From: Whittington, Sarah [sarah.whittington@linklaters.com]

Sent: Wednesday, April 09, 2008 11:52:24 AM

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; alastair.rosesmith@citi.com; peter.siekel@citi.com;

bogdan.ciobanu@citi.com; Prasad, 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; ron.yanagi@ubs.com; sophia.vonta@ubs.com; andrew.templeton@ubs.com; glenn.goggins@ubs.com; Jason.Norton@ubs.com;

monica.meo@ubs.com; michael.altschuler@ubs.com; bryant.h.owens@wachovia.com; stuart.aylward@wachovia.com; faye.thorogood@wachovia.com; ken.greer@wachovia.com;

edward.boulderstone@wachovia.com; john.papadopulos@wachovia.com;

kristina.clark@wachovia.com; fleur.two hig@wachovia.com; kiley.knepp@wachovia.com;

carolyn.coan@wachovia.com; laurie.watts@wachovia.com;

mike.borut@morganstanley.com; Victoria.Ortiz@morganstanley.com;

Alex.MacMahon@morganstanley.com; Dominic.Trusted@morganstanley.com;

Yurij.Slyz@morganstanley.com; Jennifer.Moreland@morganstanley.com;

andrew.r.karp@bankofamerica.com; ken.harris@rbccm.com; shannon.dahl@rbccm.com;

richard.bansa@rbccm.com; keith.deleon@db.com; steven.burwell@db.com;

Bethany.bowman@suntrust.com; chris.grumboski@suntrust.com; donna\_thacker@rhco.com; Michael.l.smith@wellsfargo.com;

Autumn.m.roth@wellsfargo.com; edwin.j.sondgroth@wellsfargo.com;

james.m.probert@bankofamerica.com; ellen\_lee@rhco.com

CC: Ludwick, David; van Amelsfort, Joost

**Subject:** Project Rimu - Executed US comfort letter

Attachments: Project Rimu Executed US Comfort Letter Final.pdf; Appendix A - Prospectus.pdf; Revised

Appendix B - 20-F.pdf

Dear managers -

Please find attached for your records the executed US comfort letter with relevant appendices.

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.iinklaters.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.

Linklaters LLP (www.linklaters.com) is a limited liability partnership registered in England and Wales with registered number OC326345. It is a law firm regulated by the Solicitors Regulation Authority (www.sra.org.uk). The term partner in relation to Linklaters LLP is used to refer to a member of Linklaters LLP or an employee or consultant of Linklaters LLP or any of its affiliated firms or entities with equivalent standing and qualifications.

A list of Linklaters LLP members together with a list of those non-members who are designated as partners and their professional qualifications, may be inspected at our registered office, One Silk Street London EC2Y 8HQ and such persons are either solicitors, registered foreign lawyers or European lawyers.

#### CAPITALIZATION AND INDEBTEDNESS

The following table sets out the authorised and issued share capital of Barclays Bank PLC and the Barclays Bank PLC Group's total shareholders' equity, indebtedness and contingent liabilities as of December 31, 2007, and as adjusted to reflect the issuance of the preference shares (without giving effect to any exercise of the over-allotment option). The figures set out in the following table were extracted from our audited financial statements for the year ended December 31, 2007, which were prepared in accordance with International Financial Reporting Standards. The adjustments to reflect the issuance of the preference shares have been converted to pounds sterling at an exchange rate of £1=\$

	As of December 31, 2007	Adjusted for the issuance of the preference shares
E.	'000	'000
Share capital of Barclays Bank PLC Authorized ordinary share capital — shares of £1 each	3,000,000	3,000,000
Authorized preference share capital - shares of £100 each	400	400
Authorized preference share capital — shares of fl each	1	1
Authorized preference share capital shares of U.S.\$100 each	400	400
Authorized preference share capital — shares of U.S.\$0.25 each	150,000	150,000
Authorized preference share capital shares of £100 each	400	400
Ordinary shares — issued and fully paid shares of £1 each	2,337,161	2,337,161
Preference shares - / issued and fully paid shares of £100 each	75	75
Preference shares issued and fully paid shares of £1 each	1 /	I I
Preference shares — issued and fully paid shares of U.S\$100 each	100	100
Preference shares — issued and fully paid shares of U.S.\$0.25 each	131,000	\
Preference shares — issued and fully paid shares of €100 each	240	240
	£ militon	£ million
Group sharcholders' equity		
Called up share capital	2,382	)
Share premium account	10,751	
Other reserves	(170)	(170)
Other shareholders' funds	2,687	2,687
Retained earnings	14,222	14,222
Shareholders' equity excluding minority interests	29,872	
Minority interests	1,949	1,949
Total shareholders' equity	31,821	
Group indebtedness(1)		,
Subordinated liabilities <sup>(2)</sup>	18,150	18,150
Debt securities in issue <sup>(3)</sup>	120,228	120,228
Total indebtedness	138,378	138,378
Total capitalization and indebtedness	170,199	
Group contingent liabilities	,	·
Acceptances and endorsements	365	365
Guarantees and assets pledged as collateral security	35,692	35,692
Other contingent liabilities	9,717	9,717
Total contingent liabilities	45,774	45,774

Notes:

S-26

LONDON:302954.3

<sup>[(1) &</sup>quot;Group indebtedness" includes interest accrued as at [June 30], 2007, in accordance with International Financial Reporting Standards.]



BARCLAYS RR Dennetley Profile NYC balal0dc 04-Apr-200# 16:18 EST 07-Apr-2003 06:41 EST PROSPECTUS SUPPLEMEN LÓN

(2) On January 23, 2008, Barclays Bank PLC issued 61.750,000,000 6.00% Fixed Rate Subordinated Notes due 2018. On January 25, 2008. Barelays Bank PLC issued €100,000,000 CMS-Linked Subordinated Notes due 2018, On February 29, 2008, Barclays Bank PLC issued £1,000,000,000 8.25% Undated Subordinated Notes, On March 12, 2008, Barclays Bank PLC redeemed €255,645,941 (formerly DEM 500,000,000) 5.50% Subordinated Notes due 2013. On March 20, 2008, Barclays Bank PLC issued €i35,000.000 CMS-Linked Subordinated Notes due 2018.

(3) In addition, there were £52,320 million of debt securities in issue accounted on a fair value basis as at

December 31, 2007.

# PRICEWATERHOUSE COOPERS 18

08 April 2008

Barclays PLC, 1 Churchill Place, Lendon E14 5HP

and

Barclays Bank PLC, 1 Churchill Place, London E14 5HP

and

Barclays Capital Securities Limited 5 The North Colonnade Canary Wharf London E14 4BB

and

Citigroup Global Markets Inc. 388 Greenwich Street, 34<sup>th</sup> Floor New York, NY 10013 United States

and

Merrill Lynch, Pierce, Fenner & Smith Incorporated 4 World Financial Center New York, NY 10080 United States

and

UBS Securities LLC 677 Washington Boulevard Stamford, CT 06901 United States

and

Wachovia Capital Markets, LLC 301 South College Street Charlotte, NC 28202 United States PricewaterhouseCoopers LLP Hays Galleria 1 Hays Lane, London SE1 2RD Telephone :44 (0) 20 7583 5000 Facsimile +44 (0) 20 7804 1001 www.pwc.com/uk



And the other Underwriters named in the Prospectus Supplement referred to below (together, the "Underwriters")

Ladies and Gentlemen:

#### We have audited:

- 1. the consolidated financial statements of Barclays PLC (together with its subsidiaries hereinafter referred to as the "Group") and Barclays Bank PLC (together with its subsidiaries hereinafter referred to as the "Issuer") as of 31 December 2007 and 2006 and for each of the three years in the period ended 31 December 2007, included in the annual report of the Group and the Issuer on Form 20-F for the year ended 31 December 2007 filed with the US Securities and Exchange Commission ("SEC") on 26 March 2008 (the "2007 Form 20-F"), and
- the effectiveness of the Group internal controls over financial reporting as of 31 December 2007.

The consolidated financial statements referred to above are all incorporated by reference in the registration statement (No. 333-145845) on Form F-3 filed by the Company under the Securities Act of 1933 as amended (the "Act") on 31 August 2007. Our report with respect thereto is also incorporated by reference in such registration statement. Such registration statement on Form F-3 dated 31 August 2007, including the Prospectus dated 31 August 2007, the Preliminary Prospectus Supplement dated 7 April 2008 and the final Prospectus Supplement dated 8 April 2008 are together herein referred to as the "Registration Statement".

In connection with the Registration Statement:

- We are an independent registered public accounting firm with respect to the Group and the Issuer
  within the meaning of the Act and the applicable rules and regulations thereunder adopted by the
  SEC and the Public Company Accounting Oversight Board (United States) ("PCAOB").
- In our opinion, the consolidated financial statements audited by us and incorporated by reference
  in the Registration Statement comply as to form in all material respects with the applicable
  accounting requirements of the Act and the Securities Exchange Act of 1934, as amended, and the
  related rules and regulations adopted by the SEC.
- 3. We have not audited any financial statements of the Group or the Issuer as of any date or for any period subsequent to 31 December 2007. Also, we have not audited the Group's internal control over financial reporting as of any date subsequent to 31 December 2007. Therefore, we do not express any opinion on the Group's internal control over financial reporting as of any date subsequent to 31 December 2007.
- 4. For purposes of this letter, we have read the minutes of the 2008 meetings of the shareholders, the Board of Directors and the Board Audit Committee of the Group and the Issuer as set forth in minute books as of 3 April 2008, officials of the Group and the Issuer having advised us that the minutes of all such meetings through that date were set forth therein, and have carried out other procedures to 3 April 2008 (our work did not extend to the period from 4 April 2008 to 9 April 2008, inclusive) as follows:

With respect to the Group for the period from 1 January 2008 to 29 February 2008, we have:

(i) read the unaudited consolidated financial data of the Group for January and February of both 2008 and 2007 furnished us by the Group. Officials of the Group have advised us



that no such financial data as of any date or for any period subsequent to 29 February 2008 were available. The financial information for January and February of both 2008 and 2007 is incomplete in that it omits the statement of cash flows and other disclosures.

(ii) inquired of certain officials of the Group who have responsibility for financial and accounting matters as to whether the unaudited consolidated financial data referred to in 4(i) above are stated on a basis substantially consistent with that of the audited consolidated financial statements incorporated by reference in the Registration Statement.

The foregoing procedures do not constitute an audit made in accordance with standards of the PCAOB. Also, they would not necessarily reveal matters of significance with respect to the comments in the following paragraph. Accordingly, we make no representations as to the sufficiency of the foregoing procedures for your purposes.

- 5. Nothing came to our attention as a result of the foregoing procedures, however, that caused us to believe that: (i) At 29 February 2008 there was any change in share capital and decrease in shareholders' equity and minority interests and total assets, or increase in subordinated liabilities and total liabilities of the Group as compared with amounts shown on the 31 December 2007 audited consolidated balance sheet incorporated by reference in the Registration Statement, or (ii) for the period from 1 January 2008 to 29 February 2008, there were any decreases, as compared with the corresponding period in the preceding year, in net interest income and profit on ordinary activities before taxation, except in all instances for changes, increases or decreases which the Registration Statement discloses have occurred or may occur and except that the unaudited consolidated balance sheet as of 29 February 2008, which we were furnished by the Group showed that share capital decreased by 0.48% and total subordinated liabilities increased by 15.94% and total liabilities increased by 29.74% when compared with balances as at 31 December 2007. Profit before tax for the period from 1 January 2008 to 29 February 2008 decreased by 9.48% compared with the corresponding period in the previous year
- As mentioned in paragraph 4. Group officials have advised us that no consolidated financial data as of any date or for any period subsequent to 29 February 2008 are available; accordingly, the procedures carried out by us with respect to changes in financial statement items after 29 February 2008 have, of necessity, been even more limited than those with respect to the periods referred to in 4. We have inquired of certain officials of the Group who have responsibility for financial and accounting matters as to whether (a) at 3 April 2008 there was any change in share capital or decrease in shareholders' equity and minority interests, or increase in subordinated liabilities of the Group as compared with amounts shown on the 31 December 2007 audited consolidated balance sheet incorporated by reference in the Registration Statement; or (b) for the period from 1 January 2008 to 3 April 2008, there were any decreases, as compared with the corresponding period in the preceding year, in profit on ordinary activities before taxation. On the basis of these inquiries and our reading of the minutes as described in 4, nothing came to our attention that caused us to believe that there was any such change, increase or decrease, except in all instances for changes, increases or decreases which the Registration Statement discloses have occurred or may occur and except that share capital decreased by 0.48% and total subordinated liabilities increased by 17.12% when compared with balances as at 31 December 2007. Profit before tax for the period from 1 January 2008 to 4 April 2008 decreased compared with the corresponding period in the previous year.
- 7. With respect to the Issuer we have also carried out limited procedures from 1 January 2008 to 3 April 2008 (our work did not extend to the period from 4 April 2008 to 9 April 2008, inclusive), as follows:

# PRICEWATERHOUSE COPERS @

- a. With respect to Issuer for the period from 1 January 2008 to 29 February 2008, we have, at your request:
  - (i) read the unaudited consolidated financial data of the Issuer as of and for the two months ended 29 February 2008 and 28 February 2007 furnished us by the Issuer, and agreed the amounts contained therein with the Issuer's accounting records as of 29 February 2008 and 28 February 2007. Officials of the Issuer have advised us that no financial data as of any date or for any period subsequent to 29 February 2008 were available. The financial information as of and for the two months ended 29 February 2008 and 28 February 2007 is incomplete in that it omits the statement of cash flows and other disclosures.
  - (ii) inquired of certain officials of the Issuer who have responsibility for financial and accounting matters whether the unaudited consolidated financial data referred to in 7a(i) are stated on a basis substantially consistent with that of the audited consolidated financial statements incorporated by reference in the Registration Statement.

The foregoing procedures do not constitute an audit conducted in accordance with standards of the PCAOB. Accordingly, we do not express such an opinion. The foregoing procedures would not necessarily reveal matters of significance, accordingly, we make no representation about the sufficiency of such procedures for your purposes.

- 8. Nothing came to our attention as a result of the foregoing procedures, however, that caused us to believe that: (i) At 29 February 2008, there was any change in share capital and decrease in shareholders' equity and minority interests and total assets, or increase in subordinated liabilities and total liabilities of the Issuer as compared with amounts shown in the 31 December 2007 audited consolidated balance sheet incorporated by reference in the Registration Statement; or (ii) for the period from 1 January 2008 to 29 February 2008, there were any decrease, as compared with the corresponding period in the preceding year, in profit before taxation and net interest income, except in all instances for changes, increases or decreases which the Registration Statement discloses have occurred or may occur and except that the unaudited consolidated balance sheet as of 29 February 2008, which we were furnished by the Issuer showed that share capital increased by 0.04% and total subordinated liabilities increased by 15.94% and total liabilities increased by 29.74% when compared with balances as at 31 December 2007. Profit before tax for the period from 1 January 2008 to 29 February 2008 decreased by 9.93% compared with the corresponding period in the previous year.
- 9. As mentioned in 7a, Issuer officials have advised us that no consolidated financial data as of any date or for any period subsequent to 29 February 2008 are available; accordingly, the procedures carried out by us with respect to changes in financial statement items after 29 February 2008 have, of necessity, been even more limited than those with respect to the periods referred to in 7. We have inquired of certain officials of the Issuer who have responsibility for financial and accounting matters as to whether (a) at 3 April 2008 there was any change in share capital or decrease in shareholders' equity and minority interests, or increase in subordinated liabilities of the Issuer as compared with amounts shown in the 31 December 2007 audited consolidated balance sheet incorporated by reference in the Registration Statement; or (b) for the period from 1 January 2008 to 3 April 2008, there were any decreases, as compared with the corresponding period in the preceding year, in profit before taxation. On the basis of these inquiries and our reading of the minutes as described in 4, nothing came to our attention that caused us to believe that there was any such change, increase or decrease, except in all instances for changes, increases or decreases which the Registration Statement discloses have occurred or may occur and except that share capital increased by 0.08% and total subordinated liabilities increased by 17.12% when compared with balances as at 31 December 2007. Profit before tax for the period from 1 January 2008 to 4 April 2008 decreased compared with the corresponding period in the previous year.

# PRICEWATERHOUSE COPERS @

- 10. For purposes of this letter, we have also read the items identified by you on the attached document:
  - (i) a copy of the Preliminary Prospectus Supplement dated 7 April 2008 (referenced and attached as Appendix A); and
  - (ii) a copy of the 2007 Form 20-F (referenced and attached as Appendix B);

We have performed the following procedures, which were applied as indicated with respect to the letters explained below. We make no comment as to whether the SEC would view any non-GAAP financial information included or incorporated by reference in this document as being compliant with the requirements of Regulation G or Item 10 of Regulation S-K.

- A We compared the amount to or recomputed from a corresponding amount in the Group's and the Issuer's audited financial statements incorporated by reference in the Registration Statement and found such amounts to be in agreement.
- B We proved the mathematical accuracy of the amounts and percentages as applicable, based on the data contained in the consolidated financial statements as referred to in A above.
- C We compared the amount to the schedule prepared by the Group and the Issuer, as appropriate, from their accounting records and found them to be in agreement. We (i) compared the amounts on the schedule to corresponding amounts appearing in the accounting records and found such amounts to be in agreement, and (ii) determined that the schedule was mathematically correct.
- D We proved the mathematical accuracy of the amounts and percentage as applicable, based upon the data contained in the records or schedules referred to in C above.
- E We compared the amount to the corresponding amount in schedules or reports prepared by the Group and the Issuer, as appropriate, from their records and found them to be in agreement. We (i) compared the amounts on the schedules or reports to corresponding amounts appearing in the records and found such amounts to be in agreement, and (ii) determined that the schedules or reports were mathematically correct.

The schedules and supporting spreadsheets and statutory records cover capital requirements, capital ratios, risk weighted assets, off balance sheet arrangements, share capital information, Directors' Remunerations and other management information as required. We did not confirm the extraction and manipulation of the data underlying the various spreadsheets.

We make no comment as to the appropriateness of the Group's or the Issuer's, as appropriate, computation of, or determination of what constitutes capital requirements, capital ratios, weighted risk assets, off balance sheet arrangements, directors' remunerations, share capital, assets under management and other information.

We make no comment as to the appropriateness of the Group's or the Issuer's, as appropriate, computation of, or determination of what constitutes

# PRICEWATERHOUSE COPERS @

liquidity and capital resources, including off-balance sheet arrangements; certain trading activities involving non-exchange traded contracts accounted for at fair value; and relationships and transactions with persons or entities that derive benefits from their non-independent relationship with the registrant or the registrant's related parties as mandated by FR61 "Commission Statement about Management's Discussion and Analysis of Financial Condition and Results of Operations" issued by the SEC.

- 11. Our audit of the consolidated financial statements for the periods referred to in the introductory paragraph of this letter comprised audit tests and procedures deemed necessary for the purpose of expressing an opinion on such financial statements taken as a whole. For none of the periods referred to therein, or any other period, did we perform audit tests for the purpose of expressing an opinion on individual balances of accounts or summaries of selected transactions such as those enumerated above, and, accordingly, we express no opinion thereon.
- 12. It should be understood that we make no representations regarding questions of legal interpretation or regarding the sufficiency for your purposes of the procedures enumerated in the second preceding paragraph: also, such procedures would not necessarily reveal any material misstatement of the amounts or percentages listed above. Further, we have addressed ourselves solely to the foregoing data as set forth in the Registration Statement and make no representations regarding the adequacy of disclosure or regarding whether any material facts have been omitted.
- 13. This letter is solely for the information of the addressees and to assist the underwriters in conducting and documenting their investigation of the affairs of the Group and the Issuer in connection with the offering of the securities covered by the Registration Statement, and is not to be used, circulated, quoted, or otherwise referred to within or without the underwriting group for any other purpose, including but not limited to the registration, purchase, or sale of securities, nor is it to be filled with or referred to in whole or in part in the Registration Statement or any other document, except that reference may be made to it in the underwriting agreement or in any list of closing documents pertaining to the offering of the securities covered by the Registration Statement.

This letter is intended for use in connection with the offering or sale of securities within the United States. It is not to be used in any other jurisdiction whatsoever.

Yours faithfully,

PricewaterhouseCoopers LLP

Priematertime Cooper Ler

# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

#### FORM 20-F

	• •
(Ma	ark One)
□	REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) or (g) OF THE SECURITIES EXCHANGE ACT OF 1934
	OR
図	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 fromto
	Commission file numbers:  Barclays PLC 1-09246 Barclays Bank PLC 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:

Paratara Bro	Title of each class	Name of each exchange on which registered	
Barclays PLC	250 ordinary shares	New York Stock Exchange*	
	American Depositary Shares, each representing four 25p ordinary shares	New York Stock Exchange	
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	New York Stock Exchange*	
	each representing one Non- Cumulative Callable Dollar	•	
	Preference Share, Series 2 Non-Cumulative Callable Ocilar	New York Stock Exchange	
	Preference Shares, Series 3 American Depository Shares, Series	New York Stock Exchange*	
	each representing one Non- Cumulative Callable Dollar		
	Preference Share, Series 3	New York Stock Exchange	

Non-Cumulative Callable Dollar New York Stock Exchango\* Preference Shares, Series 4 American Depositary Shares, Series 2, each representing one Non-Cumulative Callable Dollar New York Stock Exchange Preference Share, Series 4 iPathSM CBOE S&P 500 BuyWrite American Stock Exchange Index<sup>5M</sup> iPath\* Dow Jones - AIG Grains Total NYSE Arca Return Sub-Index<sup>s™</sup> ETN iPath® Dow Jones - AIG Livestock **NYSE Arca** Total Return Sub-Index<sup>SM</sup> ETN iPath® Dow Jones - AIG Nickel Total NYSE Arca Return Sub-Index<sup>sм</sup> ETN iPath® Dow Jones - AIG Copper Total NYSE Arca Return Sub-Index<sup>sм</sup> ETN iPath® Dow Jones - AIG Energy Total NYSE Arca Return Sub-Index<sup>SM</sup> ETN iPath® Dow Jones - AIG Agriculture NYSE Arca Total Return Sub-Index<sup>SM</sup> ETN iPath® Dow Jones AlG Natural Gas NYSE Arca Total Return Sub-Index<sup>SM</sup> ETN iPath® Dow Jones - AIG Industrial Metals Total Return Sub-IndexsM NYSE Arca ETN iPath® GBP/USD Exchange Rate NYSE Arca ΕĪΝ iPath® Dow Jones - AIG Commodity NYSE Arca Index Total Returns ETN iPath® EUR/USD Exchange Rate NYSE Arca ETN iPath®S&P GSCJ™ Total Return NYSE Arca Index ETN **NYSE Arca** iPath® MSCI India IndexSM ETN iPath® S&P GSCi™ Crude Oil Total **NYSE Arca** Return Index ETN NYSE Arca iPath® JPY/USD Exchange Rate ETN

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.

D-valous PIC	25p ordinary shares	0,034,080,021
Barclays PLC		875,000
	£1 staff shares	2,337,161,000
Barclays Bank PLC	£1 ordinary shares	1,000
	£1 preference shares	75,000
	£100 preference shares	• - •
	£100 preference shares	2 <b>4</b> 0,00 <b>0</b>
		131,000,000
	\$0.25 preference shares	100.000
	\$100 preference shares	100,000

Not for trading, but only in connection with the registration of American Depositary Shares, pursuant to the requirements of the Securities and Exchange Commission.

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 lile reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.
Yes □ No Ø
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 ☑ Accelerated filer □ Non-accelerated filer □
Barclays Bank PLC:
Large accelerated filer □ Accelerated filer □ Non-accelerated filer ☑
Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filling:
U.S. GAAP ☐ International Financial Reporting Standards as issued by the International Accounting Standards Board ☐ Other ☐
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 II Item 18 II
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 fifed 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

Barclays delivered profit batter tax u.C.7.07(a) Saraings per chare were Barclays delivered profit batter tax u.C.7.07(a) Saraings per chare were Amiliared provided provided

charges in International Popularian Strong book growth.

A Operating expenses increased \$3 to \$13.1900 We invested in growing the branch network and distribution channels in international Relati and Commercial Banking and in Infrastructure development in Barclays Globel Investors. Costs were tower in UK Banking and broadly liat in Barclays Capital. Gains from property disposals were \$2570 (2006; \$6320). The Group cost. Income ratio improved \$200 percentage points to \$780.

Barclays Annual Report 2007

4

Business Performance - Global Retail and Commercial

Basinoss Periormance — Grobal Metall and Constitutions

Banking

In UK Banking we improved the cystimorms ratio a further work

percentage points to Bible excituring settlements on overdealt less of

relation to prior years of CTGm On this basis we have delivered a

cumulative eggin percentage point improvement in the past three years.

Well alread of our target of six percentage points.

UK Retail Banking profit before lax grew (1) 2020. Income grew

(1) Excitating settlements on overdealt less in relation to prior years of

Y15m reflecting a very strong performance in Personal Cuclomer Retail

Savings and good performances in Curront Accounts. Local Business and

Home Finance, partially offset by lower income from four protection

insurance. Enhancements in product offlering and construct improvements
in processing empacity enabled a strong performance in mongage. insurance. Enhancements in product offering and continuous in provenients in processing expacitly enabled a strong performance in medigage origination, with a share of net new ending of 8%. Operating expenses were well controlled and improved (%) impairment charges improved (2%) impairment charges in measured consumer tending and Local Business. This was driven by improvements in the collection process which led to reduced flows into definquency, lower levels of arrears and stable charges offs. Mortgage impairment charges remained negligible. Barola ys Commercial Bank delivered profit before taking £ 37 m Profit before business disposals improved \$50 lacome improved \$50 drivers by very strong growth in fees and commissions and speedy growth in net interest income. Moninterest income increased total of total income reflecting continuing focus on cross sales and officiant batance sheet utilisation. Operating expenses rose(§2), reflecting increased investment in product development and support, sales force capability and operational efficiency, impairment charges increased (§30 ms a rosult of asset growth and higher charges in Lurger Business. \$50 ms a rosult of asset growth and higher charges in Lurger Business. \$50 ms a rosult in Barolaycard britishment profit before tax increased to \$50 ms (§50 ms in Barolaycard britishment office by a reduction in UK card extended circled balances as we re-positioned the UK business and reduced lower credit quality exposures including the sale of the Monument card portfolio. As a rosult,

we re-positioned the UK business and reduced lower credit quality expositions including the sate of the Monument card portfolio. As a rosult, impairment charges improved the reflecting more selective queroment acquiliment, client management and improved collections. Overating expenses increased (25) driven by continued investment in Banclaycard International and the ton-resurrance of a property gain included in the 2006 results. Banclaycard US continued to make good progress, and for the tirst time made a profit for the year.

International Retail and Commercial Sanking profits declined (25) to A (255) Results in 2006 included a (247) profit on disposals and (41) post tax profit share from FirstCaribbean international Hank. 2007 results

post tax profit share from FirstCaribbean international Hank. 2007 results reflected a 12% decline in the average value of the Rand.

International Retail and CommerciptBankling — excluding Absa delivered a profit before tax of 82/80n. Income rose 28% as we significantly increased the pace of organic growth across the business, with especially strong growth in Emerging Markels and Spath. Operating expanses grow 200 as we expanded the distribution footprint, opening 324 new branches and 157 new sales centres and also invosted in rolling out a commen technology platform and processes across the business. Impairment technology challors and processes across the business. Impairment increased to (23a) including very strong balance sheet growth and lower

International Retail and Commercial Banking – Absa Sterling profit left
(Sight (1993) patier absorbing the 12% cocking in the avorage value of the
(Pland, Rotal) foans and advances grey (20) and retail deposits gray (20)

Business Performance - investment Banking and Investment Management A

Barclays Capital delivered as hincrease in profit before tax to (2.33).

Net income was alread of last year, relibeding very strong performances in most asset classes including interest intes, currencies, equity products and commodities. Results also included not losses arising from credit market turbulence of N.3359 net of gains from the fair valuation of issued notes of CSSP All geographies outside the US enjoyed significant growth in income and profits. Strong cost control led to operating expenses declining slightly year on year.

income and profits. Strong cost control led to operating expenses declining slightly year on year.

Barclays Global investors (BGI) profit before tex increased to 104m, income grow (5%) driven by very strong growth in management toes and in securities tending revenues. Profit and income growth were total affected by the 8% depreciation in the average value of the US Doffar. BGI costs increased (5%) as we continued to cuitd our intrastructure across multiple products and platforms to support future growth.

The cost income ratio rose to 62% Assets under management grow US 2050 to US 2071 inflor including net new assets at US 3050.

Barclays Wealth profit before tax rose (5%) to 1077 income growth of 17% was driven by increased client function and greater transaction volumes. Costs were well controlled as business volumes rose and the costineome ratio improved (free protectings paints to 15%) We continued to invest in client facing stallying infrastructure. Pedrossycosts declined. Total client assets increased functions and other operations.

Head Office functions and other operations loss before tex increased Been to Temperature in the organization in the property of the

Capital management

All star frecember 2007, our Bacel I Tier 1 Capital ratio was \$3 12000: 273. We started managing capital ratios under Bacel II from 1st January 2008. Our Basel II Tier 1 Capital ratio was \$7.50 Our Equity Tier 1 ratio was \$7.50 Our Equity Tier

Sarclays Annual Report 2007

5

#### Financial data

Consolidated income statement summary For the year ended Stat December

Of the Jern and the second		2097	2006	2005	2004
		Cin	£m	٤m	£m a
	<u> </u>	9,810	9,143	8,075	6,833
tat interast income	A	7,708	7,177	5.705	4,847
tet lee and commission income		1,975	4,576	3,179	2,514
rinolpal transactions		116,6	1,060	872	1,042
tel premiuma from insutance contracts		138	214	147	131
lher income		23,492	22,170	7,978	15,307
olal income		(492)	(575)	(645)	(1,259)
vol claims and benefits incurred on insurance contracts		23,000	21,595	17,333	14,108
Total Income net of Incurance Claims		(2,795)	(2,154)	(1,571)	(1,093)
mpairment charges and other credit provisions		20,205	19,441	15,762	13,015
Vet income		(13,199)	(12,674)	(10,527)	(8.536)
Peareline expanses		49	46	45	56
Share of post-ax results of associates and joint ventures	<i>A</i> -		5.813	5,280	4,535
Tarak believe terchose discassis	./2	28	323		45
Profit on disposet of subsidiaries, associates and Joint ventures		7.076	7,136	5,280	4,580
Profit before tax			(1,941)	(1.439)	(1,279)
Tak		(1,981)	5,195	3.841	3,301
		5,095	624	394	47
Profit piter lax  Profit atributable to minority interests	$\mathcal{A}$	678		3,447	3,254
Profit attributable to minimy interests Profit attributable to equity holders of the parent		a,417	4.571		
Profit attraction to expressionates strike the ex-		5.095	5, 195	3,847	3,301
Selected tinencial statistics Basic earnings per chare		68.9p .66.7p	71.9¢ 69.8p	54.4p 52.6p	51.0p 49.80
Diluted earnings per share	_	34.6p	31.0p	26.6µ	24.0p
Dividends per ordinary share	$\mathcal{L}$	49.3%	43.1%	48,9%	47.1%
Dividend payout ratio		,			
Divident payout raids Profit altributable to the equity holders of the parent as a percentage of:	€	20.3%	24.7%	21,1%	21 7%
average shareholders equily average total assets	Ē	¥0.3%	0.4%	0.4%	0,5%
Selected statistical measures		3[ 57%	59%	61%	61%
Costringame ratiob	-2.	3'00	1.84	1.82	1.83
Average United States Deliar exchange rate used in preparing the accounts		1.46	1.47	1.46	1.47
Average Euro exchange rate used in preparing the accounts			12.47	11.57	11.83
MARIANG ERIO EXPENDENCE and account to all account to all account to all and account to all account to all account to all account to all and account to all		14.11	16.47	11,423	

Average Euro exchange rate used in preparing the accounts Average Fland exchange rate used in preparing the accounts 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.

