 decision in barycone pulse of the Banking Absa was offeed by a 1027 decision in the paymene pulse of the Banking Absa was offeed by a 1027 decision in the paymene pulse of the Banking Absa was offeed by a 1027 decision in the paymene pulse of the Banking Absa was offeed by a 1027 decision in the paymene pulse of the Banking Absa was offeed by a 1027 decision in the paymene pulse of the Banking Absa was offeed by a 1027 decision in the paymene pulse of the Banking Absa was offeed by a 1027 decision in the paymene pulse of the Banking Absa was offeed by a 1027 decision in the paymene pulse of the Banking Absa was offeed by a 1027 decision in the paymene pulse of the Banking Absa was offeed by a 1027 decision in the paymene pulse of the Banking Absa was offeed by a 1027 decision in the paymene pulse of the Banking Absa was offeed by a tage of the paymene pulse of the Banking Absa was offeed by a tage of the paymene pulse of the Banking Absa was offeed by a tage of the paymene pulse of the Banking Absa was offeed by a tage of the paymene pulse of the Banking Absa was offeed by a tage of the paymene pulse of the Banking Absa was offeed by a tage of the paymene pulse of the Banking Absa was offeed by a tage of the paymene pulse of - Absa was offsel by a 12% decline in the average value of the Rand. A significant investment was made in infrastructure and distribution, including the opening of 644 new branches and sales centres across Western Europe, Emerging Markets and Absa.

2006/05

International Retail and Commercial Banking profit before tax increased (2623m)to (1,216m)(2005: (593m). The increase reflected the inclusion of a full year's profit before tax from International Retail and Commercial Banking – Absa of (598m)(2005 ¹/(229m)) and a profit of (2247m) on the disposal of Barclays interest in FirstCaribbean International Bank.

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			a ku tu
	2007	2006	2005
	£m	£m	£m
ncome statement information			
Vet interest income	1,890	1,653	1,045
Vet fee and commission income	1,210	1,221	614
vet trading income	69	5	3
Net investment income	179	198	143
Principal transactions	248	194	146
Net premiums from insurance contracts	372	351	227
Other income	87	74	60
Fotal income	3,807	3,493	2,122
Net claims and benefits incurred under insurance contracts	(284)	(244)	(206)
fotal income net of insurance claims	3,523	3,249	1,916
mpairment charges	(252)	(167)	(33)
Yet income	3,271	3,082	1,883
Destating expenses excluding amortisation of intangible assets	(2,279)	(2,077)	(1,289)
Amorlisation of intangible assets	(77)	(85)	(47)
Destating expenses	(2,355)	(2,152)	(1,336)
Ghare of post-tax results of associates and joint ventures	7	49	46
Profit on disposal of subsidiaries, associates and joint ventures	13	247	-
Profit before tax	935	1,216	593
Balance sheet information	001	1210	000
Dans and advances to customers	£70.1bn	£53.2bri	£49.2bn
Customer accounts	£28.8bn	£22.1bh	£22.4bn
Total assets	289.5bn	£68.6bh	£63.4bn
Gelected statistical measures			
Cost:Income ratio ^a	67%	67%	70
Risk Tendency ^a	<u>£ 475m</u>	£ 220m	£ 175m
Risk weighted assets	£53,3bn	£40.8bn	£41.05n

a Defined on page 2.



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Global Retail and Commercial Banking International Retail and Commercial Banking – excluding Absa

Who we are

Western Europe

This business area includes our retail and commercial banking operations in Spain, Portugal, France and Italy, Barclays has operated in Spain for over 30 years, and is the leading foreign bank and the sixth largest banking group overall. We have tripled the branch network in Portugat over the tast two years, becoming the largest non-Iterian bank. Barclays is a leading aff Lent banking brand and a recognised product innovator in France. We are one of the leading mortgage providers in Raly and in 2007 established full retail and commercial banking operations.

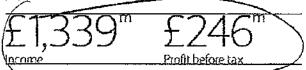
Emerging Markets

The Emerging Markets team is responsible for Barclays businesses in the growing markets of Africa, Incia and the Middle East. Barclays has longstanding commercial banking operations in the UAE and in 2007 launched retail banking operations in India and the UAE. In Africa, Barclays operates in Bolswana, Egypt, Ghana, Kenya, Mauritius, Seychelles, Tanzania, Uganda, Zambia and Zimbabwe offering a range of retail and commercial banking products.

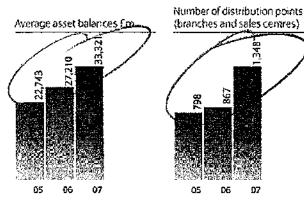
What we do

We provide a full range of banking services, including current accounts, savings, investments, mortgages and toans to our International personal and corporate customers.

International Retail and Commercial Banking works closely with all other parts of the group to leverage synergies from product and service propositions.



Performance indicators



Performance 2007/06

International Retail and Commercial Banking – excluding Absa profit before tax decreased 53% (2272m) to (2246m) (2006; £518m) Profit before tax in 2006 included a (2247m) gain on file sate of associate FirsiCaribbean International Bank and a (241m) share of its post-lax results. Profit before tax in 2007 included gains from the sate and teaseback of property in 2007 of (2006) (2006) (255m). The performance reflected very strong income growth driven by a rapid growth in distribution points to 1,348 (2006; 867) as we Los the launch of new businesses in India and UAE and a full retail and commercial banking offering in Italy.

Income increased (2839) (2293) 10(1,339) (2006) (1,046) driven by excellent performances in Western Europe and Emerging Markets.

Net interest income increased 25% (£149m)to(2753m)(2006; £604m). Total average customer loans increased(22% £6.1m)(xo£3.3b)h(2006; (£7.2bn))with lending margins broadly state. Mortgage balance growth in Western Europe was very strong, with average Euro balances up(16% (£4.2bn)to(530.1bh)(2006; £5.9bn) Average customer deposits increased 20% (£2.1bp)to(12.5bp)(2006; £10.4bn)driven by growth in Western Europe and Emerging Markets.

Net tee and commission income grew(6%(259m)) to (425m)(2006: (236m), rettecting strong performances in Western Europe driven by the expansion of the customer base.

Principal transactions increased (294m) to (* 77m) (2008 (283m)) reflecting gains on equity investments and higher foreign exchange income across Emerging Markets.

Impairment charges rose 93% (F38m) for F79m (2006 (F41m)) The increase reliected very strong balance sheet growth in 2006 and 2007 and the impact of lower releases in 2007.

Operating expenses grew 52% (249m) to (1,023m) (2006 (774m) driven by the rapid expansion of the distribution network across all regions and investment in people and infrastructure to support future growth across the franchise. Operating expenses included property sales in Spain of (23m) (2006 (255m).

Western Europe continued to perform strongly. Profit before tax increased 30%(136im) (02/245m) (2005(1189im)) Bacclays Spain profit before tax increased (33%(127m)) to (2005) (135m) driven by increased customer tending, higher service commissions and equity investment realisations. France also performed well driven by good growth in the balance sheet, higher fees and commissions and good cost control. Income grew very strongly in Italy as a result of the opening cf new branches and the roll-out of a complete retail and commercial banking offering but this was more than offsot by higher investment costs. Profit before tax decreased in Portugal, with very strong income growth offset by increased investment in the expansion of the business.

Emerging Markets profit before tax increased 25% (£28m) of £142m)(2006: £114m) reflocting a very strong rise in income across a broad range of markets, with particularly strong growth in Egypt, UAE, Kenya, Ghana, Tanzania, Uganda and India. The income growth benefiled from increased investment in the bus ness across all geographies, including branch openings and the taunch of retail banking services in India and the UAE.

Barclays PLC

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	2007	2006	2005
	£m	£m	£m
income statement information Net interest income Net fee and commission income	753	604 355	557
Net investment income	423	366	316
	68	17	31
	109	66	88
Principal transactions	177	83	119
Net premiums from insurance contracts	145	111	129
Other income	9	20	23
Total income	1,509	1,184	1,144
Net claims and benefits incurred under insurance contracts	(170)	(138)	(162
Total income net of insurance claims	1,339	1,046	982
Impairment charges	(79)	(41)	(14
Net income	1,260	1,005	968
Operating expenses excluding amortisation of inlangible assets	(1,007)	(765)	(706
Amortisation of intangible assets	(16)	(9)	(6
Operating expenses	(1,023)	(774)	(712
Share of post-tax results of associates and joint vontures	1	40	39
Profit on disposal of subsidiaries, associates and joint ventures	246	247 518	
Balance sheet information Leans and advances to customers Customer accounts Total assets	£39.3bn £15.7bn £52.2bn	£29.0bn £11,0bn £38.2bn	£25.35n £10.25n £34.05n
Selected statistical measures			
Cost income ratio ^a	76%	74%	73%
Risk Tendency ^a Risk weighted assets		£75m £20,1bn	£20,208

a Defined on page 2.

2006/05

International Retail and Commercial Banking – excluding Absa profit before tax increased (5%)(£223m) to £518m (2005.(£295m), including a gain on the disposal of the interest in FirstCatabbean International Bank of (£247m). This reflected good growth in continental Europe offset by a decline in profits in Africa caused by higher impairment, and increased costs reflecting a step change in the rate of organic investment in the business.

Income increased 7% (£64m) to (1.046m) (2005 (£982m))

Net interest income increased 8% (647m) to (5004m) (2005/5557m) reflecting strong balance sheet growth in continental Europe, Africa and the Middle East, and the development of the corporate business in Spain.

Total average customer loans increased 20% to (27 2bn) (2005 (22.7bn)). Mongage balance growth in continental Europe was particularly strong, with average Euro balances up 22%. There was a modest decline ir lending margins partly driven by a greater share of montgage assets as a proportion of the total book in continental Europe. Average customer dcposits increased 55% to \$10.4b) (2005: \$9.0b), with deposit margins stable.

Net fee and commission income increased 15% (550m) to (556m) (2005: (5316m). This reflected a strong performance from the Spanish funds business, where average assets under management increase (11%) together with very strong growth in France, including the first full year contribution of the ING Ferd business which was acquired on 1st Ju y 2005. Net fee and commission income showed solid growth in Africa and the Middle East.

Principal transactions decreased 236m to E83m (2005 (£119m), 2005 included (2305 from the redemption of preference shares in FirstCaribbean International Bank.

22 Barclays PLC Annual Report 2007 Impairment charges increased (227n) to (241n) (2005; (214n)). This reflected the absence of one-off recoveries of (212n) which arose in 2005 in Africa and the Middle East, and strong balance sheet growth across the businesses.

Operating expenses increased (9) (£62m) to £774m) (2005; 17.12m). This included gains from the sale and leaseback of property in Spain of 55m, Operating expenses also included incremental investment expenditive of £25m to expand the distribution network and enhance IT and operational capabilities.

Barclays Spain continued to perform strongly. Profit before tax increased (21%)(C30m) to £171m(2005; £141m) excluding net one-off gains on asset sales of £32m(2005; £57m) and integration costs of £43m)(2005; £57m). This was driven by the continued realisation of benefits from Banco Zaragozano, together with strong growth in assets under management and solid growth in mortgages.

Africa and the Middle East profit before tax decreased 9% (£12m) to £126m (2005: €138m) driven by higher impairment charges reflecting oneoil recoveries of £12m that arose in 2005 and an increase in investment expenditure.

Profit before tax increased strongly in Portugal reflecting good flows of new customers and increased business volumes. France also performed well as a result of good organic growth and the acquisition of ING Ferri.

The profit on dispose of subsidiaries, associate and joint ventures of 5247 (2005; [201]) comprised the gain on the sale of Barclays interest in FirstCaribbean International Bank. The share of post-tex results of EistCaribbean International Bank included in 2006 was 524 m (2005); 257m]

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Global Retail and Commercial Banking International Retail and Commercial Banking – Absa

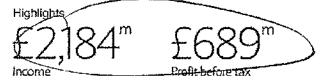
Who we are

This business represents Barclays consolidation of Absa, excluding Absa Capital which is included in Barclays Capital.

International Retail and Commercial Banking – Absa comprises four operating divisions: Retail Banking, Commercial Banking, African operations and a Bancassurance division. (Barclays Bank PLC owns 59% of Absa Group Limited).

What we do

International Retail and Commercial Banking -- Absa serves retail customers through a variety of distribution channels and offers a full range of banking services, including current and deposit accounts, mongages, instalment finance, credit cards, bancassurance products and wealth management services. It also offers customised business solutions for commercial and large corporate customers.



Performance Indicators

Number of distribution points (branches and sales centres) Number of retail customers Number of retail customers

Performance 2007/06

International Retail and Commercial Banking - Absa profit before tax decreased to 2689m (2006: 2698m)

Barclays PLC 23

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	2007 £m	2006 £m	2005 En
ncome statement information Net interest income Net fee and commission income Net trading income/(expense) Net investment income Principal transactions Net premiums from insurance contracts Other income	1,137 785 1 70 71 227 78	1,049 855 (11) 122 111 240 54	288 328 28 55 27 98 37
Fotal income Net claims and benefits incurred under insurance contracts	2,298 (114)	2,30 9 (106)	978 (44
Folal income net of insurance claims mpairment charges	2,184 (173)	2,203 (126)	934 (19
Net income Operating expenses excluding amortisation of intangible assets Amortisation of intangible assets Operating expenses Share of post-tax results of associates and joint ventures Profit on disposal of subsidiaries, associates and joint ventures	2,011 (1,272) (61) (1,333) 6 5	2,077 (1,312) (76) (1,388) 9 -	915 (583 (41 (624 7
Profit before tax	589	698	298
Balance sheet information Loans and advances to customers Customer accounts Total assets	£30.8bn £13.1bn £37.3bn	£24.2bn £11.1bn £30.4bn	£23.95n £12.25n £29.45n
Selected statistical measures			
Cost:income ratio ^a	61%	63%	57%
Risk Tendency ^a Risk waighted assets	<u>£255m</u> `£23.6bn	£145m £20.7bn	£100n £20.8br

a Defined on page 2.

2006/05

International Betail and Commercial Banking – Absa profit before tax Increased 134% to Commercial Banking – Absa profit before tax Sist December 2006 compared with the five months ended 31st December 2005. Barclays acquired a controlling stake in Absa Group Limited on 27th July 2005.



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Financial review Analysis of results by business

Investment Banking and Investment Management Barclays Capital

Who we are

Barclays Capital is a leading global investment bank providing large corporate, institutional and government clients with solutions to their financing and tisk management requirements.

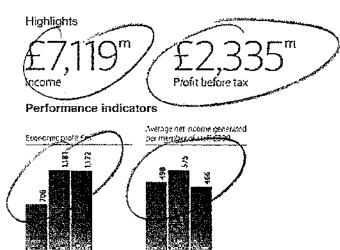
What we do

05 03

Barolays Capital service 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, prime services and equity products: Credit, which includes primary and secondary activities for loans and bonds for investment grade, high yield and emerging market credit, as well as hybrid capital products, asset based linance, mortgage backed securities, credit derivatives, structured capital markets and large asset leasing: and Private Equity. Berclays Capital includes Absa Capital, the investment banking business of Absa.

Barclays Capital works closely with all other parts of the Group to leverage synergies from client relationships and product capabilities.



Performance

2007/06

Barclays Capital delivered profits ahead of the record results achieved in 2006 despite challenging trading conditions in the second half of the year. Profit before tax increased[5%] (£119m) to £2.335m (2006; £2216m). There was strong income growth across the Pate's businesses and excellent results in Continental Europe, Asia and Africa demonstrating the breadth of the client franchise. Net income was slightly ahead at [£6.273m] (2006; £6.225m] and costs were tightly managed, declining slightly year on year. Absa Capital delivered very strong growth in profit before tax to £155m (2006; £7.1m).

The US sub-prime driven market dislocation affected performance in the second half of 2007. Exposures relating to US sub-prime were actively managed and declined over the period. Bardays Capital's 2007 results related to the credit market lurbulence of 1,635m, cf which <u>£795m</u> was included in income, net of £658 regains arising from the fair valuation of notes issued by Barclays Capital. (mpairment charges included <u>£840m</u>) against ABS CDO Super Senior exposures, other credit market exposures and drawn leveraged finance underwriting positions.

Income increased [14%](C852m) to C7, 11Em (2006 [26,267m] as a result of very strong growth in Interest rate, currency, equity, commodity and emerging market asset classes. There was excellen: income growth in comtinental Europe, Asia, and Africa. Average DVaR increasec [13%] to [142m] (2008: [137-1m] in line with income.

Secondary income, comprising principal transactions (net tratting income and net investment income), is mainly generated from providing client financing and risk management solutions. Secondary income increased 1% (\$578m) to \$5,871m (2006; \$5,298m).

Net trading income increased 5% [E177m] to £3.735m] (2006.[E3.552m]) with strong contributions from fixed income, commodities, equities, foreign exchange and prime services businesses. These were largely offset by net losses in the business affected by sub-prime mortgage related write downs. The general widening of credit spreads that occurred over the course of the second half of 2007 also recuced the carrying value of the £570mol issued notes held at fair value on the balance sheet, resultions in gains of £658m]. Net investment income increased [65%] £200m] to £553m (2006: £573m] as a result of a number of private equity realisations, investment disposals in Asia and structured capital markets transactions. Net interest income increased 2% [£21m] to £1,179m (2006.[£1,158m]) driven by higher contributions. The morporate lending portfolio increased 2% to £52.3bn] (2006.[£1,158m]), largely due to an increase in drawn leveraged Thance positions and a use in drawn corporate loan balances.

Primary income, which comprises net fee and commission income from advisory and origination activities, grew [3053] [2283m] loc E1.235m] (2006: 1952m], with good contributions from bonds and loans.

Impairment charges and other credit provisions of 1245 mincluded 1722 m against ABS CDO Super Senior exposures (1200 mincluded 1722 m) positions. Other Impairment charges on loans and advances amounted to a release of (17m) (2006) (144 m [elease) before impairment charges on available for sale assets of [1737] (2006) (2006) (2006)

> Barclays PLC Annual Report 2007

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		2007 £m	2006 £m	2005 ົ£m
Income statement information				
Net interest income		1,179	1,158	1,065
Net fee and commission income		1,235	952	776
Vet trading income		3,739	3,562	2,231
Net investment income		i 953	573	413
Principal transactions		4,692	4,135	2,644
Other income		13	22	20
Tetal income		7,119	6.267	4,505
Impairment charges and other credit provisions		(845)	(42)	(111)
Vel incomo		6.273	6.225	4,394
Operating expenses excluding amortisation of intangible assets		(ete,c)	(3,996)	(2,961)
Amortisation of intangible assets		(54)	(13)	(2)
Operating expenses		(3,973)	(4,009)	(2,963)
Share of post-tax results of associates and joint ventures		35		
Profit before tax		2,335	2,216	1,431
Balance sheet information		Į		
Total assets		£839.7bn	£657.9bn	£601.2bn
Selected statistical measures				
Cost:income ratio ^a		56%	64%	66%
Risk Tendency ^a		£140m	£ 95m	£ 110m
Risk weighted assets	~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~) £169,1bn	£137,6bs	£116.7bn
Tisk weighted assets جارت کا دی که		€ 42.0m	£_37.1m	£ 32.0m
Corporate lending portfolio	u r	£ 52.3bn	£ 40.6bn	£ 40.1bn

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Operating expenses decreased 1% [236m] to (23.973m (2006) [24,005m]. Performance related pay, discretionary investment spend and short term contractor resources represented 42% (2006) [50%] of the cost base. Amortisation of intangible assets of [24m] (2006) [213m] principally related to mortgage service rights

Total headcount increased 3,000 during 2007 to 15,200 (2008: 13,200) including 800 from the acquisition of EquiFirst. The majority of organic growth was in Asia Pacific.

2006/05

Prolit before tax increased 55% (C785m) to (2.2. 6m) (2005 (C1.431m). This was the result of a very strong income performance, driven by higher business volumes, continued growth in client activity and lavourable market conditions. Net income increased 42% (£1.831m) to 156,225m) (2005: £4,394m) Profit before tax for Absa Capital was <u>87-m</u>)(2005: £39m).

Income increased 393 (£1,762m) to (£8,267m) (2005 (£4,505m), as a result of very strong growth across the Rates, Credit and Private Equily businesses. Income itemated in all geographic regions, Average DVaR increased 16% to 237.1m (2005) 232.0m/significantly below the rate of income growth.

Secondary income increased 43% (£1,584m) to 25,293m (2005; £3,709m) Net trading income increased 60% (£1,331m) to (£3,562m) (2005 12,231m) with very strong contributions across the Rates and Credit businesses. In particular, commodities, fixed income, equities, credit derivatives and emerging markets.

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Barclays PLC Annual Report 2007 The performance was driven by higher volumes of client led activity and favourable market conditions. Net investment income increased (39%) (2160m) to £573m (2005; £413m) driven by investment realisations, primarily in Private Equity, cliser by reduced contributions from credit products. Net interest income increased (21)/(£33m) to £1,158m (2005; £1,065m) driven by a full year contribution from Absa Capital.

Primary income grew 25% (176m) to 552m)(2005(5776m) This reflected higher volumes and continued market share gains in a number of key markets, with strong contributions from issuances in bonds, European leveraged loans and convertibles.

Impairment charges of £42m (2005 x 11 m), including impairment on available for sale assets of £86m (2005 £nil)) were 52% lower than prior year reflecting recoveries and the continued benign wholesale credit environment

Operating expenses increased 35% (1.046m)) 054.009m (2005: (22,965m), reflecting higher performance related costs, increased levels of activity and continued investment across the business. Performance related pay, discretionary investment spend and short-term contractor resource costs represented 10% of operating expenses (2005 45%). Amortisation of intangible assets principally relates to mortgage service rights obtained as part of the purchase of HomEq.

Total headcount increased 3,300 during 2006 to 13,200 (2005: 9,900) and included 1,300 from the acquisition of HomEq. Organic growth was broadly based across all regions and reflected further investments in the iront office, systems development and control functions to support continued business expansion.

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Investment Banking and Investment Management Barclays Global Investors

Who we are

Barolays Global Investors (BGI) is one of the world's largest asset managers and a leading global provider of investment management products and services. We are the global leader in assets and products in the exchange traded funds business, with over 320 funds for institutions and individuals trading globally. BGI's investment philosophy is founded on managing all dimensions of performance: a consistent focus on controlling risk, return and cost.

With a 3,000-plus strong workforce, we currently have over £1tm in assets under management, for 3,000 clients around the world.

What we do

BGI offers structured investment strategies such as indexing, global asset allocation and risk controlled active products including hodge funds and provides related investment services such as securities lending, cash management and portfolio transition services.

BGI collaborates with the other Barclays businesses, particularly Barclays Capital and Barclays Wealth, to develop and market products and leverage capabilities to better serve the client base.

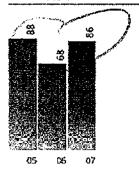
Highlights



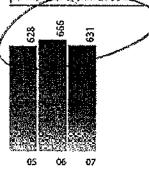
Profit before j

Performance indicators

Net new assets \$5n



Average net income generated per member of staff £000-



Performance

2007/06

Barclays Global Investors delivered solid, growth in profil before tax, which increased 3% (2000) to (734m) (2006; (2714m). Very strong US Dollar income and strong profit growth was partially offset by the 8% depreciation in the average value of the US Dollar against Sterling.

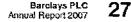
income grew 65% [261m] to \$1,926m 2006; (1,665m).

Net fee and commission income grew 7% (235m) to (1,336m) (2006: (1,651m) This was primarily attributable to increased management fees and socurilles lending. Incentive fees increased 6% (212m) to (198m) (2006((186m)). Higher asset values, driven by higher market levels and good net new inflows, contributed to the growth in 'ncome.

Operating expenses increased 25% (224 tm) to £1,192m (2006: £951m) as a result of significant investment in key product and channel growth initiatives and in infrastructure as well as growth in the underlying business. Operating expenses included changes of #80m (2006) £7m rotated to selective support of liquidity products managed in the US. The cost income ratio rose two percentage points to \$2% (2006) \$7%.

Headcount increased 700 to 3,400 (2006: 2,700). Headcount increased in all geographical regions and across product groups and the support functions, reflecting continued investment to support further growth.

Total assets under management increased 13% (£1170) tot 1, 0440) (2006 £927bn) comprising £420h of net new assets £120h attributable the acquisition of Indexchange Investment AG (Indexchange), 566bh of lavourable market movements and £30h of adverse exchange movements. In 1155 terms assets under management increased 15% (US\$265bh of US\$2079D (2006 US\$1,814Ch), comprising US\$860h of net new assets, US\$230h attributable to acquisition of Interchange US\$127bh of tavourable market movements and US\$280h of positive exchange rate movements.



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	2007 £m	2006 £m	2005 Sm
Income statement information Net interest (expense)/income Net fee and commission income Net trading income Net investment (expense)/income Principal transactions Other income	(8) 1,936 5 (9) (4) 2	10 1,651 2 2 4	15 1,297 2 4 6 -
Total income Operating expenses excluding amortisation of intangible assets Amortisation of intangible assets Operating expenses	1,925 (1,194) (1,192)	(946) (5) (951)	1.318 (776) (4) (779)
Prolit before tax	734	714	540
Balance sheet information Total assets	£89.2bn	£80.5bs	£80.9ba
Selected statistical measures			
Cost;income ratio ^a Risk weighled assets	62% 1 2.0bn	57% £ 1.4bn	59% £ 1.5bn
a Defined on page 2.			

a Defined on page 2.

2006/05

Barclays Global Investors delivered another year of outstanding results. Profit before tax increased 32% (£174m) of 0.1540m, reflecting very strong income growth and higher operating margins. The performance was broadly based across products, distribution channels and geographies.

Net lee and commission income increased (27%) (£354m) to (£1,651m) (2005(£1,297m)) This growth was attributable to increased management fees, particularly in the iShares and active businesses, and securities londing, offsot by lower incontive fees. Incentive fees decreased 9% (£18m) to (£186m)(2005(£204m). Higher asset values, driven by higher market levels and good net haw inflows, contributed to the growth in focome.

Operating expenses increased 22% (£172m) to (£951m) (2005) (£779m) as a result of significant investment in key growth initiatives, ongoing investment in product development and infrastructure and higher performance-based expenses. The cost:income ratio improved (wo percentage points to 57%) (2005) (59%).

Total headcount rose 400 to 2,700 (2005: 2,300). Headcount increased in all regions, across product groups and the support functions, reflecting continued investment to support strategic initiatives.

Total assets under management increased 5%1(45bn) to (927b) (2005: (2005) (2005



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Investment Banking and Investment Management Barclays Wealth

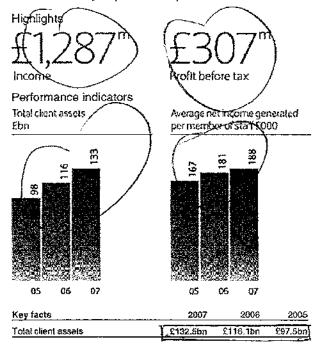
Who we are

Barclays Wealth focuses on high net worth, alfluent and intermediary clients worldwide, We have over 6,900 staff in 20 countries and have total client assets cKE133bh Barclays Wealth includes the closed life assurance activities of Barclays and Woolwich, and Walbrook, an independent fiduciary services company acquired in 2007.

What we do

Barclays Wealth provides private banking, asset and investment management, stockbroking, of shore banking, wealth structuring and financial planning services.

We work closely with all other parts of the Group to leverage synergics from client relationships and product capabilities, for example, offering world-class investment solutions with institutional quality products and services from Barclays Capital and Barclays Global Investors.



Performance 2007/06

Barclays Wealth profit before tax showed very strong growth o (25%) (1000) 16 (2006) (245m). Performance was driven by broadly based income growth, reduced redress costs and tight cost control, partially offset by additional volume related costs and increased investment in people and infrastructure to support tuture growth.

Income increased 11% (£127m) to €1,287m (2006:€1,160m)

Net interest income increased 10% (£33m) to £431m (2006(£392m) reflecting strong growth in both customer deposits and lending. Average deposits grew(13%) to £31.25n (2006) £27.75n. Average lencing grew(35%) to £7.45n (2006) £55n driven by increased lending to high net worth, affluent and intermediary clients.

Net fee and commission income greve 10% 155m to 1739m (2006: (1674m) This reflected growth in client assels and higher transactional income from increased sales of investment products and solutions.

Principal transactions decreased (101m) (255m) (2008) (156m) as a result of lower growth in the value of Unit linked linkurance contracts. Net premiums from Insurance contracts reduced (15m to (195m) (2006) (2210))). These reductions were offset by a lower of marge to rate that be a lower of the second benefits incurred under insurance contracts of 15210 (2006) (2288m)

Operating expenses increased 7% to (273) (2006: (913m) with greater volume related costs and a significant increase in investment partially offset by efficiency gains and lower customer redress costs of (19m) (2006; (267m), Ongoing investment programmes included increased limiting of client facing staff and improvements to intrastructure with the upgrade of technology and operations platforms. The cost:income ratio improved three percentage points (76%) (2006; (29%).

Total client assets, comprising customer deposits and client investments. increased 143(2016.4bn) bed 132:55n (2006; £116.15m) reflecting strong net new asset inflows and the acquisition of Walbidok, an independent fiduciary services company, which completed on 18th May 2007.

Barclays PLC Annual Report 2007

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	2007 Em	2006 £m	2005 £m
Income statement information		(till an in a second	
	431	392	346
Net tee and commission income	739	674	±
Nel Irading Income	3	2	
Net investment income	52	<u> </u>	264
Principal transactions Net premiums from insurance contracts	55	156	264 195
ner promienne provi provi provi prove a star a presentative province and a sector describitions and the sector Dither income	19	16 18 18 18 18 18 18 18 18 18 18 18 18 18	ટ⊖્ <u>હ</u> ા93⊵ 11
Total income	4400	the second	-
Total Income Net claims and benefits incurred on insurance contracts	1,439 (152)	1,448 (288)	(375)
的复数装饰 医无间端静脉炎 化乙烯酸盐 医水杨酸盐 医法法法德德斯 的复数人名法法法法法 化结构 化电子分离子 医胆管下的 医胆管的 机合金的 化乙烯酸盐 化乙烯酸盐 化乙烯酸盐 化乙烯酸盐 化乙烯酸盐	3473270.X 90 GJ	STAR STORE GRAD	แม่สุดการจุโน
Total Income nel of Insurance claims Impairment charges	287	<u>्रिके 1,160</u> ू (2)	· 1,034 · (2)
THE AND ADDRESS OF A STATE OF A DECEMPTORY ADDRESS AND A STATE OF A DECEMPTORY ADDRESS A	PROFESSION	an a	YALCH GRANNER
Net income:	1,280		1,032
Operating expenses excluding amortisation of intangible assets Amortisation of intangible assets	(967)	(909)	(866)
nanyagan on unanganyageere assistant artistant artistant setelektika tita assiste karatikaria berana ayan a Dperating expenses	[<u>[.#`.#\$_*[0]]</u> \$	a <u>1888 (4)</u> (4)	may₹, 4∠} -
	(973)	(913)	(868)
Profit before lax	307	245	164
Balance sheet information	1		
Coans and advances to customers	£ 9.05n	£ 6.2bn -	ି <u></u>
Customer accounts	£34.4bn	£28.3bn	£25.8bn
Total assets	C10.0bn	£15.0bn	213.4bn
Selected statistical measures	1		
Cost.income ratio ²	76%	79%	84%
Risk Tendency ^a	£ 10m	£ 10m	£ 5m
Risk weighted assets	₹.7.7bn	E.5.1bn 20	E 4:3bn

a Defined on page 2.

2006/05

Barciays Wealth profit before tax showed very strong growth of 49% (131m) to 245m (2005; £164m). Performance was driven by broadly based income growth and favourable market conditions. This was partially offset by additional volume related costs and a significant increase in investment in people and infrastructure to support future growth.

Income increased 12% (126 m) to (1,160 m) (2005: (1,034 m)

Net interest income increasec 133 [446m] to [392m] (2005; (246m)) reflecting growth in both customer deposits and customer lending. Average deposits grew 634 (11.65m) th 227.75m (2005; (26.15m), Average lending grew 179 to (5.55m) (2005) (24.75m), ddven by increased lending to offshore and private banking clients. Asset and itability margins were higher relative to 2005.

Net fee and commission income increased 149 (281m) (0574m) (2005: (593m). This reflected growth in client assets and higher transactional income, including increased sales of investment products to high net worth and affluent clients, and higher stockbroking volumes.

Operating expenses increased 5% (245m) to (913m) (2005, (2608m) with greater volume related and investment costs more than offsetting efficiency gains. Investment costs included increased hiring of client-facing staff and improvements to infrastructure with the upgrade of technology and operations pletforms. The cost: income ratio improved two percentage points to (79%) (2005, (1%).

Total client accels, comprising customer deposits and client investments, increased 19% (2185bb) to (2116, 19b) (2005, 497, 5bn) reflecting good net new asset inflows and lavourable market conditions. Multi-Manager assets increased 68% 024 the total (2005, 26, 00m) this growth included transfers of existing cient assets.



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Head office functions and other operations

Who we are

Head office functions and other operations comprises:

- Head office and central support functions
- Businesses in transition
- Inter segment acjustments.

What we do

Head office and central support functions comprises 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.

Businesses in transition principally relate to certain lending portlotios that are centrally managed with the objective of maximising recovery from the assets.

Performance

2007/06

Head office functions and other operations loss belore tax increased (169m) to (428m) 2006 (259m).

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

The impact of such inter-segment adjustments increased (282m) (223m) (2005) (1147m). These adjustments included internal tees for structured capital market activities of (169m) (2006) (287m) and tees paid to Barclays Capital for debi and equily relising and risk management advice of (65m) (2006)

Principal transactions decreased to a loss of ESIM (2006; [42]) profit). 2006 included a 550 profit from a hedge of the expected Absa foreign currency earnings. 2007 included a loss of [33]) relating to fair valuation of call options embedded within retail US\$ preference shares arising from widening of own credit spreads.

Operating expenses decreased 33 in to 22340 (2006 22690). The primary driver of this decrease was the receipt of a break fee relating to the ABN AMRO transaction which, net of transaction costs, reduced expenses by 45900. This was partially offset by tower rental income and lower proceeds on property sales.

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	2007 Sm	2006 Em	2005 £m
ncome statement information	<u> </u>		
Net interest income	128	80	160
Net fee and commission income	(424)	(301)	(324)
Net trading (loss)/income	(66)	40	85
Net investment (expense)/income	(17)	2	8
Principal transactions	Į (63)	42	93
Net premiums from insurance contracts	152	139	72
Other income	35	39	24
Fotal income	(192)	(1)	25
mpairment (charges)/releases	(3)	11	(1)
Net income	(195)	10	24
Operating expenses excluding amortisation of inlangible assets	(233)	(259)	(343)
Amortisation of intangible assets		(10)	(4
Operating expenses	(234)	(269)	(347)
Profit on disposal of associates and joint ventures	1	-	
loss before tax	(428)	(259)	(323)
Balance sheet Information			
Total assets	£7.1bn	£7.1bn	£9.3bn
Selected statistical measures	F		
Risk Tendency ^a	<u></u> 10m	£_10m	£ 25m
Risk weighted assets	1 £1.6bn	£1.9bn	£4.0bn

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BRENESS HEREN

2006/05

Head office functions and other operations loss before tax decreased 264m to £259m 2005; loss 223m.

Net interest income decreased (2007) (2005) (2005) reflecting a reduction in net interest income in Treasury following the acquisition of Absa Group Limited. Treasury's net interest income also included the hedge ineffectiveness for the period, which together with other related Treasury adjustments amounted to a gain of (2117) (2005) (1817) and the cost of hedging the foreign exchange risk on the Group's equity investment in Absa, which amounted to (2117) (2005) (2177).

The impact of such inter-segment adjustments reduced (727) to (147) (2005) (2197) These adjustments related to internal fees for structured capital market activities of (1277) (2005) (2005) (2007) and fees part to Barclays Capital for capital raising and nsk management advice of (1237) (2005) (2977), both of which reduce net fees and commission income. In addition the impact of the timing of the recognition of insurance commissions included in Barclaycard and UK Retail Banking reduced to (\$44m(2005) £113m). This reduction was reflected in a decrease in net fee and commission income of £140m(2005) £185m) and an increase in net premium income of £140m (2005) \$72m).

Principal transactions decreases (25 in to (42m) (2005. (23m)). 2005 included hedging related gains in Treasury of (250m) 2006 includes (55m) (2005 Enil) in respect of the economic hedge of the translation exposure arising from Absa foreign currency earnings.

The impairment charge improved [20] to a release of [10] (2005. [10] charge) as a number of workout situations were resolved.

Operating expenses decreased [78m]to [259m (2005 [2347m]) primarily due to the expenses of the 2005 Head office relocation to Canary Wharf not recurring in 2006 (2005: [105m] and the gains of [26m] (2005 [nil]) from the sale and leaseback of property offset by increased costs, principally driven by major project expenditure including work related to implementing Basel II.

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Annual Report 2007

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Financial review Results by nature of income and expense

Results by nature of income and expense Net interest income

	2007 £m	2008 £m	2005 £m
Cash and balances with central banks	145	91	9
Available for sale investments	2,580	2,811	2,272
Loans and advances to banks	1,416	903	690
Loans and advances to customers	19,559	16,290	12,944
Other	1,608	1,710	1,317
interest income	25,308	2 805	17,232
Deposits from banks	(2,720)	(2,819)	(2,056)
Customer accounts	(4.110)	(3,076)	(2,715)
Dobt securities in issue	(6,651)	(5,282)	(3,268)
Subordinated liabilities	(878)	(777)	(605)
Other	(1,339)	(708)	(513)
Interest expense	(15,698)	(12.662)	(9,157)
Net interest income	9,610	9,143	8,075

2007/06

Group net interest income increased 5% (£467m) to £9,610m X2006: £9,143m) reflecting balance sheet growth across a number of businesses.

Group net interest income reflects structural hedges which function to reduce the impact of the volatility of short-term interest rate movements on equity and customer balances that do not re-price with market rates.

The contribution of structural hedges relative to average base rates decreased to (£351m) expense (2006: £26m) income), largely due to the smoothing effect of the structural hedge on changes in interest rates.

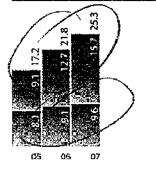
Other interest expense principally includes interest on repurchase agreements and hedging activity.

2006/05

Group net interest income increased 13% (£1,068m) to £9,143m (2005: £8,075m). The inclusion of Absa contributed net interest income of £1,138m (2005 *: £516m). Group net Interest income excluding Absa grew 6%.

The contribution of the structural hedge decreased to £26m (2005.€145m), largely due to the impact of relatively higher short-lerm interest rates and lower medium-term rates.

Not interest income £bn



Interest income Interest expense Met interest income Notes

a For 2005, this reflects the period from 27th July until 31st December 2005.

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Financial review Results by nature of income and expense

Net fee and commission income

	2007 £m	2006 fm	2005 £m
Brokerage fees	109	70	64
Investment management fees	1,787	1,535	1,250}
Securities lending	241	185	151
Banking and credit related fees and			
commissions	5,353	5,031	4,805 [
Foreign exchange commission	178	184	160
Fee and commission income	8,678	8,005	6,430
Fee and commission expense	(970)	(828)	(725)
Net fee and commission income	7,708	7,177	5,705

2007/06

Net fee and commission income increased 7% (531m) to (7,700m) (2006: (7,177m))

Fee and commission income rose (25) (1673m) to (2678m) (2006: (2005m) reflecting increased management and securities lending fees in Barclays Global Investors, increased client assets and higher transactional income in Barclays Wealth and higher income generated from lending fees in Barclays Commercial Bank, Fee income in Barclays Capital increased primarily due to the acquisition of HomEq.

2006/05

Net fee and commission income increased 200 (1472m) (1177m) (2005: (5705m). The inclusion of Absa contributed net fee and commission income of (350m) (2005 7: (334m). Group net fee and commission income excluding Absa grew (1879) reliecting growth across all businesses.

Fee and commission income rose(24%) (1.575m) to (8,005m) (2005: (6,430m). The inclusion of Absa contributed fee and commission income of (835m) (2005 * (1386m) Excluding Absa, fee and commission income grew[13%, driven by a broadly based performance across the Group, particularly within Barclays Global Investors.

Fee and commission expense increased 49%(£103m)(of £23m) (2005: (£723m), reflecting the growth in Barclaycard US. Absa contributed fee and commission expense of £46m)(2005 € £52m).

Principal transactions

	2007	2006	2005
	£m	<u></u>	£m
Rates related business	4,162	2,848	1,732
Credit related business	(403)	766	589
Net trading income	3,759	3,614	2,321

Net gain from disposal of available for sale			
assels	560	307	120 2 2
Dividend income Net gain from financial instruments designated at	26	15	22
fair value	293	447	389
Other investment income	337	193	327
Net investment income	1,216	962	858
Principal transactions	4,975	4,576	3,175

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Annual Report 2007

2007/06

Principal transactions increased 9%2E399m) of E4.975m (2006; 64.576m)

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Net trading income increased 420 (145m) to C3.755m (2006: C3.614m). The majority of the Group's net trading moome arises in Barciays Capital. Growth in the Bates related business reflects very strong performances in fixed income, commodities, foreign exchange, equity and prime services. The Credit related business includes net losses from credit market furbulence and the benefits of widening credit spreads on the fair value of issued notes.

Net investment income increased 26% (5254) to (1216m)(2006; (952m) The cumulative gain from disposal of available for sale assets increased (82%) (5253m) (52560m) (2006; 5307m) largely as a result of a number of private equity realisations and divestments. Net income from financial instruments designated at fair value decreased by 34%) (5154m) largely due to lower growth in the value of linked instrumce assets within Barctays Weaith.

Fair value movements on insurance assets included within net investment income contributed (113m (2006-2205m))

2006/05

Net investment income increased 12% (C 4m) (5962m) (2005 (2658m)) The inclusion of Absa contributed net investment income of £144m (2005 (2623)). Group net investment income excluding Absa increased

The cumulative gain from disposal of available for sale assats increased **1569** (£137) to £307) (2005) (£120) driven by investment realisations, primarily in Private Equity.

Fair value movements on certain assets and liabilities 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 2205m (2005:0317m).

Note

a For 2005, this reflects the period from 27th July until 31st December 2005.

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Buences every

Other income

	2097 Sm	2006 £m	2005 £m
Increase in fair value of assets held in			
respect of linked liabilities to customers under investment contracts Increase in liabilities to customers under	5,592	7,417	9,234
investment contracts	(5,592)	(7,417)	(9,234)
Property rentals Loss on part cisposal of Monument credit	53	55	54
card portiolio	(27)	-	-
Other	162	159	93
Other income	188	.214	147

Contain asset management products offered to institutional clients by Barolays Global Investors are recognised as investment contracts. Accordingly the invested assets and the related liabilities to investors are held at fair value and changes in those fair values are reported within other income.

....

Impairment charges and other credit provisions

2007 Sm	2006 Sm	2005 £m
Aut / +	N ₂ ++ J	
- 2,871 (338) (227)	2,722 (389) (259)	2,129 (333) (222)
2,306	2,074	1,574
476	(6)	(7)
2,782	2,068	1,567
2,795	2.154	1,571
313	-	-
469	-	_
782		
	£m 2,871 (338) (227) 2,306 476 2,782 13 2,795 313 469	£m £m 2,871 2,722 (338) (389) (227) (259) 2,306 2,074 476 (6) 2,782 2,068 13 86 2,795 2,154 313 - 469 -

2007/06

Total impairment charges and other cred t provisions increased 30% (1641m) to 22,79571 (2006; 22, 154m)

Impairment charges on loans arc advances and other credit provisions increased 35% (214m) to 52,782m (2005: £2,068m) reflecting charges of 2782m against ABS CDO Super Senior and other credit market positions.

Impairment charges on loans and advances and other credit provisions as a parcentage of Group total loans and advances increased to 0.71% (2006: 0.55%), total loans and advances grev 23% to 5389,290m (2005: 2316,5610).

Retail

Retail impairment charges on loans and advances 'el 13 (24m) to (1,605m) (2006; 1,809m) Retail impairment charges as a percentage of period end total loans and advances (educed tot0.96%) (2006; 1,30%) total retail loans and advances increased (18%) to (154,002m) (2006; (139,330m).

Barclaycard impairment charges improved 21 (2290) 10 (2006) (2006) (2007) reflecting reduced flows into delinquency, ower levels of arrears and lower charge-offs in UK Cards. We made changes to our impairment methodologies to standardise our approach and in anticipation of Basel II. The net positive impact of these changes in methodology was offset by the increase in impairment charges in Barclaycard International and secured consumer lending.

Impairment charges in UK Retail Banking decreased by £76m (12%) to \$5590 (2008 £535m), reflecting lower charges in unsecured Consumer Lending and Local Business driven by improved collection processes, reduced flows into delinquency, lower arrears trends and stable chargeoffs. In UK Home Finance, asset quality remained strong and mortgage charges remained negligible. Mortgage delinquencies as a percentage of outstandings remained stable and amounts charged off were low.

Impairment charges in International Retail and Commercial Banking – excluding Absa rose by 1387 (195%) (2008 (1977)) (2008 (1977)) reflecting very strong balance sheet growth in 2008 and 2007 and the impact of lower releases in 2007.

Arrears in some of International Retail and Commercial Banking – Ahsa's retail portfolios deteriorated in 2007, driven by interest rate increases in 2006 and 2007 resulting in pressure on collections.

Wholesale and corporate

Wholesale and corporate impairment charges on loans and advances increased \$436mto \$701mt(2006(\$265m)). Wholesale and corporate impairment charges as a percentage of period end total loans and advances increased 18(0.319) (2005(0.15%); total loans and advances grev 27%) tot225,223m \$2006(\$177,211m)

Barclays Capital impairment charges and other cred t provisiors of £846m included a charge of £782m against ABS CDO Super Senior and other credit market exposures and £58m net of fees relating to drawn leveraged finance positions.

The impairment charge in Barclays Commercial Bank increases (28m) (15%) to (290m) (2006((252m)) primarily due to higher impairment charges in Larger Business, partially offset by a lower charge in Medium Business due to a tightening of the lending criteria.

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Financial review Results by nature of income and expense

Impairment charges (continued)

2006/05

Total impairment charges increased 37% (£583m) tof£2,154m (2005: (£1,571m)).

Impairment charges on loans and advances and other credit provisions increased 32% (C501m) to 2068m (2005) (51,567m). Excluding Absa, the increase was 263 (595m) and largely reflected the continued challenging credit environment in CK unsecured retail lending through 2006. The wholesale and corporate sectors remained stable with a low level of defaults

The Group impairment charges on loans and advances and other credit provisions as a percentage of year-end total loans and advances of (2318,561m) (2005,2303,451m) increased to 0.65% (2005,0,52%).

Retail

Retail impairment charges on loans and advances and other credit provisions increased to £1,809m (2005; £1,254m), including £99m (2005 *: (10m) h respect of Absa, Betail impairment charges on loans and advances amounted (61, 20% (2005 (2005)) as a percentage of year-end total loans and advances of (139,350m) (2005 (1394,420m),

including balances in Absa of £20,090m (2005: £20,836m) In the UK retail businesses, household cash flows remained under

pressure leading to a deterioration in consumer credit quality. High debt levels and changing social attitudes to bankruptcy and debt default contributed to higher levels of insolvency and increased impairment charges. In UK cards and unsecured consumer lending, the flows of new delinquencies and the levels of arrears balances declined in the second half of 2006, reflecting more selective customer recruitment, limit management and improved collections.

In UK Home Finance, delinquencles were list and amounts charged-off remained low. The weaker external environment led to increased crecit delinquency in Local Business, where there were both higher balances on caution status and higher flows into delinquency, which both stabilised towards the year end.

Wholesale and corporate

In the whotesale and corporate businesses, impainment charges on loans and advances and other credit provisions decreased to 25977,2005; due mainly to recoveries In Barclays Capital as a result of the benign wholesale credit environment. This was partially offset by an increase in Batclays Commercial Bank, reflecting higher charges in Medium Business and growth in fending balances.

The wholesale and corporate impairment charge was 0.15% (2005 b): 19%) as a percentage of year-end total loans and advances to banks and to customers of £177.211m (2005 b.£169,031m); including balances in Absa of \$9,299m (2005, 29,731m).

In Absa, impairment charges increased to 1260 (2005 520m) reflecting a full year of business and normalisation of credit conditions in South Africa following a period of low interest rates.

Impairment on available for sale assets

The total impairment charges in Barolays Capital included lesses of 283m (2005 Enil) on an available for sale portfolio where an intention to sell caused the losses to be viewed as other than temporary in nature. These losses in 2006 were primarily due to interest rate movements, rather than credit deterioration, with a corresponding gain arising on offsetting derivatives recognised in net trading income.

Notes

For 2005, this reflects the period from 27th July until 31st December 2005. a

Operating expenses

	2007	2006	2005
	\$m	ຍກ	£п,
Staff costs (refer to page 51)	8,405	8,169	6,318
Administrative expenses	3,978	3,980	3,443
Depreciation	467	455	362
Impairment loss - property and equipment	1		
and intangible assets	16	21	9
Operating lease rentals	414	345	316
Gain on property disposals	(267)	(432)	_
Amortisation of intangible assets	186	136	79
Operating expenses	13,159	12,674	10,527

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2007/06

Operating expenses crew 4%(525m) to \$3199m(2006. 2.674m). The increase was driven by growth \$33 (2206m) in staff costs to \$405m (2000. 28, 1697) and lower gains on property disposals.

Administrative expenses remained flat a 23,978m (2006-23,980mp) reflecting good cost control across all businesses

Operating lease rentals increased 20% (£69m) to 1414m (2006; \$345m) primarily due to increased property held under operating leases.

Operating expenses were reduced by gains from the sale of property of (257m)(2005)(2432m) as the Group continued the sale and leaseback of some of its freehold portfolio, principally in UK Banking.

Amoritisation of intangible assels increased 37% (CSOm) to C180m (2006: (C136m) primarily reflecting the emoritisation of mortgage servicing rights relating to the acquisition of HomEq in November 2006.

The Group cost income ratio improved two percentage points to 57%) (2006/59%)

2006/05

Operating expenses Increased 20 % (£2,147m) por 12,674m 2005: (10,527m) The inclusion of Absa contributed operating expenses of C1,496m (2005 C664m); Group operating expenses excluding Absa grew (13%) reflecting a higher level of business activity and an increase in performance related pay,

Administrative expenses increased 16% 537m) (23.980m) (2005: (23.443m)) The inclusion of Absa contributed administrative expenses of 1579m (2005 1257m) Group administrative expenses excluding Absa grev 7% principally as a result of higher business activity in UK Banking and Barclays Capital.

Operating lease rentals increased 9% (£29m) to £345m (2005: £316m) The inclusion of Absa contributed operating lease rentals o(2730) (2005 a: (227m), which more than offset the absence of double occupancy costs incurred in 2005, associated with the Head office relocation to Canary Wharf

Operating expenses were reduced by gains from the sate of property of CP320 (2005) 2011) as the Group took advantage of historically low yields on property to realise gains on some of its freehold portfolio.

Amortisation of Intangible assets increased 72% (57m) to (136m)(2005: (279m) primarily reflecting the inclusion of Absa for the full year.

The Group cost: income ratio improved to 59% (2005(61%)) This reflected improved productivity.

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Staff costs

	2007	2006	2005
	£m	£m	£m
Salaries and accrued incentive payments	6,993	6,635	5,036
Social security costs	508	502	412
Pension costs	£		- 1
 defined contribution plans 	141	128	76
- defined benefit plans	150	282	271
Other post-reilrement benefits	10	30	27
Other	503	692	498
Staff costs	8,405	8,169	6,318

2007/06

Staff costs increased 3% (236m) to \$8,405m (2006: (8,169m),

Salaries and accrued incentive payments rost 5% (£358m) vo £6,993m (2006£6,635m), reliecting increased parmanent and lixed term start worldwide.

Defined benefit plans pension costs decreased 17% (132m) to 150m (2006 (282m)). This was mainly due to lower service costs.

2006/05

Staff costs increased 293/(£1,851m)) C6,169m (2005) (£3,18m). The inclusion of Absa contributed staff costs of 4694m (2005 * (£296m). Group staff costs excluding Absa rosq 24%)

Salaries and accrued incentive payments rose 327 (1,599m) (4,56,635m) (2005: (5,036m), principally due to increased performance related payments and the full year inclusion of Absa. The inclusion of Absa contributed salaries and incentive payments of (515m) (2005 * (5276m) Group salaries and accrued incentive payments excluding Absa rose (26%).

Staff numbers			
	2007	2006	2005
UK Banking	41,200	42,600	41,100
UK Retail Banking	32,800	34,500	33,300
Barclays Commercial			
Bank	8,400	8,100	7,800
Barclaycard	7,800	8,500	7,700
INCB	58.300	47,800	45.200
IRCB – ex Absa	22,100	13,900	12,500
IRCB - Absa	36,200	33.900	32,700
Barclays Capital	16,200	13,200	9,900
Barclays Global Investors	3,400	2,700	2,300
Barclays Wealth	6,900	6,600	6,200
Head office functions and			
other operations	1,100	1,200	900
Total Group permanent staff worldwide	134,900	122,600	113,300

2007/06

Staff numbers are shown on a full-time equivalent basis. Total Group permanent and fixed term contract staff comprised 61,900 (2006: 62,400) in the UK and 73,000 (2006: 60,200) internationally.

UK Retail Banking headcount decreased 1,700 to 32,800 (2006: 34,500), due to efficiency initiatives in back office operations and the transfer of operations personnel to Barclays Commercial Bank, Barclays Commercial Bank headcount increased 300 to 8,400 (2006: 8,100) due to the transfer of operations personnel from UK Retail Banking and additional investment in front line staff to drive improved geographical coverage.

Baiclaycard staff numbers decreased 700 to 7,800 (2006: 8,500), due to efficiency initialities implemented across the UK operation and the sale of part of the Monumeni card portfolio, partially offset by an increase in the international cards businesses.

International Retail and Commercial Banking staff numbers increased 10,500 to 58,300 (2006: 47,800), International Retail and Commercial Banking – excluding Absa staff numbers increased 8,200 to 22,100 (2006; 13,900) due to growth in the distribution network. International Retail and Commercial Banking – Absa staff numbers increased 2,300 to 36,200 (2006: 33,900), reflecting growth in the business and distribution network.

Batclays Capital staff numbers increased 3,000 to 16,200 (2006: 13,200) including 800 from the acquisition of EquiFirst. This reflected further investment in the front office, systems development and control functions to support continued business expansion. The majority of organic growth was in Asia Pacific.

Barclays Global Investors staff numbers increased 700 to 3,400 (2006: 2,700). Headcount increased in all geographical regions and across product groups and the support functions, reflecting continued investment to support further growth.

Barclays Wealth staff numbers increased 300 to 6,900 (2006: 6,600) principally due to the acquisition of Walbrook and increased client facing professionals.

Note

a For 2005, this reliects the period from 27th July until 31st December 2005.

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Financial review Results by nature of income and expense

Statt numbers (continued)

2006/05

Total Group permanent and contract staff comprised 62,400 (2005: 59,100) in the UK and 60,200 (2005: 54,200) internationally.

UK Banking staff numbers increased 1,500 to 42,600 (2005: 41,100), primarily reflecting the inclusion in UK Retail Banking of mortgage processing staff involved in activities previously cutsourced.

Barclaycard staff numbers rose 800 to 8,500 (2005: 7,700), reflecting growth of 400 in Barclaycard US and increases in operations and customer-facing staff in the UK.

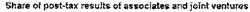
international Retail and Commercial Banking increased staff numbers 2,600 to 47,800 (2005: 45,200). International Retail and Commercial Banking – excluding Absa increased staff numbers by 1,400 to 13,900 (2005: 12,500), mainly due to growth in continental Europe and Africa. International Retail and Commercial Banking – Absa increased staff numbers by 1,200 to 33,900 (2005: 32,700), reflecting continued growth in the business.

Barolays Capital staff numbers increased 3,300 during 2006 to 13,200 (2005; 9,900) and included 1,300 from the acquisition of HomEq. Organic growth was broadly based across all regions and reflected further investments in the tront office, systems development and control functions to support continued business expansion.

Barclays Global Investors increased staff numbers 400 to 2,700 (2005: 2,300) spread across regions, product groups and support functions reflecting continued investment to support strategic initiatives.

Barclays Wealth staff numbers rose 4C0 to 6,600 (2005: 6,200) to support the continued expansion of the business, including increased hiring of client-facing staff.

Head office functions and other operations staff numbers grew 300 to 3,200 (2005: 900) primarily reflecting the centralisation of functional activity and the increased regulatory environment and audit demands as a result of the expansion of business areas.



	2007	2006	2005
	, £m	£m	£n,
Profit from associates	- 33	-53	-53
Profit/(loss) from joint ventures	9	(7)	(8)
Share of post-tax results of associates			
and joint ventures	42	46	45

2007/06

The overall share of post-tax results of associates and joint ventures decreased (14m) \$2000(2000); (140m) The share of results from associates decreased (220m) mainly due to the sale of FirstCaribbean International Bank (2006(41m)) at the end of 2006, partially offset by an increased contribution from private equity associates. The share of results from private equity entities.

2006/05

The share of post-tax results of associates and joint ventures increased 2% (21m) to 245m (2005) (245m).

Of the \$46m share of post-tax results of associates and joint ventures, FirstCaribbean International Bank contributed \$41m (2005 (23/3)).

Profit on disposal of subsidiaries, associates and joint ventures

	2007 £m	2006 £m	2005 £m
Profit on disgosal of subsidiaries, associates			
and joint ventures	(28	323	
	L		

2007/06

The profit on disposal in 2007 relates mainly to the disposal of the Group's shareholdings in Gabetti Property Solutions (28m) and Intelenet Global Services (£13m).

2006/05

The profit on disposal of subsidiaries, associates and joint ventures includes (2247m) profit on disposal of FirstCaribbean International Bank and (276m) from the safe of interests in vehicle leasing and vendor f nance businesses.



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Tax

The overall tax charge is explained in the following table:

BAR MESS CONCH

	2007 £m	2006 £m	2005 £m
Profit before tax	7,076	7,136	5,280
Tax charge at average UK corporation tax	, i		ł
rate of 30%	2,123	2,141	1,584
Prior year adjustments	(37)	24	(133)
Differing overseas tax rates	(77)	(17)	(35)
Non-taxable gains and income (including			
amounts offset by unrecognised tax losses)	(136)	(393)	(129)
Share-based payments	72	27	(12)
Deferred tax assets not	1		
previously recognised	(158)	(4)	(7)1
Change in tax rates	24	4	3
Other non-allowable expenses	170	159	168
Overali tax charge	1,981	1,941	1,439
Eflective tax rate	28%	27%	27%
	÷ T		

2007/06

The tax charge for the period was based on a UK corporation tax rate of 3C% (2006; 30%). The <u>effective</u> rate of tax for 2007, based on profit before tax, was (8.0%) (2006; 27.2%). The effective tax rate differed from 30% as it took account of the different tax rates applied to profits earned outside the UK, non-taxable gains and income and adjustments to prior year tax provisions. The forthcoming change in the UK rate of corporation tax from 30% to 28% on 1st April 2008 led to an additional tax charge in 2007 as a result of its effect on the Group's net deferred tax asset. The effective tax rate for 2007 was higher than the 2006 rate, principally because there was a higher level of profit on disposals of subsidiaries, associates and join; ventures offset by losses or exemptions in 2006.

2006/05

The charge for the period is based upon a UK corporation tax rate of 30% for the calendar year 2006 (2005; 30%). The effective rate of tax for 2006, based on profit before tax, was (7.2%) (2005) (27.3%). The effective tax rate differs from 30% as it takes account of the different tax rates which are applied to the profits earned outside the UK, disallowable expenditure, certain non-taxable gains and adjustments to prior year tax provisions. The effective tax rate for 2006 is consistent with the prior period. The tax charge for the year includes (1, 234m) (2005) (2015) (2015) arking in the UK and (270m) (2005) (247em) and over seas.

The profit on disposal of subsidiaries, associates and joint ventures of (£323m) was substantially offset by losses or exemptions. The effective tax rate on profit before business disposals was (28.5%)

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Financial review Total assets and risk weighted assets

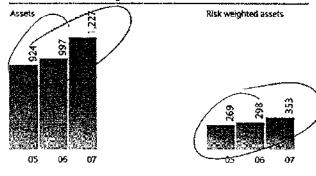
Total assets

	2007	2006	2005
	£m	£m	£m
UK Banking	161,777	147,576	137,981
UK Relail Banking	87,833	81,692	78,066
Barclays Commercial Bank	73,944	65,884	59,915
Barclaycard	22,164	20,082	18.236
IRCB	89.457	68.588	63,363
IRCB – ex Absa	52,204	38,191	34,022
IRC8 – Absa	37,253	30,397	29,361
Barclays Capital	839,662	657,922	601,193
Satclays Global Investors	89,224	80,515	80,900
Barclays Wealth	18,024	15,022	13,401
Head office functions and other	ł		1
operations	7,053	7,082	9,263
Total assets	1,227,361	996,787	924,357

Risk weighted assets ^a

	2007	2005	2005
UK Banking	£m 99,836	£m 92,991	£m 87.971 1
UK Retail Banking	45,992	43,020	40,845
Barclays Commercial Bank	53.844	49,951	47,126
Barclaycard	19,929	17,035	\$3.625
IRCB	53,269	40,810	41.069
IRCB – ex Absa	29,667	20,082	20,235
IRCB Absa	23,602	20.728	20,834
Barciays Capital	169,124	137,635	135,677
Barciays Global Investors	1,994	1,375	1,456
Barciays Weath	7,692	6,077	4,305
Head office functions and other	1		
operations	1,632	1.920	4,045
Risk weighted assets	353,476	297,833	269,148

Total assets and ask weighted assets £bn



Note

a Risk weighted assets are calculated under Basel I

40	Barclays PLC
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2007/06

Total assets increased 23% to 21.227.40m (2006 1996 8bm). Risk weighted assets increased 19% to 253.50m (2006 1997 8bm). Loans and advances to customers that have been securitised increased 14.35m (2006 127.75m (2008 24.45m)). The increase in risk weighted assets since 2006 relifected a rise of 131.65m in the banking book and a rise of 131.65m in the trading book.