#### Note

e Does not reflect the application of IAS 32, IAS 39 and IERS 4 which became offective from 1st January 2005. Defined on page 2.



Barciays Annual Report 2007

#### Financial data

Consolidated balance sheet summary As at 31st December

•	2007 2008 2005 2004
Assels	Em Em Em Em Em
Cash and other short-term lunds	o
Treasury bills and other oligible Effis	Bj 7.637 9,763 5,837 3,525
Francisco portrato outre roligiole Enis	D/2 1/2 1/2 1/2 1/2 1/2 1/2 1/2 1/2 1/2 1
Fracing portfolio and financial assets designated at fair value Parivative financial instruments	341,171 292,484 251,820 Na
Debt se confides and equity shares	A 213.088 138.353 136.323 n/a
Loans and advances to banks	n/a n/a n/a 141,710
owns and advances to banks	40,120 30,926 - 31,105 80,632
Available for saint investments	345,398 282,320 288,896 252,409
Powers and march investments	
Reverse repurchase agreements and cash collateral on secunios borrowed Diber assots	1
Aner descore	7
Otal assets	13,247
Isbiblies	A 1.227,361 936,787 924,357 538,181
Deposite and items in the course of collection due to banks	? <del></del>
Sustament accounts	B 92,338 81,783 77,468 112,229
rading cortfolio and financial liabilities designated at fair value	291.987 256.754 238.684 217.492
rabilities is customers under investment contracts	B 139.891 125.661 104.9491 N/8
Portvative financial instruments	92,539 84,637 85,281 0/a
Poblisacurities in issue	248.288 140,697 137,971 n/a
lepurchase agreements and cash collateral on securities lent	120,228 111,137 103,328 83,642
ispirance continue sabilities, including sinil-linked liabilities	169.429 136,956 121,178 mm
ubordinated liabilities	3,903 8,878 3,767 8,377
Other liabilities	18.150 13.786 12,463 12,277
	A 16,032 13,908 14,918 87,200
otal [[abiilties	1,194,805 969,397 899,927 521,417
hardholders' equity	The second secon
hareholders' aquity excluding minority Interests	
linuity interests	23,291 19,799 17,426 15,870
otal shareholders' equity	9,185 7,551 7,004 894
······································	32,476 27,550 24,430 16,764
otal liabilities and shareholders' equity	1,227,361 996,787 924,357 538,181
isk weighted assets and capital ratios <sup>b</sup>	1,144,001, 000,707, 000,037, 000,181
isk weighted assets	
er i iatio	353,476 297,833 259,148
isk asserratio	7-8% 7.7% 7.0%
	12.1% 11.7% 11.3%
pleated timaneial statistics	
al asset value per ordinary share	direction of the second of the
gar-end United States Dollar exchange rate used in greparing the accounts	153p 303p 269p 246p
Call-Cital CUFO CXC/28029 "ate Used in department the accounts	2.90 1.96 1.72 1.92
eur-end Pand exchange rate used in preparing the accounts	1.06 1.49 1.46 1.41
	13.64 13.71 10.87 10.86

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

Back are globed distretor and display ration are calculated any Based Cleanist Returns for 2004 based on IRRS are not hydrable. About his January 2005 are not 1 calculated as a service of 182 Architectures are moset at IRRS mountaing the magnetic of IAS 32, IAS 38 and IRRS 4.

Barclays Annual Report 2007

Notes

#### A DESCRIPTION OF

#### Financial review Analysis of results by business

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

For the year andeasta continue and	UK Banking Im	Barslaycard Sm	Informational Retail and Commercial Banking Em	Barolaya Capital £m	Barclays Global Investors Sin	Bordays Wealth Cm	Head office functions and other operations Sm	Group Em	
	4,596	1,394	1,890	1,179	. (8)	431	128	9,610	
Net interest income Net tee and commission income	1,932	1,080	1,210	1,235	1,935	739	(424)	7,708	
Principal transactions <sup>a</sup>	- 55	11	248	4,692	(4)	. 55	(83)	A,975	
Net prendums from insurance contracts	252	40 (26)	372 87	13		195 19	152 35	1.011 198	
Other income  Total income	8,894	2.499	2,807	7,119	1.925	1,439	(192)	23,492	
Net claims and benefits incurred on insurance contracts	(43)	(13)	(284)	<u> </u>		(152)	<u> </u>	(492)	A
Total income, net of insurance claims	5,851 (049)	2,489	3,523 (252)	7.119 (64 <del>6</del> )	1,928	1,207 (7)	(192) (3)	23.000 (2,795)	
Impairment charges	2	1,648	3,271	6,273	1.926	1.280	(195)	20,205	Ì
Net income Operating expanses	3,370)		(2,356)	(3.973)		(973)	(234)	(13,199)	1
Share of post-tax results of associates	,	(7).	7	35		<u>=</u> _	-	42	}
and joint ventures Profit before business disposals	3 2.639	54G	922	2,335	734	307	(429)	7,048	١.
Profit on disposal of subsidiaries, associates and joint vortures	14		13					28_	
Profit before tax	2.653	540	935	2,335	734	397	(428)	7,076	A
710110 00301		· <del>_</del>							۲,
As at 31st Occomber 2007						(3,024	7,053	1,227,361	Ί
Total assets	161,777	22,164	189,457	839,662					1
Total liabilities	166,988	1,559	18,809	811,516	87,101	43,986	34,924	1,194,885	<u>-1</u>

Note  $_{\rm eff}$  . Principal transactions comprise net (widing income and not an estimation one).

10 Sarolays Annual Report 2007

UW\_Barclays\_000010071

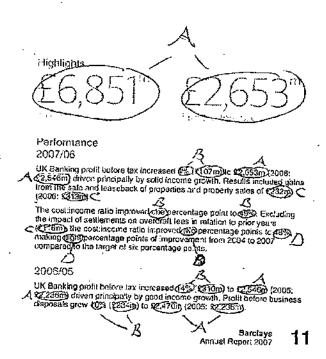
## Global Retail and Commercial Banking UK Banking

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 businesses. Customers are served through a variety of channels comprising the branch network, automated teller machines, telephone banking, online banking and relationship managers.



•		2007 Sm	2006 £m	2005 Em
come statement information		1,596	4,467	4,213
et interest income	1	1,932	1,874	1.728
el fee and commission income	T,	9	28	 2 <del>6</del>
et trading tracome et investment income	L-}-	4/		26
docioni transactions		252	342	298
of premitums from insurance contracts	. ~	38	63	32
lingr income		0.894	6,776	8,297
olal income	. 1	(43)	(35)	(61)
let claims and benefits incurred on insurance contracts	A	6,851	6,741	5,236
otal Income, net of insurance ritims		(849)	(887)	(6/1)
mpairment charges	8	6,002	<u> 1,854</u>	5,565
tot income Operating expenses excluding amortisation of intengible assets	J-[	(3,368)	(3,387)	[3,323)
mortisation of interdipio assets	4=	(12)	(3 369)	(3,326)
na mina avasness		(3,370)	5	(3)
at most the excite of associates and joint ventures	<i>√</i> {	- 14	76	
Profit on disposal of subsidiaries, associates and joint ventures		2,653	2,546	2,236
Yolit belore tax				
Balance sheet information	~	£145.3bo	£181,0bn	£125.5bn
Loans and advances to customers	_	£145,300 £147,900	£151,780	£127.2bn
Customer accounts	A -	£161,85n	£147.6bn	£138.0bn
Total assets				
Selected statistical measures	双	49%	50%	53%
Costringame ratio <sup>a</sup>		49%		
		£ 775m	£ 790m	£ 665m
Risk Tendency <sup>a</sup> Risk weighted assets	5	£ 99.8bn	2 93.0bn	£ 87.9bn

a Defined on page 2.

12 Barcleyo Annual Report 2007

### Global Retail and Commercial Banking UK Retail Banking

Who we are

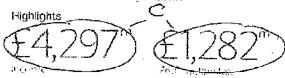
UK Retail Benking comprises Personal Customers, Homo Finance, Local Business, Consumer Lending and Barclays Financial Planning. We have one of the largest branch networks in the UK with around 1,700 branches and an extensive network of cash machines.

#### What we do

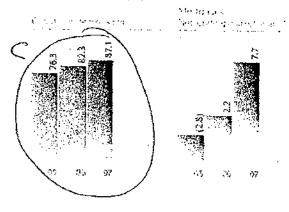
Our cluster of businesses aims to build bronder and deeper relationships with customers. Personal Customers and Home Finance provide a wide range of products and services to retail customers, including current accounts, sewings and investment products, mortgages branded Woolwich and general insurance. Bandays 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 16 million GIÇ customers.



#### Performance indicators



Performance

UK Relail Barking profit excluding lax increased (%) (101m) to (1.282m) (2005: (1.181m) due to reduced costs and a strong improvement in impairment.

Including the impact of settements on overdraft tees from vior years (15m) Income teleceased (15m) 200 to 1297m 2006: C 345m) income general (15m) excluding the impact of settlements on eventraft tens in relation to prior yearset (15m) this was driver by very stong growth in Personal Customer current accounts. Home Finance and good growth in Personal Customer current accounts. Home Finance and Local Business.

Not interest income increases (15m) to 15m) (2006 (2.755m) Growth was driven by a higher contribution from deposits, through a combination of good fallance sheet growth and an increased lighting that (2006 (76.5m)), supported by the taunch of new products.

Mortogoe volumes increased significantly, then by an improved mix of

Mortgage volumes increased significantly, driven by an impoved mix of longer form value products for customars, higher levels of retention and continuing improvements in processing capability. Mortgage balances were 159, 30n at the end of the period (2,006,061,70n), and approximate market share of 6% (2006, 6%). Gross udvances were 253 higher at 23,050 C (2006, 873,45). Not lending was 8,000 (2006, 873,50), representing market share of 5% (2006; 2%). The average ton to value ratio of the residential mortgage took on a current valuation basis www 33%. The average loan to value ratio of new residential hortgage lending in 2007 was 54%. Consumer Lending balances represented to 90 (2006, 2006). (2006).

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

Net fee and commission income reduced (20(43m) to T183m)(2006: \$1,232m). There was strong Current Account Income growth in Personni Customers and good growth within Local Business. This was more than ciliset by settlements on everdrall fees.

Net premiums from insurance underwriting activities reduced (20%)

Net premiums from insurance underwriting activities reduced (20%)

(2006: (232m), as there continued to be inwer customer take-up of loam protect on insurance. Net claims and benefits on insurance contracts increased by (2006: (233m)).

Impairment charges decreased (23 te76) o \$550 (2006; (6350)) impairment charges decreased (23 te76) o \$550 (2006; (6350)) reflecting lower charges in unsecured Consumer Lending and Local Business. This was driven by improvements in the collection process which led to reduced flows into delinquency, lower levels of arroars and stable charges offs. Mortgage impairment charges remained negligible.

Operating expenses reduced 3 (2006 @ 25327) Operating expenses reduced (FIRTH) to \$2,463m (2006; \$2,532m), reflecting strong and active management of at expense lines, largeled processing improvements and back office consolidation. Gains from the sale of property were \$2,53m (2008; \$2,53m), noreased investment was focused on improving the overall customer experience through converting and improving the branch network, obtaining the product offering; increasing operational and process efficiency; and meeting regulatory requirements.

The costineone ratio improved & opercentage point to fit the impact of seatlements on overcraft less from prior years costineone ratio improved & opercentage colous to 65%.

Barclays Annual Report 2007

13

•		2007 Eth	2006 Em	2005 £m
ted interest income let interest income let lee and commission income let premiums from insurance contracts  interincome let premiums from insurance contracts  interincome let premiums from insurance contracts  interincome let plains and benefits on insurance contracts		2,958 1,183 252 47 4,346 (43)	2,765 1,232 342 42 4,361 (35) 4,346	2,677 1,065 372 24 4,138 (61)
otal income net of insurance claims repairment charges		4.297 (559)	(635) 3,711	(494) 3.583
let income Dearating expensos excluding amortisation of inlangible assets Amortisation of intangible assets Dearating expenses Share of post-fax results of associates and joint ventures		3,738 (2,455) (8) (2,463) 7	(2,531) (1) (2,532) 2	(2,501) (2,501) (6)
Profit before tax	<del></del>	1.282	1,181	1,076
Salance sheet information Loans and advances to customers Customer accounts Fotal assets		£82.0bn £87,16n £87,8bn	£74,7ba £82,3bn £81,7ba	972.15n 976.35n 978.15n
Solected statistical measures	Q		58%	619
Costrinoome ratio <sup>a</sup>		57%		£ 415m
Hisk Tendercy <sup>a</sup> Risk weighted assets	£	£ 470m 246,06n	£ 500m £13.0ba	£ 415m

Defined on page 2.

2006/05

UK Retail Banking profit before tox increased (60% (505m) to \$1,18 m) (200): \$(0.5 m), diven by good income growth and well controlled costs. There it as been substantial additional investment to transform the

business.

Income increased (1973) to 2035 (2005; 2077b), Income growth was hoodly based. There was strong income growth in Personal Customers retell savings. 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 (198b) to 27/8h (2005; 2677b). Growth was driven by a higher contribution from cappets, through a combination of good belance sheet growth and a stable libration range.

Total average customer deposit betances increased (1975), supported by new products. Growth of personal savings was above that of the market.

Mostowne volumes increased and account increased (1975).

above that of the market.

Mortgage volumes improved significantly, driven by a focus on improving capacity, customer service, value and premotion. UK residential in ortgage bateness ended the your at 68.7 https://doi.org/10.1009/

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

Net fee and commission income increased (65) (1577) to (1,232m) (2005: 1 (1657)). There was strong current account income grown in Personal Customers and Local Business. UK Premier delivered strong growth reflecting higher income from banking services, mortgage sales and investment advice.

Investment advice.

Net premiums from instituting underwriting activities decreased \$5.

Pedigin to 2542 in (2005; 272 g). There continued to be lower customer latter up of loan protection insurance. Net claims and benefits on insurance contracts improved to 239 (2005; 2510).

contracts improved to 2.58 (PULS: COLUMN)
Impairment charges increased 35% (Smith to 6553) (2005: (2594)). The increase principally reflected belance growth and some deterioration in deterioration in the Local Business loan book. Losses from the mortgage portfolio remained negligible, with arrests at low levels.

Operating expenses were steady at \$2.532n (2005.02.507n). Gains from the sale and leaseback of property amounted to \$253n (2005.03). In the sale and leaseback of property amounted to \$253n (2005.03). Investment in the business to improve customer service and deliver sustainable performance improvements was directed at upgrading distribution capabilities, including restructioning and improving the branch network. Further investment was locused on upgrading the contact centres, transforming the performance of the mortgage business. revitalising the retail product range to meet customore heads, improving core operations and processes and retonalising the number of operating sites. The level of investment reflected in operating expenses in 2008 was approximately double the level of 2005.

The costincome ratio improved (1799 percentage points 1958) (2005:

## Global Retail and Commercial Banking Barclays Commercial Bank

#### Who we are

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

Earlier this year, we leunched our new brand – Barclays Commercial Bank – to replace UK Business Banking. This new 'centily is much more than just a name change, histoad, if 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

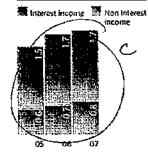
Barclays Commercial Bank provides banking services to organisations with an annual tumover of more than £tm. Customers are served with a network of relationship and Industry sector specialists, which provides southors constructed from a comprehensive suite of banking products, support, expertise and services, including specialist asset financing and feasing facilities.

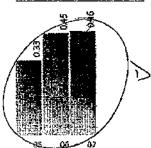
We are a key component of the Bardays universal banking model, delivering income in pathership with all the constituent business units of the Bardays Group.



#### Performance indicators

interest indome: non Piterest isolome Shn Impairment as % of Loans and advances to customers





#### Performance

2007/06 C

Bandays Conjunctial Bank profit before tex increased Stin) o (1.371) n (2008 © 1.365m) due to continued good income growth partially offset by lower gains from business disposals. Profit excluding goots en business disposals of (1.357m) (2006: 26.233m)

Income increased 73 £159m to £253m (2000 £2,395m) Non-interest income increased (32) of total income (2000 £32), reflecting continuing focus on cross sales and efficient balance sheet utilisation. There was very strong growth in felter and increased income, which increased 1730 £1000 £625m due to very strong performance in fending fees. There was also good growth in transaction related income, foreign exchange and derivatives transactions undertaken on behalf of clionts.

Net Interest Income improved 27(9:367) (£1,7380) (\$108:£1,7020).

Average customer lendings increased 35(0:53 55) (2006:£2,053).

Average customer accounts grey 23(0:54,45) (2006:£44,05).

income from principal transactions plinting editoring enjure capits and other equity realisations increases 87 (1226) to 1550 (2006: 3300).

Impairment charges increased (52 (239)) to (2006 (2006)), mainly due to a higher level of impairment losses (21 argor BusinGs as impairment trended towards risk tendency. There was a reduction in impairment-levels in Medium Business due to a tightening of the tending cilleria.

Opnrating expenses increased (%) (500m) to (500m) (2006; 2652m).

Operating expenses are not of galas of (59m) (2006; 260m) on the calc of properly. Growth in operating expenses way focused on continuing investment in operations, infrastructure, and new initiatives in product development and sales capability.

Barclays Annual Report 2007

		2007 Em	2006 Em	2085 Em
ncome statement information (a) interestingenia		1.738 749	1,70 <b>2</b> 842	1,536 589
let fee and commission income let trading income det invostment income	. [[	9 27 58	28 28	17 17 17
Principal transactions Diher Income Folal income		2,554 (296)	2,395 (252)	2,159
mpairment charges		2,284	2,143_	1,982
tel income Denaiting expenses excluding emorisation of intangible assets tractisation of intangible assets Denaiting expenses Share of post-lax results of associates and join; ventures		(903) (4) (907)	(856) (1) (857) 3 76	(823) (825) 3
rofit or disposal of substeades, associates and joint ventures rofit before tax		1,371	1,365	1,160
Balance sheet information Leans and advances to occlomers Customer accounts Total assets		263.3bn 608.059 273.9bn	256,3bn 257,4bn 265,9bn	£53,4bn £60,9bn £59,9bn
Selected statistical measures	<u></u>	36%	36%	38%
Costrincome ratios			£ 290r1	£ 250m
Risk Tendancy <sup>a</sup>	£ 1	£ 305m £50.8bn	£ 290f.1 £50.06n	£47.1bn

#### Dollned on page 2.

Barclays Commandat Bank profit before lax increased (85) (2059) to 0.365 m/2005; 0.160 m/2009 driven by continued strong income growth.

Barclays Commercial Bank maintained its market share of primary continuous from the full year consultation of twee Finance, in which a 51% stake was acquired on 1st June 2008. Profit before business disposals increased (310 (2897) (2005) (1607) (1607) Income increased (310 (2897) (2005) (2005) (21590), driven by strong balance sheet growth. The uplift in inbome was broadly based across income categories. 2006/05

strong balance sneel grown, yne upin in median was strong reasons.

Net interest income categories.

Net interest income increased (1) (e1567) to 91 7020 (2005; 91507) diven by strong balance sheet growth. There was strong growth in all business areas and in badleular Largor Business. The lending margin improved cliqity, Average customer accounts increased (1) to 94,804 (2005; 640,560) with good growth across product categories. The ceposit was starked.

margin was stable. The termination increased (153m) to (157m) to (157m) to (157m). There was a strong rise in income from foreign exchange and derivatives business transacted through Barclays Cupital on behalf of Barclays Chrimmenial Barck customers. Barclays Commercial Bank customers.

**Hardlays** 16 Annual Report 2007

Income from principal transactions was GET (2005: 176), primarily reflecting the profit realised on a number of equity investments.

As expected, impairment rates trended upwards dofing the year towards a more normalised lovel. Impairment increases (1777), with the increase mainly reflecting higher charges from Nedum Business and balance growth. Impairment charges in Larger Business were stable.

Operating expenses increased (1882m) to (887m) (2005: 1825m). Cost growth reflected higher volumes, increased expenditure on front he staff and the costs of liveo Finance for a bill year. Operating expenses included a credit of (200) on the safe and leaseback of property. Increased expenditure was focused on the acceleration of the refloralisation of poperating sites and technology intrestructure.

The cost income ratio improved (MG) percentage points id 36% (2005: മക

Profit on disposals of subsidiaries, associates and joint ventures of 76m) (2005: Chilharose from the sales of interests in vehicle leasing and Europeanyvendor finance businesses.

## Global Retail and Commercial Banking Barclaycard

#### Who we are

We are a multi-brand i itemational credit card and consumer tending business. Our credit card was the first to be launched in the UK in 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 Our activities include all Barctaycard branded dredit cards, the FirstPlus socured tending business and the retail finance business Barclays Partner Finance. In addition to these activities, Barclaycard also operates partnership cards with reading brands including SkyCard and the Thomas Cook Credit Card. We continue to lead the UK market with the taunch in 2007 of Barclaycord One-Pulse, the UK's first contactless eard, and Barclaycard Breathe, the first card to donate a percentage of its profits to card no activition entirets around the world. carbon reduction projects around the world.

#### International

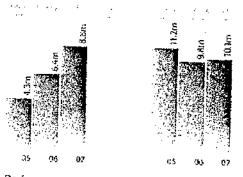
Barclayourd's international presence is extensive. In 2007, 3 out of every 4 BardayCard's internatorial presence is extensive, in 2007, 3 out or every weards issued by BardayCard were in markets outside the UK and we have 9.9m International cards in issue. We currently operate across Europe and the United States where we are the fastest growing credit card business. In Scandinavia we operate through Entercard, a joint venture with Swedbank.

#### Barclaycard Business

Bardaycard Business processas card payments for 99,000 relations and merchants and issues credit and charge cards to corporate customors and the UK Government, It is Europe's number one issuer of Visa Commercial Cards with over 187,000 corporate discomera.



#### Performance Indicators



Performance 2007/06

Bantaycard profit before tax increased (19 x 182m) in \$10m)(2008; (4588)), driven by strong international growth coupled with a significant improvement in UK impulment charges, Other income included a \$27m cost on disposal of part of the Monument card portfolio. 2008 results reliected a property galgot (2008) (2008; \$2.51.4m) reflecting strong growth in Barclaycard international, other by a doction in UK Cards reverue resulting from a more cautious approach to lending in the UK end extenses income section of part of the Monument card portfolio.

Net internst income increased(19 (11m) to \$1.394) (2008; \$1.385m) due to shoring organic (300m) in participal average extended crock card behances, up \$2.300 (3.355m) and a variety secured consumer lending balances up \$2.300 (3.355m) and a variety secured consumer lending balances up \$2.300 (3.355m) and the strong organic card balances which felt \$1.3200 (3.355m) Aurigins felt to 6.50% (2008) 7.13%) due to higher average base rates across core operating markets and a phange in the product mix with an increased weighting to secured and a change in the product mix with an increased weighting to secured

Net fee and commission income telt 22 to 25m to 1000m (2006: 1000m) with growth in Bandayard International olisatory our actions in response to the Office of Fair Tracing's tindings on late and overlimit fees in the UK which were implemented by August 2006.

Impairment charges improved 219 (229m) to 600m (2006: 1057m) reflecting reduced flows into delinquency, lower levills 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 nat positive impact of these changes in methodology was ellast by an increase in Impairment charges in Bardaycard international and secured consumer landing.

consumer lending.

Operating expenses increased (23 & 720mb) 101m (2006; © 131m) Exotocing a property gain of (33m) 2006, operating expenses increased (33m) reflecting continued investment in expanding our businesses in (33m) reflecting continued investment in expanding our businesses in (33m) reflecting continued investment in expanding our businesses in (33m) reflecting to the contraction of the contraction being funded cut of pperating efficiencies.

Barchycard International continued to gan morrorition, delivering a profit before tax of \$\frac{1}{2} \text{minimal}\$ a loss before tax of \$\frac{1}{2} \text{minimal}\$ and loss before tax of \$\frac{1}{2} \text{minimal}\$ in 2006. We concluded soven new credit raid partnership dents across Western Europe. The Entercard joint venture continued to perform shead of plan and entered the Danish market, extending its reach across the Scandtrowian region. Barclayeard US was prolitable, with very strong average by these unexplants and a number of new cord partnerships including definance would not a nominar of new card partnerships including fulfrance Airfless and Princess Cruise Lines.

Barclays Annual Report 2007

17

1 Barrenserve				
		2007 Em	2006 2m	2005 2005 Em
Insome Statement information Net Interest income Net (see and commission income Net investment income Net premiums from insurance contracts Other Income		1,394 1,080 11 40 (26)	1,383 1,106 15 18	1,231 1,065 - 8
Total Income Net claims and bonelits incurred on insurance contracts Total income net of insurance claims Impairment charges		2,499 (13) 2,486 (838)	2,522 (8) 2,514 (1,067)	2,302 (3 2,299 (753
Net income Operating expenses excluding americation of intangible assets Americation of Intangible assets Operating expenses Share of post-tax results of associates and joint ventures Profit before tax	5 { A	1,648 (1,073) (28) (1,101) (7) 540	1,447 (964) (17) (981) (8) 458	1.546 (891 (17 (908 1
Bajance sheet information Loans and advances to customers Total assets		£20.1bn £22.2bp	£ 18.2bn £ 20.1bn	£16,55n £18.25n
Selected statistical measures		ļ		
Cost:income ratio <sup>a</sup>	₿	44%	39%	35
Risk Tendency <sup>a</sup> Risk weighted assets		£ 945m £19,9bn	£1,135m £17.0bn	£ 865n £13,6bi
a Defined on page 2.	Impairment charges increase The increase was driven by	<u> </u>	7) to \$1,067 (2005	4 5: <b>47</b> 53mD
Barclaycard profit before tax decreased 28 (£181 m) to £38 m (2005; £68 m) as good income growth was more than offset by higher impairment charges and increased costs from the continued development of international businesses at Income increased \$1,000 to £2,514 m (2005; £2,299 m) reflecting very strong momentum in 8 archiveard US and strong performances in Barclaycard Business, FirstPius, SxyCard and continental European markets.  Not interest income increased \$2,000 to £1,383 m (2005; £1,233 m) due to strong growth to International average exterred credit card balances up \$3,000 to £1,200 to £1,383 m (2005; £1,233 m) due to strong growth to International average exterred consumer tending balances up \$3,000 to £1,200 to £1,000 mod average externed consumer tending balances up \$3,000 to £1,200 to £1,000 t	numbers of bankruptcles am result of management action and improve culterlion proct and levels of arrears belanceards.  Operating expenses increas included a £33m gain from this item, underlying operation of the particular and international, particularly and international continuous Barchycard International continuous Barchycard International continuous international loss before tax the loss before tax international continuous Barchycard US continued to very strong growth in balance number of new partnerships in the partnerships of new partnerships of new partnerships of new partnerships and processing provides and processing provides and partnerships of new partnerships of new partnerships and processing provides and partnerships and partnersh	d Individual Voit in 2005 and 2 in 2005 and 2 issess, the flower excellent in the excellent in 2005 in 2005 in the excellent in the excellent in 2005 in 2005 in the excellent in the excellent in 2005 in 2005 in the excellent in the	untary Arrangement of the wederly descend hat of 20 to 2005. The control of the c	ts. As a ng anteda ng anteda ng anteda ng anteda ng anteda ng ang ang ang ang ang ang ang ang ang
Investment income of 150 2005 200 represents the gain arising from the sale of part of the stake in MasterCard Inc. following its flotation.	Travelocity and 3e-Ann Stor Barclaycard UK customer in 11.2 million). This reflected been inactive.	umbers decline		

Barclays Annual Report 2007 18

# 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 make customer needs and the regulatory and commercial environments within each country.



Per ormance 2007/06

International Rosal and Commercial Banking profit before tex decreased (2011) before tex decreased (2011) before 2006: 84.216 bt. International Retail and Commercial Banking – excluding Absa profit before tax in 2008 included a (2017) gain on the safe of associate First Caribbean International Bank and RC 113 share of its post-lax results. Profit before tax in 2007 included gains from the safe and leaseback of property of (2006-(2006-(2007)). Very strong profit growth in Rand terms in International Getail and Commercial Sanking – Absa was offset by a 12% decire in the arbitrage 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 Relail and Commercial Banking profit before tax increased /24023h to 5(213h) (2005: 6535h). The increase reflected the inclusion of a full year's profit before tax from International Relail and Commercial Banking - Absa of 6635h (2005 a. 6205h) and a profit of 6247h on the disposal of Barclays interest in Fint Caribbeso International Bank.

Berolays 1904 Report 2007 9

Other Income		3,807	3,493	2,122
rincipal transactions det premiums from Instrance contracts Ditter Income		· · · · · · · · · · · · · · · · · · ·	351 74	227 30
otal income let claims and benefits incurred under insurance contracts		(284)	(244)	(206)
otal Income net of insurance claims pagiment charges	A	3.523 (252)	3,249 (157)	1,915 (33)
let income Operating expenses excluding amort sation of intangible assets Amortisation of intangible assets	8 4	3,271 (2,279) (77)	3,082 (2,077) (85)	1.883 (1,289) (47)
Operating expenses  thare of post-tax results of associates and joint vontures  rollt on disposal of subsidiaries, associates and joint ventures	A	(2.256) 7 13	(2,162) 49 247	(1,396) 46
Prulit belore tax		535	1,216	593
latance sheet Information cans and advances to customers	. 4	£70,15n £28,85a	£53.20n £22.10n	£49.2br £22,4bn
Customer accounts Total assais		£89,56n	£38.6bp	263,4bn
Selected statistical mossures	<del></del>	<del></del>		
Cost:income ratio <sup>a</sup>	<u>.</u> B	67%	67%	70
		£ 475m	⊈ 220m	€ 175m

a - Beithed on page 2.

20

Barclays Annual Report 2007

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

Who we are Western Europe

This business area uncludes our retail and commercial banking operations in Spain. Portugal, Pranco and Italy, Barclays has operated in Spain for over 30 years, and is the leading foreign bank and the sixth largest banking group oversit. We have tripled the branch network in Portugal over the last two years, becoming the largest ron-liberan bank, Barclays is a leading affizient banking brand and a recognised product innovator in France. We are one of the leading mortgage providers in Italy and in 2007 established full retail and commercial banking operations.

#### Emerging Markets

The Emorging Markets toam is responsible for Barclays businesses in the growing markets of Africa, India and the Middle East. Barclays has long-standing commercial banking operations in the UAE and in 2007 burnehed retail banking operations in India and the UAE. In Africa, Barclays operates in Botsvana, Egypt, Ghana, Kenyo, Mountius, Seychelles, Tanzania, Uganda, Zambia and Zimbabwo offering a range of retail and commercial banking conducts. banking products.

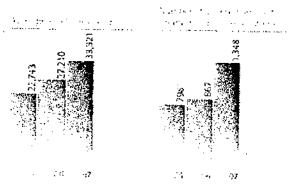
#### What we do

We provide a full range of banking services, including current accounts, savings, investments, mo tgages and loans to our international personal anti corporato customers.

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



#### Performance indicators



Performance 2007/06

International Regal and Commorcial Bankint | excluding Absa profit before tax decreased \$32 (£2720) in £246in 2006; (£187). Profit before tax in 2006 included a £370 gain but lie sule of associate FratCaribbean hieratational Bank and a £310 shere of its post-fax results. Profit before tax in 2007 included gains from the sale and leaseback of property in 2007 of \$230 (2006; \$570). The performance reflected very stoneg income grown glower by a rapid growth in distribution points to 1,348 (2006; \$67) as well as the faunch of new businesses in Incla and UAE and a full retail and commercial banking offering in flaty.

Incomo increased \$32 (£293a) to \$1,350a (2006; £1,050a) (£006; £1

Not lee and commission income graw (#59 (#595) to (#255) (2006; (#656)), reflecting strong performances in Westom Europe driven by the expansion of the customer base.

Principal transactions increased (1977) (2008: (837) reflecting gains on equity investments and higher lareign exchange income across Emerging Markets.

Impairment charges rose (55) (55) to 70 (2005; 410). The increase reflected very strong balance sheet growth in 2006 and 2007 and the impact of lower releases in 2007. Openting expenses grew (52) (2009) (2006) (2746) 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. Openating expenses industributions are strongly in the control of the distribution of the distributio tranchise. Operating expenses included properly sales in Spain of 2200 (2008)

Western Europe continued in perform alroagly. Profit before lex increased (1996) to (285) (2004 (1889)). Barkleys Spain profit before tax increased (285) (275) (2004 (1889)). Barkleys Spain profit before tax increased (285) (275) (2005 (2005) (275)) driven by increased existing from the commissions and equity investment remissions. France also performed well driven by good growth in the balance sheet, higher less and commissions and good cost control income grew very strongly in fally as a result of the opening of new branches and the rol-out of a complete retail and commercial banking 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 pusingss. increased investment in the expansion of the business.

Enterging Markets profit before tax increased \$500.28mpto \$142mx2006; \$114mproflecting a very strong rise in income ecross a broad range of markets, with porticularly strong growth in Egypt, UAE, Keitya, Ghana. Tanzania, Uganda and India. The income growth benefited from increased investment in the historiese service of increased investment in the historiese service. investment in the business across all geographies, including orando openings and the launch of retail banking services in India and the UAE,

Barclays.

	•	2007 Cot	2008 2m	2005 ይጠ
ncome statement information				
Not interest income		753	- 60	
Not fee and commission income Not trading income		125	604 366	95 310
ver naping income Nei investment income	i	118	177	3:0
Principal trapagotions	-{	1.79	86	88
let premiums from insurance contracts		177	93	119
Other income		1/15	111	129
otal income		9	20	23
let claims and benefits incurred under insurance contracts		1,509	1,164	1,144
otal income net of insurance claims	·· <u>···</u>	(170)	(138)	(162
tipairment chargos		1,339	1.046	982
		(79)	(41)	(14
lei Income	-	1.260	1,005	956
Decrating expenses excluding amortisation of intangible assets anortisation of intangible assets	Γ	(1,007)	(765)	1706
Printing expenses	ſ	(16)	(9)	
tale of post-tax results of associates and toint wasture		(1.923)	(274)	(712
rollt on disposal of subsidiaries, associates and joint ventures		1	40	39
rgit before tax	<u>-</u>		247	
		346	516	295
abnce sheet information pans and advances to customers				
nationals accomis		£39.2bo	€29.0bn	£25.3bn
olal assets		£15.76a	211.0bn	£10.25n
elected statistical measures		£52.25n	£38,25n	£34.0bn
Ostinoonne ratio				
		76%	74%	704/
isk Tendency <sup>a</sup>		<del> </del>		73%
isk weighted assets		£29.7bn	£20.1bp	£75m £20.2bn

#### 2006/05

International Retainant Commorcial Bapking – excluding Alisa profit before tax increased 7659(222m) to 15180 (2005) 25500), Including a pain on the disposal of the interest in First Caribbean International Bank of 224700. This reflected good growth in continental Europe offset by a decline in profits it. Africa caused by higher impairment, and increased costs reflecting a step change in the rate of organic Investment in the business.

Income increased (2) (2006:05829)

Net interest income increased (C79) to \$5000 e005: \$500), reflecting strong belance sheet clowlh in continental Europe, Africa and the skieddle East, and the severopment of the corporate business in Spain.

Middle East, and the development in nonrocate business in Spain.

Total average customer loans increased (000 of 200 (2005); (2005)).

Mortgage balance growth in contine to all Europe was particularly strong, with average Euro belances up (2005). Then was a modest declare in tending margins parity driven by a greater share of mortgage assets as a proportion of the logal and in contine trail Europe. Average customer deposits increased (000 to 400 (2005); (900)), with deposit margins stable.

Not be and commission moome increased (000 (2006)) to (300). This reflected a strong performance from the Spanish funds business, where average assets under management increased (000).

togother with very storing growth in France, including the first full your contribution of the ING Ford business which was acquired on 1st July 2005. Net law and commission income showed solid growth in Africa and the Middle East.

Principal transactions decreased 35m to 12005. [112m]. 2005 included (23m) from the redemption of preference shares in FirstCar bloam International Earls.

Blarolays Accuai Report 2007 22

Impairment charges increased (22m) to satte 2005 (Tim). This reflected the absence of one-off recoveries of (22m) which arose in 2005 in Africa and the Middle East, and strong balance shoot growth across the businesses.

Operating expenses increased \$50 (\$20) to \$77(\$)(205:67120). This included gains from the sate and leaseback of property in Spain of \$50 Operating expenses also included incremental investment expenditure of (25m) to expand the distribution network and enhance IT and operational capabilities.

capabilities.

Berclayer Spain continued to perform strongly. Profit before textinoreased (213) (2307) to (1714) (2005; (1414)) excluding nut prise of geins on asset sales of (280) (2005; (2714)) excluding nut prise of geins on asset sales of (280) (2005; (2714)).

And was driven by the continued readsation of bonefits from Banco Zaragozano, together with brong growth in assets under management and solid growth in montgages.

Africa and the Middle East profit before tex decreased (\$500,120) to (\$26m) 2005. (\$36m) driven by higher impairment charges reliabiling one-off recoveries of \$12m) that arose in 2005 and an increase in investment

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 disposal of subsidiaries, associate and joint ventures of 23770(2005; Ci)) comprised the gain on the sate of Barcklys interest in FirstCaribbean International Bank, The share of post-tax results of FirstCaribbean International Bank included in 2006 was £11m(2005)

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

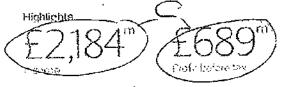
Who we are

This business represents Bardays consolidation of Absa, excluding Absa Capital which is included in Berdays Central.

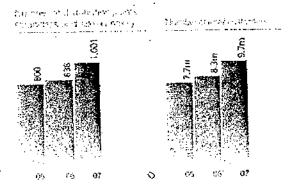
International Hetail and Commercial Banking — Absa comprises four operating divisions: Retail Banking, Commercial Banking, African operations and a Bankassurance division. (Barclays Bank PLC owns 59% of Absa Group Limited).

#### What we do

International Retail and Commercial Banking — Aban serves rotali customors through a variety of distribution channels and offers a full range of banking services, inducting current and doposit accounts, mortgages, instatment finance, credit cards, bancassurance products and wealth management services. It also offers customised business solutions for commercial and large corporate customers.



#### Performance indicators



Performance 2007/06

International Retail and Commorgial Banking - Absa profit below tax decreased to (6897)(2006; (6987))

Barciays Annual Report 2007

23

	·	2007 Sm	2006 Sin	2005 Sm
ncome statement Information Net interest income		-		
Velifies and commission income		1,137	1,049	188
Net trading income/(expense)		785	865	328
Vet Investment income .	-		(11)	(28)
Principal Isansactions		70	[22]	55
Net premiums (rem insurance contracts		71	111	27
Ditter income		227 78	240	98
folel income		{	64	37
let claims and benefits incurred under insurance contracts	•	2,298	2,309	978
olal income net of insurance claims	<del></del>	(114)	(106)	(-14)
nparment charges		2,184	2,203	934
		(173)	(125)	(19)
et income		2.011		
Densting expenses excluding amortisation of intangible assets	:	(1.272)	2,077	915
mortisation of inerryis e assets Deceting expenses		(61)	(1,312) (78)	(583)
hare of post-tax results of associates and joint ventures		(1,333)	(1,398)	(624)
rolit on disposal of subsidiarios, associates and joint ventures		6	9	(024)
		9		<u> </u>
rofit before tex		688	698	
alance sheet information		1,110	DEAS	298
Dans and advances to customers				
uslamer accounts		£30.6bn £13.1bn	£24.20n	\$23.9bn
oial assets	j.	£13.16n £37.36n	£11.1ba £30,4ba	£12.25a
elected statistical measures		231.300	230,406	£29.4bn
ost/income ratio <sup>3</sup>		<del></del>		*****
	<u></u>	61%	63%	67%
isk Tendency <sup>a</sup>		£255m	0445	
sk weighted assets	бI	£23.65n	£145m £20.7br	£100m £20.85m

Defined on page 2.

2006/05 D
International Astail and Commercial Banking -- Absa profit before key increased (34%) o \$2500,2005; \$22800 ordinating the full year to 31st December 2006 compared with \$3500 we months ended 31st December 2005. Bandays acquired a controlling stake in Absa Group Limited on 27th July 2005.

24 Baroleys Annual Report 2007

## Investment Banking and Investment Management Barclays Capital

#### Who we are

Barciays Capital is a leading global investment bank providing large corporate, institutional and government clients with solutions to the r financing and risk management requirements.

#### What we do

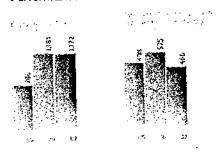
Barolays Capital service a wide variety of client needs, from capital raising and managing loreign exchange, interest rate, equity and commodity risks, through to providing technical advice and expertise.

Activities are organised into three principal areas: Aates, which includes Activities are organised into three principal areas: Rates, which includes fixed income, foreign exchange, commodities, emerging markets, money murkets, prime senfaces and equity products; Credit, which includes primary and secondary activities for loans and bonds for investment grade, bigh yield and enterging market credit, as well as hybrid expitial products, asset based finance, nortisage backed accurities, credit derivatives, structured capital markets and large asset leasing; and Private Equity. Barclays Capital includes Absa Capital, the investment banking business of Absa.

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



#### Performance indicators



#### Performance

2007/06

Barclays Capital delivered profits ahead of the record results achieved in 2006 despite challenging tracing conditions in the second holf of the year. Profit before tax increases (5%) (1797) to 12,35500,2008 (2,216m). There was strong income growth across the Hales businesses and excellent results in Commental Europe, Asia and Africa domonstration the excellent results in Commental Europe, Asia and Africa domonstration the breadth of the client franchise. Not income was slightly shead at 65.273m. (2006: 96,725m) and costs were lightly managed, declining slightly year on year. Absa Capital delivered very strong growth in profit before tax to: 2155m (2006: CTm).

The US sub-prime driven market disocation affected performance in the second half of 2007. Exposures relating to US sub-prime were actively managed and declined aver the period. Berclays Capital's 2007 results reflected hel tosses related to the credit market turbulence of 91,635h, of whigh 1795 makes included in income, net of 658h gains ensiring from the fair valuation of notes issued by Burclays Capital Impairment changes included 8540h against ABS CDD Super Serior exposures, other credit controlled and support of the period of the period

included £86m/against ABS CDO Super Senor exposures, other credit market oxocoures and commisperson finance underwising positions.

Income increased (£8 £82m) to £119m (2005; £82m) as a result of very strong growth in interest rate, currency, equity, commodity and energing market asset classes. There was excellent income growth in continental Europe, Asia, and Africa. Average DVaR increased (350 p. £42m) (2000; £37. make time with income.

Secondary income, comprising principal transactions (not trading Income and not investment income), is mainly generated from providing clicat financing and tick management schuldars. Secondary Income increased 1112 (2578m) to (5,87 m) (2006.65.293m).

Net trading income increased (35/177m) to (3,735m) (2006.60,525m) with strong contributions from Exed income, commodities, equition, foreign exchange and prime services businesses. These were largely officed by not losses in the husiness attacked to sub-videous management attack with losses in the business affected by sub-prime mongage related write. losses in the business affected by sub-prime mongage related write downs. The general widning of credit spreads that occurred over the course of the second helf of 2007 also reduced the carrying value of the CSTON of issued notes treid at fair value on the betance-sheet, resulting in gains of \$5500 Net investment income increased \$500 (\$3000) o \$5500 (\$2500) o \$55

corporate foan dalances.

Primary Income, which comprises net lee and commission income 'rom advisory and origination activities, grow@b' (£289)))) to 1,335 in (2006);

1992 b) with good contributions from bonds and loans.

Impairment chargogrand other credit provis gnatol (\$480)) included (\$7220) against ABS CDO Super Senior exposures (\$600)) from other credit interactions and (\$720) at the credit provisions of the credit interactions and (\$720). against ABS CDO Super Senior exposures (Comprom other cradil market exposures and Comprom exposures and Comprom exposures and Comprom charges on loans and advances amounted to a release of Comprom charges on loans and advances amounted to a release of Comprom charges on the comprom charges on available for sale assets of Comprom charges on available for sale assets of Comprom charges on

> **Barclays** Annual Report 2007

25

frecome ctofaments information  Mot filered income  Mot filered filere		•	2007 Fm	2008	200
Not interest income  Met identify commission income  Met identify commission income  Met identify grounde  Met identified gr	ncome statement information		7 217	£nı _	<u></u>
Met Irading income   1.235   552   723   4.15     1.235   552   573   4.15     1.235   5.25   5.25   4.15     1.235   5.25   6.25   6.25   6.25     1.235   6.25   6.25   6.25   6.25     1.235   6.25   6.25   6.25   6.25     1.235   6.25   6.25   6.25   6.25     1.235   6.25   6.25   6.25   6.25     1.235   6.25   6.25   6.25   6.25     1.235   6.25   6.25   6.25   6.25     1.235   6.25   6.25   6.25   6.25     1.235   6.25   6.25   6.25     1.235   6.25   6.25   6.25   6.25     1.235   6.25   6.25   6.25   6.25     1.235   6.25   6.25   6.25     1.235   6.25   6.25   6.25   6.25     1.235   6.25   6.25   6.25   6.25     1.235   6.25   6.25   6.25   6.25     1.235   6.25   6.25   6.25   6.25     1.235   6.25   6.25   6.25   6.25     1.235   6.25   6.25   6.25   6.25     1.235   6.25   6.25   6.25   6.25     1.235   6.25   6.25   6.25   6.25     1.235   6.25	Net interest income		T-1:50	·· <del>· · · · · · · · · · · · · · · · · ·</del>	
Net Investment Income   1.773   0.582   7.237   Phincipal iranscations   1.892   4.155   7.844   Phincipal iranscations   1.892   7.8	Net 199 and commission frome				
Principal variables are sections    13		$\sigma$			
Cibber Income    J. 1922   4.135   2.564     13   22   20     13   22   20     14   13   22   20     14   13   22   20     15   14   13   22   20     16   16   16   16   16     17   17   18   6.257   4.508     18   18   19   19   19   19   19     18   18   18   18   18   18   18     18   18	Principal transactions	<u>~</u> _			
The preformance was driven by the control before tax increased (19) (1006) (150) (150) (1006) (150) (15	Diber Income				
Nel interne Deciding expenses excluding amortisation of imagible assets Deciding expenses excluding amortisation of imagible assets Deciding expenses decreased Deciding		A			
Deceting expenses excluding americation of intergible assets  Americation or intergible assets  Deceting expenses  Americation or intergible assets  Deceting expenses  Americation or intergible assets  Profit before tax  Palance sheet information  folial assets  Deceting expenses assets  Americation or interget or intergible assets  Americation or interget or interpel or interpel or interget or interpel or interget or interpel or interpel or interpel or interpel or interget or interpel or inte					
Delined on page 2.  Delined on page 3.  Delined on page 3.  Delined on page 3.  Delined on page 4.  Delined on page 5.  Delined on page 6.  Delined on page 8.  Delined on page 9.  Delined on page 1.  Delined on page 9.  Deline			6.273	0.225	4 204
Declaring expenses  (3.773) (4.009) (2.965) Profit before tax  2.335 (2.10 1.401)  Salance sheet information  folial assets  Private deposition of the state of t	Mortisation of intangible assets	Į.	(3.919)		
Profit before tax  Palance sheet information  Cotal assets  Palance sheet information  E839.7bn 9657.9bn 8501.2bn  R601.2bn  R601	Premating expenses	£			
Partitibelore (ax 2.335 2.216 1.431 2.335 2.216	hare of post-tax results of associates and joint ventures			(4.009)	(2,963
Parameter Sheet Information Total asserts  Selected statistical measures  Destination Training Selected statistical measures  Destination Training Selected statistical measures  Destination Training Selected Selected statistical asserts  Working DVAF  Departing expenses decreased (**Pustar to 1997) (2005: 10.009.), enformance related pay, discretionary Investment spend and short term ordered resources represented (**Pustar to 1997) (2005: 10.009.), enformance related pay, discretionary Investment spend and short term ordered resources represented (**Pustar to 1997) (2005: 10.009.), enformance related pay, discretionary Investment spend and short term ordered resources represented (**Pustar to 1997) (2005: 10.009.), enformance related pay, discretionary Investment asserts of the cost base.  The performance was driven by higher volumes of client led activity and lavourable market douridately. And investment increased (**Pustar to 1997) (2005: 10.009.), enformance was driven by increased (**Pustar to 1997) (2005: 10.009.), enformance was driven by increased (**Pustar to 1997) (2005: 10.009.), enformance was driven by increased (**Pustar to 1997) (2005: 10.009.), enformance was driven by increased (**Pustar to 1997) (2005: 10.009.), enformance was driven by increased (**Pustar to 1997) (2005: 10.009.), enformance was driven by increased (**Pustar to 1997) (2005: 10.009.), enformance was driven by increased (**Pustar to 1997) (2005: 10.009.), enformance was driven by increased (**Pustar to 1997) (2005: 10.009.), enformance was driven by increased (**Pustar to 1997) (2005: 10.009.), enformance was driven by increased (**Pustar to 1997) (2005: 10.009.), enformance was driven by increased (**Pustar to 1997) (2005: 10.009.), enformance was driven by increased (**Pustar to 1997) (2005: 10.009.), enformance was driven by increased (**Pustar to 1997) (2005: 10.009.), enformance was driven by a full year of the pustar to 1997) (2005: 10.009.), enformance was driven by enformance enformance was driven by a full year of the p	ralit before tax			200	
Selected statistical measures    Selected statistical measures	alance sheet information		2.035	2218	1.431
Sisk Tendoncys  Bisk worthind assets  Sisk Tendoncys  Sisk Tendoncys  Sisk Tendoncys  Bisk worthind assets  Sisk Tendoncys  Sisk Tendo			EB39.7bn	£657,9bn	£601.2bn
Sisk weighted assets with a sest and continued growth as each of the professional for selected higher volumes and convertibles. An arises of conditions, selection to a very strong income performance, driven by higher to the professional formation and activity and increased \$1.00 for the acquisition of expenses door each of the professional formation and the professional part of the professional formation and the professional forma			<b></b>		
Sike weighted assets where the properties assets with a strong possible tending porticition. The performance are determined porticition of the properties as a strong properties as a strong properties as the result of a very strong income professional properties. The majority of organic conditions as the result of a very strong income professional properties. The majority of organic conditions are the properties and the conditions and contributions from bear Capital.  The performance was driven by higher volumes of client led activity and lavourable market conditions. Not investment in come increased \$3,000 during \$200 ft. (\$370 of the cost base. In the performance was driven by higher products as a strain received as a strain properties. We have been accorded to the product of the properties as the result of a very strong income professional properties. The majority of organic conditions and contributions from base Capital.  Primary income preversion of the performance of the activity and lavourable market conditions. Not investment in come increased \$3,000 during 2001 to \$3,000 (2005: \$1,000 during the performance was driven by higher performance income language to the product of \$3,000 during \$1,000 du		S	56%	64%	66%
Defined on page 2.  Defined on page 2.  Defined on page 2.  Describing expenses decreased (\$\$\text{\$\			£ 140m	£ 95m	£ 110m
Defined on page 2.  Defined on page 2.  Defined on page 2.  Describing expenses decreased (30 (235m) to £397 (2005; £1,009m).  Defined on page 2.  Describing expenses decreased (30 (235m) to £397 (2005; £1,009m).  Describing expenses decreased (30 (235m) to £397 (2005; £1,009m).  Describing expenses decreased (30 (235m) to £397 (2005; £1,009m).  Describing expenses decreased (30 (235m) to £397 (2005; £1,009m).  Describing expenses decreased (30 (235m) to £397 (2005; £1,009m).  Describing expenses decreased (30 (235m) to £397 (2005; £1,009m).  The performance was driven by higher volumes of client led activity and avourable market conditions. Net investment income increased (30 (235m) to £1,009m).  Describing expenses decreased (30 (235m) to £397 (2005; £1,309m).  The performance was driven by higher volumes of client led activity and avourable market conditions. Net investment income increased (30 (235m) to £1,009m).  Describing 800 from the acquisition of Equificial value of the properties of the performance of the activity and continued market state of the performance of the activity and and short lemm the acquisition of Equificial value of the properties of the properties of the performance of the properties of the performance of the properties of the performance of the performance of the properties of the performance of the perfor	vcrage DVaF	E:		£137,60n	
Defined on page 2.  Departing expenses decreased (1963) to (397) (2005; (1009)). Another resources presented (1964) discretionary investment spend and short term or introductor resources represented (1964) (2006; (136) of the cost base. The performance was driven by higher volumes of dient led activity and contractor resources represented (1964) (2006; (136) principally related princ	orporate fending portfolio				
1000 to a fact the second of t	mortgage service rights.  Intel headcount increased 3,000 during 2007 to 16,200 (2006: 13,200) childing 800 from the acquisition of EquiFirst. The majority of organic divin was in Asia Pacific.  206/05  State of the service of EquiFirst. The majority of organic divin was in Asia Pacific.  206/05  State of the service of	primarily in Private Equity, officially, o	gan daven by on by reduced increased by contribution from the contribution from the contribution from the continued madicial from the continued for continued for continued for continued for continued for continued for continued the continued for continued the continued for continue	investment makes contributions from testing in the	atlons, norder of security of the control of the co

## Investment Banking and Investment Management **Barclays Global Investors**

#### Who we are

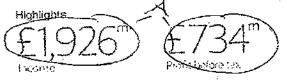
Barchays Global Investors (HGI) is one of the world's largest asset managers and a teacing global provider of investment management products and services. We are the global leader in assets and products in the exchange traded funds business, with over 320 funds for institutions and individuals trading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

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

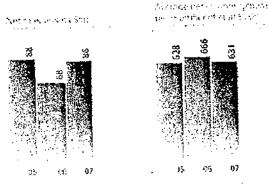
#### What we do

BGI offers structured investment strategies such as indexing, global asset slocation and risk controlled active products including hedge funds and provides related investment services such as securities lending, cosh management and pontotio transition services.

56I 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.



#### Performance indicators



#### Performance

Barclays Global investors delivered solid growth in profit before tax, which increased \$5.000 to \$2300 (2006: 67 [17]). Very strong US Bolar income and strong profit growth was partially cheet by the 8% depreciation in the average value of the US Bollar against Sterling.

Income grow \$5.000 (1906) (190

Barclays Annual Report 2007

1 Super-testinica	1 (1) (1) (1) (1) (1) (1) (1) (1) (1) (1			
		2007 £m	2006 £m	2005 Em
income statement information Net interest (expense)/income Net fee and commission income Not tracting income Net investment (expense)/income Principal transactions Other income		(8) 1,936 5 (9) (4) 2	10 1,651 2 2 2	15 1,292 2 4
Total Income Operating expenses excluding amortisation of inlangible assets Amortisation of intampible assets Operating expenses	A	1,926 (1,184) (8) (1,192)	1,655 (945) (5) (951)	1.318 (775 (4
Profit before tox		734	714	540
Balance sheet Information Total assets	<i></i>	£89.2bn	£80.5bn	£80.9br
Selected statistical measures	0	ļ.		
Cost:income ratio <sup>8</sup>		62%	57%	59%
Risk weighted assets		£ 2.0bn	£ 1.4bn	£ 1,5b
a Defined on page 2.  2006/05  Barclays Global Investors delivered another year of outstanding results. Profit before tax increased (2006/05/05/05/05/05/06), reflecting very strong income growth and higher operating margins. The performance was broadly based across products, distribution channels and geographies.  Not fee and commission income increased (279/05/05/07). This growth was attributable to increased management fees, particularly in the ishares and active businesses, and securities tending, oilset by lower incentive tess, incentive tess decreased (301/06/07/05/05/05/05/07). Higher asset values, driven by higher market evels and good set new inflows, contributed to the growth in income.	Oporating expenses increased 22/cesult of significant investment la key in product development and infrestrut expenses. The cost income ratio imp (2003/55%)  Total headcount rose 400 to 2,700 (call regions, across product groups are continued investment to support strategies, assets under management increases in the case of the	cture and hig roved mode (005: 2,300), di the support egic in taitry case of 172 iset by 1988 s under man \$1.51500.	ther performant reentage point the documt int the theorem in 1927 to 1	oreased in floating on (2005: market xchange ased by

28 Barclays Annual Report 2007

# Financial review Analysis of results by business

# Investment Banking and Investment Management Barclays Wealth

#### Who we are

Sarchyc Wealth focuses on high net worth, althuent and intermediary clients worldwide. We have over 6,500 staff in 20 countries and have total client assets of £133bn. Bardays Wealth includes the closed life assurance activities of Barclays and Woolwich, and Walbrook, an independent fisuciary services company acquired in 2007.

## What we do ...

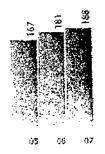
Barclays Wealth provides private banking, asset and investment management, stockbroking, ofishore banking, wealth structuring and lmandial planning services.

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



# Performance indicators

Court of the second



Appropriate the property of the s

per emission of state (1988)

Performance

2007/06

Sarchays Wostin anoth before tax showed very strong growth of \$55 \\
\[
\sum\_{\text{Sem}} \text{Form} \text{2008cE25m} \text{Performance} \text{ was driven by broody based income growth, reduced rodmss costs and light cest control, partially offset by additional volume roluted costs and increased investment in people and infrastructure to support future growth.

Income increased (13 (\$27m) to \$1.287m (2006) (\$1.60m).

Net interest income increased QTS (23m) to 2400 (2006; [32m]) reflecting strong growth in both customer deposits and tending, Average deposits growth 39 to 21.2 m/s (2006; [3.50]) anvent by increased tending to high net worth, alliuent and intermedially clients.

Net for and commission income grow (057 (65m)) to 273m/s (2006; [3.50]) and commission income grow (057 (65m)) to 273m/s (2006; [3.50]) income grow (057 (65m)) to 273m/s (2006; [3.50]) income growth in a lent assats and higher transactional income from increased sales of investment practices and solutions.

income from increased sales of investment products and solutions.

Principal transactions decreased 101m of 55m (2006; £156m) as a result of lower growth in the value of unit linked insurance contracts. Not unanitions from insurance contracts reduced 15mp (1955m;2006).

(£270m). These reductions were clised by a lower charge for not plaint and benefits incurred under insurance contracts of 15m (2006).

Operating expenses increased 15mo (57m) (2006; £810m) with greater volume related costs and a significant increase in investment partially oliset by efficiency goins and lower customer redress costs of (15m) (2005; £810m). Ongoing investment programmes included increased hing of client facing staff and improvements to infrastructure with the upgrade of technology and operations platforms. The costificome ratio improved (15m) percentage points to (15m) (2008; 116, 15m) relicating shoring net new asset 100ms and loss accusions on the loss of 15m (2008; 116, 15m) relicating shoring net new asset 15m (2008; 116

fiduciary services company, which completed on 18th May 2007.