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UK Retail Banking total assets increased. 7% to CB7.8bh (2006 (CB1.7bh)). This was mainly attributable to growth in mortgage balances. Risk weighted assets increased by 7% to C46.0bh (2006 (C43.0bh) with growth in mortgages partially offset by an increase in securitised balances and other reductions.

Barolays Commercial Bank total assets grew(22) to (73.9br) (2006: (£65.9br) driven by good growth across lending products. Alsk weighted assets increased(92) o(53.5b) (2006: £50.0br); tellecting asset growth partially offset by increased regulatory netting and an increase in securitised balances.

Barolaycard total assets increased 17% to 22.2bm 2006 (20.1bm) Risk weighted assets increased 17% to 29.9bm 2006 (21.0bm) primarily reflecting the increase in total assets, redemption of sectification transactions, partially offset by changes to the treatment of regulatory associates and the sale of part of the Monument card portfolio.

International Retail and Commercial Banking - excluding Absa total assets grew 3/% to 52.2bn (2006 (33.2bn). This growth was mainly driven by increases in retail mortgages and unsecured lending in Western Europe and increases in unsecured lending in Emerging Markets. Risk weighted assets increased 48% to 22.7bm (2006 (20.1bn)) reflecting asset growth and a change in product mix.

International Relation and Commercial Banking – Absa total assets increased 23%14 [237.30] (2006 [20.40]) primarily driven by increases in mortgages, credit cards and commercial property finance. Risk weighted assets increased [4% to [23.60] (2006 [20.70]) reflecting balance sheel growth.

Barclays Capital total assets rose 2015 to 2633.7bD (2006: 2657.9bn). Derivative assets increased (109.3bp primarily due to movements across a range of market indices. This was accompanied by a conesponding increase in derivative liabilities. The increase in non-derivative assets reflects an expansion of the business across a number of asset classes, combined with an increase in drawn leveraged loan positions and mortgage-reflect assets. Risk weighted assets increase 2320 or 169.1b) (2006 C137.6bm) reflecting growth in fixed income, equilies and credit derivatives.

Barclays Global Investors total assets increased 1:% to 289.2bn/2006: (180.55m) mainly altributable to growth in certain asset management products recognised as investment contracts. The majority of total assets relates to asset management products with equal and offsetting balances related within liabilities to customers. Risk weighted assets increased (3%) of 20.0bn (2006: 1.4bn) mainly attributable to overall growth in the balance sheet and the mix of securities lending activity.

Barclays Wealth total assets increase 20% to £18.0bn (2006 £15.0bn) reflecting strong growth in lending to high net worth, affluent and intermediary clients. Risk weighted assets increase 25% to £7.7bn (2006; £6.1bn) teflecting the increase in lending.

Head office functions and other operations total assets remained flat at 17 16 (2006 (27, 16)). Risk weighted assets decreased (6%) of (1,60) (2006: £1,90).

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2006/05

Total assets increased 03010 (2005) (

UK Retail Banking total assets increases 5% to (\$1.7b) (2005 (278.1b)). This was mainly attributable to grown in morigage Balances. Risk weighted assets increased 5% to (\$43.0b) (2005: (\$40.8bn) also primarily reliecting the growth in morigage balances.

Barolays Commercial Bank total assets increased 10% to £65.9bn)(2005: £59.9bn))roficcting good growth across short, medium and unit ferm lenging products. Fisk weighted assets increased 6% to(£50.0bn)(2005: £47.1bn) reflecting asset growth and increased regulatory metting.

Barolaycard total assets increased 103 to (20.1bh (2005: (18.2bn) driven by growth in lending balances in the meridional businesses and FirstPlus. Risk weighted assets increased 25% to (17.0bn)(2005: (18.6bn)), primarily reflecting the increase in total assets and lower socuritised balances.

International Betail and Commercial Benking excluding Absa total assets increased 12% to C38.2bn (2005) (C34.0on) mainly reflecting increases in mortgage anarchier tending. Risk weighted assets remained flat at (20.1b) (2005) (20.2bn) with balance sheet growth offset by the sale of FirstCallorean International Bank.

International Retail and Commercial Banking-Absa total assets increased 32 to (230.4b) (2005 (229.4bn) Bisk weighted assets remained flat at (20.1bn)/2005 (220.8bn) This reflects very strong growth in Hand terms offset by a 21/2 decline in the value of the Band. In Band terms assets grew 31% to (B417bh (2005 (B319bh) and risk weighted assets grew (25%) to (E284bh)(2005 (P227bh) due to Strong growth 'n mortgage lending atting with growth in corporate lending.

Barclays Capital total assets increased 9% to (F657.9b) (2005: (601.2b)). This reflected continued expansion of the business with growth in reverse repurchase agreements, debt securities and traded equity securities. Fisk weighted assets increased (18% to (137.6b) (2005; (116.7b)) in line with risk, driven by the growth in equity derivatives, credit derivatives and fixed income.

Barclaus Global Investors total assets remained flat at £80.5bn (2005: £80.9bn) The majority of total assets relates to asset management products with equal and offsetting batances religered within liabilities to customers. Risk weighted assets decreased 7% tot£1.4bn (2005: £1.5bn)

Barclays Wealth total assets increased 12% to (15.0b) (2005: (13.4bn) reflecting strong growth in lending to high net worth, alluent and intermediary clients. Risk weighted assets increased 42% to (56.1bn) (2005: (24.3bn) above the rate of balance sheet growth driven by changes in the mix of fending and growth in guarantees.

Heat office functions and other operations total assets decreased 24% to 27, 1bh (2005) (9, 3bn). Risk weighted assets decreased 53% to £1,9bn (2005) (24,0bn)

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Financial review Capital management

Total shareholders' equity

	2007	2006	2005
	£m	£m	£m
Barclays PLC Group			
Called up share capital	1,651	1,634	1,623
Share premium account	56	5,818	5,650
Available for sale reserve	154	132	225 1
Cash flow hedging reserve	26	(230)	70
Capital redemption reserve	384	309	309 1
Other capital reserve	617	617	6.7
Currency translation reserve	(307)	(438)	156
Other reserves	874	390	1,377 1
Retained earnings	20,970	12,169	8,957
Less: Treasury shares	(260)	(212)	(181)
Shareholders' equity excluding			1
minority interests	23,291	19,799	17,425
Minority interests	9,185	7,591	7,004
Total shareholders' equity	32,476	27,390	24,430

2007/06

Total shareholders' equity increased £5,086m)to£32,476m(2008: £27,390m)

Called up share capital comprises 6,600 million (2006),6,535 million) ordinary shares of 25p each and million (2006) million staff shares of 21 each. Called up share capital increased by £17m) representing the nominal value of shares issued to Temasek Holdings, China Development Bank (CDB) and employees under share option plans largely offset by a reduction in rominal value arising from share buy-backs. Share premium reduced by £7,62m) the reclassification of £7,223m to retained earnings resulting from the High Court approved cancellation of share premium was partly offset by additional premium arising on the issuance to CDB and on employee options. The capita redemption reserve increased by £75m representing the nominal value of the strare buy-backs.

Retained earnings increased by $\frac{28,801m}{28,801m}$ increases primarily arose from profit attributable to equity holders of the parent of $\frac{24,417m}{223m}$ the reclassification of share premium of $\frac{27,223m}{223m}$ and the proceeds of the Temasek issuance in excess of nominal value of $\frac{2941m}{22,079m}$ and the total cost of share repurchases of $\frac{21,802m}{21,802m}$

Movements in other reserves, except the capital redemption reserve, reflect the relevant amounts recorded in the consolidated statement of recognised income and expense on page 178.

Minority interests increased 11594m to (9,185m) (2006) (7,591m). The increase was primarily driven by preference share issuances of (1,322) and an increase in the minority interest in Absa of (225m).

42 Barclays PLC Annual Report 2006 The Group's authority to buy-back equity shares was renewed at the 2007 AGM.

2006/05

Total shareholders' equity increased £2,950m/to £27,390m/2005: £24,430m)

Called up share capital and share premium increased by £11m and £168m respectively representing the issue of shares to employees under share option plans.

Retained earnings increased by $\underbrace{\underline{5.212n}}_{212n}$ primarily reflecting profit attributable to equity holders of the parent of E4,571m parily offset by dividends paid of $\underbrace{\underline{E1,771m}}_{21,771m}$

Movements in other reserves reliect the relevant amounts recorded in the consolidated statement of recognised income and expense.

Minority interests increased (587m primarily reflecting the issuance of preference shares by Barclays Bank PLC and Absa.

Barclays Bank PLC

Preference shares issued by Barclays Bank PLC are included within share capital and share premium in the Barclays Bank PLC Group but represent minority interests in the Barclays PLC Group. Certain issuances of reserve capital instruments and capital notes by Barclays Bank PLC are included within other shareholders' equity in the Barclays Bank PLC Group but represent minority interests in Barclays PLC Group.

	2007 ይጠ	2006 £m	2005 £m.
Barclays Bank PLC Group	<u>⊧</u>		
Called up share capital	2.382	2,363	2,348
Share premium account	10,751	9.452	8,882
Available for sale reserve	111	184	2571
Cash flow hedging reserve	26	(230)	70
Currency translation reserve	(307)	(438)	158
Other reserves	(170)	(484)	483
Other shareholders' equity	2,687	2,534	2,490
Retained earnings	14,222	11,556	8,462
Shareholders' equity excluding	1		
minority interests	29,872	25,421	22,665
Minority interests	1,949	1,685	1,578
Total shareholders' equity	31,821	27,106	24,243

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Capital ratios

	Baset II	Bas	iel I	Bą	sel (Ba	sel l
	2007	2007 2007		2006		2005	
	Barclays PLC Group	Barciays PLC Group	Barciays Bank PLC Group	Barclays PLC Group	Barclays Bank PLC Group	Barclays FLC Group	Earclays Bank PLC Group
Capital ratios Tier 1 ratio Risk asset ratio	% 7.6 11.2	% 7.8 12.1	% 7.5 11 <u>.8</u>	% 7.7 	% 7.5 	% 7.0 11_3_	% 6.9 11,2
Risk weighted assets	£m	£m	£m		ÛM	£m	£m
Banking book on-balance sheet off-balance sheet Associates and joint ventures	n/a n/a n/a	231,496 32,620 1,354	231,491 32,620 1,354	197,979 33,821 2,072	197,979 33,821 2,072	180,808 31,351 3,914	180,808 31,351 3,914
Total banking book	244,474	265,470	265,465	233,872	233,872	216,073	216.073
Trading book Market risks Counterparty and settlement risks	39,812 41,203	36,265 51,741	35,265 51,741	30,291 33,670	30,291 33,670	23,216 29,859	23,216 29,859
Total trading book	81,015	88,006	88.00 5	63,961	63,961	53,075	53,075
Operational risk	28,389	n/a	n/ə	n/a	n/a	n/a	n/a
Total risk weighted assets	353,878	353,476	353.471	297,833	297,833	259,148	269,148

Minimum requirements under the FSA's Basel rules are expressed as a ratio of capital resources to risk weighted assets (Risk Asset Ratio). Risk weighted assets are a function of risk weights applied to the Group's assets using calculations developed by the Basel Committee on Banking Supervision.

Basel I

At 31st December 2007, the Tier 1 capital ratio was 7.8% and the risk asset ratio was 12.1%. From 31st December 2006, total net capital resources rose 27.9bm and risk weighted assets increased (25.6bm)

Ther 1 capital rose (24 6bp) including (2.3) parising from profits attributable to equity holders of the parent net of dividends paid. Minority interests within Tier 1 capital increased (2.70) primarily due to the issuance of reserve capital instruments and preference shares. The deduction for goodwill and intangible assets increased by (21.10). Ther 2 capital increased (2.3.10) mainly as a result of an increase of (2.3.00) of dated loan capital.

Basel II

Under Basel II, effective from 1st January 2008, the Group has been granted approval by the FSA to adopt the advanced approaches to credit and operational risk management. Pillar 1 risk weighted assets will be generated using the Group's risk models. Pillar 1 minimum capital requirements under Basel II are Pillar 1 risk weighted assets multiplied by 3%, the internationally agreed minimum ratio.

Under Pillar 2 of Basel II, the Group is subject to an overall regulatory capital requirement (expressed in £ terms) based on individual capital guidance ('ICG') received from the FSA. The ICG imposes additional capital requirements in excess of Pillar 1 minimum capital requirements. Barclays received its ICG from the FSA in December 2007.

Risk weighted assets calculated on a Barel II basis are broadly in line with risk weighted assets calculated on a Basel I basis. A reduction in credit and counterparty risk weighted assets of £31.5bp more than difset the identification of capital equivalent risk weighted assets of £28.4bp atr butable to operational risk. The reduced risk weighted assets attributable to credit risk were mainly driven by recognition of the low risk profile of thist charge residential mortgages in UK Retail Banking and Absa and the use of internal models to assess exposures to counterparty risk in the trading book. These were partially offset by higher counterparty risk weightings in emerging markets and greater recognition of undrawn commitments.

Compared to Basel I, deductions from Tier 1 and Tier 2 capital under Basel II include additional amounts relating to expected loss and securitisations. For advanced portfolios, any excess of expected loss over impairment allowances is deducted half from Tier 1 and half from Tier 2 capital. Deductions relating to securitisation transactions, which are made from total capital under Basel I, are deducted half from Tier 1 and half from Tier 2 capital under Basel II.

For portfolios treated under the standardised approach, the inclusion of collectively assessed impairment allowances in Tier 2 capital remains the same under Basel II. Collectively assessed impairment allowances against exposures treated under Basel II advanced approaches are not eligible for direct inclusion in Tier 2 capital.

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Financial review Capital resources and deposits

Total net capital resources

	Basel (I	Ba	sel I	Ва	sel 1	Ba	sel (
	2007		007		006	20	X05
	£m		m	í	n	£	m
	Barclays	Barciays	Barclays	Barclays	Barclays	Barclays	Barclays
.	PLC	PLC	Bank PLC	PLC	Bank PLC	PLC	Bank PLC
Capital resources (as defined for regulatory purposes)	Group	Group	Group	Group	Greep	Group	Group
Tier 1	<u> </u>		· · · · · · · · · · · · · · · · · · ·	··········			
Called up share capital	1,651	1,651	2,382	1,634	2,563	1,623	2,348
Eligible reserves	22,939	22,52G	25,615	19,608	21,700	16,837	18,646
Minority interests	10,551	10,551	5,657	7,899	4,528	6,634	3,700
Tier One Notes	899	899	899	909	\$C9	981	981
Less: Inlangible assets	(8,191)	(8,191)	(8,191)	(7,045)	(7,£45)	(7,180)	(7,180)
Less: Deductions from Tier 1 capital	(1,106)	(28)	(28)	-	-	- 1	-
Total qualifying tier 1 capital	26,743	27,408	26,534	23,005	22,455	18,895	18,495
Tier 2		1					
Revaluation reserves	26	26	25	25	25	25	25
Available for sale equity	295	295	295	221	221	223	223
Collectively assessed impairment allowances	440	2,619	2,619	2,556	2,556	2,306	2,306
Minority interests	442	442	442	451	451	515	515
Qualitying subordinated liabilities							
Undated loan capital	3,191	3,191	3,191	3,180	3,120	3,212	3,212
Dated toan capital	10,578	10,578	10,578	7,603	7,603	7,069	7,069
Less: Deductions from Tier 2 capital	(1,105)	(26)		_	_		.,
Total qualifying tier 2 capital	13,866	17,123	17,123	14,036	14,036	13,350	13,350
Less: Regulatory deductions				1.0000		12,000	10,000
Investments not consolidated for supervisory purposes	(633)	(633)	(633)	(982)	(982)	(782)	(782)
Other deductions	(193)	(1,256)					(961
Total deductions	(826)	(1.889)	(1.889)		(2,330)		(1,743
Total net capital resources	39,783	42,642	41.768	34,711	34,161	30,502	30,102
	1			<u> </u>			

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DUST COS PENDA

Average: year ended 31st December

Financial review

Deposits and short-term borrowings

Deposits

Deposits include deposits from banks and customers accounts.

	Areinger Ven enden stor besettibet			
	2007 £m	2006 £m	2005 £m	
Deposits from banks				
Customers in the United			,	
Kingdom	15,321	12,832	9,703	
Customers outside the				
United Kingdom:	1			
Other European Union	33.162	30,118	29,092	
United States	6,656	7,352	8,670	
Africa	4,452	4,140	3,236	
Rest of the World	36,626	35.013	39,060	
Total deposits from banks	96,217	89,453	89,761	
Customer accounts				
Customers in the United				
Kingdom	187,249	173,767	155,252	
Customers outside the	1			
United Kingdom:				
Other European Union	23,696	22,448	20,773	
United States	21,908	17,661	15,167	
Africa	29,855	23,560	17,169	
Rest of the World	23,032	19,992	16,911	
Customer accounts	285,740	267,428	225,272	

Deposits from banks in offices in the United Kingdom from non-residents amounted to (45, 162m) (2006 (211,762m).

Year end	Year ended 31st December				
2007	2006	2005			
	£m	<u></u>			
294.987	256,754	238,684			
33,400	25,650	22,980			
32.047	31,769	28,416			
70,682	62,745	57,715			
35,123	36,110	35,142			
65.726	53,733	42,967			
237,978	210,007	187,220			
2.990	2,169	2,300			
11.570	17.626	20,494			
3.917		3,230			
38,532	•	25,440			
1					
57.009	46,747	51,464			
	2007 <u>501</u> 294,987 294,987 33,400 32,047 70,682 36,123 65,726 237,978 2,590 11,570 3,917 38,532	2007 2006 <u>5m</u> <u>5m</u> 294,987 256,754 33,400 25,650 32,047 31,769 70,682 62,745 36,123 36,110 65,726 53,733 237,978 210,007 2.590 2,169 11,570 17,626 3,917 3,041 38,532 23,911			

Customer accounts deposits in offices in the United Kingdom received from nor-residents amounted to (£49,179m) (2006; (£49,291m)).

Note

a Average interest rate during the year for commercial paper and

negotiable certificates of deposit have been restated for 2006 and 2005 to reflect methodology enhancements.

Short-term borrowings

Short-term borrowings include deposits from banks, commercial paper and negotiable certificates of deposit.

The Section

Deposits from banks

Deposits from banks are taken from a wide range of counterparties and generally have maturities of tess than one year.

	2007 ይጠ	2006 £m	2005 Em
Year-end balance	90.546	73,552	25.324
Average balance	96.217	89 453	89 761
Maximum balance	609,586	97,165	103.397
Average interest rate during year	4.1%	4.2%	2.6%
Year-end interest rate	4.0%	4.3%	3.6%

Commercial paper

Commercial paper is issued by the Group, mainly in the United States, generally in denominations of not less than US\$100,000, with maturities of up to 270 days.

	2007	2006	2005
	£ភា	£ar	£m
Year-end balance	23.451	26,546	28,275
Average balance	26,229	29,740	22,309
Maximum balance	30,736	31,859	28,598
Average interest rate during year *	5,4%	4.4%	3.1%
Year-end interest rate	5.2%	5.0%	4.5%

Negotiable certificates of deposit

Negoliable cortificates of deposits are issued mainly in the UK and US, generally in denominations of not less than USS100.000.

	2607 £m	2006 £70	2005 £171
Year-end balance	1 58,4D1	52,800	43.09
Average balance	55,394	49,327	45,533
Maximum balance	62,436	60.914	53.456
Average interest rate during year ^a	5.1%	5.3%	3.9%
Year-end interest rate	5.0%	5.1%	4.5%

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Financial Review Commitments and contractual obligations

Commitments and contractual obligations Commitments and contractual obligations include loan commitments, contingent liabilities, debt securities and purchase obligations.

Commercial commitments

		Amount of	commitmer	t expiration	per period
		Between	Between		Total
	Less than	one to		After	amounts
		three years		•	
	£m	£m	£m	<u>Cm</u>	£m
Acceptances and endorsements	365			··· ·	365
Cuarantees and letters of credit pledged as collateral security	29,136	2,711	1,971	1,874	35,692
Other contingent liabilities	6,594	1,556	416	1,151	9,717
Documentary credits and other short-term trade related transactions	401	121	-	-	522
Forward asset purchases and forward deposits placed	283	-	-	-	283 1
Standby facilities, credit lines and other	136.457	17,039	28,127	10,211	191,834

Contractual obligations

		Paymen	is due by p	eriod	
	Less than one year Em			After five years £m	Totał £m
Long-term debt Operating lease obligations Purchase obligations	90,201 197 141	13,558 755 186	8,630 610 27	19,358 2,225 6	131,747 3,787 360
Total	90,539	14,499	9,267	21,589	135,894

The long-term debt does not include undated ioan capital of 66.63 m.

Further information on the contractual maturity of the Group's assets and flabilities is given in Note 48.



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Financial review Securities

Securities

The following table analyses the book value of securities which are carried at fair value.

	2007	,	20	06 :	200	5
		Amortised		Amortised		Amortised
	Book value	cost	Book value	cost {	Book value	cost
	£m	Sen	£m	£m t	ඩිය	£m
Investment securities - available for sale				·· · ····= ·=		
Debt securities:	1					
United Kingdom government	78	81	758	761	37	31
Other government	7,383	7,434	12,587	12,735	14,860	14,827
Other public bodies	634	632	280	277	2-6	216
Mortgage and asset backed securities	1,367	1,429	1,706	1,706	3,062	3,062
Corporate issuers	19,664	19,849	27.089	27,100	25.590	25,597
Other issuers	9,547	9,599	5,492	5,450	6,265	6,257
Equity securities	1,676	1,418	1.371	1,047	1,250	1,007
Investment securities - available for sale	40,349	40,242	49,283	49,076	51,274	50,997
Other securities - held for trading						
Debt securities:				ļ		
United Kingdom government	3,832	n/a	4,986	n/a .	4,786	n/a
Other government	51,104	n/a	46,845	n/a	46.426	n/a
Mortgage and asset backed securities	37,038	r/a	29,606	n/a l	17.644	n/a
Bank and building society certificates of deposit	17,751	n/a	14,159	n/a t	15,837	n/a
Other issuers	43,053	n/a	44,980	n/a	43.674	n/a
Equity securities	36,307	n/a	31,548	n/a	20,299	n/a
Other securities - held for trading	189,085	rva	172,124	n/a i	148,566	n/a

Investment debt securities include government securities he d as part of the Group's treasury management portfolic for asset and liability, liquidity and regulatory purposes and are for use on a continuing basis in the activities of the Group. In addition, the Group bolds as investments listed and unlisted corporate securities.

Montgage and asset backed securities and other issuers within held for trading debt securities have been restated in 2006 and 2005 to reflect changes in classification of assets.

Bank and building society certificates of deposit are freely negotiable and have original maturities of up to live years, but are typically he'd for shorter periods, in addition to UK government securities shown above, at 31st December 2007, 2006 and 2005, the Group held the following government securities which exceeded 10% of shareholders' equily.

Government securities

	2007	2006	2005
	Book value	Book value	Book value
	1. <u>Em</u>	<u> </u>	<u>m3</u>
United States	15,156	18,343	16,093
Japan	9,124	15,505	14,560
Germany	5,136	4,741	6,376
France	3,538	4,336	4,822
Italy	5,090	3,419	4,300 (
Spain	3,674	2,859	2,456
Nefherlands	1,270	395	2,791

Maturities and yield of available for sale debt securities

	Maturing one ye		Maturing after within five y		Maturing after within ten ye		Maturing ten ye		Tota	11:
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yieid	Amount	Yieid
	rn £	4	£m	*	£m	%	£m	%	£m	%
Government	1,354	5.8	3,997	4.0	788	1.6	1,322	1.1	7,461	3.5
Other public bodies	546	8,6	76	1.3		-	10	5.2	634	7.7
Olher issuers	11,849	5.2	12.542	4.9	4,343	5.6	1,844	7.0	30,578	5.2
Total book value	13,749	5,4	16,617	4.6	5,131	5.0	3,176	4.5	38,673	5.0

The yield for each range of maturities is calculated by dividing the annualised interest income prevailing at 31st December 2007 by the fair value of securities held at that date.

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Financial review Critical accounting estimates

The Group's accounting policies are set out on pages 165 to 173. Certain of these policies, as well as estimates made by management are considered to be important to an understanding of the Group's financial condition since they require management to make difficult, complex or subjective judgements and estimates, some of which may relate to matters that are inherently uncertain. The following accounting policies include estimates which are particularly sensitive in terms of judgements and the extent to which estimates are used. Other accounting policies involve significant amounts of judgements and estimates, but the total amounts involved are not significant to the financial statements. Management has discussed the accounting policies and oritical accounting estimates with the Board Audit Committee.

Fair value of financial instruments

Some of the Group's financial instruments are carried at fair value through profit or loss such as those held for trading, designated by management under the fair value option and non-cash flow hedging derivatives.

Other non-derivative financial assets may be designated as available for safe. Available for safe financial investments are initially recognised at fair value and are subsequently held at fair value. Gains and losses arising from changes in fair value of such assets are included as a separate component of equity. The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Firrancial instruments entered into as trading transactions, together with any associated hedging, are measured at fair value and the resultant profits and losses are included in net trading income, along with interest and dividends arising from long and short positions and funding costs relating to trading activities. Assets and liabilities resulting from gains and losses on financial instruments held for trading are reported gross in trading portfolio assets and liabilities or derivative financial instruments, reduced by the effects of netting agreements where there is an intention to settle net with counterparties.

Valuation methodology

The method of determining the fair value of financial instruments can be analysed into the following categories:

- (a) Unadjusted quoted prices in active markets where the quoted price is readily available and the price represents actual and regularly occurring market transactions on an arm's length basis.
- (b) Valuation techniques using market observable inputs. Such techniques may include:
 - using recent arm's length market transactions;
 - reference to the current fair value of similar instruments;
 - discounted cash flow analysis, pricing models or other techniques commonly used by market participants.
- (c) Valuation techniques used above, but which include significant inputs that are not observable. On initial recognition of linanoial instruments measured using such techniques the transaction price is deemed to provide the best evidence of fair value for accounting purposes.

The valuation techniques in (b) and (c) use inputs such as interest rate yield curves, equity prices, commodity and currency prices/yields, volatilities of underlyings and correlations between inputs. The models used in these valuation techniques are calibrated against industry standards, economic models and to observed transaction prices where available.

The following tables set out the total financial instruments stated at fair value as at 31st December 2007 and those fair values are calculated with valuation techniques using unobservable inputs.

	Unobservable inputs £m	Total Em
Assets stated at fair value	ʻ~	
Trading portfolio assets	4,457	193,691
Financial assets designated at fair value:	ļ	
 held on own account 	16,819	56,629
 held in respect of linked liabilities to 		-
customers under investment contracts	-	90,851
Derivative financial instruments	2,707	248,088
Available for sale financial investments	810	43,072
Total	24,793	632,331

	Unobservable		
	inputs £m	Total ໂກ	
Liabilities stated at fair value			
Trading portfolio liabilities	42	65,402	
Financial liabilities designated at fair value	6,172	74,489	
Liabilities to customers under investment	1 '	1	
contracts	1 -	92.639	
Derivative linancial instruments	4,382	248,288	
Total	10,596	480,818	

Various factors influence the availability of observable inputs and these may vary from product to product and change over time. Factors include for example, the depth of activity in the re evant market, the type of product, whether the product is new and not widely traded in the market place, the maturity of market modelling and the nature of the transaction (bespoke or generic).

To the extent that valuation is based on models or inputs that are not observable in the market, the determination of fair value can be more subjective, dependant on the significance of the unobservable input to the overall valuation. Unobservable inputs are determined based on the best information available, for example by reference to similar assets, similar maturities, appropriate provies, or other analytical techniques. The effect of changing the assumptions for those financial instruments for which the fair values were measured using valuation techniques that are determined in full or in part on assumptions that are not supported by observable inputs to a range of faces analy possible alternative assumptions, would be to provide a range of £1.2bn (2006; £0.1bn) hower to £1.5bn (2006; £0.1bn) higher than the fair values recognised in the financial statements.

The size of this range will vary over time in response to market volatility, market uncertainty and changes to benchmark proxy relationships of similar assets and fiabilities. The catculation of this range is performed on a consistent basis each period.

Further information on the fair value of financial instruments is provided in Note 49 to the accounts.

The following summary sets out those instruments which use inputs where it may be necessary to use valuation techniques as described above.

Corporate bonds

Corporate bonds are generally valued using observable quoted prices or recently executed transactions. Where observable price quotations are not available, the fair value is determined based on cash flow models where significant inputs may include y'eld curves, bond or single name credit default swap spreads.

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Financial review Critical accounting estimates

Within the retail and small businesses portfolios, which comprise targe numbers of small homogeneous assets with similar risk characteristics where credit scoring techniques are generally used, statistical techniques are used to calculate impairment allowances on a portfolio basis, based on historical recovery rates and assumed emergence periods. These statistical analyses use as primary inputs the extent to which accounts in the portfolio are in arears and historical information on the eventual losses encountered from such delinquent portfolios. There are many such models in use, each tailored to a product, line of business or customer category. Judgement and knowledge is needed in selecting the statistical methods to use when the models are developed or revised. The impairment charge reflected in the income statements for these portfolios is (1,605m)(2CC6; (1,809m) and amounts to (705) (2006; 97%) of the total impairment charge on roats and advances in 2007.

For larger accounts, impairment allowances are calculated on an individual basis and all relevant considerations that have a bearing on the expected future cash flows are taken into account, for example, the business prospects for the customer, the realisable value of collateral, the Group's position relative to other claimants, the reliability of customer information and the likely cost and duration of the work-out process. The level of the impairment allowance is the cifference between the value of the discounted expected future cash flows (discounted at the loan's original effective interest rate), and its carrying amount. Subjective judgements are made in the calculation of toture cash flows. Furthermore, judgements change with time as new information becomes available or as work-out strategies evolve, resulting in frequent revisions to the impairment allowance as individual decisions are taken. Changes in these estimates would result in a change in the allowances and have a direct impact on the 'mpairment' charge. The impairment charge on toans and advances in 2007. Further information on impairment charge on toans and advances in 2007. Further information on impairment allowances is set out on pages 100 to 101.

Goodwill

Management have to consider at least annually whether the current carrying value of goodwill is impaired. The first step of the impairment review process requires the identification of independent cash generating units, by dividing the Group business into as many largely independent income streams as is reasonably practicable. The goodwill is then allocated to these independent units. The first element of this allocation is based on the areas of the business expected to benefit from the synergies derived from the acquisition. The second element reflects the allocation of the net assets acquired and the difference between the consideration paid for those net assets and their fair value. This allocation is reviewed following business reorganisation. The carrying value of the unit, inclucing the allocated goodwill, is compared to its fair value to determine whether any impairment exists. If the fair value of a unit is less than its carrying value, goodwill will be impaired. Detailed calculations may need to be carried out taking into consideration changes in the market in which a business operates (e.g. competitive activity, regulatory change), in the absence of readily available market price data this calculation is based upon discounting expected pre-tax cash flows at a risk adjusted interest rate appropriate to the operating unit, the determination of both of which requires the exercise of judgement. The estimation of pre-tax cash flows is sensitive to the periods for which detailed forecasts are available and to assumptions regarding the long term sustainable cash flows. While forecasts are compared with actual performance and external economic data, expected cash flows naturally reflect management's view of future performance. The most significant amounts of goodwill relate to the Absa and Woolwich acquisitions. The goodwill impairment testing performed in 2007 indicated that none of the goodwill was impaired. Management believes that reasonable changes in key assumptions used to determine the recoverable amounts of Absa and Woolwich goodwill would not result in Impairment

Intangible assets

Intangible assets that derive their value from contractual customer relationships or that can be separated and solution of the estimated are amortised over their estimated useful life. Determining the estimated useful life of these finite life intangible assets requires an analysis of circumstances, and judgement by the Bank's management. At each balance sheet date, or more frequently when events or changes in circumstances dictate, intangible assets are assessed for indications of impairment. If indications are present, these assets are subject to an impairment review. The impairment review comprises a comparison of the carving amount of the asset with its recoverable amount: the higher of the assets or the cash-generating unit's net se ling price and its value in use. Net setting price is calculated by reference to the amount at which the assets could be disposed of in a binding sale agreement in an arms-length transaction evidenced by an active market or recent transactions for similar assets. Value in use is calculated by discounting the expected future cash liows obtainable as a result of the asset's continued use, including those resulting from its utimate disposal, at a market-based discount rate on a pre-tax basis. The most signilicant amounts of intangible assets relate to the Absa acquisition.

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Retirement benefit obligations

The Group provides pension plans for employees in most parts of the world. Arrangements for stall retirement benefits vary from country to country and are made in accordance with local regulations and customs. For defined contribution schemes, the pension cost recognised in the profit and loss account represents the contributions payable to the scheme. For defined benefit schemes, actuarial valuation of each of the scheme's obligations using the projected unit credit method and the fair valuation of each of the scheme's assets are performed annually in accordance with the requirements of IAS 19.

The actuarial valuation is dependent upon a series of assumptions, the key ones being interest rates, mortality, investment returns and inflation. Mortality estimates are based on standard industry and national mortality tables, adjusted where appropriate to reflect the Group's own experience. The returns on fixed interest investments are set to market yields at the valuation date (less an allowance for risk) to ensure consistency with the asset valuation. The returns on UK and overseas equilities are based on the long-term outlook for global equilities at the calculation date having regard to current market yields and dividend growth expectations. The inflation assumption relieflets long-term expectations of both earnings and retail price inflation.

The difference between the fair value of the plan assets and the present value of the defined benefit obligation at the batance sheet date, adjusted for any historic unnecognised actuatial gains or losses and past service cost, is recognised as a liability in the balance sheet. An asset arising, for example, as a result of past over-funding or the performance of the plan investments, is recognised to the extent that it does not exceed the present value of future contribution holicays or refunds of contributions. To the extent that any unecognised gains or losses at the start of the measurement year in relation to any individual defined benefit scheme exceed 10% of the greater of the fair value of the scheme assets and the defined benefit obligation for that scheme, a proportion of the excess is recognised in the income statement.

The Group's IAS 19 pension surplus across all pension and post-retirement schemes as at 31st December 2007 was a surplus of £395m (2006: £817) deticit). This comprises net recognised flabilities of £1,501m (2006: £1,719m) and unrecognised actuarial gains of £1,894m (2006: £802m). The net recognised liabilities comprises retirement benefit liabilities of £1,537m (2006: £1,807m) relating to schemes that are in deficit, and assets of £36m (2006) £88m) relating to schemes that are in surplus. The Group's IAS 19 pension Subplus in respect of the main UK scheme as at 31st December 2007 was £668m (2006: £495m) deficit). The estimated actuarial funding position of the main UK pension scheme as at 31st December 2007, estimated from the trennial valuation in 2004, was a surplus of £1,2001 (2006: £1,300m). Cash contributions to the main UK scheme werd £355m (2006: £355m).

Further information on retirement benefit obligations, including assumptions is set out in Note SC to the accounts,

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Financial review Off-balance sheet arrangements

In the ordinary course of business and primarily to facilitate client transactions, the Group enters into transactions which may involve the use of off-balance sheet arrangements and special purpose entities (SPEs). These arrangements include the provision of guarantees, loan commitments, relained interests in assets which have been transferred to an unconsolidated SPE or obligations arising from the Group's involvements with such SPEs.

Guarantees

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The Group issues guarantees on behalf of its customers. In the majority of cases, the Group will hold collateral against the exposure, have a right of recourse to the customer or both. In addition, the Group issues guarantees on its own behalf. The main types of guarantees provided are: innancial guarantees given to banks and financial institutions on behalf of customers to secure loans: overdrafts; and other banking facilities, including stock borrowing indemnities and standby fetters of credit. Other guarantees, provided inclurie performance guarantees, advance payment guarantees, tender guarantees, guarantees to Her Majesty's Revenue and Customs and retention guarantees. The nominal principal amount of contingent liabilities with off-balance sheet risk is set out in Note 34 and in the table on page 60.

Loan commitments

The Group enters into commitments to lend to its customers subject to certain conditions. Such loan commitments are made either for a fixed period, or are cancellable by the Group subject to notice conditions. Information on loan commitments and similar facilities is set out in Note 34 and in the table on page 60.

Special purpose entities

Transactions entered into by the Group may involve the use of SPEs. SPEs are entities that are created to accomplish a narrow and well defined objective. There are often specific restrictions or limits around their ongoing activities.

Transactions with SPEs take a number of forms, including:

- The provision of financing to fund asset purchases, or commitments to provide finance for future purchases.
- Derivative transactions to provide investors in the SPE with a specified exposure.
- The provision of liquidity or backstop facilities which may be drawn upon if the SPE experiences future funding difficulties
- Direct investment in the notes issued by SPEs.

Depending on the nature of the Group's resulting exposure, it may consolidate the SPE on to the Group's balance sheet. The consolidation of SPEs is considered at inception based on the arrangements in place and the assessed risk exposures at that time. In accordance with IFRS, SPEs are consolidated when the substance of the relationship between the Group and the entity indicates control. Potential indicators of control include, amongst others, an assessment of the Group's exposure to the risks and benefits of the SPE. The initial consolidation analysis is revisited at a later date it:

- (i) the Group acquires additional interests in the entity;
- (ii) the contractual arrangements of the entity are amended such that the relative exposures to risks and rewards change; or if
- (iii) the Group acquires control over the main operating and financial decisions of the onlity.

A number of the Group's transactions have recourse only to the assets of unconsolidated SPEs. Typically, the majority of the exposure to these assets is borno by third partices and the Group's rick is mitigated through over-collateralisation, unwind features and other protective measures. The Group's involvement with unconsolidated third party conduits, collateralised debt obligations and structured investment vehicles is described further below.

Collateralised Debt Obligations

The Group has structured and underwritten CDOs. At inception, the Group's exposure principally takes the form of a liquidity facility provided to support future funding difficulties or cash shortfalls in the vehicles. If required by the vehicle, the tacility is drawn with the amount advanced included within loans and advances in the balance sheet. Upon an event of default or other triggering event, the Group may acquire control of a COO and, therefore, be required to fully consolidate the vehicle for accounting purposes. The potential for transactions to hit default triggers before the end of 2008 has been assessed and included in the determination of impairment charges and other credit provisions (£782m jp relation to ABS CDO Super Senior and other credit marke; exposure for the year ended 31st December 2007).

The Group's exposure to ABS CDO Super Senior positions before heacing was (6,018m) as at 31st December 2007. This includes (1,149m) of undrawn facilities provided to mezzanine transactions (eXposure stated net of willedowns and charges). Undrawn facilities provided to unconsolidated CDOs are included as part of commitments in Note 34 to the accounts.

The remaining £4.863mb is the Group's exposure to High Grade CDOs, stated net of whitedowns and charges £3,782m of drawn balances are included within loans and advances on the balance sheet, with the remaining £1087m epresenting consolidated High Grade CDOs accounted for an a fair value basis.

Collateral

The collateral underlying unconsolidated CDOs comprised 77% residential mortgage backed securities, 6% Don-residential asset backed securities and 17% in other categories, including 10% ABS CDO exposure (a proportion of which will be backed by residential mongage collateral).

The remaining Weighted Average Life (WAL) of all collateral 6.3.9 years. The combined Net Asset Value (NAV) for all of the CDOs was C2.800 below the nominal amount, equivalent to an aggregate 40.2% decline in value on average for all investors.

Funding

The COOs were funded with senior unrated notes and rated notes up to AAA. The capital structure senior to the AAA notes on cash CCOs was supported by a liquidity facility provided by the Group. On mezzanine CDOs, this portion of the capital structure is unfunded, but a liquidity facility is provided to support the level of synthetic instruments within each present on the senior portion covered by liquidity facilities is on average 79% of the capital structure.

The initial WAL of the notas in issue averaged 7.1 years. The full contractual maturity is 37.8 years.

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Financial review Off-balance sheet arrangements

Interests in Third Party CDOs

The Group has purchased securities in and entered into derivative instruments with third party CDOs. These interests are held as trading assets or liabilities on the Group's balance sheet and measured at lair value. The Group has not provided ilguidity facilities or similar agreements to third party CDOs.

Structured Investment Vehicles (SIVs)

The Group has not structured or managed SiVs. Group exposure to third party SiVs comprised:

- (317m) of senior liquidity facilities, of which (197) was drawn and included in loans and advances as at 31st December 2007. The Group is one of between two and eight independent liquidity providers on each transaction.
- Derivative exposures included on the balance sheet at their net fair value of (264m)
- Bonds issued by the SIVs included within trading portfolio assets at their fair value of (21m)
- (2.6b) repo funding facilities (21.3b) has been utilised and included within loans and advances to customers in the balance sheet.

Other than the repo facilities, which when drawn are more than 160% collateralised by assets held by the Group with the collateral being valued daily, the items above are included in the credit market positions discussed on page 67.

SIV-Lites

The Group structured and helped to underwrite three SIV-Lite transactions. The Group is not involved in their ongoing management.

The Group provided £0.55th in liquidity facilities as partial support to the £2.6bh of CP programmes on these transactions. These facilities have now been fully drawn or are terminated, such that no further drawings are possible. One of the three vertices has been restructured into a cash CDO. As part of this restructuring, the Group acquired the £800m senior note in the CDO which is held at fair value within trading portfolio assets. The credit risk on this note has been transferred to a third party investment bank. For the remaining facilities, the amount drawn totalled (£1520) and is included on the balance sheet within boans and acvances to cuistomers and included in the credit market positions discussed on page 67.

Commercial Paper and Medium-term Note Conduits

The Group provided (19bn) nundrawn backstop liquidity facilities to its own sponsored CP conduits. The Group fully consolidates these entitles such that the underlying assets are reflected on the Group balance sheet.

The Group provided backstop facilities to support the paper issued by six third party conduits. These facilities totalled 1 bn, with underlying collateral comprising auto loans (81%), bank-guaranteed residential mortgages (11%), bank-guaranteed commercial-acc project finance banes (3%) and UK consumer finance receivables (3%) Drawings on these facilities were (246m) as at 31st December 2007 and are included within loans and advances to customers.

The Group provided backstop facilities to six third-party SPEs that fund themselves with medium term notes. These notes are sold to investors as a series of 12 month securifies and remarketed to investors annually. If investors decline to renew their holdings at a price below a pre-agreed spread, the backstop facility requires the Group to purchase the

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outstanding notes at scheduled maturity. The group has provided facilities of £2.9bn, to SPEs hotding prime UK and Australian owner-occupied Residential Mortgage Back Securities (RMBS) assets. As at 31st December 2007, the Group had acquired notes of \$90m under these backstop facilities (included as available for sale assets in the balance sheet) and further acquisitions are expected through 2008 as other notes are remarketed. The notes generally rank pair passu with the other term AAA+ rated notes from the same Issuer. The facilities have been designated at fair value and are reflected in the balance sheet at their current fair value.

The Group's own CP conduits provided facilities of £1.3bn to third party conduits containing prime UK buy-to-let RMBS. As at 31st December 2007, £250m of this facility had been drawn. The undrawn facilities are included within the commitments disclosed in Note 34 to the accounts, while the drawn elements are included within loans and advances to customers.

Asset securitisations

The Group has assisted companies with the formation of asset securitisations, some of which are effected through the use of SPEs. These entities have minimal equity and rely on funding in the form of notes to purchase the assets for securitisation. As these SPEs are created for other companies, the Group does not usually control these entities and therefore does not consolidate them. The Group may provide financing in the form of senior notes or junior notes and may also provide derivatives to the SPE. These transactions are included on the balance sheet.

The Group has used SPEs to securitise part of its originated and purchased retail and commercial fending portfolios and credit card receivables. These SPEs are usually consolidated and dereccgnition only occurs when the Group transfers its contractual right to receive cash flows from the financial assets, or retains the contractual rights to receive the cash flows, but assumes a contractual obligation to pay the cash flows to another party without material delay or reinvestment, and also transfers substantially all the risks and rewards of ownership, including credit risk, prepayment risk and interest rate risk. The carrying amount of securitised assets together with the associated liabilities are set out in Noto 29.

Client intermediation

The Group has structured transactions as a financial intermediary to most investor and client needs. These transactions involve entities structured by either the Group or the client and they are used to modify cash flows of third party assets to create investments with specific risk or return profiles or to assist clients in the efficient management of other risks. Such transactions will typically result in a derivative being shown on the balance sheet, representing the Group's exposure to the retevant asset.

The Group also invests in lessor entities specifically to acquire assets for leasing. Client intermediation also includes arrangements to fund the purchase or construction of specific assets (most common in the property industry).

Fund management

The Group provides asset management services to a large number of investment entities on an arm's-length basis and at market terms and prices. The majority of these entities are investment funds that are owned by a large and diversified number of investors. These funds are not conscilidated because the Group does not own either a significant portion of the equity, or the risks and rewards innerent in the assets.

During 2007, Group operating expenses included charges of (2006): 2nil) related to selective support of liguidity products managed by Barclays Global Investors and not conso idated by the Group. The Group has continued to provide further selective support to liguidity products subsequent to 31st December 2007.

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Financial review Barclays Capital credit market positions

Barclays Capital credit market positions

Barotays Capital credit market exposures resulted In net tosses of 1,6350 in 2007, due to dislocations in the credit markets. The net losses primarily related to ABS CDO super senior exposures, with additional tosses from other credit market exposures partially offset by gains from the general widening of credit spreads on issued notes held at fair value.

Credit market exposures in this note are stated relative to comparatives as at 30th June 2007, being the reporting date immediately prior to the credit market dislocations.

	As at	
	31st December	30lh June
	2007	2007
	<u> </u> និញ	£m
ABS CDO Super Senior		
High Grade	4,869	6,151
Mezzanine	1,149	1,629
Exposure before hedging	6,018	7,780
Hedges	(1,347)	(348)
Net ABS CDO Super Senior	4,671	7,432
Other US sub-prime		
Whole loans	3,205	2,900
Other direct and Indirect exposures	1,832	3,146
Other US sub-prime	5,037	6,046
Alt-A	4,916	3,760
Monoline Insurers	1,335	140
Commercial mortgages	12,399	8,282
SIV-lite liquidity facilities	152	692
Structured investment vehicles	590	925

ABS CDO Super Senior exposure

AB5 CDO Super Senior net exposure was £4.6/1m (30th June 2007: £7,432m): Exposures are stated net of writedowins and charges of £1,412m (30th June 2007: £56m) and hedges of £1,347m (30th June 2007: £348m).

The collateral for the ABS CDO Super Sentor exposures primarily comprised Residential Mortgage Backed Securities. 79% of the RMBS sub-prime collateral comprised 2005 or earlier vintage mortgages. On ABS CDO super sentor exposures, the combination of subordinaten, hedging and writedowns provide protection against loss levels to 72% on US subprime collateral as at 31st December 2007. None of the above hedges of ABS CDO Super Sentor exposures as at 31st December 2007 were held with monoline insurer counterparties.

Other credit market exposures

Barclays Capital held other exposures impacted by the turbulence in credit markets, including: whole loans and other cirect and indirect exposures to US sub-prime and Ali-A borrowers; exposures to monoline insurers; and commercial mortgage backed securities. The net losses in 2007 from these exposures were (2023)

Other US sub-prime whole loan and net trading book exposure was (5.037m)(30th June 2007 (£6.046m). Whole loans included (£2.843m) (30th June 2007 (£6.046m) acquired since the acquisition of EquiFirst in March 2007, all of which were subject to Barclays underwriting criteria. As at 31st percember 2007 the werage load to refue of these EquiFirst loans was 80% with less than 3% at above 95% tan to value .99% of the EquiFirst inventory was first line.

Net exposure to the Alt-A market was (4,916tb (30th June 2007 (£3,760tt)), through a combination of securities held on the balance sheet including those held in consolidated conduits and residuals. All-A exposure is generally to borrowers of a bigher credit quality than sub-prime borrowers. As at 31st December 2007, 99% of the Alt-A whole loan exposure was performing, and the average loan to value ratio was 81%/96% of the Alt-A securities held were rated AAA or AA.

Barclays Capital held assets with insurance protection or other credit enhancement from monoline insurers. The value of exposure to monoline insurers under these contracts was £1,330m (30th June 2007; £140m). There were no claims due under these contracts as none of the underlying assets were in default.

Exposures in our commercial mongage backed securities business comprised commercial real estate loans of £11,105m (30th June 2007; £7,653m) and commercial montgage backed securities of £1,225m (30th June 2007; £629m). The loan exposures were 64% US and 43% European. The US exposures had an average ban to value of 71% (57%) of the commercial montgage backed securities held as at 31st December 2007 were AAA or AA rated.

Loans and advances to customers included (152m)30th June 2007: (6927) of drawn liqu dity facilities in respect of SIV-lites. Total exposure to offer Structured investment vehicles, including derivatives, undrawn commercial paper backstop facilities appl.bends he d in trading portfolio assets was (590m)(30th June 2007; (5925m)).

Leveraged Finance

At 31st December 2007, drawn leveraged finance positions were \$7,388m (30th June 2007 \$7,317m). The position's were stated net of fees of \$130m and impairment of EBBm)driven by widening of corporate credit spreads.

Own Credit

At 31st December 2007, Barclays Capital hard issued notes held at fair value of <u>E57,162m</u> (30th June 2007) <u>E44,622m</u>). The general widening of credit spreads affected the carrying value of these notes and as a result revaluation gains of <u>E658m</u> were recognised in trading income.

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Financial review Average balance sheet

Average balance sheet and net interest income (year ended 31st December)

		2007			2006			2005	
	Average balance ^(e)	Interest	Average rate	Average balance ^(a)	Interest	Average rate	Average balance ^(a)	Interest	Average rate
	£m	£m	%	£m	£m	%	ደጠ	្រាវ	%
Assets									
Loans and advances to banks ^b :	<u> </u>								
 in offices in the United Kingdom 	29.431	1,074	3.6	18,401	647	3.5	14,798	454	3.1
 in offices outside the United Kingdom 	12,262	779	6.4	12,278	488	4.0	11,063	403	3.6
Loans and advances to customers b:									
- in offices in the United Kingdom	205,707	13.027	6.3	184,392	11,247	6.1	172,398	10,229	5.9
- in offices outside the United Kingdom	88,212	6,733	7.6	77,615	4,931	6.4	50,699	2,975	5.9
Lease receivables:		,,				211	00,000	40/0	010
 In offices in the United Kingdom 	4,822	283	5.9	5,266	300	5.7	6.521	348	5.3
 in offices outside the United Kingdom 	5,861	691	11.B	6,162	595	9.7	1,706	117	6.9
Financial investments:							·		
 in offices in the United Kingdom 	37,803	2,039	5.4	41,125	1,935	4.7	43,133	1,755	4,1
 in offices outside the United Kingdom 	14,750	452	3.1	14,191	830	5.8	10,349	467	4.5
Reverse repurchase agreements and cash collateral on	•								
securities borrowed	1								
- in offices in the United Kingdom	211,709	9,644	4.6	156,713	6,135	3.7	156,292	4,617	3.0
 in offices outside the United Kingdom 	109,012	5,454	5.0	100,436	5,040	5.0	92,407	2,724	2.9
Trading portfolio assets: - in offices in the United Kingdom				100 110					
- in offices outside the United Kingdom	120,691	5,926	4.9	106,148	4,155	3.9	81,607	2,710	3.3
- in onces outside the Onnea Kingdom	57,535	3,489	6.1	61,370	2,608	4.2	57.452	2116	3.7
Total average Interest earning assets	897,795	49,591	5.5	794,077	38,924	4,9	698,425	28,915	4.1
impairment allowances/provisions	(4,435)			(3,565)			(3,105)	•	
Non-interest earning assets	422.834			310,949			278,328		
Total average assets and interest income	1,316,194	49,591	3.8	1,101,461	38,924	3.5	973,648	28,915	3.0
Percentage of total average interest earning assets in offices									
outside the United Kingdom	32.0%			34.3%			32.0%		
ictal average interest earning assets related to:									
Interest income		49,591	5,5		38,924	4.9		28,915	4.1
interest expense		(37,892)			(30,335)			(20,965)	3.0
	Į	11,699	1.3		8,539	1.1		7.950	1.0

Notes

a Average balances are based upon daily averages for most UK banking operations and monthly averages elsewhere.

b Loans and advances to customers and banks include all doubtful lendings, including non-accruat lendings. Interest receivable on such lendings has been included to the extent to which either cash payments have been received or interest has been accrued in accordance with the income recognition policy of the Group.



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Average balance sheet and net interest income (year ended 31st December)

		2007			2006			2005	
	Average		Average	Average		Average	Average		Average
	balance ^(a)	Interest	rate	balance ^(a)	interest	rete	balarice ^(a)	Interest	rate
	£m	£m	%	£m	£m	%		£m	%
Liabilities and shareholders' equity							· · · · · · · · · · · · · · · · · · ·		
Deposits by banks:									1
 in offices in the United Kingdom 	63,902	2,511	3.9	62,236	2,464	4.0	54,801	1,665	3.0
- in offices outside the United Kingdom	27,595	1,225	4.4	23,438	1,137	4.9	21,921	705	3.2
Gustomer accounts:									1
demand deposits:	l l								
 in offices in the United Kingdom 	29,170	858	2.9	25,397	680	27	22,593	510	23
 in offices outside the United Kingdom 	13,799	404	2.9	10,351	254	2.5	6,196	88	1.4
Customer accounts:	1								
savings deposits:	1								1
 in offices in the United Kingdom 	55,064	2,048	3.7	57,734	1,691	2.9	52,569	1,570	3.0
 in offices outside the United Kingdom 	4,848	128	2.6	3,124	74	2.4	1,904	39	2.0
Gustomer accounts:									1
other time deposits - retail:	1								
 in offices in the United Kingdom 	30,578	1,601	5.2	34,865	1,548	4.4	33,932	1,470	4.3
 in offices outside the United Kingdom 	12,425	724	5.8	8,946	482	5.4	6,346	260	4.1
Customer accounts:	1								
other time deposits - wholesate:									1
in offices in the United Kingdom	52,147	2,482	4.8	45,930	1,794	39	41,745	1,191	2.9
 in offices outside the United Kingdom 	24,298	1,661	6.8	23,442	1,191	5.1	12,545	590	4.7
Debt securities in issue:	1				,				
 in offices in the United Kingdom 	41,552	2,053	4.9	47,216	1,850	3.9	46,583	1,631	3.5
 in offices outside the United Kingdom 	94,271	5,055	5.4	74,125	3,686	5.0	52,696	1,695	3.2
Dated and undated loan capital and other subordinated									
liabilities principally:	1								
 in offices in the United Kingdom 	12,972	763	5.9	13,686	777	5.7	11,286	605	5.4
Repurchase agreements and cash collateral on securities									-
tent:	1								
 in offices in the United Kingdom 	169,272	7,616	4.5	141,862	5,080	3.6	130,767	3,634	2.8
 in offices outside the United Kingdom 	118,050	5,051	4.3	86,693	4,311	5.0	80,391	2,379	3.0
Trading portfolio liabilities:		•			,		• • • •		
 in offices in the United Kingdom 	47,971	2,277	4.7	49,892	2,014	4.0	44.349	1,737	3.9
 In offices outside the United Kingdom 	29.838	1,435	4.8	39,064	1,352	3.5	36,538	1,198	3.3
								·····	
1 otal average interest bearing liabilities	827,593	37,892	4.6	748,001	30,385	4.1	657,162	20,965	3.2
Interest free customer deposits:	1								
 in offices in the United Kingdom 	34,109			27,549			25,095		
- In offices outside the United Kingdom	3,092			2,228			2,053		
Other non-Interest bearing liabilities	421,473			297,816			287,531		
Minority and other interests and shareholders' equity	29,827			25,867			21,807		
Total average liabilities, shareholders' equity and interest									
expense	1,316,194	37,892	2.9	1,101,481	30,335	2.8	973,648	20.965	2.2
Percentage of lotal average interest bearing non-capital									
liabilities in offices outside the United Kingdom	39.4%			36.1%			33.3%		
	<u></u>								

Note

a Average balances are based upon daily averages for most UK banking operations and monthly averages elsewhere.

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Financial review Average balance sheet

Changes in net interest income – volume and rate analysis The following tables allocate changes in net interest income between changes in volume and changes in interest rates for the last two years. Volume and rate variances have been calculated on the movement in the average balances and the change in the interest rates on average interest earning assels and average interest bearing liabilities. Where variances have arisen from changes in both volumes and interest rates, these have been allocated proportionately between the two

)6 Change e/(decreasi)5 Change e/(cecreas			04 ^a Chang se/(decrea	
	Total			Total			Total		
	change £m	Volume Em	Rate £៣	chànga £m	Volume £m	Rate £m	change Em	Volume Em	Rate £m
Interest receivable								2	2.00
Treasury bills and other eligible bills:									
- in offices in the UK	i n/a	n/a	п/а	n/a	n/a	n/a	(68)	(68)	n/a
- In offices outside the UK	n/a	n/a	nla	n/a	n/a	п/а	(63)	(63)	n/a
	<u> f</u> п/а	n/a	n/a	n/a	n/a	n/a	(131)	(131)	n/a
Loans and advances to banks:	ŧ.								
- in offices in the UK	427	402	25	193	121	72	(237)	(115)	(122)
- in offices outside the UK	291	(1)	292	85	46	39	132	45	87
	1 718	401	317	278	167	111	(105)	(70)	(35)
Loans and advances to customers:	*								
- in offices in the UK	1,780	1,337	443	1.018	726	292	1,419	1,681	(262)
- in offices outside the UK	1,802	728	1,074	1,956	1,695	261	1,705	787	918
	1 3,582	2,065	1,517	2,974	2,421	553	3,124	2,468	658
Léase receivables:									
- in offices in the UK	(17)	(26)	9	(48)	(70)	22	128	78	50
- in offices outside the UK	96	(30)	125	478	413	65	95	91	5
	2 79	(55)	135	430	343	87	224	169	55
Debt securities:									
- in offices in the UK	1 -6							(0.400)	
- in offices outside the UK	n/a n/a	n/a n/ a	n/a n/a	n/a n/a	n/a n/a	n/a n/a	(2,129) (338)	(2,129) (338)	n√a ⊳/a
	1 n/a		n/a	n/a	n/a	п/а	(2,467)	(2,467)	n/a n/a
-inancial invesiments:	1							1-41-6-7	
- in offices in the UK	100	400		101	(05)	000	4 755	4	
- in offices outside the UK	(103 (378)	(165) 32	268 (410)	181 353	(85) 202	266 161	1,755 467	1,755 467	n/a n/a
	(275)	(133)	(142)	544	117	427	2,222	2,222	n/a
	1		(
External trading assets: - in offices in the UK and			_/.		- /-	- 1-	14.0743	(4.074)	- 1-
- outside the UK	n/a n/a	n/a n/a	nla nla	n/a n/a	ก/a ก/a	n/a n/a	(4,971) (2,224)	(4,971) (2,224)	n/a n/a
	n/a	<u>п/а</u>	n/a			n/a	(7,195)	(7,195)	n/a n/a
							(-,)	(1,100)	
Reverse repurchase agreements and cash collateral on securities borrowed:									
- In offices in the UK	3,508	1,865	1,643	1,519	324	1,195	4,617	4,617	n/a
- in offices outside the UK	414	430	(16)	2,316	254	2,062	2,724	2,724	n/a
	3,922	2,295	1,627	3,835	578	3,257	7,341	7,341	n/a
Frading portfolio assets:									
- in offices in the UK	1,760	621	1,139	1,456	907	549	2,710	2,710	n/a
- in offices outside the UK	881	(172)		492	151	341	2,116	2,116	n/a
	2,641	449	2,192	1,948	1,058	690	4,826	4,826	n/a
		•••	,	, -					
Fotal interest receivable: - in offices in the UK	7 644	4 0.94	9 207	4 310	1 000	0 900	3 004	9 EEA	(0.0 Å)
- in offices outside the UK	7,561	4,034 987	3,527 2,119	4,319 5,690	1,923 2,761	2,396 2,929	3,224 4,615	3,558 3,605	(334) 1.010
	10.667	5.021	5.646	10.009	4,684	5,325	7,839	7,163	676
	1 10,007		3.040	10,003	7,004	0,040	1,000	7,103	- 570

Note

a 2004 figures do not reflect the applications of IAS 32 and IAS 39 and IFRS 4 which became effective from 1st January 2005.



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Changes in net interest income - volume and rate analysis

	increas	06 Change ie/(decreas		increas	2006/2005 Change due to increase/(decrease) in:		2005/2004 ^a Chang to increase/(decrea		
	Toʻal change £m	Volume £m	Rale Em	Total change Em	Volume £m	Rale £m	Total change £m	Volume £m	Rate Em
		£,11	210	الې	711	- 2,01		2.01	<u></u>
nterest payable Deposits by banks:									
- in offices in the UK	47	65	(19)	799	247	552	440	231	209
- in offices outside the UK	88	190	(102)	432	52	380	395	121	203
	135	256	(121)	1,231	299	932	835	352	483
Customer accounts - demand deposits:		200	(141)	1,203	100	0.042	040	306	400
- in offices in the UK	178	105	73	170	68	102	200	28	172
- in offices outside the UK	150	95	55	166	80	86	57	36	21
	323	200	128	336	148	108	257	<u>64</u>	193
Customer accounts - savings deposits:		200	160		170	100	2.07		100
- In offices in the UK	357	(81)	438	121	152	(31)	245	145	100
- in offices outside the UK	54	45		35	28	7	18	16	.00
	411	(36)	447	156	180	(24)	263	161	102
Customer accounts – other time deposits – retail:	·····	(00)	1776	100	100	(24)	200	101	104
- in offices in the UK	53	(204)	257	78	41	37	164	(23)	187
- in offices outside the UK	242	200	42	222	125	97	142	(20)	83
	295	(4)	299	300	166	134	306		270
Sustomer accounts - other time deposits - wholesale:	200		433		100	1524	300		770
- in offices in the UK	688	263	425	603	129	474	(653)	(479)	(174
- in offices outside the UK	470	45	425	601	550	51	248	(479)	264
	1,158	308	850	1.204	679	525	(405)	(495)	
Debt securities in issue:		300	000	1,204	0/9		(405)	(495)	ş.,
- in offices in the UK	203	(240)	443	219	22	197	398	507	(109
- in offices outside the UK	1,369	1,063	306	1,991	850	1,141	1,359	323	1,036
	1.572	823	749	2,210	872	1.338	1,757	830	927
Dated and undated loan capital and other subordinated liabilities	1,014	020	148	6,210	0/2	1,000	1,757		327
principally in offices in the UK	(14)	(41)	27	172	135	37	(87)	(78)	(9
external trading liabilities:	(17)	(41)	£.1	112	195	Q1	(01)	(70)	19
- in offices in the UK	r/a	n/a	n/a	n/a	n/a	n/a	(5.611)	(5,611)	ฟล
- outside lhe UK	n/a	n/a	n/a	n/a	n/a	n/a	(1,805)	(1,805)	
	1 n/a	n/a	n/a		n/a		(7,416)	(7,416)	n/a
Repurchase agreements and cash collateral on securities lent:		104	169	,va	ira	140	17,410)	(7.410)	102
- in offices in the UK	2,536	1,090	1,446	1,446	329	1,117	3,634	3,634	∩∕a
- in offices outside the UK	740	1,402	(662)	1,932	200	1.732	2,379	2,379	n/a
	3,276	2,492	784	3,378	529	2,849	6,013	6,013	n/a
Trading portfolio liabilities:	1 1	6,426	704	5,015	060	2,043	0,010	0,010	180
- in offices in the UK	263	(80)	343	277	222	55	1,737	1,737	n∕a
- in offices outside the UK	83	(366)	449	156	85	71	1,196	1,196	n/a
	1 346	(446)	792	433	307	126	2,933	2,933	n/a
nternal funding of trading businesses			/ <u>94</u>		0//		2,955	2,933	n/a
ctal interest payable:	1 198	1043	Tud	10.41	iva	19/4	2,04D	2,040	11/3
- in offices in the UK	4,311	878	3,433	3.885	1,345	2,540	2,512	2,136	376
- in offices outside the UK	3,196	2.674	522	5,535	1,970	3,565	3,989	2,309	1.680
	7,507	3,552	3,955	9,420	3,315	6.105	6,501	4,445	2.056
lovement in net interest income		0,002	0,300	3,420	0,010	0.103	0,001	4,440	2,0⊒0
norease/(decrease) in interest receivable	10,667	5,021	5,646	10,009	4,684	5,325	7,839	7,163	676
Increase/decrease in interest payable	(7,507)	(3,552)	(3,955)	{9,420}	(3,315)		(6,501)	(4,445)	
mental and a state of the second state of the	3,160	1,469	1,691	<u>(9,470)</u> 589	1,369	(780)	1,338	2,718	(1,380
	1 3,100	1,409	1,031	690			1,338	2,718	(1,380

Note a 2004 figures do not reflect the applications of IAS 32 and IAS 39 and IFRS 4 which became effective from 1st January 2005.

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Risk management Introduction

This risk section outlines Barclays approach to risk management, explaining our objectives as well as the high level policies, processes, measurement techniques and controls that are used. This also presents our summary information and disclosure on our portfolios and positions. Consequent to the adoption of IFRS 7, some of our risk disc osure is moved from this section to the financial statements section of this report, as described in our list of tables on page 77.

2007 Developments

Wholesale credit risk

The results of severe disruption in the US sub-prime mortgage market were felt across many wholesale credit markets in the second half of 2007, and were reflected in wider credit spreads, higher volatility, tight liquidity in interbank and commercial paper markets, more constrained debt issuance and lower investor risk appetite. Although impairment and other credit provisions in Barclays Capital rose as a consequer ce of these difficult subprime market conditions, our risks in these portfolios were identified in the first half and management actions were taken to reduce limits and positions. Further reductions and increased hedging through the rest of the year continued to bring net positions down and limited the linancial effect of line significant decline in market conditions. Our ABS CDO Super Senior positions were reduced during the year and our remaining exposure reflocted neiting against writedcwns, hedges, and subordination. At the end of the year, market products, and reflected stress at some counterparties such as the mono ine insurers.

The international markets for Loveraged Finance were also disrupted in 2007. The level of underwritten positions was steady during the second half, with some small turnover in the portfolio. The vast majority of positions held were senior tranches. Liquidity concilions at year end remained constrained.

The Group's wholesale credit risk profile in 2007 benefited from the diversitication available from the UK and international portfolios, which grew by 14% and 41% respectively. The corporate credit risk profile remained aready with corporate credit ratings and watch list balances broad y stable.

At Barclays Commercial Bank there was good growth in loans and advances. The risk profile of the Larger Business portfolio remained stable as early warning list balances, default rates and loan loss rates were steady. There was no increase to exposure levels to leveraged finance during 2007 and limits were reduced.

Wholesale credit portfolio performance was steady in South Africa, particularly for Absa's most significant wholesale portfolios – agriculture, property and sovereign lending – which were relatively unaffected during 2007 by interest rate rises compared with consumer-facing sectors and retail portfolios. Relatively good performance in these sectors in 2007 was reflected in a reduction in Absa's wholesale impairment charge. After many years of positive economic conditions in South Africa, the wholesale portfolios will be under more stress in current market conditions.

Loan loss rates across the Western Europe and Emerging Markets wholesale businesses were stable in 2007. The Group continued to invest in risk management infrastructure to support these businesses' growth initiatives in Dubai, India, Egypt and Italy.

Going Into 2008, the credit environment reflects concern about weakening economic conditions in our major markets. Credit spreads and other indicators signal that the credit cycle has changed after a long period of stability. We expect some deterioration in credit metrics as default probabilities move toward their medium-term averages. This environment has led to a more cautious approach to credit assessment, pricing and ongoing control in the tinancial industry, which we believe will continue through the year.

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Retail credit risk

A continued improvement in credit quality in the UK unsecured portfolios was a principal feature of the Group's retail credit risk profile during 2007. Barclaycard continued the underwriting revisions begun in 2005 in UK credit cards, and soccessfully reduced impairment in the main Barclays branded cards portfolio. Flows into delinquency and arrears balances tell, as did general charge-offs, which were helped by a fall in charge-offs due to bankruptcy. New customer quality increased again in 2007, reflected in a sustained improvement in average approval scores and a fall in early cycle delinquency rates.

The UK unsecured loans portfolio, which is now managed within UK Retail Barking, saw reduced early and late cycle delinquency resulting from revised underwriting criteria. Improved collections processes helped to reduce impairment in Local Business, while in UK Home Finance, delinquency and possession rates remained at the lows recorded since 2004, and impairment charges were negligible. Barclays delinquency and possession rates remain below industry averages, reflecting the high credit quality of the portfolio.

Lending criteria in Absa's retail portfolios were lightened in response to a more difficult credit environment, signalised by a rise in arrears rates. The change in conditions was primarily driven by a prolonged series of interest rate rises and the implementation of new consumer lending legislation in June 2007.

We increased our investment in credit risk infrastructure in India and Italy to support the launch or expansion of retail banking operations in those countries during 2007. Barclays has also established a credit risk modelling centre in Madrid to support our strategic growth objectives in the Western Europe business.

The US card business continued to grow, and the underwriting and account management criteria were adjusted as the US retail environment weakened during the year.

Looking ahead this year, we expect the retail credit environment to be more challenging in Absa and to some degree in the US portfolio. The JK portfolios' performance, which has improved in the past two years, will be subject to the evolving economic climate anticipated in 2008.

Risk tendency

Risk tendency at 2007 year-end reflected an increase in portfolio size as well as some weakening in credit grades, evidenced by wider spreads in wholesale credit and potentially more difficult concilions in some of the international retail portfolios in 2008.

Country risk

The portfolio is reasonably well diversified, assisted by increases in business levels in a range of European, African and Asian countries.

Markel risk

Dislocation in the credit markets had an impact on all major interest rate, equity and foreign exchange markets, which also experienced higher volatility, particularly in the second half. Barclays Capital's market risk exposure, as measured by average total Daily Value at Risk (DVaR), increased 1334 to an average of £42m in 2007. Over the same period, average daily market risk revenue, increased 19% to £26m, satisfying our objective that trading revenues should grow at or above the rate of increase in risk levels. The average DVaR on interest rate and credit spread exposures was broadly unchanged, with increasing volatility in credit spreads offset by reduced positions held in the credit markets.



Barclays PLC Annual Report 2007 This reduction in exposure resulted in a lower level of credit stress loss, which is another important market risk control for Barclays Capital. Average commodity DVaR and equity DVaR increased as hose businesses grew. Diversilication across risk types remaining significant, reflecting the broad product mix. Higher market volatilities in the fourth quarter led to an increase in DVaR at year end, and will contribute to higher average DVaRs in 2008.

Liquidity risk

Bank funding markets and general liquidity in credit markets came uncer pressure in 2007. In the second half, some money market participants faced difficulties in obtaining funding beyond one week, and term LIBOR premiums rose despite the helpful provision of liquidity by central banks. The cost of longer-term bank funding and capital also increased, and funding channels such as securitisation and covered bond issuance became significantly constrained. Despite these developments, the Group's liquidity position remained strong due to its deep retail funding base, its diversity of institutional funding sources across tenors, counterparties and geographies and its limited reliance on securitisation as a funding source.

Operational risk

In 2007, Barclays embedded the advanced measurement approach (AMA) to operational risk across the Group, having received AMA approval from the FSA and the SARB. Barclays now allocates operational risk economic capital by business, providing operational insight and greater tangible incentives to the Group's businesses to further improve the management of their operational risk profiles. As a percentage of revenues, operational risk events fell in 2007.

Financíal crime

The Group introduced two-factor authentication for online transactions through its PINsentry device and continued to offer at UK personal customers anti-phishing software to compatiinternet fraud. Combined with improvements in transaction profiling, these changes enabled us to reduce net reported fraud losses. The threat from financial crime constantly evolves, however, and Barclays will confirme to build the capacity to respond rapidly to emerging issues as well as to invest in strategic improvements in transaction channel security.

Basel II and capital management

New capital adequacy rules came into force in the UK from 1st January 2008, following the implementation of the Basel II benking accord. Baclays regulatory capital requirement will now more closely reflect the risk profile as measured by its own risk measurement systems (an approach termed the Advanced Internal Ratings Based approach or AIRB).

Permission from the FSA to apply the AIRB approach to capital calculations was the culmination of a lengthy and detailed programme of work across all business areas and covering all risk types. As part of the application process, Barolays assessed over 200 models to ensure that they were consistent with regulators' standards and that they met the 'use' test, which assesses a model's fitness as an input to capital calculations by the extent to which management make use of its output in business decisions.

Our focus over the coming years will be to further enhance risk models, processes and systems infrastructure, in line with our ambition to remain at the leading edge of risk management. With the most significant portfolios already consistent with the AIRB approach, the focus of our Basel II work will now be to progress the roll-out of the advanced approach for the remaining minority of our partfolios. In line with the schedule agreed with regulators, we will complete this process by 2011.

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Risk management Credit risk management

Hisk tendency

In 2007, Risk Tencency increased 4%-(£95m) to £2,355m (2006: £2,260m), significantly less than the(233) growth in the Group's loans and advances balances. This relatively small rise in Risk Tendency reflected, in particular, the improving risk profile of the UK unsecured loan book. Other factors influencing Risk Tendency included: methodology changes in Barolaycard, UK Retail Banking and International Retail and Commercial Banking – Absa; the safe of the Monument portfolio; and a maturing credit risk profile in the International card portfolios.

UK Retail Banking Risk Tendency decreased £30m to £470m (2006: £500m). This reflected an improvement in the credit risk profile in the UK unsecured consumer lending portfolios, partially offset by the impact of methodology changes and asset growth.

Risk Tendency in Barclays Commercial Bank increased £15m to £305m (2006: £290m). This reflected some growth in toan balances offset by improvements in the credit risk profile.

Batclaycard Risk Tendency cecreased £190m to £945m (2006: £1,135m). This reflected improvement in the credit lisk prolite of UK cards, the sate of part of the Monument portfolio and methodology changes in UK cards, partially offset by asset growth in the international portfolios.

Risk Tendency at International Retail and Commercial Banking – excluding Absa increased £145m to £220m (2006: £75m), reflecting an increase to the risk profile and balance sheet growth in Emerging Markets and Western Europe.

In International Retail and Commercial Banking – Absa, the increase of £110m in Risk Tendency to £255m (2006: £145m) included a change to the methodology following the introduct on of Basel compliant, PD, EAD and LGD models. Excluding this change, Risk Tendency increased £30m, reflecting a weakening of retail credit conditions in South Africa after a series of interest rate rises in 2006 and 2007 and balance sheet growth.

Risk Tendency in Barclays Capital increased £45m to £140m (2006: £95m) primarily due to drawn leveraged loan positions. The drawn liquidity facilities on ABS CDO Super Senior positions are classified as credit risk loans and therefore no Risk Tendency is calculated on them.

Since Risk Tendency and impairment allowances are calculated for different parts of the portfolio, for different purposes and on different bases, Risk Tendency does not predict loan impairment.

Credit risk mitigation

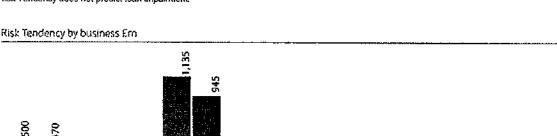
The Group uses a wide variety of techniques to reduce credit risk on its lending. The most basic of these is performing an assessment of the ability of a borrower to service the proposed level of borrowing without distress. In addition, the Group commonly obtains security for the funds advanced, such as in the case of a retail or commercial mortgage, a reverse repurchase agreement, or a commercial loan with a floating charge over book debts and inventories. The Group ensures that the collateral held is sufficiently liquid, legally effective, enforceable and regularly valued. Various forms of collateral are held and commonly include cash in major currencies; fixed income products including government bonds; Letters of Credit; property, including residential and commercial; and other fixed assets. For further discussion concerning oredit risk mitigation, see credit risk Note 47.

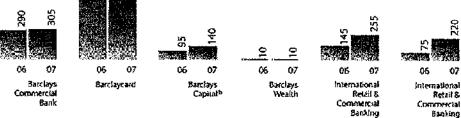
The Group actively manages its credit exposures and when weaknesses in exposures are detected – either in individual exposures or in groups of exposures – action is taken to miligate the risks. These include sleps to reduce the amounts outstanding (in discussion with the customers, clients or counterparties if appropriate), the use of credit derivatives and, sometimes, the sale of the loan assets. (Credit derivatives may also be traded for profit; details of these activities may be found on page 105 and Note 14 to the accounts).

The Group also uses various forms of specialised legal agreements to reduce risk, including netting agreements which permit it to offset positive and negative balances with customers in certain droumstances to minimise the exposure at default, financial guarantees, and the use of overaants in commercial lending agreements.

Barclays manages the diversification of its portfolio to avoid unwanted credit risk concentrations. A concentration of credit risk exists when a number of counterparties are engaged in similar activities and have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

Credit risk mitigation to address concentrations takes several dimensions. Maximum exposure guidelines are in place relating to the exposures to any individual counterparty. These permit higher exposures to highly rated borrowers than to lower rated borrowers. They also distinguist between types of counterparty, for example, between sovereign governments, banks and corporations. Excesses are considered individually at the time of oredit sonotioning, are reviewed regularly, and are reported to the Risk Oversight Committee and the Board Risk Committee.





Notes

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UK Retail

Sanking

a Head office functions and other operations comprises discontinued businesses in transition.

b Excludes ABS CDO Super Senior positions as these are classified as credit risk loans and therefore no Risk Tendency is calculated on them.

ex Absa

~ Absa

Barclays PLC

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06

Head office

functions

and other

operations*

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Risk management Credit risk management

Monitoring of loans and advances

As the granting of credit is one of the Group's major sources of income and its most significant risk, the Group dedicates considerable resources to gaining a clear and accurate understanding of credit risk across the business and ensuring that its balance sheet correctly reflects the value of the assets in accordance with accounting principles. This process can be broken down into the following stages;

- Measuring exposures and concentrations
- Monitoring weakness in exposures
- Identifying potential problem loans and credit risk loans (collectively known as potential credit risk loans or PCRLs)
- Raising allowances for impaired loans
- Writing off assets when the whole or part of a debt is considered irrecoverable
- Fig. 1: Loans and advances

	2007	2008
	£m	<u>£</u> m
Retail businesses	_	
Banks	/ _	'
Customers	164,062	39,350
Total retail businesses	164,052	139,350
Wholesale businesses	1	
Banks	40,123	30,930
Customers	185,105	46,281
Total wholesale businesses	225,228	177,211
Loans and advances	389,290	316,561

Measuring exposures and concentrations

Loans and advances to customers provide the principal source of orecit risk to the Group although Barclays can also be exposed to other forms of credit risk through loans to banks, loan commitments, contingent itabilities and debt securities; see page 60). The value of outstanding toans and advances balances, their risk profile, and potential concentrations within them can therefore have a considerable influence on the level of credit risk in the Group.

As at 31st December 2007, outstanding cans and advances to customers and banks were valued at £35950 (2006; £317bn), of which £34900 (2006; £286bn) was granted to personial or corporate customers (see figure 1). Loans and advances were well distributed across the retail and wholesate portfolios.

Loans and advances were well spread across industry classifications (figure 2). Excluding Financial Services, Barclays largest sectoral exposures are to horr e loans, other personal and business and other services. These categories are generally comprised of small loans, have low volatility of credit risk outcomes, and are intrinsically highly diversified.

Balances are also diversified across a number of geographical regions (figure 3, based on location of customers). The majority of Bandays exposure is to the UK, which includes secured home loans exposure, followed by the United States, Africa and the rest of the European Union.

Fig. 2: Loans and advances to customers by industry %

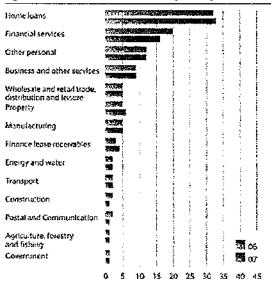
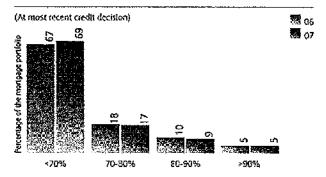


Fig. 4: Analysis of loans-to-value ratios of mortgages in the UK home can portfolio at 31st Becember 2007 %





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Barclays risk is therefore spread across a large number of industries and customers and in the case of home loans, for example, well secured. These classifications have been prepared at the level of the borrowing entity. This means that a loan to the subsidiary of a major corporation is classified by the industry in which the subsidiary operates, even through the parent's predominant sphere of activity may be in a different industry.

UK exposure to home toans accounts for just over 60 per cent of the Group's total home loans exposure. The loan-to-value ratios (LTV) on the Group's UK home loan portfolio are shown in figure 4. The valuations in the chart are those which applied at the last predit decision on each toan, i.e. when the customer last requested an increase in the limit or, if there has been no increase, at inception of the loan. Business llows (new business versus loans redeemed) have not materially changed the risk profile of the portfolio.

The impact of house price inflation will result in a reduction in LTV ratios within the mortgage book on a current valuation basis. On this basis, _TV on the residential mortgage book averaged 23% at the end of 2007 (2000: 34%). This ratio is a point-in-time analysis of the stock with LTV updated to current house prices by reference to an external price index and as a result may be influenced by external market conditions as well as changes in the stock of toans.

Barclays also actively monitors the risk profile of its loans and advances to customers, with a view to the early detection of any concentrations in higher risk segments. Figure 5 depicts Barclays wholesale loan profile by existing risk grade (see page 82 for a description of the rating system). The majority of Barclays exposure is to the higher quality names with just under 70% of exposure to customers with a DG of 10 or better. It is important to note that Barclays prices loans to risk. Thus, higher risk toans will usually have higher interest rates or fees or both. The profitability of a higher risk portfolio may, therefore, equal or exceed that of a lower-risk pcrtfolio.

Barclays also actively monitors exposure and concentrations to subinvestment grade countries (see country risk policy, page 81). Details of the 15 largest sub-investment grade countries, by limit, are shown in ligure 6.

Contractual maturity represents a further area of potential concentration. The analysis shown in figure 7 indicates that just over 40% of loans to customers have a maturity of more than five years; the majority of this segment comprises secured home loans.

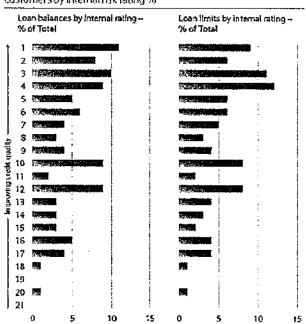


Fig. Schoans and advances, balances and timits to wholesale customers by internativisk rating %

Fig. 7: Maturity analysis of loans and advances to customers %

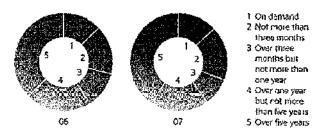
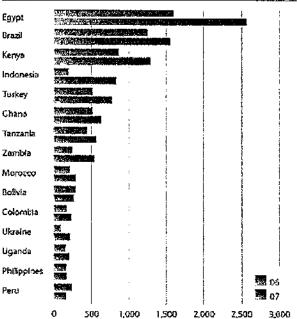


Fig. & Credit exposure to sub-investment grade countries Era



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Risk management Credit risk management

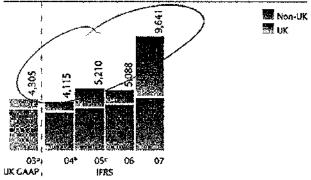
Monitoring weaknesses in exposures

Barclays actively manages its credit exposures. Corporate accounts that are deemed to contain heightened levels of risk are recorded on graded early warning or watch lists comprising three categories of increasing concern. These are updated monthly and circulated to the relevant risk control points. Once listing has taken place, exposure is very carefully monitored and, where appropriate, exposure reductions are effected. Should an account become impaired, it will normally, but not necessarily, have passed through all three categories, which reflect the need for everincreasing caution and control.

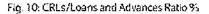
Where an obligor's financial health gives grounds for concern, it is immediately placed into the appropriate category. All obligors, regardless of financial health, are subject to a full review of all facilities on, at least, an annual basis. More frequent interim reviews may be undertaken should circumstances dictate.

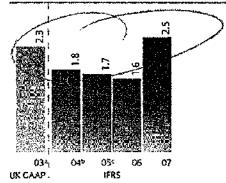
Within Local Business, accounts that are deemed to have a heightened level of risk, or that exhibit some unsatisfactory features which could affect viability in the short/medium term, are transferred to a separate 'Caution' stream. Accounts on the Caution stream are reviewed on at least a quarterly basis at which time consideration is given to continuing with the agreed strategy, returning the customer to a lower risk refer stream, or instigating recovery/exit action.

Fig. 8: CRLs balances by geography Em.









Notes

a In 2003, credit risk loans and potential problem loans were disclosed based on the location of the booking office. In 2004-2007 they were disclosed by location of customers. Within the personal portfolios, which tend to comprise homogeneous assets, statistical techniques more readily allow potential weaknesses to be monitored on a portfolio basis. This applies in parts of UK Retail Banking, Barclays Wealth, international Retail and Commercial Banking and Barclaycard. The approach is consistent with the Group's policy of raising a collective impairment allowance as soon as objective evidence of impairment is identified.

Potential credit risk loans

If the credit quality of a loan on an early warning or watch list deteriorates to the highest category, consideration is given to including it within the Potential Problem Loan (PPL) list. PPLs are toans where payment of principal and interest is up to date but where serious doubt exists as to the ability of the borrowers to continue to comply with repayment terms in the near future.

Should further evidence of deterioration be observed, a loan may move to the Credit Risk Loan (CRL) category. Events that would trigger the transfer of a loan from the PPL to the CRL category could include a missed payment or a breach of covenant. CRLs comprise three classes of loans:

 - 'Impaired loans' comprise loans where individual impairment allowance has been raised and also include loans which are fully collateralised or where indebtedness has already been written down to the expected realisable value. The impaired loan category may include loans, which, while impaired, are still performing.

Fig. 9: PPLs balances by geography Em

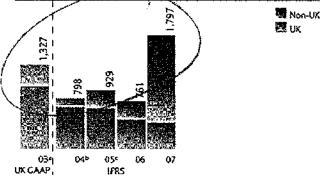
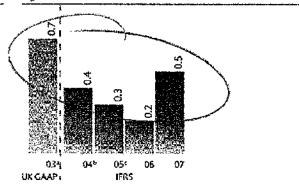


Fig. 11: PPLs/Loans and Advances Ratio %



c From 1st January 2005, the application of IAS 39 required interest to be recognised on the remaining balance of an impaired financial asset (or group of financial assets) at the effective interest rate for that asset. As a result, interest is credited to the income statement in relation to impaired

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The category 'accruing past due 90 days or more' comprises loans that are 90 days or more past due as to principal or interest where there is no expectation of ultimate write-off (whether in part or full) of the principal owed. Impairment allowance will be raised against these loans if the expected cash flows discounted at the effective interest rate is less than the carrying value.

The category 'impaired and restructured loans' comprises loans not included above where, for economic or legal reasons related to the debtor's financial difficulties, a concession has been granted to the debtor that it would not otherwise be considered. Where the concession results in the expected cash flows discounted at the effective interest rate being less than the loan's carrying value, an impairment allowance will be raised.

The term Credit Risk Loans has replaced the term Non-Performing Loans (NPLs) as the collective term for the total of these three classes since it recognises the fact that the impaired loan category may include toans, which, while impaired, are still performing. This category includes drawn ABS CDO Super Senior positions.

Potential Credit Risk Loans (PCRLs) comprise potential problem loans (PPLs) and credit risk loans (CRLs). Figures 8 and 9 show CRL and PPL balances by geography. The amounts are shown before deduction of value of security heid, impairment allowances (from 2006 onwards) and provisions or interest suspense (2004

Fig. 12: Impairment/provisions coverage of CRLs % (including drawn A85 CDO Super Senior positions)

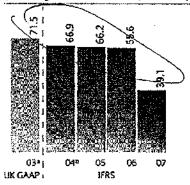
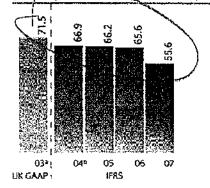


Fig. 14: thepairment/provisions coverage of CRLs % (excluding drawn ABS COQ Super Senior positions)

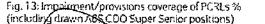


Notes

a In 2003, credit risk loans and potential problem loans were disclosed based on the location of the booking office. In 2004-2007 they were disclosed by location of customers. and earlier), all of which might reduce the impact of an eventual loss, should it occur. The significant increase to non-UK CRL and PPL balances is principally due to the inclusion of US-located ABS CDO Super Senior positions and other credit market exposures.

Figures 12 and 13 show impairment allowances as a percentage of CRLs and PCRLs. Including the drawn ABS CDO Super Senior positions, allowance coverage of CRLs and PCRLs decreased to (9.1% (31st) December 2006; (5.6%) and (33.0%) (31st December 2007; as a last December 2007; as a l

Figures 14 and 15 show allowance coverage of CRLs and PCRLs excluding the drawn ABS CDO Super Senior positions decreased a 55.6% (31st December 2006(55.6%) and 99.0%)(31st December 2006(57.0%), respectively. The decrease in these fattos reflected a change in the mix of CRLs and PCRLs. Unsecured retail exposures, where the recovery outlook is low, decreased as a proportion of the total as the collections and underwriting processes were improved. Secured retail and wholesale and corporate exposures, where the recovery outlook is relatively high, increased as a proportion of PCRLs.



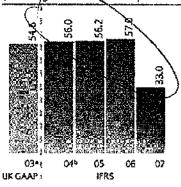
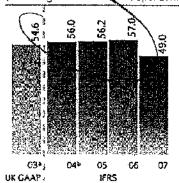


Fig. 15: Impairment/provisions coverage of PCRLs % (excluding drawn ABSCDO Super Senior positions)



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Risk management Credit risk management

Allowances for impairment and other credit provisions

Barclays establishes, through charges against profit, impairment allowances and other credil provisions for the incurred loss inherent in the lending book.

Under IFRS, impairment allowances are recognised where there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition, and where these events have had an impact on the estimated future cash flows of the financial asset or portfolio of financial assets. Impairment of loans and receivables is measured as the difference between the carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If the carrying amount is less than the discounted cash flows, then no further allowance is necessary.

Impairment is measured individually for assets that are individually significant, and collectively where a port clip comprises homogenous assets and where appropriate statistical techniques are available.

In terms of individual assessment, the trigger point for impairment is formal classification of an account as exhibiting serious 'inancial problems and where any further deterioration is likely to lead to failure. Two key inputs to the cash flow calculation are the valuation of all security and collatera and the liming of all asset realisations, after allowing for all attendant costs. This method applies in the corporate portfolios – Barclays Commercial Bank, Barclays Capital and certain areas within International Relail and Commercial Banking and Barclaycard.

For collective assessment, the trigger point for impairment is the missing of a contractual payment. The impairment calculation is based on a roll-rate approach, where the percentage of assets that move from the initial de inquency to default are derived from statistical probabilities based on experience. Recovery amounts and contractual interest rates are calculated using a weighted average for the relevant portfolio. This method applies to parts of international Retail and Commercial Banking, Barclaycard and UK Banking and is consistent with Barclays policy of raising an allowance as soon as impairment is identified.

Unidentified impairment allowances, albeit significantly lower in amount than those reported above, are also raised to cover losses which are judged to be incurred but not yet specifically identified in customer exposures at the balance sheet date, and which, therefore, have not been specifically reported.

The incurred but not yet reported calculation is based on the asset's probability of moving from the performing portfolio to being specifically identified as impaired within the given emergence period and then on to

Fig. 16: Impairment charges for bad and doubtful debts

	2007	2006	2005
	£m	£m	£m
UK Banking	849	- 887	671
Barclaycard	839	1,067	753
International Retail and	E E		
Commercial Banking	252	167	33
Barclays Capital	846	42	i11
Barclays Global Investors	1 -	-	-
Barclays Wealth	7	2	4
Head office functions and other operations	3	(11)	1
Total impairment charges	2,795	2,154	1,571
	_		

Notes

a Does not reflect the application of IAS 32, IAS 39 and IFRS 4 which became effective from 1st January 2005.



Barclays PLC Annual Report 2007 default within a specified period. This is calculated on the present value of estimated luture cash flows discounted at the financial asset's original effective interest rate.

The emergence periods vary across businesses and are based on actual experience and are reviewed on an annual basis. This methodology ensures that the Group only captures the loss incurred at the balance sheet date.

These impairment allowances are reviewed and adjusted at least quarterly by an appropriate charge or release of the stock of impairment allowances based on statistical analysis and management judgement.

Where appropriate, the accuracy of this analysis is periodically assessed against actual losses.

As one of the controls of ensuring that acceptate impairment allowances are held, movements in impairment allowances to individual names above £10m are presented to the Group Credit Committee for agreement.

The Group Credit Risk Impairment Committee (GCRiC), on a semi-annual basis, obtains assurance on behalf of the Group that all businesses are recognising impairment in their portfolios accurately and promptly in their recommendations and in accordance with policy, accounting standards and established governance.

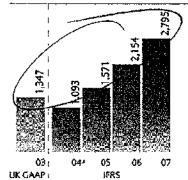
GCRIC exercises the authority of the Barclays Risk Director, as delegated by the Chief Executive, and is chaired by Barclays Credit Risk Director,

GCRIC reviews the movements to impairment in the businesses, including those already agreed at Group Credit Committee, Potential Credit Risk Loans and Risk Tendency.

These committees are supported by a number of Group Policies including: Group Retail Impairment and Provisioning Policy; Group Wholesale Impairment and Provisioning Policy; and, Group Model Policy.

GCRIC makes twice-yearly recommendations to the Board Audit Committee on the adequacy of Group impairment allowances, impairment allowances are reviewed relative to the risk in the portfolio, business and economic trends, current policies and methodologies and our position against peer banks.

Fig. 17 Impairment/provisions charges over five years £



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GCRIC has delegated the detailed review of loan impairment in the businesses to the Retail and Wholesale Credit Risk Management Committees.

In 2007, total impairment charges on loans and advances and other credit provisions increased 30% (£641 m) tot (2,795m) (2005; (£2,154n)) reflecting charges of (£782m against ASS CDO Super Senior and other credit market positions.

Impairment charges on loans and advances and other create provisions as a percentage of Group total loans and advances rose to 0.71% (2006; 0.65%) total loans and advances grew by 23% to £389,290m (2006; (2516,661m).

Betail impairment charges on loans and advances fell (17) (£204m) to (1,605m) 2006; £1,809m). Retail impairment charges as a percentage of period end total loans and advances reduced (5,0,98%) (2006; £139,303m) Betail loans and advances rose by (18% to (£164,002m) (2006; £139,303m) Betailaycard impairment charges improved £228m (21%) of £38m (2006;

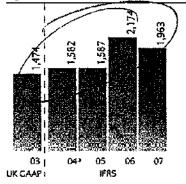
Berolaycard impairment charges improved 122311 (21%) of 183811 (2006: 11,067m) reflecting reduce flows into delinquency, lower levels of arrears and lower charge offs in UK Cards. We made changes to our impairment methodologies to standardise our approach and in anticipation of Basel II. The net positive impact of these changes in methodology was offset by the inorease in impairment charges in Barclaycard International and secured consumer lending.

Impairment charges in UK Retail Bank decreased by £76m(12%),o (£559m) (2006) £635m), reflecting lower charges in unsecured Consumer Landing and Local Business driven by improved collection processes, reduced flows into delinquency, lower trends of arrears and stable chargeoffs. In UK Home Finance, asset quality remained strong and mongage charges remained negligible. Montgage delinquencies as a percentage of outstandings remained stable and amounts charged off were low.

Impairment charges in International Retail and Commercial Banking – excluding Absa rose by C38m(93%) bit £79m(2006(£41m) reflecting very strong balance sheet grown in 2006 and 2007 and the impact of lower releases in 2007.

Arrears in some of International Retail and Commercial Banking – Absa's key retail portfolios deteriorated in 2007, driven by interest rate increases in 2006 and 2007 resulting in pressure on collections.

Fig. 18: Total write-offs of impaired financial assets Em



Note

a Does not reflect the application of IAS 32, IAS 39 and IFRS 4 which became effective from 1st January 2005. Wholesale and corporate impairment charges on loans and advances increased 1436h 16 £70 m (2006) £265m). Wholesale and corporate impairment charges as a percentage of period-end total loans and advances increased 10.0.31% (2008 0.15%); total loans and advances grew b) 27% (d £225 228m) (2006 (£177,211m).

Barclays Capital imperment charges and other credit provisions of £846m included a charge of £782m enginst ABS CDO Super Senior and other credit market exposure and £58m relating to drawn leveraged finance positions.

The impairment charge in Barclays Commercial Bank increased by £38m (15%) (1290)) (2008) (2220)) primarily Jue to higher gross impairment charges in Larger Business, partially offset by a lower charge in Medium Business due to a tightening of the lending criteria.

Writing-off of assets

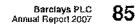
After an advance has been identified as impaired and is subject to an impairment allowance, the stage may be reached whereby it is concluded that there is no realistic prospect of further recovery. Write off will occur, when, and to the extent that, the whole or part of a debt is considered irrecoverable.

The timing and extent of write offs may involve some element of subjective judgement. Nevertheless, a write-off will often be prompted by a specific event, such as the inception of insolvency proceedings or other formal recovery action, which makes it possible to establish that some or the entire advance is beyond realistic prospect of recovery. In any event, the position of impaired loans is reviewed at least quarterly to ensure that irrecoverable advances are being written off in a prompt and orderly manner and in compliance with any tocal regulations.

Such assets are only written off once all the necessary procedures have been completed and the amount of the loss has been determined.

Subsequent recoveries of amounts previously written off are written back and bence decrease the amount of the reported loan impairment charge in the income statement.

LoteLwrite-offs of impaired financial assets decreased by \pounds 211m to \pounds 1,963m (2006, £2,174m).



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Risk management Market risk management

Analysis of traded market risk exposures

The analysis of traded marke: risk exposures is given in Note 46.

Analysis of trading revenue

The histograms show the distribution of daily trading revenue for Barclays Capital in 2007 and 2006. Revenue includes net trading income, net interest income and net fees and commissions relating to primary trading. The average daily revenue in 2007 was <u>\$252m</u>(2006;<u>2230m</u>) and there were 224 positive revenue days out of 253 (2006; 243 out of 252). The number of negative revenue days increased in 2007 largely as a result of volatile markets in the second half of the year. The number of large positive revenue days also increased but these were spread across the year.

Interest rate risk in the banking book

Interest rate risk arises from the provision of retail and wholesale (nonfraced) banking products and services, as well as structural exposures within Barclays balance sheet.

The management approach of Barclays with respect to interest rate risk is to transfer the risk from the businesses either into local treasuries or to Group Treasury using an internal transfer price or interest rate swap. The methodology used to transfer this risk depends on whether the product contains yield curve risk, basis risk or customer optionality. Limits exist to ensure no material risk is retained within any business or product area.

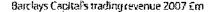
Once each business's risk has been transferred, the treasuries manage any residual yield curve and basis risks subject to modest risk limits and other controls. Market risk is also taken in overseas treasuries, within these limits, to support and facilitate customer activity.

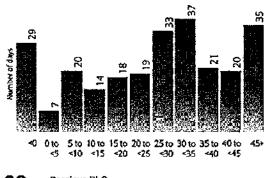
Risk measurement

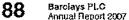
The techniques used to measure and control interest rate risk in the banking book include Annual Earnings at Risk, Daily Value at Risk and Stress Testing.

Annual Earnings at Risk (AEaR) measures the sensitivity of net interest income (NII) over the next 12 months. It is calculated as the difference between the estimated income using the current yield curve and the lowest estimated income following a 50 basis points increase or decrease in interest rates.

Outside Barclays Capital, Barclays esses a simplified approach to calculate DVaR. It is used as a complementary tool to AEaR, Both AEaR and DVaR are supplemented by stress testing and a range of non-DVaR limits.







Stress testing is carried out by the business centres and is reviewed by senior management and business-level asset and lability committees. The stress testing is tailored to the business and typically incorporates scenario analysis and historical stress movements applied to respective portfolios.

Analysis of interest rate risk in the banking book exposures

The analysis of interest rate risk in the banking book is given in Note 46.

Other market risks

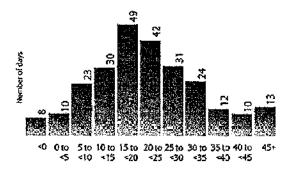
Barclays maintains a number of defined benefit pension schemes for past and current employees. The ability of the Pension Fund to meet the projected pension payments is maintained through investments and regular Bank contributions. Pension risk arises because: the estimated market value of the pension fund assets might decline; or their investment returns might reduce; or the estimated value of the pension liabilities might increase. In these circumstances, Barclays could be required or might choose to make extra contributions to the pension fund. Financial details of the pension fund are in Note 30.

Investment risk is the risk of financial volatility arising from changes in the market value of investments, principally occurring in Barclays insurance companies. These investments may comprise various liquid instruments, such as cash, bonds and listed equilies, to cover future insurance liability flows, and may therefore give rise to a mismatch between the revaluation of assets and liabilities. It is Barclays policy to hedge such exposures in line with a defined risk appetite.

Barclays policy is for foreign exchange trading risk to be concentrated and managed in Barclays Capital. Some transaction foreign exchange risk exposure arises within the local treasury operations in Global Relail and Commercial Banking to support and facilitate client activity. This is minimised in accordance with modest risk limits and was not material as at end 2007. Other non-Barclays Capital foreign exchange exposure is covered in Note 46.

Asset management structural market risk arises where the fee and commission income earned by asset management products and businesses is affected by a change in market levels, primarily through the link between income and the value of assets under management. Where support agreements exist, the Group is exposed to the performance of the underlying asset. This exposure arises mainly within Barclays Global investors, but also in Global Retail and Commercial Banking, and Barclays Wealth. It is Barclays policy that businesses monitor and report this risk against a defined risk appetite and regularly assess potential hedging strategies.

Barclays Capital's trading revenue 2006 Em



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Risk management Disclosures about certain trading activities

Disclosures about certain trading activities including non-exchange traded commodity contracts

The Group provides a fully integrated service to clients for base metals, precious metals, oil, power, natural gas, coal, freight, emission credits, structured products and other related commodities. This service offering continues to expand, as market conditions allow, through the addition of new products and markets.

The Group offers both over the counter (OTC) and exchange traded derivatives, including swaps, options, forwards and futures and enters into physically settled contracts in base metals, power and natural gas, with 2007 seeing the addition of oil and related products to this portfolio. Physical commodity positions are held at fair value and reported under the Trading Portfolio in Note 12.

Fair value measurement

The fair values of physical and derivative positions are primarily determined through a combination of recognisec market observable prices, exchange prices, and established inter-commodity relationships. Further information on fair value measurement of linancial instruments can be found in Note 49.

Credit risk

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Credit risk exposures are actively managed by the Group. Refer to Note 47 for more information on the Group's approach to credit risk management and the credit quality of derivative assets.



Barclays PLC Annual Report 2007

Fair value of the commodity derivative contracts

The tables below analyse the overall fair value of the commodity derivative contracts by movement over time and maturity. As at 31st December 2007 the fair value of the commodity derivative contracts reflects a gross positive fair value of £23,571m (2006; £17,601m) and a gross negative value of £22,759m (2006; £15,940m).

Page 1 of 1

Movement in fair value of commodity derivative positions

	2007 £m	2008 £m
Fair value of contracts outstancing at the beginning of the period	1,581	527
Contracts realised or otherwise settled during the period Fair value of new contracts entered into	(764)	379
during the period	243	808
Other changes in tair values Fair value of contracts outstanding	(228)	(153)
al the end of the period	812	1,561

Maturity analysis of commodity derivative fair value

	2007 £m	2008 £m
Not more than one year	(279)	902
Over one year but not more than five years	773	327
Over five years	318	332
Total	812	1,561

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Risk management

Statistical information

Statistical and other risk information

This section of the report contains supplementary information that is more detailed or contains longer histories than the data presented in the discussion. For commentary on this information, please refer to the preceding text (pages 90 to 101).

Barclays applied International Financial Reporting Standards (IFRS) with effect from 1st January 2004, with the exception of IAS 32, IAS 39 and IFRS 4, which were applied from 1st January 2005.

Credit risk management

Table 1: Risk Tendency by business (page 94)

	2007 £m	2006 £m
UK Banking UK Betall Banking Barclays Commercial Bank Barclays and International Retail and Commercial Banking International Retail and Commercial Banking – excluding Absa International Retail and Commercial Banking – Absa Barclays Capital Barclays Wealth	775 470 305 945 475 220 255 140 10	790 500 290 1,135 220 75 145 95 10
Head office functions and other operations a	10	10
Risk Tendency by business	2,355	2,260

Table 2: Loans and advances

	2007 £m	2006 £m
Retail businesses		
Banks		
Customers	164,052	139,350
Total retail businesses	164,062	139,350
Wholesale businesses		
Banks	40,123	30,930
Customers	185,105	146,281
Total wholesale businesses	225,228	177,211
cans and advances	389,290	316,561

Note a Head office functions and other operations comprises discontinued business in transition.

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Risk management Statistical information

Table 3: Maturity analysis of loans and advances to banks

				•	Over one	. .	Over five		
			Over three	Over six	year	Over three	years		
		Not more	months but	months but	butnot	years	but not		
			not more	not more	more than	fon hud	8018	•	
	A.,	than three	than six	than one	three	more than	than len	Över	
At 21-) Deservices 0007	On demand	months	months	year	years	five years	years	ten years	Tota!
At 31st December 2007	<u></u>	£m	<u></u>	<u>£m</u>	<u></u>	£m_	<u>£m</u> _	£m:	<u>£m</u>
United Kingdom	796	4,069	56	92	114	20	1	370	5,518
Other European Union	2,977	7,745	74	88	95	i16	7	-	11,102
United States	321	5,736	95	1,255	343	98	5,498	97	13,443
Alrica	283	1,260	131	114	196	439	158		2,581
Rest of the World	1,505	3,336		1,640	512	362	15	19	7,479
Loans and advances to banks	5,882	22,145	446	3,189	1,260	1,035	5,679	486	40,123
			Over three	Over six	Over one	Over three	Over five		
			months	months	year	years	years		
		Not more	but not	but not	but not	but not	but not		
		than three	more than	ton tud naft erom	but not more than	bul nol more than	but not more than	Over	
	On demand	than three months	more than six months	more than one year	more than three years	more than five years		Over ten years	Total
Al 31st December 2005	£m	than three months Sm	more than six months <u>Em</u>	more than one year 	more than	more than	more than		Total
United Kingdom	<u></u>	than three months <u>Sn</u> 5,211	more than six months <u>em</u> 110	more than one year	more than three years	more than five years	more than ten years	ten years	
United Kingdom Other European Union	<u>- £m.</u> 524 619	than 8:ree months <u>\$,211</u> 7,514	more than six months <u>Em</u> 110 90	more than one year 	more than three years <u>Sm</u> 43 81	more than five years Em	more than ten years	ten years	£m-1
United Kingdom Other European Union United States	524 524 619 431	than 8:ree months 5,211 7,514 2,592	more than six months <u>Em</u> 110 90 363	more than one year <u>Em</u> 18 130 2,634	more than three years <u>Sm</u> 43 81 5	more than five years Em 10	more than ten years	ten years	6,229
United Kingdom Other European Union United States Atrica	<u>- £m.</u> 524 619	than 8:ree months <u>\$,211</u> 7,514	more than six months <u>Em</u> 110 90	more than one year <u>Em</u> 18 130	more than three years <u>Sm</u> 43 81	more than five years Em 10 78	more than ten years <u>em</u> 1	ten years 2m 	6,229 8,513
United Kingdom Other European Union United States	524 524 619 431	than 8:ree months 5,211 7,514 2,592	more than six months <u>Em</u> 110 90 363	more than one year <u>Em</u> 18 130 2,634	more than three years <u>Sm</u> 43 81 5	more than five years <u>Em</u> 10 78 809	more than ten years £m 1 923	ten years 2m 	6,229 8,513 9,056

Table 4: Interest rate sensitivity of loans and advances

		2007	2006			
	Fixed	Variable		Fixed	Variable	
	rate	rate	Total	rate	rate	Total
At 31st December	£m			£m	£m.	<u>£0</u>
Barks	16,447	23,676	40,123	12,176	18,754	30,930
Customers	77,861	271.306	349,167	66,000	219,631	285,631

Table 5: Loans and advances to customers by industry

	IFRS			UK GAAP	
At 31st December	2007 	2006	2005 5 m	2004 ^a	2003 £m
Inancial services	71,160	45,954	43,102	25,132	9,872
Agriculture, forestry and fishing	3,319	3,997	3,785	2,345	2,115
Manufacturing	16,974	15,451	13,779	9,044	7,844
Construction	5,423	4,056	5,020	3,278	2,534
Property	17,018	16,528	16,325	8,992	6,728
Government	2,036	2,426	1,718		
Energy and water	8,632	6,810	6,891	3,709	3,150
Wholesale and retail, distribution and leisure	17,768	15,490	17,760	11,099	9,628
Transport	6,258	5,586	5,960	3,742	3,654
Postal and communication	5,404	2,180	1,313	834	698
Business and other services	30,363	26,999	22,529	23,223	13,913
Home loans ^b	112,087	94,635	87,003	79,164	72,318
Dither personal	41,535	35,377	38,069	29,293	23,922
Overseas customers ¢	_	_	-	-	8,666
Finance lease receivables	11,190	10,142	9,088	6,938	5,877
coans and advances to customers excluding reverse repurchase agreements	349,157	285,631			170,919
Reverse repurchase agreements	n/a	n/a			r√a
Trading business	n/a	n/a	n/a	n/a	58,961
Loans and advances to customers	349,167	285,631	272.342	265.097	229,880

Notes a Does not reflect the application of IAS 32, IAS 39 and IFFS 4 which became effective from 1st January 2005.

b Excludes commercial property mortgages.

c Overseas customers are now classified as part of other industry segments.

Barclays PLC

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Table 6: Loans and advances to customers in the UK

	IFHS T				
At 31st December	2007 (2006 £m	2005 £m	2004 ^a £m	2003 £m
Financial services	21,131	14,011	11,958	8,774	7,721
Agriculture, forestry and fishing	2,220	2,307	2,409	1,963	1,766
Manufacturing	9,388	9,047	8,469	5,684	5,967
Construction) 3,542	2,761	3,090	2,285	1,683
Property	10,203	10,010	10,547	7,912	6,341
Government	201	6	6	- 1	_
Energy and water	2,203	2,360	2,701	802	1,286
Wholesale and retail distribution and leisure	13,800	12,951	12,747	9,356	8,886
Transport	3,185	2,745	2,797	1,822	2,579
Postal and communication	1,416	899	465	440	476
Business and other services	20,485	19,260	15,397	13,439	12,030
Home toans ^b	71,755	64,150	58,730	61.348	61,905
Other personal	25,810	26,088	29,250	26,872	21,905
Overseas customers ^c	_	_	_	_ 1	5,477
Hinance lease receivables	4,008	3,923	5,203	5,551 I	5,587
Loans and advances to customers in the UK	190,347	170,518	163,759	146,248	143,809

The category 'other personal' now includes credit cards, personal loans, second liens and personal overdraits.

The industry classifications in Tables 5-9 have been prepared at the level of the borrowing entity. This means that a loan to the subsidiary of a major corporation is classified by the industry in which the subsidiary operates, even though the parent's predominant business may be in a different industry.

Table 7: Loans and advances to customers in other European Union countries

		t	FRS		UK GAAP
At 31st December	2007 	2006 £m	2005 £m	2004 ^а £m	2003 £m
Financial services Agriculture, forostry and fishing Manufacturing Construction Property Government Energy and water Wholesale and retail distribution and leisure Transport Postal and communication Business and other services	7,585 141 4,175 1,169 2,510 - 2,425 1,719 1,933 662	5,629 786 3,147 639 2,162 6 2,050 776 1,465 580	3,982 155 2,254 803 3,299 1,490 952 1,695 432	2,419 280 2,021 716 344 - 940 810 640 111	1,205 147 1,275 609 346 1 - 1 409 1 426 1 556 1 566
Home loans ^b Other personal Overseas customers ^c Finance lease receivables	3,601 24,115 3,905 	2,343 18,616 3,672 - 1,559	3,594 16,488 1,909 1,870	3,795 11,828 1,369 - 937	1,251 10,334 1,769 1438 1212
Loans and advances to customers in other European Union countries See note under Table 6.	58,533	43,430	38,923	26,210	9.027

Notes

a Does not reflect the application of IAS 32, IAS 39 and IFRS 4 which became effective from 1st January 2005. The 2004 analysis excludes reverse repurchase agreements.

b Excludes commercial property mortgages.

c Overseas oustomers are now classified as part of other industry segments.



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Risk management Statistical information

Table 8: Loans and advances to customers in the United States

			FRS		UK GAAP
t 31st December	2007 £m	2006 £70	2005 £m	2004 ^a Em	2003 £m
Financial services	29,342	17,516	16,229	9,942	919
Agriculture, forestry and fishing	2	2	់រ	· –	1
Manufacturing	818	519	937	368	341
Construction	18	13	32	139	2
Property	568	1,714	329	394	1
Government	221	153	300	-	
Energy and water	1,279	1,076	1,261	891	1,358
Wholesale and retail distribut on and leisure	398	403	794	466	77
Transport	137	128	148	186	468
Postal and communication	2,446	36	236	63	153
Business and other services	1,053	1,432	865	1,565	220
Home toans ^b	458	349	2	5,768	_
Other personal	3,256	2,022	1.443	845	_
Finance lease receivables	304	312	326	335	33
Loans and advances to customers in the United States	40,300	25,677	22,925	20,982	3,573
Coo pois upder Tekle C					

See note under Table 6.

Table 9: Loans and advances to customers in Africa

		IFRS				
At 31st December	2007 £m	2006 £กา	2005 Em	2004 ^а £m	2003 £m	
Financial services	3,472	2,821	4,350	185	27	
Agriculture, forestry and lishing	956	889	1,193	102	201	
Manufacturing	1,351	1,747	1,501	313	261	
Construction	637	591	1,068	76	40	
Property	2,433	1,987	1,673	87	40	
Government	967	785	625	- 1	-1	
Energy and water	356	156	193	184	97	
Wholesale and retail distribution and teisure	1,325	1,050	2,774	165	239	
Transport	116	354	394	137	41	
Postal and communication	231	241	27	52	29	
Business and other services	1,295	2,631	1,258	1,012	412	
Home loans ^b	15,314	11,223	11,630	214	79	
Other personal	6,366	2,976	4,955	190	248	
Finance lease receivables	4,357	4,240	1,580	4"	45	
Loans and advances to customers in Africa	39,167	31,691	33,221	2,759	1,759	
See note under Table 6						

See note under Table 6.

Table 10: Loans and advances to customers in the Rest of the World

		IFRS			UK GAAP
At 31st December	2007	2006	2005	2004 ^a	2003
	<u></u>	£m	្រ £៣		£m
	22,702	14,207	13,407	10,520	2.751
Finance lease receivables	118	108	107	74	· ·
Loans and advances to customers in the Rest of the World	22,820	14,315	13,514	10,594	2,751

Nates

a Does not reflect the application of IAS 32, IAS 39 and IFRS 4 which became effective from 1st January 2005. The 2004 analysis excludes reverse repurchase agreements.

Excludes commercial property mortgages.

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Risk management Statistical information

Table 11: Maturity analysis of loans and advances to customers

At 31st December 2007	On demand ມີກາ	Not more Ihan three months £m	Over three months but not more than six months £m	Over six months but not more than one year £m	Over one year but not more than three years £m	Over three years but not more than five years £m	Over five years but not more than ten years £m	Over ten years £m	Total £m
United Kingdom)								
Corporate lending ^a Other lending to customers in the	26,557	15,737	2,453	3,834	8,474	8,358	10,718	11,643	87,774
United Kingdom	4,384	4,717	2,106	3,597	11,517	8,699	19,325	48,228	102.573
Total United Kingdom	30,941	20,454	4,559	7,431	19,991	17,057	30,043	59,871	190,347
Other European Union	4,016	7,665	2,229	3,284	5,842	4,883	8,842	19,772	56,533
United States	3,053	20,205	3,430	5,938	1,904	2,498	2,658	614	40,300
Africa	6,806	4,243	881	1,969	5,568	4,124	2,285	13,291	39,167
Rest of the World	1,085	9,733	1.695	859	2,223	2,586	3,685	954	22,820
Loans and advances									
to customers	45,901	62,300	12,794	19,481	35,528	31,148	47,513	94,502	349,167
			Over three months but	Over six	Over one year but	Over three vears	Over live vears		

At 31st December 2006	On demand £m	Not more Iban three months £m	mohihs but not more than six months £m	Over six months but not more than one year £m	year but not more than three years £m	years but not more thar tive years £m	years but not more than ten years £m	Over ten years £m	Fotal £m
United Kingdom									
Corporate lending ^a Other lending lo customers in li ne	22,923	13,569	2,262	2,850	7,562	8,499	8,349	10,342	76,356
United Kingdom	3,784	4,427	2,110	3,586	11,937	7,459	16,358	44,501	94,162
Total United Kingdom	26,707	17,996	4.372	6,436	19,499	15,958	24,707	54.843	170,518
Other European Union	2,137	6,254	1,744	2,869	4,783	4,397	6,565	14.681	43,430
United States	2,489	11,630	1,689	3,402	1,949	1,871	1,464	1,183	25,677
Africa	2,575	2,471	1,272	2,177	5,212	4,177	3,555	10.252	3-,691
Rest of the World	86	6,377	1,015	1,020	1,116	1,465	1,800	1,436	14,315
Loans and advances to customers	33,994	44,728	10,092	15,904	32,559	27,868	38,091	82,395	285,631
		The second se	and the second se						

Table 12: Loans and advances in currencies other than the local currency of the borrower for countries where this exceeds 1% of total Group assets

	As % of assets	Total £m	Banks and other tinancial institutions £m	Governments and official institutions £m	Commercial industrial and other private sectors £m
At 31st December 2007 United States	2.1	26,249	7,151	6	19,092
At 31st December 2006 United States	1.7	16,579	7,307	89	9,183
At 31st December 2005 United States	2.6	24,274	15,693		8,581

At 31st December 2007, 2006 and 2005, there were no countries where Barclays had cross-currency loans to borrowers between 0.75% and 1% of total Group assets.

Note a _____ In the UK, finance lease receivables are included in 'Other lending', although some leases are to corporate customers.

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Risk management Statistical information

Table 13: Off-balance sheet and other credit exposures as at 31st December

	2807 	2006 Em	2005 £m
Ott-balance sheet exposures			,
Contingent liabilities	45.774	39,419	47.143
Commitments		205,504	
On-balance sheat exposures			
Trading portfolio assets	193,691	177,867	155.723
Financial assets designated at fair value held on own account		31,799	12,904
Derivative financial instruments	248.088		
Available for sale financial investments		51,703	53,497

Table 14: Notional principal amounts of credit derivatives as at 31st December

	2007 2006 Em En	
Credit derivatives held or issued for trading purposes ^a	2,472,249 1,224,548	8 609,381
Total	2,472,249 1,224,548	8 609,381
Table 15: Credit risk loans summary		

		ł	FRS		UK GAAP
At 31st December	2007 ۲m	2006 £m	2005 £m	2004 ^b දැත	2003 £m
Impaired loans ^c Non-accruing loans Accruing loans where interest is being suspended with or without provisions	8,574 n/a n/a	4,444 n/a n/a	4,550 n/a n/a	n/a 2,115 492	n/a 2,261 629
Other accruing loans against which provisions have been made Subtral Accruing loans which are contractually overdue 90 days or more as to principal or interest Impaired and restructured loans	n/a 8,574 794 273	n/a 4,444 598 46	n/a 4,550 609 51	943 3,550 550 15	821 3,711 590
Credit risk foans	9.641	5,088	5,210	4,115	4,305

Notes

a Includes credit derivatives held as economic hedges which are not designated as hedges for accounting purposes.

b 2004 does not reflect the application of IAS 32, IAS 39 and IERS 4 which became effective from 1st January 2005.

c Includes £3,344m of ABS CDO Super Senior exposures.



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Table 16: Credit risk loans

		IFRS		-100	UK GAAP
At 31st December	2007 £m	2006 Em	2005 £m	2004 ^a Σm	2003 £m
Impaired loans: ^b					
United Kingdom	3,605	3,340	2.965	n/a I	n/a
Other European Union	472	410	345	n∕a	n/a
United States	3,703	129	230	n/a	n/a
Africa Real of the World	757	535	831	n/a	n/a
Rest of the World	37	30	179	<u>n/a</u>	n/a
Totaj	8,574	4,444	4.550	n/a	n∕a
Non-accrual loans: United Kingdom	-	n in		1.500	
Other European Union	n/a n/a	n/a n/a	n/a n/a	1,509 243	*.572 143
United States	n/a	n/a	n/a	258	383
Africa	n/a	n/a	n/a	74	86
Rest of the World	<u>rı/a</u>	n/a	n/a	31	77
Totai	n/a	n/a	n/a	2,115	2,261
Accruing loans where interest is being suspended with or without provisions:	1				
United Kingdom	j n/a	n/a	n/a	323	559
Other European Union Africa	n/a	n/a	n/a	31	29
Rest of the World	n/a n/a	n/a n/a	n/a n∕a	21 117	37 4
Total	n/a	n/a		492	629
] 1884]	1"4	IVA	482	029
Other accruing loans against which provisions have been made: United Kingdom	n/a	n/a	n/a	865	760
Other European Union	п/а	n/a	n/a	27	35
United States	n/a	n/a	n/a	26	-
Africa	n/a	n/a	n/a	21	22
Rest of the World	n/a	n/a	n/a	4	4
Totai	a n/a	n/a	n/a	943	821
Accruing loans which are contractually overdue 90 days or more as to principal or interest:	i				
United Kingdom Other European Union	676	516	539	513	566
United States	79	58 3	53	34 1	24
Africa	29	2	17	- i !	
Rest of the World	-			i !	<u> </u>
Total	794	598	609	550	590
Impaired and restructured loans:					· · · · · · · · · · · · · · · · · · ·
United Kingdom	179		5	2	4
Other European Union United States	14	10	7		-
Alrica	38	22 14	16 23	13	_
Total	273	46	51	15	4
Total credit risk loans:	Í				
United Kingdom Offer European Union	4,460	3,856	3,509	3.212	3,461
Other European Union United States	565	478 154	405 246	335 298	231
Africa	3,751 828	570	246 871	298	383 145
Rest of the World	37	30	179	153	85
Credit risk loans	9,641	5,088	5,210	4,115	4,305
Netor					

Notes a Does not reflect the application of IAS 32, IAS 39 and FRS 4 which became effective from 1st January 2005.

b Includes 23,344m of ABS CDO Super Senior Exposures.