	<b></b>	_	2 <b>0</b> 37 ≦m	2006 m2	2005 £ra
Income statement information Net interest income Net lee and commission income	-		431	392	346
Net trading income Net investment income		ſ	739	874	593
Principal transactions Not pramiums from insurance contracts Other noome		C	52 55 195	154 156 210	264 264 195
folal income Net clains and benefits spoured on insurance contracts			1.439	16 1,448	1,409
fotal income net of insuranco claims mediunent charges		A		(288) 1.160	(375) 1,034
let income	,		1.260	(2)_	(2)
Operating expenses excluding amortisation of inlangible assets vnonisation of inlangible assets Operating expenses		4	(267) (6)	1,158 (909) (4)	1.032 (666, (2)
Yofil belore tax		-	(973)	(913)	(568)
Bajance street information oans and advances to customers			307 € 9.0bn	245	164
Distomer accounts otal assets			£34.4hn £18.0hn	£ 6.2bp £28.3bp £15.0bp	£ 5.05a £25.85a £13.45b
elected statistical measures costincome ratio <sup>a</sup>					
lek Tendengya		-3	75%	79%	84%
Dolined essets  Dolined en page 2.		-6: I	2 10m 2 7.7bn	£ 10m £ 6.10p	£ 5m
C06/05  arclays Wealth profit before tax showed very strong growth of 1993  Strip to 2459 (2005 CT847). Performance was driven by broadly assed income growth and lavourable market coordinas. This was partially leet by artiditional volume related costs and a significant increase in vestment in people and infrastructure to support have growth.  come increased 29 (2257) to 21 (60%) (2005; 21 (2449).  of thereast income increased (29 (2157) to 21 (60%) (2005; 21 (2449).  flecting growth or the orderner deposits and customer tending. Average posits growth of 2005; (27 (2005; (25 (25 (25 (25 (25 (25 (25 (25 (25 (25	Net leg and contrilesion income (\$59m) This reflected growth in income, including increased sale and aithuni clionic, and higher of Operating expenses increased greater volume related and investigates. Investment costs included improvements to infrastructure with operations platforms. The cost important of the cost o	client: s of invitoring lockbra lockbra linent increa ith the tome i	assels and livesiment problems of the control of the costs more sed twing oupgrade of ratio improver deposits a costs with the costs of	righer transaction transactions to high 68. The first financial first fi	inet worth int worth folicier by stail and id itage siments, good not
Barciays Annual Report 2007	E	-	Ë		

UW\_Barclays\_000010091

# Financial review Analysis of results by business

# 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 adjustments.

#### 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, Compilance and Risk, Costs incurred wholly on better left the Emiscona on Technol to the Emiscona on Technol to the hehalf of the businesses are recharged to them.

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

#### Performance

2007/06 A Head cifice functions and other operations loss before tax increased এ মন্ত্রেন (০ মন্ত্রেন্ট (২০০৪: ইত্রেন্ট্রন).

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 recessary to altiminate inter-segment transactions are individed in Head office functions and other operations.

The impact of such inter-segment adjustments increased \$650 to \$250 (2006: \$750) have adjustmental individed internal least for structured capital market notivities of \$250 (2006: \$750) and fees paid to Bardays Capital for debt and requity raising and risk management actives of \$2500 (2006: \$750) and fees paid to Bardays Capital for debt and requity raising and risk management actives of \$2500 (2006: \$750), both of which increased net tee and commission explains in head office in the inter-segment adjustments of the timing of the recognition of insurance commissions included in Bardaycard was a reduction in head office income of \$1500(2006: \$450). This not reduction was reflected in a decrease in net fee and complision income of \$1500 (2006: \$1500).

Principal transactions tilecreased to a loss of \$350(2006: \$1200proff).

Principal transactions decreased to a loss of £83m (2006: £12mprofft), 2008 included a £55mprofit from a hedge of the expected Assa (creign currency camings, 2007, included a loss of £3mprefating to fair valuation of call options ambedded within rotal 1055 preference strates arising from widering of own credit spreads. widening of own credit spreads.

Operating expenses decreased (250m) (2008: (255m). The primary driver of this decrease was the receipt of a break parelating to the ABN AMRO transaction which, net of transaction costs, reduced expenses by (554m). This was partially offset by lower rental acome and lower proceeds on property saids.

Income statement information			7007 Em	2006 2006	2005 £m
Net interest income that fee and commission income Net Indiding (loss)/income Net Investment (expense)/income Principal transpositions Net premiums from Insurance contracts Other income		~	128 (124) (66) (17) (83) 152 35	80 (301) -10 2 42 139	160 (324) 85 8 93 72
Total Income Impairment (charges)/releases		A	(192)	(1)	24
Net income Operating expenses excluding amortisation of intangible assets Amortisation of intangible assets Operating expenses Prolition disposal of associates and Joint ventures		رة د	(195) (1233) (1) (224)	(259) (10) (269)	(343) (343) (4) (347)
loss before tax	······································	A	1		_ <u>-</u>
Balance sheet information Total assets		Δ	(428) E7.100	(259) 27.16n	(323)
Selected statistical measures Risk Tendancy <sup>a</sup> Risk weighted assess a Defined on page 2,		<u>,5</u>	2 10m 01.6bn	£ iOsti £1.9bti	£9.3bn £ 25m £4.0bn
double of the control	in addition the impact of the tircommissions included in Barot Commissions included in Barot Cath (2005: CTIST). This red and commission income of CTATE premium income of CTATE (2005: CTIST) in respect of the earling limit Absa foreign curre acting from Absa foreign curre tharge) as a number of worker Operating expresses detections the commission of the expenses of the 200 not recurring in 2005 (2005: CTIST) from the sale and leaseback of principally driven by major projimplementing Baset II.	nycard a sycard a control of the con	and UK Recall as reflected in the state of t	Banking red n a cecrease nd an increase of the cecrease of the	toced to In net fae se in net  005 oc 555 expecture  05.07m odmently y What 5:07m C

Barolnya Annual Report 2007

# Financial review Results by nature of income and expense

Results by nature of income and expense Net interest income

_ · _ <u> </u>	2007	2006	2005
	5m	Cm	£m
Cash and balances with control banks	145	91	9
Available for sale investing its	2,580	2.811	2,272
Loans and advances to banks	1,416	903	690
Loans and advances to customers	19,559	16,290	(2,944
Other	1,603	1,710	1,317
Interest income	25,308	(2.819)	17,232 (2,056)
Deposits from banks Customer accounts Debt sacurities in issue	(4,110) (6,651)	(3.076) (5,282) (777)	(2,715) (3,268) (605)
Subordinated labilities Other	(870) (1,339)	(708)	(513)
Net interest income	(15.698)	(12.652)	(9.157)
	9.610	9,143	8,075

2007/06

Group not interest income increased \$3,0467 m) to \$2,613 m) 2003 \$3,143 m) rollecting balance shoet growth across a number of businesses.

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

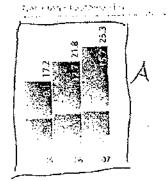
The contribution of structural bedges relative to average base rates decreased to \$35 in expense (2005: \$35 income). largely due to the smoothing elfact of the structural hedge on changes in interest rates.

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

2006/05

Group net interest income increased (35) (£1,369m) to £9,123ii) (2005: \$3,075m) The inclusion of Absa contributed net interest income of £1,138m (2005 a £1,160m). Circup not interest income excluding Absa grow €5.

3 The contribution of the structural incige decreased to £25m (2005: £1,45m), largely due to the impact of relatively higher short-form interest rates and lower medium-term rates.



The Interest in Come 📆 Intrirest expense 🧖 Ret interest income Motes

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

# Financial review Results by nature of income and expense

### Net fee and commission income

	2007 2m	2006 Em	2005 Em
Brokerage fees Investment management fees Saturities lending Banking and credit related fees and continuissions	109 1,787 241 6,363	70 1,595 165 6,931	64 1,250 151 4,865
Foreign exchange commission	178	184	160
Fee and commission income	8,678	8.005	8,430
Fee and commission expanse	(970)	(828)	(725)
Net lee and commission income	7,708	7,177	5,705

2007/06

Not les and commission income increased 127 (53177) to 7.70876 (2006: 27.1770).

Fee and commission income rose (Fig. 2006): (2008): (2

2008/05

Net fee and commission income increased 28 (1,472m) to 27,177m (2005: 5,705m). The inclusion of Absa contributed net fee and commission income of (850m) (2005 2534m). Group net fee and commission income exclusing Absa perv (87s) reflecting growth across all businesses.

Fee and commission income rose (1977) to (8,005) (2005: C6,420m) The inclusion of Alsa contributed fee and commission income of (385) (2005) (2005). (2006) Excluding Abse, fee and commission income grew(85) driven by a breatly based performance across the Group, Particularly with Nariays Global revisions.

Fee and commission expense increased [49] (\$7050) to (\$2250 (2005; \$7250), reflecting the growth in Barclaycard US. Absa contributed tee and commission expense of (\$450)(2005 \*2520).

# Principal transactions

	2007	2006	2005
	Em	£m_	Em.
Rates related business	4,182	2,848	1,732
Credit related business	(403)	766	589
Net tracing income	3,759	3,614	2,321
Net geln from disposal of available for sale			
assets	580	307	120
Dividend income Net gain from financial lastruments designated at	26	15	22 (
lair value	293	447	369
Other investment income	337	193	327
Net investment income	1,216	962	858
Principal transactions	4,975	4,576	3,179

34 Barclays Annual Report 2007 2007/06

Principal transactions increased (145m) to (4975m) 2006; (4575m).

Net trading income increased (145m) to (375m) (2006; (3574m).

The majority of the Group's net trading informe arises in Barciay's Capital.

Growth in the Rales related business reflects very strong performance in fixed income, commodities, foreign exchange, equity and prime saffrices.

The Credit related business includes not losses from credit market turbulence and the benefits of widening gredit spreade on the fair value of issued notes.

issued notes.

Net investment income increased @\$\frac{1}{2}\frac{

Full value movements on insurance assets included within net investment income contributed £113(2) (2006; £205(1)).

2006/05

Net trading income increased 55% (Cl. 293rd) to (3,814m) 2005; (2,321rd) due to excellent performances in Barclays Capital Fales and Credit businesses, in particular in commodities, fixed income, equities, credit derivatives and emerging markets. This was driven by higher volumes of client—led activity and favourable market conditions. The Inclusion of Absa contributed net trading income of (53m) (2005 2: 53m). Group net trading income excluding Absa grew 57.2.

Net investment income increased (22 € 104m) to 352m (2005 € 386m). The inclusion of Absa contributed net investment income excluding Absa increased (2005 ° €62m). Croup net investment income excluding Absa increased (3 9).

The cumulative gain from disposal of available for sale assets increased (550) (1876) to (3076)(2005; (1876)) 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 (2007) 2005; (217m)

#### Note

 For 2006, this reflects the period from 27th July until 31st December 2005.

#### Parameter Co.

Other income

	2007 Em	2006 £m	2005 £m
Increase in fair value of assets held in			
respect of linked liab lities to customors under investment contracts	5,592	7,417	9,234
Increase in liabilities to customers under hyestment contracts	(5,592)	(7,417)	(9,234)
Property rentals	J 53	55	54

Property rentals 55 Loss on part disposal of Monument credit card portfolio (27) Other 214 Other income 188

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

### Impairment charges and other credit provisions

· · · · · · · · · · · · · · · · · · ·	2007 Em	2088 Sm	2005 £m
impairment charges on loans and advences			
- New and increased impairment allowances - Releases - Recoveries	2,871 (338) (227)	2,722 (389) (259)	2,129 (333) (222)
Impairment charges on loans and advances	2,306	2.074	1.574
Other credit provisions Charges/(credite) in respect of undrawn contractually committed facilities and guarantees	476	(6)	(7 <u>)</u>
Impairment charges on loans and advances and other credit provisions Impairment charges on available for sale assets	2,78 <b>2</b> 13	2,068	1,567
Impairment charges and other credit A	2,795	2,154	1,571
Impairment charges and other credit provisions on ABSICDO Super Senior and other credit market exposures included above:	 	<del></del>	
impairment charges on loans and advances	313		
Charges in respect of uncrawn facilities	469		
Impatrment charges and other credit provisions on ABS CDC Super senior and other credit market positions	782	_	

#### 2007/06

Total impairment changes and other credit provisions increased (175)

| Center | Content | Conte

#### Retail

93

147

Retail impairment charges on loans and advances foll 175 (£204) to \$1,000 (£006); £1,500 ). Retail impairment charges as a percentage of period end total loans and advances reduced to £300 (£006); £300 ); total retail loans and edvances increased (\$750 to \$13,052) 2005

Barolaycard impairment charges improved CTSC223m) to 3335 (2005; CTC67m) reflecting reduced flows into delinquency, lower levels of arrears and lower 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 the increase in impairment charges in Bardaycard International and secured consumer landing.

Impairment charges in UK Retail Banking decreased by \$\overline{26m}\$ (12%) in \$\overline{2550}\$ [2006.05350], reifecting tower charges in unsecured constiner Lending and Local Business driven by Improved collection processes, reduced lows into definquency, lower areas trends and stable charge-offs. In UK Home Finance, asset quality remained strong and mortgage

class, it on Promise Finance, asset change refinance strong and mortgage charges remained negligible. Mortgage delinquencies as a percentage of cutstandings remained stable and amounts charged off were low. Impairment charges in International Retail and Commercial Banking – excluding Absa rose by £28m (93%) to £79m (2008; £37m) reflecting very strong balance sheet growth in 2006 and 2007 and the impact of lower refeases in 2007. 泛

Arrears in some of international Relait and Commercial Banking — Absa's relait portfolios dotoriorated in 2007, driven by interest rate increases in 2006 and 2007 resulting in pressure on collections.

Wholesale and corporate Mholesale and corporate Mholesale and corporate impairment charges on loans and advances increased (\$500 to \$100 to \$500 to \$600 to \$100 to \$1

The impalment charge in Bardays Commercial Bank Increased \$800 (15%) to \$2000 (2006; \$25200) primarily due to higher impairment charges in Eargot Business, partially offset by a lower charge in Medium Business due to allightening of the londing criteria.

Barclays Annual Report 2007

# Financial review Results by nature of income and expense

#### Impairment charges (continued)

2006/05 Total impairment charges increased \$7% (£583m) to £154m (2005)

Impeliment charges on loans and adjances and other credit provisions increased charges on loans and adjances and other credit provisions increased charges (2005) ( defaults.

The Group impairment charges on loans and advances and other credit provisions as a percentage of year and total loans and advances o \$216.5811 (2005; \$303.4511) increased to \$550 (2005; \$203.4511)

Retail

Retail impairment charges on loans and advances and other credit provisions increased to (1809m) (2005; (1254m), including (199m) (2005 a. provisions increased to 1809m/2005 1254m, including custriff 2010 5: 2010 in respect of Absa. Retail impairment charges on loans and advances amounted to 30% (2005 5: 93%) as a percentage of year of the loans and advances of \$35350m (2005 5: 134,420m, including barances in Absa of \$20,090m (2005; \$0,835m).

In the UK retail businesses, household cash flows remained under

in the OK term bosinesses, recontinue cash many certained antici-pressure leading to a deta-loration in consumer credit quality. High debt levels and changing social attitudes to bankrupixy 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 Pinance, defloquencies were flat and amounts charged off remained low. The weaker external environment lad to increased credit delinquency in Local Business, where there were both higher balances on caution statue and higher flows into delinquency, which both stabilised towards the year end.

#### Wholesale and corporate

in the wholesale and competate Ossinesses, impairment charges on loans and advances and other credit provisions decreased to 259 pt 2005: 2313m, including 27m (2005 a.c. 10m) in respect of Absa. The fall was due mainly to recoveries in Barclays Capital as a result of the benign wholesate credit environment. This was partially offset by an increase in Sarclays Commercial Sank, reflecting higher charges in Medium Business and growth in lending balances.

The wholesale and corporate impairment charge was 4.18% 2005 b: (0.133) as a percentage of year-end total loans and advances to banke and to customers of \$177.21 in (2005 b. 4.169,031 m), including balances in Absa of 19.2990 (2025: 19.7310).

In Absa, impairment charges increased to 124x (2005 b 220m) 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 Bardays Capitel included losses of 2836 (2005; EDD) on an available for sale portfolio where an intention to sall caused the tesses to be viewed as other than temporary in nature. These lesses 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.

#### Oparating expanses

	2887 - Em	2006 £m:	2005 Sm,	,
Staff costs (refer to page 37)	8,405	8,169	6,318	t
Administrative expenses	3,978	3,980	3,443	ĺ
Depreciation	467	465	362	
Impairment loss - property and equipment	ł		- 1	1
and intangible assets	16	21	9	/1
Operating lease rentals	414	345	316	1
Gain on property disposals	(267)	(432)		£
Amortisation of intangible assets	186	138	79	1
Operating expenses	13,199	12,674	10,527	ĺ

2007/06

Operating expenses grew 124 [ES25 in to 133, 199 in 120.18; E12, 874 in 14 In 15 Increase was given by growth of 3% (1226 in 15 In 1

Administrative expenses remained flat at 3.3780 (2006: 3,900m) reflecting good cost control across at businesses.

Operating loase rentals increased 10% (1997) to (414m) 2006x(1345m), primarily due to increased property fell under operating leases.

Operating expenses were reduced by gains from the sale of property of 1237m (2006) (4327m) as the Group continued the sale and leaseback of some of its freehold portfolio, principally in UK Banking.

Amortisation of intengible assets increased 7% (25km) to 11km) 2006: (21350) primarily reflecting the amortisation of mortigage servicing rights realing to the acquisition of HemEq in November 2006.

The Group cost:income ratio improved Wopercentage points to 579/5 (2805/559)

2006/05

Operating expenses increased 20% (22,14/m) to 12,574m (2005; (10,527m). The inclusion of Absa contributed operating expenses of 1,96m (2005 (1664m)). Group operating expenses excluding Absa grew (1379, reflecting a higher level of business activity and an increase in performance related pay.

Administrative expenses increased 16% (£537m blocks 980m (2005; £3,443m). The lociusion of Abse contributed soministrative expenses of £579 x (2005 ex 257m). Group administrative expenses excluding Absa gree principally as a result of higher business activity in UK Banking and Barclays Capital.

Operating lease rentals increased (\$29m) to (\$45m) (2005 (\$3185)) The inclusion of Abse contributed operating lease rentals of \$750 (2005 8) 27m) which more than offset the absence of double occupancy costs incurred in 2005, associated with the Head office relocation to Canary

Openting expenses were reduced by gains from the sale of property of 4632012006 Entitions the Group took advantage of historically low yields on property to realise gains on some of its (reenold portfolio.

Amortisation of intengible assets increased 2% (£57m) to 136m) 2005; (£79m) primarily reflecting the inclusion of Absa for the full year.

The Group cost:income ratio improved to \$5% 2005 (61%). This reflected improved productivity.

#### Business souther Staff costs 2007 2006 2005 ខ្មា ٤m £m Salaries and accrued incentive payments 5,993 6,635 5,036 Social security costs 508 502 412 Pension costs - defined contribution plans - defined benefit plans Other post-referent benefits 141 128 271 150 282 Other 496 Staff costs 8,405 8,169 6,318 2007/08

Staff costs increase(3%)(£236m)(\$ £8,405m (£006) £8,165m) Salaries and accrued incentive payments rose 53 (33587) to (5.9830) (2008:06 63530) reflecting increased permanent and fixed term staff worldwide.

Defined benefit plans ponsion costs docreased 47% (2006) (2006). This was mainly due to lower service costs 2006/05 Staff costs Increased (\$205,651,851m) to \$3,189 (2005,651) Em. Tree Sign costs increased Sayart number of the second state of the second sec

staff costs excluding Absa ros 24%

Salaries and accrued incentive payments ros 32% in 599min (8.335) A (2005: (8.036m) Aprincipally due to increased performance related payments and the full year inclusion of Absa. The inclusion of Absa contributed salaries and incentive payments of £615m (2005 a £275m) Group salartes and accreed incentive payments excluding Absa rose 263

#### Staff numbers

	2007	2608	2005
UK Banking	41,200	42,600	41,100
UK Retail Banking	32,300	34,50C	33,300
Barclays		- I - ' - I -	,
Commercial Bank	8,400	8,100	7.880
Barciaycard	7,800	8,500	7,700
IRCB	-58,300	47.800	45,200
IROB ex Absa	22,100	13,900	12,500
!RCB Absa	36,200	33,960	32,700
Barciays 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 Gualin appearance			
Total Group permanent staff worldwide	134,900	122,600	113,900

#### 2007/08

Staff numbers are shown on a full-lime equivalent basis. Total Group permanent and fixed term contract stall comprised 51,800 (2008: 62,400) in the UK and 79,000 (2006: 60,200) internationally.

UK Retail Benking headcount decreased 1,700 to 32,800 (2006: 34,500), due to efficiency initiatives in back citice operations and the transfer of operations personnel to Barclays Commercial Bank, Barclays Commercial Bank readcount increased 300 to 8,400 (2008: 8,100) due to the transfer of operations personnel from UK Rétail Banking and additional investment in front line stall to dave improved geographical coverage.

Berolaycard staff numbers decreased 700 to 7,300 (2006; 8,500), due to afficiency 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 cloff numbers increased 10,500 to 58,300 (2008: 47,800). International Rotalf and Commercial Banking – excluding Assa staff numbers increased 8,200 to 22,100 (2008: 13,900) due to growth in the distribution network. International Retail and Commercial Banking – Assa staff numbers increased 2,300 to 38,200 (2008: 83,900), reflecting growth in the business and distribution network.

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 business expansion. The majority of organic growth was in Asia Pacific.

Bandays Global Investors staff numbers increased 700 to 3,400 (2008; 2,700). Headcount increased in all geographical regions and arms sproduct groups and the support functions, reflecting continued investment to support further growth.

Bardays Wealth stall numbers increased 900 to 6,900 (2006; 6,600) principally due to the acquisition of Walbrook and increased client (soing professionals.

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

Barclays Annual Report 2007

# Financial review Results by nature of income and expense

Slaff numbers (continued)

#### 2006/05

Total Group permanent and contract stell comprised 62,490 (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 outsourced.

Barclaycard staff numbers tose 800 to 6,500 (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 stalf numbers 2,600 to 47,800 (2005: 45,200), Invernational Retail and Commercial Banking — excluding Absa increased staff numbers by 1,400 to 13,800 (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 33,300 (2005: 32,700), reflecting continued growth in the business.

Barclays Capital staff numbers increased 3,300 during 2006 to 19,200 (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 furctions to support continued business expansion.

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

Barclays Wealth stalf numbers rose 400 to 5,600 (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 1,200 (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.

Share of post-tax results of associates and joint ventures

	2007 	2006 9m	2005 fm.	
Prolit from essociates Prolit/(loss) from joint ventures	33 9	53 {7}.	53 (8)	A
Share of post-tax results of associates and joint ventures	42	46	45	

## 2007/06 B

The overall stare of post-tax results of associates and joint ventures decreased (am to 122m/2006; (46m). The share of results from associates decreased (200mainly due to the sale of FristCarlobean international Bank (2006; (41m) at the end of 2006, partially offset by an increased contribution from private goulty associates. The share of results from joint ventures increased by (16m mainly due to the contribution from private equity entitles.

#### 2006/05

The share of post-lax results of associates and joint ventures increased (%)
(Elm) to (48) (2005: (45)).
Of the (25) share of post-lax results of associates and joint ventures.

Of the Man share of post-lax results of associates and joint ventures, First Carobean International Bank contributed (Fig. 2005: (377)).

Profit on disposal of subsidiaries, associates and joint ventures

	2007	2006	2005	
	£m	£m	£m	
Profit on disposal of subsidiaries, associates				
and Joint ventures	[ 28	323	-)	کبر
				,

#### 2007/06

The profit on disposal in 2007 relates mainly to the disposal of the Group's shareholdings in Gabelli Property Solutions (Em) and intelanet Global Services (E13m).

## 006/05

The profit on disposal of subsidiaries, associates and joint ventures includes £247 perfolit on disposal of First Caribbean International Bank and £75m from the sale of interests in vehicle leasing and vander finance businesses.

Passer's refer

#### Tax

The overall tex charge is explained in the following table:

	2007 2m	2006 £ro	2005 £m	
Profil before tax	7,076	7,136	5,280	ļ
Tax charge at average UK corporation tax		•		
rate of 30%	2,123	2,141	1,584	
Prior year adjustments	(37)	24	(133)	
Differing overseas tax rates	(77)	(17)	(35)	1
Non-taxable gains and income (including	1			
amounts offset by unrecognised fax losses)	(136)	(393)	(129)	
Share-based payments	72	27	(12),	$-\Delta$
Deferred tax assets not	[			, r
previously recognised	(156)	(4)	(7)	ĺ
Change in tax rates	24	4	3	
Other non-allowable expenses	170	159	1 <del>0</del> 8	1
Overall tax charge	1,981	1,941	1,439	(
Effective tax rate	28%	27%	27%	<u>−</u> ъ

### 2007/06

The tax chargo for the period was based on a UK corporation tex rate of 50% (2006; 31%). The effective rate of tax for 2007, based on profit before tax, was 28.0% (2006; 27.2%). The effective tax rate different from 33% as it took account of the different tax rates applied to profits earned outside 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 36% to 28% on 1st April 2008 led to an additional tax charge in 2007 as a result of its effect on the Group's not deferred tax asset. The effect on the Group's not deferred tax asset. The effect on tax was a higher level of profit on disposats of subsidiaries, associates and foint ventures offset by losses or exemptions in 2006.

#### 2006/05

The charge for the poried is based upon a UK corporation tax rate of 30% for the catendar year 2006 (2005: 30%). The effective rate of tax for 2006, based on profit before tax, was 27.2% 0005 (27.3%). The effective tax rate differs from 30% as it takes account of the different fax rates which are applied to the profits earned outside the UK, disallowable expenditure, cartain non-taxable galas 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 includer (21.234m) (2005 (2981m) assing in the UK and (2707m) (2005 (2478m) assing oversea.)

The position disposal of subsidiaries, associates and joint ventures of (232m) was substantially offset by losses or exemptions. The effective lax rate on profit before business disposals was 28.5%.

Barciays Annual Report 2007

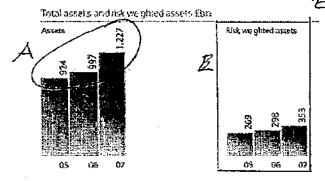
# Financial review Total assets and risk weighted assets

Total assets

	2007	2006	2005
	cm2	£m	£m
UK Banking A	101,777	147,576	137,981
UK Relail Backing	87,833	81,692	73,068
Barclays Commercial Bank	73,944	65,894	59,915
Barclaycard A	22,164	20,062	18,236
IRCB A	89,457	68,588	63,383
IRCB – ex Abso 🌎	52,204	38,191	34,022
IRCB – Absa	37.253	30,397	29,361
Barciays Capital	839,652	557,922	601,193
Barclays Global Investors	89,224	60,515	60,900
Barclays Westin	16,024	15,022	- 13,401
Head office functions and other			
operations	7,863	7.082	9,263
Total assets	1,227.361	996,787	924,357

Risk weighted assets a

	2007	2006	2005
	2111	£ar	£m
UK Banking	99,836	92,881	87,971
UK Retail Banking	45,992	43,020	40,845
Baidays Cummercial Bank	53,844	49,961	47.126
Bardaycard	19,929	17,035	13,625
IRCB	53,269	40,810	41,069
IRCB ex Absa	29,667	20,092	20,235
IRCB - Absa	23,602	20,728	23,834
Bardays Capital	169,124	137 635	116,677
Barclays Global Investors	1,994	1,375	1,456
Barclays Wealth	7,692	6,077	4,305
Hond office functions and other			-
operations	1,632	1,920	4,045
Risk weighted assets	353,476	297.833	289,148
	T		



Note

Alisk weighted assets are calculated under Saset I

40 Barclays
Annual Report 2007

Ē 2007/06 Total assess increased (392.05 s) (227. apr)(2008; 999.300). High weighted assets increased (993.05) (253.55) (2906) (227.85)) Loans and advances to customers that have been socuritised increased (433b) to (28.75) (2006) (24.45)). The increase in risk weighted assets since 2006 relified a rise of (24.05) in the backing book and a rise of (24.05) in the trading book. UK Retail Banking total assets increased 7% to (87.8bb)(2006; (81.7bg). This was mainly attributable to growth in mortgage balances. Risk weighted assets increased by 3 to £45.00 (2006; 863.00) with growth in mortgages partially offset bytan increase in securitised balances and other reductions. omer recognis.

Barclays Commercial Bank total assets grew [2] toto[73] bbn(2006: 65,9bn) driven by brood growth across tending products. Risk weighted assets increased 50 to 53,8bn (2006; 50,000), reflecting asset growth partially offset by increased fegulatory netting and an increase in occurritised balances.

Barclays and total assets incleased 600 to 52,200 (2006; 620,15n). Risk weighted assets increased 670 to 619 to 710 International Retail and Commercial Banking - excluding Absa total assets gray 37% to 52.25h (2006: 582.25h). This growth was meinty driven by increases in retail mortgages and unsecured lending in Western Europa and increases in unsecured lending in Emerging Markets. Risk welcolled assets increased 68% to 225,750 (2006; 226,750), reflecting asset growth and a change of product mix. International Repair and Commercial Banking – Absa total assets increased

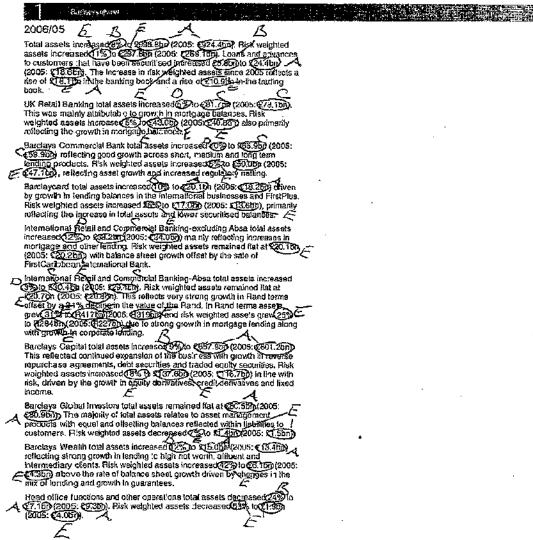
(35)10(57,35) (2005: (35,452), primarily driven by increases in
mortgages, credit eards and commercial property finance. Pisk weighted
assets increased (37) o (33,85) (2005: (37,75)), reflecting balance sheet
growth.

Barclays Capital total assets rose 25% to (33,75) (2005: (35,79)).