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Table 17: Potential problem loans

IFR\$				
2007 £m	2006 £m	2005 £m	2004 ^a £m	2003 £лт
419		640	658	989
		- •		23 259
355	240	248	67	53
	764	3		1,327
	2007 £m _419 59 964	2007 2006 <u>Em</u> <u>Em</u> (419 465 59 32 964 21 355 240 - 3	2007 2006 2005 £m £m £m ¹⁴¹⁹ 465 640 59 32 26 964 21 12 355 240 248 - 3 3	2007 2006 2005 2004 ^a £m £m £m £m ¹⁴¹⁹ 465 640 658 50 32 26 32 964 21 12 27 355 240 248 67 - 3 3 14

Table 18: Interest foregone on credit risk loans

	2007	2006	2005
	£m	£m	£m
Interest income that would have been recognised under the original contractual terms	r:		
United Kingdom	340	357	304
Rest of the World	91	70	52
Total	431	427	356

Interest Income of approximately £48m (2006: £72m, 2005: £29m) from such loans was included in profit, of which £26m (2006: £49m, 2005: £20m) related to domestic lending and the remainder related to foreign lending.

In addition, a turther £113m (2006: £98m, 2005: £76m) was recognised arising from impaired loans. Following impairment, interest income is recognised using the original effective rate of interest which was used to discount the expected future cash flows for the purpose of measuring the impairment loss. £93m (2008: £88m, 2005: £70m) of this related to domestic impaired loans and the remainder related to foreign impaired toans.

Table 19: Analysis of impairment/provision charges

	IFRS	UK GAAP
At 31st December	2007 2006 2005 2004 Em Em Em Em	a 2003 £m
Impairment charge/het specific provisions charge United Kingdom Other European Union United States Africa Rest of the World	1,593 1,880 1,382 1,021 123 92 75 102 374 12 76 57 214 143 37 27 2 (53) 4 103	I 1,132 I 37 I 84 I 21 I 46
Impairment on loars and advances Impairment on available for sale assets	2,306 2,074 1,574 rt/a 13 86 4 rt/a	I n/a
Impairment charge	2,319 2,160 1,578 n/a	, n/a
Total nel specific provisions charge General provisions (release)/charge Other credit provisions charge/(release)	n/æ n/æ n/æ 1,310 n/æ n/æ n/æ (206) 475 (6) (7) (11)	,320 I 27 I –
Impairment/provision charges	2,795 2,154 1,571 1,093	;,347
** - *		·

Notes a Does not reflect the application of IAS 32, IAS 39 and IFRS 4 which became effective from 1st January 2005.

b Includes £951m of ABS CDO Super Senior and SIV-lites exposures.



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Table 20: Impairment/provisions charges ratios ('Loan loss ratios')

	1				
Amounts written off (net of recoveries)	0.49	0.61	0.50	0.40	0.48
Total	0.54	0.66	0.58	0.33	0.47
Impairment charge	0.64	0.66	0.58	r/a	n/a
General provisions charge	{ n/a	n/a	r/a	(0.07)	0.01
Specific provisions charge] n/a	n/a	n/a	0.40	0.46
Impalment/provisions charges as a percentage of average loans and advances for the year:		_		···	,
	20	%	%	%	%
	2007	2006	2005	2004 *	2003
	-				•
		IFRS			UK GAAP

Table 21: Analysis of allowance for impairment/provision for bad and doubtful debts

	IFRS				UK GAAP		
	2007 £m	2006 Em	2005 £m	2004 ^a ይጠ	2003 £m		
Impairment allowance/Specific provisions					1		
United Kingdom	2,525	2,477	2,266	1,683	1 1,856		
Other European Union	344	3:1	284	149	1 97		
United States	355	100	130	155	121		
Airica	514	4.7	847	70	. 79		
Rest of the World	32	30	123	90	¦ 80€		
Specific provision balances	n/a	п/а	n/a	2,147	2,233		
General provision balances	i n/a	n/a	n/a	564	795		
Allowance for impairment provision balances	3,772	3,335	3,450	2,711	3,028		
Average loans and advances for the year	357,853	313.6-4	271,421	328,134	285,963		

Table 22: Allowance for impairment/provision balance ratios

_	IFRS			UK GAAP	
	2807	2006	2005	2004 a	2003
	%	%	%	%	%
Allowance for impairment/provision balance at end of year as a percentage of loans and advances at end of					
year:	·				
Specific provision balances	rva ∣	n/a	n/a	0.62	0.77
General provision balances	i r√a	n∕a	n/a	0.16	0.27
impairment balance	0.97	1.05	1.14	n/a i	n/a
Total	0.97	1.05	1.14	0.78	1.04
	-				

Notes

a Does not reflect the application of IAS 32, IAS 39 and IFRS 4 which became effective from 1st January 2005.

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Table 23: Movements in allowance for impairment/provisions charge for bad and doubtful debts

		IFRS				
	2007 2m	2005 Em	2005 £m	2004 a £m	2003 £m	
Allowance for impairment/provision balance at beginning of year	3,335	3,450	2,637	2,940	2,9987	
Acculsitions and disposals	(73)	(23)	555	21	62	
Unwind of discount	(113)	(98)	(76)	n/a	n/a i	
Exchange and other adjustments	53	(153)	125	(33)	(18)	
Amounts written off	(1.963)	(2,174)	(1.587)		(1,474)	
Recoveries	227	259	222	255	113	
Impairment/provision charged against profit ^b	2,308	2,074	1.574	1.104	1,347	
Allowance for impairment/provision balance at end of year	3,772	3,335	3,450	2,711	3,028	
					and the second se	

Table 24: Amounts written off

		IFRS				
	2007	2006	2005	2004 ^a	2003	
	2ຄ	£m	m2		£m	
United Kingdom	(1,530)	(1.746)	(1.302)	(1,280)	(1,175)	
Other European Union	(143)	(74)	(56)	(63)	(54)	
United States	(145)	(46)	(143)	(50)	(215)	
Africa	(145)	(264)	(81)	(15)	(13)	
Rest of the World	-	(44)	(5)	(174)	(17)	
Amounts written off	(1,983)	(2, 174)	(1,587)	(1.582)	(1,474)	

Table 25: Recoveries

		1	UK GAAP		
	2007 	2006 £ጠ	2005 £п	2004 ^a £m	2003 £m.,
United Kingdom	154	178	160	217	95
Other European Union	32	- 8	13	9	
United States	7	22	15	14	10
Africa	34	33	16	4	1
Rest of the World	•	8	18	11	- H
Recoveries	227	259	272	255	113

Notes a Does not reflect the application of IAS 32, IAS 39 and IFRS 4 which became effective from 1st January 2005.

b Does not reflect the impairment of available for sale assets or other credit risk provisions.



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Table 26: Impairment allowances/provision charged against profit

-		11		UK GAAP	
	2007 ይጠ	2006 ድጠ	2005 £п	2004 ^a £m	2003 £m
New and increased impairment allowance/specific provision charge:					
United Kingdom	1,960	2,253	1,763	1,358	1,378
Other European Union	192	182	113	131	57
United States	431	60	105	85	118
Africa	26B	203	109	47	33
Rest of the World	20	18	39	134	47
Reversals of impairment allowance/specific provision charge:	2,871	2,722	2,129	1,755	1,628
United Kingdom	(213)	(195)	(221)	(120)	(146)
Other European Union	(37)	(72)	(25)	(20)	(13)
United States	(50)	(26)	(14)	(14)	(24)
Africa	(20)	(33)	(56)	(16)	(10)
Rest of the World	(18)	(63)	(17)	(20)	(2)
	(338)	(389)	(333)	(190)	(195)
Recoveries	(227)	(259)	(222)	(255)	(113))
Net impairment allowance/specific provision charge b	2,306	2,074	1,574	1,310	1,320
General provision (release)/charge	n/a	n/a	n/a	(206)	27
Net charge to profit	2.305	2.074	1,574	1.104	1,347

Table 27: Total impairment/specific provision charges for bad and doublful debts by industry

		tF	RS		UK GAAP		
	2007 2006 £m £m	2005 £rr:	2004 ² £m	2003 £m			
Uriled Kingdom:	6-n-						
Financial services	32	64	22	(1)	13		
Agriculture, forestry and fishing	- 1	5	ទ		(3) 79		
Manufacturing	72	1	120	28	79		
Construction	í 14	17	14	10	(23)		
Property	35	15	18	(42)	(3)		
Energy and water	1 1	(7)	1	3	(3) 13		
Wholesale and retail distribution and leisure	118	88	39	66	38		
Transport	3	19	(27)	(19)	100		
Postal and communication	15	15	3	(1)	11		
Business and other services	81	133	45	64	76		
Home loans	1	4	(7)	17	9		
Other personal	1,187	1,526	1,142	894	757		
Overseas customers ^c	-	_	_	_ :	66		
Finance lease receivables	33	_	3	2 1	9		
	1,593	1,8BD	1,382	1,021	1,132		
Overseas	713	194	192	289	18B		
Impairment/specific provision charges ^c	2.305	2, 074	1,574	1,310	1,320		

The category other personal' now includes credit cards, personal loans, second liens and personal overdrafts.

The industry classifications in Tables 27, 28 and 29 have been prepared at the level of the borrowing entity. This means that a loan to the subsidiary of a major corporation is classified by the industry in which the subsidiary operates, even though the parent's predominant business may be in a different industry.

Noles

a Does not reflect the application of IAS 32, IAS 39 and IFRS 4 which became effective from 1st January 2005.

b Does not reflect the impairment of available for sale assets or other credit risk provisions.

c Overseas customers are now classified as part of other industry segments.

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Table 28: Allowance for impairment/spacific provision for bad and doubtful debts by industry

		IFRS							UK GAAP	
	20	2007		2006 2		2005		ю4 ^а	20	03
	٤m	e,	£m	%	£rß	%	£m	%	£m	%
United Kingdom;	·									
Financial services	103	2.7	67	2.0	26	0.8	7	0.3	12	0.5
Agriculture, forestry and fishing	5	0.1	17	0.5	12	0.3	4	0.2	5	0.2
Manufacturing	65	1.7	85	2.5	181	5.2	37	1.7	58	2.6
Construction	16	0.4	16	0.5	13	0.4	6	0.3	7	0.3
Property	54	1.4	26	0.8	24	0.7	28	1.2	3	0.1
Energy and water	1		-	-	18	0.5	23	1.0	27	1.2
Wholesale and relail distribution and leisure	102	2.7	81	2.4	99	2.9	70	3.3	52	2.3
Transport	11	0.3	24	0.7	32	0.9	55	2.6	103	4.6
Postal and communication	25	0.7	12	0.4	2	0.1	13	0.6	15	0.7
Business and other services	158	4.2	186	5.6	102	3.0	105	4.9	121	5.4
Home loans	15	0.4	10	0.3	50	1.4	58	2.7	55	2.5
Other personal ^b	1,915	50.8	1,953	58.6	1,696	49.2	1,265	58.9	1,359	60.9
Overseas customers ^o		-	_	_	_		_	_	24	1.1
Finance lease receivables	56	1.5	_	-	11	0.3	14	0.7	15	0.7
-	2,526	67.0	2,477		2,266	65.7	1,683	78.4	1,856	83.1
Overseas	1,246	33.0	858	25.7	1,184	34.3	464	21.6	377	16.9
Total	3,772	100.0	3,335	100.0	3,450	100.0	2,147	100.0	2,233	100.0

See note under Table 27.

Table 29: Analysis of amounts written off and recovered by industry

2007	· · · · · ·	RS		UK GAAP		te	00			
	****				P IIFRS				UK GAAP	
-	2006	2005	2004 ^a	2003	2007	2006	2005	2004 ^a	2003	
Em	<u></u>	£m	£თ	£m	£m	£m	£m	£m	ይጠ	
6	13	2	7	14	1	-	T	3	12	
5	8	з	2		2	1	-	1	1	
	73	47	79	126	7	21	11	30	8	
	17	15	13	19	3	2	1	2	14	
16	23	4	2	5	10	6	1	69	1	
-	1		9	15	-	2	-	2	-	
109	120		55	45	12	14	25	7	5	
13	11		44	5		1	10	15	1	
3	5		2	1		-	-	1	-	
83	124			58	22	17	14	16	11	
1				11	1	7	4	5	3	
1,164	1,351	992	948	790	96	107	92	-65	38	
1 _	-	_	_	82 1	_	_	_	_ !		
24	_	3	4		_	_	1		1	
1,530	1,746	1,302	1,280	1,175	154	176	160	217	95	
433	428	285	302	299	73	81	62	- 38	18	
1,963	2,174	1,587	1,582	1,474	227	259	222	255	113	
	5 83 23 16 - 109 13 3 83 1 1,164 - - 24 1,530 433	5 6 83 73 23 17 16 23 - 1 109 120 13 11 3 5 83 124 1	5 6 3 83 73 47 23 17 15 16 23 4 - 1 22 109 120 85 13 11 29 3 5 15 83 124 83 1 - 2 1,164 1,351 992 24 - 3 1,530 1,746 1,302		$ \begin{array}{c ccccccccccccccccccccccccccccccccccc$	$ \begin{array}{c ccccccccccccccccccccccccccccccccccc$	$ \begin{array}{c ccccccccccccccccccccccccccccccccccc$	$ \begin{array}{ c c c c c c c c c c c c c c c c c c c$	$ \begin{array}{ c c c c c c c c c c c c c c c c c c c$	

See note under Table 27.

Notes

a Does not reflect the application of IAS 32, IAS 39 and IFRS 4 which became effective from 1st January 2005.

b Overseas customers are now classified as part of other industry segments.



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Table 30: Total impairment allowance/(provision) coverage of credit risk loans

		IFRS			
	2007	2006	2005	20048	2003
	%	%	%	%	%
United Kingdom	55.6	64.2	64.6	68.1	74.2
Other European Union	60.9	65.1	70.1	60.9	71.4
United States	9.5	64.9	52.8	57.0	39.2
Africa	62.1	73.2	74.3	68.4	54.5
Rest of the World	86.5	100.0	68.7	71.9	94.1
Total coverage of credit risk loans	39.1	65.6	66.2	66.9	71.5
Total coverage of credit risk loans excluding ABS CDD Super Senior exposure	55.6	65.6	66.2	66.9	71.5

Table 31: Total impairment allowance/(provision) coverage of potential credit risk lending (CRLs and PPLs)

	_		IFRS			UK GAAP
		2007	2006	2005	2004 ^a	2003
	-	<u>. 01</u>	<u>%</u>		%	%.
United Kingdom		51.8	57.3	54.6	56.5	57.7
Other European Union		55.1	61.0	65.9	55.6	65.0
United States		7,6	57.1	50.4	52.3	23.4
Atrica		43.4	51.5	57.8	43.5	39.9
Rest of the World		86.5	91.0	67.6	65.9	90.9
Total coverage of potential credit risk lending		33.0	57.0	56.2	56.0	54.6
Total coverage of potential credit risk lenders excluding ABS CDO						
Super Senior exposure		49.0	57.0	56.2	56.0	54.6

Allowance coverage of credit risk loans and potential credit risk loans excluding the drawn ABS CDO Super Senior exposure decreased to (5.6%) and (45.0%) (31st December 2006 (57.6%), respectively. The decrease in these ratios reflected a change in the mix of credit risk loans and potential oredit risk loans: unsecured retail exposures, where the recovery outlook is relatively low, decreased as a proportion of the total as the collections and underwriting processes were improved. Secured retail and wholesale and corporate exposures, where the recovery outlook is relatively high, increased as a proportion of credit risk loans.

Allowance coverage of ABS CDO Super Senior credit risk loans was low relative to allowance coverage of other credit risk loans since substantial protection against loss is also provided by subordination and hedges. On ABS CDO Super Senior exposures, the combination of subordination, hedging and writedowns provide protection against loss levels to 729 on US sub-prime collateral as at 31st December 2007.

Note

a Does not reflect the application of IAS 32, IAS 39 and IFRS 4 which became effective from 1st January 2005.

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Directors' report

Directors' report

Profit Attributable

The profit attributable to equity shareholders of Barclays PLC for the year amounted to (4,417) compared with (4,571m) in 2006.

Dividends

The final dividends for the year ended 31st December 2007 of 22.5 pper ordinary share of 25p each and (p) per staff share of £1 each have been agreed by the Directors. The final dividends will be paid on 25th April 2008 in respect of the ordinary shares registered at the close of business on 7th Verch 2008 and in respect of the staff shares so registered on 31st December 2007. With the interim dividends of (1.5 pper ordinary share and of 10p per staff share that were paid on 15t October 2007, the total distribution for 2007 is \$4.00(2005;61.00) per ordinary share and 200 (2005;200) per staff share. The dividends for the year absorb a total of £2.25511,2006; £1,97310

Dividend Reinvestment Plan

Ordinary shareholders may have their dividends reinvested in Barclays PLC ordinary shares by participating in the Dividend Reinvestment Plan. The plan is available to all orcinary shareholders provided that they do not live in, and are not subject to the jurisdiction of, any country where their participation in the plan would requise 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 of the plan and a mondate form should contact The Plan Administrator to Barclays at Aspect House, Spencer Road, Lancing BN99 6DA. Those wishing to participate for the first time in the plan should send their completed mandate form to The Plan Administrator so as to be received by 4th April 2008 for it to be applicable to the payment of the final dividend on 25th April 2008. Existing participants should take no action unless they wish to alter their current mandate instructions, in which case they should contact The Plan Administrator.

Share Capital

During the year Barclays PLC purchased in the market for cancellation 299,547,510 of its ordinary shares of 25p each, at a total cost of (£1,802,173,355) in order to minimise the <u>clittive effect</u> on existing shareholders of the issuance of a total ch336,805,556 Barclays ordinary shares to Temasek Holdings and China Development Bank. These transactions represented 5% of the issued share capital at 31st December 2007. As at 27th February 2008 (the latest practicable date for inclusion in up to a maximum of 645.1 million ordinary hates.

The issued ordinary share capital was increased by 65.5m ordinary shares during the year as a result of the exercise of options under the Sharesave and Executive Share Option Schemes. At 31st December 2007 the issued ordinary share capital totalled 6.600.181.800 shares. Ordinary shares represent 99.99% of the total issued share capital and Staff shares represent the remaining 0.01% as at 31st December 2007.

The Barclays PLC Memorandum and Articles of Association, a summary of which can be found in the Shareholder Information section on pages 234-286, contain the following details, which are incorporated into this report by reference:

- The structure of the Company's capital, including the rights and obligations attaching to each class of shares
- · Restrictions on the transfer of securities in the Company, including limitations on the holding of securities and requirements to obtain approvals for a transfer of securities.
- Restrictions on voting rights.
- The powers of the Directors, including in relation to issuing or buying back shares in accordance with the Companies Act 1985. It will be proposed at the 2008 AGM that the Directors be granted new authority to allot under the Companies Act 1985.
- Rules that the Company has about the appointment and removal of Directors or amendments to the Company's Articles of Association.

Employee Benefit Trusts ('EBTs') operate in connection with certain of the exercise all rights attached to the shares in accordance with their fiduciary duties other than as specifically restricted in the relevant Plan governing documents. Further information on the EBTs' voting policy can be found on page 148.

Substantial Shareholdinos

As at 27th February 2008, the Company had been notified under Rule 5 of the Disclosure and Transparency Rules of the FSA of the following holdings of voting rights in its shares:

China Development Back

(via its subsidiary Upper Chance Group Ltd)	3.02%
Legal & General Group plc	4.02%
Lloyds TSB Group Plc	5.01%

Substantial shareholders do not have different voting rights from those of other shareholders. As at 27th February 2008, the Company had been notified that Lloyds TSB Group Pic held voting rights over 329,648,746 of its ordinary shares, amounting to 5.01% of the Company's total voting rights, as shown above.

Board Membership

The membership of the Boards of Directors of Barclays PLC and Barclays Bank PLC is identical and biographical details of the Board members are set out on pages 128 and 129.

Chris Lucas joined the Board as Group Finance Director on 1s: April 2007 and Naguib Kheraj left the Board on 31st March 2007.

David Booth joined the Board as a non-executive Director on 1st May 2007 and Patience Wheatcroft and Sir Michael Rake were appointed as nonexecutive Directors with effect from 1st January 2008.

Retirement and Re-election of Directors

In accordance with its Articles of Association, one-third (rounded down) of the Directors of Barclays PLC are required to retire by rotation at each Annual General Meeting (AGM), together with Directors appointed by the Board since the last AGM. The retiring Directors are eligible to stand for re-election. In addition, the UK Combined Code on Corporate Governance (the Code), recommends that every Director should seek re-election by shareholders at least every three years.

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Corporate governance

Remuneration report

The Committee reviews the elements of remuneration relative to the policies stated in this report and to the practice of other comparable organisations. Remuneration is benchmarked against the markets in which we compete for latent. This includes benchmarking against other leading international banks and financial services organisations, and other companies of similar size to Barclays in the FTSE 100 Index.

The component parts for each executive Director are detailed in the tables accompanying this report.

The Committee guideline that executive Directors should hold, as a minimum, the equivalent of one times their base salary in Barclays shares, including shares held under award through ESAS, was met by all executive Directors.

Each element of remuneration is important and has a specific role in achieving the aims of the remuneration policy. The combined potential remuneration from bonus and PSP outweighs the other elements, and is subject to personal and Group performance, thereby placing the majority of total remuneration at risk.

Of the key elements of remuneration (satary, annual performance bonus, ESAS and PSP), satary made up a maximum of 30% of the 2007 remuneration for executive Directors and 1.4% in respect of Robert E Diamond Jr's arrangements, which reflects general practice in the investment banking and investment management industry. The remaining proportion of the key compensation elements for executive Directors is at risk. The relative weighting summarised in this paragraph does not include pension and benefits.

The purpose of each element of remuneration for executive Directors is summarised in the table below and discussed in greater detail in the sections that follow.

Remuneration element	Purpose	Delivery	Programme detail
Base salary	To reflect the market value of the individual and their role	Cash Monthly Pensionable	 Reviewed annually, with changes typically effective on 1st April
Annual performance bonus and ESAS	To incentivise the delivery of annual goals at the Group, business division and individual levels	 Typically 75% cash ⁸ Typically 25% deferred Barclays shares under ESAS Annual Non-pensionable 	 Based on annual business unit performance, performance of the Group as a whole and leadership contribution
psp b	To reward the creation of above median, sustained growth in shareholder value	 Free shares subject to a performance condition Annual awards that vest after three years Non-pensionable 	 Discretionary awards Participation reviewed annually Barclays performance over three years determines the number of performance shares eligible for release to each individual For awards made in 2007, and awards to be made in 2008, EP threshold, thereatter 50% under a TSR performance condition and 50% under an EP performance condition
Pension ^c	To provide market competitive post-retirement benefit	 Deferred cash or eash allowance Monthly 	 Non-contributory, defined benefit scheme and/or defined contribution scheme, or cash allowance in lieu of pension contributions

Changes to Group Chairman and executive Directors

Marcus Agius was appointed Group Chairman with effect from 1st January 2007.

Marcus Agius receives a fee of 2750,000 (inclusive of Director's fees). He is also eligible for private health insurance. The minimum time commitment is equivalent to 60% of a full time role. Marcus Agius is not eligible to participate in Barclays bonus and share incentive plans, nor will he participate in Barclays pension plans or receive any pension contributions. The letter of appointment provides for a notice period of 12 months from Barclays and six months from Marcus Agius.

Naguib Kheraj ceased to be an executive Director on 31st March 2007. Naguib Kheraj was succeeded by Chris Lucas, who was appointed to the position of Group Finance Director with effect from 1st April 2007. The key terms of executive Directors' service contracts are on page 149.

Base Salary

The annual base salaries for the current executive Directors are shown in the table below:

	As al	As at	Date of previous
	31st Dec 2007	1st April 2008	increase
John Varley	£1,000,000	£1,100,000	1st Apr 2007
Robert E Diamond Jr	£250,000	£250,000	1st Mar 1999
Gary Holfman	£625,000	£625,000	1st Apr 2006
Frits Seegers	£700,000	£700,000	n/a
Chris Lucas	£600,000	£650,000	n/a

In respect of John Varley and Chris Lucas, having regard to the levels of salary and total compansation in comparable organisations, the Committee approved an increase to base salary effective from 1st April 2008.

Notes

- Eligible executives may request that all or part of the cash bonus to which they would otherwise become entitled, be granted in the torm of an additional award under ESAS or as a pension contribution by way of Special Company Contribution (Bonus Sacrifice). For 2007 Robert E Diamond Jr received 43% of his annual bonus in cash and 57% as a recommendation for an award of Barclays shares under Mandatory ESAS.
- b Please refer to Note 44 to the accounts for further information on PSP.
- c Please refer to Note 30 to the accounts for further information on the Group's pension plans.

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Constraints.

2007 Annual Remuneration^a

	Salary and tees 2000	Benefits ^b £000	Annual cash bonus £000	2007 Total £000	2006 Tolai
Group Chairman				~	
Marcus Agius ^c	750	1		751	22
Executive Directors					
John Vailey ^d	975	18	1,425	2,418	2516
Robert E Diamond Jr ^{d,o}	250	14	6,500	6,784	10,692
Gary Hoffman ^d	625	15	506	1,146	1,108
Chris Lucas ¹	450	135	450	1,035	<i>J</i>
Frits Seegers ^{d,g}	700	199	1,313	2,212	1,630
Non-executive Directors ^h					/
David Booth ⁱ	43	-	-	43	_
Sir Richard Broadbent	180	-	-	180	147
Leigh Clifford	80	-	-	80	76
Fulvio Conti	65	-	-	85	54
Dr Danie Cronjé	217	-	-	217	326
Professor Dama Sandra Dawson	85	-	-	85	81
Sir Andrew Likierman	100	-	-	108	96
Sir Nigel Rudd	200	-	-	200	200
Stephen Russell	145	-	-	145	137 /
Sir John Sunderland	95			95	
Former Director Naguib Khera ^{,dj}	175		438	657	2,865

Forthcoming ESAS and PSP awardsk

	Mandatory ESAS – 2007 results £000	March 2008 PSP - value of shares under InRIal allocation £000	Mandatory ESAS – 2006 results £000	March 2007 PSP – value of shares under initial allocation £000
Executive Directors John Varley	618	1,200	699	1,200
Robert E Diamond Jr [‡] Gary Hoffman Chris Lucas Frits Seegere	11,375 219 195 569	3,008 625 800 1,608	4,518 203 520	6,850 625 600 1,000

Notes

Eracluments include amounts, if any, payable by subsidiary undertakings. Amounts payable to Dr Danie Cronjé include an amount of ZAR1,926,400 а (£136,774) in respect of his Chairmanship of Absa Group Limited from which he retired on 31st July 2007 (2005: ZAR3, 114,800 (£249,829)).

The Group Chairman and executive Directors receive benefits in kind, which may include life and disability cover, the use of a Company owned vehicle or b cash equivalent, medical insurance and tax advice. Benefils are provided on similar terms to other senior executives. No Director has an expense allowance.

Marcus Agius was appointed as a non-executive Director on 1st September 2006 and as Group Chairman from 1st January 2007. С

- In 2007 John Varley was a Director of Ascot Authority (Holdings) Limited (Directorship classed on 31st Director). John Varley was a Director of Ascot Authority (Holdings) Limited (Directorship classed on 31st Director). John Varley is a non-executive Director of AstraZeneca ptc for which he received fees of £20,085 and £7,613 respectively (2006: £21,075). John Varley is also a member of the International Advisory Panel of the Monetary Authority of Singapore for which he received fees of £26,080 in 2007 (2006: £21,075). John Varley is also a member of the International Advisory Panel of the Monetary Authority of Singapore for which he received fees of £26,080 in 2007 (2006: £21,075). John Varley is also a member of the International Advisory Panel of the Monetary Authority of Singapore for which he received fees of £26,080 in 2007 (2006: £21,075). John Varley is also a member of the International Advisory Panel of the Monetary Authority of Singapore for which he received fees of £26,080 in 2007 (2006: £21,075). John Varley is also a member of the International Advisory Panel of the Monetary Authority of Singapore for which he received fees of £26,080 in 2007 (2006: £21,075). John Varley is also a member of the International Advisory Panel of the Monetary Authority of Singapore for which he received fees of £26,080 in 2007 (2006: £21,075). John Varley is also a member of the International Advisory Panel of the Monetary Authority of Singapore for which he received fees of £26,080 in 2007 (2006: £21,075). John Varley is also a member of the International Advisory Panel of the Monetary Authority of Singapore for which he received fees of £26,080 in 2007 (2006: £21,075). John Varley is also a member of the International Advisory Panel of the Monetary Authority of Singapore for which he received fees of £26,080 in 2007 (2006: £21,075). John Varley is also a member of the International Advisory Panel of the Monetary Authority of Singapore for which he received fees of £26,080 in 2007 (2006: £26,080 in 2007 (2006: £26,0 đ Homelessness and President of the Employers' Forum on Disability for which he receives no fees. Robert & Diamond Jr is Chairman of Old Vic Productions plc for which he received no teas in 2007. Gary Hoffman is a Director of Visa (Europe) Limited and Visa (International) Limited for which he receives no lees. Gary Hoffman is also a Director of Trinkly Mirror plc for which he received tees of \$82,754 in 2007 (2006: £50,000). During the course of his Directorship Naguib Kheraj was a member of the Board of Governors of the institute of Ismaili Studies and Chairman of the National Committee of the Aga Khar Foundation for which he received no tees in 2007. Naguib Kheraj (up to 31st March 2007) and Frits Seegers are non-executive Directors of Absa Group Limited and Absa Bank Limited. They have both waived their less, which were paid to Barclays. Their respective fees in 2007 were ZAR 136,533 (£9,694) and ZAR469.900 (£33,363) (2006: ZAR425.100 (£34.096) and ZAR75,400 (£6,048) respectively).
- The remuneration for 2007 for Robert E Diamond Jr was based on the performance of Barclays Group, Barclays Capital, Barclays Global Investors and е Barclays Weath, both on an absolute and industry relative basis. The composition of this package continues to be heavily weighted towards elements that are 'at risk' and reflects practice in the investment banking and investment management industry.
- Chris Lucas was appointed as an executive Director with effect from 1st April 2007. In addition to the amount shown in the 'Salary and fees' column above, f Chris Lucas received an award under ESAS In recognition of forfeited compensation from his previous employment. Bonus shares are not applicable to this award. Details of this ESAS award are shown in the table on page 153 and the first table on page 154, and are not included in the table above. In addition, Chris Lucas received an award under the PSP which is shown in the table above (loctnote k on this page provides luther information). Chris Lucas received an allowance of 25% of base satary (£112,500) in fieu of pension contributions. This amount is included in the column for 'Benefits' in the table above.

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Executive Directors: illustration of change in value of Barclays PLC shares owned beneficially, or held under option or awarded under employee share plans as at 31st December 2007^a

	Number at 31st December 2007				. Makana) Mahala-t					
	Shares			Executive Share Option				Notional value based on share price of		Change in
	owned beneficially ^b	ESASC	PSP ^d	Scheme (ESOS) ^e	ISOP	Sharesave	Total	£7.30 ¹ £000	£5.049 £000	value £000
Executive Directors	\sim	,								
John Varley	470,650	344,711	459,603	-	920,000	3,638	2,198,502	11,975	7,056	(4,920)
Robert E Diamond Jr	/ 3,402,192	4,863,749	1,755,335	100,000	560,000	· -	10,681,276	75,033	50,S42	
Gary Hoffman	/ 431,761	274,402	257,116	-	540,000	6,150	1,509,429	8,555	5.187	(3,368)
Chris Lucas	38,003	69,091	82,910	-	-	3,638	193,642	1,382	958	(424)
Frits Seegers	699.870	231,383	294,154	-		3,390	1.228,797	8,954	6,177.	

Notes

a Under PSP, ESAS, ISOP, ESOS and Sharesave, norming was paid by the participants on the grant of options or awards.

b The number shown includes shares held under Sharepurchase.

e ESAS includes the maximum potential 30% bonus share element where applicable, and any voluntary ESAS awards.

 \boldsymbol{d} . The number of shares shown represents the initial allocation of shares.

e The number of shares shown represents the vested shares under option.

With the exception of Chris Lucas, the notional value is based on the share price as at 31st December 2006. The notional value for Chris Lucas is based on a share price of £7.23, which was the share price as at 2nd April 2007, the first working day after he was appointed executive Director.

g The notional value is based on the share price as at 31st December 2007. The highest and lowest market prices per share during the year were £7.90 and £4.775 respectively.

Barclays PLC 137 Annual Report 2007

From:	Whittington, Sarah [sarah.whittington@linklaters.com]
Sent:	Tuesday, April 01, 2008 10:59:57 AM
То:	kathryn.mcleland@barcap.com; yenal.ghori@barcap.com; tanja.gihr@barcap.com; simon.croxford@barcap.com; richard.d.johnson@barcap.com; belinda.vickery@barcap.com; bret.ganis@barcap.com; richard.smith3@barcap.com; Aherne, Peter O [CMB-GFICC]; Greve, Leo-Hendrik [CMB-GFICC]; Mason, Peter James [CMB-GFICC]; Drumm, Laura [CMB-GFICC]; White, Christopher K [CMB-GFICC]; Deese, Derrick [CMB-GFICC]; Louie, Stanley [CMB-GFICC]; Keat, Deborah [CMB-GFICC]; Letina, Anastasia [CMB-GFICC]; Stephenson, Laura [CMB- GFICC]; Walker, David [CMB-GBKG]; Reid, James [CMB-GBKG]; Mcspadden, Jack D [CMB- GBKG]; Harjani, Chandru [CMB-GBKG]; Rose-Smith, Alastair [CMB-GBKG]; Siekel, Peter [CMB- GBKG]; Ciobanu, Bogdan [CMB-GBKG]
CC:	Ludwick, David; van Amelsfort, Joost
Subject:	FW: Project Rimu 20-F Circle Up
Attachments:	20-F 260308.zip

Dear all,

For your information, please find attached the draft circle up of the Form 20-F with tickmarks that we have received from PWC this morning, which we are reviewing.

Kind regards, Sarah

From: david.j.mayland@uk.pwc.com [mailto:david.j.mayland@uk.pwc.com] Sent: 01 April 2008 11:23 AM To: van Amelsfort, Joost Cc: Ludwick, David; drew.haigh@uk.pwc.com; Brewer, Michael; Whittington, Sarah; yu-liang.ooi@uk.pwc.com; vassos.vrachimis@uk.pwc.com Subject: Project Rimu 20-F Circle Up

Joost,

As mentioned yesterday here is the circled-up version of the 20-F filed on 26 March with tickmarks indicating the level of comfort provided.

(See attached file: 20-F 260308.zip)

Let me know if you have any queries,

Daviđ

PricewaterhouseCoopers, Hays Galleria, 1 Hays Lane, London, SEI 2RD

 $0207\ 212\ 6820$

----- End of message text -----

Read and watch our in-depth 2008 Budget analysis: http://www.pwebudget.com.

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549

FORM 20-F

(Mark One)

BEGISTRATION STATEMENT PURSUANT TO SECTION 12(b) or (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934, FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007

OR

□ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file numbers:

Barclays PLC Barclays Bank PLC

1-09246 1-10257

BARCLAYS PLC BARCLAYS BANK PLC

(Exact names of registrants as specified in their charters)

ENGLAND (Jurisdictions of Incorporation)

1 CHURCHILL PLACE, LONDON, E14 5HP, ENGLAND (Address of principal executive offices)

Securities registered pursuant to Section 12(b) of the Act:

Barclays PLC	<u>litte of each class</u> 25p ordinary shares American Depositary Shares, each representing four 25p ordinary shares	Name of each exchange on which registered New York Stock Exchange* New York Stock Exchange
Barclays Bank PLC	7.4% Subordinated Notes 2009 Callable Floating Rate Notes 2035 Non-Cumulative Callable Dollar	New York Stock Exchange New York Stock Exchange
	Preference Shares, Series 2 American Depositary Shares, Series 2, each representing one Non- Cumulative Caliable Dollar	New York Stock Exchange*
	Preference Share, Series 2 Non-Cumulative Callable Dollar	New York Stock Exchange
	Preference Shares, Series 3 American Depositary Shares, Series 2. each representing one Non- Cumulative Callable Dollar	New York Stock Exchange*
	Preference Share, Series 3	New York Stock Exchange

CONFIDENTIAL

Non-Cumulative Callable Dollar Preference Shares, Series 4 American Depositary Shares, Series 2, each representing one Non-	New York Stock Exchange*
2, each representing one work Cumulative Callable Dollar Preference Share, Series 4 iPath SM CBOE S&P 500 BuyWrite	New York Stock Exchange
index SM	American Stock Exchange
iPath® Dow Jones – AIG Grains Total	
Return Sub-Index ^s ETN	NYSE Arca
iPath [®] Dow Jones – AIG Livestock	
Total Return Sub-Index SM ETN	NYSE Arca
iPath [®] Dow Jones - AIG Nickel Total	NYSE Arca
Return Sub-Index sM ETN	NYSE Arca
iPath [®] Dow Jones – AIG Copper Total	NYSE Arca
Return Sub-Index ^{sxi} ETN iPath⁰ Dow Jones – AlG Energy Total	NICE AVA
Return Sub-Index SM ETN	NYSE Arca
iPath® Dow Jones – AIG Agriculture	
Total Return Sub-index SM ETN	NYSE Arca
iPath® Dow Jones – AIG Natural Gas	
Total Return Sub-Index sM ETN	NYSE Arca
iPath [®] Dow Jones - AIG Industrial	
Metals Total Return Sub-Index sm	
ETN	NYSE Arca
iPath® GBP/USD Exchange Rate ETN	NYSE Arca
iPath [®] Dow Jones – AIG Commodity	
Index Total Return SM ETN	NYSE Arca
iPath ^e EUB/USD Exchange Rate	NYSE Arca
iPath [®] S&P GSCI™ Total Return	
	NYSE Arca NYSE Arca
iPath® MSCI India Index ^{5M} ETN	1913E AIVA
iPatn ^e S&P GSCI™ Crude Oil Total Return Index ETN	NYSE Arca
iPathe JPY/USD Exchange Rate ETN	NYSE Arca
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* Not for trading, but only in connection with the registration of American Depositary Shares, pursuant to the requirements of the Securities and Exchange Commission.

Securities registered pursuant to Section 12(g) of the Act: None

.

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

Indicate the number of outstanding shares of each of the issuers' classes of capital or common stock as of the close of the period covered by the annual report.

Barclays PLC	25p ordinary shares	6,534,698,021 875,000
on a construction of the	£1 staff shares	2,337,161,000
Barclays Bank PLC	£1 preference shares	1,000
	£100 preference shares	75,000
	t100 preference shares	240,000
	\$0.25 preference shares	131,000,000 100,000
	\$100 preference shares	100,000

Indicate by check mark if each registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes 🗹 🛛 No 🖂

If this report is an annual or transition report, indicate by check mark if each registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes 🗋 🛛 No 🗹

Note — Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrants were required to file such reports) and (2) have been subject to such filing requirements for the past 90 days.

Yes 🗹 🛛 No 🗋

Indicate by check mark whether each registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Barclays PLC:

Large accelerated filer I Accelerated filer I Non-accelerated filer I

Barclays Bank PLC:

Large accelerated filer D Accelerated filer D Non-accelerated filer Ø

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP
International Financial Reporting Standards as issued by the International Accounting Standards Board
Other
I

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 🔲 🛛 Item 18 🗆

If this is an annual report, indicated by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes 🗆 🛛 No 🗹

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrants have lifed all documents and reports required to be filed by Section 12,13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes 🛛 🛛 No 🗆

Financial review

Group Performance

А

Group Performance A Bardays delivered profit before the off 2076 Earnings per share were and we increased the full year dividend payout to 43 a report. Frome growtho 2000 Growth was well sprend by business, with strong controlutions from international Potali and Commercial Banking. Bardays Blobal trivestors and Bardays Wealth. Net income after impairment charges are well and included not losses of the Growth to a strong the valuation of notes study Bardays Capital and settlements on overchaft toos in relation to prior years of Clim in MK Hetail Banking. Impairment charges and other credit provisions rose Clim Control and the readit market corposures were Clim in the Hetail Banking. Impairment charges relating to US sub-trime motgages and other credit market exposures were Clim in the transformer elation the riges, impairment charges improved to 2015 in MK Hetail Banking and Bardayscall impairment charges improved significanty, as a consequence of reductions in flows into delinquency and arrears balances in UK cards and unsecured lows, KK mangage impairment charges remained nogligible, with tow leyds of delardus, and the wholesale and corporate sector remained stable. The significant morease in impairment charges in International Resel and Commercial Banking was driven by very strong book growth.

strong book growth. Browship in the branch retwork and castrbution channels in international Relation and the branch retwork and castrbution channels in international Relation and the branch retwork and castrbution channels in international Relation and Relation of the branch retwork and castrbution channels in the relation of the branch retwork and castrbution channels in the relation of the branch retwork and castrbution channels in the relation of the branch retwork and castrbution channels in the relation of the branch retwork and castrbution channels in the relation of the branch retwork and castrbution channels in the relation of the branch retwork and castrbution of the branch retwork and the b 23 R

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Business Performance - Globa, Retail and Commercial Banking

Banking In UK Banking we improved the cost income ratio a further of procentage ocints located axcluding settlements on overdraft less in relation to prior years of c115m On this casts we have delivered a constalive of the procentage point improvement in the past three years, well ahead of cur target of six percentage points. UK Retail Banking profit before tax grew the c12820, income grew the excluding settlements on overcraft less in relation to prior years of c115m veftecting a very strong performance in Personal Customer Retail Startings and good performances in Current: Accounts Lincal Retailes and Home Finance, particulty offset by lower income from loan protection insurance. Enhancements in product offer of a data of the past and good performance in motions in motions in protessing cacacity enabled a strong performance in motigage origination, with a strate of ret new leading of 8%. Operating axpenses were well controlled and improved compariment charges improved (129 Area were well controlled and improved compariment find grand Local Business. This was driven by improvements and the collecton process which had to reduced flows into definition, lower tavels of armans and stable charge offs. Mortgage impairment pharges remained negligible.

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Barciaya Commerciat Bank delivered profit before to of E. 371. Profit tebere business disposals improved 550 income improved 560 income by very strong growthim less and commissions and steady growth in not interest income. Non-interest income increased to 525 of total income reliecting continuing focus on cross scales and efficient balance streat utilisation. Operating expension screed 52, reflecting increased investment in product development and support sates force capability and operatorial efficiency. Impairment charges increased 350 has a result of asset growth and higher charges in Larger Business.

Barolaycard prolit before tax increased to (\$400), (B) ahead of the prior year. Steady income relative to 2003 reflected strong growth in Barolaycard international offset by a reduction in UK cend extended credit bilances as we re-positioned the UK business and rockced tower credit guality we re-positioned the UK business and rockeed lower credit guilances as see re-positioned the UK business and rockeed lower credit guility exposures including the sale of the Monument card portfolio. As a result, impairment charges improved [1], reflecting more selective custor re-recruitment, clean management and improved rockeed lower strength and expenses increased [2] driven by continued lowestment in Barclaycard International and the non-resumence one property gain included in the 2006 results. Barclaycard US contenued to make good progress, and for the first time nucle a profit for the year. International Retail and Commercial Banking profits declared [3] to cost tax profit state from FirstCaribbean International Bank. 2007 results reflected a 12% occline in the average value of the Hand. International Retail and Commercial Banking – exclusing Abse delivered a profit borne bar of [25000, noome rescards as wa significantly increased the pace of organic growth across into busitess, with especially strong growth in Emerging Markets and Spart, Operaling expenses grew and 157 new sales centres and also invested in roling out a common technology platform and processes across the busitess. It pairment indexhalong platform and processes across the busitess. It pairment indexhalong platform and processes across the busitess.

technology platform and processes across the business. Impairment increased to 275m including very strong balance sheet growth and lower releases.

International Retail and Commercial Banking – Abse Sterling pront lati (Emite REEMarter absorb of the 12% decline in the average value of the Rand Refail loans and advances grew 22% and retail deposits grew 20%. \mathcal{D}

Busidess Performance - Investment Banking and Investment Management

Barclays Capital delivered a Jincrease in profit before tax to 2335

- Net income was shead of last year, reflecting very strong performances in most asset classes including interest rates, currencies equity products and commadites. Results also included net it sees ansing from credit market. commandlines. Resours also incorporate it is sea analog non-octain in area. Iurburnice of 10.835 pinet of gains from the fair valuation of issued notes of (658). All geographies obliside the US enjoyed significant growth in income and profits. Strong cost control led to oporating expenses certaining
- slightly year on year.

slightly year on year. Barciays Global Investors (BCI) profit before tax increased 12 to 17247 Income grew (5% criven by very strong growth in management fees and in securities lending revenues. Profit and income growth were both effected by the 8% depreciation in the average value of the US Dofar. EGLoosts increased (5%) are we continued in build our infrastructure across multiple products and piatforms to support future crowth. The cost income ratio rose to 82% Assets under management grew USS265bn to USS2.1 trittion, including net new assets of USS86bn. Barciays Wealth profit before tax rose (5%) to 500m income growth of 17% was criven by increased client funds and greater transaction volumes. Cuels were well controlled as business volumes rose and the matriacement ratio improved (income ratio of the structure. Redresspools durined, Total client assets increased 14% to \$133bn.

B 8

Head office functions and other operations

Head Office functions and other operations loss before tax increased from hearing activities. -1

Copital management

At 31st Docembor 2007, our Basel I Tier 1 Capital ratio war 359 (2006: 27%: We started managing capital ratios under Basel II from Tst January 2008: Dur Basel II Tier 1 Copital ratio was (35%) Our Equity Tier 1 ratio 2009: Dunder Basel I (2006: 33) and 37% under Basel II.

We have increased the proposed dividend payable to shareholders in respect of 2007 by IB. We maintain our progressive approach to dividends, expecting dividend growth breadly to match earnings growth over time. ß

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Financial data

Consolidated income statement summary

for the year ended Stat December					2004
		2007	2006	2005	
		<u>- 111</u>	£m	<u>2m</u>	Err 4
	1	9,610	9 143	8,075	6,633
Vel interest incomp	A	7,708	7,177	5,705	4,847
Net fee and commission income	~	4,975	4,576	3,179	2,514
Principal transactions		1.011	1,060	872	1.012
Net premiuma from insurance contracts	ļ	188	2.4	1.47	131
Other income		23.492	22,170	:7,978	15,367
Tetal income		(492)	(575)	(645)	(1,259)
Net claims and benefits incurred on insurance contracts		23,800	21,595	17.333	14,108
Trust locomo net of insurance claims		(2.795)	(2.154)	(1.571)	(1,093)
Impairment charges and other credit provisions		20.205	19,141	15,762	13,015
Natincome		(13,199)	(12.674)	(10,527)	(8.535)
Operating expenses		12	4Ö	45	
Share of post-tax results of associates and joint ventures		7.048	6,813	5,280	4,535
Profil potors hug poss disposals		28	323		-45
Profit Dealer factories doported Profit on disposal of subsidiar es, associates and joint ventures		7,076	7,:36	5,280	4,580
Profit before tax		(1.981)	(1.947)	(1,439)	(1,279)
Tax		5.095	5.195	3,841	3.501
Protit after tax	Á	678	624	394	47
Prolit atabulable to minority interesta	A	4,417	4,571	3,447	3,254
Profit attributable to equity bolders of the parent		5.095	5,195	3,841	3,301

Selected financial statistics	A	68.9p 66.7p	71.9c 69.8p	54.4p 52.6p	51.0p 49.8p
Cluted partings per sham Dividends per ordinary share	ß	34.0p 49.3%	31.0p 43.1%	26.6p 48.9%	24.0p 47.1%
Dividend payout ratio Profit attributable to the equity holders of the parent as a percentage of: average shareholders' equity average total assets	Ē	20.3% 	24.7% 0.4%	21.1% 0.4%	21.7% 0.5%
Selected statistical measures	B	<u>57%</u>	59% 1 84	61% 1.82	61%

Costincome ratio	2.00	134	1.52	.93
Average United States Dellar exchange rate used in preparing the accounts	1.46	1.47	1.43	1.47
Average Euro exchange rate used in preparing the accounts	14.11	12.47	11.57	11.83
Average Hand exchange rate used in preparing the accounts				-11/2

The linencial information above is extracted from the published accounts for the fast three years. This information should be read together with, and is qualified by reference to, the accounts and notes included in this report.

Note a — Qoes netwolved the approximated AS 32, IAS 39 and IPRS 3 which became effective from 1st January 2005, b — Deliced on page 2.



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Financial data

Consolidated balance sheet summary As at 31st December

Trading portIolio and financial liabilities dosignated at fair value .33,937,256,754,217,302 Liabilities to customers und prinvestment contracts .33,937,256,754,217,302 Derivitive innancial instruet .32,559,24,631,01,219 Derivitive innancial instruet .32,559,24,631,01,219 Derivitive innancial instruet .32,559,24,631,01,219 Derivitive innancial instruet .32,559,24,631,01,219 Derivitive innancial instruet .24,638,440,037,137,971 Depurchase agreenterits and cash collisteration securities tent .26,228,111,137,105,328,83,342 Instruct outnot institlitics, including unit-traked liabilities .26,707,8,377 Scoordinance institlities .21,178, rva Cher liabilities .21,178, rva Scoordinance institlities .20,228,111,137,105,328,83,342 Detail liabilities .20,767,83,77 Start Paulities .21,178, rva Scoordinance institlices, including minchly interests .20,767,837,226,11,17 Start Paulities .21,178,17,260,15,870 Start Paulities and shareholders' equity .22,791,299,27,621,417 Start Paulities and shareholders' equity .22,791,299,24,200,10,764 Start Paulities and shareholders' equity .22,791,996,787,924,357,538,181	,	200	7 2006	2005	2004
Clash and othor and: lemm funds 2	Annata	<u>្</u>	<u>) £m</u>	£m	£n a
Interactly bills and all problems 1637 3.783 5.802 3.802 Trading problems and problems 3.81,171 .202 464 251 820 6.865 Contractly bills and data problems 3.81,171 .202 464 251 820 6.865 Contract bill problems 3.81,171 .202 464 251 820 6.85 Contract bill problems 4.94,171 .202 464 251 820 6.85 Contract bill problems 4.94,192 .202 464 251 820 6.85 Contract bill problems 3.82,396 282,200 280,686 282 409 7.40 .203 411,716 Contract bill problems 3.24,396 282,200 280,686 282 409 8.30,77 .25 .703 .23,407 A.2 Aveilabel for scheling and data prosterions 4.10,911 43,227 7.01 assocts 1.227,361 .986,787 .924,957 .508,181 Constance and provide object for scheling and thems in the course object contracts 2.91,927 .502 .513,407 A.2 Constance and contract in scheling and thems in the course of contracts 2.92,937 .528,177 .028,181 1.227,361 .986,787 .924,957 .508,181 Constance and contract in scheling and thems in the course of contracts 2.93,987 .256,274 .208,987 .17,902 1.92,921 .7,902 Constance and contract in scheling and thems in the course of contracts 2.93,987 .256,2791 .008 1.93,931 .15,867 .100,2181		- .			A
Trading Durdicies and Financial assists designated at hir value 2 1 1/1/1 2/2 1/1/1 1/1/1 2/2 1/1/1 1/1/1 2/2 1/1/1	Treast and other another multiple	15 (.63)	7 3 753	5 907	<u> </u>
Conversion Conversion <td>Tracting builts and for the pile only</td> <td>c/:</td> <td></td> <td></td> <td></td>	Tracting builts and for the pile only	c/:			
Delt securities and equity states 245.069 138.355 138.552 117.05 Lears and advances to uostomers 40.150 30.025 -31.105 80.622 Available for scale kinancia 40.150 30.025 -31.105 80.622 Other ussits 40.150 30.025 -31.105 80.622 Other ussits 40.150 30.025 -31.105 10.622 Other ussits 41.1710 10.021 40.150 30.022 -31.105 10.621 Cher ussits 41.1710 10.011 43.622 10.11 43.622 10.11 43.622 Cher ussits 41.127.361 986.787 924.957 53.681 10.2291 Liabilities 41.1710 10.5011 43.622 11.122,291 Liabilities 41.107 10.523 83.732 11.122,291 Liabilities 41.108 41.108 41.114 11.122,291 Liabilities 10.523 83.732 10.122,291 11.122,291 Liabilities in issue 41.1111 10.114,122,291 11.114,114 11.114,117,114,117,113,112,291	Carryan work and the market assets congrated 2; fair value	/ 1			
Lears and advances to banks 104 174 170 Lears and advances to banks 104,100 20,202 31,002 31,002 Available for safe financial investments 24,302 26,308 22,200 26,008 22,200 26,008 22,200 26,009 Available for safe financial investments 21,002 31,002 31,002 31,002 31,002 31,002 31,002 31,002 31,002 31,002 31,002 31,002 31,002 32,002 260,008 20,002 260,008 20,002 260,002 12,00	Pebliscolubilites and our burcher and		138.353	135 923	
Lease and advances to unstances 40.100 200,005 -31.105	Control and a day adday shares				
Available for sale financial investments A 3-6,398,282,200,260,686,222,200 Reverse apportase agreements and cash collateral on securities borrowed 43,072,57,500,160,306 No. Cher vissels A 1227,301,996,707,934,907 n.f. Cher vissels A 1227,301,996,707,934,907 n.f. Cher vissels A 1227,301,996,707,934,907 n.f. Cher vissels A 1227,301,996,707,924,357,538,191 1227,301,996,707,924,357,538,191 Cher vissels A 1227,301,996,707,924,357,538,191 1227,301,996,707,924,357,538,191 Cher vission and toms in the course of cellection due to banks B -924,932,726,554,228,834,217,402 Cher vission and toms in the course of cellection due to banks B -924,932,726,554,228,834,217,402 Cher vission and toms in the course of cellection due to banks B -924,932,726,554,228,834,217,402 Cher vission and toms in store course outprinced and the lateral on securities text 924,937,726,517,238,834,217,402 Cher vission and toms in store course outprinced and the lateral on securities text 924,937,737,117,403,112,289,117,402 Cher vission and construct and blacks B 924,937,737,117,403,112,802,117,603,113,117,103,112,327,117,117,112,123,123,112,320,113,123,103,112,320,113,117,117,117,117,117,117,	CR88 and advances to muturpare			31 105	
Reverse captorchase agroements and cash collateral on socurities borrewed 43.072 5 .703 53.467 min. min. Other ressits 8. 15.000 17,198 16,011 43.207 Charlen ressits 12.27.361 996,787 924,357 538,181 Linbilities 2.12.27.361 996,787 924,357 538,181 Linbilities 2.24.987,7468 112,2291 Customer accounts	Available for sule listerial metamote		282,300	268.896	262 400
Other ressels Islands	Reverse concretes an approximate and and approximate and approximate and	43.072	5 703	53 497	
Total assorts K (8,000 (7,198 (6,011 43,287 Linbilities A 1.227,361 996,787 924,357 538,191 Linbilities A 1.227,361 996,787 924,357 538,191 Customer accord insancial liabilities designated at lair value	Other ussale		174 600	160,708	
Total assets A 1.227.361 996.787 924.357 538.181 Linblifities		A 18.600			
Lindiffies 3 52.388 81.783 77.466 172.2291 Customer accounts 32.498 25.542 28.552 21.742 17.242 11.72 29.542 11.737 105.328 83.742 32.933 3.672 7.747 8.742 28.542 28.552 21.742 11.728 12.772 11.928 12.7361 28.542	Total assets				
Deposits and items in the Gaurse of cellection due to backs 3 -92.138 91.763 77.463 112.229 Customer accounts -92.138 91.763 77.463 112.229	Liabilities	X11.227.361	995,787	924,357	<u>538,1</u> 51 [
Clastomer accounts		31			_
Trading portiolio and financial labilities dosignated at fair value .234.327.256.754.228.581.217.402 Libbilities to outsomers und prinvestment contracts .336.327.256.754.228.581.217.402 Derivative linancial instruments .326.398.46.637.657.102.3181 Derivative linancial instruments .326.398.1162.586.201 Derivative linancial instruments .326.398.127.701 Insurance contract liabilities .137.488.726.463.182.277 Derivative linancial instruments .137.488.726.754.238.586.21.217.701 Derivative linancial instruments .137.488.726.754.238.586.21.217.701 Derivative linancial instruments .137.488.726.757.777 Derivative linancial instruments .137.488.726.757.778 Derivative linancial instruments .137.485.969.307.899.927.521.417 Derivative linancial instruments .137.488.7277 Derivative linancial instruments .137.488.7277 Derivative linancial instruments .137.485.969.307.899.927.521.417 Derivative linancial instruments	Customer accounts	88 فىشىنى ،	_81.783	77,468	112.2291
Litblifties to customers and privationer: contracts .139,891 1125,2651 107,2181 r.r.a Derivative instruments .139,891 1125,2651 107,2181 r.r.a Departments such cash colleterst or securities lent .139,382 113,032 13,936 84,397 .139,383 84,293 84,40,697 127,271 n/a Scoordraared tabilities .139,383 142,463 12,277 12,463 12,277 .139,308 14,918 27,200 Total liabilities .139,308 14,918 27,200 14,718 27,200 14,718 27,200 14,718 27,200 14,718 27,200 14,726 15,870 9,185 7,591 7,026 15,870 9,185 7,191 13,932 13,932 14,926 16,92,927 521,417 X14 X14 X14 X14 X14 X14,92 X14,92 X	Trading portfolio and financial liabilities designated at tain using		256.754	238.364	217 1921
Derivative Inancial instruments 32.837 83,837 83,201 na Det securities in issue 248,238 44,057 13,937 13,936 121,178 rial Repurchase agreements and cash collaterat of securities tent 129,228 111,137 105,326 83,842 4 Insurance contract labilities 139,357 121,178 rial 33037 2,767 8,377 Cher liabilities 13,032 13,936 121,178 rial 33037 2,267 8,377 Sucordinate in abilities 13,032 13,936 12,477 8,377 83,700 Intert liabilities 11,134,805 969,907 859,927 521,417 Stareholders' equity 11,134,805 969,907 859,927 521,417 Stareholders' equity 11,24,805 969,907 859,927 521,417 Stareholders' equity 12,27,361 969,787 829,927 521,417 Stareholders' equity 12,27,361 969,787 929,276 533,181 Visk weighted assets and capital ratios 23,291 12,792 12,450 10,794 4 <	Liabilities to customers under investment contracts	.4 139.891	125.861	10 949	
Debt souchiles in issue 248.286 140.697 137.971 ma Repurchase agreements and cash collateration socurities tent 129.226 111.137 105.328 83.422 Repurchase agreements and cash collateration socurities tent 129.226 111.137 105.328 83.422 Scoordhar ed isbilities 139.42 135.955 121.178 ma Scoordhar ed isbilities 13.932 13.938 14.918 87.200 Total liabilities 1.194.805 969.977 859.927 521.417 Shareholders' equity 1.194.805 969.977 859.927 521.417 Shareholders' equity excluding minority interests 23.291 13.799 1726 15.870 Shareholders' equity 1.227.361 7.004 894 4 Total liabilities and shareholders' equity 1.23.91 19.99 1726 15.870 Start eratio 355.476 237.833 269.148 4 Total shareholders' equity 1.227.361 996.787 92.455 538.181 Total shareholders' equity 1.237.933 269.148 7.7% 7.9% 1.3%	Derivative trancial instruments			85,201	
Repurchase adjreements and casin collisteration socurities tent 120.228 111,137 103.328 83,842 Insurance continued fabilities 130.956 121,178 r/a Scoordinate disabilities 130.927 130.956 121,178 r/a Cher kabilities 13.092 13,796 12,463 12,277 Shareholders' equity 13.092 13,998 14,018 27,200 Shareholders' equity 1.124.805 969.307 859,927 521,417 Shareholders' equity 1.124.805 969.307 859,927 521,417 Shareholders' equity 1.227,261 19,709 17,-26 15,870 Shareholders' equity 1.227,361 996,787 924.357 538,181 Visk weighted assets and capital ratios b 1.227,361 996,787 924.357 538,181 Visk weighted assets and capital ratios b 355,476 237,833 269,148 risk asset ratio 7.85 7.7% 7.9% Visk weighted assets and capital ratios b 12.1% 11.7% 11.3% Visk weighted assets and capital ratios b 355,476 237,833 269,148 Visk weighted assets and capital ratios b 12.1% 11.7% 11.3% Visk weighted assets and capital ratios 12.1% 11.7% 11.3% Visk asset ratio 1.263, 7.0% 7.9% Visk asset ratio 1.263, 7.0% 7.9% Visk asset ratio 1.263, 7.0% 7.9% Visk asset value per ordinary share 2.60	Debt securities in issue	248.288	10,697	137,971	
Insurance contract liabilities, including unit-taked habilities 169.429 136.356 121.178 6/a Succrificated kabilities 3.903 3.878 5.767 8.377 Ither kabilities 3.903 3.878 5.767 8.377 Itabilities 3.903 13.903 14.918 87.200 Itabilities 1.194.805 969.307 859.927 521.417 Shareholders' equity excluding minority interests 23.291 19.799 1726 15.870 Shareholders' equity excluding minority interests 9.185 7.591 7.004 884 Itabilities and shareholders' equity 32.476 27.300 24.400 10.764 Itabilities and shareholders' equity 1.227.361 966.787 924.357 538.181 Itabilities and shareholders' equity 1.227.361 966.787 924.357 538.181 Itabilities and shareholders' equity 1.21% <td></td> <td>120,228</td> <td>111,137</td> <td>105 328</td> <td></td>		120,228	111,137	105 328	
Subordinated istabilities 3 903 3 878 C,767 8,377 Cher liabilities 13 150 13,736 12,277 Total liabilities 1,104,805 969,307 859,927 621,417 Shareholders' equity 1,227,361 969,007 859,927 621,417 Shareholders' equity 1,2476 27,200 24,400 (0,764 A Total shareholders' equity 1,227,361 96,787 924,357 538,181 A Stak weighted assets and capital ratios 353,476 237,833 269,148 A Visk weighted assets 353,476 237,833 269,148 A Visk weighted assets 353,476 237,833 269,148 A Visk asset ratio 7.55 7.0% 11,37% A <t< td=""><td>insurance contract liabilities, including with and tash the set</td><td>169.429</td><td>136.956</td><td>21,178</td><td></td></t<>	insurance contract liabilities, including with and tash the set	169.429	136.956	21,178	
Cither liabilities 18.150 13.032 13.03 13.04 12.07 13.0	Supordinated installities	3 903	3,378		
Total liabilities X 13.032 13.03 13.03 13.03 13.03 13.03 13.03 13.03 13.03 13.03 13.03 13.04	Cther liabilities			12.463	
3hareholders' equity 1.124.885 969.927 829.927 821.417 Shareholders' equity 23.291 13 799 1726 15.870 9,185 7,591 7.004 884 9,185 7,591 7.004 884 Indel shareholders' equity 12.475 27.290 24.400 10,704 Total shareholders' equity 12.475 27.290 24.400 10,704 Total shareholders' equity 12.27,361 996,787 924 357 538,181 Isk weighted assets and capital ret'os b 1.227,361 996,787 924 357 538,181 Visk asset ratio 355,476 237,833 269,148 7.853 7.7% 7.9% 12.1% 11.7% 11.3% Ielected financial statistics 11.7% 11.3% Ielected linancial statistics 353,476 237,833 269,148 Car end United States Dollar exchange rate used in preparing the accounts 2.80 1.06 7.72 1.92 Car end United States Dollar exchange rate used in preparing the accounts 2.80 1.06 7.72 1.92 Car end Curo exchange rate used in preparing the accounts 1.36 7.49 7.46 1.41 Car end Curo exchange rate used in preparing the accounts 1.36 7.49 7.40 1.41		<u>/34 13.032</u>	13.908	14,918	87,200
Shareholders' equity 23.291 13.799 17,-26 15,870 Shareholders' equity 9,185 7,591 7,004 884 Iotal shareholders' equity 12,476 27,290 24,400 10,764 Iotal shareholders' equity 12,27,361 996,787 924,557 538,181 Isk weighted assets and capital ret'os b 12,27,361 996,787 924,357 538,181 Isk weighted assets 355,476 237,833 269,148 7,855 7,755 7,755 Isk weighted assets 355,476 237,833 269,148 7,855 7,755 7,755 11,375 Isk asset ratio 7,855 12,195 11,755 11,375 11,375 11,375 Ietected financial statistics 353,0 3039 2093 2450 X Ieter end Lurie exchange rate used in preparing the accounts 2,800 1,06 7,2 1,92 car end Euro exchange rate used in prenaring the accounts 1,36 1,49 1,48 1,48 car end Euro exchange rate used in prenaring the accounts 1,36 1,49 1,48 1,48 1,48 1,48		1,134,885	969.397 8	199.927	521 417
Amounty interests 23,291 19,799 17,-26 15,870 Interests 9,185 7,591 7,004 384 Interests 12,475 27,290 24,400 10,704 Ital shareholders' equity 12,475 27,290 24,400 10,704 Ital shareholders' equity 12,27,361 996,787 924,557 538,181 Itak weighted assets and capital ret'os b 12,27,361 996,787 924,557 538,181 Itak weighted assets 355,476 237,833 269,148 7,853 7,755 7,956 Itak asset ratio 7,853 7,755 11,375 11,375 11,375 11,375 11,375 Ietected financial statistics 353,0 2092 2460 1,06 72 1,92 Ietected linancial statistics 353,0 2092 2460 1,06 72 1,92 Ieter end United States Dollar exchange rate used in prename the accounts 2,80 1,96 72 1,92 Ieter end United States Dollar exchange rate used in prename the accounts 1,36 1,41 1,41 1,42 1,42	Shareholders' equity				1.1843 B 274
Amounty interests 23,291 19,799 17,-26 15,870 Interests 9,185 7,591 7,004 384 Interests 12,475 27,290 24,400 10,704 Ital shareholders' equity 12,475 27,290 24,400 10,704 Ital shareholders' equity 12,27,361 996,787 924,557 538,181 Itak weighted assets and capital ret'os b 12,27,361 996,787 924,557 538,181 Itak weighted assets 355,476 237,833 269,148 7,853 7,755 7,956 Itak asset ratio 7,853 7,755 11,375 11,375 11,375 11,375 11,375 Ietected financial statistics 353,0 2092 2460 1,06 72 1,92 Ietected linancial statistics 353,0 2092 2460 1,06 72 1,92 Ieter end United States Dollar exchange rate used in prename the accounts 2,80 1,96 72 1,92 Ieter end United States Dollar exchange rate used in prename the accounts 1,36 1,41 1,41 1,42 1,42	Shareholders' equity excluding minority interests	ſ 			
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Otel liabilities and shareholders' equity 32,476 27,390 24,400 (0,764) tisk weighted assets and capital ratios b 1,227,361 996,787 924,557 538,181 tisk weighted assets 355,476 237,833 269,148 tisk segitied assets 355,476 237,833 269,148 tor 1 ratio 7,45 7,75 7,9% telected financial statistics 12,1% 11,3% 11,3% telected financial statistics 3030 2090 2450 telected intrance of the exchange rate used in preparing the accounts 3030 2090 2450 car and Euro exchange rate used in preparing the accounts 2.00 1.06 .72 1.92 car and Euro exchange rate used in preparing the accounts 1.36 .49 .46 1.41 car and Euro exchange rate used in preparing the accounts 1.36 .49 .46 1.41	Total sharebuilders' ageithe		7,591	7.004	394
Otel habilities and shareholders' equity 1.227.361 996.787 924 557 538.181 tisk weighted assets and capital ratios b 1.227.361 996.787 924 557 538.181 tisk weighted assets 355.476 237.833 269,148 tisk weighted assets 7.875 7.7% 7.9% tisk asset ratio 7.875 7.7% 7.9% telected financial statistics 12.1% 11.7% 11.3% teleset value per ordinary share 353.00 2000 2000 2000 2000 car-end Euro exchange rate used in preparing the accounts 2.80 1.06 7.72 1.92 car-end Euro exchange rate used in preparing the accounts 1.36 1.49 1.48 1.41 car end Euro exchange rate used in preparing the accounts 1.36 1.49 1.48 1.41		32,476	27,390	24,430	10.764 A
tisk weighted assets and capital retion b kak weighted assets tor 1 ratio text weighted assets tor 1 ratio text asset ratio telected financial statistics tel asset value per ordinary share ter and Euro exchange rate used in preparing the accounts car and Euro exchange rate used in preparing the accounts car and Euro exchange rate used in preparing the accounts car and Euro exchange rate used in preparing the accounts car and Euro exchange rate used in preparing the accounts car and Euro exchange rate used in preparing the accounts ter ond Rand exchange rate used in preparing the accounts ter one field exchange rate used in preparing the accounts ter one field exchange rate used in preparing the accounts ter one field exchange rate used in preparing the accounts ter one field exchange rate used in preparing the accounts ter one field exchange rate used in preparing the accounts ter one field exchange rate used in preparing the accounts ter one field exchange rate used in preparing the accounts the accounts ter one field exchange rate used in preparing the accounts ter one field exchange rate used in preparing the accounts ter one field exchange rate used in preparing the accounts ter one field exchange rate used in preparing the accounts ter one field exchange rate used in preparing the accounts ter one field exchange rate used in preparing the accounts ter one field exchange rate used in preparing the accounts ter one field exchange rate used in preparing the accounts ter one field exchange rate used in preparing the accounts ter one field exchange rate used in preparing the accounts ter one field exchange rate used in preparing the accounts ter one field exchange rate used in preparing the accounts ter one field exchange rate used in preparing the accounts ter one field exchange rate used in preparing the accounts ter one field exchange rate used in preparing the accounts ter one field exchange rate used in preparing the accounts ter one field exchange rate used in prepar	rotal habilities and shareholders' equity	1 227 361	996 787 C	94 567 6	29 101
Visk weighted assets 355,476, 237,833, 269,149 For 1 ratio 7.875, 77%, 7.9% Isst asset ratio 7.875, 77%, 7.9% Ister asset value per ordinary share 12.1%, 11.7%, 11.3% refected financial statistics 12.1%, 11.7%, 11.3% refected financial statistics 12.9%, 11.7%, 11.3% refected financial statistics 12.9%, 11.7%, 11.3% reference Unico States Dollar exchange rate used in preparing the accounts 2.90, 1.06, 72, 1.92 car-end Euro exchange rate used in preparing the accounts 1.36, 1.49, 1.46 car-end Euro exchange rate used in preparing the accounts 1.36, 1.49, 1.48	Risk weighted assets and constant rotion b			1.4 207 2	556.15
ior 1 ratio 355,476 237,833 269,148 iost asset ratio 7.8% 7.9% 7.9% iet asset value per ordinary share 12.1% 11.7% 11.3% iet asset value per ordinary share 3530 3032 2092 2450 iet asset value per ordinary share 3530 3032 2092 2450 iet asset value per ordinary share 3530 3032 2092 2450 iet asset value per ordinary share 3630 106 1.72 1.92 car-end Euro exchange rate used in preparing the accounts 2.60 1.06 1.72 1.92 car-end Rend exchange rate used in preparing the accounts 1.36 1.49 1.46 1.41					
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elected (inanctal statistics ict asset value per ordinary share gar-end Unicd States Dollar exchange rate used in preparing the accounts car-end Euro exchange rate used in prenaring the accounts car-end Euro exchange rate used in prenaring the accounts car-end Euro exchange rate used in prenaring the accounts car-end Euro exchange rate used in prenaring the accounts 1.36 1.49 car-end Euro exchange rate used in preparing the accounts 1.36 1.49 car-end Euro exchange rate used in preparing the accounts 1.36 1.49 car-end Euro exchange rate used in preparing the accounts 1.36 1.49					12
icit asset value per ordinary share 353p 303p 203p 245p X car-end United States Bollar exchange rate used in preparing the accounts 2.60 1.96 .72 1.92 car-end Euro exchange rate used in preparing the accounts 1.36 1.49 .46 1.41 car-end Rend exchange rate used in preparing the accounts 1.36 1.49 .46					
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carrend United States Bollar exchange rate used in preparing the accounts 3530 303p 203p 248p X carrend Euro exchange rate used in preparing the accounts 2.60 1.96 .72 1.92 carrend Rand exchange rate used in preparing the accounts 1.36 1.49 .46 1.41 carrend Rand exchange rate used in preparing the accounts 1.36 1.49 .46 1.41	tel asset value per ordina y share	/ 			
ear-end cure exchange ate used in prenaming the accounts 1.36 1.49 1.46 1.41 ear and Rand exchange rate used in preparing the accounts 1.36 1.49 1.46 1.41	fear-end United States Dollar exchange the used in organize the action at				246p / K
Call ond 1996 exchange rate used in praparing the accounts 1.36 1.41	Carrend Curo exchange she lisert in menanne the seconde		1.96	72	
	fear and Rand exchange rate used in preparity the accounts				1.41
		13,64	13.71	10.87	10.66