Derivative assets increased (109,35) primarily due to movements across a
range of market indices. This was accompanied by a corresponding
increase in derivative libbilities. The increase in mon-derivative assets 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 loveraged loan positions and mortgage-related assets. Risk weighted assets increased (1990) (168,18) (2008: € 37.50s) reflecting growth in fixed income, equities and credit derivatives. Barglays Global investors total assets increased 11% is \$3.250 0006; products recognised as investment contracts. The majority of total assets relates to asset management products with equal and offsetting balances reflected within flabilities to customers. Risk weighted assets increased (33% tot2 057) (2008: 17.105) mainly attributable to overall growth in the balance sheet and the bit of securities landing activity. Barclays Wealth total assets increased 20% to \$8.60m 2006; c15.06m reflecting strong growth in lending to high first world, adjusted and intermediary clients. Risk weighted assets increased 28% to 27776 (2006: (6.166) reflecting the increase in lending.

id office functions and other operations total assets remained that at

7.15n (2036; €7.15n) Risk weighted assets decreased (673 to €1.5on)



Annual Report 2007 41

# Financial review Capital management

Total shareholders' equity

	2097	2008	2005
	£m	£უ	£m
Barclays PLC Group Called up share capital Share premium account	1,651 56	1,634 5.818	1,623 5,650
Available for sale reserve  Cash flow hedging reserve	154	132 (23C)	225
Capital redemption reserve	384 · 817	309 617	309 817
Currency translation reserve	(307)	(438)	1,377
Other reserves	874	390	
Retained earnings	20,970	12,169	8,957
Less: Treasury shares	(260)	(212)	(181)
Shareholders' equity excluding minority interests	23,291	19,799	17.426
Minority interests Total shareholders' equity	9,185	7,591	7,004
	32,476	27,390	24,430

2007/06

Total shareholders' equity increased 5,085m to \$2,476m (2006)

Called up share captal compress 6.000 million (2006: 6.555 million) ordinary shares of 550 each and 1 million (2006: 1 million) staff shares of 50 each. Catled up share captal Increased by 1776 (epresenting the nominal value of shares sould to Temassk Holdings. China Development Bank (CDB) and employees under share option plans largely offset by a reduction in regulate value arising from share by backs, Share premium reduced by 6.752m (be reduction of 522m) or rummer carrings 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 increased by 1757 27 representing the nominar value of the share buy-backs.

comployed options. The capital recomption reserve increased by 275° / representing the nominal value of the share buy-backs.

Ratained earnings increased by \$30 mm increases primarily arose from profit attributable to equity holders of the parent of \$417 mm the reclassification of share premium of \$223 mm the proceeds of the Temassek issuance in excess of nominal value of \$417 mm Reductions primarily arose from external dividends paid of \$2075 mm and the total cost of share repurchases of \$180 mm.

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 162.

Minority Interests increased £1.50 in to £2,185 in 2006 £7,59 in). The increase was primarily driven by preference share issuances of \$320 and an increase in the minority interest in Absu of £225 and

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

### 2006/05

Total shareholders' equity increased (2,950m)to (27,550m) (2005)

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 \$3.21200 primarily reflecting profit attributable to equity holders of the parent of \$2.57100 parily offset by dividends paid of \$1.77100 4.

Movements in other rose was reflect the relevant amounts recorded in the consolidated statement of recognised income and expense.

Minority Interests Increased \$587m primarily refuncing the issuance of preference shares by Barckeys Black PLC and Absa.

## Bardays 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 minority interests in the Bardays FLC Group. Certain issuances of reserve capital instruments and capital notes by Bardays Bank PLC are included within other shareholders' equity in the Bardays Bank PLC Group but represent minority interests in Bardays PLC Group.

2007	2006	2005
Em	£m	£m
1		
2,382	2,363	2,348
10,751	9.452	8.882
1111	184	257
28	(230)	70
(307)	(438)	156
(170)	(484)	483
2,587	2,534	2,490
14,222	11,556	8,462
1		
29.872	25.421	22,665
1,949	1.685	1,578
31,821	27.106	24,243
12		
	2,382 10,751 111 26 (307) (170) 2,587 14,222	2,382 2,363 10,751 9,452 111 154 (230) (307) (498) (170) (484) 2,587 2,534 14,222 11,556 29,872 25,421 1,949 1,685

#### Capital ratios

•	Basel II	Be	sel I	- 8a	sol i	86	sel 1
	2007	20	107		006	26	005
	Barclays PLC Group	Barclays PEC	Bank PLC		Bardays Hank PLC		Bardays Bank PLC
	droup	Group	Group	Group	Group	Group	Group
Capitei redos Tier i rado	7.6	7.8	9/4	%	%	*	%
Risk asset ratio	11.2	12.1	7.5 11.8	7,7 11.7	7.5 11.5	7.0 11.3	6.9 11.2
Risk weighted assets	2m	£m	£m	£m	£m	£m	<u>£m</u>
Banking book on-balanco sheet off-balance sheet	માંક -પ્રક	231,496 32,520	231,491 32,620	197 979 33,021	1 <b>97,9</b> 79 35,821	180,808 31,351	180,898 31,351
Associates and joint ventures	1/a	1,354	1,354	2 072	2,072	3,914	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	26,265 51,741	36,265 51,741	30,291 33,670	30,291 30,679	23,216 29,859	23,216 29,859
Total trading book	81,015	88,006	82,006	63,961	63,961	53,075	53,075
Operational risk	28,389	n/s	nia	n/a	n/a	n/a	n/a
Total risk weighted assats	353.678	353,476	353,471	297 833	297,833	268,148	269,148

Minimum requirements under the FSA's Basel rules are expressed as a railo of capital resources to tisk weighted assets (Risk Asset Railo). 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.

At 31st December 2007, the Tier 1 copital ratio was \$30 and the risk asset ratio was \$213. From 31st December 2008, total net capital resources rose \$7.500 and risk wolldhad assets increased \$3.500.

Tier 1 capital rose \$300, including \$2300 artising from profits attributable to equity holders of the parent net of dividends paid. Minority interests within Tier 1 capital increased \$2.000 almost your local resources and creterence shares. The doctuction for goodwill and intengible assets increased by \$1.700. Tiek 2 capital increased \$3.500 mainly as a result of an increase of \$3.000 of dated loan capital.

Under Basel II. effective from 1st January 2005, 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 8%, the internationally agreed minimum ratio.

Under Pillar 2 of Basel II, the Group is subject to an overall regulatory capital requirement (expressed in 2 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. Bardays received its ICG from the FSA in December 2007.

Fish weighted assets calculated on a BaseTI basis are broadly in tine with risk weighted assets calculated on a BaseTI basis. A reduction in credit and counterparty risk weighted assets of \$3.400 attributable to operational risk. The reduced risk weighted assets of \$3.400 attributable to operational risk. The reduced risk weighted assets attributable to operational risk. The reduced risk weighted assets attributable to operational risk. The reduced risk weighted assets attributable to operational risk. The reduced risk weighted assets attributable to operational risk were mainly driven by recognition of the low risk profile of first charge residential mortgages in UK Retail Banking and Absa and the use of internal models to assets 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 Sesel 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 II.

For portloffos 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 Ther 2 capital.

# Financial review Capital resources and deposits

Total net capital resources

				•					
•		Basel II		Ba	sel I	8a	1581 Î	Ba	set I
		2007		20	007	21	800		105
		£m	į	ξ	Circi	9	2m		m
•	E	Barclays	-;	Barclays	Barclays	Barclays	Berclays	Barclays	Bandays
		PLC	1	PLC	Bank PLC	PĹ¢.	Bank PLC	PLC	Bank PLC
Capital resources (as defined for regulatory purposes)		Group	ŧ	Group	Group	Group	Group	Group	Group
Tier 1	٠.		1	£					
Called up share capital		1,651	1	1.651	2,382	1,634	2,363	1,623	2,348
Eligible reserves	i	22,939	;	22,526	25,615	19,608	21,700	16,837	18,648
Minority interests		10,551	3	10.551	5,857	7,859	4,528	6,634	3,700
Tier One Notes	1	899	•	899	899	909	909	981	9B1
Less; Intangible assets		(8,791)	1	(8,191)		(7,045)	(7,045)	(7,180)	(7,180)
Less: Deductions from Ter 1 capital		(1,106)	_:_	(28)	(28)				
Total qualifying tier 1 capital		25,743	~	~27,48B	25.534	29,005	22,455	18,895	18,495
Tler 2		Ī	Ī	A.					
Revaluation reserves		26	ŧ	26	26	25	25	25	25
Available for sale equity	_	295	3	295	295	221	221	228	223 (
Collectively assessed impairment allowances	1	440	: :	2.819	2,619	2,556	2,556	2,306	2,306
Minority Interests		442	. f	442	442	451	451	515	515
Qualifying subordinated labilities			1	ì					ŀ
Undated loan capital		3,191	1	3,191	3,191	3,180	3,180	3,212	3,212 {
Daled loan capital		10,578		10,576	10,578	7,603	7,603	7,059	7,969
Less: Deductions from Tier 2 capital		(1,100)		(28)	(28)				–
Total qualifying tier 2 capital		13,866	7	-17,123	17,123	14,036	14,036	13.350	13,350
Less: Regulatory deductions			Π.						
Investments not consolicated for supervisory purposes		(533)	[	(633)	(533)	(982)	(982)	(782)	(782)
Other deductions		(193)		(1,256)		(1,348)			(961)
		7				(0.000)			
Total deductions		(826)		AL (1,689)	(1,869)	(2.330)	(4,300)	11.(40)	11.74-31

# Particular control

# Financial review Deposits and short-term borrowings

### Deposite

Deposits include deposits from banks and customers accounts.

#### Average; year ended 31st December

	2007 Ern	2006 £m	2005 £m
Deposits from banks			
Customers in the United			
Kingdom	15,321	12.832	9,703
Customers outside the	,		
United Kingdom:			
Other European Union	33,162	30,115	29,092
United States	5,656	7,352	8,670
Airica	4,452	4,140	3,236
Rest of the World	36,626	35,018	39,060
Total deposits from banks	96,217	89,453	89,781
Customer accounts			
Customers in the United			
Kingdom	187,249	173,767	:55,252
Customers outside the			
United Kingdom:			
Other European Union	23,628	22,448	20,773
United States	21,908	17,661	15,167
Africa	29,865	23,560	17,169
Rest of the World	23,032	19,992	16,911
Customer accounts	285,740	257,428	225,272

Deposits from banks in offices in the United Kingdom from non-residents amounted to £45,162m (2006: £41,762m).

#### Short-term borrowings

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

#### Deposits from banks

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

	2607	2006	2005
	£m	<u>Em</u>	£m _
Year-end balance	90.546	79,582	75.127
Average balance	(98,217	89,453	89.75124
Maximum balance	6109,586	97,165	103,397
Average interest rate during year	4.1%	4.2%	2.6%
Year-and interest rate	4.0%	4.3%	3.6%

#### Commercial paper

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

	2007 £m	2008 £m	2005 £m
Year-cad balance	£3,451	26.546	28.275
Average belance	26.229	29,740	22,309) E
Maximum balance	<b>30,735</b>	31,859	28,598 🗢
Average interest rate during year <sup>a</sup>	5.4%	4.4%	. 3.1%
Year-end interest rate	6.2%	5.0%	4.5%

## Negotiable certificates of deposit

Negotiable certificates of deposits are issued mainly in the UK and US, generally in denominations of not less than US\$100,000.

•	2007	2008	. 2005	
	£nı _	<u>-£m</u>	<u>e</u> m	
Year-end balance	<b>₫8,40</b> 1	52,800	43,109	
Average balance	C55,394	49,327	45,533> 🗲	
Maximum balance	£62,435	60,914	53,458	
Average interest rate during year a	5.1%	5.3%	3.9%	
Year-ond interest rate	5.0%	5.1%	4.5%	

•	Year ended 31st December				
	2067 £m	2006 £m	2005 £m	. A	
Custonier accounts	294,987	256,754	238,684	Æ (	
In offices in the United Kingdom: Quirent and Demand accounts				_	
interest free	\$2,400	25,650	22,980		
Current and Demand accounts	1		1		
-Interest bearing	32,047	31,769	28,416	- C	
Savings accounts	70,682	62,745	57,715	_	
Other time deposits - retail	36,123	36,110	35,142	i	
Other time deposits - wholesale	55.726	53,733	42,967	ĺ	
Total repayable in offices				•	
in the United Kingdom	237.978	210,007	187,220	->	

10 1110 011-11 0 111-12-11	1, 122,110,10
In offices outside the United	
Kingdom:	
Current and Demonstraneounte	

- interest free 2,990 2,169 2,300 - Interest ited
Current and Demand accounts
- Interest be ating
Savings accounts
Other time deposits
Total repayable in offices outside the 11,570 17,626 20,494 3,917 3,041 3,230 25,440 38,532 23,911 46,747 51,464

Ouslomer accounts deposits In offices in the United Kingdom received from non-residents amounted to £49,179m (2006; £40,291m).

Average interest rate during the year for commercial paper and negotiables codificates of deposit have been restated for 2005 and 2005 to reflect metrodology enhancements.

# 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 commitment expiration per period						
			Between	Batureon		Total	
•		Less thou	ono lo three years		After	einuoms einuoms	
		Cm Cm	inee years In	nve years £m	ave years Em	committed Em	
Acceptances and endorsements		365				365	
Guarante es and letters of credit pleaged as collateral security	i	29,136	2,711	1,971	1,874	35,692	
Other contingent liabilities		6,584	1,556			9,717	
Documentary credits and other short-term trade related transactions	ب. ب	401	121	-	-	522	
Forward asset purchases and forward deposits placed Standby facilities, credit lines and other		283 136,457	17.039	00.507	40.044	263	
Statisticy ractities, dieditities and onles		130,487	17,039	28,127	10,211	191,834	

### Contractual obligations

				Paymen'	ts due by pr	eríod	
,				Between	Balween		
			Less than	one to		After	
			one year	three years	five years	live years	Totat
			£m	Em	£ns	٤m	EiB
Long-larm debt			90,201	13,558	8,630	19,358	131,747
Operating lease obligations .		_	197	755	610	2,225	3.787
Purchase obligations			141	186	27	6	360
Total			90.639	14,499	9,267	21,589	135,894
	<u> </u>						

The long-term debt does not include undated to an capital of £6,631m.

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

#### Burneys revew

# Financial review Securities

#### Securities

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

•		2007			106	2005		
			Amortised		Amortised		Amortised	
· ·		Book value	cost	Book value	cost		cost	
		£ps	Em	£m	रिका	£m	£m	
Investment securities - available for sale						`		
Debt securities:		-			· /~		~~	
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 bodies		(-) 634	532	280	277	216	218 [	
Mortgage and asset backed securities		1,367	1,420	1,706	1,706	3,062	3,062	
Corporate issuers		19,564	19,649	27,089	27,100	25,590	25,597	
Other issuers		م <u>پیوم</u>	9,599	5,492	6,450	6,265	6,257	
Equity securities		A	1,418	A-C1,3712	1,047	<u>,A~</u> (1,250)	1,007	
Investment securities - available for sale		46,349	D (40,242)	1>(9,283)	3.075	51,274)	0(50,997	
Other securities — held for trading				<i>t</i> —	-	£		
Debt securities:		/		~~~~~		, A	\	
United Kingdom government		3,832	n/a	4,986	n/a	4,788	, n/a	
Other government		51,104	n/a	46,845	n/a	45,428	n/a	
Mortgage and asset backed securities	•	37,038	n/a	29,606	n/a	17,644	1 . n/a	
Bank and building society confilence of deposit		17.751	n/a.	14,159	u\s	15.837	l n/a	
Other Issuers		Δ \\\ 2053 \\	nva	44.980	n/a	A 43,674	} n/a	
Equity securities		(36,307)	n/a	A-(31,548)	r/a	(20,299)	n/a	
Other securities - held for trading		) (89.085)	n/a	(72,124)	n/a	<u> </u>	n/a	

Investment debt securities include government securities held as part of the Group's treasury management portfolio for asset and flabilly, figuidity 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.

Mortgage 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 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	2005
		Book value	e Book value	Book value
		£	m2 n	£m
United Stales	•	15,15	18,343	16,093
Japan		9.12	4 15,505	14,560
Germany		5,13	6 4,741	6,376
France		3.53	3 4,326	4,822
Italy		6,03	0 3,419	4,300
Spain		3,67		2,456
Netherlands		t. 1.27		2,791
			- <u></u>	

Maturities and yield of available for sale debt securities

	_	Meturing ane y	•		iring ofte Ithin five				iring əftər İthin ten y			ing efter years:	Total	:
•		Amount £m	Yleid	_	Amount £m	7	Yleid %	· C	Amouni Em	Yleid	Amour		Amount o	
Government Other public bodies Other issuars	Ĉ.	1,354 646 11,849	5.8 8.6 5.2		3,997 78 12,542		4.0 1.3 1.9		788 4,343	1.5 5.5	1,32 1 1.84	2 1.1 0 5.2	7,461 634 30,678	3.5 7.7 5.2
Total book value		13,749	5.4	}	16,617		4.6		5,131	5.0	3.17	6 4.5	38,676	6.0

The yield for each range of maturities is calculated by dividing the annualised interest income prevailing at 91st December 2007 by the fair value of sacurities held at that date.

Barcleys 47

# Financial review Critical accounting estimates

The Group's accounting policies are set out on pages 149 to 157. Certain of these policies, as well as estimates made by management, are considered to be important to an understanding of the Group's thrancial condition strice they roughe management to make difficult, complex or subjective judgements and astimates, some of which may rotate to matters that are inherently uncertain. The following accounting policies inducte estimates which are particularly sensitive in terms of judgements and the extent to which estimates are used. Other accounting policies involve significant arrounts 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 toss such as those hold for trading, designated by management under the late value option and non-cash flow hedging derivatives.

Other non-derivative financial assets may be designated as available for sale. Available for sale 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 troluded 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 paties, other than in a forced or figuriation sale. Financial instruments entered into as trading transactions, logether with any associated hadging, are measured at fair value and line resultant profits and losses are included in net tracting 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 of inancial instruments held for trading are reported gross in trading portiotic assets and liabilities or derivative financial instruments, reduced by the effects of netting agreements where there is an intention to settle net with complementation.

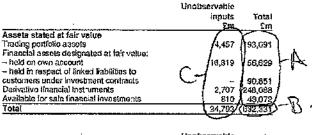
#### Valuation methodology

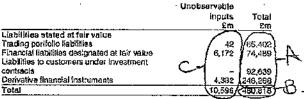
The method of determining the fair value of linancial instruments can be analysed into the following categories:

- (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 init at secognition of financial instruments measured using such techniques the transaction price is deemed to provide the best evidence of fair value for accounting curposes.

The valuation lechniques in (b) and (c) use inputs such as interest rate yield curves, equity prices, commodity and curroncy pricealyidds, 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 availables.

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.





Various factors influence the availability of observable inputs and those 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 modelling and the nature of the transaction despoke 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, dependent 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 assests, similar maturities, appropriate proxies, 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 or a range of reasonable possible semantic assumptions, would he to provide a range of \$1.250 (2006; \$0.350) plower to \$1.550 (2006; \$0.350) higher than the fair values recognised in the financial statements.

The size of this range will vary over time in response to tracket volability.

The size of this range will vary over fund in response to harket volability, market uncertainty and changes to benchmark proxy relationships of similar assets and liabilities. 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 fetr value is determined based on cash flow models where significant inputs may include yield curves, bond or single name credit detault swap spreads.

# Financial review Critical accounting estimates

Within the retail and small businesses portfolios, which comprise large 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 portiolic 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 americand historical information on the eventual tosses encountered from such delirquent portfolios. There are many such models in use, each tailored to a product, the 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 financial statements for these portiolies is therefore considered to be reasonable and supportable. The impairment charge reflected in the income statement for these portiolies is \$1,695m)2006: [21,695m) and amounts (\$7,000,000,000) of the total impliment charge on Totals and advances in \$60?.

For larger accounts, imparment allowances are calculated on an individual basis and attretevant considerations that have a bearing on the expected tuture 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 difference 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 future cash flows. Furthermore, judgements change with time as new information becomes available or as work-cut 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 a change in the allowances and have a direct impact on the impairment change. The impairment change reflected in the linancial statements in relation to larger accounts 6 £70 m (2005 (255 m) to 30% (1006 (3%)) of the total impairment charge on pans and advances in 2007. Further information on impairment allowances is set out on pages 84 to 85.

C.

C

#### Coodwill

Management have to consider at least annually whether the current carrying value of goodwill is impaired. The linst stop 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 synorgics cased on the areas of the desires a special to be need to be need to be desired from the acquisition. The second element reflects the affocation of the net assets acquired and the difference between the consideration paid for those not assets and their fair value. This affocation is reviewed following business reorganisation. The carrying value of the tint, including the allocated goodwill, is compared to its fair value to determine whether any Impairment exists. If the fair value of a unit is tess 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 husiness operates (e.g. competitive activity, regulatory change), in the absence of readily available market price data this calculation is based upon discounting expected pre-lax 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-lax cash flows is sensitive to the periods for which detailed forecasts are available and to assumptions regarding the long term sustainable cash tows. While forecasts are compared with actual performance and external economic data, expected cash flows naturally reflect management's view of future beta, expected as in low in table any each management which which the Absa and Woolwich exquisitions. The goodwill maniment 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 sold and have a finite useful life are amortised over their estimated useful life. Determining the estimated are aminised over main owning of the estimated useful file. Determining the estimated useful file of hase finite life intangible assets requires an analysis of circumstances, and judgement by the Benk's management. At each balance sheet date, or more frequently when events or changes in circumstances dictate, intangible associa are assessed for indications of imperiment. If indications are present, these assets are subject to an Impairment review. The impairment review comprises a comparison of the carrying amount of the asset with its recoverable amount; the higher of the carrying amount of the asset with its recoverable amount; the higher of the assets' or the cash-ger eraling unit's net setting price and its value in use, Net setting price is calculated by reference to the amount at which the asset 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 tuture cash tlows obtainable as a result of the asset's continued use, including those resulting from its ultimate disposal, at a market-based discount rate on a pra-tax basis. The most significant amounts of intangible assets relate to the Absa acquisition.

### Retirement benefit obligations

The Group provides pension plans for employees in most parts of the world. Arrangements for stell 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 issued countrepresents 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 regularments of IAS 19.

The actuarial valuation is dependent upon a series of assumptions, the key ones being interest rates, mortality, investment returns and inflation. ones trang interest when, unitarity, investment returns and inspired. Mortably estimates are based on standard industry and national mortabily tables, adjusted where appropriate to reflect the Group's own experience. The returns on lixed interest investments are set to market yields at the valuation date (tess an altowance for risk) to ensure consistency with the asset valuation. The returns on UK and over-seas equilibra are based on the long-term outlook for global equities at the calculation date having regard to current market yields and dividend growth expectations. The inflation assumption reflects long-term expectations of both earnings and retail price

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 for any historic unrecognised actuarial gains or losses and past service cost, is recognised as a liability in the balance sheet. An asset analog, for example, as a result of past over-lunding 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 refunds of contributions. To the extent that any unrecognised gains or losses at the start of the measurement year in relation to any individual defined bonelit scheme exceed 10% of the greater of the fair value of the scheme assets and the

measurement year in relation to any individual defined content surrente 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 hydrine statement.

The Group's IAS 19 pension surplus across all polysion and post-retirement schemes as at 31st December 2007 was a sulplus of £3,507m0/2006 £3177 deficit). This comprises nel recognised liabilities of £1,507m0/2006 £907m0—11m nut recognised liabilities consolises retirement benefit liabilities of £1,507m0/2006 £1,007m0/2006 £1,007m0

assumptions is set out in Note-30 to the accounts.

**Barclays** 

#### Paragraph (School

# 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 oil-balance sheet arrangements and special purpose entities (SPEs). These arrangements include the provision of guarantees, loan commitments, rotained interests in assets 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 behalf of its customers. In the majority of cases, the Group will hold cofateral 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 and it institutions on behalf of customers to secure leanest overdraits; and other banking facilities, including stock borrowing Indemnities are standby telters of credit. Other guarantees provided include performance guarantees, advance payment guarantees, tender guarantees, guarantees to Her Majesty's Revenue and Customs and retention guarantees. The nominal principal amount of contingent abilities with oil-balance sheet risk is set out in Note 34 and in the table on page 46.

#### Loan commitments

The Group enters into commitments to lend to its customers subject to certain conditions. Such lean commitments are made either for a fixed period, or are cancellable by the Group subject to notice conditions. Information on toan commitments and similar facilities is set out in Note 34 and in the table on page 46.

#### Special purpose entitles

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 origining activities.

Transactions with SPEs take a number of torms, including:

- The provision of financing to fund asset purchases, or commitments to provice 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 it 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 belience 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 analysts is reutsted 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 li
- (iii) the Group acquires control over the main operating and linancial 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 parties and the Group's risk is mitigated through over-collateralisation, unwind features and other protective measures. The Group's involvement with unconsolidated third party or duits, collateralised debt obligations and structured investment vehicles is described further bolow.

#### Collateratised Debt Obligations

The Group has structured and underwritten CDOs. At incaption, 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 facility is drawn with the amount advanced included within loans and advances in the betance sheet. 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 dolauft triggers before the end of 2008 has been assessed and included in the determination of impairment charges and other credit provisions (£782 m) in relation to ABS CDO Super Senior and other credit market exposures for the year ended Stat December 2007).

The Group's exposure to ABS CDO Super Senior positions before hedging was \$25,016m as at 31st December 2007. This includes \$21,149m or undrawn facilities provided to meazenine transections (exposure stated net of writedowns and charges). Undrawn facilities provided to unconsolitated CDOs are included as part of commitments in Note 34-to the accounts.

undrawn lacilities provided to mezzanine transections (exposure stated net of whitedowns and charges). Undrawn facilities provided to unconsolidated CDOs are included as part observation in Note 24-to the accounts. The remaining 14,859 is the Group's exposurate High Grade CDOs, stated net of whitedowns and charges. (3,787) of drawn balances are included within Leans and advances on the bulance sheet, with the remaining 11,007) representing consolidated High Grade CDOs accounted for the fall value basis.

Ξ

## Collateral

The collateral underlying unconsolidated CDOs comprised 77% residential mortgage backed securities 67% non-residential asset backed securities and 17% in other categories, including 10% ASS CDO exposure (a proportion of which will be backed by residential mortgage contateral).

The remaining Weighted Average Life (WAL) of all collateral is 3.9 years. The combined Not Assot Vatue (NAV) for all of the CDOs was £2.85n below the nominal amount, 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 notes on cash CDOs was supported by a fiquidity facility provided by the Group. On mozzanine CDOs, this portion of the capital structure is unrunded, but a liquidity facility is provided to support the level of synthetic instruments within each leaseaction. The senior portion covered by liquidity facilities is on average 75% at the capital structure.

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

Barolays Annual Report 2007

# Financial review Off-balance sheet arrangements

#### Interests in Third Party CDOs

The Group has purchased securities in and entered into cerivative instruments with third party CDOs. These interests are held as trading assets or liabilities on the Group's betance sheet and measured at fair alue. 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

• £317773 senior liquidity facilities, of which £19m ras crawn and included in loans and advances as at 31st becember 2007. The Group is one of between two and eight independent liquidity providers on each

- Designative exposures included on the balance sheet at their net fair value of £264 pc.
- Bonds issued by the SIVs included within trading portfolio assets at their fair value of E21m
- (2.65n) epo funding lacilities (21.35n) has been utilised and included within loans and advances to distributes in the balance sheet.

Other than the reco facilities, 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.

The Group structured and helped to underwrite three SIV-Lite transactions,

The Group provided 0.589 in liquidity scribbles as partial support to the 22.60 of CP programmes on these transactions. These lacilities have now been fully drawn or are terminated, such that no further drawings are possible. One of the three vehicles has been restructured later cash CDO. As part of this restructuring, the Group acquired the G800 promior note in the CDO which is held at fair value within trading ported 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 400 is included on the balance sheet within loans and advances to customers and included in the credit market positions discussed on page 53.

Commercial Paper and Medium-term Note Conduits
The Group provided Element undrawn 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 shoot.

The Group provided backstop to titles to support the paper issued by six third party conduits. These facilities totalled the paper issued by six third party conduits. These facilities totalled the paper issued by six third party conduits. These facilities totalled the paper issued by six third party conduits. These facilities to an action of the party of

The Group provided backetop 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 remarkated to investors annually. If investors decline to renew their holdings at a price below a pre-agreed spread, the backstop lacitity requires the Group to purchase the

Barclays Annual Report 2007 52

outstanding notes at schedulad marurity. The group has provided facilities of £2.85n its SPEs holding prime i.W. and Australian owner-occupied Restrential Mortgage Back Securities (RMBS) assets. As at 51st December 2007, the Group had acquired notes of £90m under these backstop lactities (included as available for see a assets in the balance sheet) and further acquisitions are expected through 2018 as other notes are expended through 2018 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 £1.3th to third party conduits containing prime UK buy-to-let RMBS. As at 315 December 2007, £290 in 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 roly on funding in the form of notes to purchase the assets for securification. As these SPEs are created for other companies, the Group does not usually control these entities and monotone does not consolidate tham. The Group may provide injuncing in the form of spinic order of funding the control through the securities are securities. 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 landing portfolios and credit card receivables. These SPEs are usually consolidated and derecognition only receivables. These SPEs are Islany consolitated and descognition only occurs when the Group transfers its contractual rights 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 padly 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 flabilities are set out in Note 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 relevant asset.

The Group also Invests in lassor entities specifically to acquire assets for The droup was there as it is about strikes a production to design of section in termodistion also includes a prangament to fund the purchase or construction of specific assets (most common in the property โดยแผนปี.

#### Fund management

The Group provides asset management services to a large number of investment critities on an arm's length basis and at market terms and paces. The majority of tricse entities are investment funds that are owned by a large and diversified number of investion. These funds are not consolidated because the Group does not own either a significant pention of the equity, or the risks and reverds inherent in the assets.

During 2007, Group operating expenses included charges of \$80 (2006; 2nil) 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 liquidity products subsequent to 31st December 2007.

# Financial review Barclays Capital credit market positions

Barclays Capital credit market positions

Barclays Capital credit market exposures resulted in net fosses of £1,635m earrays capital credit market exposures resulted in net rosses of £1,039 in 2007, due to discoations in the credit markets. The net losses primarily related to ABS CIDO super senior exposures, with additional losses from other credit market exposures partially offset by gains from the general widening of credit spreads on issued notes hald 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	2907
	£m	£m
ABS CDO Super Sonlo:	<u> </u>	
High Grade	4,869	6,151
Mezzanine	1.149	1,629
Exposure before hedging	f,018	7,780
Hedges	(1,347)	(348)
Net ABS CDO Super Senior	4,571	7,432
Other US sub-prima	<u></u>	
Whole loans	3.205	2.900
Other direct and Indirect exposures	1,832	3,148
Other US sub-prime	5,037	6,048
All-A	4,916	3,760
Monolina insurers	1,335	140
Commercial mortgages	12,399	8,282
SIV-lite IlquidRy facilities	152	692
Structured Investment vehicles	590	925

## ABS CDO Super Senior exposure

ABS CDO Super Senior net exposure was \$2,57 in (30th Jene 2007; \$7,402 is, Exposures are stated net of write-downs and charges of \$1,027; (30th June 2007; \$859) and hedges of \$1,340 (30th June 2007; \$359).