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The financial information above is extracted from the published accounts for the fast three years. This information should be read together with, and is qualified by reference to, the accounts and Notes included in this report.

Notes

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6 Back using red as prime and applier ratios are culculated and placed lines. Gapta situation for 2004 bread up (BBS are not prelimiting to a state of the risk user. Can ware the object of the risk user. Can ware the risk user. Can ware the object of the risk user. Can ware the risk user. Can ware

Barclays Annual Report 2007

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Financial review

Analysis of results by business

Analysis of results by busiless For the year ended 31st December 2007

For the year enose a store occanoe -		UK ianking Sm	Baminycard Em	International Retail and Commercial Baoking Em	Barclays Capital Sm	Barolays Głobal Investors ଦିଅ	Barolays Wealta <u>Cm</u>	Head office functions and other operations Con	Group	
	F	4,596	1,394	1,690	1,179	(8)	431	128	3.610	
Net interest income Net lee and commission income		1,932	1,080	1,210	1.235	1,936	739	(424)	7.708	
Principal transactions ^a	1	56	11	248	4.692	(4)	. 55	(83)	4,975	
Net premiums from insurance contracts		252 56	40 (26)	372 87	13	2	195 19	152	1.011 108	
Other income	†	6,894	2,499	3,807	7,119	1.926	1,439	(192)	23.492	
Net claims and benefits incutred on insurance contracts	ł	:43)	(13)	(284)	<u> </u>	·	(152)		(192)	A
Total income, net of insurance claims		6,851 (849)	2.480 (038)	3,523	7,119	1,926	1,287	(192)	23.009 (2,795)	
Impairment charges	B	8,002	1,648	3,271	6,273	1.926	1,280	(195) (234)	20.205 {13,199}	1
Oneratinu expertsos	1	(3,370)	(1.101)	(2,356)	(3.973)	(1.192)	(a: s)	(22.4)		
Share of post-tax results of associate and joint ventures		7	(7)	7	35		307	[429]	7 048	{
Prolit pelore business discosals	ß	2.639	540	522	2,335	734	307	(12.01	·	Į
Profit on diaposol of subsidiaries, associates and joint ventures		14		13				<u>1</u>	28	ł
Profit before tax		2.653	549	935	2,335	734	377	(428)	7,076	A
·		l								<u>}</u> ```
As at 31st Decombar 9037					\$39,662	89,224	18,024	7,053	1,227,301	
Total assets		161.777	22.164	- 25,457			43.969	34,924	1 194,885	
Total Ilabilities		166.980	1,559	48,889	811,516	37,101	43.500			1

Note ${\bf A}_{\rm e}$, depending the production of the physics and and set ${\bf a}_{\rm e}$, depending on the physics and the physics are produced by the physics ${\bf A}_{\rm e}$, and ${\bf A}_{\rm e}$, and and a , and and a , and a ,

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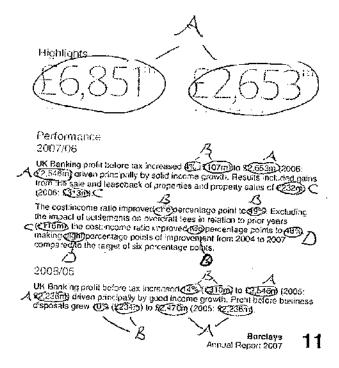
Global Retail and Commercial Banking UK Banking

Who we are

UK Banking comunices UK Rotad Banking and Barotays Communicat Bank (formerly UK Business Banking).

What we do

UK Banking delivers banking solutions to Banclays retail and business banking customers in the United Kingdom. We offer a range of integrated products and services and access to the expense of other Group businesses. Customers are served through a variety of channels comprising the branch network, automated teller machines, telephone banking. Onlisto banking and relationship managers.



|--|

۰ ۱		2007 Sm	2006 £m	2005 £m
ncome statement information Net interest income Net loe and commission income Net invostriant income Principal transactions Net premiums from insurance contracts		4,596 1,932 9 47 55 252 58	4,467 1,874 2 28 30 342 63	4,213 1,728 26 26 298 32
Stae income Stal income Net glaims and benefits incurred on insurance contracts		G.894 (43)	6.776 (35)	6,297 <u>(61)</u>
Tetal income, net of insurance claims Impairmant chargias	A	6,851 (849) 6,002	6,741 (887) -5,854	6,236 (671) 5,505
Vet income Operating expenses excluding amorbation of Intangible assets Amorbating of Intangible assots Operating expenses Share of post-tax results of essociates and joint vantures Profit on disposal of subsidiance, associates and joint ventures	ن ک ۸	(3.358) (12) (3,370) 7 14	(3,387) (2) (3,389) 5 76	(3,323) (3) (3,926) (3)
Prefit before tax		2.653	2.546	
Balance sheet information Loans and advances to customers Customer accounts Fotal assets	C	£145.3bn £147.9bn £161.8bn	£151.05n <u>£159.75n</u> £147.65n	£125.55n <u>2127.25n</u> 2130.05n
Selected statistical measures	12	49%	<u> </u>	53%
Cost income ratio ⁴ Eisk Tondency ⁹ Risk weighted assets	£	<u>0 775m</u> C 99.8bn	<u>େ 730ମ</u> ଟୁ 93.05n	<u>£ 665m</u> £ 87.9bn

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Barclays Annual Seport 2007

Global Retail and Commercial Banking UK Retail Banking

Who we are

UK Retail Banking comprises Personal Customers, Home Finance, Local Business, Concurrer Lending and Barolays Financial Planning. We have one of the largest branch networks in the GK with around 1,700 branches and an extensive network of cash machines.

What we do

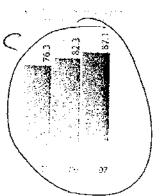
Our cluster of businesses a ms to outid broader and deeper relationships with customers. Personal Customers and Home Finance provide a wide range of products and services to relaticustomers, including curre (accounts, savings and investment products, mortgages brandod Weekwich and general insurance. Barclays Financial Planning provides banking, nvestment products and advice to affluent customers.

Local Business provides banking services to small businesses. UK Renat Banking is also a gateway to more specialised services from other parts of Banking is also a gateway to more specialised services from other parts of Banclays such as Barcays Stockbrokors.

Our business serves 15 million UK customers.



Performance indicators





Performance 2007/06

UK Betail Banking profit excluding tax increased (11) (1282) (2006) Using the result of a strong improvement in mpairmant.

- Incompariment. Inducting the impact of settlements on overdrall (set from here years (115m) Incomparture sect(12) (20m) to \$2.27m (2006) (1246m) income grav(1%) (0077) excluding the impact of settlements on overdraft less in relation to prior years(116m) This was driven by very strong growth in Personal Customor, tetal savings and good growth in Personal Customer current account, Home Finance and Local Bysiness. Net interest income increased (12 Gan) to (2650) (2006) (2765m) condination of good patience sheet growth and an increased liability marcin. Total average customer deposit balances increased 7% to £31.9b
- margin. Total average customer deposit balances increased 7% to £81.9br (2006: £70.5bn), supported by the launch of new products.

- (cool: cr0.obin, sopponed by the faunch of new products.
 Montguge volumes increased significantly. Given by an improved mix of longer tom value products for customers. Higher layers of voltage brances were continuing improvements in processing capability. Mortguge brances were shall of 6% (2006; 2%). The products of were solved market share of 6% (2006; 2%). The average loan to value rate of the residential nongage book on a current which option is 33%. The average loan to value rate of here residential nongage book on a current which options was 35%. The average loan to value rate of here residential nongage book on a current which options was 35%. The average loan to value rate of here residential nongage book on a current which options was 35%. The average loan to value rate of righter larching residential nongage loans to value rate of righter larching to a set market share of the impact of righter larching and residential contracting the impact of righter larching in 2007.
- Overail asset margins decreased as a result of the increased proportion of nonsugages and contraction in unsecured toatie.
- Net lee and commission income reduced (1950) Io (7, 1837) (2006: 12020). There was strong Current Account income growth in Personal Customers and good growth within Local Austress. This was more than clisat by settlements or overdraft fees.
- Net premiums horp-insurance underwriting activities reduced 28% (2006) to (252m) (2006) (332m), as there continued to be lower customer take-up of team protection insurance. Not daims and benefits on insurance contracts increases (p213m (2000) (353)) ____

Edimacis increased and an (2000; 2000) Impairment charges decreased (273 (2766) to 95696 (2006) (6756)) reflecting lower charges in unsectured Consumer Lending and Local Business. This was driven by improvements in the collection process which tool to reduced flows into dolincuency. Iower levels of arrears and stable charge-offs. Mortgage impairment charges remained hegigible.

Derating expenses reduced (32 (CSS)) to (2433) (2006 (2.50)), reflecting strong and active management of all expense lines, largeted processing improvements and back office consolidation. Gains from the sate of property were (330) (2006; (2530), increased investment was locused on improving the werall customer experience through converting and increasing operational and process efficiency; and meeting regulatory requirements.

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		2007 	2006 £m	2005 10m
Income statement information Net interest income Net tee and commission income Net premium's from insurance contracts Other income Total income Net claims and benefits on insurance contracts		2.358 1.183 252 47 4,340 (43) 297	2.765 1.232 342 42 4.381 (35) 4 346	2,677 1.065 372 24 4.138 (61) 4,077
Total income net of insurance claims Inpairment charges Net income Operating expenses excluding amortisation of intangible assets Amortisation of intangible assets Operating expenses Share of posi-tax results of associates and joint ventures	C	(559) 3,738 (2,455) (8) (2,463) 7 1,282	(E35) 3,711 (2,531) (2,532) (2,532) 2 1,381	(494) 3,583 (2,501) (2,501) (2,501) (2,501) (6) 1,076
Profit before lax Batance sheet information Loans and advarces to customers Customer accounts Totat assets		282.0bn 287.1bn 287.8bn	£74.7bn £82.3bn £81.7bn	£72.1bn £76.3bn £78.1bn
Selected statistical measures Costingene ratio ³ Fisk Tendency ^a Rick weighted assets	Q	57% 2 479m 216.0bn	58% <u>5500m</u> £43.0bn	61%) <u>£ 415</u> m £40.85ti

Defined on page 2.

<2006/05

X UK Retail Bayking prolit before tax increased (673 (£1057) to \$1.181 1). (2005: \$11775;5), doven by good income provin and well conirolled costs. There has been substantial additional investment to transform the Ā busidess.

business. Income increased (19) (2007) to 9(3169) (2003) (2007)). Income growin was broadly based. There was strong income growth in Personal Dustomers retail savings, floet Business and UK Premier and good growth in Personal Customers current account income. Sales volumes noreased, with a particularly strong performance from direct channels. Net interest income increased (2007) to (2765) (2007). Growth was driven by a higher contribution from deposits, through a combination of good balance sheet growth and a stable liability margin. Total avange current deposit behaves increased 8% to 576.5bn (2005)

Total average customer deposit balances increased 8% to £76.5bn (2005; £71.0bn), supported by new products. Growth of personal savings was above that of the market.

Mongage volumos improved significantly, driven by a locus on improving capacity, customer service, value and promotion, UK residential montgage balances onded the year at 951.75 (2005), Gross advances over efforts higher at 2184.55 (2005), Criston), Gross advances (2005), 4%). Not lending was (2005), (Criston), with a market share of 3% (2005), 4%). Not lending was (2005), (Criston), with a market share of 3% (2005), 4%). Not lending was (2005), (Criston), with a market share of 3% (2005), 4%). Not lending was (2005), (Criston), with a market share of 3% (2005), 4%). Not lending was (2005), (Criston), with a market share of 3% (2005), 4%). Not lending was (2005), (Criston), (the year, teading to a market share of 4% in the second half of the year. The morigage margin was reduced by changed assumptions used in the calculation of effective interest rates, a higher proportion of new mortgages and base rate onanges. The new pusiness spread was in line with the industry. The toan to value ratio within the residential mortgage book on a current valuation basis was 34 % (2005: 35%)

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Barolays Annua: Report 200? 14

there was good balance growth in non-mortgage loons, where Local Business average balances increased 9% and UK Premier average ĺ۵, balances increased 25%.

Net fee and commission income increased (65%) (157m) icc1,232m (2005: K1055m). There was strong current account income growth in Personal Customers and Local Business. UK Premier deinered strong grown-reflecting higher income from banking services, mortgage sales and

nvestment advice. Net premiums transition condenvriting activities decreased (3) Within to (320h (2005; (372n)). There continued to be lower customer take up of loan protection insurance. Ner claims and benefits on insurance contracts improved (a (205); (205); (2017)) impairment charges increased (205); (2017) for (635h) (2005; (2010)). The increase principally reflected balance growth and some deterioration in doinquency rates in the Local Business Ioan book. Losses from the moricage porticitor remained negligible, with arrears at low levels.

doinquency rates in the Local Pusiness Ioan book. Losses from the mortgage portform remained negligible, with a rears at low levels. Operating expenses were steady at 253270 (2005 (2505 m)). Gains from the sale and leaseback of properly amounted to (25570 (2005 (2505 m))) unvestment in the business to improve customer service and deliver susplanable performance improvements was directed at upgrading function to apapellities, judy drive customer service and at upgrading binner. sustainable performance improvements was chocied at upgrading the distribution capabilities, including restructuring and improving the branch network. Further investment was focused on upgrading the contact centres, transforming the performance of the moltgage business, rovitalising the retail product range to meet sustemets' needs, improving core operations and processes and rationalising the number of operating sites. The level of investment reflected in operating expenses in 2008 was approximately double the level of 2005.

The costilucione ratio improved repercentage points (2005) どうつ Ď

Global Retail and Commercial Banking Barclays Commercial Bank

Who we are

Earclays Commercial Bank comprises 8,400 colleagues who serve 81,000 CuStomors

Eadler this year, we launchool our new orand - Darclays Commercial Bank to replace UK Business Banking. This new ideality is much more than just a name change. Instend, it more accurately reflects our current capabilities and future aspirations, and it is scalable across markers. To complement the new identity, we also faunched a clear customer proposition. It comprises three elements:

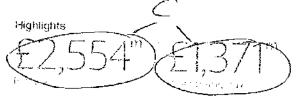
- relationship
- specialisation
- innovation

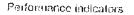
These encapsulate our capability to celiver distinctive service and solutions that meet our customers' needs.

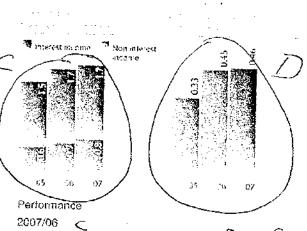
What we do

Bardays Commercial Bank provides banking services to organisations with an annual lumover of more than 21rt. Customers are served via a network of relationship and industry sector specialists, which provides polutions enstructed from a comprehensive suite of banking products, support, experise and services, including specialist asset linancing and leasing incilities.

We are a key component of the Barclays universal banking model, delivering income in parinership with at the constituent business units of the Barclays Group.







Burclays Commercial Bank profit before tax increased (6h) to \$1.37 im (2006: \$1.365m) due to continued good income growth partially oilset by ower gains from business disposals. Profit excluding profit on business

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iower gains from business disposals. Prof t exciticing profit on business disposals of (147)(2006; (767)) increased(57) to 91.33777 (2006; 91.28977) income increased (29 ((1597)) to \$2.55777 (2006; 2007)). Non-Interest income increased (29 ((1597)) to \$2.55777 (2006; 2007)). Non-Interest income increased (29 ((1597)) to \$2.55777 (2006; 2007)). Non-Interest income increased (29 ((1597)) to \$2.55777 (2006; 2007)). Non-Interest income increased (29 ((1597)) to ball income (2006; 2007)). Non-Interest income increased (2006; 2007). Intere was very studie provide income (2006; 2007). Intere was very studie provide income (2006; 2007) to (1607) (10772) to (1497)/2006; (2017) due to very strong perioreance in Inonding fees. There was also good growth in transaction related income, foreign exchange and don/valives transactions underaken on behall of clients.

Net interest income improved (32) (36m) to \$1,738m (2008 (1.702m)). Average customer fondings increased 3% to \$33,85m (2006; \$2,702m). Average nustomer accounts grow 4% to \$16,45m (2008; \$44,85m). Income from principal transactions primarily reflecting venues capital and other equity realisations increased (350) (2009) to \$55m (2006; \$35m).

Impairment charges increased (5%) (33m) to \$50m (2006; (252m), mainly due to a higher level of impairment issess in longer Buchess as impairment trendee towards lisk tentrolocy. There was reduction in impairment levels in Medium Business due to a lighten no of the lending or teria. Ð

Operating expenses increased (2)(500) to (5007) (2006; (8577)). Operating expenses are net of gains of (397)(2006; (6077) of the sate of property. Growin in operating expenses was focused on continuing investment in operations, intrastructure, and now indictives in proclust development and sales capability C

> Barclays Annual Report 2007 15

		2007 	2006 £ເຫ	2005 <u>Σm</u>
ncome statement information tot interest income tet tee and commission income Net tracing income Net invostment income Principal transactions Ober income		1.738 749 9 47 56 11	1,702 642 28 30 21	1.536 589 17 17 17 17
Total income Interiment charges Nat income Operating expenses excluding amortisation of intangible assets		2,554 (290) 2,264 (303) (4)	2,396 (252) 2,143 (858) (1)	2,159 (177) 1,982 (892) (3)
A nortisation of intangible assets Operating expenses Share of post-tax results of associates and joint ventures Profit on disposal of subsidiaries, associates and joint ventures	C	(907) 14 1,371	(857) 3 76 1.365	(82) 3
Profil before lax Balance sheet information Loans and advances to customers Customer accounts Tetal accels		263.3bn <u>260.8bn</u> 273.9bn	256.3bn 257.4bn 205.9bn	253.4bn 250.9br 259.9br
Selected statistical measures Costincome milio ^a	Þ	36%	36%-	38
Risk Tendency ^a Risk weighted assets	F	<u>£ 305m</u> £50.8bn	£ 290m £50.0bn	£ 250m £47.1ba

a Defined on page 2.

 \sim 2006/05 📿 Barolays Coffine vial Bank profit before tax increased (10) (2057) to 0.3657 (2005) (1607) driven by continued strong income growth barolays Commercial Bank maintaired its market share of primary customer relationshus. The 2006 result included a (2377)(2005) (377) contribution from the full year consolidation of use of primary to the bulk year consolidation of use of primary state was acquired on 1st June 2005. Profit before business disposals increased (13) (23577) (3057) (1607) (noome increased (13) (23577) (2005) (215776) of year bu-

Income increused (1% (235m) in 2735DD (2005; (2159b), criven by strong balance sheet growth. The uplitt in indome was broadly based across income categories. (2)

strong parameter shown provider, provider and point in monthly and bootship strong across income increased (139(2186m) to 9(7020) (2005; 2: 3350)) enven by strong balance sheet growth. There was strong growth in all business areas and in particular Larger Business. The londing margin improved slightly. Average customer accounts increased 11% to \$44.80m (2005; 540,50m) with good growth across product categories. The coposit margin was stable α margin was stoble.

Not fee and commission income increased (55) (155) to (642)) (2005: (589m). There was a strong lise in income from foreign exchange and derivatives business transacted through Barclays Capital on behall of Barclays Commercial Bank customers.

Barclays Annuai Report 2007 16

Income from principal transactions was(530m (2005; (17m), primarily reflecting the profit realised on a number of equily investments.

As expected, impairment rates trended upwards doining the year towards a more normalised tevel impairment increased (2010) (2010); (252)(2005); (2777), with the increase mainly reflecting higher charges from Menium Business and balance growth. Impairment charges in Largor Business upper Business

Business and balance growth. Intraument charges in Larger eusness were stable. Operating expenses increased (3) (23m) to (257m) (2005) (825m). Cost growth reflected higher volumes, increased axiomitature on from line staff and the costs of twoo Finance for a full year. Operating expenses included a credit of Stimon the sate and leaseback of property. Increased investment was increased on the acceleration of the rationalisation of

operating sites and technology intrastructure.

The costumoine ratio improved with backeninge points (36%) (2005: ාඐ

Profit on disposals of subsidiaries, associates and joint ventures of 7879 (2005; Cillbarose from the sales of interocts in vehicle leasing and Europeanyvendor linence businesses.

CONFIDENTIAL

Global Retail and Commercial Banking Barclaycard

Who we are

We are a multi-brand international credit card and consumer tending business. Our profit card was the first to be launched in the UK m 1966 and is now one of the leading credit card businesses in Europe, with a fast growing business in the US,

What we do UK

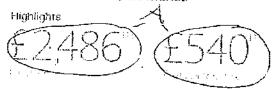
Our activities include all Barclaycard branded credit cards, the FirstPlus secured lending business and the retail finance business Barclays Partner Finance, in addition to these activities, Sarclaycard also operates Finance, in addition to increan activities, starotayeard biso operates partnership cards with leading brands including SkyCard and the Thomas. Cook Credit Card. We continue to lead the UK market with the launch in 2007 of Bandaycard OnePulse, the UK's liss contactless card, and Bandaycard Breathe, the first card to donate a percentage of its profits to carbon reduction projects around the world.

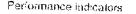
International

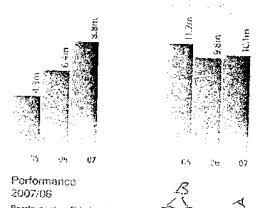
Barchycord's international presence is extensive. In 2007, 3 out of every 4 cards issued by Barclaycard were in markets outside the UK and we have 8.8m international cards in issue. We currently operate across Europe and the United States where we are the fastest growing credit card business. In Scand navia we operate through Entercord, a joint venture with Sweetbank.

Barclaycard Business

Bardaycard Business processes card payments for 93,000 relations and Terrhants and issues processes one payments an article retainers and the UK Government. It is Europo's number one issuer of Visu Commercial Cards with over 137,000 corporate customers.







Barchaycard profit before tax uncreased (83) (82m) to (540m) 2006: Construction production before tax increased(1873/re2/mj10 (540m)/2005;
 Construction of international coal growth coupled with a significant
 improvement in UK impairment charges. Other income included a
 Cost of disposal of pair of the Monument card postfolio. 2006 results
 reflected a property gain of Cost

Income decrease(1) (228m) to (2485) (2006: (2.514m) reliacting strong growth in Barc aycaid international, 5/584 by a creating in UK Cards reverver rosulting from a nucle cauticus approach to lending in the UK and a (27m) toss on disposal of part of the Monument card portfetio.

Not interest income increased: [3(CTIm) or \$1,391(0) (2006) \$1,383(0) due to strong organic growth in international average extended creating balances, up 32% to \$3,35n and average secured consumer tending balances up 26% to \$3,35n and average secured consumer tending credit card balances which left 16% to \$6,95n, Margins fell to 6,59% (2006) 7,1390 due to biologic average base raises card constraint readers 7.13%) due to higher average base rates across core operating markets and a change in the product mix with an increased weighting to secured \heartsuit

Not fee and commission income 'ext2's (220) to 21 (30) in 2006: (1105) with growth in Bordaycard International clister by our actions in response to the Clice of Fair Trading's Indings on late and overlimit fees in the UK which were implemented in August 2006. (improment charges trappover(21) (2220) to (3337) (2006; (1.067)) relieding reduced Dws into delixquency: lawer levels of arrears and lower charge offs in UK Cands. We made changes to our impairment methodopodies to standardise are expressed and in a charge of the feet of the charges in the the expression of Decision.

methodorogies to standardise our opproach and in unbrigation of Basel II. The not costive impact of those changes in methodology was offset by an increase in impairment charges in Barglaycard International and secured consumer lenging. Ŕ

Operating expenses increated 235 (2010) of DTh/2006 UBITH) Excluding a property gain of 2000, n 2000, operating expenses increased (B2000) effecting continued investment in expanding our busin esses in reupspe and the US Costs in the UK businesses were broadly that, with O threatment in new UK product innovations such as Barchycard OnePulse being funded out of operating officiencies.

Bardaycard Interdational continuou to gain momanium, dowering a profil before lax of (2777) against a loss before tax of (2877) in 2006. We concluded seven new credit participation ship doals across Woetern Europe. The Enternand jo at vunitive continued to perform allead all par-auxie entered the Denish market, extending its rench across the Grandinavian region. Barcaycard US was profitable, with very storty avorage balance grawin and a number of new card palanerships whited Lulibensa Airlines and Princess Gruise Lings.

> Sarclays 17 Acoual Report 2007

		2607	2006	2005	
· · · · · · · · · · · · · · · · · · ·		<u>£m</u>	£m	<u>£</u> m	
Income statement information					
Net interest income		1.394	1,383	1,231	
Net fee and commission income		1,030	1,106	1,065	
Net investment income		L 11	15	- 1	
Net premiums from insurance contracts	(<u> </u>	18	5	
Other income		(26)			
Total income		2,499	2,522	2,302	
Net claims and benefits incurred on insurance contracts		(13)	(8)	(3)	
Total income net of insurance claims	X	2.486	2,514	2,299	
Impairment charges		(838)	(1,067)	(753)	
Net income	В	1.648	1,447	1,546	
Operating expenses excluding amonisation of intanglble assets		(1,073)	(964)	(891)	
Amortisation of intangible assets	4	(28)	(17)	(17)	
Operating expenses		(1,101)	(981)	(908)	
Share of post-tax results of associates and joint ventures	A	(7)	(8)	1	
Profit belore tax		540	458	<u>539</u>	
Balance sheet information		├ ───			
Loans and advances to customers		£20.1bn	£ 18.2bn	£†6.5bn	
Total assets	<	C22.2bn	£ 20.1 pn	£18.2bn	
Selected statistical measures		<u> </u>			
Cost:lecome ratio ^e	ß	- 44%	39%	39%	
Risk Tendency ^a	~ ~ ~	£ 945m	£1,185m	£ 865m	
Risk weighted assets	F.	E19.9bn	£ 17.0on	£13.6bn	

A

a Defined on page 2.

DESCRIPTION

2006/05

Barclaycarc profit before tax decreased 28% CT31m) to C759m (2005: C639m) as good income growth was more than Crisel by higher impairment fittinges and increased costs from the continued development of

International businesses . Income increased St (2150) to (25140) (2005; (2,2990) reflecting very strong momentum in Barclaycard US and strong performances in Barclaycard Business, FirstPlus, SkyCard and continental European

Net interest income increased [23] (552m) to 1,3839 (2005; 1,230n) due to strong growth in International average extended credit card balances up 39% to £2.6bb (2005; £1.8bb) and average secured consumer lending balances up 55% to £3.4bn (2005: £2.2bn), partly offset by UK average extended credit card balances down 7% to \$8.0bn (2005) \$8.6bn), reflecting the impact of tighter lending criteria.

Not tog and commission income increased (Standard Vitera). Not tog and commission income increased contributions from Barclaycard Informational. SkyCart. FirstPlus and Barclaycard Business. Barclaycard reduced its late and overlimit fee charges in the UK on 1st August 2005 in response to the Office of Fair Trading's indings. Investment income of (FirstPlus) and barclaycard tog in arising from the sale of part of the stake in MasterCard Icc, Icliowing is finiation.



Barclays Annual Report 2007 Impairment charges increases 4252 (314p) .c (1.057) (2005. (753m) The increase was driven by a rise in resinguent balances and increased numbers of bankruptoics and Individual Voluntary Arrangements. As a result of management action in 2005 and 2006 to lighten lending criteria and improve collection processes, the flows of new delinquencies reduced, and levels of arrears balances declined in the second half of 2006 in UK

and levels of arrears balances declined in the second rain of 200 m of cards. Operating expenses increased (32) (27) (2005) (2005) (2005). This included a (38) gain from the sale and leaseback of property. Excluding this item, underlying operating expenses increased (29) ((17)m) to (1,019m) This was largely as a result of continued investment in Backeycard International, particularly Baccaycard US, and the downlowed of III, marthrospins.

development of UK partnerships.

development of UK partnersnips. Barolaycard International continued its growth strategy in the continental European business delivering solic results/ The Entercard joint venture, which is hased in Scancinavia, performed the control of Jan Barolaycard International loss before tax reduced to Cation (2005; loss 64/m) including the loss before tax for Barolaycard US of (57/m) (2005; loss 66/m) C Barolaycard US continued to perform altered of expectations, delivering very strong growth in balances and custor or numbers and creating a number of new partnerships including US Ainvaya, Barnes & Nosle, Travelocity and Jo-Ann Stores.

Barclaycard UK customer numbers declined 1.4 million to 9.8 million (2005: 11.2 million). This reflected the closure of 1.5 million accounts that had been inactive.

Financial review Analysis of results by business Global Retail and **Commercial Banking** International Retail and **Commercial Banking**

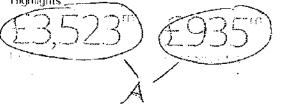
Who we are

Oar pusiness comprises: international Retail and Commandial Banking excluding Absal and International Belait and Commercial Banking - Absal

What we do

International Reital and Commercial Banking provides banking services to Barclays personal and corporate customers outside the UK. The products and services offered to customers are failored to meet customer needs and the regulatory and commercial environments within each country.

Highlights



Performance 200%/C6

International Rouni and Commercial Banking profit before tex decreased (28) inclu (255) (2006) (2.2163), International Rotail and Commercial Banking – excluding Absa profit before tax in 2006 included a (247) gain on the sale of associate EnstGarbbean International Bank and a (247) share of its post-tax results. Profit before tax in 2007 included gains from the sale and locadatick of property of (220 (2006) (2557), Very strong profit growth in Rand terms in international Relation of Commercial Banking – Absa was offset by a 12% decline in the average value of the Band. 13

A significant investment was made in intractilucture and distribution, including the opening of 644 new branches and spice contres across Western Europe, Emerging Markels and Absu

2006/05

International Relati and Commercial Banking profit before tax increased (123) to 2 216 (2005: 5936). The increase reflected the inclusion of a full year's profit before tax from International Relail and Commercial Banking - Absa of (2005 *: (2005) and a profit of (2477) on the disposal of Barclays increst in FirstCar boesh International Bank. Ċ, C^{γ}

> Barclays Agnual Report 2007

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		26 8 7 £m	2006 £m	2005 £m
ncome statement information Net interest income Not tee and commission income		1.890	1,653 1,221	1.045 644 3
Vet trading income		59 179	6 188	143
Net investment income	L.1.	248	194	1.16
Frincipal transloctions Not premiums from insurance contracts Other income	<u> </u>	372 87	361 74	227 60
Total income Net clams and conditis incurred under insurance contracts		3,807 (284)	3,493 (244)	2.12 2 (206)
Tetal income net of insurance claims Impairment charges	A	3.523 (252)	3.249 (167)	1,916 (33)
Vet income		3,271	3,082	1 883
Appricture expenses excluding amortisation of intergible assets Amortisation of intergible assets	4	(2.279) (77)	(2.077) (85)	(1,289) (47)
Operation Av perses	_	(2.356)	(2.162) 49	(1,336) 46
Share of post-lax results of associates and joint ventures Profit on disposal of subsidiares, associates and joint ventures	A	13	247	
		935	1.216	593
Projit belore tax Balance sheet information Loans and advances to customers	· <	£70.15n £28.95n	£53.2bn £22.1ba	249.2bn £22.4bn
Customer accounts Total assets	A	£39.50n	268.6bn	£63.4bn
Selected statistical measures				
Cost income ratic ³	ک	67%	67%	70%
Pisk Tendency ⁴	-	£ 475m	£ 220m	£ 175m
Hisk veighted assets	5Ī	£53.3bn	£40.8bn	£41.0bh

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Barolays Annua: Report 2007

Global Retail and **Commercial Banking** International Retail and Commercial Banking – excluding Absa

Who we are Western Europe

This business area includes our retail and commercial banking operations in Spain, Portugal, France and italy, Barclays has operated in Spain for over 30 years, and is the leading longige bank and the sixth targest banking group overall. We have tapled the branch network in Portugal over the fast two years, becoming the largest non-filterian bank. Barclays is a teading affluent banking brand and a recognised product introvator in France. We are one of the leader more name provides in tais and its 2007 earb, short are one of the leading mongage providers in Italy and in 2007 ostablished full rutal and commercial hanking operations.

Emerging Markets

The Emerging Markets learn is responsible for Darclays businesses in the growing markets of Africa, India and the Middle East, Barclays has longstanding commercial banking operations in the UAE and in 2007 launched retail banking operations in India and the UAE. In Africa, Bardlays operates in Botswana, Egypt, Ghana, Kenya, Mauntins, Snychelles, Tanzania, Uganda, Zambia and Zimbabwe offering a range of relail and commercial banking products.

What we do

We provide a full range of banking services, including current accounts, savings, investments, mortgages and loans to our international personal and corporate customers.

International Retail and Commercial Banking works closely with all other parts of the group to leverage synergies from product and service propositions.



Performance indicators



Performance 2007/06 \mathcal{O}

2007/06 international Reisf and Commondational excluding Absa profit before tax decreased/592 (C2720) to C216m 2006; 65 (8m). Profit before tax in 2005 included a C377 gain/on the sale of associate FirstCanbbean linemultarial Bank and a C41D share of its post-tax results. Profit before tax in 2007 notuded gains from the sale and locaseback of property in 2007 of C230 (2006; C350). The performance reflected very strong income growth divert by a rapid growth in distribution points to 1 348 (2006; S67) as well as the faunch of new businesses in todia and UAE and a full retail and commercial banking effering in Italy. Income increased (80) (C290) to 41 3350 (2006; C0460) criven by excellent performances in Western Europe and Emerging Markets. Net interest increased (80) (C290) to 41 3350 (2006; C0460) criven by excellent performances in Western Europe and Emerging Markets. Net interest increased (80) (C290) to 41 3350 (2006; C0460) criven by excellent performances in Western Europe and Emerging Markets. Net interest increased (80) (C290) to 41 3500 (2006; C0460) 1012 average customer loans increased 22% (06 tbn) to £33.800 (2006) £27 2bn) with lending invirgins broadly stable. Montgage balance growth in Western Europe was very strong, with average Euro balances up 16% (C4.2bn) to £30, the (2006; £25.80n). Average Euro balances up 36% increased 20% (£2.50n) to £12.5cn (2006; £10.4bn) driven by growth in Western Europe and Smerging Markets. Western Europe and Smerging Markets.

Net lee and commission income grew (CSA (59-0) to (125-0) (2006: CESSB), relicoting strong performances in Western Europe driven by the

Association for customer base. Principal transactions increased (24 m to (1777) (2006; (350)) reflecting game on coulty investments and trigher foreign exchange income across Emerging Markets.

Impairment charges rose (32 ((38)) to (29) (2000; (41n)). The increase reflected very strong balance sheet growth in 2006 and 2007 and the impact of lower releases in 2007.

Operating expenses or ever(2%) (239milto (1023milto (2008) (2774milt) driven by the rapid expansion of the distribution network across all regions and investment in people and intrastructure to support luture growth across the tranchise. Operating expenses included property sales in Spain of 2006; (2006; (2006)

- Western Europa continued to perform etropoly. Profit before tax increased (Control of Control of Control of Control of Control of Control of Control increased (Control of Control of Con \square Income grew vory strongly in Italy as a result of the opening of new branches and the roll-out of a complete retail and commercial banking blances and the foreball of a compare contract contract of the costs. Profit offering but this was more than offset by higher investment costs. Profit before tax decreased in Portugal, with very strong income growth offset by increased investment in the expansion of the business.
- Emerging Markets profit before tax increased(255)(258m)to (122m)(2006; C114m) reflecting a very strong rise in income across a broad range of markets, with particularly strong growth in Egypt, UAE, Kenya, Ghana, Tanzania, Uganda and India. The income growth benefited from increased investment in the business across all geographies, including branch propriors and the laurch of rated brancher services in both and the UAE. opanings and the lautch of retail banking services in India and the UAE.

Barclays

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2007 2008 2005 Σm £m Cian -Income statement information Net intorest income 753 604 557 Net fee and commission income 425 366 318 Net trading income -18 Net revealment income 17 31 109 Principal transactions 66 83 177 Net premiums from insurance contracts 83 119 135 11: Other income :29 9 20 23 Total income 1.509 1,184 1,144 Net claims and benefits incurred under insurance contracts (172) (138) :62) Total income not of insurance claims 1.339 C1.046 992 Imparment charges (79) (41) (14) Net income 1.260 1,005 Operating expenses excluding amort sation of intangible assets 968 (1,007) (765) Amoltisation of intangible assets (705) (16)(÷ (6) Operating expenses (1.023)(77: Share of post-tax results of associates and joint vontures (712)Profil on disposal of subsidiaries, associates and joint ventures 40 39 247 Prolit before tax 246 518 295 Balance sheet information loans and advances to customers £39.3bn £29.0bn £25.3bn Customer accounts £15.7bn £11.0hn £10.2bn Total assets £62,2bn £38.2bn £34.0bn Selected statistical measures Cost:income ratio^a 74% 76% 73% **Pisk Tendency**¹ £220m £75m <u>£75m</u> **Bisk weighted** assets £29,75n £20.1bn £20.2br

Defined on page 2. r.3

2006/05 \sim \sim

hiemational Betaliant Commercial Bapking – excluding Absa profit before tax increased 76% (223m) to (51%m) (2005) (235m), industing a gp.n on the disposal of The interest in First Caribbean International Bark of (247m) This reflected good growth in continental Europe offset by a decline in profils in Africa caused by higher impartment, and increased costs rallecting a stop change in the state of organic prostation to the business.

Income increasest To Compto & C460 (2005) (1982)

Net interest income increase: (PD((17)b) to (0346) (2005: (557)n), reflecting strong bolance sheet gloven in continental Europe, Africa and the Mikkie East, and the development of the corporate business in Spain.

Total average customer bans increased 20% to £27 2bn (2006: £22.7br). Morgage balance growth in continential Europe was particularly strong, with average Euro balances up 22%. There was a modest decline in arrang margine party lawen by a greater share of mongage assets as a prepartion of the total book in continental Europe. Average customer deposits increased 16% to £10.4on (2005: £9.6bn), with decosit marcine stable

Net for and commission moothe increased (5%) (500) to (3660) 2005; (360). This reflected a strong performance from the Spanish lunds business, where average aseals under management increased 11%, together with very shorte growth in France, including the tracted year contribution of the ING Fort business which was acquired on far July 2005. Not feel and commission income showed solid growth in Africa and the Middle East.

Pincipal transactions decreased (2011) (2005, (1919), 2005 Inclusion (2017) and redomption of preference attares in FirstCaribbean International Bank. C

22

Barclavs Annual Fecor 2007

Impairment charges increased (21) bits (21) (2005) (24). This reflected the absence of one-off recoveries of (21) which arose in 2005 in Africa and the Madrie East, and strong balance shaet growth across the

 \square

businesses. Operating expanses increased (50 (52m) to \$774p2 (2005; 672m). This included gains from the sate and leaseback of property in Spain c1 (55m). Operating expanses also included increamental investment expenditus of Compto expand the distribution detwork and enhance IT and operational capabilitios.

Capabilitios. Borclave Spain continued to perform strongly. Profit boldine taxincroased (2017) (1300) to 21710 (2005: 9141m) excluding net one-off gains on asset seles of Campleton (2005: 9141m) excluding net one-off gains on asset which as driven by the continued realisation of cenetics from Banco Zaragozano, logether with strong growth in assets under management and solid growth in mongages. Africa and the Midgle East profit before tax decreaser(95) (2017) to a Telem (2005: Clasm) driven by truther impairment charges reflocing one-

Cl26m 2005: Cl26m driven by Engliment charges reflocing one-off recoveries of T2D that arose in 2005 and on increase in revolution expenditure C

Profit before tax increased strongly in Portugal reflecting good Lows of new customers and increased business volumes. France also performed well as a result of good organic growth and the requisition of ING Ferra

The prostion disposal of subsidiance, associate and joint ventures of The provident system of an announces, associated for your comprised of COMPCOS. (Fill) comprised the rain on the sale of Barolays interest in FirstGarbbean Internet onai Bank. The snare of post-tax results of FirstCanaboan Internet on al Bank included in 2006 was CTO (2005) ്വ \sim

Global Retail and Commercial Banking International Retail and Commercial Banking - Absa

Who we are

This business represents Bardays consolidation of Absa, excluding Absa Capital which is included in Bardays Capital.

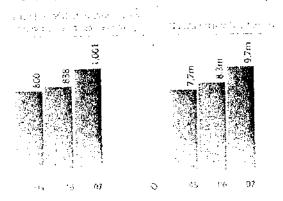
International Rotal and Commercial Banking - Ausa comprises four operating divisions: Retail Banking, Commercial Banking, African operations and a Bancassurance division, (Barclays Bank PLC owns 59%) of Absa Group Limited).

What we do

International Rotail and Commercial Banking -- Absa serves rotail customers through a variety of distribution channels and offers a full range of panking services, including curren; and deposit accounts, mortgages, instalment finance, credit cards, bancassurance products and wealth management services. It also offers customised business solutions for commercial and large corporate customers.

Highlights. r_{Γ} holtea

Performance indicators



Performance 2007/06

International Retail and Commercial Banking - Absa profit before tex decreased to (1999)(2006) (098)

Barctays Annual Report 2007

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		2007 Eta	2006 Em	2006 Σπ
income statement information		- <u> </u>	· · · · · · · · · · · · · · · · · · ·	· · · · · · · · · · · · · · · · · · ·
Not interest income Not fee and commission income		1,137	.049	-06
Set trading income/(expense)		735	355	528
Vet investment income		1	(1)	(2)
Principal transactions		70	122	55
vet premiums from insurance contracts		71	111	27
Dharincome		227 78	240	96
lotal income			64	37
bit claims and benefits monited under insurance contracts		2,298	2.309	975
Cial income net of insurance claims		(114)	(106)	
hoaiment charges	0	3,:84	2,203	934
		(173)	(126)	05
el nicome		2.011	2.077	
Detailing expenses excluding anonisation of intangible assets motisation of intangible assets		(1.272)	(7,3)2)	915
iveralino expenses		(61)	(76)	(583
hare of post-tex results of associates and joint ventures		(1.333)	(1,388)	(624
rold on disposel of subsidiarias, associates and joint ventures	f	5	9	7
rofit before lax		5		
CON DENDE NAX		889	698	298
alance sheet information			-	200
bans and advances to customers	Ī	£30.8bn	£24,2hn	
ustomer accounts Dial assets	ļ	£13.15n	£24.200 £11.15a	£23.90n £12.20n
		£37.3bn	£30.4bn	£12.20P
elected statistical measures				A 60.40
ostrincome ratio ^a		61%		
sk Tondency ^a			63%	67%
sk weighted a seets	يا محير	£255m	£145m	£100m
	£1	£23.66n	£20.75n	£20.8hn

2006/05 /)

International Acteal and Commences Banking – Absa profit before tax increased 34% to 86% 2005. 228 mprelieuting the full year to 31st December 2006 compared with the five morring ended 31st December 2005. Barctays acquired a controlling stake in Absa Group Limited on 27th July 2005.

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Barclays Annual Seport 2007

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Investment Banking and **Investment Management Barclays** Capital

Who we are

Barclays Capital is a leading global investment bank providing large corporate, institutional and government clients with solutions to their tinancing and risk management requirements.

What we do

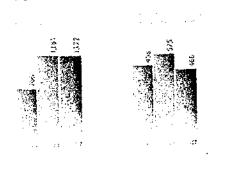
Bardays Capital service a wide variety of client needs, from capital reising and managing foreign exchange, interest rate, equity and commodity risks, trough to provid ag technical advice and expertise.

Activities are organised into three principal areas: Rates, which includes fixed income, foreign exchange, commodities, emerging markets, money markets, prime services and equity products; Credit, which includes markets, prime services and equity products, creat, which metabolis primary and secondary activities for leans and bonds for investment grade, high yield and emerging market credit, as well as hybrid capital products. asset based finance, mortgage backed scoulitoc, crodit derivatives, sinuctured capital markets and large asset leasing; and Private Equity. Bandays Capital includes Absa Capital, the investment backing business of Ausa.

Barclays Capital works closely with all other parts of the Group to leverage synergies from client relationships and product capabilities.



Performance indicators



Performance

2007/06

Barclays Capital delivered profile ahead of the record results achieved in 2006 despite chatterging trading bookilons in the second half of the year. Profile before tax increases (\$10,000 to \$2,333,000,006; (2,216m)) There was strong income growth toroas the Pates businesses and president deside to contract the factor strong to the pates businesses and president deside to the pate to th There was short income grown tooss the Fals business of a most of the care in Continental Europe, Asia and Africa demonstrating the breadth of the carent franchise. Net income was slightly ahead at 65.273m (2006: 96,225m) and costs were tightly managed, declining slightly year on year, Absa Capital delivered very strong growth in profit before tax to \$1550 (2006: \$715).

ß

The US sub-prime driven market dislocation affected performance in the The US stib-prime driven market dislocation affected performance in the second half of 2007. Exosouries relating to US sub-prime were actively managed and declined over the period. Barclays Capital's 2007 results related to the credit market turbulence of 2005(5), of which 1075(5), and the credit market turbulence of 2005(5), of which 1075(5), and the second half of the credit market turbulence of 2005(5), of which 1075(5), and the second half of the credit market turbulence of 2005(5), of which 1075(5), and the second half of the credit market turbulence of 2005(5), of the valuation of notes issued by 8crchays Capital' impairment charges undedee E84(5), and the second half of the credit market turbulence of credit credit control without the second half of the se

- market executes and down leveraged Snarce underwilling positions. Income increased (4) (2020) to (7)(13) (2008: (5,2677)) as a result of why strong growth in interest rate, currency, equily, commodity and emerging market asset classes. There was excellent income growth in continental Europe, Asia, and Africa. Average DVaR increased 135 pp (2000 £33, finate fine with income.
- Secondary income, comprising principal transactions (null trading income and net investment income), is mainly generated from providing client financing and risk management solutions. Socondary income increased 112(2579m) to(5.871m) (2006(5.293m))
- Nar Trading income increased 535 (077m) to 3.738m (2006) (3.552m) with strong contributions from fixed income, commodiles, equities, foreign exchange and prime services businesses. These were largely offset by nel losses in the business affected by sub-prime mongage related write -Ddowns. The general widening of credit spreads that occurred over the course of the second half of 2007 also reduced the carrying value of the
- course of the second half of 2007 also reduced the carrying value of the C575m bit issued notes hald at lair value on the balance sheet, resulting in gains of C575m bit investment in come increased (C380m) of (C550m) (C550m) with the second se C

Corporate loan balances. Primary income, which comprises net lee and commission income from advisory and prigination activities, graw OB3 (283m) to \$1,235m)(2006; C\$32m) with good contributions from bonds and loans.

Impairment charges and other credit provisions of E46m included (722 m) against ABS CDO Super Service exposures (CGO) from other month interfect exposures and \$58m relating to drawn teveraged finance underwriting available for she asers of Carpon available for she available for she asers of Carpon available for she as a carpon availa

Barclays Annual Report 2007

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		2007 £40	2006 - £m	200: Lu
Income statement information Not interest accure Not interest accure Net trading income Net.investment income Principal transactions Other income	4	1.179 1.235 3.739 053 4,692	1,158 952 3,562 573 4 135	1.065 770 2.23 411 2.644
otal income npairment charges and other credit provisions	A	13 7,119 {846}		
let income peraing exponses excluding amortisation of intangible assets whortisation of intangible assets peraing exponses parte of post-tax results of associatos and joint venturos	B: C	6.273 (3.919) (54) (3.973)	(42) 6,225 (3,596) (13) (4,009)	(11) 4,394 (2,961 (2,963 (2,963
tolit selore tax		35 2.335		
alance street Information cial assets elected statistical measures	A_58	39.70n	2,216 2657.9bn	1.431 £601.2on
ostincome ratio ^a				
isk Tondency ^a sk weighted assets verage DVtR	<u>B </u> F	56% 140m 59.10n	64% £ \$5m £137,500	68% £ 11Cm £116.76m

Average DVoR Corporate 'ending portiolio

Defined on page 2;

Operating expenses cecreasod (19)(286)(10)(2006) (10)(2007) Performance related pay, ciscretonary investment spend and short tom contractor resources represented (27)(2008; (07)) of the cost base Amortisation of intanglate position (2009; (13)) p. incipally related to mantgage service rights.

n

Tota: headcount increased 3,000 during 2007 to 16,200 (2006: 13,200) including 800 from the acquisition of EquiFirst. The majority of organic growll: was in Asia Pacific.

2006/05 Profit before tax increases (5%) (2785m) to £2,216m (2003) (1431m). This was the result of a very strong income performance, driven by higher **(**(39m))

was the result of a very strong income performance, driven by higher business volumes, continued growth in olient activity and favournible market conditions. Net income increaseded 29 (1133 in) to 85,225m (2005; C4,394m) Profit before tax for A sea Chimal wase. 7m, 2005; (39m) Income increased (9) (1,752m) to 82,267 (2005; C505m) as a result of very strong growth across the Rotes, Credit and Private Equity this messes. Income increased in all rengraphic regions. Avanage OVeR increased 169 to (377m) (2005; C505m) as a result increased 169 to (377m) (2005; C505m) as a result increased 169 to (377m) (2005; C505m) as a result increased 169 to (377m) (2005; C505m) as a result increased 169 to (377m) (2005; C505m) as a result increased 169 to (377m) (2005; C505m) as a result of a secondary increased and the rate of increased 169 to (377m) (2005; C505m) as a result of a secondary increased (350m). Secondary hours increased (2005) 284m to (2005) (2005) (2005)

Not tracing noome increase of EP (1.331m) to (3.562m) (2005: (2.231m) with very strong contributions across the Hales and Cradit businesses, the particular, commonities lixed income equities, credit derivatives and emerging markets. \sim Ċ

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37.1m

£ 40.6bn

£ 32.0m

all tho

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£ 52.3hn

C

The performance was driven by higher volumes of ci entiled activity and lavourable market conditions. Not investiment income increased 352.2 (1600) to (1730) (2005: (1100) driven by investment realisations, primarily in Private Equity, offset by reduced controbutions from credit products. Not interest income increased (1530) to (1156) (2005: (1050)) driven by a full year contribution from Abaa Capital Primary income graw (1760) to (1530) (2005 (17760). This reflected higher volumes and continued market share gains in a number of key markets, with strong contributions from issuances in bonds. European leveraged loans and contributions from issuances in bonds. European ï٢

impairment charges ol (2005: (111), including impairment on available for salo assets of 2850 (2005: (2005)), wore 52% lower than prior year reflecting recoveries and the continued berger wholesate credit environment.

Generating expenses increased (378 (104/20) in (2005) Cucrating expenses increased (378 (104/20) in (2005) (2)903/20, reliecing higher performance related costs, increased levels of activity and continued investment across the business. Performance related pay, discretionary investment spond and short-term centractor resource costs represented (378 (104/20)) Amortisation of intangible assets principally relates to mortgage Service rights obtained as part of the purchase in HortEq.