The colleteral for the ABS CDO Super Sentor exposures primarity comprised Restdential Mortgage Backed Securities. 75% of the RMBS sub-prime colleteral comprised 2005 or earlier vintage mortgages. On ABS CDO super sentor exposures, the combination of subordination, hedging and writedowns provide protection against loss levels to 72% on US sub-prime colleteral as at 31st December 2007. None of the above hedges of ABS CDO Super Sentor exposures as at 31st December 2007 were held with more time in successions. with monoling insurer counterparties.

#### Other credit market exposures

Bardays Capital held other exposures impacted by the turbulence in credit merkets, including: whole loans and other direct and indirect exposures to US sub-prime and Alt-A borrowers; exposures to monotine insurers; and commercial mongage backed secreties. The net losses in 2007 from those excosures were 1823m

Other US sub-prime wholetican and not tracing book exposure was £5,037m (20th, Jupe 2007 (58,046m) Whole loans included £2,843m) 30th June 2007 (1,886m) ecquired since the acquisition of Equipment March 2007, all of which were subject to Bardays uncertwiting cateria. As at 31st December 2007 the average loan to value of these EquiFirst bans was 80% with less than 3% at above 95% Ican to value, 99% of the EquiFirst inventory was liest lien.

Net exposure to the All-A market was 27,018th (30th June 2007: 2,780 through a combination of securities held on the balance sheet including those held in consolkizted conduits and residuals. Alt-A exposure is generally to borrowers of a higher credit quality than sub-prime borrowers. As at 31st December 2007/93% of the Atr-A whole loan exposure was performing, and the average loan to value ratio was 61%, 96% of the Atr-A securities held were rated AAA or AA.

Barciays Capitet held assets with insurance protection or other cradit enhancement from monoline insurers. The value of exposure to monoline insurers under these contracts were 1,355m (30th June 2007/2140m). There were no claims due under these contracts as none of the underlying assets were in default.

Exposures in our commercial mortgage backed acquilles business comprised commercial real estate loans of 11 103 (30th June 2007: 57.853h) and commercial mortgage backed securiles of 21,498h (30th June 2007(56992)—The loan exposures were 54% US and 43% European. The US exposures had an average foan to value of 65% and the European exposures had an everage loss to value of 71%, 87% of the commercial mongage backed securities hold as at 31st December 2007

Leans and advances to customers included (1528 (30th June 2007: 1532h) of drawn liquidity facilities in respect of Silv-Ries. Total exposure to other structured investment vehicles, including derivatives, undrawn commercial paper backstop facilities and bonds held in trading portfolio assets was (1691) and 2007: 12250).

Leveraged Finance.

# Leveraged Finance

At 31st December 2007, drawn leveraged finance positions were \$7.35m [30th June 2007 (\$7.37m). The costillors were stated net of less of (\$130m) and impairment of (\$130m) artiven by widening of corporate credit spreads. spreads.

# Own Credit

At 31st December 2007, Barolays Capital had issued notes held at fair verue of \$27,162m (30th June 2007; 244,622m). The general widening of credit spreads affected the carrying value of these notes and as a result revaluation gains of \$6500 were recognised in trading income.

Barclays Annual Report 2007

# Financial review Average balance sheet

Average balance sheet and not interest income (year ended 31st December)

		2007			2008		2005		
	Average balanco <sup>(a)</sup> Em	Interest Em	Average rate	Average balance <sup>(a)</sup> £m	Interest £m	Average rate %	Average balance <sup>(a)</sup> £m	Interest £m	Average rate
Assets									
loans and advances to banks b:					_		_		
in offices in the United Kingdom in offices outside the United Kingdom	29,431 12,262	1,074 779	3.6 6.4	18,401 12,278	647 488	3.5 4.0	14,798 11,063	454 403	3.1 3.5
Loans and advances to customers b:									
in offices in the United Kingdom in offices outside the United Kingdom lease receivables:	205,707 88,212	13,027 6,733	5.3 7.8	184,392 77,615	11,247 4,831	6.1 5.4	172,398 50,699	10,229 2.97 <b>5</b>	5.9 <b>5</b> .9
in affices in the United Kingdom	4,822	283	5.0	5,266	300	5.7	6.521	348	5.8
in offices outside the United Kingdom financial investments:	5,861	691	11.8	6,162	595	9.7		117	6.9
in offices in the United Kingdom	37,803	2,039	5,4	41,125	1,936	4.7	43,133	1,755	4,1
- in offices outside the United Kingdom Reverse repurchase agreements and cash collateral on securities borrowed	14,750	452	3.1	14,19(	830	5.8	10,349	467	4,5
In offices in the United Kingdom	211,709	9.644	4.6	165,718	6,136	3.7	158,292	4,617	3.0
In offices outside the United Kingdom Frading portfolio assets:	109,012	5,454	5.0	100,416	5,040	5.0	92,407	2,724	2,9
In offices in the United Kingdom In offices outside the United Kingdom	12 <b>0,691</b> 57,535	3,926 3,489	4.9 6.1	108,148 61,370	4,166 2,608	3.9 4.2	81,607 57,452	2,710 2,116	3.3 3.7
Total average interest carning assets impairment allowancest provisions Non-interest earning assets	897,795 (4,435) 422,634	49,591	5,5	794,077 (3,565) 310, <del>9</del> 49	38,924	4.9	698,425 (3,105) 278,328	28,915	4,1
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 earring assets in offices outside the United Kingdom Total average interest earning assets related to:	32.0%			34.9%			32.0%		
nterest income		49,591	5.5		38.924	4.9		28,915	4.1
nterest expense		(37,892)		'	(30,385)	3.8		(20,965)	3.0
		11,599	3,3		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 absorbere.

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

Average balance sheet and net interest Proome (year enced 31st December)

		2007			2006			2005	
·	Average		Average	Average		Average	Average		Average
	balance <sup>(a)</sup>	interest	rate	balance $^{(a)}$	Interest	els)	balance <sup>(a)</sup>	Interest	rate
	rı2	201	%	Ent	£isi	94	r2	£m	0%
labilities and shareholders' equity						•	••••		
Deposits by banks:									
in offices in the United Kingdom	63,902	2,511	3,9	62,236	2,464	4.0	54,801	1,555	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 accounts:									
iemand deposits:									
- in offices in the United Kingdom	29,110	859	2.9	25,397	680	2.7	22,598	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:									
avings deposits:									
-In offices in the United Kingdom	55,064	2,048	3.7	57,734	1,691	2.9	52,568	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
Dustomer accounts:	•			•			ŕ		
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
Oustomer accounts:	•			•					
other time deposits - wholesale;									
in offices to the United Kingdom	52,147	2,482	4.8	45,930	1,794	3.9	41,748	1.191	2.9
in offices outside the United Kingdom	24,298	1,661	6,8	23,442	1,191	5.1	12,546	590	4.7
Debt securities in issue:				_					
- in offices in the United Kingdom	41,582	2,053	4.9	47,218	1,850	3.8	46,683	1.831	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 foan capital and other subordinated		,						.,	
labilities 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:				•.					
-in offices in the United Kingdom	169,272	7.616	4.5	141,852	5,080	3.6	130,787	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
Tracting portfolio Habilities:	.,,,,,,,	_,			1,07.			_,	0.2
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	3.9
							'		
Total average interest bearing liabilities	927,G93	37.882	4.6	748,001	30,385	4.1	657,182	20,965	3.2
Interast free distamer deposits:									
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	421,478			207,816			267,581		
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	1,101.461	30,385	2.8	973,648	20,965	2.2
Percentage of total average interest bearing non-capital									
fabilities in offices outside the United Kingdom	39.4%			36.1%			33,3%		

Note
a Average befances are based upon delity averages for most UK banking operations and monthly averages elsewhere.

# 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 assets and average interest bearing liabilities. Where variances have after from changes in both volumes and interest rates, these have been allocated proportionalely between the

•		2007/2008 Change due to 2 increaso/(decrease) in:		increas	5 Change e/(decrease		2005/2004 <sup>2</sup> Change due to increase/(decrease) in:			
	Total			Total			Total			
•	change £m	Volume Sm	Bate £m	change £m	Volume Im	Ráta £m	change Em	Volume 2m	Rate £m	
nterest receivable		12:11							<del></del> -	
reasury bills and other eligible bills:										
in offices in the UK	ជាវិត	nfe	nfa	n/a	n/a	n/a	(69)	(68)	n/a	
in offices outside the UK	n/a	nha	nfa	a/a	n/a	n/a	(63)	(63)	r√a	
	rva	nla	n/a	n/a	n√a	n/a	(131)	(131)	cln	
oans and advances to banks:										
-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	
	718	401	317	278	167	111	(106)	(70)	(35)	
eans and advances to customers:	4 705	4 227	443	1.018	700	200		1 00'	(nee'	
- in offices outside the UK	1,780 1,302	1,337 728	1.074	1,016	726 1,895	2 <del>3</del> 2 251	1,419 1.705	1,681 787	(262) 918	
IN Our Ca Outside till City	3.582	2,065	1,517	2,974	2,421	558	3,124	2.468	656	
	0.782	2,000	1,017	G <sub>1</sub> 07 4	6,961	939	Ø.1₽4	2,400	036	
sase recelvables:										
-in altices in the UK	(57)	(26)	9	(48)	(70)	22	128	78	SC	
in offices outside the UK	96	(30)	128	478	413	35	83	91	. 5	
	79	(58)	135	430	343	87	224	169	56	
Debt securities:										
In offices in the UK	១/ខ	rva	n/a	n/a	n/a	вłа	(2,129)	(2.129)	n/a	
in offices outside the UK	n/a	าปล	r√a	n/a	n/a	n/a	(338)	(338)	n/a	
	n/a	กใล	n/a	n/a	n/a	n/a	(2,467)	(2.467)	ı1/a	
Inancial investments:										
-inancial investments: - in offices in the UK	103	(166)	268	181	(85)	265	1,765	1,755	n/a	
-in offices outside the UK	(378)	32	(410)		202	161	467	467	n/a	
- III OMEGO OMGIOS INTO ON	(275)	(133)	(142)	844	117	427	2,222	2,222	n/a	
									- 114	
External tracting assets:										
- in offices in the tilk and	n/s	n/a	រា/ខ	n/a	ญล	n/e		(4,971)	n/a	
- outside ine UK	n/a	n/a /-	<u>n/a</u>	nia No	<u></u>	0/B		(2,224)	n/a	
	n/a	n/a	n/a	n/a	n/a	n/a	(7,195)	(7.195)	n/a	
Reverse repurchase agreements and cash collateral on securities										
borowed:										
in offices in the UK	3,508	1,965	1,543	1,519	324	i 195	4,617	4,617	n/e	
- in offices outside the UK	414	430	(16)		254	2 062	2,724	2,724	r/s	
	3,922	2,295	1,527	3,835	578	3 257	7,341	7,341	n/g	
Trading portfolio assets:										
-In offices in the UK	1.780	621	1,139	1.456	907	549	2.730	2,710	n/a	
in offices outside the UK	183		1,053	492	151	341	2,116	2,116	n√a	
	2,641	449	2,192	1,948	1.058	£9 <b>C</b>	4,626	4.826	n√a	
Total Interest receivable:	3 000	6 DE 1	0.00-	4010	4 000	0.000	^ ^-	0.555		
in offices in the UK	7,561 3,106	4,034	3,527	4,319	1,923 2,761	2,398	3,224 4,615	3,558	(334)	
in offices outside the UK		987	2,113	5,690		2,929	-1	3,605	1,010	
	10.667	5,021	5,646	10,009	4.684	5,325	7,839	7,163	676	

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

#### The product should be

Changes in nel interest incomo - volume and rate analysis

		06 Change se/(decreus			05 Change e/(decreas			04 <sup>a</sup> Chang se/(decrea	
	Total			Total			Total		
	change	Volume	Rate	change	Volume		change	Volume	Rate
	£m	<u>rm</u>	£m	£m	£w	£m	ሂጠ	£m_	£m
nterest payable		رميد							
Deposite by tranks:	\								
-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	256	(121)	1,231	299	932	835	352	483
Austomer accounts - demand deposits:		•							
in offices in the UK	178	105	73	170	68	102	200	28	172
In offices outside the UK	750	95	55	. 166	69	. 86	57	36	21
	328	200	128	336	148	188	257	64	193
Dustomer accounts – savings deposits:	<del></del>								
in offices in the UK	357	(81)	438	121	152	(31)	245	145	100
In offices outside the UK	54	45	9	35	28	7	18	16	2
	411	(36)	447	156	180	(24)	263	161	102
Customer accounts - other time deposits - retail:		124)			174.0	1= 1/	744	<u></u>	
In offices in the UK	53	(204)	257	78	41	37	164	(23)	187
-in offices outside the UK	242	300	42	232	125	97	142	59	83
111 011000 01000 110 =11	295	(4)	299	300	186	134	306	36	270
Justomer accounts – other time deposits – wholesale:	2,00		293		123	104	- 605	- 30	270
in offices in the UK	688	263	425	503	129	474	(653)	(479)	(174)
In offices outside the UK	470	45	425	601	550	51	248	(18)	264
AL CHICGS COISERS HIS CIT	1,158	388	850	1,204					
Debt securities in issue:	1-120	380	550	1,204	679	525	(405)	(495)	90
Jean securines at issue; - In offices in the UK	1 203	(240)	443	219	22	197	398	507	
									(109)
- in offices outside the UK	1,369	1.063	308	1,991	85Q	1,141	1,369	323	1,035
	1,572	923	749	2,210	872	1,338	1,757	830	927
Dated and undated form capital and other subordinated liabilities	- 1								
principally in offices in the UK	(*4)	{41}	27	172	135	37	(87)	(78)	(9
External trading liabilities:	1 .								
in offices in the UK	l n/a	ពវ៉ុន	n/a	nfa.	n/a	.n/c.	(5.611)	(5,611)	n/a
outside the UK	n/a	0/3	nia	n/e.	n/a	n/e	(1,805)	(1,805)	r/a
	1/3	n/a	n/a	n/a	n/a	п/е.	(7,415)	(7,416)	r/a
Repurchase agreements and cash collateral on securities lent:	- I								
- in offices in the UK	2,536	1,098	1,448	1,446	329	1,117	3,634	3,634	n/a
in offices outside the UK	740	1,402	(6δ2)	1,932	200	1,732	2.379	2,379	n/a
	3,276	2,492	784	3,378	52 <del>9</del>	2,849	6,013	6,013	n/a
Trading portfolio liabilities	1								
in offices in the UK	263	(60)	343	277	222	59	1,737	1,737	n/a
- in offices outside the UK	83	(368)	449	156	85	71	1,156	1,198	π/e.
	346	(445)	792	433	307	126	2,933	2,938	n/a
nternal funding of trading businesses	n/a	n/a	nía	n/a	n/a	r/a	2,045	2.045	n/e
Folal interest payable:	1						·		
- 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	3,986	2,309	1,580
	7,507	3,552	3,955	9,420	3,315	6,105	6.501	4,445	2.056
Vovement in net interest income			M 1 1 2 2 1						
ncrease/(decrease) in Interest receivable	10.667	5,021	5,646	10,009	4,684	5,325	7,835	7,163	676
					(3,315)		(8,501)		
finoreas el/decrease in interest payable	(7,507	J 13.5p21	(3.955)	(9,420)	3.3151		10,500		

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.

Barclays Annual Report 2007 57

#### Between greve

#### Retail or edit risk

A continued improvement in credit quality in the UK unsecured portlofos was a principal feature of the Group's relail credit risk profile during 2007. Barclayourd continued the undorwriting revisions begun in 2008 in UK credit cards, and successfully reduced impairment in the main Barclays branded cards portfolio. Flows into delinquency and arroars balancos fell, as did general charge-offs, which were helped by a fall in charge-offs due to bankruptoy. New oustomer 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 Hetail Banking, saw reduced early and late cycle definquency resulting from revised underwriting criteria. Improved collections processes helped to reduce Impatiment in Local Business, while in UK Home Finance, delinquency and possession rates remained at the lows recorded since 2004, and impairment charges were negligible. Bardays delinquency and possession rates remain below industry averages, reflecting the high credit quality of the portfolio.

Lending criteria in Absa's relati portioliss were tightered in response to a more difficult creditienvironment, signalled by a rise in arrears rates. The change in conditions was primarily driven by a prolonged acries of interest rate rises and the implementation of new consumer lending legislation in these 2017.

We increased our investment in credit risk infrastructure in India and Italy to support the faunch or expansion of rebit banking operations in those countries during 2007. Bardlays 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 or teria were adjusted as the US retail environment weekened during the year.

Looking ahead this year, we expect the retail credit environment to be more chattenging in Abea and to some degree in the US portfolia. The UK purifullows performence, which has improved in the past two years, will be subject to the evolving commiss dimate anticipated in 2008.

#### Risk tendency

Risk tendency at 2007 year-end retiscled an increase in portfolio size as wall as some weakening in credit grades, evidenced by wider 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 levels in a range of European, African and Asian countries.

## Market risk

66

Distocation in the credit markets had an impact on all major interest rate, cquity and foreign exchange markets, which also experienced higher volatility, particularly in the second half. Barclays Capital's market risk exposure, as beasured by average plat Daily Value at Risk (DVaR), increased 13% to an average of \$120 m 2007. Over the same period, average daily market risk revenue increased 13% to \$250m, 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 increase of secondary markets, which increases the arrange of the produced positions held in the credit markets.

Barclays Annual Report 2007 This reduction in exposure resulted in a lower level of cradit stress loss, which is another important market risk control for Barciays Capital. Average commodity EIVAH and equity EIVAH increased as those businesses grew. Diversification across risk types remaining significant, reflecting the broad product mix. Higher market votatilities in the fourth quarter led to an increase in DVAH at year end, and will contribute to higher average DVAHs in 2008.

#### Liquidity risk

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

#### Operational risk

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

#### Financial crime

The Group introduced two-factor authentication for online transactions through its PINsentry device and continued to offer all UK personat 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 evolves, however, and Barclays will continue to build the capacity to respond reptily 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 Besel if benking 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 lengthy and deteiled programme of work across all business areas and covering all risk typos. As part of the application process, Berclays assessed over 200 models to ensure that they were consistent with regulators' standards and that they must the "use" lest, which assesses a model's fitness as an apput 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 archition to remain at the leading edge of risk management. With the most significent portfolios alreacy consistent with the ARRB 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 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 sheat 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

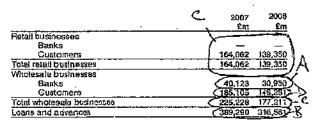
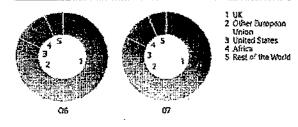


Fig. 3: Ceagaiphical analysis of laans and advances to customers %



80 Barolays Annual Report 2007

#### Measuring exposures and concentrations

Loans and advances to customers provide the principal source of credit risk to the Group although Bardays can elec be exposed to other forms of credit risk through loans to banks, loan commitments, confingent Pablities and debt securifics; see page 46). The value of outstanding loans 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.

in the Group.

As at 31st December 2007, of standing loans and advances to this tomers and banks were valued of £385bb (2006; £317tip) of which £349bb (2006; £285bb) was granted to personal or corporate customers (see figure 1).

Coalis and advances were well distributed across the retail and wholeselo porticities.

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

Balances are also diversified across a number of geographical regions (figure 3, based on localion of customers). The majority of Bardays 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 %

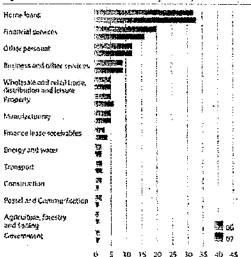
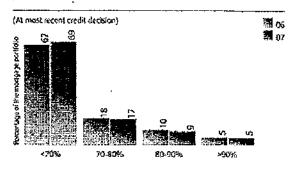


Fig. 4: Analysis of loans-to-value ratios of mortgages in the UK home loan postfolio at 31st December 2007 %



# Risk management Credit risk management

Allowances for impairment and other credit provisions

Barclays establishes, through charges against profs, impairment allowances and other credit provisions for the focurred loss inherent in the tending book.

Unifor IFRS, impalment allowances are recognised where there is objective evidence of impalment as a result of one or more loss events that have occurred after initial recognition, and where these events have hed an impact on the estimated future cash flows of the highest 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 loss than the discounted cash flows, then no turther allowance is necessary.

Impelment 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 impatiment to formal dassification of an account as exhibiting serious financial problems and where any further deterioration is likely to tead to failure. Two key inputs to the cash flow calculation are the valuation of all security and collateral and the timing of all asset wallsations, after allowing for all attendant costs. This method applies in the corporate portfolios – Barclays Commercial Bank, Barclays Capital and certain areas within International Retail and Commercial Banking and Barclaycard.

For collective assessment, the trigger point for impalment is the missing of a contractual payment. The impalment calculation is based on a roll-rate approach, where the percentage of assets that move from the Initial delinquency to detault 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 Berclays policy of ratsing an allowance as soon as impalment is identified.

Unidentified impairment allowances, albelt significantly tower 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

	7 2007	2006	2005
	£m:	£٣	£m
UK Banking J	849	887	671
Bardaycard	838	1,067	753
International Rotaliand			
Commercial Banking	252	167	33
Bardeys Capital	846	42	111
Barclays Global Investors	·		<u>-</u>
Barclays Wealth	7	2	2
Head office functions and other operations	3	(11)	
Total impairment charges	2,795	2,154	1,571
	Ý .		

default within a specified period. This is calculated on the present value of estimated future cash flows discounted at the linandal asset's original effective interest rate.

The emurgence periods vary across businesses and are based on actual experience and are reviewed on an annual loads. This methodology ensures that the Group only captures the loss incurred at the balance should also

These impaltment 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 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 promotly in their recommendations and in accordance with policy, accounting standards and ostablished governance.

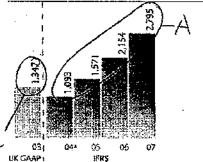
GCRIC exercises like authority of the Barclays Risk Ulrector, as delegated by the Chief Executive, and is chalred by Barclays Credit Risk Director,

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

These committees are supported by a number of Group Policies including: Group Retail Impairment and Provisioning Policy, Group Whotesale 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 swiswed 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 £



## Notes

 $\alpha$  Does not reflect the application of IAS 32, IAS 39 and IFRS 4 which became offective from 1st January 2005.

84

GCRIC has delegated the detailed review of loan impairment in the businesses to Ihe Hetall and Wholeszle Credit Risk Management

Committees.

A

A

In 2007, total impakinelit chartes on bails and advances and other credit, provisions increased 309 (564 m) (£27,75 m) (2006; £2,154 m) rollecting charges of £782 m) against ABS COO Supar Saniar and other credit market positions.

Impairment charges on loans and advances and other credit provisions as a rescentage of Group total loans and advances case for 17% (2006): 0.65 (2) 1.11al loans and advances crow by 23% to 2350 (2008): (2008): (2008)

Religit imperment charges on loans and advances fold 170 (2014) pile (2006) (20 The net positive impact of these changes in methodology was offset by the increase in impairment charges in Barclaycard International and secured

consumer lending.

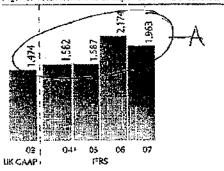
Impairment charges in UK Retail Bank decreased by 1763 (22) to 15550 (2008) (6350), reflecting lower charges in unsetured Consumer Lending and Local Business driven by improved collection processes, reduced flows into definquency, lower trends of arreers and stable chargeoffs. In UK Home Finance, asset goal by remained strong and mortgage offers to the process of the consumer termanage and mortgage of the process of the consumer termanage and mortgage.

ons, if by non-Primare, asset gas it entained study and intringage charges remained negligible. Mongage delinquesisles 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 \$380 (\$790) (\$200). \$4170 reflecting very strong behance sincel growth in 700 and the impact of lower strongs in 2007. 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 essets £m



#### Note

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

Wholesale and corporate Impairment harges on loans and advances increased (149 min (2701a) (2006 (286 m)). Wholesale and corporate impairment charges as a percentage of performent of the loans and advances increased to (1313-12006 (1573) total loans and advances grew by (27% to (125,228 m) (2006 (1573) total loans and advances grew by (27% to (125,228 m) (2006 (1573) total loans and advances grew by (27% to (125,228 m) (2006 (1573) total loans and advances grew by (27% total loans and advances increased to (286 m) 
The impairment charge in Barclays Commercial Bank increased by 38m (157%) to 22006 (2006) (22520), primarily due to higher gross impairment charges in Larger Business, partially offset by a lower charge in Medium Susiness due to a lightening of the lenging 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 prespect of further recovery. Write-olf will occur, when, and to the extent that, the whole or part of a debt is considered irreceverable.

The liming and extent of write-oils may involve some element of subjective judgement. Nevertheless, a write-oil 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 local 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 hence decrease the amount of the reported loan impairment chargo in the income statement.

Total write-oils of impaired linancial assets decreased by 27115 to (1,963m) (2006: (2,176h).

Barclava

# Risk management Disclosures about certain trading activities

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

The Grot p provides a fully integrated service to clients for base metals, preclous metals, cit, power, natural gas, coal, "relight, emission credits studiated products and other related commodities. This service offering continues to expand, as market conditions allow, through the addition of now products and markets.

The Group offers both over the counter (OTC) and exchange traded certvatives, 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 portiolio. Physical commodity positions are held at lair 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 intermation on fair value measurement of flagnoist 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 derivative assets.

90

Barclays 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 £23,575m (2006 £17,501m) and a gross negative value of £27,59m (2006 £15,9407)

Movement in fair value of commodity derivative positions

	2007 2008 £m £m
Fair value of contracts outstanding at the beginning of the period Contracts realised or otherwise settled during the period Fair value of new contracts entered into during the period Other changes in tals values	(764) 379 (764) 379 (243 608 (228) (153)
Fair value of contracts cutstanding at the end of the period	812 1,581 B/

Maturity analysis of commodity derivative fair value

	2007	2006	
	£m	£m	
Not more than one year	(279)	902	<b>\</b> = 1
Over one year but not more than five years	773	327	-6
Over five years	318	332	. ~
Total	(812	1,561	チX
			•

# Risk management

Statistical information

## Statistical and other risk information

This spotted of the report contains supplementary information that is more detailed or contains tenger histories than the data presented in the discussion. For commentary 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 78)

	 2007 Em	2006 Σm
UK Banking	775	790
UK Retail Banking	270	500
Barclays Commercial Bank	303	290
Barclaycard	945	1,135
International Retail and Commercial Banking	475	220
International Retail and Commercial Banking – excluding Absa	229	75
International Retail and Commercial Banking ~ Absa	255	145
Sarclays Capital	140	96
Barclays Wealth	10	10
Head office functions and other operations <sup>a</sup>	 10	10
Risk Tendancy by business	 2.355	2,260

### Table 2: Loans and advances

	2007 Em	2006 £m
Reteil businesses Banks Custamers	164,052	139,350
Total retail businesses	164.082	189,350
Wholessie businesses Banks Customers	40,123 183,105	3C,930 146,281
Total wholesale businesses	225,228	177,211
Loans and advances	389,290	316,561