Total headcount increased 3,300 during 2006 to 13,200 (2005: 9,900) and included 1.300 from the acquisition of HomEq. Organic growth was broadly based across all regions and reflected further investments in the front office, systems development and control functions to support continued business expansion,

Investment Banking and **Investment Management Barclays Global Investors**

Who we are

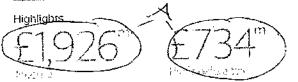
Barclays Global Investors (BGI) is one of the world's largest asset curverys circular investors room is one or the word's magest asset managers and a leading global oravider of investment management products and services. We are the global leader in assets and products in the exchange traded lunds beginss, with over 320 funds for institutions and individuals trading globally. BGTs investment philosophy is founded on ranaging all dimensions of parloimances a consistent focus on controlling lund on mark of the services. isk, return and cost.

With a 3,000-plus strong workforce, we currently have over £11m in assets under management, for 3,000 clients around the world.

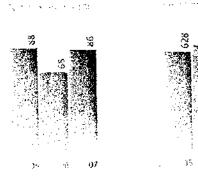
What we do

BBI offers structured investment strategies such as indexing, global asset allocation and risk controlled active products including hedgo lunus and provides related investment services such as securities lending, cash management and portfolio tranation services.

8GI collaborates with the other Barclays businesses, particularly Sarclays Capital and Barclays Weath, to develop and market products and leverage capabilities to better serve the client base.



Performance indicators



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2007/06 R

Barclays Global Investors delivered solid growth in profit before tax, which increased 3% (2000) text 3100 2000. (21 Jun). Very strong US Datar income and strong profit growth was partially offset by the 8% depreciation in the average value of the US Datar agains: Sterling, hnoune grow (3%) (2016) the US Datar against Sterling.

- Not lee and commission income grow (PSIC185m) to 11 936m)2006: CL651m). This was prmarily attributable to increased management lees and accurities lending, incentive less increased (PSIC12m) to ("99m) (2006) SUBCM, higher assel values, driver by lightermarket levels and good net new inflows, contributed to the growth in income Constitution and accurities increased (PSIC12m) of the second good net new inflows, contributed to the growth in income Constitution and the second of the second of the second constitution and the second of the second of the second of the constitution of the second of the second of the second of the second of the constitution of the second of the second of the second of the second of the constitution of the second of the second of the second of the second of the constitution of the second of the second of the second of the second of the constitution of the second of the s
- good net new initions, continuited to the growth in Frome." Operating expenses increased (25%) (241 mplo 61, 102 mplot 2006; 295 mplas a result of significant investment in key protect and channel growth initiatives and in infrastructure as well as growth in the underlying business. Operating expenses included charges of (2006; 2006; 2007) metaled to selective support of inguidity products managed in mettls. The cost income ratio road the percentage points in 2006; 2,700). Headcount increased in all geographical regions and across product groups and the support
- Headcould increased to 3 and cross product groups and the support incluions, religating continued invasiment to support further growth.

Total association of index involution of support turner sport. Total association of index involution of the support turner sport. (2008; 9927(5)) comprising (1293) in the new assets (1205) all reads to the acquisition of index intege investment AG (index range). (555) bi-tavourable market movements and 350 pl adverse exchange involvements. In US\$ terms assots under management increased 15% US\$265bn to US\$2,079bn (2006; US\$1,814bn), comprising US\$86bn of net new assets. US\$22bn attributable to accusition of Indexchange, US\$127bn of favourable market movements and US\$25bn of positivo exchange rate movemonts. movements.

> Barclays Annual Report 2007

Distant wearers 50 BC

		2007 Em	2006 £m	2 005 £ர.
Income statement information Net interes: (expense)/income Net reading income Net investment (expense)/income Principal transactions Other income	. C	(8) <u>1.336</u> 5 (<u>9)</u> (4) 2	10 1,651 2 2 4	15 1,297 2 4 6
Total income Operating expenses excluding amortisation of inlangible assets Amortisation of intangible assets Operating expenses	A C	1,926 (1,184) (6) (1,192)	1.665 (946) (5) (951)	1.318 (775) (4) (779)
Prolit before tax		734	714	540
Balance sheet information Total assets	A	£89.2bn	£80.5bn	£80.9tn
Selected statistical measures				
Costrincome ratio ^e	\mathcal{L}	62%	57%	59%
Risk weighten assets	2	£ 2.0bn	£ 1.4bn	£ 1.5br
a Defined on page 2.	B		\$	

2006/05

Barclays Global Investors delivered another year of ocustancing results. Profit before tax increased 22 (214m ho 772m) (2005; 540m), reflecting very strong income growth and higher operating margins. The performance was broadly based across products, distribution channels and

Net lee and commission income increased 22% (334m) to (1651) (2005: (1.297m). This growth was attributable to increased management (ass, particularly in the ishares and active businesses, and accurities (applied, clisse by lower incentive fees, lincentive fees decreased (390 (2005) (2005) (2007). Higher asset values, driven by higher market levels and good in new inflows, contributed to the growth in income.

Operating expenses increases 22% (1772n) to 1951m (2005 1779m) as a result of significant investment in key growth initiatives, ongoing investment in product development and infrastructure and higher performance-based exponses. The cost income ratio improved impercentage points to 579 3

Total headcount rose 400 to 2.700 (2005: 2,300). Headcount increased in

Total headcount rose 400 to 2700 (2005: 2,300). Headcount increased in all regions, across product groups and the support functions, reflecting continued investment to support strategic init atives. Total assots under management increased (5,50,40,50) in (522,50) (2005; (881bii) primarily due to net new inflows of 237bii). The pusitive market move impact of 298bin was largely offset by 288bin of adverse exchange rate movements. In US\$ terms assets under management increased by US\$301bin to US\$1,814bin (2005; US\$1,513bin), comprising US\$68bin of net new assets, US\$177bin of favourable market movements and US\$56bin of nositive exchange are movements. of positive exchange rate movements.

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Barolays Annual Report 2007

Investment Banking and Investment Management **Barclays Wealth**

Who we are

Buildays Wealth focuses on high net worth, althuent and intermediary Surclays vegain rocuses or night to work and on and text to thank of client system of the second system in all contributes and bay lotal client assets of \$138bn. Barc ays Weath Includes the closed life assurance activities of Barclays and Woolwich, and Wattrock, an independent liduciary services company acquired in 2007.

What we do

Barclays Wealth provides private barking, asset and investment management, mockproking, olishore banking, wealth structuring and financial planning services.

We work closely with all other parts of the Group to leverage synorgies from client relationships and product capabilities, for example, utlering word-class investment solutions with institutional quality products and services from Barclays Capital and Barclays Global Investors.

Highlights_

Performance indicators

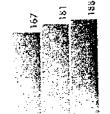
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Performance 2007/06

- Buckings Wealth and/t before tax showed very strong 3 bwth of Carl to Same to Same tax showed very strong 3 bwth of Carl based income growth, reduced redmss cests and light cost control, partially offset by additional volume related costs and increased investment in people and intrastructure to support future growth.

In people and immediation of support time growth. Income increased (124 (127m) to (1287b) (2006; (160b)). Net interest income increased (125 (2007)) to 943 to (2006; (352m)) reliecting strong growth in both customer dopped and lending. Average deposits grew 13% to 31.2bn (2006; 527.7bn). Average lending for 35% to 57.4bn (2006; 55.5bn) driven by increased lending to high net worth, afteres and intermediator clients. D all uset and intermediary clients.

- Not fee and commission income grow (1) 165m 10073910 (2008:
- Control of the second s
- cliset by efficiency gains and lower customer redress costs of (11) (2006). (2006) Concolleg investment programmes included increased hiding of client lacing stall and improvements to infrastructure with the upgrade of technology and operations platforms. The costingome ratio improved (110) (2006) parcentage points to (2006) (2006) (2006) (2006) (2006) (2006) Total client ossats, comprising customer deposits and client investments increased (42) (16:700) to (132) (2006) (116, 100) reflecting strong net neuroses that the lacquisition of Valbrook, an independent liduring services company, which corroleted on 10th Mey 2007.
 - liduciary services company, which completed on 19th May 2007.

Barclays Annual Report 2007



		2007 Set	2006 Sm	200: 25
NCOME statement information Not interest income		· · · · · · · · · · · · · · · · · · ·		
Vol fee and commission income		431	392	34
for trading moone		739	674	593
let investment income		3	<u> </u>	
tinopal transactions	L	52	154	264
let premiums from insurance contracts	C	55 195	156	264
<u>Ilherincome</u>	_	18	210. 16	-96 11
olal income				<u>-</u>
tet claims and benefits incurred on insurance contracts		1,439	1,448	1,4 0 9
otal income net of insurance claims		(152)	(238)	(375
n <u>pairmont</u> charges	A	1.287	1.760	1.024
clincome		. (7)	(2)	(
perating expenses excluding amortisation of intangible assets	_	1.280	1,158_	1,032
norlisation of intengible assets	d	(967)	(909)	(666
poralling expanses	L-	(6)	(4)	(2
clit before lax	A	(973)	(913)	(869
		307	245	164
alance sheet information aris and advances to customers				
usiomer accounts	C <u>k</u>	9.0ho	€ 6.2bn	£ 5.0on
dal assets		34.4bn	£28.3bn	C25.8bn
elected statistical measures		18.050	£15.0bn	£13.4bn
osturisome ratio ^a				
sk l'endor.cy ²		76%	79%	84%
sk weighted asses	£	:0m	£ 10m	£ 5m
Defined as page 2.		7.2 50	£ 6 lbn	£ 4.35r

2006/05

Barclays Wealth-molit before tax showed very strong growth chips, Barclays Wealth-molit before tax showed very strong growth chips, USTM to Cash (2005); Tefm). Performance was there by broadly based income growth and Growrable market conditions. This was partially offset by additional volume related costs and a significant increase in investment in poople and infratructure to support future growth. Income increased (19) (126m) to (116m) (2005; 1004m). Net interest income increased (19) (126m) (1005) (2005; 1004m). Net interest income increased (19) (126m) (1005) (2005; 1004m). Net interest income increased (19) (126m) (1005) (2005; 1004m). Net interest income increased (19) (126m) (1005) (2005; 1004m). Net interest income increased (19) (126m) (1005) (2005; 1004m). Net interest income increased (19) (126m) (1005) (2005; 1004m). Net interest income increased (19) (126m) (1005) (2005) (2005) (2006) (1005) (2005) (2005) (2005) (2007) (2005) (2007) (2005) (2007) (2005) (2007) (2005) (2007) (2005) (2007) (2005) (2007) (2005) (2007) (2007) (2005) (2007) (2007) (2005) (2007) (2007) (2005) (2007) (2007) (2005) (2007) (2007) (2005) (2007) (2007) (2005) (2007) (2

Net tee and commission income increased () (1) (1) (2005: (1) (2007)) (2005) (1) (2007

increased G8% (£4.10n) to £10.1bn (2005: £6.0bn); this growth included transfers of existing client assets.

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Barclavs Annual Hopert 2007

Head office functions and other operations

Who we are

Pead office functions and other operations comprises:

- Head office and central support functions
- Businesses in transition
- Inter segment adjustments.

What we do

Head office and central support functions comprises the following areas: Executive Monogomont, Finance, Treasury, Corporate Alfairs, Human Resources, Strategy and Planning, Internal Audit, Legal, Corporate Secretariat, Property, Tax, Compliance and Risk, Costs incurred wholy on cehali of the businesses are recharged to them.

Businesses in transition principally relate to certain inading portfolios that are centrally managed with the objective of maximising recovery from the assets.

Performance

2007/06

Head office functions and other operations loss before tax increased BCE90 to 02280 (2006: 025907).

Group segmental reporting is performed in accordance with Group accounting publicles. This means that infor segment transactions are recorded in each segment as 4 undertaken on an arm's length basis. Adjustments necessary to eliminate inter-segment transactions are included in Head office functions and other operations. The impact of such inter-segment adjustments increased NBCDIG (2005) (2006) (147m) These adjustments included internal less for structured capital market activities of £(50m) (2006) (27m) and less poid to Bandays (2006) (128m), just of which increased net less for structured capital market activities of £(50m) (2006) (27m) and less poid to Bandays (2006) (128m), just of which increased net less and commission expense n Head officer. The impact on the inter-segment adjustments of the liming of the recognition of insurance commissions included in Bandays are reduction in head office income of Zim(2006) (27m). This not reduction was reflected in a decrease in net promium income of (153m) (2006) (2006) (140m) and ar increase in net promium income of (153m) (2006) (2006) (140m) and ar increase in the promium income of (153m) (2006)

Principal transactions decreased to a loss of (23m)(2006: (12m))rotil). 2006 included a Comparati from a hodge of the expected Absa foreign currency namings. 2007 included a loss of C3m)relating to fair valuation of call options embedded within relat USS preference stares arising from widening of own credit spreads.

Operating exponses decreased (25m) (2006: (2599)). The primary driver of this decrease with the record of a break fee relating to the ABN AMRO transaction which, net of transaction costs, reduced expenses by (254). This was partially offset by lower routal modifier and lower propriate an experiment. proceeds on property sales.

С.

Barclays Annual Report 2007

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Income statement information Net marest income		2067 <u>Sm</u>	2006 	2005 1m
Net foe and commission income Net foe and commission income Net trading (loss)/income Principal transactions Net premiums from insurance contracts Other income	¢	128 (424) (66) (17) (13) 152	80 (301) 40 2 42 139	160 (324) 85 8] 95 72
Total income Implaimment (charges)/releases	Ā	35 (192)	<u>39</u> (1)	24 26
Net income Operating exponses excluding amortisation of intangible assets Amortisation of intangible assets Operating exponses Profit on d-sposal of associates and joint ventures	ය C	(195) (233) (1) (234)	(259) (10) (269)	(1) 24 (340) (3) (3) (3)
Loss bofore lax	A	<u>†</u> . (423)	(259)	(323)
Balance sheet information Total assets Selected statistical measures	Ą	£7.1bn	£7.1bn	<u>£9.3bn</u>
Risk Lendency# Risk weighted assets A Defined on page 2.	ĘI	<u>E :0m</u> £7.6bn	£ 10m £1.90n	£ 25m £4.0bn \$

2006/05

2006/05 Head office functions and other operations loss before tax discreased (Fig. b) (2005) (2005) (2005) (2005) (2005) (2006) (2005) (2007) (2005) (2007)

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Barclays Annual Report 2007

In addition the impact of the timing of the recognition of insurance commissions included in Barciaycard and UK Retail Banking reduced to CMM (2005; CTIST). This reduction was releated in a decrease in net fee and commission incomo of CBM (2005; CT355) and an increase in net promism income of CBM (2005; CT355) and an increase in net promism income of CBM (2005; CT355) and an increase in net promism income of CBM (2005; CT355) and an increase in net promism income of CBM (2005; CT355) and an increase in net promism income of CBM (2005; CT355) and an increase in net promism income of CBM (2005; CT355) and an increase in net promism income of CBM (2005; CT355) and an increase in net promism income of CBM (2005; CT355) and included (SSM (2005; CBM in respect of the economic heyge of the translation exposure ansing from Absa fore grit currency earnings. The imperment charge inproved (CBM to a release of CT376) (2005; CTM charge) as a number of vorticult collicities where resolved. Operating exponses occreased (CBM) of 22091 (2006; CTM)(2005; CTM) rise to the exponses of the 2005; Teac office elocation to Canary What not recurring in 2006 (2005; CTM) and the gains of CTM)(2005; CTM) from the sale and to set of property offset by increased costs, principally oniven by major project expenditure including work related to implementing Basel II.

Financial review Results by nature of income and expense

Results by nature of income and expense Net interest income

	2097 	2006 	2005 <u>£m</u>	
Gash and belances with central banks	445	91	9	A
Available for sale investments	2,580	2.811	2,272	
Loans and advances to banks	1,416	903	690	
Loans and advances to customers	19,359	16 290	(2,944	
(ther	1,308	1 710	1,317	
Interest income	25,008	21 805	17 232	
Deposits from banks	(2,720)	(2,819)	(2.056)	
Customer accounts	(4,110)	(3.076)	(2.7 :5)	
Debt securities in issue	(6,651)	(5,282)	(3.268)	
Subordinated liabilities	(879)	(777)	(605)	
Other	(1,339)	(708)	(513)	
Interest expense	(15,698) 3.610	(12,862) 9,143	(9.157) 6,075	ļ

2007/06 Group net interest income increased 55 (467 m) to (9.610 2006: A (9 143 m) reflecting balance steet growth across a number of businesses

Group net interest income reliects structural hodges which function to reduce the impact of the votatility of short-term interest rate movements on equity and customer baances that do not re-price with market rates. The contribution of structural hedges relative to average base rates decreased to COSIII) expense (2006) COSIII income), largely due to the smoothing effect of the structural hedge on changes in interest rates.

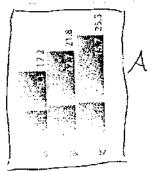
Other interest expense purcipally includes interest on repurchase agreements and hedging activity.

2006/05

<u>A</u> ٩. Group net interest income - rcreased 3 (1,368) (0,97,733) (2005: (38,075n) The inclusion of Absa contributed net interest income of - (1,130) (2005 3 (25)60). Group net interest income exclusing Absa grew ्रेंग A

The contribution of the structural hodge decreased to (25m)(2005: (145m), largely due to the impact of refailively higher short-term inforest rates and lower medium-term rates.

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Notes

Cor 2006, the adjusts are period from 276 July until 3153 December 2005.

Barclays Annual Report 2007 33

Financial review Results by nature of income and expense

Net fee and commission income

	2007	2006 12m	2005 ይጠ .	
Erokerage lees	<u>- £m</u> 1 109	70	<u>, n</u> 64	
Investment management fees	1,787	1,535	1,250	
Securities lending	241	186	151	
Banking and credit related faes and commissions	6,363	6,031	4,805	A
Foreign exchange commission	178	184	180	
Fee and commission income	8,678	8,005	6,430	
Fee and commission expense	(970)	(828)	(725)	i
Net fee and commission income	7,708	7,177	5,705	
2007/06	B	. 🗸		I

Not fee and commission income increased 75 6531m LOCT.708m (2006: €7,1770}. Æ

Fee and commission income rose (5) (673m) to (5,678m) (2006; (5,005m) reflecting increased management and securities londing fees in Barolays Global Investors, increased client assets and higher transactional income in Barclays Wealth and higher income generated from lending less in Barclays Commercial Bank. Fee moome in Barclays Capital increased primerily due to the acquisition of HomEq.

2006/05 Net lee and commission income increased 26% (C1.4727) to C7.1774 (2005: €5,70593). The inclusion of Absa contributed net fee and commission income of (850m) (2005 2 (334m)). Group nel lee and commission income excluding Absa grew (8%), reliecting growth across all Eusinesses. Ø

Fee and commission income rose 249 1,575m to 28,005m (2005-6,430m). he inclusion of Absa contributed fee and commission income cl (1996) (2005 ^a: (3860). Excluding Absa, lee and commission income grew (8% diven by/a broadly based performance across the Group B particularly within Barclays Blobal Investors.

Fee and commission expense increased (4) (1037) to (328) (2035: £725m), reflecting the growth in Barclaycard US. Absa contributed lee and commission expense of 46mX2005 *(252m).

Principal transactions

	2007 Em_	2006 <u>11m</u>	2005 <u>£m</u>	
Rates related business	4,162	2,848	1,732	1
Credit related business	(403)	765	589	
Net trading Income	3,759	3,614	2,321	
Net gain from disposal of available for sale				
assets	560	307	120	
Dividend income	26	15	22	A
Net gain from financial instruments designated at la rivalue	293	447	389	
Other investment income	337	193	327	
Net investment income	1,215	962	858	
Principal transactions	4,975	4,576	3,179	ļ

Barciays 34

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2007/06 Principal transactions increased(\$% 399m) to (4.975m) 2006; (4.576m) Net stading income increased (125m)to (3759) (2006; (351m). The majority of the Group's net trading means as a gardays capital. Growth in the Rates related business reflects very strong performance fixed income, commod fles, foreign exchange, equity and prime service The Credit related business includes net losses from credit market turbulence and the benefits of widening gredit spreads on the far-value of issued notes. R Not investment woome increased (253) (251m) to (7,216m (2006: A (252m) The comutative gain from dispose of available for sale assets increased (253(253m) to (250m)(2006: (307m)) largety as a result of a number of private equity realisations and divestments. Net income from financial instruments designated at fair value decreased by (343). S (354m) largety due to lower growth if the value of linked insurance assots within Barclays Wealth.

Fair velue movements on insurance essets included within net investment income contributed (1130) (2006: 2005). ネ

2006/05

£2,321m) Net trading income increased 56% (CL293a) to (S.6: 4m) 2005: due to excellent performances in Barclays Capital Rates and Credi businesses, in particular in commodities, fixed income, equities, credit derivatives and emerging markets. This was driven by higher volumes of client - led activity and lavourable market conditions. The inclusion of Absa contributed net trading income of 160m (2005 * 19m). Group net trading income excluding Absa grew 5423

Net investment income increased (2% 104m) to £952m (2005: £858m) The inclusion of Absa contributed net investment income of (144), (2005 * (1820), Group net investment income excluding Absa increased LG 332.

3% The curriulative gain from disposal of available for sale assets increased (55%の目記で) しく到近回(2005: 1120分) driven by investment realisations, primarily in Private Equity.

Fair value movements on certain assets and liabilities 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 (205m) 2005: (317m)

4

Note

a Hor 2005, this reflects the period from 27th July until S1st December 2095.

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Other income

BUSINESSTRATION

	2007 Em	2006 £m	2005 £m
Increase in fair value of assets held in			
respect of linked liabilities to customers under investment contracts	5,592	7,417	9,234
Increase in liabilities to customers under investment contracts Property rentals	(5.592)	(7,417) 55	(9,234) 54
Loss on part disposal of Vionument credit card portiolic	(27)	_	-
Other	162	159	93
Other income	108	214	147

Certain assot management products offered to institutional clients by Barclays Global Investors are recognised as investment contracts. Accordingly the invested assets and the related liabilities to investors are held at fair value and changes in those fair values are reported within other lacome.

Impairment charges and other credit provisions

	2007	2006	2005
·	£ភ ា	2៣	£m
Impairment charges on foans and advances			
- New and increased impairment allowances	2,871	2,722	2,129
- Releases	(338)	(389)	(333)
- Recoveries	(227)	(259)	(222)
Impairment charges on leans and advances	2,306	2.074	1.574
Other credit provisions Charges/(credits) in respect of undrawn contractually committed lacitifies and			
cuarantees	476	(6)	(7)
Impairment charges on loans and advances and other credit provisions Impairment charges on available for sale	2,782	2,068	1.567
assets	13	86	4
Impairment charges and other credit A provisions	2,795	2,154	1,571
Impairment charges and other credit provisions on ABS CDO Super Serior and other credit market exposures included above:			
Impairment charges on loans and advances /**	313		
Charges in respect of undrawn facilities	469		
Impairment charges and other credit provisions on ABS CDO Super senior and			
other credit market positions	782		<u>.</u>

2007/06 Total impairment charges and other credit provisions increased 05% (641m)to (2795m)(2006; (2155m). Impairment charges of loans and advances and other credit provisions increased 05% (6714m) to (2792m)(2006; (2,065m) reflecting charges of (2784) against ABS CBO Super Schor and other credit market positions. Impairment charges on loans and advances and other credit provisions as a percentage of Group total loans and advances increased to (2100) 2316,58 m). Z ~ ~ Retail Rotain Rotai

S05 85 85

A C139.350m). Barclaycard impairment charges improved C13(C229m) to CEED (2006: C1.057m) reliacting reduced flows into delinquency, lower levels of arrears and lower charge offs in UK Cards. We made changes to our impairment methodologies to standardise our approach and in anticipation of Basel II The net positive impact of these changes in methodology was offset by the increase in impairment charges in Bardaycard International and socured

Consumer lenging. Impairment charges in UK Retail Banking cecreased by Crem (12%) to (25590 (2006) (2550), reflecting over charges in unsecured constiner Lending and Local Business driven by Improved collection processes, reduced flows into delinquency, lower arrears trends and slable chargeoffs. In UK Home Finance, asset quality remained strong and mortgage charges remained negligible. Mortgage del nquencies as a percentage of

outstandings remained riegoptise. Mongage derindustries as a percentage of outstandings remained stable and amounts charged off were low. Impairment charges in International Retail and Commercial Banking – excluding Absa rose by \$18m (33%) to \$79m(2006; 731h) reliecting very strong balance sheet growth in 2006 and 2007 and the impact of lower releases in 2007.

Arrears in some of International Retait and Commercial Banking - Absa's retail portfolios deteriorated in 2007, driven by interest rate increases in 2006 and 2007 resulting in pressure on collections.

Wholesale and corporate impairment charges on loans and advances increased 1956 to 2017 (2006: 1956 m) Wholesale and corporate increased activation of the second se

included a charge of 1920 against ABS CDO Super Serior and other credit market exposures and Cosm net of tees relating to drawn leveraged finance positions. -0

The impairment charge in Bardays Commercial Bank increased (32m) 3 (15%) 0 (2000) 2006: 232m) primarily due to higher impairment charges in Larga Business, partially olfset by a lower charge in Vedium Business due to a High Enring of the lending criteria. 1

> **Barcleys** 35 Annual Report 2007

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Financial review Results by nature of income and expense

impairment charges (continued)

2006/05

Total impairment charges increased

Impairment charges on loans and advances and other credit provisions Impairment charges on loans and advances and outer credit provisions increased $\frac{22}{100}$ [250] to (2005) [2005: (1.557b)]. Excluding Absa, the increase was (5% (1205m)) and largely reflected the continued chall anging credit environment in UK ur secured retail lending through 2006. The wholesale and complete sectors remained stable with a low level of defaults. \mathcal{D}

The Group impairment charges on loans and advances and other credit provisions as a percentage of year-end total loans and advances of 316.56 m (2005 0.52%) (2005 0.52%).

Retail

Potail impairment charges on loans and advances and other credit provisions increased to (1.009) (2005: (1.254)), including (99) (2005 a: (CTOP) in respect of Absa, Retail impairment charges on loans and advances a mounted to (30%) (2003): (2033) as a percentage of year advances a mounted to (30%) (2003): (2033) as a percentage of year end total loans and advances of \$100,0005 b; (2005 b; (134,420m), including balances in this of (2005) b; (2005; \$20,838m)). In the UK retail businesses, househo c cash flows remained under concern advances in advances to cash flows remained under

pressure leading to a deterioration in consumer credit quality. High dobt levels and changing social altitudes to bankruptcy and debt default contributed to higher tevels of insolvency and increased impairment charges. In UK cards and unsecured consumer lending, the flows of new delinguencies and the levels of arrears balances declined in the second hall of 2006, reflecting more selective customer recruitment, limit management and improved collections.

In UK Home Finance, delinquencies were flat and amounts charged-off remained low. The weaker external environment led to increased credit. delinquency in Local Business, where there were both higher balances on caution status and higher flows into delinquency, which both stabilised towards the year end.

Wholesale and corporate \mathcal{A}

In the wholesale and corporate businesses, impairment charges on loans and advances and other credit provisions decreased to 259 2005: (213m), including (27b)(2006 * (10m) in respect of Absa. The fall was due mainly to recoveries in Barclays Capital as a result of the benight wholesale credit environment. This was partially offset by an increase in Barclays Commercial Bank, reflecting higher charges in Medium Business and growth in tending balances.

The wholesale and corporate impairment charge was 0.5% 2005 b: C (193) as a percentage of year-end total loans and advances to banks and to customers of £177,2110 (2005 b: €169,031m), including balances in Absa of 19,2990 (2005: 19,7310).

In Absa, impairment charges increased to 1260 (2005 1 (200) reflecting a full year of business and normalisation of credit conditions in South Africa following a period of low interest rates.

Impairment on available for sale assets

The total impairment charges in Barclays Capital included losses of E83 (2005: CMP on an evailable for sale portfolio where an intention to sal caused the losses to be viewed as other than temporary in nature. These tosses in 2006 were primarily due to interest rate movements, rather than credit deterioration, with a corresponding gain arising on offsetting derivatives recognised in net trading income.

Notes

For 2005, this reflects the period from 27th July until 31st December 2005.

Operating expenses

	2007	2006 වන	2005 Sm	
Staff costs (refer to page 37)	8.405	8,169	6,318	
Administrative expenses	3,978	3,980	3,443	
Depreciation	467	455	362	
Impairment loss – property and equipment			1	Λ
and intancible assets	16	21	9j.	μ
Operating lease rentals	414	345	316	
Gain on property disposals	(267)	(432)		
Amortisation of intangible assets	185	136	79	
Operating expenses	13,199	12,674	10.627	

2007/06

Operating expenses grew 45 (525m) to (3,189m)(2006) (2674) The increase was driven by growth of 3% (236m) in staff costs to 48,405m)(2005)(8,169m) and lower gains criticipatery disposals.

Administrative expenses remained flat at (3,9763) (2006: (3,9807)) reflecting good cost control across all businesses. Operating lease rentals increased 0% (£697) to (2147) (2006;€3457),

primarily due to increased property held under operating leases.

Operating expenses were reduced by gains from the sale of property of 267m (2006: 432mpcs the Group continued the sale and leaseback of some of its treehold pontolio, principally in JK Banking.

Amortisation of intangible assets increased 7% (£50) 10€1800 (2006: CT36rD primarily reflecting the amortisation of mortgage servicing rights retailing to the acoulsition of HomEq in November 2003.

The Group cost.income ratio improved (Ropercentage points to 27) (2006 (1997)

2006/05

Operating expenses increased 20% (£2,1477) to €12.674m (2005:

C10.527m). The inclusion of Absa contributed operating expenses of CI.496mX2005 CE664m). Group operating expenses excluding Absa grew (3%, reliecting a higher level of business activity and an increase in S performance related pay.

Admin strative expenses increased 16% (£537mDtoc£3,980m (2005: 23,4430). The inclusion of Absa contributed administrative expenses of

2579 (2005 ° 225777) Group administrative expenses excluding Absa grev To principally as a result of higher business activity in UK Banking and Barclays Capital.

 Δ Operating lease rentals increased 9% (£29n) to £345n) (2005(£310n)). The inclusion of Absa contributed operating lease remais oKE733h (2005 *: (27m) which more than offset the absence of double occupancy costs incorred in 2005, associated with the Head office relocation to Canary Wharf.

Operating expenses were reduced by gains from the sale of property of C32m/2009 FmilDes the Group took advantage of historically low yields on property to realise gains on some of its heahold portfolio. Amortisation of intangible assots increased (2% (557m) to (136m) 20005:

279m) primarily reflecting the inclusion of Absa for the full year

The Group cost/income ratio improved to 55% (2005 (61%). This reflected improved productivity.

39525 6.90

2007	2006	2005
<u>Z Em</u>	£m	<u></u>
5,993	6,635	5,036
503	502	412
Į		
141	128	76
150	282	271
10	30	27
603	592	496
8,405	8,169	6,318
	Em 5,993 503 141 150 10 603	£m £m 5,993 6,635 503 502 141 128 150 282 19 39 603 592

2007/06

Statt costs increase(3) (236m) (26,405m) 2006(28,169m) Salaries and accrued incentive payments rose 2223567790 05.9920

(2006 C6 635 reliecting increased cermanent; and fixed term statt Delined banefil µlans pension costs decreased 725 (132m) to (150m) (2005 (232m)). This was mainly due to lower sorvice costs.

2006/05

Staff costs ncreaser 29 2 1.3510 to 8 165 (2005 (2005 (1.3110)). The inclusion of Absa contributed staff costs of 6591r (2005 C2961). Group staff costs excluding Absa rcs6 219

Salaries and accrued incentive payments ros 3222 11,59910 026,63391 (2005: 15,03610;40;inc;cally due to increased performance related payments and it's full year inclusion of Absa. The inclusion of Absa contributed salaries and incentive payments of 1815 (2005 *(1276m) Group salaries and accrued incentive payments excluding Absa rose(26

	2007	2006	2805
UK Banking	41,200	42,600	41,100
UK Retail Banking	32,800	34,520	33,300
Barclays			
Commercial Bank	8,400	8,100	7,800
Barciaycard	7.800	8,500	7.700
IRCB	58,300	47,800	45,200
IRCB – ex Absa	35,100	13,900	12,500
IRCB – Absa	36,200	33,900	32,700
Barclays Capital	16,200	13,200	9,900
Barclays Global Investors	3,400	2,700	2,300
Barclays Wealth	6,900	6,600	6,200
Head office functions and			
other operations	1,100	1.200	900
Total Group permanent			
staff worldwide	134,900	122,600	173,300

2007/06

Staff numbers

Staff numbers are shown on a full-time equivalent basis. Total Group permanent and fixed term contract staff comprised 61,900 (2006: 62,400) in the UK and 73,000 (2006: 60,200) internationally.

UK Relail Banking headcount decreased 1,760 to 32,800 (2006; 34,500). due to efficiency initiatives in back office operations and the transfer of operations personnel to Barclays Commercial Bank Barclays Commercial Bank readcount increased 300 to 8,400 (2006: 8,100) due to the transfer of operations personnel from UK Rotail Banking and additional investment in front line stall to crive improved geographical coverage.

Barclaycard staff numbers decreased 700 to 7,800 (2006: 8,500), due to efficiency Initiatives implemented across the UK operation and the sale of part of the Monument card portfolio, partially offset by an increase in the International cards businesses.

International Retail and Commercial Banking staff numbers increased 10,300 to 58,300 (2006: 47,800). International Retail and Commercial Banking - excluding Absa staff numbers increased 8,200 to 22,100 (2006: 13,900) due to growth in the distribution network. International Retail and Commercial Banking - Absa stalf humbers increased 2,300 to 56,200 (2006: 33,900), reflecting growth in the business and distribution heliwork.

Barclays Capital staff numbers increased 3,000 to 16,200 (2006: 13,200) including 800 from the acquisition of EquiFirst. This reflected further investment in the front office, systems development and control functions to support continued cusiness expansion. The majority of organic growth was in Asia Pacilic.

Barclays Global Investors staff numbers increased 700 to 3,400 (2006; 2,700). Headcount increased in all geographical regions and across product groups and the support functions, reflecting continued investment to support further growth.

Barclays Weath stall numbers increased \$00 to 6,900 (2006: 6,600) principally due to the acquisition of Walbrook and increased client lacing professionals.

Note

For 2005, this reflects the period from 27th July until 31st December 2005.

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Financial review Results by nature of income and expense

Staff numbers (continued)

2006/05

Fotal Group permanent and contract staff comprised 62,498 (2005: 59,100) in the UK and 60,200 (2005: 54,200) internationally.

UK Banking staff numbers increased 1,500 to 42,600 (2005; 41,100). grimarily reflecting the inclusion in UK Retail Banking of mortgage processing staff involved in activities previously outsourced

Barolaycard staff numbers rose 800 to 8,500 (2005: 7,700), reflecting growth of 400 In Barclaycard US and increases in operations and customer facing staff in the UK.

International Retail and Commercial Banking increased staff numbers 2,600 to 47,800 (2005: 45,200). International Retail and Commercial Banking – excluding Absa increased staff numbers by 1,400 to 13,900 (2005: 12,500), mainly due to growth in continental Europe and Africa. hternational Rotal and Commercial Banking - Absa increased staff numbers by 1,200 to 33,900 (2005: 32,700), reflecting continued growth in the business

Bard'ays Capital staff members increased 3,300 during 2006 to 13,200 (2005: 9,900) and included 1,300 from the acquisition of HomEq. Organic growth was broadly based across all regions and reflected lurther investments in the front office, systems development and control functions to support continued business expansion.

Barciays Global Investors increased staff numbers 400 to 2,700 (2005: 2,300) spread across regions, product groups and support functions, reflecting continued investment to support strategic initiativos.

Barcleys Wealth stalf numbers rose 400 to 6.600 (2005; 6,200) to support the continued expansion of the business, including increased hiring of dient facing staff.

Head office functions and other operations stall numbers grew 309 to 1,200 (2005: 900) primarily reliecting the centralisation of "unctional activity and the increased regulatory environment and aud (demands as a result of the expansion of business areas.

Share of post-tax results of associates and joint ventures

	N			
and joint ventures	42	. 46	45	
Share of post-tax results of associates		· ·	- 7	~
Profit/(loss) from join: ventures	9	. (?)	(8)	Λ
Profit from associates	33	53	53	
· · · · · · · · · · · · · · · · · · ·	<u>, fri </u>	<u> </u>	Fm.	
:	2007	2006	2005	

2007/06 B

The overall share of post-tax results of accociates and joint ventures decreased amb tax results of accociates and joint ventures decreased amb tax (2006; (43m)). The share of results from associates decreased (20mmainly due to the sale of FirstCarlbbean miemational Bank (2008 (41m)) at the end of 2006, partially offset by an Increased contribution from mire equily associates. The share of results from joint ventures increased by Tammainly due to the contribution from private equily entities.

2006/05

2

The share of post-tax results of associates and joint ventures increased? Compto (466) (2005: (450)). Of the (766) share of post-tax results of associates and joint ventures, FirstCarpocean International Bank contributed (100/2005: (370)). Profit on disposal of subsidiaries, associates and joint ventures

2807 2006 2005

	£m	£m	£m_
Profit on disposal of subsidiaries, associates and joint ventures	28	323	
	·		

2007/06

The profit on disposal in 2007 relates mainly to the disposal of the Group's shareholdings in Gabetti Property Solutions (28m) and Intelenet Global Services (213m) A

2006/05

The profit on disposal of subsidiaries, associates and joint ventures includes (247) profit on disposal of FirstCaribbean International Bank and 70m from the sale of interests in vehicle teasing and vendor linance businesses.

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Subtress Price

Tax

The overall tax charge is explained in the following table:

	2007	2006	2005	
		£m	ዮጠ	
Profil before tax	7,976	7,136	5,280	ł
Tax sharge at average UK corporation tax	ļ			
rate of 30%	2,123	2,141	1,584	ł
Prior year adjustments	(37)	24	(133)	1
Differing overseas tax rates	(77)	(17)	(35)	
Non-taxable gains and income (including		• •	•••	
amounts offset by unrecognised tax losses)	(136)	(393)	(129)	
Share-based payments	72	27	(12)	L_ A
Deferred tax assets not	1			
previously recognised	(158)	(4)	(7)	
Change in tex rates	24	4	3	
Other non-allowable expenses	178	159	168	[
Overall tax charge	1,981	1,941	1,439	1 _
Effective tax rate	28%	27%	27%	1-B
	· · · · · · · · · · · · · · · · · · ·			

2007/06

The tax charge for the period was based on a UK corporation tax rate of 30% (2006: 30%). The effective rate of tax for 2007, based on profit before tax, was 28.0%) (2006) 27.2%). The effective tax rate differed from 30% as 100 to 2007 the different tax rates applied to profits earned outside the UK, non-taxable gains and income and adjustments to biory ear tax provisions. The forthcoming change in the UK rate of corporation tax from 30% to 28% on 1st April 2008 fed to an additional tax charge in 2007 as a result of its effect on the Group's net deferred tax asset. The effective tax rate for 2007 was higher than the 2005 rate, principally because there was a brother taxe of words on dispagals of substituties associates and icited and the taxes of words on dispagals of substituties. a higher level of profit on disposals of subsidiaries, associates and joint

ventures offset by losses or exemptions in 2006.

2005/05

The charge for the pariod is based upon a UK corporation tax rate of 30% for the calenciar year 2006 (2005: 305). The effective rate of tax rate of 2006, based on prolit before tax, was 27.2% A005 (27.3%) An effective tax rate differs from 30% as it taxes account of the different tax rates which are applied to the profits earned outside the UK, disallowable expenditure, applied to the profits earned cutside the UK, disallowable expenditure, oenain non-taxable gains and adjustments to prior year tax provisions. The effective tax rate for 2006 is consistent with the prior period. The tax charge for the year includes (£1,284r) (2001 (£961m) arising in the UK and (£707m) (2005 (£478m) arising overseas). The profit on disposal of subsidiaries, associates and joint ventures of (\$323m) was substantially olfset by bases or exemptions. The effective tax rate on profit before business disposals was (28,5%).

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Financial review Total assets and risk weighted assets

Total asseis

	2007	2006	2005
		£m	£m
UK Banking A	161,777	147,576	137,981
UK Retail Batking	87,833	81,692	78,066
Barc'sys Commercial Bank	73,944	65.884	59.915
Barclaycard A	22,164	20,082	18,236
IRCB A	88,457	68,588	63,383
IACB – ex Absa 🥢 🦽	52,204	38,191	34,022
IRCB — Absa 🛛 🛰	37.253	30,397	29,361
Sarclays Capital	839,662	657,922	601,193
Barclays Global Investors	89,224	80,515	80,900
Barclays Wealth	18,024	15,022	13,401
Head office functions and other	1		
operations	7,053	7,082	9,283
Total assets	1,227,361	996,787	924,357

Bisk weighted assets a

	2007	2006	2005
	(— 20	£55	£111
UK Banking	99,836	92,981	87,971
UK Retail Banking	45.992	43,020	40,845
Barclays Commercial Bank	53,844	49,961	47,126
Barelaycard	19,929	17,005	13,625
IACB	53,269	40,810	41,069
IRCB – ex Absa	29.667	20.0B2	20,235
IRCB – Absa	23,602	20,723	20,834
Sarclayo Capitol	169,124	137,635	116,677
Barclays Global Investors	1,994	1,375	1,456
Sarclays Wealth	7,692	6,077	4,305
Head office functions and other			
operations	1.632	1,920	4,045
Risk weighted assets	353,476	297,233	289,148
	1		

To here stand ask which advects the

Risk weighted assets Assets B 5 锄 . J 07 dŝ 67 35 66 ĊĠ.

Note

a Risk weighted assets are calculated under Basel 1

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Barclays Annual Report 2007

Ē 2007/06

Total assets increased (33) (01,227,400 (2006); (396,800), Pisk F weighted assets increased (33) to (35,300 (2006); (207,800)) Loans and advances to customers that have been securitised increased (4,300 to (28,700) (2006); (24,400). The increase in risk weighted assets since 2006 reflected to be 0,431,600 in the banking book and a rise of (24,000 in the trading book. A E E UK Retail Banking total assets increased 7% to (37.860)(2006; (31.700)). This was mainly altributable to growth in mortgage balances. Risk weighted assets increased by 7% to (46.05) (2006; 363.050) with growth in mortgages partially offset by an increase in securitised balances and other reductions.

Bacelays Commercial Bank total assets grew (29) to (273,950) (2006: (265,90)) driven by bood growth across lerding products. Risk weighted assets increased (300 (308)) (2006: (50 CD)), reflecting asset growth partially offset by increased regulatory notific and an increase in securitised balances.

securitised patiences. E S C 20012006 (20.1bn). Bisk weighted assets increased (773 to E19-5m (2008) (20.06 (20.1bn)). Bisk weighted assets increased (773 to E19-5m (2008) (20.06 (20.1bn)). Bisk reflecting the increase in total assets, frequentition of securitisation for transactions, partially offset by changes to the treatment of regulatory associates and the sate of part of the Montheen card portfolio. International Retail and Commercial Banking – excluding Absa total assets grew 57% of (2008) (2008) (20.2bn). This growth was mainly driven by increases in the accurated lending in Emerging Markets. Risk weighted assets increased for the 2776 (2006) (2016). (2016)

International Retart and Commercial Banking – Absa total assets increased (233)to(237.3b) (2008; C30.4ba), primarily criven by increases in morrgages, dredit cards and commercial property linance. Risk weighted assets increased (139 to (23.5b) (2006; C20.7b)), reflecting balance sheet growth.

Barclays Capital total assets rosc252 to (859,70n (2006) (657,90h). Derivative assets increased (109.30h primarily due to movements across a range of market incloses. This was accompanied by a corresponding increase in derivative fiabilities. The increase in non-derivative assets reflects an expansion of the business across a number of asset classes. combined with an increase in drawn leveraged loan positions and 4 montgage related assets. Bisk weighted assets increased (1990) 198 (2006: 137 Bbs) reflecting growth in fixed income, equilies and credit derivatives.

Barclays Global Investors total assets increased (1% is 289.2br.) 2006; 200.5bf), mainly attributable to growin in certain asset mailagement products recognised as investment contracts. The majority of total assots products recognised as investment contracts. The majority of total assets relates to asset management products with equal and offsetting balances reflected within liabilities to customers. Risk weighted assets increased (339 tot2.05) (2006: C1407) mainly attributable to overall growth in the balance sneet and intermediate sciences are 2050 of (18.05) (2006: C15.05) reflecting strong growth in leading to bight net worth, affluent and intermediary clients. Risk weighted assets increase (2050 to (27.05) (2008: C15.05) reflecting the lacter as in leading.

Head office functions and other operations total assets remained flat at (7.16)(2008: (7.16n) Risk weighted assets decreased (6%) to (1.6bn) 5500 2006

Sensitiven - Children Children - Children -

2006/05 E B Æ ß 2006/05 2 2 Total assets increased 5 of 0596 80 (2005; 6924, 604). Risk weighted assets increased 15 to 2597 80 (2005; 2209, 150). Loans and acvances to customers that have been securitised priceased (5.800) to (24,450) (2005; (18,156). The increase in nsk weighted assets since 2005 reflects a rise of (18,156). The increase in nsk weighted assets since 2005 reflects a rise of (18,156). The increase in nsk weighted assets since 2005 reflects a rise of (18,156). The increase in nsk weighted assets since 2005; (78,150). UK Retail Banking total assets increase (53) to (81,754) (2005; (78,150). This was mainly attributed to growth in mortgage balances. Risk weighted assets increase (53) to (23,05) (2003; (40,857) also primarily reflecting the growth in mortgage balances.

FirstCaribbean Alemational Bank. International Renail and Comparcial Banking-Absa total assets increased (3500 \$30.4b) (2005; 2013b). Risk weighted assets remained liat at 2007bh (2005; 2013b). This reflects very strong growth in Rand terms ofised by a 21% decline in the value of the Rand. In Rand terms assets grew 31% to R417bn (2005; R319bn) and risk weighted assets grew 25% to R284bn (2005; R227bh) due to strong growth in monogage londing along with comparate largeing 27

to R284bn (2005; R227bn) due to strong growth in mongage rending along with growth in corporate lencing. Barclays Capital total assets increased 9% to (657.95) (2005; 6601.25n) This reflected continued expansion of the ousiness with growth in reverse repurchase agreements, debt securities and traded equity securities. Risk weighted assets increased (6% 0 (137.6b) (2005; (16.7b)) in fine with risk, driven by the growth in equity convalives, and fixed income.

Barclays Global Investors total assets remained ⁴at at (80,555) (2005: (80,955)) The majority of total assets relates to asset management

(80.967) The majority of total assets relates to asset maragement products with equal and offsetting balances related within justifices to 1 customers. Risk weighted assets accreased (20.0 Supplement) Banclays Wealth total assets increased (20.0 Supplement) reflecting strong growth in lending to high net worth, affluent and intermediary clients. Risk weighted assets increased (20.0 Supplement) for (2005) (13.46) assets accreased (20.0 Supplement) and an another assets increased (20.0 Supplement) and a strong growth in lending to high net worth, affluent and intermediary clients. Risk weighted assets increased (20.0 Supplement) assets increased (20.0 Supplemen E 435h) above the rate of balance sheet growth driven by changes in the rate of balance sheet growth driven by changes in the R

Head office functions and other operations total assets decreased 243 to 4 (7.16) (2005: (9.335)). Risk weighted assets decreased 53% to (1.351 (2005: (9.057)).

Barclave Annual Report 2007

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Financial review Capital management

Total shareholders' equity

	2007	2006	2005	
	£m	£m	£m	
Barclays PLC Group				1
Called up share capitel 🛛 🛕	1.651	1,634	1,623	
Share premium account	56	5,818	5,660	
Available for sale reserve	154	132	225	1 -
Cash flow hedging reserve	26	(230)	70	
Capital redemption reserve	384	309	309	Ł
Other capital reserve	- 617	617	617	
Currency translation reserve	(307)	(438)	166	ŧ
Other reserves	874	390	1,377	·
Retained earnings	20,970	12,169	8,957	1
Loss: Treasury shares	(260)	(212)	(181)	
Shareholders' equity excluding				1
minerity interests	23,291	19,799	17,428	
Minorily interests	9,185	7,591	7,004	1
Total shareholders' equity	\$2,476	27,390	24,430	ł

2007/06

Total shareholders' equity increased (5,086m) to (32,476m) 2006: A 227,390m $^{\wedge}$

Celled up share capital complexes <u>600 million</u> (2008: (535 million) ordinary shares of SD each and Chailton (2006: (535 million) Celled up share capital increased by [Trip representing the nominal value of shares issued to Temasek Hodings, Chine Development Saw (COP) and complexicae under capital provide bride bride bride bride bride the bride b

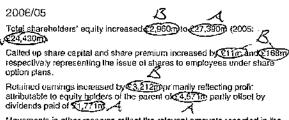
nominal value of shares issued to Temasek Hotongs, China Devectment Sank (CDB) and employees under share option plans large y offset by a reduction in nominal value arising from share buy-backs. Share premium reduced by **65**,762mbite roc assification of **67**,223mb retained earnings resulting from the High Court approved cancellation of share premium was partly offset by additional premium arising on the issuance to CDB and on employee options. The capital redemption reserve interessed by **C75m**CC revesantion the nominal value of the share buy-backs.

employee options. The capital redemplion reserve increased by C/5m/ representing the nominal value of the share buy-backs. Retained earnings increased by 8,80 m increases primarily arose from profit attributable to equity holders of the paront of 4,417m the reclassification of share promium of 7,223m and the proceeds of the Temasek issuance in excess of nominal value of 544 mp Reductions primarily arose from external dividends paid of 207m and the total cost of share repurchases of 1,632m

Movements in other reserves, except the capital redemption reserve, reflect the relevant amounts recorded in the consolidated statement of

Minority interests increased (1394) to (9.185) (2006) (1397). The increase was primarily driven by prefamine share issuances of (1397), and an increase in the minority interest in Absa of (2207).

42 Barclays Annual Report 2007 The Group's authority to buy-back equily shares was renewed at the 2007 AGM.



Movements in other reserves reflect the relevant amounts recorded in the consolidated statement of recognized income and expense.

Minority Interests increased 5587.9 primarily reflecting the issuance of preference shares by Barciays Bluck PLC and Absa.

Barciays Bank PLC

Preference shares issued by Bardays Bank PLC are included within share capital and share premium in the Bardays Bank PLC Group but represent capital instruments and capital notes by Barclays Bark PLC Group. Certain issuances of reserve capital instruments and capital notes by Barclays Bark PLC are included within other shareholders' equily in the Barclays Bark PLC Group but represent minority interests in Barclays PLC Group.

	2007	2006	2005
	្រែង	£in	£m
Barclays Bank PLC Group			i
Called up share capita	2.382	2,363	2,348
Share premium account	10,751	9,452	8,862
Available for sale reserve	1 ำาา	184	257
Cash flow hedging reserve	26	(230)	70
Currency translation reserve	(307)	(438)	156
Other reserves	(170)	(434)	483
Other shareholders' equity	2,687	2,534	2,490
Relained earnings	4,222	11,556	8,462
Shareholders' equity excluding	7		
minority interests	29,872	25,421	22,665
Minority interests	1,949	1,636	1,578
Total shareholders' equity	31,821	27, 06	24,243
	12	1	

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Capital ratios

	 Dase! 11		sel I	Ba	sel i	Ва	sel I
	2007	2(007	20	жe		005
	Barclays PLC				Barclays Bank PLC	Barclays PLC	Barc ays Bank PLC
	Group	<u> Group</u>	Group	Group	Group	Group	ຕິທິມວ
Gapital ratios	36			°i0	%	%	. %
Tier 1 ratio Rick asset ratio	7.6 11.2	1 7.8 1 12.1	7.5 \$1.8	7.7 11.7	7.5 11.5	7.0 11.3	6. 3 11.2
Risk weighted assets	<u>Em</u>	1 2 2m	£m		£m	ይጠ	<u>m2</u>
Banking book		E E					
on-balance shizet olf-balance shizet	nia nia	231,496 32,620	231.491 32.620	197,979 33,821	197,979 33,821	180,808 31,351	180,803 31,351
Associates and joint ventures	n/a	1,354	1 354	2.072	2,072	3,914	3,914
Total banking book	244.471	265.470	265.465	233,872	233,872	216.073	216,073
Trading book							
Market risks Counterparty and settlement risks	39,812 91,263	36,265 51.741	36.265 51.741	30,291 33,670	30,291 33,670	23,216 29,859	23,215 29,859
Total tradin g book	81.015	88,006	88 006	63,961	63,961	53,075	53,075
Operational risk	28,389	n <i>i</i> a	n/e	r/a	n/a	n/a	n/a
Total risk weighted assets	353,878	353,476	353.471	297,833	297,833	269,148	269,143

Minimum requirements under the FSA's Basel rules are expressed as a ratio of capital resources to risk weighted assets (Risk Asset Ratio), Risk weighted assets are a function of risk weights applied to the Group's assets using calculations developed by the Basel Committee on Banking Supervision.

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Basei I

At 31st December 2007, the Tier 1 capital ratio was 7.8% and the risk asset ratio was 7.2%. From 31st December 2006, total not capital resources ros 7.5% and risk weighted assets increased 55.5%. The risk asset ratio was 7.2% how and risk weighted assets increased 55.5%. The risk asset ratio was 7.2% how and risk weighted assets increased 55.5%. The risk asset ratio was 7.2% how and risk weighted assets increased 55.5%. The risk asset ratio was 7.2% how and risk weighted assets increased 55.5% and risk weighted assets increased 55.5%. The risk asset ratio was 7.2% how are respectively holders of the parent ret of dividends paid. Minority laterosts within Tier 1 capital increased 7.7% how are respectively holders of the rest and respectively holders. The deduction for goodwill and intangible assets increased by 17.1%. The 7.1% capital increased 53.0% mainly as a result of an increase of 53.0% how are respectively holders. ∽£ ć. 7-

Basel II

Under Basel II, offestive from 1st January 2008, the Group has been granted approval by the FSA to adopt the advanced approaches to credit and operational risk management. Pillar 1 risk weighted assets will be generated using the Group's risk models. Pillar 1 minimum capital requirements under Basel I are Pillar 1 risk weighted assets multiplied by 8%, the internationally agreed minimum ratio.

raceived from the FSA. The ICG imposes additional capital requirements in excess of Pillar 1 minimum capital requirements. Barclays received its ICG from the FSA in December 2007. Under Pillar 2 of Basel 8, the Group is subject to an overall regulatory capital requirement (expressed in £ (erms) based on individual capital guidance ("ICG")

Risk weighted assets calculated on a Baseffit basis are broadly in line with risk weighted assets calculated on a Base I basis. A reduction in credit and counterparty risk weighted assets of CII 5D more than offset the identification of capital equivalent risk weighted assets of CII 5D more than offset the identification of capital equivalent risk weighted assets of CII 5D more than offset the identification of capital equivalent risk weighted assets of CII 5D more than offset the identification of capital equivalent risk weighted assets of CII 5D more than offset the identification of capital equivalent risk weighted assets of CII 5D more than offset the identification of capital equivalent risk weighted assets of CII 5D more than offset the identification of capital equivalent risk weighted assets attributable to operational risk. The reduced risk weighted assets attributable to credit risk wore mainly driven by recognition of the tow risk profile of first charge residential mongages in UK Retail Banking and Absa and the use of internal motiols to assess exposures to counterparty risk in the trading book. These were partially effect by higher counterparty risk weightings in emerging markets and greater recognition of undrawn commitments.

Compared to Basel L deductions from Tier 1 and Tier 2 capital under Basel II include additional amounts relating to expected toss and securitisations. For advanced portfolios, any excess of expected toss over impairment allowances is deducted bail from Tier 1 and half from Tier 2 capital. Deductions relating to securitisation transactions, which are made from total capital under Basel I, are deducted half from Tier 1 and half from Tier 2 capital under Basel II.

For portfolios treated under the standardised approach, the inclusion of collectively assessed impairment allowances in Tier 2 capital ternains the same under Basel R. Cellectively assessed impairment allowances against exposures treated under Basel II advanced approaches are not eligible for direct inclusion in Tier 2 capital.

> **Barclays** 43 Annual Report 2007

Financial review Capital resources and deposits

Total net capital resources

Capital resources (as defined for regulatory purposes)	2007 £m Barela P Gro	¥5 .C			07 m Barclays	<u> </u>	006 Im		ХОБ ГП	•
	Barck		1				m	£	'n	
	P		1	larclavs	Questions					
		c			OBIERRYS	Barclays	Barclays	Barc'ays	Barclays	,
	Gro		1	PLC	Bank PLC	PLC	Bank PLC	PLC	Bank PLC	
Tior 1		иρ	1	Group	Group	Group	Group	Group	Group	
	·			ć						
Called up share capital	1,6	51 j	ł	1,651	2,382	1,631	2,363	1,623	2,348	1
Eligible reserves	22.5	39	11	22,526	25,615	19,608	21,700	16,837	18,646	
Minority interests	10,5		11	18,551	5.857	7,899	4,528	6,634	3,700	1
Tier One Notes	1 8	99	11	699	899	909	909	981	981	}
Less: Intangible assets	(8.1		11	(B,191)	(8,191)	(7,045)	(7,045)	(7,180)	(7.18C)	
Less: Deductions from Tier 1 capital	(1,1			(29)	(23)				.	
Total qualifying tler 1 capital	26,7	43] 🦯	\sim	-27,408	26,534	23,005	22,455	18,895	18,495	ļ
Tier 2				A.						1
Revaluation reserves		26	11	25	26	25	25	25	25	L
Available for sale equity		95	11	295	295	221	221	223	223	1/-
Collectively assessed impairment allowances		40	11	2.619	2,619	2,556	2,556	2,306	2,306	12
Minority interests	<u>}</u>	42	11	442	442	451	451	515	515	
Qualifying subordinated liabiblies										1
Undated loan capital	3,1		11	3,191	3,191	3,180	3,180	3,212	3,212	
Dated loan capitel	10.5		11	10,578	10,578	7,803	7,603	7,059	7,069	ł
Less: Deductions from Tier 2 capital	(1,1	06)	- S	(28)	(23)				-	1
Total qualifying tier 2 capital	13,8	66 I	4	-17.123	17,123	14 036	14,036	13,350	13,35C	
Less: Regulatory deductions	ļ	Ī	1.4		· · · · ·					1
Investments not consolidated for supervisory purposes	į (8	93)	1	(633)	(633)	(982)	(982)	(782)	(78,2)	1
Other deductions	_i_(83)	ц 1.	(1.256)	(1,256)	(1.348)	(1.348)	(961)	(961)	
Tetal deductions	(5	26)	1.4	_(1,889)	(1,889)	(2.330)	(2,330)	(1,743)	(1 745)	
Total net capital resources	39,7		~	42,642	41,768	34,711	34,161	30,562	30.102	1

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Financial review

Deposits and short-term borrowings

Deposite

Deposits include deposits from banks and customers accounts.

Average: year ended 31st December

	2007 £m	2005 £m	2005 £ரா
Deposits from banks			
Customers in the United			
Kingdom	15.321	12,332	9.703
Customers outside the			
United Kingdom:			
Other European Union	33.162	30,116	29,092
United States	6,656	· 7.352	3,670
Atrica	4,452	4,140	3,236
Rest of the World	35,626	35,013	39.060
Total deposits from banks	98,217	89.453	<u> 89,761</u>
Customer accounts			
Customers in the United			
Kingdom	187,249	173.767	155.252
Customers outside the		•	
United Kingdom:			
Other European Union	23,696	22,448	20,778
United States	21,908	17,661	15,167
Africa	29,855	23,560	17,169
Rest of the World	23,032	19,332	16.911
Customer accounts	235,740	257,428	225,272

Deposits from banks in offices in the United Kingdom from non-residents amounted to \$45,162m (2006; \$41,762m).

	Year on	led 31st Da	comber	
	2007	2006	2005	
	£ເກ	£m	£m_	Å
Customer accounts	294,987	256,754	233,684	-A-
In offices in the United Kingdom:				
Current and Demand accounts				
 Interest free 	33,400	25,650	22,980	1
Current and Demand accounts				4
 Interest bearing 	32,047	31.769	23,416	Lc
Savings accounts	70,682	62,745	57,715	1 -
Other time deposits retail	36,123	36,110	35,142	1
Other time deposits wholesale	65.726	53,733	42,967]
Total repayable in offices	<u> </u>			
in the United Kingdom	237,978	210,007	167,220	}>
In offices outside the United				
Kingdom;				
Gurrent and Demand accounts				1
interest free	{ 2,990	2,169	2,300	i
Current and Demand accounts	ļ			1 ~
- interest bearing	11.578	17,626	23,494	٣C
Savings accounts	3,917	3,041	3,230	Ł
Other time deposits	23,532	23,911	25,440	f
Total repayable in offices outside the				· 、
United Kingdom	57,009	46,747	51,464	-0

Customer accounts deposits in offices in the United Kingdom received from non-residents amounted to \$49,179m (2006: \$40,291m).

Note a Average interest rate during the year for commercial paper and negotiable cardificates of deposit have been restated for 2005 and 2005 to reflect methodology enhancements

Short-term borrowings

Short-term borrowings include deposits from banks, commercial paper and negotiable certificates of deposit.

Deposite from banks

Deposits from banks are taken from a wide range of counterparties and generally have maturities of less than one year.

	2307	2006	2005
	£m	<u>£m</u>	£m /
Year-end balance	Q0.546	79,562	75,122
Average balance	96,217	89,453	89,761
Maximum balance	(09.585	97,165	103,397
Avorage interest rate during year	4.1%	4.2%	2.5%
Year-end interest rate	4.0%	4.3%	3.6%

Commercial paper

Commercial paper is issued by the Group, mainly in the United States, generally in denominations of not less than USS100,000, with maturities of up to 270 days.

	2007	2006	2005
	£m	£m	£m 🖌
Year-end balance	23,451	26,545	28,275
Average balance	26.229	29,740	22,309
Maximum balance	< <u>10,736</u>	31,859	28,598
Average interest rate during year ^e	5.4%	4.4%	3.1%
Year-end interest rate	5.2%	5.0%	4.5%

Negotiable certificates of deposit

Negotable certificates of deposits are issued mainly in the UK and US, generally in denominations of not less than US\$100,600.

	2007 £ຫ	2006 _Sm	. 2005 m
Year-end balance	68,401	52,800	43,109
Average balance	55,394	49,327	45,533
Maximum balance	\$2,436	60,914	53,456
Average interest rate during year *	5.1%	5.3%	3.9%
Year-end interest rate	5.0%	5.1%	4.5%

Financial Review Commitments and contractual obligations

Commitments and contractual obligations Commitments and contractual obligations include loan commitments, contingent liabilities, debt securities and purchase obligations.

Commercial commitments

Contractual obligations

	Amount of commitment expiration per period						
	Between Botween Tota						
		Less than	one to	three to	After	amounts	
		one year	three years	live years	live years	committed	
		<u>Em</u>	£m	£m	m2	£m	
Acceptances and endorsements Guarantees and letters of credit pledged as collateral security Other contingent liabilities Documentary credits and other short-term trade related transactions Forward asset purchases and forward deposits placed Standby facilities, credit lines and other	c-	365 29.135 6.594 401 283 136,457	2,711 1,556 121 17,039	1,971 416 	1,874 1.151 	365 35,692 9,717 522 283 191,834	Ĺ

			Paymen	ts due by p	eriod	
-	·····,	Less than one year Em	Between one to three years £m	tivee to		Total £m
Long-term debt Operating lease obligations Purchase obligations	<u> </u>	90,201 197 141	13,553 755 185	8,630 610 27	19.358 2,225 6	131,747 3,787 360
Total		90.539	14,499	9,257	21.539	135,894

The long-term debt does not include undated loan capital o 66,631 p

Further information on the contractual maturity of the Group's assets and flabilities is given in Note 48.



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Barclays Annual Report 2007

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Financial review Securities

Securities

The following table analyses the book value of securities which are carried at fair value.

	2007		20	06	2005			
		lmortised		Amortised		Amort sed		
	Book value	COSI	Book value	cost	Book valuo	cost		
	£m	2m	£m	£.v.	Em	£174		
Investment socurities - available for sale								
Debt securities:		\sim		A mail		(m)		
United Kingdom government	78	/ 81 }	758	761	31	(31)		
Other government	7,383	7,434	12,587	12,735	14,860	14,827		
Other public bookes	6-4 834 -	632	280	277	216	216		
Mortgage and asset backed securities		1.429	1.706	1,706	3,062	3,062		
Corporate issuers	19,664	19,649	27,089	27,100	25,590	25,597		
Other issuers	9.547	9,599	5,492	5,450	6,265	6,257		
Equity securities	A-(1.676)	1,418	A-07.37D	—————————————————————————————————————	A-71,250	1.007		
Investment securities - available for sale	AU3492 C	(10,242)	D(19,283)	19,076	51,274)	0 50,997		
Other securities – held for trading			1		c			
Debt securities:	<u> </u>					`		
United Kingdom government	3.832	n/a	4,986	n/a (4,786	t n/a		
Other government	51,104	n/a	48,845	. n/a	46,428	n/a		
Mortgage and asset backed securities	37,038	N'A	29,606	n/a	17,644	n/a		
Bank and building society certificates of deposi:	17.75;	ณ/ส	14,159	n's :	15.837) n/a		
Officer issuers	A 43.053	n/a	44,980	u'a j	43,674	n/a		
Equity securities	A-(36,307)	ា/ខ	A (31,548)	n/a i	A. (20,299)	Na		
Other securities - held for trading	5(89,085)	a/a	()(172,124)	n/a	D (18,666)	ala		

t westment debt securities include government securities held as part of the Group's freasury management portfolio for asset and liability, liquidity and regulatory purposes and are for use on a continuing basis in the activities of the Group. In addition, the Group holds as investments listed and unlisted corporate securities.

Montgage and asset backed socurifies and other issuers within help for trading debt securities have been restated in 2006 and 2005 to reliect changes in classification of accets.

Bank and building society certificates of deposit are freety negotiable and have original maturities of up to five years, but are typically held for shorter periods. In addition to UK government securities shown above, at 31st December 2007, 2006 and 2005, the Group held the following government securities which exceeded 10% of shareholders' equity.

Government securities

· · · · · · · · · · · · · · · · · · ·	2007	2006	2085
	Book valu	le Book value	Book value
	· _ 9	៣ <u>೯៣</u>	£ <u>m</u>
United States	15,1	53 18,343	16,093
Japan	9.1	24 15,505	14,560
Germany	5.1	36 4,741	6,376
France	3.5	38 4,336	4,822
lialy	5,0	3,419	4,300
Spain	3.5	74 2,859	2,456
Nelhoriands	<u> </u>	70395_	2,791

Maturities and yield of evailable for sale debt securities

		Maturing one y		Maturing af within fiv		Maturing afte within ten		Maturing ten yea		Totai:	:
		Amount	Yield	Amoun	i Vield	Amount	Yield	Amount	Yield	Amount	Yield
		<u>. £m</u>	13 2	<u> </u>	<u>10 5</u> .	<u>(* 2m</u>	<u>شرار</u>	<u> </u>	<u>1) %</u>	<u>C.m2</u>	<u>6 %</u>
Covernment		1,354	5.8	3,99	7) 7 [4.0]	7 788	1.6	322	1 1.1	7.461	3.5
Other public bodics	e -	546	8.6	7	3 1.3	1 -	} [_	1 101	5.2	634	7.7
Other issuers		11,849	5.2	12.543	4.9	4,343	5.8	1,844	7.0	30,578	6.2
Total book value		13,749	5.4	16,61	4.6	/ (_{5,131}	5.0	3,176	4.5	38,673	5.0

The yield for each range of maturities is calculated by dividing the annualised interest income prevailing at 31st December 2007 by the fair value of securities held at that date.

Barclays 47

Financial review Critical accounting estimates

The Group's accounting policies are set out on pages 149 to 157. Costain of these policies, as well as estimates made by management, are considered to be important to an understanding of the Group's tinancial condition since they require management to make difficult complex or subjective judgements and estimates, some of which may relate to matters that are inherently uncertain. The following accounting policies include estimates which are particularly sensitive in terms of judgements and the extent to which estimates are used. Other accounting policies involve significant amounts of judgements and estimates, but the total amounts involved are not significant to the financial statements. Management has discussed the accounting policies and critical accounting estimates with the Board Audit, Committee.

Fair value of financial instruments

Some of the Group's financial instruments are carried at lair value through profit or loss such as these held for tracing, designated by management under the fair value option and non-cash flow hedging derivatives.

Other non-derivative financial assets may be designated as available for sale. Available for sale innancial investments are initially recognised at fair value. Gains and losses arising from changes in fair value of at fair value. Gains and losses arising from changes in fair value of such assets are included as a soparate component of equily. The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Financial instruments enforced into as trading transactions, together with any associated hodging, are measured at fair value and the resultant profile and losses are included in net trading income, along with interest and dividends arising from long and short positions and funding costs relating to trading activities. Assets and fiabilities resulting from gains and losses on financial instruments in the force of years and losses on the acting portfolio assets and liabilities or derivative financial instruments, reduced by the clifects of netting agreements where there is an intention to settle not with counterpanties.

Valuation methodology

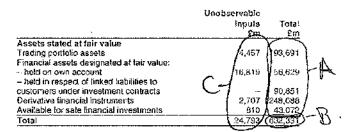
The method of determining the fair value of financial instruments can be analysed into the following categories:

- (a)Unadjusted quoted prices in active markets where the quoted price is readily available and the price represents actual and regularly occurring market transactions on an arm's length basis.
- (b) Valuation techniques using market observable inputs. Such techniques, may include;
 - using recent arm's length market transactions;
- -reference to the current fair value of similar instruments;
- discounted cash flow analysis, pricing models or other techniques commonly used by market participants.
- (c) Valuation techniques used above, but which include significant inputs that are not observable. On initial recognition of financial instruments measured using such techniques the transaction price is deemed to provide the best evidence of fair value for accounting purposes.

The valuation techniques in (b) and (c) use inputs such as interest rate yield curves, equily prices, commodily and currency prices/yields, volatilities of underlyings and correlations between inputs. The models used in these valuation techniques are calibrated against industry standards, economic models and to paserved transaction prices where available.

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Barclays Annual Report 2007 The following tables set out the total financial instruments stated at fair value as at 31st December 2007 and those fair values are calculated with valuation techniques using unobservable inputs.



	Unobservable inputs Em	Total £m
Liabilities stated at fair value		
Trading portIolio liabilities	42	(65.402)
Financial liabilities designated at fair value	6,172	74,489
Liabilities to customers under investment		1 -1
contracts	<u> </u>	92,639
Derivative financial instruments	4,382	248.288 /
Total	:0,596/	- C/- (018,08%)

Various factors influence the availability of observable inputs and these may vary from product to product and change over time. Factors include for example, the depth of activity in the relevant market, the type of product, whether the product is new and not widely traded in the market place, the maturity of market mocalling and the nature of the transaction (bospake or generic).

To the extent that valuation is based on models or inputs that are not observable in the market, the determination of fair value can be more subjective, dependant on the significance of the unobservable input sate determined based on the usest information available, for example by reference to similar assets similar maturities, appropriate proxies, or other analytical techniques. The effect of changing the assumptions for those tinanc at instruments for which the fair values were measured using valuation to the single state and techniques that are determined in full or in part on assumptions that are not supported by observable inputs to a range of reasonable provide at angle of the analytical techniques. The site of the analytical techniques would be to provide a range of the provide to the site recognised in the financial satements. The size of this range will vary over time in response formarket volatility.

The size of this range will vary over time in response contarket volatility, market uncertainty and changes to benchmark proxy relationships of similar assets and itabilities. The calculation of this range is performed on a consistent basis each period.

Further information on the fair value of financial instruments is provided in Note 49 to the accounts.

The following summary sets out those instruments which use inputs where it may be necessary to use valuation techniques as described above.

Corporate bonds

Corporate bonds are generally valued using observable quoted prices or recently executed transactions. Where observable price quotations are not available, the fair value is determined based on cash flow models where significant inputs may include yield curves, bond or single name credit default swap spreads.

Financial review Critical accounting estimates

Within the retail and small businesses portfolios, which comprise large numbers of small homogeneous assets with similar tisk of aracteristics where credit scoring techniques are generally used, statistical techniques are used to calculate impairment allowances on a portfolio basis, based on historical recovery rates and assumed emergence periods. These statistical analyses use as primary inputs the extent to which accounts in the portfolio are in arrears and historical information on the eventual losses encountered from such delinquent portfolios. There are many such models in use, each tailored to a product, line of business or customer category. Judgement and knowledge is needed in selecting the statistical methods to use when the models are developed or revised. The impairment allowance reflected in the linancial statements for these portfolios is (herefore considered to be reasonable and supportable. The impairment charge cellected in the income statement for these portfolios is (herefore considered to be reasonable and supportable. The impairment charge cellected in the income statement for these portfolios is (herefore) carge reflected in the income statement for these portfolios is (herefore) carge cellected in the income statement for these portfolios is (herefore) carge cellected in the income statement for these portfolios is (herefore) can be are as a support of the total impairment charge cellected in the income statement for these portfolios is (herefore) can be are as a support of the total impairment charge cellected in the income statement for these portfolios is (herefore) can be are as a support of the total impairment charge cellected in the income statement for these portfolios is (herefore) can be an another to these portfolios is (herefore) can be an another to these portfolios is (herefore) can be an another to the carge portfolios is (herefore) can be an another to these portfolios is (herefore) can be an another to the carge portfolios is (herefore) can be an another to the carge portf

For larger accounts, impairment allowances are calculated an an individual basis and all relevant considerations that have a bearing or the expected future cash flows are taken into account, for example, the business, prospects for the customer, the realisable value of collateral, the Group's position relative to other claimants, the reliability of customer information and the fikely cost and duration of the work-out process. The lavel of the impairment allowance is the difference between the value of the discounted by the cash flows (discounted at the loan's original effective interest rate), and its carrying amount. Subjective judgements are made in the calculation of future cash flows. Furthermore, judgements change with time as new information becomes available or as work-out strategies evolve, resulting in frequent revisions to the impairment allowance as individual decisions are taken. Changes in these estimates would result in a change in the allowances and have a direct impact on the impairment change of thems and advances in 2007. Furthermore, information to furger accounts of \$2001704(2008)(2006

Goodwill

Management have to consider at least annually whether the current carrying value of goodwill is impaired. The first step of the impairment review process requires the identification of independent cash generating units, by dividing the Group business into as many largely independent income streams as is reasonably practicable. The goodwill is then allocated to those independent units. The first element of this allocation is based on the areas of the business expected to benefit from the synergies derived from the acquisition. The second element reflects the allocation of the net essets acquired and the difference between the consideration paid for those net assets and their fair value. This allocation is reviewed following business reorganisation. The carrying value of the unit, including the allocated goodwill, is compared to its fair value to determine whother any impairment exists, if the fair value of a unit is less than its carrying value, goodwill will be impaired. Detailed calculations may need to be carried out taking into consideration changes in the market in which a business operates (e.g. competitive aptivity, regulatory change). In the absence of readily available market price data this calculation is based upon discounting expected pre-tax cash flows at a risk adjusted interest rate appropriate to the operating unit, the determination of both of which requires the exercise of judgement. The estimation of pro-tax cash flows is sensitive to the periods for which detailed forecasts are available and to assumptions regarding the tong term sustainable cash llows. While lorecasts are compared with actual performance and external economic data, expected cash flows naturally reflect management's view of future performance. The most significant a nounts of goodwill relate to the Absa and Woolwich acculsitions. The goodwill impairment testing performed in 2007 indicated that none of the goodwill was impaired. Management bolieves that reasonable changes in key assumptions used to determine the recoverable amounts of Absa and Woolwich goodwill would not result in impairment.

Intangible assets

Intangible assets that derive their value from contractual customer relationships or that can be separated and sold and have a finite useful life are anontised over their estmated useful file. Determining the estimated useful file of these finite life intangible assets requires an analysis of circumstances, and judgement by the Bank's management. At each balance sheet date, or more frequently when events or changes in circumstances dictate, intangible assets are assessed for indications of impaiment. If indications are present, these assets are subject to an impaiment review. The impairment review comprises a comparison of the carrying amount of the asset with its recoverable amount; the higher of the assets' or the cash-generating unit's net selling price and its value in use. Net selling price is calculated by reference to the amount at which the assets. Value in use is calculated by discounting the oxpocted future cash lows obtainable as a result of the asset is continued use, including those resulting from its ultimate disposal, at a market-based discount rate on a pre-tax basis. The most significant amounts of intangible assets relate to the Abaa acquisition.

Retirement benefit obligations

The Group provides pension plans for employees in most parts of the world. Arrangements for staff retirement benefits vary from country to country and are made in accordance with local regulations and customs. For defined contribution schemes, the pension cost recognised in the prefit and loss account represents the contributions payable to the scheme. For defined benefit schemes, actuarial valuation of each of the scheme's abligations using the projected unit credit method and the fair valuation of each of the scheme's assets are performed annually in accordance with the requirements of IAS 19.

The actuarial valuation is dependent upon a series of assumptions, the key ones being interest rates, mortality, investment returns and inflation. -Mortality estimates are based on standard industry and national mortality tables, adjusted where appropriate to raffec; the Group's own experience. The returns on fixed interest investments are set to market yields at the valuation date (less an allowance for risk) to ensure consistency with the asset valuation. The returns on LK and overseas equilies are based on the tong-term outlook for global equilies at the calculation date having regard to current market yields and dividend growth expectations. The inflation assumption reflects long-term expectations of both carrings and retail price inflation.

The difference between the fair value of the plan assets and the present value of the defined benefit obligation at the balance sheet date, adjusted to any historic unrecognised actuarial gains or losses and past service cost, is recognised as a flability in the balance sheet. An asset arising, for example, as a result of past over-funding or the performance of the plan investments, is recognised to the extent that it does not exceed the present value of future contribution holidays or relunds of contributions. To the extent that any unrecognised gains or issees at the start of the exceed the present exceed to do of the plan of the plan of the plan of the other set of the start of the set of the start of the set of t

defined benefit obligation for that scheme, a proportion owne excess is A recognised in the importe statement. The Group's IAS 19 ponson surplus across all pension and post-retirement schemes as at 31st becember 2007 was a surplus of £33370(2006) £317/0 deficit). This comprises net recognised liabilities of £1.507m0(2006) £1.719m) and unrecognised actuarial gains of £1.537m0(2006) £902m1. A The net recognised individual gains of £1.537m0(2006) £1.507m0(2006) £1.537m0(2006) £1.507m0(2006) £1.507m

31st December 2007 was Entrin 2006 (1997) action, The estimated actuated building position of the main UK persion scheme as at 31st December 2007, estimated from the triennial to utation in 2004, was a surplus of 1, 2007 (2006 (2, 2007) Cas t contributions to the main UK scheme view (2005) 2006 (2, 2007) Cas t contributions to the main UK scheme view (2005) 2006 (2, 2007) Cas t contributions to the main UK scheme view (2005) 2006 (2, 2007) Cas t contributions to the main UK scheme view (2007) 2006 (2, 2007) Cas t contributions to the main UK scheme view (2007) 2006 (2, 2007) Cas t contributions to the main UK scheme view (2007) 2006 (2, 2007) Cas t contributions to the main UK scheme view (2007) 2006 (2, 2007) (2, 20

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Financial review Off-balance sheet arrangements

In the ordinary course of business and primarily to facilitate client transactions, the Group enters into transactions which may involve the use of off-balance sheet arrangements and special purpose entities (SPEs). These arrangements include the provision of guarantees, can commitments, retained interests in pasels which have been transferred to an unconsolidated SPE or obligations arising from the Group's involvements with such SPEs.

Guarantees

The Group issues guarantees on bohalf of its customers, in the majority of cases, the Group will hold collateral against the exposure, have a right of recourse to the customer or both. In addition, the Group issues guarantees on its own behalf. The main types of guarantees provided are: linanc al guarantees given to banks and financial institutions on behalf of customers to socure leans: overdraits; and other banking facilities, including stock borrowing indemnities and standby letters of credit. Other guarantees, guarantees, guarantees, advance payment guarantees, tender guarantees, guarantees to Her Majesty's Revenue and Customs and retention guarantees. The nominal principal amount of confingent liabilities with off-balance sheet risk is set out in Note 34 and in the table on page 46.

Loan commitments

The Group enters into commitments to tend to its customers subject to certain conditions. Such ican commitments are made either for a fixed period, or are cancellable by the Group subject to notice conditions. Information on Ican commitments and similar facilities is set out in Note 34 and in the table on page 46.

Special purpose entities

Transactions entered into by the Group may involve the use of SPEs. SPEs are critities that are created to accomptisinal narrow and well defined objective. There are often specific restrictions or limits around their ongoing activities.

Transactions with SPEs take a number of forms, including:

- The provision of financing to fund asset purchases, or commitments to provide finance for future purchases.
- Derivative transactions to provide investors in the SPE with a specified exposure.
- The provision of liquidity or backstop facilities which may be drawn upon if the SPE experiences future funding difficulties
- Direct investment in the notes issued by SPEs.

Depending on the nature of the Group's resulting exposure, it may consolidate the SPE on to the Group's palance sheet. The consolidation of SPEs is considered at inception based on the arrangements in place and the assessed risk exposures at that time. In accordance with IFRS, SPEs are consolidated when the substance of the relationship between the Group and the entity indicates control. Potentia, indicators of control include, amongst others, an assessment of the Group's exposure to the data banefits of the SPE. The initial consolidation analysis is revisited at a later date it:

- (i) the Group acquires additional interests in the entity;
- (ii) the contractual arrangements of the entity are amended such that the relative exposures to risks and rewards change; or if
- (iii) the Group acquires control over the main operating and financial decisions of the entity.

A number of the Group's transactions have recourse only to the assets of unconsolidated SPEs. Typically, the majority of the exposure to these assets is borne by third partice and the Group's risk is mitigated through over-collatoralisation, unwind features and other protective measures. The Group's involvement with unconsolidated third party conduits, collateralised deht obligations and structured investment vehicles is described further below.

Collateralised Debt Obligations

The Group has structured and underwritten CDOs. At inception, the Group's exposure principally takes the form of a tiquidity facility provided to support future functing difficulties ar cash shortfalls in the vehicles. If required by the vehicle, the facility is drawn with the amount advanced included within loans and advances in the balance sheat. Upon an event of default or other triggering event, the Group may acquire control of a CDO and, therefore, be required to fully consolidate the vehicle for accounting purposes. The potential for transactions to hit default ingers bride the end of 2008 has been assessed and included in the determination of impairment charges and other credit provisions to the year ended 31st December 2007).

The Group's exposure to ABS CDO Super Senior positions before hedging, wat 25,018 mas at 31st December 2007. This includes 21,149 more undrawn Tadikties provided to mezzanine transactions (exposure stated net of writedowns and charges). Undrawn facilities provided to unconsolidated CDOs are included as part <u>decemmitments</u> in Note <u>24</u> to the accounts.

The remaining 24.3635 is the Group's exposure to Rich Grade CDOs, stated net of whitedowns and charges. 63.7655 of drawn balances are included within boans and advances on the balance sheet, with the remaining 21,0877 representing consolidated High Grade CDOs accounted for one jair value basis

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Collateral

The collateral underlying unconsolidated CPOs comprised 77% residential mongage backed securities, 6% from residential asset backed securities and 17% in other categories, including (0% ABS CDO exposure (a proportion of which will be backed by residential mongage collateral).

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The remaining Weighted Average Life (WAL) of all collateral is 3.9 years. The combined Net Asset Value (NAV) for all of the CDOs was £2.8bn below the nominal emount, equivalent to an aggregate 40.2% decline in value on average for all investors.

Funding

The CDOs were funded with senior unrated notes and rated notes up to AAA. The capital structure senior to the AAA hotes on cash CDOs was supported by a liquidity facility provided by the Group. On mezzanine CDOs, this particip of the capital structure is unfunded, but a liquidity facility is provided to support the level of synthetic Instruments within each transaction. The senior portion covered by figuidity facilities is on average 75% of the capital structure.

The initial WAL of the notes in issue averaged 7.1 years. The full contractual maturity is 37.8 years.

Barciays Annual Report 2007



Financial review Off-balance sheet arrangements

Interests in Third Party COOs

The Group has purchased securities in and entered into de ivative instruments with third party CDOs. These interests are held as trading assets or liabilities on the Group's balance sheet and measured at lair value. The Group has not provided liquidity facilities or similar agreements to third party CDOs.

Structured Investment Vehicles (SIVs)

The Group has not structured or managed SIVs. Group exposure to third

- party SIVs comprised: £317m senior liquidity lacilities, of which £19m was drawn and included in loans and advances as at 31st December 2007. The Group is one of between two and eight independent liquidity providers on each transaction.
- Derivative exposures included on the balance sheet at their net fair value of £264.0C
- Bonds issued by the SIVs included within trading portfolio assets at their (air value of 21m)
- (2.5b) epo funding facilities (£1.5b) has been utilised and included within toans and advances to customers in the balance s reet.

Other than the repollacilities, which when drawn are more than 100% collateralised by assets held by the Group with the collateral being valued daily, the items above are included in the credit market positions discussed on page 53.

SIV-Lites

The Group structured and helped to underwrite three SIV-Lite transactions. The Group is not involved in their ongoing management.

The Group provided £0.55bn in liquidity facilities as partial support to the £2.60n of CP programmes on these transactions. These facilities have now been fully drawn or are terminated, such that no further drawings are possible. One of the three vehicles has been restructured into a cash CDO. As part of this restructuring, the Group acquired the 280m senior and a cash about this restructuring, the Group acquired the 280m senior nots in the GDO which is held at fair value within trading pontolio assets. The credit risk on this note has been transferred to a third party investment. bank, For the remaining fasilities, the smound drawn tabelled **CES \$** included in the credit market positions discussed on page 53.

Commercial Paper and Medium-term Note Conduits

The Group provided Fightin undrawn backstop liquidity facilities to its own sponsored CP conduits. The Group fully consolidates these entities such that the underlying assets are reflected on the Group balance sheet.

The Group covided backstop lacifies to succeed on the group belance sheet. The Group covided backstop lacifies to succeed the paper issued by six third party condults. Tage lacifilies totalled (1bh) with underlying collateral comprising auto toels (81%) bank-guaranteed residential morganes (11%), bank-guaranteed eminimercia, and project finance loans (5%) and UK consumer linance roce vables (3%) Drawings on these facilities were (40) and any succeed and are included within leans and any project to average advances to customers.

The Group provided backstop facilities to six third-party SPEs that fund themselves with medium term notes. These notes are sold to investors as a series of 12 month securities and remarketed to investors annually. If investors decline to renew their holdings at a price below a pre-agreed spread, the backstop facility requires the Group to purchase the



Barclavs Annual Report 2037 outstancing notes at scheduled maturity. The group has provided facilities of £2.90p to SPEs holding prime UK and Australian owner-occupied Residential Mortgage Back Securities (RMBS) assets. As at offst December 2007, the Group had acquired notes of £90m under these backstop facilities (included as available for sale assets in the balanco sheet) and further acquisitions are expected through 2008 as other notes are remarketed. The notes generally rank part passu with the other term AAA+ rated notes from the same issuer. The facilities have been designated at fair value and are reflected in the balance sheet at their current lair value.

The Group's own CP conduits provided facilities of £339 to third party containing prime UK buy to tel RMBS. As at 3151 December 2007, £2900 of this facility had been drawn. The undrawn facilities are included. Ē within the commitments disclosed in Note 34 to the accounts, while the drawn elements are included within loans and advances to customers.

Asset securitisations

The Group has assisted companies with the formation of asset securitisations, some of which are effected through the use of SPEs. These entities have minimal equity and rely on funcing in the form of notes to purchase the assets for securitisation. As these SPEs are created for other companies, the Group does not usually control these entities and therefore dees not consolidate them. The Group may provide linancing in the form of serior notes or junior notes and may also provide derivatives to the SPE. These transactions are included on the balance sheet.

The Group has used SPEs to securitise part of its originated and purchased retail and commercial lending portfolios and credit card receivables. These SPEs are usually consolidated and derecognition only occurs when the Group transfers its contractual right to receive cash flows from the financial assets, or relains the contractual rights to receive the cash flows, but assumes a contractual obligation to pay the cash flows to another party without material delay or reinvestment, and also transfers substantially all the risks and rewards of ownership, including credit risk, prepayment risk and interest rate risk. The carrying amount of securitised assets together with the associated liabilities are set out in Note 29.

Client intermediation

The Group has structured transactions as a financial intermediary to meet investor and client needs. These transactions involve entities structured by either the Group or the client and they are used to modify cash flows of third party assets to create investments with specific risk or return prolifes or to assist clients in the efficient management of other risks. Such transactions will typically result in a derivative being shown on the balance sheet, representing the Group's exposure to the relevant asset.

The Group also invests in tessor entities specifically to acquire assets for leasing. Client intermediation also includes arrangements to lund the purchase or construction of specific assets (most common in the property industry).

Fund management

The Group provides asset management services to a large number of investment entities on an arm's-length basis and at market terms and prices. The majority of these entities are investment under that are owned by a large and diversified number of investors. These funds are not consolidated because the Group does not own either a significant portion of the equity, or the risks and rewards inherent in the assets.

During 2007, Group operating expenses included charges of (2006: Enil) related to selective support of liquidity products managed by Barclays Global Investors and not consolidated by the Group. The Group has continued to provide further selective support to figuidity products subsequent to 31st December 2007.

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Financial review Barclays Capital credit market positions

Barclays Capital credit market positions

Barclays Capital credit market exposures resulted in net losses (£1 £35) in 2007, due to dislocations in the credit markets. The net losses primitally related to ABS CDO super senior exoosures, with additional losses from other credit market exposures partially offset by gains from the general widening of credit spreads on issued notes held at fair value.

Credit market exposures in this note are stated relative to comparatives as at 30th June 2007, being the reporting date immediately prior to the credit market dislocations.

	As at					
	31st December	30th June				
	2007	2007				
	£in	£m				
ABS CDO Super Senior						
High Grade	4,859	6,151				
Mezzenine	1,149	1,629				
Exposure before hedging	6,018	7,780				
Hacges	(1,347)	(348)				
Net ABS CDO Super Senior	\$ 4,671	7,432				
Other US sub-prime						
Whole loans	3,205	2,900				
Other direct and indirect exposures	<u> </u>	3,146				
Other US sub-prime	5,037	6,046				
AR-A	4,916	3,760				
Monoline insurers	1,335	140				
Commercial mortgages	12,399	8,282				
SIV-lite liquidity facilities	152	692				
Structured investment vehicles	590	925				

ABS CDO Super Senior exposure

ABS COO Super Senior ne: exposure was 24,67 (h (30th June 2007) (7,432 m). Exposures are stated not of writedowns and charges of (1,132 m (30th June 2007: 6552) and hedges of (1,342 m) (30th June 2007: (34852)

The collateral for the AES COO Super Sentor exposures primanly comprised Residential Mortgage Backed Securities, 79% of the RMBS sub-prime collateral comprised 2005 or earlier vintage motgages. On ABS CDO super sentor exposures, the combination of subordination, hedging and writedowns provide protection against loss levels to 72% on US subprime collateral as at 31st December 2007. None of the above hedges of ABS CDO Super Sentor exposures as at 31st December 2007 were held with monoline insurar counterparties.

Other credit market exposures

Barelays Capital held other exposures impacted by the turbulence in credit markets, including: whole loans and other direct and indirect exposures to US sub-prime and AR-A borrowers: exposures to moroline insurers; and commercial mortgage backed securities. The net losses in

out of the second state of the subject as the second state of the

Net exposure to the Alt-A market was (4,916h (30th June 2007: (5,760 r)) through a combination of securities helf of the balance sheet including those held in consolidated conduits and residuals. Alt-A exposure is generally to borrowers of a higher credit quality than sub-prime borrowers. As at 31st December 2007, 99% of the Alt-A whole loan exposure was performing, and the average loan to value ratio was 81%. 96% of the Alt-A securities held were rated AAA or AA.

Barclays Capital held assets with insurance protoction or other credit enhancement from monoline insurers. The value of exposure to monoline insurers under these contracts was 13257 (30th June 2007 1107). There were no claims due under these contracts as none of the underlying assets were in default.

Exposures in our commercial mortgage backed securities business comprised commercial real estate loans of \$11,1000 (SOIn Julio 2007; 27,653h) and compressil mortgage backed securities of \$1,290m (SOIn June 2007(16296)). The loan exposures were 54% US and 43% European. The US exposures had an average loan to value of 65% and the European exposures had an average loar to value of 71%. 87% of the commercial mortgage backed securities held as at 31st December 2007 were AAA or AA rated.

Loans and advances to customers included (1524 (30th June 2007: (1592th) of drawn liquidity facilities in respect of SIV-lites. Total exposure to other structured investment vehicles, including dorivativos, undrawn commercial paper backstop facilities and bonds held in trading portfolio assets was (1590th (30th June 2007: (1255th)).

Loveraged Finance

At 31st December 2007, drawn leveraged finance positions were 27.368m (30th June 2007/07.3.7m). The positions were stated net of teos of C130M and impairment: of C58a dr ven by witcening of corporate credit spreads.

Own Credit

At 31st December 2007, Barclays Capital har, issued notes held at fair value of <u>657,162</u>m (30th June 2007; <u>144,622</u>h). The general widening of oredit spreads affected the carrying value of these notes and as a result revaluation gains of <u>6696</u>D were recognised in trading income.

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Financial review Average balance sheet

Average balance sheet and nat interest income (year ended 31st December)

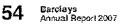
		2007			2006			2005		
	Averaga		Average	Averaçe		Average	Average		Average	
	balance ^(a)	Interest	rate	ba:ance ^(a)	Intéresi	rate	balance ^(a)	Interest	tate	
	Σm	٤m	95	£m	£m	%	£m	£m	56	
issets										
oens and advances to banks ^b : -										
in offices in the United Kingdom	29,431	1,074	3.6	18,401	647	3.5	14,798	454	3.1	
in ollices outside the United Kingdom 🕴 🧍	12,262	779	6.4	12,278	488	4.0	11.063	403	3.5	
oans and advances to sustomers b.										
in offices in the United Kingdom	205.707	13.027	6.3	184.392	11.247	6.1	172.398	10,229	5,9	
in offices outside the United Kingdom	\$8,212	5.733	7.6	77,615	4,931	6.4	50,699	2,975	5.9	
ease receivables:										
in offices in the United Kingdom	4,822	283	5.9	5,266	300	5.7	6.521	348	5.3	
in offices pulsicle the United Kingdom	5.861	691	11.8	6,162	695	9.7	1,706	117	6.9	
inancial investments:										
in offices in the United Kingdom	\$7,803	2,039	5,4	41,125	1,936	4.7	43,133	1,755	4.1	
in offices outside the United Kingdom	\$4,750	452	3.1	14,191	830	5.8	10,349	467	4.5	
leverse repurchase agreements and cash collateral on										
ecurilies borrowed				100 710	a					
in offices in the United Kingdom	211.709	9.644	4.8	166,713	6,136	3.7	156.292	4,617	3.0	
in offices outside the United Kingdom	169,012	5,454	5.9	100,416	5,040	5.0	92,407	2,724	2.9	
rading portlolio assets: in offices in the United Kingdom	100 604	E 002	4.9	106.148	1 100	3.9	81.607	2.710	3.3	
in offices pulside the United Kingdom	120,691 57.535	5,926 3,469	4.9 5.1	61,370	4,166 2,6 08	4.2	57,452	2,116	3.3	
In olicas pasida tha cinteo knigoosi	57.535	24108	0,1	61,370	2,000	4.2	D7,902	2,110	3.7	
olal average interest earning assets	897,795	49,591	5.5	794,077	38,924	4.9	698,425	28,915	4.1	
npairment allowances/provisions	(4,435)			(3,565)			(3, 105)	-		
on-interest earning assets	422.834			310,949			278.328			
otal average assets and interest income	1.316,194	49.591	3.8	1,101,461	38,924	3,5	973,648	28,915	3.0	
ercentage of total average interest earning assets in offices									÷.•	
Jiside the United Kingdom	32.0%			34.8%			32.0%			
otal average interest earning assets related to:										
iterast income		49,591	5.5		38,924	4.9		28.915	4,1	
nierest expense		(37.892)	4.2		(30, 385)	3.6		(20, 965)	3.D	
1		11,693	1.3		8.539	1.1		7.950		

Notes

a Avorage balances are based upon daily averages for most UK banking operations and monthly averages elsewhore.

b Loans and advances to customers and banks include all doubtlif lendings, including non-accrual includings. Interest receivable on such rendings has been included to the extent to which other cash payments have been received or Interest has been accrued in accordance with the Income recognition paircy of the Group.

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Average balance sheet and net interest income (year ended 31st December)

		2007			2006			2005	
	Average		Average	Average		Average	Average		Average
	balance ^(a)	Interest	Average fate	balance ^(a)	Interest	raje raje	balanca ^(a)	interest	rate
	£m	Eni Eni	valle %	£m	Em	*	£m	£m	1905 50
labilities and shareholders' couity									
Deposits by banks.		_							
- in offices in the United Kingdom	63.902	2,51 1	3.9	62,236	2,464	4.0	54,801	1.665	3.0
- in offices outside the United Kingdom	27,596	1,225	4.4	23,438	1,137	4.9	21.921	705	3.2
Customer ecocuats:									
Jemand deposits:									
- in offices in the United Kingdom	29,110	858	2.9	25.397	680	2.7	22,593	510	2.3
- in offices outside the United Kingdom	13.799	404	2.9	10,351	254	2.5	6, 96	88	1,4
Customer accounts:									
avinos deposits:									
- in olfices in the United Kingdom	55,064	2,048	3.7	57.734	1.691	2.9	52,569	1.570	3.0
- in offices outside the United Kingdom	4,848	128	2.6	3.124	74	2.4	1,904	39	2.0
Customer accounts:	.,								
other time deposits retail:									
- in offices in the United Kingdom	30,578	1,601	5.2	34,865	1,548	4.4	33,932	1,470	4.3
- in offices outside the United Kingdom	12,425	724	5.8	8.946	482	5.4	6,346	260	4.1
Customer accounts:							-		
other time deposits - wholesale:									
- in offices in the United Kingdom	52,147	2,482	4.8	45,930	1,794	3.9	41,745	1,391	2.9
- in offices putside the United Kingdom	24,298	1.661	ð.8	23,442	1,191	5.1	12,545	590	4.7
Debt securities in issue:									
- in offices in the United Kingdom	41.552	2,053	4.9	47,216	1,850	3.9	46,583	1,631	3.5
- 'n offices outside the United Kingdom	94,271	5,055	5.4	74,125	3,686	5.0	52,696	1,695	3.2
Dated and undated loan capital and other subordinated		-					•		
iablities principally:									
- in offices in the United Kingdom	12.972	763	5.9	13,686	777	5.7	11,286	605	5.4
Repurchase agreements and cash collateral on securities									
ent				5. S.					
- in offices in the United Kingdom	169,272	7,616	4.5	141,862	5,080	3.6	130,767	3,634	2.8
- in offices outside the United Kingdom	118.050	5,051	4.3	86,693	4,31	5.0	80,391	2,379	S.0
Frading portfolio Nabilities:									
- in offices in the United Kingdom	47,971	2,277	4.7	49,892	2,014	4.0	44,349	1,737	3.9
- in offices outside the United Kingdom	29,838	1,435	4.8	39,064	1,352	3.5	36,538	1,196	3.3
	005 235			745 694	00.005		057.00		
Total average interest bearing liabilities norest free customer decesits:	827,603	37,892	4,6	748,001	30,385	4.1	657, 62	20,965	3.2
	06 100			07 6 40			55 005		
- in offices in the United Kingdom	34.109			27,549			25.095		
- in offices surside the United Kingdom	3,092			2,228			2,053		
Other non-interest bearing liabilities	421,473			297,818			267,531		
Minority and other interests and shareholders' equity	29,827			25,867			21.807		
Total average liabilities, shareholders' equity and interest									
expense	1,315.194	37.892	2,9	1,101,461	30,385	2.8	973,649	20.965	2.2
Percentage of total average interest bearing non-capite				BB (-					
labilities in offices outside the United Kingdom	39.4%			36,1%			33.3%		

Note

a Average valances are based upon daily averages for most UK banking operations and monthly averages elsewhere.

Barclays 55

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Financial review Average balance sheet

Oranges in rist interest acome – volume and rate analysis. The following tables allocate changes in net interest income between changes in volume and changes is interest rates for the last two years. Volume and rate variances have been calculated on the movement in the average balances and the change in the interest rates on average interest earning assets and average interest hearing liabilities. When variances have arisen from changes in both volumes and interest rates, these have been allocated proportionately between the two.

		increase/(decrease) in:		2006/2005 Change due to increase/(decrease) in:			2005/2004 * Change due to increase/(decrease) in:		
	Total change £m	Volume <u>En</u> i	ਸate £m	Tolal change Em	Volume £m	Raie Em	Total change £m	Volume Em	Rate Em
terest receivable						-			
easury bills and other oligible bills:	· .					,	(00)		
in offices in the UK	/ n/a	rı/a	nia	n/a	n/a	n/a	(68)	(68)	г/а
in offices outside the UK	nia nia	it/a rt/a	n/a n/a	<u>ณ</u> ล		n/a n/a	(63)	(131)	<u>r/a</u> r/a
	1		140			10.2	(iai)	(131)	1/0
pans and advances to banks:				100	101	78	-		
in offices in the UK	427 291	462	25 292	193 85	121 46	72 39	(237)	(115)	(122)
in offices outside the UK	718	(1) 491	317	278	167	111	(105)	45	<u>87</u> (35)
······································			317	210	107		(105)		(05)
bans and advances to customers:			446			1.974		1.004	1000
in offices in the UK	1,780	1,337	443	1,018	726	292	1,419	1 681	(262)
in offices outside the UK	1.802	728	1,074	1,956	1,695	261	1,705	787	918
	3,562	2,065	1,517	2,974	2,421	553	5,124	2,468	656
ase raceivables:					<i>i</i>	_			_
in offices in the UK	{17]		9	(48)	(70)	22	128	78	50
in offices outside the UK	95	(30)	126	478	413	65	96	91	
	79	(56)	135	430	343	87	224	169	55
ebt securities:									
n offices in the UK	n/a	л/е	nía	n/a	n/a	n/a	(2.129)	(2,129)	r/a
In offices putside the UK	n/a	<u> </u>	n/a	n/a	n/a	n/a	(338)	(338)	г/а
	n/a	n/a	<u>п/a</u>	ດ/a	n/a	n/a	(2,467)	(2.467)	г/а
cancial investments:	Į								
in offices in the UK	103	(165)	268	181	(85)	266	1,755	1.755	r/a
in offices outside the UK	[378]) 32	(410)	363	202	161	467	467	г/а
	{275) (133)	(142)	544	117	427	2,222	2 222	r/a
kternal trading assets:									
in offices in the UK and	n/a	nla	n/a	n/a	n/a	r√a	(4,971)	(4.971)	r/a
oulside the UK	n/a	n/a	ກະສ	n/a	n/a	r√a	(2,224)	(2,224)	г/а
	n/a	nla	nia	n/a	o/a	rv∕a	(7.195)	(7.195)	r/a
everse repurchase agreements and cash collateral on securities	e								
borrewed:	Ĩ								
in offices in the UK	3,508	1.865	1.643	1.519	324	1,195	4,617	4 617	r/a
in offices outside the UK	414	430	(16)	2,316	254	2.062	2,724	2724	r/a
	3,922	2.295	1,627	3,835	578	3.257	7,841	7 241	r/a
acing portiolio assets:									
in offices in the UK	1,760	621	1,139	1,456	907	£49	2,710	2710	r/a
in offices outside the UK	881	(172)		492	151	549	2,116	2,116	r/a
	2,641	449	2,192	1,948	1,058		4,826	4 826	<u>г/а</u>
ctal interest receivable:	1	4.04		4.040	1.002	0.000	0.001	A	
in offices in the UK in offices outside the UK	7,561 3.106	4.034 987	3,527	4,319	1,923	2,398	3,224	3,558	(334)
	x 3.3105	2457	2.119	5.690	2,761	2,929	4.615	3.605	1.210

a 2004 figures do not reflect the applications of IAS 32 and IAS 39 and IFRSK which became effective from 1st January 2005.



Barclays Annual Report 2007

Changes in net interest income -- volume and rate analysis

	_)6 Change (e/(decrease			2006/2005 Change due to increase/(decrease) in:			2005/2004 ^a Chance due lo increase/(decrease) rr:		
	_	Total			Total			Total			
~	-	change £m	Volume Em	Rate Em	change £m	Volume Em	Fate £m	change £m	Volume Ém	Rate Em	
nterest payable	/										
leposits by banks:	1										
in offices in the UK	~~~	- 47	66	(19)	799	247	552	440	231	209	
in offices outside the UK	/	88	190	(102)	432	52	380	395	121	274	
	(135	255	(121)	1,231	299	932	335	352	483	
Customer accounts - demand deposits:											
in offices in the UK		178	105	73	170	68	102	200	28	172	
in offices outside the UK		150	95	55	. 166	80	86	57	36	2	
		328	200	128	336	149	188	257	64	193	
Customer accounts - savings deposits:										100	
- 'n offices in the UK		357	(81)	433	121	152	(31)	245	145	100	
in affices outside the UK	i	54	45	- Q	35	28	7	18	16	2	
	Į	411	(96)	447	156	180	(24)	263	101	102	
Sustemen accounts other time doposits retail:	t		(00)				<u>)- 1</u>	-44			
n offices in the UK	1	53	(204)	257	78	41	37	164	(23)	187	
In offices outside the UK	1	242	200	42	222	125	97	142	59	83	
	1 ····	295	(4)	299	300	166	134	306	36	270	
Sustemer accounts other time deposits wholesale:		<u> </u>	<u>, , , , , , , , , , , , , , , , , , , </u>	<u> </u>	0.00	100				210	
in offices in the UK	1	688	263	425	603	129	474	(653)	(479)	(174)	
In offices outside the UK	1	470	45	425	601	550	51	248	(1 6)	264	
		1.158	308	850	1,204	879	525	(405)	<u> </u>	<u></u>	
Debt securitios in issue:		1,130	300	000	1,204	0/5	020	(405)	(495)	30	
- in effices in the UK	1	203	(240)	443	219	22	197	398	507	(109)	
- in cifices outside the UK		1,369	1,063	306	1,991	850	1,141	1,359	323		
			823	749	2,210	872		1.757	830	1,036	
Net al condition de la constant		1,572	643	749	2,210	0/2	1,398	1,757	840	927	
Dated and undated loan capital and other subordinated liabilitie	15 1	15.43	2443	67	470	105	07	(07)	(70)	(0)	
principally in offices in the UK External fracing flapitities:	1	(14)	(41)	27	172	135	37	(87)	(78)	(9)	
	1			mt-	- 1-	ก/อ	- f-	60.01.13	10 01 01		
- In offices in the UK	ł	0/A 0/2	n/a n/a	n/a n/a	r√a r√a	nra n/a	r/a r/a	(5,611)	(5,611) (1,805)	n/a r/a	
-outside the UK								(1,805)			
Repurchase agreements and cash collateral on securities lent:	··	n/a	ณ/ล	n/a	r/a	n/a	г/а	(7.416)	(7,416)	n⁄a_	
-in offices in the UK	F	0.506	1 000	1 4 4 4 1	1.446	329	1 1 1 7	0 004	0 204	-	
		2,536	1,090	1,446			1,117	3,634	3,634	rva ata	
- in affices outside the UK		740	1,402	(662)	1,932	200	1.732	2.379	2.379	:va	
Frank and a state that the Market states a		3,276	2,492	784	3.378	529	2.349	6.013	6.013	Na	
Frading portfollo flabilities:		000	78.85		077	800		- 707	4 707	-1-	
in offices in the UK		263	(80)	343	277	222	55	1,737	1,737	n/a	
- in affices outside the UK		83	(366)	449	156	85	71	1,196	1,196	<u>n/a</u>	
		346	(446)	792	433	307	126	2,933	2,333	<u>n'a</u>	
nternal funding of trading businesses	1	n/a	nta	л/а	iva	n'a	ı/a	2,045	2,045	wa	
fotal interest payable:	1								A 10-		
-in offices in the UK	1	4.311	878	3,433	3,885	1.345	2,540	2.512	2,136	376	
- in offices outside the UK		3,196	2,674	522	E,535	1,970	3,565	3,939	2,309	1,680	
	_ <u> </u>	7,507	3.552	3,955	5,420	3.315	6,105	6,501	4,445	2,056	
fovement in net interest income											
norcase/(decrease) in interest receivable	1	10.667	5,021	5.646	10,009	4,684	5,325	7,839	7,163	676	
Increase//decrease in interest payable		(7.507)	(3,552)	(3.955)	(9,420)	(3,315)	(6.105)	(6,501)	(4,445)	(2.056)	
	1	3,160	1,469	1.691	589	1,369	(780)	1,338	2,718	(1,380)	

Note a 2004 figures do not reflect the applications of IAS 32 and IAS 39 and IFRS 4 which became effective from 1st January 2005.

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Betail credit risk

A continued improvement in credit quality in the UK unsecured portfolios was a principal feature of the Group's retail credit risk profile during 2007. Bacitaycard continued the underwriting revisions begun in 2006 in UK credit cards, and successfully reduced impairment in the main Barc ays branded cards portfolio. Flows into do inquency and arroars belances fell, as did general charge-offs, which were helped by a fall in charge-offs due to bankruptey. New customer quality increased again in 2007, reflected in a sustained improvement in average approval scores and a fall in early cycle deinquency rates.

The UK unsecured leans perificite, which is now managed within UK Refail Banking, saw reduced early and late cycle delixicuency resulting from revised underwriting criteria. Improved collections processes helped to reduce impairment in Local Business, while in UK Home Finance, delinquency and possession rates remained at the lows recorded since 2004, and inpairment charges were negligible. Barclays delinquency and possession rates remain bolow industly averages, reflecting the high credit quality of the portfolio.

Lending offectig in Absel's retail portfolios were tightened in response to a more difficult credit/sourcomment, signalled by a rise in arrears rates. The change is conditions was primarily driven by a prolonged series of interest rate rises and the implementation of new consumer lending legislation in June 2007.

We increased our investment in credit risk infrastructure in India and Italy to support the leanch or expansion of retail banking operations in thosa countries during 2007. Barclays has also established a credit risk modelling centre in Madrid to support our strategic growth objectives in the Western Europo business.

The US card business continued to grow, and the underwriting and account management criteria were adjusted as the US retail environment weakened during the year.

Looking ahead this year, we expect the retail credit environment to be more challenging in Absa and to some degree in the US portfolio. The UK portfolios' porformance, which has improved in the past two years, will be subject to the evolving economic chmate astecipated in 2008.

Risk tendency

Hisk tendency at 2007 year-end reflected an increase in portfolio size as well as some weakening in cretit gratiles, evidenced by witter spreads in wholesale credit and potentially more difficult conditions in some of the international retail portfolios in 2008.

Country risk

The portfolio is reasonably well diversified, assisted by increases in business lovels in a range of European, African and Asian countries.

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Market risk

Dislocation in the credit markets had an impact on all major interest rate, equity and long of exchange markets, which also experienced higher volatility, particularly in the second hal. Barclays Caoital's market risk exposure, as preasured by average fullal Daily Value at Risk (DVaR), increased 15% to an average of 242 m to 2007. Over the same period, average daily market risk revenue increased 19% to £20m, satisfying our objective that trading revenues should grow at or above the rate of increase in risk lavels. The average DVaR on interest rate and credit spread exposures was creadly unchanged, with increasing volatility in credit spreads offset by recurced positions held in the credit markets.



Ba**rciays** Annuai Report 2007 This reduction in exposure resulted in a lower level of credit stress loss, which is another important market risk control for Barclays Capital. Average commodity DVaR and equity DVaR increased as those businesses grew. Diversification across risk types remaining significant, reflecting the broad product mix. Higher market volatilities in the fourth quarter les to an increase in DVaR at year end, and will contribute to higher average DVaRs in 2008.

Liquidity risk

Bank funding markets and general liquidity in credit markets came under pressure in 2007. In the second hait, some money market partic pants faced difficulties in obtaining funding beyond one week, and term LiBOR prentiums rose despite the helpful provision of liquidity by central banks. The cost of longenterm bank funding and capital also increased, and funding channels such as securitisation and covind bend issuance became significantly constrained. Despite these developments, the Group's figuidity position remained strong due to its deep retail funding base, its diversity of institutional funding sources across tenors, counterparties and geographies and its limited reliance on securitisation as a funding source.

Operational risk

In 2007, Barclays embedded the advanced measurement approach (AMA) to operational risk across the Group, having received AMA approval from the FSA and the SARB. Barclays now allocates operational risk economic capital by business, providing operational insight and greater tangible incentives to the Group's businesses to further improve the management of their operational risk profiles. As a percentage of revenues, operational risk events fell in 2007.

Financial crime

The Group introduced two-factor authentication for or line transactions through its Physentry device and continued to offer all UK personal customers anti-phishing software to combat internet fraud. Combined with improvements in transaction profiling, these changes enabled us to reduce net reported fraud losses. The threat from financial crime constantly avolves, however, and Barclays will continue to build the capacity to respond rapidly to emerging issues as well as to invest in strategic improvements in transaction chennel security.

Basel II and capital management

New capital adequacy rules came into force in the UK from 1st January 2008, following the implementation of the Basel II banking accord, Barclays regulatory capital requirement will now more closely reflect the risk profile as measured by its own risk measurement systems (an approach termed the Advanced Internal Ratings Based approach or AIRB).

Permission from the FSA to apply the AIRB approach to capital calculations was the culmination of a lengtry and detailed programme of work across all business areas and covering all risk types. As part of the application process, Barciays assessed over 200 models to ensure that they were consistent with regulators' standards and that they mell the 'use' lest, which assesses a model's times as an input to capital calculations by the extent to which management make use of its output in business decisions.

Our focus over the coming years will be to further enhance risk models, processes and systems infrastructure, in line with our antibition to remain at the leading edge of risk management. With the most significant portfolios aiready consistent with the AIRB approach, the focus of our Beeel II work will now be to progress the roll-out of the advanced approach for the remaining minority of our portfolios. In line with the schedule agreed with regulators, we will complete this process by 2011.

Risk management Credit risk management

Monitoring of loans and advances

As the granting of credit is one of the Group's major sources of income and its most significant risk, the Group dedicates considerable resources to gaining a clear and accurate understanding of credit risk across the business and ensuring that its balance sheet correctly reflects the value of the assets in accordance with accounting principles. This process can be broken down into the following stages:

- Measuring exposures and concentrations
- Monitoring weakness in exposures
- Identifying potential problem loans and credit risk loans (collectively known as potential credit risk loans or PCRLs)
- -- Raising allowances for impaired loans
- Writing off assets when the whole or part of a debt is considered irrecoverable
- Fig. 1: Loans and advances

C 2006 2007 £m £m Retail businesses Banks Customers 164.062 139.350 Total retail businesses 164,062 139.350 Wholesale businesses 30,930 Banks 40,123 Gustomers 185,105 146,281 Total wholesale businesses 225,228 177 211 Loans and advances 389.290 316.561

Measuring exposures and concentrations

Leans and advances to customers provide the principal source of credit risk to the Group athough Barclays can also be exposed to other forms of credit risk through leans to banks, lean commitments, contingent fiabilities and dott securities; ace page 46. The value of outstanding leans and advances belances, their risk profile, and potential concentrations within them can therefore have a considerable influence on the level of credit risk in the Group.

In the Group. As at 31st December 2007, <u>outstanding bans and advances to distomere</u> and banks were valued of £38000 (2005, <u>C3170n</u>) of which <u>£34000</u> (2006; £266br) was granted to personal or corporate customers (see figure 1). Doans and advances were well distributed across the retail and wholesale portfolios.

Loans and advances were well spread across industry classifications (figure 2). Excluding Financial Services, Barc ays largest sectoral exposures are to home loans, other personal and business and other services. These categories are generally corr prised of small loans, have tow volatility of credit risk outcomes, and are Intrinsically highly diversified.

Balances are also diversified across a number of geographical regions (figure 3, based on location of customers). The majority of Barclays exposure is to the UK, which includes secured home loans exposure, followed by the Urked States, Africa and the rest of the European Union.



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Fig. 3. Congraphical way vis of come and sources to memory 35

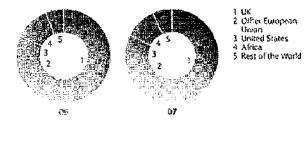
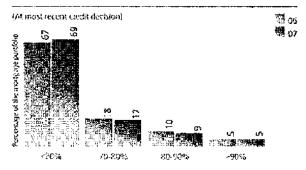


Fig. 4: Analysis of loans-to-value ratios of mortgages in the UK home ioan pottfolio at 31st December 2007 %



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Risk management Credit risk management

Allowances for impairment and other credit provisions

Earclays establishes, through charges against profit, imparment allowances and other credit provisions for the incurred loss inherent in the tending book.

Under IFRS, impairment allowances are recognised where there is objective evidence of impairment as a result of one or more icss events that have occurred after initial recognition, and where these events have had an impact on the estimated tuture cash flows of the financial asset or portfolio of financial assets. Impairment of loans and receivables is measured as the difference between the carrying amount and the present value of estimated future cash flows discounted at the linancial asset's original effective interest rate. If the carrying amount is less than the discounted cash flows, then no further allowance is necessary.

Impairment is measured individually for assets that are individually significant, and collectively where a portfolio comprises homogenous assets and where appropriate statistical techniques are available.

In terms of individual assessment, the trigger point for impairment is formal classification of an account as exhibiting serious financial problems and where any further deterioration is likely to lead to failure. Two key inputs to the cash flow calculation are the valuation of all security and collateral and the timing of all assot realisations, after allowing for all attendant costs. This method applies in the corporate portfolios – Bardays Cornenctal Eank, Barclays Capital and certain areas within International Retail and Commercial Banking and Bardaycard.

For collective assessment, the higger point for impairment is the missing of a contractual payment. The impairment calculation is based on a rol-rate approach, where the percentage of assets that inove from the initial delinquency to default are cerived from statistical probabilities based on experience. Recovery amounts and contractual interest rates are calculated using a weighted average for the relevant portfolio. This method applies to parts of International Retail and Commercial Banking, Barclaydard, and UK Banking and is consistent with Barclays policy of retsing an allowance as soon as impairment is identified.

Unidentified impairment allowances, a beit significantly lower in amount than hose reported above, are also raised to cover losses which are judged to be incurred but not yet specifically identified in customer exposures at the balance sheet date, and which, therefore, have not been specifically reported.

The incurred but not yet reported calculation is based on the asset's probability of moving from the performing portfolio to being specifically identified as impaired within the given emergence period and then on to

Fig. 16: Impairment charges for bad and doubtful debts

	2007	2006	2005
) £m	£m	£m
UK Banking	849	887	671
Barciaycard	238	1,067	753
International Retail and	I		
Commercial Banking	252	167	- 33
Barclays Capital	846	42	111
Barclays Global Investors	ł	-	-
Barclays Wealth	7	2	2
Head office functions and other operations	3	(11)	1 i
Total impairment charges	2.795	2,154	1.571

Plotes

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a Coos not reflect the application of IAS 32, IAS 39 and IFRS 4 which became effective from 1st January 2005.

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Barelays Annual Report 2007 default within a specified period. This is calculated on the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

The emergence periods vary across businesses and are based on actual experience and are reviewed on an annual basis. This methedology ensures that the Group only captures the loss incurred at the balance sheet date.

These impairment allowances are reviewed and adjusted at least quarterly by an appropriate charge or release of the stock of impairment allowances based on statistical analysis and managerr ant judgement.

Where appropriate, the accuracy of this analysis is periodically assessed against actual losses.

As one of the controls of ensuring that adequate impairment allowances are held, movements in impairment allowances to individual names above £10m are presented to the Group Credit Committee for agreement.

The Group Credit Risk Impairment Committee (GCRIC), on a semi-annual basis, obtains assurance on behalf of the Group that all businesses are recognising impairment in their portfolios accurately and promptly in their recommendations and in accordance with policy, accounting standards and established governance.

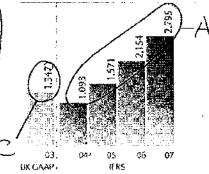
GCRIC exercises the authority of the Barclays Risk Director, as delegated by the Chief Executive and is chaired by Barclays Credit Risk Director.

GCRIC reviews the movements to impairment in the businesses, including those already agreed at Group Credit Compiltee, Potential Credit Risk Loans and Risk Tendency.

These committees are supported by a number of Group Policies including: Group Retail Impairment and Provisioning Policy; Group Wholesale Impairment and Provisioning Policy; and, Group Model Policy.

GCRIC makes twice-yearly recommendations to the Board Audit Committee on the adequacy of Group impairment allowances. Impairment allowances are reviewed relative to the risk in the portfolio, business and economic trends, current policies and methodologies and our position against peer banks.

Fig. 17 Impairment/provisions charges over five years £



CONFIDENTIAL

GCRIC has delogated the detailed review of ican impairment in the businesses to the Retail and Wholesale Credit Risk Management Committees. В 3 A ₳

In 2007, total impairmed i chard as on loghs and advances and other credit provisions increased 30.9 (6611) to £2,7950) (2006; £2,1540) reflecting charges of 2720; against ABS COO Super Senior and other credit market positions. positions. <Ð

Impairment charges on loans and advances and other credit provisions as a percentage of Group total loans and advances rose (p0,71% (2006: 0.6539); total loans and advances grew by 23% (2550,2390); (2006; (316,5910).

CT6.55100 Retail imperment charges on loans and advances fell 11% (2004m) is CT_GOSm (2006 CT_603m). Retail impairment charges as a secret age of 1 period-end total loans and advances rose by 18% Secret 6 0.99% (2006; 1.99%) (0.01) rotail loans and advances rose by 18% Secret 164, Cs2m 2006 (139, 350m) Barclaycard impairment charges improved 229m) 21% Total 38mm (2006) KE1063A) reflecting reduce Hows into delinquency, lower levels of arrears the factor theorem the interfecting reduce Hows into delinquency. I over levels of arrears

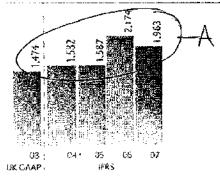
and lower charge-oils in UK Cards. We made changes to our impairment methodologies to standardise our approach and in anticipation of Basel II. The net positive impact of these changes in methodology was offset by the increase in impairment charges in Barolaycard International and secured consumer lending.

Impairment charges in UK Retail Bank decreased by £76n (12%) to (£550h) (2005, £635h), rollocling lower charges in unseed and Consumer Lenging and Local Business driven by improved collection processes. reduced flows into delinquency, lower trends of arrears and stable chargereduced hows into deanquerky, lower iteras or arears and stable charge-clis. In UK Momo Finance, asset quality remained strong and mortgage charges remained negligible. Mortgage delinquencies as a percentage of cutstandings remained stable and amounts charged-off were tow. Impairment charges in International Retail and Commendal Banking – excluding Absa roso by (387) (33%) (4 (797) (2006): (417) reflecting very strong balance sheet growth in 2006 and 2007 and the Impact of lower

releases in 2007.

Arrears in some of International Retail and Commercial Banking - Absa's key retail portfolios deteriorated in 2007, driven by interest rate increases in 2006 and 2007 resulting in pressure on collections.

Fig.) B: Total white offic of impaired thrancial assets 5th



Note

a Does not reflect the papilication of IAS 32, IAS 39 and IFRS 4 which becams effective from 1st January 2005.