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

Barclays Annual Report 2007

# Risk management Statistical information

Table 3: Maturity analysis of loans and advances to banks

Over this   Over	,											
Not mere than three th												
Not more   Not more   Internation   Not more   Internation   Internati												
Table 4:   Interest rate sensitivity of towns find Course for State												
At 31st December 2007. On demand months	•											
At 31st December 2007		O									Tabal	
United Kingdom	1>01+1 D+	+··· -+···-			-							
Other European Union         2,577         7,745         74         88         96         116         7         11,102           Intricted States         321         5,736         96         1,255         343         98         6,498         97         13,449           Intricted States         2283         1,260         131         114         106         439         156         2,981           Loans and advances to banks         5,882         22,148         465         3,889         1,240         512         382         156         19         7,481           Loans and advances to banks         5,882         22,148         465         3,889         1,240         512         382         156         49         9,987												
United States										370		
Airica 283 1,260 131 144 156 439 168 - 2,581  Loans and advances to banks 5,682 (22,148) 48 3 169 1,040 1,04												
Rest of the World										97		-(
Come and advances to banks   \$382   \$27.44   \$46   \$3.68   \$1.200   \$1.20												_
Core three	Rest of the World	1,505	3,336		1,640	<u>.</u>	512	362	15	19	7.479	A
Core three	Loans and advances to banks	5,882	22.146	446)	3,129	∑ <u> </u>	260) (	1,036)	5.579	486	(48,123	1
Not more shan three months   Not more shan three months   but not bu				- A	A_	7	-	- <u>-                                  </u>	7	<u> </u>		, (
Not more than but not more than months but not more than than the more than than		4-4	~~	Ceres three	Orien six	Chranes	o Olia	thma	Otrat fina	77	1	
No more than three more than control than three more than control than three more than three thr										•		
## 31st December 2806			Not more									
At 3 fat December 2806										Over		
At 31st December 8 to 4.3 1st December 8 to 4.3 1st December 8 to 4.3 1st December 9 tricking from 15 24 5.2 1st		On demand									Total	
United Kingdom   \$24   \$21   110   18   49   10   - 313   \$6,223   1299   9,055   120   81   78   1   - 3,813   1299   9,055   120   81   78   1   - 3,813   1299   9,055   1200   1278   148   144   - 2,219   148   14	ALOSO Dono-bo-60A6										Co.	
Cher European Union 819 7,514 80 120 81 78 1 - 8,513 Chile States 431 2,592 863 2,664 5 609 923 1299 9056 Chile World 612 2,465 154 101 1,278 148 44 - 2,219 183 65 44 - 2,219 183 65 44 - 2,219 183 65 44 - 2,219 183 65 44 - 2,219 183 65 24 - 2,219 183 183 65 44 - 2,219 183 183 65 44 - 2,219 183 183 65 44 - 2,219 183 183 65 183 183 183 183 183 183 183 183 183 183												
United States										313		1
Mirco						•				4 000		<b>₩</b>
Rest of the World										1,299		1
Loans and advances to banks   2,287   18,809   800   3,064   1,585   1,140   1,012   1,633   50,039     Table 4: Interest rate sensitivity of loans and advances												ł
Table 4: Interest rate sensitivity of loans and advances    Total   Fixed   Variable   Fi	Hest of the World	512	2,405	104	191	1,24	/8 ·		44		4,913	) A
Table 4: Interest rate sensitivity of loans and advances    Total   Fixed   Variable   Fi	Loans and advances to banks	2.887 )	(18,869	800	3.064	7.59	9 <del>5</del> "3 (	1.130	(1,012	1.633	60.930	/₹
At 31st December						7		<del></del>				, ,
At 31st December   Fixed   Variable   Variable   Fixed   Variable   Fixed   Variable   Fixed   Variable   Variable   Fixed   Variable   Fixed   Variable   Fixed   Variable	Table 4: Interset rate sensitivity	ot icona and ad	VARIOCE	₹.	C	/ 1		13		₹.		
At 31st December	Table 47 MACIDAL INCOME.	********	,				_			<del></del>		٦.
At 31st December	•							2007		2006		ł
At 31st December						ĺ	Elena I	nelahia	F	ved Variable	•	
At 31st December						(			•			· ^
Sanks	As Ottas December					Ì						
Table 5: Loans and advances to customers by industry   FRS						<del>}-</del>						Į
Table 5: Loans and advances to customers by industry    FRS		<del></del>				<del>-                                    </del>						t
At 3 ist December	COSTORIES					<del></del>	71,651	CI LOUG S	45,107 (2),	CEO 219.03	200.031	ļ
At 3 ist December	T.FF. D. 1					Ĺ		-				
At 3 ist December   2007   2006   2005   20048   2003   2006   2005   20048   2003   2006   2005   20048   2003   2006	Table 5: Loans and advances to	customers by t	uonatry									
At 3 ist December   2007   2006   2005   20048   2003   2006   2005   20048   2003   2006   2005   20048   2003   2006							1		FAS		JK GAAP	
At 3 ist December   Sm   Sm   Sm   Sm   Sm   Sm   Sm   S							į —		·			1
Financial services Agriculture, forestry and lishing 3,319 3,997 3,785 2,945 2,115 Manufacturing 16,974 15,451 13,779 9,044 7,844 Construction 5,423 4,065 5,020 3,278 2,534 Property 17,018 13,528 18,325 8,992 6,728 Government 2,036 2,426 1,710 — Energy and water 3,632 6,810 6,991 3,709 3,150 Whotesate and retail, distribution and leisure 17,768 15,490 17,760 11,099 9,628 Transport 6,288 6,5865 5,960 3,722 3,684 Postal and communication 5,404 2,160 1,313 834 668 Business and other services 30,363 26,999 22,529 23,223 19,913 Home loans 3 Other person al			•							I		ł
Agriculture, forestry and Ishing 3,319 3,997 3,785 2,345 2,115 Manufacturing 16,974 15,451 13,779 9,044 7,844 Property 17,018 13,528 18,325 8,992 6,728 Government 2,036 2,426 1,716 8,666 Finance lease requirehase agreements 112,087 94,635 87,033 79,184 72,316 Overseas outstomers 12,087 94,635 87,033 79,184 72,316 Overseas outstomers 12,087 94,635 87,033 79,184 72,316 Overseas outstomers 111,196 10,142 9,086 6,938 5,877 Reverse repurchase agreements 12,087 94,635 87,033 79,184 72,316 Overseas outstomers outsto	At 31st December						€					Į
Manufacturing       16,974       15,451       13,779       9,044       7,844         Construction       5,423       4,065       5,020       32,78       2,524         Property       17,018       16,528       16,925       6,992       6,728         Government       2,036       2,426       1,716       —       —         Energy and water       3,632       6,810       5,991       3,709       3,150         Whotesals and retall, distribution and leisure       17,768       15,460       17,760       11,099       9,828         Transport       6,258       5,586       5,980       3,742       3,864         Postal and communication       5,404       2,180       1,313       334       688         Business and other services       30,983       26,999       22,559       32,223       18,912         Home loans 3       112,087       94,635       87,003       79,184       72,318         Other personal       41,635       35,377       38,069       29,293       23,922         Overseas oustomers 6       11,196       10,142       9,086       6,538       5,877         Coarries and advances to customers excluding reverse regulates agreements       11,196       <	Financial services						71,10			25,132	9,872	1
Manufacturing       16,974       15,451       13,779       9,044       7,844         Construction       5,423       4,068       5,020       3,278       2,534         Property       17,018       10,528       18,025       8,992       6,728         Government       2,036       2,426       1,716       —       —         Energy and water       8,632       6,810       5,891       3,709       3,150         Whotesals and retail, distribution and telsure       17,768       15,400       17,760       11,099       9,828         Transport       6,258       5,566       5,960       3,742       3,664         Postal and communicalish       5,404       2,180       1,313       334       658         Business and other services       30,363       26,999       22,529       23,223       19,912         Home loans 3       112,087       94,635       87,003       79,184       72,318         Other personal       41,635       35,377       38,069       29,293       23,922         Overseas oustomers 6       11,196       10,142       9,086       6,938       5,877         College receivabables       11,196       10,142       9,086       6,938<	Anticulture, forestry and lishing						3,31	9 3,99	7 3,785	2,345	2,115	Į.
Property	Manufacturing					i	16,9	4 15,45	1 13,779	9,044	7,844	ì
Property   17,018   13,528   18,325   8,992   6,728   2,036   2,426   1,716   -	Construction						5,43	3 4,05	6 5,020	3,2/8	2,534	1
Coverament   2,036							17.0	8 16,52	8 18,325	8,992	6,728	1
Energy and water    \$,632   6,810   5,891   3,709   3,150     Wholesale and relatil, distribution and telsure										_ i	•	*
## Wholesale and retail, distribution and leisure 17,768 15,490 17,760 11,099 9,628 17.750,011 1,099 9,628 17.750,011 1,099 9,628 17.750,011 1,099 9,628 17.750,011 1,099 9,628 17.750,011 1,099 9,628 17.750,011 1,099 9,628 17.750,011 1,099 9,628 17.750,011 1,099 9,628 17.750,011 1,099 9,628 17.750,011 1,099 9,628 17.750,011 1,099 9,628 17.750,011 1,099 9,628 17.750,011 1,099 9,628 17.750,011 1,091 9,093 1,093 1,091 9,093 1,						· · · · · · · · · · · · · · · · · · ·				3,709	3,150	L. (
Transport   6,258   5,586   5,980   3,742   3,864     Postal and communication   5,404   2,180   1,313   334   668     Business and other services   30,363   26,399   22,529   23,223   18,912     Home loans   112,087   94,635   87,003   79,184   72,318     Other personal   41,635   35,377   38,069   29,293   23,922     Overseas oustomers       8,666     Finance lease receivables   11,196   10,142   9,086   6,938   5,877     Loans and advances to customers excluding reverse regulates agreements   349,167   265,651   272,342   206,793     Reverse repurchase agreements   170,919     Reverse repurchase agreements   170, 919     Reverse rep		and leisure				- 1						
Postal and communication   5,404   2,180   1,313   834   658   80   80   80   80   80   80   80						ļ						ţ
Susiness and other services   30,363   26,999   22,529   23,223   13,912												1
Home loans   112,087   94,635   87,003   79,184   72,318   72,31						1						ł
A1,635 35,377 38,069 29,293 23,922   Coverseas customers												1
Overseas oustomers ¢ Finance lease recalizables Loans and advances to customers excluding reverse regularities agreements Reverse repurchase agreements Trading business    11,136   10,142   9,088   6,938   5,877   5,877   170,919   170,	Home loans 3						112,0				72,318	ł
Overseas oustomers     11,196   10,142   9,086   6,938   5,877	Other personal						41,6	35 35,37	7 38,069	29,293	23,922	- 1
11,196   10,142   9,086   6,938   5,877	•						1			ļ	-	1
Loans and advances to customers excluding reverse regulichase agreements    349,167 285,631 272,342 206,793   170,919     Reverse repurchase agreements   n/a n/a n/a 18 n/a 58,804   n/a							1			e coo Ì		-{
Reverse repurchase agreements  n/a n/a n/a 58,804 n/a 58,361  Trading business  n/a n/a n/a n/a 58,361												ì
Tracting business n/a n/a n/a n/a 58,961		2 excinding tene:	29 LED TICUSZE	agreements								į
												/
Loans and advances to customers 349,167 285,631 272,342 286,097 229,880	trading business							is u	a n/a	n/a ;	58,961	/ A
	Leane and advances to custom	work.					240 1	67 285 69	1 272.342	285 097	229 880	\_/ <del>\</del>
	FAULT GITTS GRANICES TO COSTON	CHT-W					-7	200,00	. 2.21072	200,000	250,000	3 1 1

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

Barclays

<sup>)</sup> Excludes commercial property mortgages.

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

#### Commercial Section

Table 6: Loans and advances to customers in the UK

		IFRS .				
At 31st December	2007 \$01.	2006 Em	2005	2004°	2003	
Financial services Agriculture, forestry and fishing Manufacturing Construction Property Government Energy and water Wholesate and retail distribution and leisure Transport Poolal and communication Business and other services	21,151 2,220 9,368 3,542 10,203 201 2,263 13,000 3,185 1,415 20,485	14,011 2,307 9,047 2,761 10,010 5 2,360 12,951 2,745 809 19,260	11,958 2,409 8,459 3,090 10,647 6 2,701 12,747 2,797 465 15,397	8.774 1 1,563 1 5,684 1 2,285 7,912 1 602 1 9,336 1 1,822 1 440 1 15,439 1	7,721 1,766 5,967 1,883 6,341 1,288 8,886 2,579 476 12,030	
Home Icans <sup>b</sup> Other personal Oversoas customers <sup>c</sup> Financo lease receivables	71,755 26,810 	64,150 26,068 3,923	58,730 29,250 — 5,203	61,848 26,872 5,551	61,905 21,905 5,477 5,587	
Loans and advances to customers in the UK	190,347	170,518	163,759	146,248	143,609	

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 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

	<u></u>			HS		UK GAAP	1
At 31st Dacember		2007 Ent	2005 £m	2005 £m	2004° £m	2003 £m	
Financial services Agriculture, forestry and liching 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 1,159 2,510  2,425 1,719 1,933 662 3,881	5,629 786 3,147 639 2,162 6 2,050 776 1,465 580 2,343	3,982 155 2,254 803 3,289 1,490 952 1,685 432 3,594	2,419 280 2,021 716 344 - 940 810 640 111 3,795	1,205 147 1,275 509 346 409 426 568 40 1,251	
Home loans <sup>b</sup> Other personal Overseas customors <sup>c</sup> Hnance lease receivables		24,115 3,905 1 2,403	19,616 3,672 - 1,559	16,489 1,909 1,870	11,828 1,389 	10,334 1,769 438 212	
Leans and advances to customers in other European Union countries  See note under Table 6.		56,633	43.490	38,923	26,210	19,027	J

#### hinte

- 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 mertgages.
- Overseas customers are now dessified as part of other industry segments.

Barclays Annual Report 2007

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

_			IFRS					
At 31st December	2007 Em	2006 Em	2005 £m	2004 <sup>à</sup> £m	2003 Em			
Financial services	29,342	17,516	16,229	9,942	919	}		
Agriculture, forestry and fishing	2	2	1.	-	1	t		
Manufacturing	818	519	937	388	341	<b>†</b>		
Construction	16	13	32	139	2	į		
Property	568	1,714	329	394	1			
Government	· 221	153	300	- :	-	i i		
Energy and water	1,279	1,078	1,261	891	1,353	1		
Wholosalo and retail distribution and leisure	398	403	784	466	77	t		
Transport	137	128	148	186	463	. ا		
Postal and communication	2,446	38	236	63	153	+		
Business and other services	1,053	1,432	885	1,556	223	1		
Itome loans <sup>b</sup>	J 458	349	2	5,768	_	1		
Other personal	3,255	2,022	443	845	_	ł		
Finance lease receivables	304	312	328	335	33	1		
Loans and advances to customers in the United States	40,300	25,677	22,925	20,982	3,573	1		
See note under Table 6.					/	7		

Table 9: Loans and advances to customers in Africa

	F	TE	'RS		UK GAAP		
At 31st December	2007 £m	2006 £m	2005 Em	2004° £m	2003 £m		
Financial services Agriculture, forestry and fishing Manufacturing Construction Property Government Energy and water Wholesale and rotal distribution and laisure Transport Postal and communication Business and other services	3,472 956 1,391 837 2,433 957 356 1,328 116 231	2,821 889 1,747 591 1,987 785 166 1,050 354 241 2,631	4,950 1,193 1,501 1,068 1,673 625 193 2,774 894 27 1,258	186 1 313. 1 36 1 87 1 184 1 185 1 137 1 52 1	, 27 201 201 40 40  97 239 41 29 412	-c	
Home loans <sup>b</sup> Other personal Finance loase receivables	15,314 6,366 - 4,357	11,223 2,978 4,240	11,630 4,955 1,580	214 190 41	79 248 45		
Loans and advances to customers in Africa	39,167	31,691	33,221	2,759	1,759	,	
See note under Table 6.							

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

			- 18	UK GAAP			
Andrew Company	- 1	2807	2008	2005	20046	2003	
At 31st December		£m	£m	£m	£m:	<u> 2m</u>	4
Loans and advances	1	22,702	14.207	13,407	10,520	2,751	f
Finance lease receivables		118	108	107	74		1
Loans and advances to customers in the Rest of the World	<del></del>	22,820	14,315	13,314	10,594	2,751	!
	_			<u> </u>			ţ

100

Bardays Annual Report 2007

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

Excludes commercial preparty mortgages.

Table 11: Maturity analysis of loans and advances to customers

			Over three		Over one	Over three	Over five		
•		Not more	months	Over six	year but	yeara	years		
		thats three	but not more than	months but	not more than three	but not more than	but not more than	G	
	On demand	anthoniths	attrom xla	not more than	Pears men	five years	ten years	Over	C
At 31st December 2007	2m	£m	Ent.	one year Em	en En	Em	ten years £m	ton years £m	Tetal 2m
United Kingdom				01.0 1041 22.1					
Corporate lending®	200 557	15 707	0.400	P) P) P) A				** ***	T
	26,557	15,737	2,453	3,834	H,4/4	8,358	10,718	11,643	87,774
Other lending to customers in the United Kingdom	4.384	4,717	2,106		44 547	0.505	48.485	40.000	400 570
Total United Kingdom	30.941			3,597	11,517	8,595	19.325	48,228	102,573
Other European Urion	4,016	20,454 7,665	4,559 2,229	7,431	19,391	:7,057	30,043	59,871	190,347
United States	3,053			3.284	5,842	4,883	8,842	19,772	56,533
Africa		20,205	3,430 981	5,938	1,904	2,498	2,658	614	40,300
	6,88 <del>6</del> 1.085	4,243		1,969	5,568	4.124	2,285	13,291	39,167
Rest of the World	1,000	9,733	1,695	859	2,223	2,586	3,685	954	22.820
Loans and advances	AE ON	62.380	12,704	40.504	05 500	Ad dan	477 5444	04 0004	
to customers .	45,901	62.300	12,724	19,481	36,528	31,148	47,513	84,502	348,167
	<u> </u>								
i .			Over three		Dear and	Ownethres	Orior files		
•			Over three monits but	Oversiv	Over one vear but	Over three years	Over five		
		Not more	monites but	Over six	year but	years.	years		
•		Not more	months but erom ton	months but not	year but not more	years but not	ensey for tud	Over	
•	On demand	than three	months but not more than	months but not more than one	year but not more than three	years but not more than	years but not more than	Over	Total
At 31st December 2008	On demand £m	then three months	months but not more than six months	months but not more than ene year	year but not more than three years	years but not more than five years	years but not more than ten years	ten years	Total For
		than three	months but not more than	months but not more than one	year but not more than three	years but not more than	years but not more than		Total Em
United Kingdom	£m	than three months £m	months but not more than six months	months but not more than one year £m	year but not more than three years £m	years but not more than tive years	years but not more than len years £m	ten years £m	Em
United Kingdom Corporate tending <sup>a</sup>		then three months	months but not more than six months	months but not more than ene year	year but not more than three years	years but not more than five years	years but not more than ten years	ten years	
United Kingdom Corporate ferding <sup>a</sup> Other lending to	£m	than three months £m	months but not more than six months	months but not more than one year £m	year but not more than three years £m	years but not more than tive years	years but not more than len years £m	ten years £m	Em
United Kingdom Corporate lending <sup>a</sup> Other landing to customers in the	£m 22,923	then three months £m	months but not more than six months £m	months but not more than one year Em	year but not more than three years £m	years but not more than five years £m	years but not more than len years £m.	ten years £m 10,342	76,356
United Kingdom Comporate tending ** Other londing to customers in the United Kingdom	22,923 3,784	then three months £m 13,569	months but not more than six months £m 2,252	months but not more than ene year Em 2.850	year but not more than three years £m 7,562	years but not more than live years £m  6,498	years but not more than len years £m 8,349	ten years £m 10,342 44,501	76,356 94,162
United Kingdom Corporate tending <sup>a</sup> Other lending to customers in the United Kingdom Total United Kingdom	22,923 3,784 26,707	then three months 2m 13,569 4,427 17,996	months but not more i than six months &m 2,252 2,110 4,872	months but not more than one year Em 2.850	year but not more than throe years £m 7,562	years but not more than five years £m  8,499  7,459 15,958	years but not more than ten years £m 8,349	10,342 44,501 54,843	76,356 94,162 170,518
United Kingdom  Corporate tending a  Other lending to customers in the United Kingdom  Total United Kingdom  Other European Union	22,923 3,784 26,707 2,137	13,569 4,427 17,896 6,254	months but not more than six months 2,252 2,110 4,872 1,744	months aut not more than one year 2.850  3.586 6.436 2.869	year but not more than throo years fm 7,562 11,937 19,493 4,783	years but not mare than five years £m  8,499  7,459 15,958 4,397	years but not more than len years £m 8,349 16,358 24,707 6,665	10,342 44,501 54,843 14,681	76,356 94,162 170,518 43,430
United Kingdom Comporate tending ** Other londing to customers in the United Kingdom Total United Kingdom Other European Union United States	22,923 3,784 26,707 2,137 2,489	13,569 13,569 4,427 17,896 6,254 11,630	months but not more than six months six months 8m 2,252 2,110 4,972 1,744 1,689	months aut not more than one year pm 2.850  3.586 6.436 2.869 3.402	year but not more than throo years £m 7,562 11,937 19,493 4,783 1,949	years but not more than five years £m  8,499  7,459 15,958 4,397 1,871	years but not nore than len years £m 8,349 16,358 24,707 6,665 1,464	10,342 44,501 54,843 14,681 1,183	76,356 94,162 170,518 43,430 23,677
United Kingdom Corporate tending a Other lending to customers in the United Kingdom Total United Kingdom Other European Union United States Africa	22,923 3,784 26,707 2,137 2,488 2,575	13,569 4,427 17,896 6,254 11,630 2,471	months but not more than six months 2,252 2,110 4,972 1,744 1,689 1,272	months aut not more than one year 2:850 2:850 3:586 6:436 2:869 3:402 2:177	year but not more than thros years fm 7.562 11,937 19,493 4,783 1,949 5,212	years but not more than five years £m 8,498   7,459   15,958   4,397   1,871   4,177	years but not more than len years £m 8,349 16,358 24,707 6,566 1,464 3,555	10,342 44,501 64,843 14,681 1,183 10,262	76,356 94,162 170,518 43,430 25,677 31,681
United Kingdom Comporate tending ** Other londing to customers in the United Kingdom Total United Kingdom Other European Union United States	22,923 3,784 26,707 2,137 2,489	13,569 13,569 4,427 17,896 6,254 11,630	months but not more than six months six months 8m 2,252 2,110 4,972 1,744 1,689	months aut not more than one year pm 2.850  3.586 6.436 2.869 3.402	year but not more than throo years £m 7,562 11,937 19,493 4,783 1,949	years but not more than five years £m  8,499  7,459 15,958 4,397 1,871	years but not nore than len years £m 8,349 16,358 24,707 6,665 1,464	10,342 44,501 54,843 14,681 1,183 10,252 1,438	76,356 94,162 170,518 43,430 23,677

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

•	Ao % 885i			Governments and olficial institutions fm	Commercial Industrial and other private sectors
At 31st December 2007 United States		1 26,249	7,151	6	19,092
At 31st December 2083 United States		.7 16,579	7,307	89	B.183
At 31st December 2005 United States		:6 24.274	15,693	_	8,581
					<del></del>

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

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

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

			2		006 2035 Em Em	
Off-balance sheet exposures Contingent liabilities Commitments On-balance sheet exposures Trading portfolio assets Financial assets designated at fair value held on own account Derivative incarcial instruments Available for sale financial investments			192, 193, 56, 248,	691 177,0 629 31,1	504 203,785 867 155,725 798 12,904 353 136,825	A
Table 14: Notional principal amounts of credit derivatives as at 31st December		[-	200		006 2005 Err Em	
Credit derivatives held or issued for trading purposes <sup>a</sup>					48 609,381	.   41
Total			2,472,24	9 1,224,	48 609,381	
Table 15: Credit risk loans summary		•				
•	<u></u>	,]	FRS		UK GAAP	: }
At 31st December	2007 £m	2006 <b>£</b> m	2005 £m	2004 <sup>b</sup> £m	2009 £m	
Impaired leans <sup>c</sup> Non-accruing leans Accruing leans where interest is being suspended with or without provisions Other accruing leans against which provisions have been made Subtotal	8,574 n/a n/a n/a 8,574	4,444 n/a n/a n/a n/a 4,444	4,550 n/a n/a n/a 4,550	n/a 2,115 492 943 3,560	n/a 2,261 629 821 3,711	
Accruing learns which are contractually overdue 90 days of more as to principal or interest Impaired and restructured learns	794 273	598 46	609 51	550 15	590 4	1
Credit risk loans	9,641	5,088	5.210	4.115	4,305	
	<u></u>					

- Notes
  a Includes credit derivatives hold as economic hedges which are not designated as hedges for accounting purposes.
- 2004 does not relicct the application of IAS 32, IAS 39 and IFPS 4 which became effective from 1st January 2005.
- Includes 23,344m of ABS CDO Super Senior exposures.

102

Bardays Annual Report 2007

Table 16: Credit risk loans

		IFR8			UK GAAP
t 31st Décember	2007 En		2005 £m	20048 <b>2</b> m	2005 Sm
paired loans: b					
nited Kingdom Rier European Union	3,608		2,965	r/a	n/a
niled States	472 3,703		345 230	г/а г/а	n/a n/a
irica	757		831	r/a	n/a
est of the World	37		179	r/a	n/a
otal .	8,574		4,650	г/а	n/a
on-accrual logger					
nied Kingdom	st/a	n/a	r√a	1,509	1,572
ther European Union	nie Siz		r√a	243	143
nited States	nte		n/a	258	383
Irica	กไล		n/a	74	86
est of the World	ស/ន		r√a.	31	$\widetilde{77}$
otal (	n/a		п/а	2,115	2,261
coruing loans where interest is being suspended with or without provisions:			4	/·1·V	2,201
nited Kingdon	សន	n/a	r/a	323 -	658
Ither European Union	nis		n/a	81	29
rica	uls		r/a	21	37
est of the World	14/2		n/a	117	4
otal	n/s	tVs,	n/a	492	629
ther accruting loans against which provisions have been made:					
nited Kingdom	n/a	n/a	n/a	865	760
ther European Union	กไร		n/a	27	36
mited States	n/a		n/e	26	-
frica	n/a		n/a	21	22
est of the World	n/a	n/a	n/a	4	4
ola[	n/a	rva	- n/a	943	821
ccruing loans which are contractually overdue 90 days or more as to principal or interest:	,				
nlted Kingdom	670	516	539	513	566
Rhor European Union	1 79		58	34	24
niled States	10		_	1	
latica	29	21	17	1	-
est of the World	<del></del>			1	
otal	794	598	508	550	586
npaired and restructured loans:			_	_	
inited Kingdom	179		5	2	4
ther European Union inited States	100		7	•	i -
nugo stales filca	1 31		18 23	13	i -
	1				
otal	273	46	51	15	4
otal credit risk loans:			0.000		
inked Kingdem	4,461			3,212	3,461
Other European Union	56!		405	335	231
Inited States	3,75		246	293	383
set of the World	828		871	117	145
ARK OLDING YAURU	(1 30	7 30	179	153	85
redit risk loans	9,64	5,038	5,210	4,115	4,305

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

Barclays 103

b Includes £3,344m of ABS CDO Super Serior Exposures.

Table 17: Potential problem loans

Table 17: Potential problem loans					
<u></u>	·	if	AS		UK GAAP
	2007	2008		20040	2003
At 31st December	Em	£m	<u> Ditt</u>	£m	٤m
Jaited Kingdom .	419	435	640	658	989
Other European Union	59	32	26	32	23
Inited States	964	21	12	27	259
Africa	355	240	248	67	53
Rest of the World		3	3	14	3
Potential problem toans <sup>b</sup>	1.797	761	929	793	1,327
lable 18: Interest foregone on credit risk leans					
		_	280	2006	2005
	(			m 2m	£m
nterest income that would have been recognised under the original contractual terms		$\overline{}$	1		
Jaited Kingdom			3-	40 357	304
Rest of the World			1 -	91 70	
Total		σ.	4:	31 427	
		<u> </u>		- 7	
nterest income of approximately £480/2006; £720/2 2006; £290) from such loans was included in profit, of whit domestic fending and the regainder related to foreign languing.	ch(228/h)(2006	(249m)	)2005:€	20m) rela.:	ed to
n addition, a further (£13m)(2006: (98m) 2005: (2000) was recognised arising from Impaired toans. Following tr	mpalament inter	est ixx	nne is re	eognised i	usino '
be original effective rate of interest which was used to discount the expected future cash flows for the purpose of	of measuring the	impair	ment los	s. 993m/2	2006:
8872 2005: 270th) of this related to domestic impaired loans and the remainder related to foreign impaired loan	is.	,		~	
				_	-
fable 19: Analysis of Impairment/provision charges				-	
					UK
			IFRS		GAAF
	2007	2005	2005	2004ª	2003
át Stat Florambay	Zuu) Pm	Con	Soo	5	Con

		1	FRS		GAAF	
At S1st Docember	2007 £m	2005 £m	2005 £m	2004 <sup>a</sup> £m	2003 £01	
Impairment changeinet specific provisions change United Kingdom Other European Union United States Africa Brist of the World	1,593 123 374 214 2	92 12 143	1,382 75 76 37 4	1,621 102 57 27 103	1,132 37 84 21 48	1
Impairment on toons and advances Impairment on evailable for sale assets	2,306 13	<b>2,0</b> 74 86	1,574 4	n/a n/a	n/a n/e	
Impairment charge	2.319	2,160	1,578	0/3	n/a	_A
Total net specific provisions charge General provisions (release)/charge Other credit provisions charge/(release)	n/a n/a 476	rva	n/a n/a (7)	1,310 (206) (11)	1,320 27	
impalrment/provision charges	2,795	2,754	1,571	1.093	1,347	
Notes						

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

104

Bardays Annual Report 2007

Includes £951re of ABS CDO Super Senior and SiV-Bios exposures.

Yable 20: impairment/provisions charges ratios ('Loan loss ratios')

	_		IFR\$	UK GAAP		
		2007 %	2006 %	2005 %	2004 <sup>R</sup> %	2003
Impairment/provisions charges as a percentage of average loans and advances for the year: Specific provisions charge General provisions charge Impairment charge	ĔΙ	n/a n/a 0.64	n/a n/a 0.66	n/a n/a 0,58	0.40 (0.07) n/a	0.46 0.01 n/a
Total Amounts written off (net of recoveries)		0.54 0.49	0.66 0.61	0.58	0.33	0,47
	7					

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

•		18		UK GAAP	
•	2007	2006	2005	2004 8	2003
	2m	£m	£m	£π)	£m
Impairment allowance/Specific provisions					
United Kingdom	2,526	2,477	2,268	1,683	1,856
Other European Union	344	311	284	149	97
United States	∫ 356	100	130	155	121 🛴 🚺
Africa	£ 514	417	647	70	79
Rest of the World	f32	30	123	90	80
Specific provision balances	ri/a	n/a	n/a	2,147	2,233
General provision balances		n/a	n/a	564	795 / A
Allowance for Impairment provision balances	3,772	3,335	3,450	2,711	3,0283 4
Average loans and advances for the year	367.853	313,614	271,421	328,134	285,963

Table 22: Allowance for impairment/provision balance ratios

·	IFRS				UK GAAP		
·	2907	2006	2005	2004 2	2003		
	%	%	%	% 5	%		
Allowance for impairment/provision balance et end of year as a percentage of loans and advances at end of				- 1			
year:						1	
Specillo provision balances	n/a	n/a	เปล	0.82	6.77	10	
General provision balances	n/a	ı√u	n/a	0.16	0.27	+K	
Impairment balance	0.97	1.05	1.14	n/a :	n/a	مندا	-
Total	0.97	1.05	1.14	0.76	1.04	1	
	<u></u>					آر	
Notes							

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

Barclays 105

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

Em   Em   Em   Em   Em   Em   Em   Em		Λ		<u>t</u>	FRS		UK GAAP
Acquisitions and disposals (73) (23) 555 21 82 Unwind of disposals (113) (98) (76) n/a n/a Exchange and other adjustments 53 (159) 125 (33) (18 Amounts written of (1.963) (2,174) (1.587) (1.582) (1.474 Recoveries 227 259 282 255 113 Impairment/provision charged against prolit 2,306 2,074 1,574 1,104 1,847		The state of the s		2006 Žm	2005 £m_		2003 
Impairment/provision charged against prolif b 2,308 2,074 1,574 1,804 1,347	Acquisitions and disposals Unwind of disposals Exchange and other adjustments Amounts written of		(73) (113) 53 (1.853)	(23) (98) (153) (2,174)	555 (76) 125 (1.587)	21 n/a (33) (1,582)	2,998 62 n/s (18) (1.474)
Allowance for trapsinalist provision passinge at end of year 3,778 3,355 3,450 2,711 3,028			. —				1,347 3,028

#### Table 24: Amounts written off

			1	FRS		UK GAAP
		2007	2006	2005	2004 %	2003
	\-\ <u>\</u>	2m	£m	£m	£m ·	<u> </u>
United Kingdom	X	(1,530)	(1,746)	(1.302)	(1,280)	(1,175)
Other European Union	į.	(143)	(74)	(56)	(63)	(54)
United States	<b>1</b>	(145)	(46)	(143)	(63) (50)	(215) }
Africa:	. a i	(145)	(264)	(81)	(15)	(13)
Rest of the World			(44)	(5)	(174)	(17)
Amounts written off	1-4	(1,953)	(2,174)	(1,587)	(1,582)	(1,474)

#### Table 25: Recoveries

	•		_					
Recoveries		1.	=C	227	259	222	255	113
Rest of the World	P	ŧ	_ 3		8	18	11	
Africa .			1	34	33	16	4	1
United States			١,	7	22	15	14	10
Other European Union			1	32	18	13	9	7
United Kingdom			<₹	154	178	160	217	95 \
				Em_	<u>\$20</u>	£m_	—£m	£m_
•			:	2097	2006	2005	2004 a	2003
					<u> </u>	FRS		UK GAAP
					41	-m^		1177 554 5

- 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 impainment of available for sale assets or other credit risk provisions.