Wholesak and corporate impairment thereases on loans and advances increases (2436) bit (2701) (2006) (2655). Wholesake and corporate impairment charges as a percentage of period end total loans and advances increased (0003132) (2006) (1553). Hotel loans and advances grew by (27%) (2005) (253). Hotel loans and advances grew by (27%) (2005) (253). Hotel loans and advances grew by (27%) (2005) (253). Hotel loans and advances grew by (27%) (2005) (2006) (2177, 217) Barclays Capital Impairment charges and other credit provisions of (2006) included a charge of (2006) (2007) (2006) (2007) (2007) (2007) and (2007) (200

The impairment Chargo in Barclays Commercial Bank increased by 330 (15%) to 2300 (2006: 2520), Dimarily due to higher gross in pairment charges in Larger Business, partially offset by a fower charge in Medium Business due to a tightening of the lending or teria.

Writing-off of assets

After an advance has been identified as impaired and is subject to an impairment allowance, the stage may be reached whereby it is concluded that there is no realistic prospect of further recovery. Write-off will occur, when, and to the exterit that, the whole or part of a debt is considered irrecoverable.

The timing and oxtent of write offermay involve some element of subjective judgement. Nevertheless, a write-off will often be prompted by a specific event, such as the inception of insolvency proceedings or other format recovery action, which makes it possible to establish that some or the entire advance is beyond realistic prospect of recovery. In any event, the position of Impaired loans is reviewed at least quarterly to ensure that irrecoverable advances are being written off in a prompt and orderly manner and in compliance with any local regulations.

Such assets are only written off once all the necessary procedures have been completed and the amount of the less has been determined.

Subsequent recoveries of amounts previously written of are written back and hence decrease the amount of the reported toan impairment charge in the income statement

Total write-olls of impaired linancial assets decreased by (2211) to (1.963m) (2006; (2.173m).

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Risk management Disclosures about certain trading activities

Disclosures about centain trading activities

including non-exchange traded commodity contracts.

The Group provides a fully integrated service to clients for base metals, precious metals, oil, power, natural gas, coal, freight, emission credits, standard products and other related commodities. This service offering continues to expand, as market conditions allow, through the addition of new products and markets.

The Group offers both over the counter (OTC) and exchange tradec derivatives, including swaps, options, lowards and futures and enters into physically settled contracts in base metals, power and natural gas, with 2007 seeing the addition of cit and related products to this portfolio. Physical commodity positions are held at fair value and reported under the Trading Portfolio in Note 12.

Fair value measurement

The fair values of physical and derivative positions are primarily determined through a combination of recognised market observable prices. exchange prices, and established inter-commodity relationships. Further information on fair value measurement of financial instruments can be found in Note 49.

Credit risk

Credit risk exposures are actively managed by the Group. Refer to Note 47 for more information on the Group's approach to credit risk management and the credit quality of dravative assets.

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Fair value of the commodity derivative contracts

The tables below analyse the overall fair value of the commodity derivative contracts by movement over time and maturity. As at 31st December 2007 the lair value of the commodity <u>derivative</u> contracts reflects a gross positive fair value of (22,755m (2006) 17,501m) and a gross regative value of (22,755m (2006) 15,940m) A

Movement in fair value of commodity derivative positions

	2007	2006
	Ear	£m
Fair value of contracts outstanding		
at the beginning of the period	(1,561	527) — <u>5</u>
Contracts realised or othorwise settled		
during the period	(764)	379
Fair value of new contracts entered into	•	
during the period	243	808
Other changes in fair values	(226)	(153)
Fair value of contracts outstanding		
at the end of the period	(812	1,561 - K

Maturity analysis of commodity derivative fair value

	2007	2606	
	Êm	£m	
Not more than one year	(279)	902	
Over one year but not more than five years	773	327	
Over five years	318	332	
Total	(812	1,561 > K	

Risk management

Statistical information

Statistical and other risk information

This section of the report contains supplementary information that is more detailed or contains longer histories than the data presented in the discussion. For commontary on this information, please refer to the preceding text (pages 74 to 85).

Barclays applied International Financial Reporting Standards (IFRS) with effect from 1st January 2004, with the exception of IAS 32, IAS 39 and IFRS 4, which were applied from 1st January 2005.

Credit risk management

Table 1: Risk Tendency by business (page 76)

	2007 Em	2006 £m
UK Banking UK Retail Banking Barclays Commercial Bank Earclaycarc International Retail and Commercial Banking International Retail and Commercial Banking – excluding Absa International Retail and Commercial Banking – Absa Earclays Capital Earclays Woalth	775 478 305 945 475 228 255 140 10	790 500 290 1,135 220 75 145 95 10
Head office functions and other operations * Risk Tendency by business	10	10

Table 2: Loans and advances

	2007 	2006 £m
Retail businesses Banks Customers	164,062	139,350
Total retail businesses	164.062	139.350
Wholesale businesses Banks Customers	40,123 185,105	<u>30,930</u> 146,281
Total wholesale businesses	225.228	177.211 316.561 - R

Note

a Head office functions and other operations comprises discontinued business in transition.

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Table 3: Maturity analysis of loans and advances to banks

Agic b. matching manyars of too		3 10 011.45								
					Over one		Over five			
			Over three	Over six	year	Over three	years			
			months but	months but	butnot	years	butnot			
		Not more	not more	not more	more than	but not	nióre			
		lhan three	than six	than one	three	more than	than ten	Over		
	On demand	months	months	year	years	tive years	years	ton years	Total	
At 31st December 2007	£m	2m	2ហា	£m	£m	£m	£m	Su	~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~	
United Kingdom	796	4,669	56	92	114	20	1	370 /	5.518	
Other European Union	2,977	7,745	74	88	95	116	7	- [11,102	_
United States	321	5,736	95	1,256	343	98	6,498	87	13,443	-(
Africa	283	1.260	121	114	196	439	158	-	2,581	· -
Rest of the World	1,505	3.336	<u>90</u>	1,640	512	362	. 15	19 \	7,479	•
Loons and advances to banks	5,882	(22,145)	40	3,199	1,260	1,035)	5,679	(186)	(10,123)	A
	A		- A	A	<u> </u>		~~~~	Δ.		<i>'</i> (
	17		Over three	Over six	Over one	Over three	Over five	(<u>7</u>		
			months	months	Year	years	years			
		Not more	but not	but not	but not	but not	but not			
		than three	more than	more than	more than	more than	more than	Over		
	On demand	months	six months	one year	three years	five years	ton years	len years	Tctal	
At 31st December 2006	£m	£m	£m	<u> </u>	£cr	£m	\$m	£m	£R0	
United Kingdom	524	5,211	110	18	43	10	-	313 {	6,229	
Other European Union	619	7,514	99	130	81	78	1	· - [8,513	
United States	431	2,592	363	2,634	5	809	923	1,299 t	9,056	FC.
Africa	701	1,027	83	91	188	85	44	- 1	2,219	1
Rest of the World	612	2,465	154	19	1.278 -	148	. 44	21	4.913	
Loans and advances to banks	2,887	(18,809)	(800	3,064	(1,595)	1,130	(1.912)	(1,533)	60.930	A
		~	Λ	<u> </u>	\overline{A}	4-	A	Δ		•
Table 4: Interest rate sensitivity	of loans and ad	vances	Ą	U U	~	FX -	••	A		_
						2007		2006]
					Í Fix	ed Variable	Fixe	ed Variable		
						ate rate		ets" et	Tetal	-0
At 31st December						Em Em		ໝ £ຫ	£m	
Backs					16,4		40.123 12.		30,930	ł
Customers					77,8		349,167 66,00		285,631	4
Vestoriera				· · · · ·	···· { ····	01 271,000	042,101 00,0	<u></u>		J
Table 5: Loans and advances to	Alletomere hui	nduator			<u> </u>					
reare a. Loans and dovances to	volaronnera u y n	Industry,			-				` \	

	ſ		FRS			
	2007	2006	2005	2034 ^a	2003	
At 31st December	m2 (ደጣ	£m	£m	<u> ۳3</u>	
Financial services	71,160	45,954	43,102	25,132	9,872	
Agriculture, forestry and lishing	3,319	3,997	3,785	2,345	2,115	ĺ
Manufacturing	16,974	16,451	13,779	9,044	7,814	l
Construction	5,423	4,056	5,020	3,278	2,534	1
Property	17,018	16,528	16,325	8,992	6,728	1
Government	2,036	2,425	1,718		· ·-	۱ <u>-</u>
Energy and water	8,632	6,810	6,891	3,709	3,150	-c
Wholesale and retail, distribution and leisure	17,768	15,490	17.760	11,099	9.628	
Transport	5.258	5,585	5,960	3,742	3.654	1
Postal and communication	5,404	2,180	1,313	934	698	1 I
Business and other services	30,363	26,993	22,529	23,228	13.013	1
Home loans ^b	112.087	94.635	87,003	79,164	72 318)
Other personal	41,535	35,377	38,069	29,293	23 922	1
Overseas customers o	1 _			_	8 666	í
Finance lease receivables	1 11,190	10,142	9,088	6,938	5 877	۱,
Loans and advances to customers excluding reverse repurchase agreements	349,167	285,631	272,342	206,793	170.919	4
Reverse repurchase agreements	n/a	n/a	n/a	58,304	, n/a	/
Trading business	<u>n/a</u>	n/a	n/a	nia	58,961	/ _
Loans and advances to customers	349,167	285,631	272,342	285,097	229.880)-A

Notes a Does not relieve the application of IAS 32, IAS 39 and IEES 4 which became effective from 1st January 2005.

b Excludes commercial property mortgages,

c Overseas cuctomets are now classified as part of other industry segments.

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Table 5: Loans and advances to customers in the UK

			RS	F	UK GAAP	
At 31st December	2007 £m	2006 	2005 	2004ª	2003 	
Financial services Agriculture, forestry and fishing Manutacturing Construction Property Government Energy and water Wholesale and retail distribution and telsure Transport Postal and communication	21,131 2.220 9,388 3.552 10.203 2.01 2,203 13,800 3,185 1,416	14,013 2,307 9,047 2,761 10,010 6 2,360 12,951 2,745 899	11,958 2,409 8,469 3,090 10,547 6 2,701 12,747 2,797 455	8,774 1,963 5,684 2,285 7,912 602 9,356 1,822 440	7,721 1,765 5,967 1,633 6,341 1,236 8,886 2,579 476	<
Eusiness and other services Home toans ⁶ Other personal Overseas customers ⁶ Finance lease receivables	20.485 71,755 26,810 4,006	19,260 64,150 26,088 	15,397 58,730 29,250 <u>-</u> 5,203	13,439 61,348 26,872 	12,030 61,935 21,936 5,477 <u>5,537</u>	
Loans and advances to customers in the UK	190,347	170,518	163,759	146,248	143,809	}

The category 'other personal' now includes credit cards, personal loans, second liens and personal overdrafts.

The industry classifications in Tables 5-9 have been prepared at the tevel of the borrowing entity. This means that a loan to the subsidiary of a major corporation is classified by the industry in which the subsidiary operates, even though the parent's predominant business may be in a different industry.

Table 7: Loans and advances to customers in other European Union countries

		- <u></u>	RS		UK GAAP		
At 31st December	2007 £m	2006 ಖಗ್	2005 £m	2004 ⁸ දිත	2003 fm		
Financial services Agriculture, forestry and fishing Manufacturing Construction Property Bovernment Energy and water Wholesale and retail distribution and leisure Transport Postal and communication Business and other services	7,585 141 4,175 1,159 2,510 2,426 1,719 1,933 662 3,801	5,629 786 3,147 639 2,162 6 2,050 776 1,465 580 2,343	3,982 155 2,254 803 3,299 1,490 952 1,695 432 3,594	2,419 280 2,021 716 344 940 810 640 111 3,795	1,205 147 1,275 609 346 - 409 426 586 586 40 1,251	-	Ċ
Home loans ^b Other personal Overseas customers ^e Finance lease receivables	24,115 3.905 	15,616 3,672 	16,488 1.909 	11,828 1,3fi9 9 <u>3</u> 7	10,334 1,769 438 212		
Loans and advances to customers in other European Union countries	1 56,533	48,430	38,923	26,210	19,027		

Notes

2. Does not reflect the application of TAS 32. AS 39 and IERS 4 which became effective from 1st January 2005. The 2004 analysis excludes reverse repurchase agreements.

b Excludes commercial property mortgages.

c — Overse as customers are now classified as part of other industry segments.

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Table 8: Loans and advances to customers in the United States

			FRS		UK GAAP	
At 31st December	2007 	2006 £m	2005 £m	2004ª Em	2003 £m	
Financial services Agriculture, forestry and fishing Manufacturing Construction Property Government Energy and water	29.342 2 819 16 558 221 1,279	17,516 2 519 13 1,714 153 1.078	16,229 937 32 329 300 1,251	9,942 338 139 394 691	919 1 341 2 1	
Wholdsale and retail distribution and leisure Tracsport Postal and communication Business and other services	398 137 2,446 1.053	403 128 36 1,432	794 148 236 885	486 186 63 1.565	77 463 153 220	+c
Home loans ^b Olher personal Finance lease receivables	458 3.256 	349 2.022 312	2 1,443 <u>328</u>	5,768 845 335	33	}
Loans and advances to customers in the United States	40,300	25,677	22,925	20,982	3,573	/

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Table 9: Loans and advances to customers in Africa

	r	ī	-AS		UK GAAP	l
1	2007	2006	2005	2004 ^a	2003	
At 31st December	<u>m2 [</u>	<u>m</u>	£m	£m	£m	Į
Financial services	3.472	2,821	4,350	186	. 27	l I
Agriculture, forestry and fishing	. 956	889	1,193	102	201	1
Manufacturing	1.351	1,747	1,501	313	261	ł
Construction	637	591	1,068	76	40	1
Property	2.433	1,987	1.673	87	40	
Government	967	785	625	-	**	-1
Energy and water	356	156	193	184	97	$1 \sim$
Wholesale and relail distribution and leisure	1.326	1,050	2,774	165	239	1
Transport]	116	354	394	137	41	ł
Postal and communication	231	241	27	52	29	ł
Business and other services	1,285	2,631	1,258	1,012	412	
Home loans ^b	15.314	11,223	11,630	214	79	ţ
Other personal	6,368	2,975	4,955	190	248	1
Finance lease roceivables	4,357	4,240	1,580	41	45	
Loans and advances to customers in Africa	39,167	31,691	33,221	2,759	1,759	Į
See note under Table 6.						/

Table 10: Loans and advances to customers in the Rest of the World

			FRS		UK GAAP)
	2007	5006	2005	2004 ⁸	2003	
At 31st December	£m_	£In	£m	£m	£m	
Loans and advances	22,702	14,207	13,407	10,520	2,751	f –
Finance lesse raceivables	118	108	107	74		1
Loans and advances to customers in the Rest of the World	22,820	14,315	13,514	10,594	2,751	1

Notes a Does not reflect the application of IAS 32, IAS 39 and IFRS 4 which became affective from 1st January 2006. The 2004 analysis excludes reverse repurchase agreements.

Exclusies commercial property mortgages. b



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Table 11: Maturity analysis of loans and advances to customers

At 31st December 2007	On demand M2	Not more than three months Sm	Over three months but not more than six months £m	Over six months but not more than one year 2m	Guer one year but not more than three years £m	Over three years but not more than five years Sm	Over five years but not more than ton years £m	Over ten years 2m	C Total £m
United Kingdom									+
Corporate lending ^a	/ 26,557	15,737	2,453	3,834	8,474	8,358	10,718	11,643	87,774
Other lending to customers in the	1 .								i
United Kingdom	4,384	4,717	2,106	3,597	11,517	8,699	19,326	48,223	102.573
Total United Kingdom	30.941	20,454	4.559	7,431	19,991	17,057	30,043	59,871	190,347
Other European Union	4,016	7.665	2,229	3,284	5,842	4,883	3,842	19,772	56,533
United States	3,053	20,205	3,438	5,938	1,904	2,498	2,658	614	40,300
Africa	6,606	4,243	881	1,969	5,568	4,124	2,285	13,291	39,167 /
Rest of the World	1.085	9,733	1,695	859	2,223	2,586	3,685	954	22,820
Loans and advances	1	~~~~~~							
to customers	45,901	62,300	12,764	19,481	35,528	31.148	47,513	94,502	<u>349,167</u> –
			Over three		Overlope	Over three	Overfive		

At 31st December 2006	On demand Em	Not more Shan three months Sin	Over three Tonths but not more than six months Em	Over six months but not more than one year \$m	Over one year but net more than three years £m	Over three years but not more than five years £m	Over five years but not more than ten years £m	Over ten years £m	Tolai Êm
United Kingdom			• · ·						
Corporate lending ^a Other lending to	22,923	13,569	2,262	2,850	7,562	8,499	8,349	10,342	76,356
customers in the	1					•			
Uniter Kingdom	3,784	4,427	2,110	3,586	11,937	7,459	16,358	44,501	94,152
Total United Kingdom	26,707	17,996	4,372	6,436	19,499	15,958	24,707	54,843	170,518
Other European Union	2,137	6,254	1.744	2,869	4,783	4,397	6,565	14,681	43,430
United States	2,489	11,630	1,689	3,402	1,949	1,871	1,464	1,183	26,677
Africa	2,575	2,471	1,272	2,177	5,212	4,177	3,555	10,252	31,691
Rest of the World	86	6,377	1.015	1.020	1.116	1,465	1,800	1,436	14,315
Loans and advances to customers	33,994	44,728	10,092	15,904	32,559	27,868	38,091	82,3954	7285,631
	\							,	

Table 12: Loans and advances in currencies other than the local currency of the borrower for countries where this exceeds 1% of lotal Group assets

	As % of assals	Total 2m	Banks and other financial institutions £m	Governments and official institutions £ຄ	Commercial industrial and other private sectors £m	
At 31st December 2007 United States	2.1	26,249	7,151	6	19,092	J
At 31st December 2006 United States	1.7	16,579	7,307	59	9,193	$\downarrow \bar{c}$
At 31st December 2005 United States	2.6	24,274	15,693		8,581	

At 31st December 2007, 2006 and 2005, there were no countries where Barclays had cross-currency loans to borrowers between 0.75% and 1% of total Group assots.

Note

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a to the UK, itnance lease receiveoles are included in 'Other landing', situlough some leases are to comporate customets.

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Table 13: Off-balance sheet and other credit exposures as at 31st December

			Z	2007 	2006 £171	2005 £m	
Off-balance sheet exposures Contingent liabilities Commitments					39.4 9 05,504	47,143 203,785	
On-balance sheet exposures Trading portfolio assets Financial assets designated at fair value held on own account Derivative financial instrumente Available for sale financial investments			56 248,	629 .088 1	31,799	155,723 12,904 136,823 53,197	A
Table 14: Notional principal amounts of credit derivatives as at 31st December							ג., ר
			206 £)7 m	2006 £ ກ	2005 £m	
Credit derivatives held or issued for trading purposes ³			2,472,24	1,22	24,548	609,381	+*3
Total			2,472,24	1.22	24.548	609,381	
Table 15: Credit risk loans summary		۹	_				
ſ		1	FRS		IJ	IK GAAP)
At 31st December	2007 Eni	2005 £m	2005 Em	2004 ^t £n		2003 . £m	ł
Impaired loans ^e Non-accruing loans Accruing loans where interest is being suspended with or without provisions Other accruing loans against which provisions have been made	8,574 п/а п/а п/а	4,444 n/a n/a n/a	4.550 n/a n/a n/a	a/a 2,119 492 943	5 1	n/a 2,261 629 <u>821</u>	+C
Subtotal Accruing loans which are contractually overdue 90 days or more as to principal or interest Impaired and restructured loans	8,574 734 273	4,444 593 45	4,550 609 51	3,550 550 13	0 {	3,711 590 4	
Credit risk loans	19,641	5,088	5,210	4,115	5	4,305	ł

Notes

Autos a Inclusios credit dorivativos hold as economic hedges which are not designated as becges for accounting purposes.

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2004 cries not reflect the application of IAS 32, IAS 32 and IFRS 4 which became effective from 1st January 2005. ъ

c Includes £3,344m of ABS CDO Super Senior exposures.



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Table 16: Credit risk loans

		IFR	<u>s</u>		UK GAAP
A 31st December		007 200 £m £	າ6 2005 ກ £ກ		2003 £m
				2117	*
mpaired loans: ^b					
Inited Kingdom		605 3.34			n/a
Diher European Union (Inited States		472 41 703 12			n/a n/a
ifrica		757 53		n/a	
last of the World			0 179		n/a
iolai	8.	574 4.44	4 4,550	n/a	n/a
log-accrual logns;					{
Joited Kingdom		n/a n	la n/a	1,509	1,572
Nher European Union			la ⊓/a		143
Jnited States			a n/a	258	383
virica ·			la n/a		86
test of the World		n/a n	′a n∕a	31	77
otai		เบล ก	ia nia	2.115	2,261
accruing loans where interest is being suspended with or without provisions:					i (
Inited Kingdom		n/a n	la n/a		569
Sher European Union		u/a n.	a nia		29
Nirica			a n/a		37
test of the World		ณ/อิ	a n'a	117	4
otal		<u>n/a п</u>	la n/a	492	629
Wher accruing loans against which provisions have been made:					1
Inited Kingdom		n/a n	a n/a	365	760
Dher European Union		n/a n	ia n/a		35
Jnited States			a nla		
Africa .			ia n/a		22
Rest of the World		nla r.	a n/a	4	<u> </u>
otal	 	n/a n	la ola	943	821
Accruing loans which are contractually overdue 30 days or more as to principal or interest:	۱.				-
Jnited Kingdom	1 ·	676 51			566
Aher European Union Inited States	ł	75 5 10	18 53 3 -		24
Arica	1		21 17	-	1 _ 1
Test of the World				. í	E
		794 59	8 609	550	590
mpaired and restructured loans:					1
Inited Kingdom		179	- 5	2	4
Diter European Union	1	14 1	0 7	·	1 -
inited States	ł		2 16		
Mrica	<u> </u>	42	4 23	-	<u></u>
[ctal	ļ	273 4	6 51	15	4
Fotal credit risk loans:	ļ				
Jnited Kingdom		460 3,89			3,461
Diher European Union		565 47	B 405		231
Inited States		751 15			583
trica	ι. ·	828 57			145
lest of the World	11		30 179		85
Credit risk loans	<u> </u>	\$41 5.08	8 5,210	4,115	4 805

Notec a Does not reflect line application of IAS 32, IAS 39 and IFRS 4 which became effective from 1st January 2005.

b Indudes \$3,344m of ABS CDO Super Senior Exposures.

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Table 17: Potential problem loans

	C->-		Þ	HS		UK GAAS
At 31st December	F	2007 2171	2006 £m	2005 Em	2004 ^a £m	2003 £m
United Kingdom Other European Union United States Africa Rost of the World		419 59 964 355	465 32 21 240 3	640 26 12 248 3	658 32 27 67 14	969 23 259 53 3
Potentiał problem loans ^b	(1.797	761	929	798	1,327

Table 18; Interest foregone on credit risk loans

		C	2007 ይጣ	2006 £m	2005 £m
Interest income that would have been recognised under the original contractual terms United Kingdom Rest of the World			340 91	357 70	304 52
Total	~	~	431	427	368
	<u> </u>	<u> </u>	<u> </u>		

Interest income of approximately (48, (2006; (72a) 2005; (29a)) from such toans was included in profil, of which (26b) (2006, (46m) 2005; (20b)) fraited to domestic tanding and the regarded related to toreign lending. In addition, a turther (113b) (2006; (98b) (2005; (75b)) was recognised arising from impaired toans. Following impairment, interest income is recognised using the original effective rate of interest which was used to discount the expected future cash flows for the purpose of measuring the impairment loss. \$25m (2006; (2007)) of this related to domestic impaired losns and the remainder related to foreign impaired toans.

Table 19: Analysis of impairment/provision charges

		IFRS				UK GAAP	
At 31st December		107 Ein	2005 £01	2005 £m	2004 ^a £m	2003 £m	
Impairment charge/net specific provisions charge United Kingdom Other European Union United States Africa Rest of the World		93 23 74 214 2	⁷ ,880 92 12 143 (53)	1,382 75 76 37 4	1,021 102 57 27 103	1 1,132 1 37 1 84 1 21 46	40
Impairment on loans and advances Impairment on available for sale assols	2,:	806 13	2,074 86	1,574 4	n/a n/a	n/a n/a	
Impairment charge	2.3	319	2,160	1,578	n/a	, n/a	L-A
Totel net specific provisions charge General provisions (release)/charge Other credit provisions charge/(release)	1	n/a n/a 176	п/а п/а (6)	n/a n/a (7)	1,310 (206) (11)	1,320	
Impairment/provision charges	2;	95	2,1 5 4	1.571	1,093	1,347	1
Alotas							/

a Does not reflect the application of IAS 32, IAS 39 and IFAS 4 which became effective from 1st January 2005.

Includes £951m of ABS CDO Super Senior and SW-lites exposures. b

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Table 20: Impairment/provisions charges ratios ('Loan loss ratios')

		IFRS	UK GAAP		
	2007 %	2006 %	2005 %	2004 ^{&} %	2CO3
Impairment/provisions charges as a percentage of average loans and advances for the year:				· · · · ·	<u> </u>
Specific provisions charge	n/a	n/a	n/a	0.40	0.46
General provisions charge	n/a	n/a	≂/a	(0.07)	0.01
Impairment charge	0.64	0.66	0.58	n/a	r n/a
Total	0.84	0.65	0.58	0.33	0.47
Amounts written off (net of recoveries)	0.49	0.61	0.50	0.40	0.48

Table 21: Analysis of allowance for impairment/provision for bad and doubtful debts

		IF	UK GAAP			
	2007	2006	2005	2004 8	2003	
	<u>£m</u>	£01	£m	្ណា	£	
Impairment allowance/Specific provisions						
United Kingdom	2,526	2,477	2,266	1,683	1,856	
Other European Union	344	311	284	149	97 5	
United States	356	100	130	155	121	5
Alrica	514	417	647	70	79 🖸	
Rest of the World	32	30	123	90	80	
Specific provision balances	n/a	n/a	n/a	2,147	2.233	
General provision balances	<u>nia</u>	n/a	n/a	564	795 A	
Allowance for impairment provision balances	C 3,772	T 3.335	3,450	2,711	3.C28 - A	5
Average loans and advances for the year	357,853	313,614	271,421	328,134	285.563	•

Table 22: Allowance for Impairment/provision balance ratios

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			RS		UK GAAP		
	2007	2006	2005	2004 -	2003		
	%	%	%	%	%		
Allowance for impairment/provision balance at end of year as a percentage of loans and advances at end of							
year:					1	۱.	
Specific provision balances	n/a	n/a	e/a	0.62	0.77	ND.	
General provision balances	ត/ខ	n/a	n/a	0.16	0.27	+K	
Impairment balance	0.97	1.05	1.14	n/a	n/a		-
Total	0.97	1,05	1.14	0.78	1.04	1	
				_		J	

Notes

a Does not reflect the application of IAS 32, IAS 39 and IFRS 4 which became effective from 1st January 2005.

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Table 23: Movements in allowance for impairment/provisions charge for bad and doubtful debts

N		IFRS			UK GAAP
t,	2007 Em	2006 Sm	2005 የመ	2004 *	2003
Allowance for impairment/provision balance at beginning of year	3,335	3,450	2,637	2,946	2,998
Acquisitions and disposals Unwind of discount	(73) (113)	(23) (98)	555 (76)	21 n/a	62 11/2
Exchange and other adjustments Amounts written off	53 (1,963)	(153) (2.174)	125 (1.587)	(33) (1,582)	(18) (1.474)
Recoveries	227	259	222	255	113
Impairment/provision charged against profit ^b	2.306	2,074	1.574	1,104	1,347
Allowance for impairment/provision balance at end of year	3,772	3,535	3,450	2,711	3,028
	\				/

Table 24: Amounts written off

			1	FRS	UK GAAP		
	6	2007	2006	2005	2004 a	2003	
	\leftarrow	£m	£m	<u>£m</u>	<u> </u>	<u> </u>	
United Kingdom	Y	(1,530)	(1,746)	(1,302)	(1,290)	(1,175)	
Other European Union	Į	(143)	(74)	(56)	(63)	(54) \	
United States	1	(145)	(46)	(143)	(50)	(2:5)	
Africa	ĸ	(145)	(264)	(81)	(15)	(13)	
Rest of the World		<u>ل</u>	(44)	(5)	(174)	(17) J	
Amounts written off	$-1 - \sum$	(1,963)	(2,174)	(1.587)	(1.582)	(1,4?4)	

Table 25: Recoveries

			lE	FRS		UK GAAP
	^	2007 £m	2006 5m	2005 £10-	2004 ^a Sro	2003 5m
United Kingdom		/ 154	178	160	217	95
Other European Union		32	18	13	9	7
United States		1 7	22	15	14	10
Alfrica		1 ₃₄	33	16	4	1 /
Rest of the World		1		18		
Recoveries	<u> </u>	227	259	222	253	113

Notes $a = \text{Does not reflect the application of IAS 32, IAS 59 and | FRS 4 which became effective from 1st January 2005.$

It - Does not reflect the in pairment of available for sale assets or other crudit risk provisions.



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Table 26: Impairment allowances/provision charged against profit

		IFRS				
	2007	2006	2005	2004 a	2003	
	£m	£m_	£m	£m	197a	
New and increased Impairment allowance/specific provision charge:						
United Kingdom	/ 1,960	2,253	1,763	1,358	1,373 }	
Other European Union	/ 192	182	113	131	57 - (
United States	431	60	105	85	1.8	
Africa	268	209	109	· 47	33)	
Rest of the World	20	18	39	134	4Z A	
	2,871	2,722	2,129	1,755	1,628	
Reversals of impairment allowance/specific provision charge:						
Usited Kingdom	(213)	(195)	(221)	(120)	(746)	
Other European Union	(37)	(72)	(25)	(20)	(3)	
Other European Union United States	(37) (50)	(72) (26)	(25) (14)	(20) (14)	(⁻³⁾ (²)	
Other European Union United States Africa	(37) (50) (20)	(72) (26) (33)	(25) (14) (56)	(20) (14) (16)	$\begin{pmatrix} (-3) \\ (2^{2}) \\ (-0) \end{pmatrix} \rightarrow C$	
Other European Union United States	(37) (50)	(72) (26) (33) (63)	(25) (14)	(20) (14)	(⁻³⁾ (²)	
Other European Union United States Africa	(37) (50) (20)	(72) (26) (33) (63) (389)	(25) (14) (56) (17) (333)	(20) (14) (16) (20) (190)	(3) (24) (0) (2) (35)	
Other European Union United States Africa	(37) (50) (20) (18)	(72) (26) (33) (63)	(25) (14) (56) (17)	(20) (14) (16) (20)	(73) (24) (70) (2)	
Other European Union United States Africa Rest of the World	(37) (50) (20) (18) (338)	(72) (26) (33) (63) (389)	(25) (14) (56) (17) (333)	(20) (14) (16) (20) (190)	$ \begin{array}{c} (73) \\ (22) \\ (70) \\ (2) \\ (70) \\ (2) \\ (2) \\ (13)$	
Other European Union United States Africa Rest of the World Recoveries	(37) (50) (20) (338) (227)	(72) (26) (33) (63) (389) (259)	(25) (14) (56) (17) (333) (222)	(20) (14) (16) (20) (190) (255)	(3) (22) (0) (2) (35)	
Other European Union United States Africa Rest of the World Recoveries Net Impzirment allowance/specific provision charge ^b	(37) (50) (20) (338) (227) (338) (227) 2,306	(72) (26) (33) (63) (389) (259) 2,074	(25) (14) (56) (17) (333) (222) 1,574	(20) (14) (16) (20) (190) (255) 1,310	$(73) \\ (24) \\ (70) \\ (29) \\ (10) \\ (20) \\ (10) \\ (113) \\ (11$	

Table 27: Total impairment/specific provision charges for bad and doubtful debts by industry

	IFRS				UK GAAP	
	2007 £m	2006 Em	2005 £10	2004 ^a £m	2003 Sm	
United Kingdom:	~					
Financial services	32	64	22	(1)	-3	ι.
Agriculture, forestry and fishing	- 1	5	9		(3)	Į
Manufacturing	f 72	1	120	28	79	1
Construction	14	17	14	10	(23)	1°
Property	36	15	18	(42)	(3)	T S
Energy and water	· 1	(7)		3		
Wholesale and retail distribution and leisure	118	88	39	66	38	
Transport	3	19	(27)	(19)	100	
Postal and communication	15	15	3	- (t) i		
Business and other services	81	133	45	6 4	76	
Home toans	1	4	(7)	17	9	l .
Other personal	1,167	1,526	1,142	894 t	757	1
Overseas customers °	- \	_	_		66	1
Finance lease receivables	\$ 33	-	3	2 !	9	ト
	1,593	1.880	1,332	1,021	1,132	ΓN.
Ovorseas 🤇	713	194	192	289	188	<u></u>
ImpairmenUspecific provision charges ^c	2,306	2,074	1,574	1.310	1,320 🗲	A

The category fother persons " now includes credit cards, personal teans, second lions and personal overdrafts.

The industry classifications in Tables 27, 28 and 29 have been prepared at the lovel of the berrowing entity. This means that a lean to the subsidiary of a major corporation is classified by the industry in which the subsidiary operates, even though the parent's predominant business may be in a different industry.

Notes

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a Does not reflect the application of IAS 32, IAS 39 and IERS 4 which became effective from 1st January 2005.

b — Does not reflect the impairment of available for sala assets or other credit risk provisions.

c Overseas customers are now classified as part of other industry segments.

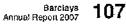


Table 28: Allowance for impairment/specific provision for bad and doubtful debts by industry

$\begin{array}{c c c c c c c c c c c c c c c c c c c $	Fable 28: Allowance for impairment/specific provision for bad and doubtful deb	is by indi	tstry							
United Kingdom: Financial servicesEm%Em%Em%Financial services1032.7672.026 0.8 7 0.3 12 0.5 Agriculture, forestry and lishing50.1170.512 0.3 4 0.2 5 0.2 Manufacturing651.7952.5181 5.2 37 1.7 68 2.6 Construction160.4160.513 2.4 6 0.3 7 0.3 Property541.42660.8 24 0.7 2.3 1.6 2.7 1.7 68 2.6 Interry and water1 $ -$ 18 0.5 2.5 1.0 27 1.2 3.3 52 2.3 1.0 27 1.2 Wholesale and retail distribution and leisure102 2.7 81 2.4 99 2.9 70 3.3 52 2.3 Transport100 2.7 81 2.4 99 2.9 70 3.3 52 2.6 Fostal and communication25 0.7 1.2 0.4 2.9 1.13 0.6 15 0.7 Eusiness and other services156 4.21 186 5.6 102 3.0 15 4.9 121 5.4 Home loans 0.3 50.8 1.953 58.6 696 4922 265 58.9 1.359										
United Kingdom: Financial scrvices1032.7672.026 0.8 7 0.3 12 0.5 Agriculture, forestry and lishing50.1170.5123540.250.2Manufacturing651.7952.518152371.7582.8Construction160.4160.5130.460.370.3Property541.4260.8240.7251.230.1Emergy and water1180.52.81.0271.1Wholesale and rotail distribution and teisure1022.7812.4992.9703.3522.3Transport110.32.40.7320.5552.61034.8Postal and communication250.7120.420.1150.7Eusiness and other services1564.21865.61023.01054.91215.4Home loans1.9150.81.95358.66.9649.22.6558.91.35960.9Overseas customes °1.91550.81.95358.66.9649.22.6558.91.35960.9Overseas1.24633.08582.571.837.41.85683.1716.3Overseas <th></th> <th>Cear</th> <th>37 ~</th> <th>720</th> <th></th> <th>,200</th> <th>БŌ</th> <th></th> <th></th> <th>2003</th>		Cear	37 ~	720		,200	БŌ			2003
Financial services103 2.7 67 2.0 26 0.2 7 0.3 12 0.5 Agriculture, forestry and fishing 65 1.7 9.5 12 9.3 4 0.2 5 0.2 Construction 65 1.7 9.5 122 9.3 4 0.2 5 0.2 Construction 16 0.4 16 0.5 13 0.4 6 0.3 7 0.3 Property 14 26 0.8 24 0.7 26 1.2 0.1 Emergy and water 14 26 0.8 24 0.7 26 1.2 0.1 Wholesale and rotail distribution and leisure 102 2.7 81 2.4 99 29 70 3.3 52 2.3 Transport 11 0.31 2.4 0.7 22.5 55 2.6 102 4.8 Postal and communication 25 0.71 12 0.4 2 0.1 15 0.71 Business and other services 156 4.22 186 5.6 102 3.0 15 4.9 121 5.4 Home loans 1.953 50.8 1.953 58.6 696 49.2 265 58.9 1.359 60.9 Overseas 1.5 0.7 0.3 0.7 0.3 0.7 0.7 0.7 0.7 0.7 Creases 1.5 0.8 0.7 0.7 <th></th> <th>Sent.</th> <th>1%</th> <th>1 En</th> <th>1 %</th> <th>),Ém '</th> <th>1 %</th> <th>12m \</th> <th>1%</th> <th>En A.</th>		Sent.	1%	1 En	1 %),Ém '	1 %	12m \	1%	En A.
Agriculture, forestry and fishing5 0.1 17 0.5 12 0.3 4 0.2 5 0.2 Manufacturing65 1.7 86 2.5 181 5.2 37 1.7 68 2.8 Construction16 0.4 16 0.5 181 5.4 6 0.3 7 0.3 Property54 1.4 26 0.8 24 0.7 22 1.2 3 0.1 Energy and water 1 $ 18$ 0.5 28 1.0 27 1.2 Wholesale and retail distribution and leisure 12 2.7 81 2.4 99 29 70 3.3 52 2.3 Transport 11 0.3 24 0.7 32 0.6 145 15 0.7 122 0.1 13 0.6 145 Postal and communication 25 0.7 12 0.4 2 0.1 13 0.6 155 0.7 Eusiness and other services 156 4.27 186 5.6 102 3.0 105 4.9 121 5.4 Home loans $1,953$ 5.6 696 4922 265 58.9 1.359 60.9 Overseas customers $^{\circ}$ $1,915$ 50.8 1.953 58.6 696 4922 2265 58.9 1.359 60.9 Overseas 2.523 67.0 2.777 74.3 $2.$	United Kingdom:	7	$\overline{\mathbf{V}}$	11	1	11	17	T T	1	
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	Financial services	/ 103	12.7				108	7		
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	Agriculture, forestry and lishing							4		
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	Manufacturing	į 65	∬ 1.7			11	11 ~ - 1			
Energy and water 1 - - 18 0.5 23 1.0 27 1.2 Wholesale and retail distribution and leisure 102 2.7 81 2.4 99 29 70 3.3 52 2.3 Transport 11 0.3 24 0.7 32 0.5 5.6 102 2.7 81 2.4 99 29 70 3.3 52 2.3 163 4.8 70 3.2 55 2.6 103 4.8 70 32 0.5 5.6 102 3.0 15 2.6 103 4.8 70 32 0.5 5.6 102 3.0 15 4.9 121 5.4 5.6 102 3.0 105 4.9 121 5.4 5.6 102 3.0 105 4.9 121 5.4 5.6 102 3.0 105 4.9 121 5.4 5.5 5.5 2.5 5.6 10.7 125 5.5 5.5 5.5 2.5 5.6 10.9 1.359 60.9										
Wholesale and rotail distribution and leisure 102 2.7 81 2.4 99 2.9 70 3.3 52 2.3 Transport 11 0.3 2.4 0.7 32 0.5 55 2.6 103 4.8 Postal and communication 25 0.7 12 0.4 2 0.1 105 4.9 121 5.4 Home loans 156 4.2 186 5.6 102 3.0 105 4.9 121 5.4 Other personal b 156.4 10 0.3 50 1.4 58 2.7 55 2.5 Other personal b 1,915 50.8 1,953 58.6 696 492 265 58.9 1,359 60.9 Overseas customers c - - - - - - - 24 1.1 0.7 120 0.7 120 0.7 130 0.6 90 2.55 58.9 1.359 60.9 1.4 58 2.7 55 2.5 1.9 0.7 2.4		54	1.4	26	0.8					
$ \begin{array}{c ccccccccccccccccccccccccccccccccccc$		1 11		-						
$\begin{array}{c c c c c c c c c c c c c c c c c c c $										
Eustiness and other services 156 4.2 186 5.6 102 3.0 105 4.9 121 5.4 Home loans 15 6.4 10 0.3 50 1.4 58 2.7 55 2.5 Other personal b 1,915 50.8 1,953 58.6 696 492 265 58.9 1,359 60.9 Overseas customers ° - - - - - - 24 1.0 0.7 14 0.7 24 1.9 0.7 14 1.856 83.1 1.9 0.7 14.9 121 5.4 1.9 0.7 14 1.0<										
Home loans 15 0.4 10 0.3 50 1.4 58 2.7 55 2.5 Other personal b 1,915 50.8 1,953 58.6 696 49.2 265 58.9 1,359 60.9 Overseas customers c - - - - - - - 24 1.1 Solution control 53 57.0 2,977 74.3 2,266 65.7 1,853 78.4 1,856 83.1 Overseas 1,246 33.0 858 25.7 1,184 343 464 21.6 377 16.3 Total - - - - - - 0.0 2,233 700.0 2,233 700.0 2,233 700.0 2,233 700.0 2,233 700.0 2,233 700.0 2,233 700.0 2,233 700.0 2,233 700.0 2,233 700.0 2,233 700.0 2,233 700.0 2,233 700.0 2,233 700.0 2,233 700.0 2,233 700.0 2,233						_				
Other porsonal b 1,915 50,8 1,953 58.6 696 49.2 265 58.9 1,359 60.9 Overseas customers ⁰ - - - - - 24 1,1 Finance lease receivables 252 67.0 2,477 74.3 2,266 65.7 1,853 78.4 1,856 83.1 Overseas 1,246 33.0 858 25.7 1,184 34.3 464 21.6 377 16.3 Total 3,773 100.03 333 100.03 333 100.03 333 100.03 333 100.03 335 100.03 335 100.03 335 100.03 335 100.03 335 100.03 335 100.03 335 100.03 335 100.03										
Overseas customers ⁰ - -		1.0	U.4]	· · ·	0.3	50	L 1.4	30	1 ^{2,} 1	1) 331 2.3
Finance lease receivables 96 13 -/ 11 0.7 15 0/ Cverseas 2.528 67.0 2.977 74.3 2.266 65.7 1,853 78.4 1,856 83.1 Cverseas 1,246 33.0 858 25.7 1,184 34.3 464 21.6 377 16.9 Total	Olher personal ^b	1,915	50.8	1,953	58.6	,696	492]	265	58.9	1,359 60.9
Finance lease receivables 96 13 -/ 11 0.7 15 0/ Cverseas 2.528 67.0 2.977 74.3 2.266 65.7 1,853 78.4 1,856 83.1 Cverseas 1,246 33.0 858 25.7 1,184 34.3 464 21.6 377 16.9 Total	Overseas customers ^c	L L	1			\/			1 _1	241 11
Overseas 2.528 67.0 2.977 74.3 2.256 65.7 1,653 78.4 1,856 83.1 Overseas 1,246 33.0 858 25.7 1,184 34.3 464 21.6 377 16.9 Total 3.777 100.0(3.333) 100.0(3.433) 100.0(2.437) 100.0(2.233) 700.0) 2.233 700.0)		561	_ 1,b	_/	7	11/	10.7	14_	<u>\0.7/</u>	15/07
Total		2.528	67.0	2,477	74.3	2,266	65.7	1,683	78.4	1,856 83.1
Total (3,774,100,0(3,333,100,0),3,450,400,0(2,137,100,0),(2,233,100,0)	Overseas								2 <u>1,6</u>	
See note under Table 27 F. S. A. B.	Total	(3,112)	100.00	3,537	100.02	3 450y	102.03	2.141	100.0) ((2,233,700.0)
	See note under Table 27.	\mathbf{K}	5	A	T	75-	3	×	K	A.R.

Table 29: Analysis of amounts written off and recovered by industry

		Amounts written off for the ye			ha year	Record	sly written off			
		1	FRS		UK GAAP	IFRS				UK GAAP
	20	07 2006	2005	2004^{a}	2003	2007	2006	2005	2604 ^a	2003
		Em Em	£m	£m	Sm -	£m	£m	£m	£m	£m
United Kingdom:										
inancial services		6 13	2	7	<u>14</u>	1	-	1	3	12
Agriculture, forestry and fishing		5 8	3	2	i – i	2	1	-	1	1 1
Manufacturing		83 73	47	79	126	7	21	11	30	8
Construction	1	23 17	15	13	19	3	2	1	2	14
Property	1	16 23	4	2	5	10	5	1	69	1
Energy and water	}	- 1	22	9	15	*	2	-	2	
Mholesale and retail distribution and leisure		09 120	85	55	45	12	14	25	7	5
Fransport	1	13 tt	29	44	5		1	10	15	1
Postal and communication	1 I	3 5	15	2	1 1	-	-	-	1	· - 1
Business and other services	1	83 124	83	96	58	22	17	14	16	11
tome loans		1 -	2	19	11 1	1	7	4	5	3
Diher personal	1.1	64 1.351	992	948	790	96	107	92	<u>65</u>	38
Dverseas customers ^b	f	- -	-	_	82		-	-	-	- /
Finance lease receivables		24 -	3	4	4	-	-	1	1	1 1
	1,5	30 1.746	1,302	1,280	1,175	154	175	160	217	95 (
Overseas	·	33 428	285	302	299	73	81	62	38	
Total	(63 2,174	1,587	1.582	474	227	259	222	255	113)
						- *-				
See note under Table 27.						A)				
						*				
						1.24				

 $\frac{Potes}{a} = Does not reflect the application of IAS 32. \ AS 59 and IFRS 4 which became effective from 1st January 2005.$

9 Overseas customers are now classified as part of other industry segments.



Barclays Annual Report 2007

Directors' report

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Directors' report

Profit Attributable

The profit attributable to equity shareholders of Barclays PLC for the year amounted by E4, 417m compared with E4, 571m in 2008.

Dividends

Dividends The final dividends for the year ended \$1st December 2007 of 22.55 per ordinary share of 25p cach and 100 per staff share of £1 each have been agreed by the Directors. The final dividends will be paid on 25th April 2008 in respect of the ordinary shares registered at the close of business on 7b March 2008 and is respect of the staff shares so registered on 91st December 2007. With the interim dividends of 1150 Decordinary share and ct 100, per staff share that were paid on 1st October 2007. the total distribution for 2007 is 64.00, 2006. (1, 00) per ordinary share and 2009 (2006; 200) per staff share. The dividends for the year absorb a total of 22,253m (2006; 1,973m). Dividend Belnivestment Plan

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Dividend Reinvestment Plan

Ordinary sharoholders may have their cividends reinvested in Barclays PLC ordinary shares by participating in the Dividend Reinvestment Plan. The plan is available to all ordinary shareholders provided that they do not live in, and are not subject to the jurisdiction of, any country where their participation in the plan would require Barclays or The Plan Administrator balticipation in the plan would regular balticity of the Plan Administrator to take action to comply with local gov/ment, or regulatory procedures or any similar formalities. Any shareholder wishing to obtain details of the plan and a mancete form should contact. The Plan Administrator to Barclays at Aspect House, Spencer Road, Lancing BN99 6DA. Those wishing to participate for the first ime in the plan should send their completed mandate form to The Plan Administrator so as to be received by 4th April 0000 feet to be periodicated to be previous. 2008 for it to be applicable to the payment of the final dividend on 25th April 2008. Existing participants should lake no action unless they wish to alter their current mandate instructions, in which case they should contact The Plan Administrator.

Share Capital

<u>During the year</u> Barclays PLC purchased in the market for cancellation (299,547,510) its ordinary shares of 25p each, at a total cost of C 1,802,173,355 yrin order to minimise the cllutive effect on existing shareholders of the issuance of a total of 336,805.555 parc ays ord nary shareholders of the issuance of a total of 336,805.555 parc ays ord nary shares to Temasck Hotings and China Development Bank. These transactions represen (4.53) of the issued share capital at 31st Depamber 2007. As at 27th February 2008 (the latest practicable date for inclusion in his report), the Company had an unexpired authority to repurchase shares up to a maximum of 645.1 million ordinary shares.

The issued ordinary share capital washinoreased by 65.5m ordinary shares during the year as a result of the axoreise of options under the Sharesave and Executive Share Option Schemed, Al 31st December 2007 \pm issued onlinary share capital lotalore (560), 181, 180 chares. Critical shares represent 99.99% of the total issued share capital and Staff shares represent the remaining 0.01% as at 31st December 2007.

The Barclays PLC Memorandum and Articles of Association, a summary of which can be found in the Snareholder Information section on pages 269 270, contain the following details, which are incorporated into this report by reference:

The structure of the Company's capital, including the rights and obligations attaching to each class of shares.

- Restrictions on the transfer of socurities in the Company, including limitations on the holding of securities and requirements to obtain approvals for a transfer of securities.
- Restrictions on voting rights.
- The powers of the Directors, including in relation to issuing or buying back shares in accordance with the Companies Act 1985. It will be proposed at the 2008 AGM that the Directors be granted new authority to allot under the Companies Act 1985.
- Bules that the Company has about the appointment and removal of Directors or amendments to the Company's Articles of Association.

Employee Benefit Trusts ('EBTs') operate in connection with certain of the Group's Employee Share Plans ('Plans'). The Trustees of the EBTs may oxorcise all rights attached to the shares in accordance with their fiduciony duties other than as specifically restricted in the relevant Plan governing documents. Further information on the EBTs' voting policy can be found on page 132.

Substantial Shareholdings

As at 27th February 2008, the Company had been notified under Rule 5 cf. the Disclosure and Transparency Bules of the FSA of the following holdings of voling rights in its shares:

China Development Bank	
(via its subsidiary Upper Chance Group Ltd)	3.02%
Legal & General Croup plc	4.02%
Howis TSB Group Pie	5 01%

Substantial shareholders do not have different voting rights from those of other shareholders. As at 27th February 2008, the Company had been notified that Uoyds 1SB Group Pic held voting rights over 329,648.746 of its ord nary shares, amounting to 5.01% of the Company's total voting rights, as shown above.

Board Membership

The membership of the Boards of Directors of Barclays PLC and Barclays Bank PLC is identical and biographical details of the Board members are set out on pages 112 and 118.

Chris Lucas joined the Board as Group Finance Director on 1st April 2007 and Naguib Kheraj leit the Board on 31st March 2007.

David Booth joined the Board as a non-executive Director on 1s; May 2007 and Pationce Wheatcroft and Sir Michael Rake were appointed as nonexecutive Directors with effect from 1st January 2008.

Retirement and Re-election of Directors

In accordance with its Articles of Association, one-third (rounded down) of the Directors of Barclays PLC are required to rotire by retation at each Annuel General Meeting (AGM), together with Directors appointed by the Board since the last AGM. The retiring Directors are eligible to stond for re-election. In addition, the UK Combined Code on Corporate Governance. (the Code), recommends that every Diractor should seek re-election by shareholdors at least every three years.

Corporate governance

Remuneration report

The Committee reviews the elements of remuneration relative to the policies stated in this report and to the practice of other comparable organisations. Remuneration is benchmarked against the markets in which we compete for talent. This includes benchmarking against other leading international banks and financial services organisations, and other companies of similar size to Barclays in the FTSE 100 Index.

The component parts for each executive Director are detailed in the tables accompanying this report.

The Committee guideline that executive Directors should hold, as a minimum, the equivalent of one times their base satary in Barclays shares, including shares held under award through ESAS, was met by all executive Directors.

Each element of remuneration is important and has a specific role in achieving the aims of the remuneration policy. The combined potential remuneration from bonus and PSP outweighs the other elements, and is subject to personal and Group performance, thereby placing the majority of total remuneration at risk.

Of the key elements of remuneration (salary, annual performance bonus, ESAS and PSP), salary made up a maximum of 30% of the 2007 remuneration for executive Directors and 1.4% in respect of Robert C Diamond Jr's arrangements, which reflects general practice in the investment banking and investment management industry. The remaining proportion of the key compensation elements for executive Directors is at risk. The relative weighting summarised in this paragraph closs not include pension and benefits.

The purpose of each element of remuneration for executive Directors is summarised in the table below and discussed in greater detail in the sections that follow.

Remuneration element Purpose		Delivery	Programme detail			
Base salary	To reflect the market value of the individual and their role	– Gash – Monthly – Pensionable	 Reviewed annually, with charges typically effective on 1st April 			
Annual performance bonus and ESAS	To incentivise the delivory of annual goals at the Group, business division and individual levels	 Typically 75% cash ^a Typically 75% deformed Barclays shares under ESAS Annual Non-pensionable 	 Based or annual business unit performance, performance of the Group as a whole and leadership contribution 			
PSP ^b	To reward the creation of above median, sustained growth in shareholder value	 Free shares subject to a performance condition Annual awards that vest after three years Non-pensionable 	 Discretionary awards Participation reviewed annually: Barclays benformance over three years determines the number of performance shares eligible for release to each individual For awards made in 2007, and awards to be made in 2008, EP threshold, thereafter 50% under a TSR performance condition and 50% under an EP performance condition 			
Pension ^c	To provice market competitive post-retirement benefit	 Defarred cash or cash allowance Monthly 	 Non-contributory, defined basefil scheme ard/or defined contribution scheme, or cash allowance in lieu of pension contributions 			

Changes to Group Chaliman and executive Directors

Marcus Agius was appointed Group Chairman with effect from 1st canuary 2007.

Marcus Agius roceives a fee of £750,000 (inclusive of Director's fees). He is also eligible for private health insurance. The minimum time commitment is equivalent to 60% of a full time role. Marcus Agius is not aligible to participate in Barclays bonus and share incentive plans, nor will he participate on Barclays pension plans or receive any pension contributions. The letter of appointment provides for a notice period of 12 months from Barclays and six months from Marcus Agius.

Naguib Kheraj ceased to be an executive Director on 31st March 2007. Naguib Kheraj was succeeded by Chris Lucas, who was appointed to the position of Group Finance Director with effoct from 1st April 2007. The key terms of executive Directors' service contracts are on page 133.

Base Salary

The annual base salaries for the current executive Directors are shown in the table below:

		-	
		i i	 Date of
	As at	As at a	previous
	31st Dec 2007	1st April 2008	increase
John Varley	£ ,000,000	£1,100,000	1st Apr 2007
Robert E Diamond Jr	£250,000	£250,000	1st Mar 1999
Gary Holiman	£625,000	2625,000	1st Apr 2005
Frits Scegors	£700,000	£700,000	[⊓⁄a
Chris _ucas	000,0032	2650,000	j n∕a

In respect of John Varley and Chris Lucas, having regard to the levels of salary and total compensation in comparable organisations, the Committee approved an increase to base salary effective from 1st April 2008.

Notes

a Eligible executives may request that all or part of the cash bonns to which they would otherwise become entitled, be granted in the form of an additional award under ESAS or as a pension contribution by way of Special Company Contribution (Benus Sachlice). For 2007 Robert E Diamond Jr received 43% of this annual bonus in cash and 57% as a recommendation for an award of Eorelays shares under Mandatory ESAS.

b Please refer to Note 44 to the accounts for further information on PSP.

c Please refer to Note 39 to the accounts for further information on the Group's perision plans.



Barclays Annual Report 2007

2007 Annual Remunctation®

	Salety and fees £000	Benefits ^b E000	Annual cash bonus £050	2607 Total £000	2006 Tetal £002
Group Chairman					
Marcus Aglus ^e	750	1	-	751	22
Executive Directors	<u> </u>				
John Varley ^d	975	13	1,425	2.438	2,516
Robert E Diamond Jr ^{d,e}	250	14	6,500	6,764	10,692
Gary Hotman ^d	625	15	506	1,146	1,108
Chris Lucas [†]	450	135	450	1.035	1,105
Frits Seegers ^{d.g}	700	199	1,313	2,212	1,630
Non-executive Directorsh					
Bavid Sooth ¹	43	-	-	43	
Sir Richard Broadbent	180			180	147
Leigh Clifford	80	-	_	80	76
Fulvio Contl	85	-	-	85	54
Dr Danie Cronjé	217	-	-	217	323
Professor Dame Sandra Dawson	86	-	-	85	81
Sir Andrew Liklerman	100	-	-	100	96
Sir Nigel Rudd	200		_	260	200
Stephen Russell	145	-	-	145	137 [
Sir John Sunderland	96	-	-	95	81
Former Director					
Naguib Kheraj ^d j	175	44	438	657	2.565

Forthcoming ESAS and PSP awardsk

	Montiatory ESAS - 2007 results 2060	March 2008 PSP value of shares under initial allocation 0062	Mandatory ESAS – 2005 results £000	March 2007 PSP – value oi shares under inifial aßocation £000
Executive Directors John Vadey	618	1,200	699	1,200
Robert E Diamond Jr ⁱ Gary Holiman Chris Lucas Fres Seegers	11,375 219 195 569	3,000 625 800 1,600	4 518 203 520	6,850 625 600 1,000

Notes

Emoluments include amounts, 4 any, psyable by subsidiary undertekings. Amounts psyable to Dr Danie Cronje include an amount of ZAR1.926,400 â (\$136,774) in respect of his Chairmanship of Abse Group Limited from which he retried on 31st July 2007 (2006: ZAR3,114.800 (\$249,829)).

The Group Cincinnan and executive Directors receive benefits in kind, which may include life and disability cover, the use of a Company owned vehicle or 4 cash equivalent, medical insurance and lax advice. Screfits are provided on similar terms to other senior executives. No Director has an expense allowance.

Marcus Aclais was appointed as a non-executive Director on 1st September 2006 and as Group Chaliman from 1st January 2007. c

In 2007 John Varley was a Director of Asco. Authority (Holdmus) Limited (Directorship cessed on 31st December 2007) and British Grolax Investments Limited for which he received fees of £20,085 and £7,613 respectively (2006) £26,000 and £7,500 respectively). John Varley is a non-executive Director of AstraZenech pic for which he received fees of £56,466 in 2007 (£006) £21,075). John Varley is also a member of the international Advisory Panel of the Monetary Authority of Singapore for which he received fees of US\$10,000 in 2007 (2006) US\$10,000). John Varley is Chakman of Busingss Action on d indificially Automited in a space of the Englovers' Forum on Disability for which he receives no feas. Fubert E Diamond Jr is Chairman of Old Vie Productions ptc for which he received no feas in 2007. Cary Hollman is a Director of Visa (Europe) Emiled and Visa (International) Limited for which he receives no feas. Gary Hollman is also a Director of Trinity Mirror ptc for which he received fees of 168,754 in 2007 (2006); 550,000). During the course of Vis Directorship Nagub Kharaj was a member of the Board of Gave nows of the Institute of Ismail Studies and Chairman of the National Committee of the Aga Khan Foundation for which he received no feas in 2007. Nagub Kharaj (up to 31st March 2007) and Frits Seegers are non-executive Directors of Absa Group Limited and Absa Bank Limited. They have both weived their feas, which were paid to Bardays. Their respective (ses In 2007 were ZAR138,533 (up 2014) 2010 (2023) 2020 (2015) 7.09 (2016) 700 (2017) (£9,694) and ZAR469.900 (\$33,063) (2006: ZAR425,100 (£34 C56) and ZAR75,400 (£6,048) respectively).

The remuneration for 2007 for Robort E Diamond Jr was based on the performance of Bardays Group, Bardays Capital, Bardays Global Investors and Bandays Wealth, both on an obsolute and industry relative basis. The composition of this package continues to be heavily weighted towards elemente the: are 'at risk' and reflects practice in the investment banking and investment management ladustry.

Chris Lucas was appointed as an executive Director with effect from 1st April 2007. Is addition to the amount shown in the 'Salary and fees' column above, Chris Lucas received an award under ESAS in record of the inferied compensation from his providus employment. Borus chares are not applicable to this award. Details of this ESAS award are shown in the table on page 137 and the first table on page 138, and are not included in the table above. In addition, Chris Lucas received an award under the PSP which is shown in the table above (located k on this page provides turber information). Chris Lucas received an allowance of 25% of base salary (£112 500) in tieu of pension contributions. This amount is induced in the column for 'Benefits' in the rabie above.

Executive Directors: Illustration of change in value of Barclays PLC shares owned beneficially, or held under option or awarded under employee share plans as at 31st December 2007^a

	Shares owned			Executive Share Option Scheme				Notional value based on share price of £7.30 ^f	Notional value based on share price of £5.049	Changé in notional	
	beneficially ^D	ESASC	PSP ^d	(ESOS) ⁹	19096	Sharesave	Total	£000	£000	0003	
Executive Directors John Varley Robert E Diamond Jr Gary Holfman Chris Lucas Frits Seegers	470,650 3,402,192 431,761 38,003 699,870	4,653,749 274,402 69,091	1,755,335 257,116 82,910	160,000	920,000 560,000 540,000 -	-	193,642	75.033 8,555 1.382	7,058 50,942 5,187 958 6,177	(24.091) (3,568) (424)	-E

Aoles

a Under PSP, ESAS, ISOP, ESOS and Sharesave, nothing was paid by the participants on the grant of options or awards.

b The number shown includes shares held under Shareourchase.

e - ESAS includes the maximum potential 30% bonus share element where applicable, and any voluntary ESAS awards.

d The number of shares shown represents the initial allocation of shares.

e The number of shares shown represents the vested shares under option.

With the exception of Chris Lucas, the notional value is based on the share price as at \$1st December 2006. The notional value for Chris Lucas is based on a share price of \$7.23, which was the share price as at 200 April 2007, the first working day after he was appointed executive Director.

g The notional value is based on the share price as at 31st December 2007. The highest and lowest market prices per share during the year were £7.90 and £4.775 respectively.

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