106

Bardays Annual Report 2007

Table 26: Impairment allowances/provision charged against profit

			FRS		LK GAAP
· · · · · · · · · · · · · · · · · · ·	2007 <u>£</u> m	2096 <u>Em</u>	2005 £m	2004 <sup>2</sup> £m	. 2003 £m
New and increased impaliment allowance/specific provision charge: United Kingdom Other European Union United States Africa Assi of the World	1,950 192 431 268 20	2,253 182 60 209 18	1,763 113 105 109 39	1,358 131 35 47	1,373 57 118 33 47
Reversals of impalment allowance/specific provision charge;	2,871	2,722	2,129	1,755	1.628
United Kingdom Other European Union United States	(213) (37) (50)	(195) (72) (26)	(221) (25) (14)	(120) (20) (14)	(146) (13) (24)
Africa Rest of the World	(20)	(33) (63)	(56) (17)	(16) (20)	(1C) (2)
Récoveries	(338) (227)	(389) (259)	(222) (333)	(198) (256)	(195)
Net impairment allowance/specific pravision charge <sup>b</sup> General provision (release)/charge	2,305 n/a	2,074 n/a	1,674 n/a	1,310 (206)	1,320
Net charge to profit	2,306	2,074	1,574	1.104	1,347

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

			ŢF	'AS		LK GAAP	
		2007 Sm	2006 £m	2005 £m	2004 <sup>6</sup> ‡	2003 Em	
United Kingdom:		A 127					
Financial services		∫ 32	64	22	(1) E	13	1
Agriculture, forestry and fishing		-	5	9	- :	(3) 79	Ì
Manufacturing		72	1	120	28 ;		1
Construction		14	17	14	10	(23)	$\perp c^{-}$
Property	i	36	15	18	(42)	(3) 13	7
Energy and water Wholesate and retail distribution and lelsure	ļ	1	(7) 88	]	3 :		1
Transport	i	118	19	39 (27)	66	38 - 100	1
Postal and communication	ł	3 15	15	3	(19)	100	}
Business and other services	<b>i</b>	81	133	45	(1) 64	76	ì
Home loans		Ť	4	(7)	17	ğ	1
Other personal	կ	1,187	1,526	1,142	894	757	1
Overseas customers c	1				1,	66	1
Finance loase receivables	,	33	_	3	- 1 2	. 60	1
		1,593	1,830	1,382	1,021	1,132	イン
Overseas		713	194	102	289	188	+-11
Impairment/specific provision charges o		2,306	2,074	1,574	1,310	1,320	<u>.</u> 4
· · · · · · · · · · · · · · · · · · ·	······································						

The category 'other personal' now includes credit cards, personal loans, second ilens 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 foun 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 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.
- Oversegs outsomers are now classified as part of other industry segments.

Barclays Annual Report 2007 107

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

		<u> </u>	$\sim C$		BS 🦟	· 1	<u></u>	1	UKJOAAR
		107	7209	16	200	5 <del>万</del>	, , , , ,	040	2003
	£m	1%		1%	£m	7%	2m	/%	Lyr & .
United Kingdom: Financial services Agriculture, forestry and fishing Manufacturing Construction Property Energy and water Wholesale and retail distribution and leisure Transport Postet and communication Business and other services Home loans	103 5 65 16 54 1 102 11 25 158	2.7 0.1 1.7 0.4 1.4 2.7 0.3 0.7 4.2		2.0 0.5 2.5 0.8 - 2.4 0.7 0.4 5.6	26 12 81 13 24 18 99 32 2 102 50	0.8 0.3 5.2 0.4 0.7 0.5 2.9 0.9 0.1 3.0	7 4 37 6 26 23 70 55 13 105 58	0.3 0.2 1.7 0.3 1.2 1.0 3.3 2.6 0.6 4.9 2.7	12 0.5 5 0.2 58 2.6 7 0.3 3 0.1 27 1.2 52 2.3 100 4.6 15 0.7 121 5.4 55 2.5
Other personal b	1,915	50.8	1,950	58.6	863.	49.2	,205	58.9	1,359 60.9
Overses customers <sup>c</sup> Finance lease receivables	5	16	\ <u>-</u> /		1	\ <u>.</u>	1	0.7	24 1.1 15 0
Overseas Total	2.526 1,245 3,772	33.0	2,477 858 (3,3397)	<u>2</u> 5.7	2,266 1.184 3,450y	65.7 34.3 100.00	1,683 464 2,143	78.4 21.5 100.0) (	1,856 83,1 377 16,9 2,233,700,0
See note under Table 27.	K	D	#	\$	X	3	*	2	A 3.

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

•		Amounts written off for the year				Recon	eries of	sly written off			
			[F	RS		UK GAAP			PS		UK GAAP
		2007 2 Em	2006 £m	2005 £m	2004 <sup>a</sup> 2m	2003 £m	2007 Em	2006 £m	2005 £m	2004 <sup>8</sup> £m	2003 £m
Inited Kingdom:	7										
inancial services		6	13	2	7	14	1	-	1	3	. 12
griculture, forestry and fishing	ſ	.5	8	3	2	i - î	2	1	7	1	1 7
fanulacturing	į.	83	73	47	79	126	7	21	11	30	8
Construction	ł	23	17	15	13	19 7	3	2	1	2	14
roperty	ſ	16	23		2	5 }	Ü	6	1	63 .	1 1
nergy and weter		-		22	9	15	_	2		2	: - /
Pholesale and retail distribution and leisure		189	120	85	55	45	12	14	25	. 7	5
ransport	}	13	11	29	44	; 5 <u>i</u>		1	10	15	i 1 j
ostal and communication	Į	3		15	2	1 1		.=		1	i - 1
lusiness and other services	- 1	83	124	83	96	58	22	17	14	16	11 1
iome loans	-			2	19	11 1	1		4	5	3
Other personal	1 1	1,164 1	,351	992	948	790 f	96	107	92	65	. 38
wersees cusiomers b	Í	-	-	_	-	82	_	_	_	_	- /
inance lease receivables		24	_	3	4	4 1			1	1	1 [
	1		,745		1,280	1,175	154	178	160	217	95
Overseas		433	428	285	302	299	73	81	62	38	18
otaí		1,963 2	,174	1,587	1,582	1,474	227	259	222	255	113
See note under Table 27.				-			k		<del></del>		
ED NOOD OUTDS TRAVE CT.							l <sub>A</sub>				•
							*				

108

Batcleys Annual Report 2007

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

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

#### Directors' report

#### Directors' report

#### Profit Attributable

The profit altributable to equity shareholders of Barclays PLC for the year amounted to £4.417m compared with £4.57 jp/in 2006.

#### Dividonda

The final dividends for the year extended 31st December 2007 of 22.50 per oxinary share of 25p each and 100 per staff share of 21 each have been agreed by the Directors. The final dividends will be paid on 25th April 2008 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 March 2008 and in respect of the staff shares so registered on 31st December 2007, with the interim dividends of 115pper ordinary share and of 10pper staff sharp that very paid on 15t December 2007, the total distribution for 2007 is (4.05) 2006; (21.05) per ordinary share and 200 (2006; (20)) per staff share. The dividends for the year absorb a total of 1225501 (2006; (1.975)).

### Dividend Reinvestment Pien

Ordinary shareholders may have their dividends reinvested in Barciays 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 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 mandate form should contact The Plan Administrator to Barclays at Aspect House, Spencer Hoad, Landing BNS9 60A. Those wishing to participate for the first time in the pian should cond their completed mandate form to The Flan 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 after their current mandato instructions, in which case they should contact The Plan Administrator.

During the year Barclays PLC purchased in the market for cancellation 239.547.510 of its ordinary shares of 25p each, at a total cost of C1.802.173,355 yn outer to minim set the diutive effect on existing Esparationary ordinary shares to Temasek Holdings and China Development Bank. Those transactions represent 4.57 of the issued estant capital at 31st December 200.2 As at 27th Esparation for the last organization detection of the instance of the state of the st 2007. As at 27th Februari 2008 (the latest practicable date for inclusion in this report), the Company had an unexpired authority to repurchase shares up to a maximum of 645. I million ordinary chares. The issued ordinary share capital washincreased by 65.5m ordinary shares during the year as a result of the exercise of options under the Sharesave and Executive Stare Option Schemes. At 31st December 2007 the Issued ordinary share capital totalled (5,600, 181,801) 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 269 270, contain the following detaits, which are incorporated into this report by

- The structure of the Company's oppital, 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.
- Reles that the Company has about the appointment and removal of Directors or amandments to the Company's Articles of Association.

Employee Senetil Trusts ("EBTs") operate in connection with certain of the Group's Employed Share Plans ('Plans'). The Trustees of the EBTs may 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 132.

#### Substantial Shareholdings

As at 27th Fobruary 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 charos:

China Development Bank (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 Compeny had been notified that Lloyds TSB Group Plaineld 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 Sank FLC is identical and biographical details of the Board members are set out on pages 112 and 113.

Chris Lucas joined the Board as Group Finance Director on 1st April 2007 and Nagulb 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 Str Michael Rake were appointed as non-executive 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 In accordance where Annues or resolution, one mind downtoo bown of the Directors of Barcilays PLC are required to retire by retailor at each Annuel General Meeting (AGM), together with Directors appointed by the Board since the last AGM. The retiling Directors are eligible to stand for re-clection, in addition, the UK Combined Code on Corporate Governance (the Cade), recommends that overy Director should seek re-election by sharelinklers at least every three years.

Barclavs 114 Annual Report 2007

#### Corporate governance

#### Remuneration report

The Committee reviews the elements of romaneration 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 banchmarking 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 foreign 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 renuncration (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 inclusivy. The renating 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 remulteration for executive Directors is summarised in the table below and discussed in greater detail in the sections that tollow.

Remuneration element	Purpose	Delivery	Programme detail
Bear selary	To reflect the market value of the individual and their role	<ul><li>Cash</li><li>Monihiy</li><li>Pensionable</li></ul>	<ul> <li>Reviewed snaually, with changes typically effective on 1st April</li> </ul>
Annual performance bonus and ESAS	To incentivise the delivery of annual goets at the Group, business division and individual levels	Typically 75% cash <sup>a</sup> Typically 25% defended Bardaya shares under ESAS Annual Non-pensionable	
PSP <sup>b</sup>	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	Discrotionary awards Participation reviewed annually Barclays performance over three years dotermines 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 <sup>c</sup>	To provide market competitive post-relisement bonofit	Defened cash or cash allowance     Monthly	<ul> <li>Non-contributory, defined benefit scheme and/or defined contribution scheme, or cash ellowance in lieu of pension contributions</li> </ul>

#### 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 £750.000 (inclusive of Director's fees). He is also eligible for private health Insurance. The michmum time commitment is equivalent to 50% of a full time rote, Marcus Agius is not eligible to perticipate in Barclays bonus and share incentive plans, nor will he participate in Barclays penalon 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 succeaded 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 133.

#### Base Salary

The annual base salaries for the current executive Directors are shown in the table below:

		3	<del>-</del>
		ŧ	- Date of
	As at	As at	provious
	31st Dec 2007	1st April 2008 ;	increase
John Varley	£1,000,000	£1,100,000	1st Apr 2007
Robert E Diamond Jr	£250,000	2250,000	1st Mar 1899
Gary Holfman	2625,000	£625,000	1st Apr 2006
Frits Seegers	£700,000	£700,000	n/a
Chris Lucas	000,0002	2650,000	nia nia

In respect of John Varley and Chris Lucas, having regard to the texels 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 bornus to which they would otherwise become cutilitied, be granted in the form of an additional award under ESAS or as a pension contribution by way of Special Company Contribution (Sonus Sacrifice). For 2007 Robert E Diamond of received 43% of his annual borus in cash and 57% as a recommendation for an award of Barclays shares under Mandalory ESAS.
- Please refer to Note 44 to the accounts for further information on PSP.
- Please refer to Note 39 to the accounts for further information on the Group's pension plans.

130

Bardays Annual Report 2007

UW\_Barclays\_000010136

	Safary and fees £000	delleneg 0003	Annusi cash bonus 2000	2907 Tota! £000	2006 Total 2000
Group Chairman					
Marcus Agius <sup>c</sup>	750	1	_	751	22
Executive Directors				751	
John Varley <sup>d</sup>	975	18	1,426	2.418	2,516
Robert E Diamond Jr <sup>d,a</sup>	250	14	6,500	6,764	10,692
Sary Hoffmand	625	15	506	1,146	1,108
Chris Lucas <sup>†</sup>	450	135	450	1.035	i, ide
Frits Seegers <sup>1,0</sup>	700	199	1,313	2,212	1,639
Non-executive Directorsh					
David Books!	43	,	-	43	
Sir Richard Stoadbent	180	_	_	1 180	147
eigh Clifford	03	-	_	80	76
Fulvio Conti	85	••	_	85	54
Dr Danie Cronjé	217	. <b>-</b>	_	217	326
Professor Dame Sandra Dawson	65	_	-	35	81
Sir Andrew Likierman	100		-	100	95
Sir Nigel Rudd	200	•••	-	200	200
Stephen Russell	145		-	145	137
Sir John Sunderland	95	<b>-</b>	<del>-</del>	95	81
Former Director Naguib Kharaj <sup>a</sup> j	175	44	438	657	2.565

Forthcoming ESAS and PSP awardsk

	Mendatory ESAS - 2007 results 2000	Merch 2008 PSP – value of shares under taitfal allocation 2000	Mandatory ESAS – 2006 resulfs £000	March 2007 PSP - value of shares under initial allocation £000
Executive Directors John Variey	51B	1,209	599	1,200
Robert E Diamond Ja <sup>l</sup> Gary Hoffman Chris Lucas	11,375 21 <del>9</del> 195	3,000 625 500	4,518 . 203	6,850 625 600
Filts Seegers	569	1.600	520	1,000

#### Notes

- Empluments include amounts, if any, payable by subsidiary undertakings. Amounts payable to Dr. Danie Cronjé include an amount of ZAR 1,926,400 (£136,774) In respect of his Chairmanship of Absa Group Eimited from which he retired on 31st July 2007 (2008: ZAR3,114,800 (£249 829)).
- The Group Chairman and executive Directors receive beneals in kind, which may include life and disability cover, the use of a Company owned vehicle or cash equivalent, medical insurance and tax advice. Denefits are provided on similar tenns to other sector executives. No Director has an expense
- Marcus Agius was appointed as a non-executive Director on 1st September 2006 and as Group Chairman from 1st January 2007.
- Marcus Agus was appeared as a non-executive proctor on 1st September 2006 and as Group Chairman from 1st January 2007. In 2007 John Varley was a Director of Ascot Authority (Holdings) Limited (Directorship cassed on 3) st December 2007) and British Grotux Invasiments Limited for which he received feas of £20,085 and £7,613 respectively (2006; £20,000 and £7,500 respectively). John Varley is a non-executive Director of AstreZenesa pic for which he received feas of £36,186 in 2007 (2008; £21,075). John Varley is also a member of the International Advisory Panel of the Mondarry Authority of Singapore for which he received feas of US\$10,000 in 2007 (2008). US\$10,000 John Varley is Chairman of Business Action on Ho notessness but President of the Employers' Forum on Disability for which he receives no feas. Robert & Diamont Jul is Chairman of Old Vie Productions pic for which he received no feas in 2007. Gary Hollman is a Director of Visa (Europe) Limited and Visa (International) Limited for which he receives no feas. Qary Hollman is also a Director of Tribity Mirror pic for which he received feas of £22,734 in 2007 (2006; £50,000). During the course of rise Directorship Naguis (Neraly was a member of the Board of Governors of the Institute of Ismailli Studies and Chairman of the National Committee of the Aga Khan Foundation for which he received no feas in 2007. Neg Jib Kharaj (up to 31st March 2007) and Fints Seegers are non-executive Directors of Absa Group Limited and Absa Bark Limited. They have both waited their feast, which were point to Bardays. Their respectively feas in 2007 were ZAR106,533 (190 805 40 and ZAR136,900 603 3 603 12005; 74405 100 805 400 805 6000. (£9,694) and ZAR169,900 (£33,363) (2006; ZAR425,100 (£34,096) and ZAR75,400 (£6,048) respentively).
- The remuneration for 2007 for Febert E Diamond Jr was based on the performance of Berclays Group, Barclays Capital, Bardays Global Investors and Barchays Wealth, but non an absolute and industry relative basis. The composition of this package continues to be heavily weighted towards elements that are ratir bit and reflects practice in the investment banking and investment management industry.
- Chris Lucas was appointed as an executive Director with offect from 1st April 2007. In addition to the amount shown in the "Salary and less" column above. Chris Lucas received an award under ESAS in recognition of for-inted compossation from this previous simpleyment. Because here are not applicable to this award. Details of this ESAS award are shown in its 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 to the table above (footnote k on this page provides further information). Chris Lucas received an ellowance of 25% of base swary (£112,500) in ticu of ponsion contributions. This amount is included in the column for "Benefits" in the table above.

Executive Directors: illustration of change in value of Barolays PLC shares owned beneficially, or held under option or awarded under employee sharo plans as at 31st December 2007<sup>a</sup>

		<u>, , , , , , , , , , , , , , , , , , , </u>	lumber at 3	ist Dacen	nber 2007	,		Notional	Notional	ı	
	Shares			Executive Share Option				value based value cn share price of		Chanco la	
	owned beneficially <sup>b</sup>	ESASC	₽\$₽ <sup>d</sup>	Scheme (ESOS) <sup>6</sup>		Sharesave	Total	£7.30 <sup>1</sup> £000	£5,049 £000	value	
Executive Directors John Variey Robert E Diamond Jr	470,650 3,402,192	344,711 4,863,749			920,490 560,000		2,198,502 10,681,276		7,056 50,942		<b>\</b>
Gary Hoffman Chris Lucas Fills Seegers	431,761 38,003 699,870	274,402 69,091 231,383	82,910		540,000 	0.000	193,642	1,382	5,187 953 6,177	(424)	FE
Mates											<i>}</i>

- Notes a Under PSP, ESAS, ISOP, ESCS and Shareaavo, nothing was paid by the participants on the grant of options or cwards.
- The number shows includes shares held under Sharepurchase. b
- ESAS includes the maximum potential 30% boots share element where applicable, and any voluntary ESAS awards,
- The number of shares shown represents the initial allocation of shares.
- 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 2005. The notional value for Chris Lucas is based on a share price of \$7.25, which was the share price as at 2nd April 2007, the first working day after the was appointed executive Director.
- 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 27.90 and 94.775 respectively.

Barclays Annual Report 2007

From: Whittington, Sarah [sarah.whittington@linklaters.com]

Sent: Thursday, April 10, 2008 9:26:50 AM

To: kathryn.mcleland@barcap.com; yenal.ghori@barcap.com;

tania.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; alastair.rosesmith@citi.com; peter.siekel@citi.com; bogdan.ciobanu@citi.com; Prasad, 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; ron.yanagi@ubs.com; sophia.vonta@ubs.com; andrew.templeton@ubs.com; glenn.goggins@ubs.com; Jason.Norton@ubs.com; monica.meo@ubs.com;

michael.altschuler@ubs.com; Owens, Bryant H (London); Aylward, Stuart; Thorogood, Faye; ken.greer@wachovia.com; Boulderstone, Edward;

Papadopulos, John; Clark, Kristina (Krick); Twohig, Fleur; Knepp, Kiley; Coan, Carolyn; Watts, Laurie [FTU Notes]; mike.borut@morganstanley.com;

Victoria.Ortiz@morganstanley.com; Alex.MacMahon@morganstanley.com; Dominic.Trusted@morganstanley.com; Yurij.Slyz@morganstanley.com;

Jennifer.Moreland@morganstanley.com; andrew.r.karp@bankofamerica.com; ken.harris@rbccm.com; shannon.dahl@rbccm.com; richard.bansa@rbccm.com; keith.deleon@db.com; steven.burwell@db.com; Bethany.bowman@suntrust.com;

chris.grumboski@suntrust.com; donna thacker@rhco.com; Michael.l.smith@wellsfargo.com; Autumn.m.roth@wellsfargo.com;

edwin.j.sondgroth@wellsfargo.com; james.m.probert@bankofamerica.com;

ellen lee@rhco.com

CC: Ludwick, David; van Amelsfort, Joost

BCC: stuart.aylward@funb.com; ken.greer@funb.com; kiley.knepp@funb.com

Subject: RE: Project Rimu - Executed non-US comfort letter

Attachments: Project Rimu Executed Non-US Comfort Letter Final.pdf; Appendix A -

Prospectus.pdf; Revised Appendix B - 20-F.pdf

Dear managers -

Due to a problem with the appendices in my small below, I am resending the executed non-US comfort letter with the appendices.

Kind regards, Sarah

From: Whittington, Sarah Sent: 09 April 2008 2:34 PM

To: fkathryn.moleland@barcap.com'; 'yenal.ghori@barcap.com'; ftanja.gihr@barcap.com';

'simon.croxford@barcap.com'; 'richard.d.johnson@barcap.com';

UW\_Barclays\_000068651 CONFIDENTIAL

```
'belinda.vickery@barcap.com'; 'bret.ganis@barcap.com'; 'richard.smith3@barcap.com'; 'peter.o.aherne@citi.com'; 'lcohendrik.greve@citi.com'; 'peter.james.mason@citi.com';
'laura.drumm@citi.com'; 'christopher.k.whitc@citi.com'; 'derrick.decse@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';
'alastair.rosesmith@citi.com'; 'peter.siekel@citi.com'; 'bogdan.cicbanu@citi.com';
'Prasad, 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'; 'ron.yanagi@ubs.com'; 'sophia.vonta@ubs.com';
'andrew.templeton@ubs.com'; 'glenn.goggins@ubs.com'; 'Jason.Norton@ubs.com';
'monica.meo@ubs.com'; 'michael.aluschuler@ubs.com'; 'bryant.h.owens@wachovia.com';
*s.uart.aylward@wachevia.com'; 'faye.thorogeod@wachovia.com';
'ken.greer@wachovia.tom'; 'edward.boulderstone@wachovia.com';
'john.papadopulos@wachovia.com'; 'kristina.clark@wachovia.com';
'fleur.twohig@wachovia.com'; 'kiley.knepp@wachovia.com'; 'carolyn.toan@wachovia.com';
'laurie.watts@wachovia.com'; 'mike.borut@morganstanley.com';
'Victoria.Ortiz@morganstanley.com'; 'Alex.MacMahon@morganstanley.com';
'Dominic.Trusted@morganstanley.com'; 'Yurij.Slyz@morganstanley.com';
'Jennifer.Moreland@morganstanley.com'; 'andrew.r.karp@bankofamerica.com';
'ken.harris@rbccm.com'; 'shannon.dahl@rbccm.com'; 'richard.bansa@rbccm.com';
'keith.deleon@db.com'; 'steven.burwell@db.com'; 'Bethany.bowman@suntrust.com';
'chris.grumboski@suntrust.com'; 'donna thacker@rhco.com';
'Michael.l.smith@wellsfargo.com'; 'Autumn.m.roth@wellsfargo.com';
'edwin.j.sondgroth@wellsfargo.com'; 'james.m.probert@bankofamerica.com';
'ellen lee@rhco.com'
Cc: Ludwick, David; van Amelsfort, Joost
Subject: Project Rimu - Executed non-US comfort letter
Dear managers -
Please find attached for your records the executed non-US comfort letter with
relevant appendices.
Sarah
Sarah Whittington
U.S. Associate
Linklaters LLP, London
Tol: (+44) 20 7456 5580
     (+44) 20 7458 2222
One Silk Street, London
EC2Y 8HQ United Kingdom
sarah.whittington@linklaters.com
http://www.linklaters.com <a href="http://www.linklaters.com/">http://www.linklaters.com/>
```

CONFIDENTIAL UW\_Barclays\_000068652

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.

Linklaters LLP (www.linklaters.com) is a limited liability partnership registered in England and Wales with registered number 00326345. It is a law firm regulated by the Solicitors Regulation Authority (www.sra.org.uk). The term partner in relation to Linklaters LLP is used to refer to a member of Linklaters LLP or an employee or consultant of Linklaters LLP or any of its affiliated firms or entities with equivalent standing and qualifications.

A list of Linklaters LLP members together with a list of those non-members who are designated as partners and their professional qualifications, may be inspected at our registered office, One Silk Street, London EC2Y 8HQ and such persons are either solicitors, registered foreign lawyers or European lawyers.

#### CAPITALIZATION AND INDEBTEDNESS

The following table sets out the authorised and issued share capital of Barclays Bank PLC and the Barclays Bank PLC Group's total shareholders' equity, indebtedness and contingent liabilities as of December 31, 2007, and as adjusted to reflect the issuance of the preference shares (without giving effect to any exercise of the over-allotment option). The figures set out in the following table were extracted from our audited financial statements for the year ended December 31, 2007, which were prepared in accordance with International Financial Reporting Standards. The adjustments to reflect the issuance of the preference shares have been converted to pounds sterling at an exchange rate of £1=\$

	As of December 31, 2007	Adjusted for the issuance of the preference shares
E.	'000	'000
Share capital of Barclays Bank PLC Authorized ordinary share capital — shares of £1 each	3,000,000	3,000,000
Authorized preference share capital — shares of £100 each	400	400
Authorized preference share capital — shares of fl cach	1 1	1
Authorized preference share capital shares of U.S.\$100 each	400	400
Authorized preference share capital — shares of U.S.\$0.25 each	150,000	150,000
Authorized preference share capital shares of €100 each	400	400
Ordinary shares — issued and fully paid shares of £1 each	2,337,161	2,337,161
Preference shares - issued and fully paid shares of £100 each	75	75
Preference shares issued and fully paid shares of £l each	1 1	I
Preference shares — issued and fully paid shares of U.S\$100 each	100	100
Preference shares — issued and fully paid shares of U.S.\$0.25 each	131,000	\
Preference shares — issued and fully paid shares of €100 each	240	240
à.	£ million	£ million
Group shareholders' equity	-	
Called up share capital	2,382	}
Share premium account	10,751	4.50
Other reserves	(170)	(170)
Other shareholders' funds	2,687	2,687
Retained earnings	14,222	14,222
Shareholders' equity excluding minority interests	29,872	
Minority interests	1,949	1,949
Total shareholders' equity	31,821	
Group indebtedness <sup>(1)</sup>		
Subordinated liabilities(2)	18,150	18,150
Debt securities in issue <sup>(3)</sup>	120,228	120,228
Total indebtedness	138,378	138,378
Total capitalization and indebtedness	170,199	
Group contingent liabilities	,	<del>}</del>
Acceptances and endorsements	365	365
Guarantees and assets pledged as collateral security	35,692	35,692
Other contingent liabilities	9,717	9,717
Total contingent liabilities	45,774	45,774

Notes

S-26

LONDON:302954.3

<sup>[(1) &</sup>quot;Group indebtedness" includes interest accrued as at [June 30], 2007, in accordance with International Financial Reporting Standards.]



BARCLAYS RR Dennetley Profile NYC balal0dc 04-Apr-200# 16:18 EST 07-Apr-2003 06:41 EST PROSPECTUS SUPPLEMEN LÓN

(2) On January 23, 2008, Barclays Bank PLC issued 61.750,000,000 6.00% Fixed Rate Subordinated Notes due 2018. On January 25, 2008. Barelays Bank PLC issued €100,000,000 CMS-Linked Subordinated Notes due 2018, On February 29, 2008, Barclays Bank PLC issued £1,000,000,000 8.25% Undated Subordinated Notes, On March 12, 2008, Barclays Bank PLC redeemed €255,645,941 (formerly DEM 500,000,000) 5.50% Subordinated Notes due 2013. On March 20, 2008, Barclays Bank PLC issued €i35,000.000 CMS-Linked Subordinated Notes due 2018.

(3) In addition, there were £52,320 million of debt securities in issue accounted on a fair value basis as at

December 31, 2007.



PricewaterhouseCoopers LLP Hays Galleria 1 Hays Lane, London SE1 2RD Telephone :44 (0) 20 7583 5000 Facsimile +44 (0) 20 7804 1001 www.pwc.com/uk

08 April 2008

Barclays PLC, 1 Churchill Place, London E14 5HP

and

Barclays Bank PLC, 1 Churchill Place, London E14 5HP

and

Barclays Capital Securities Limited 5 The North Colonnade Canary Wharf London E14 4BB

and

Citigroup Global Markets Limited Canada Square Canary Wharf London E14 5LB

And the other Underwriters named in the Prospectus Supplement referred to below (together, the "Underwriters")

#### Ladies and Gentlemen:

We report in accordance with our letter of engagement dated 08 April 2008. We have audited:

- 1. the consolidated financial statements of Barclays PLC (together with its subsidiaries hereinafter referred to as the "Group") and Barclays Bank PLC (together with its subsidiaries hereinafter referred to as the "Issuer") as of 31 December 2007 and 2006 and for each of the three years in the period ended 31 December 2007, included in the annual report of the Group and the Issuer on Form 20-F for the year ended 31 December 2007 filed with the US Securities and Exchange Commission ("SEC") on 26 March 2008 (the "2007 Form 20-F"), and
- the effectiveness of the Group internal controls over financial reporting as of 31 December 2007.

The consolidated financial statements referred to above are all incorporated by reference in the registration statement (No. 333-145845) on Form F-3 filed by the Company under the Securities Act of 1933 as amended (the "Act") on 31 August 2007. Our report with respect thereto is also

incorporated by reference in such registration statement. Such registration statement on Form F-3 dated 31 August 2007, including the Prospectus dated 31 August 2007, the Preliminary Prospectus Supplement dated 7 April 2008 and the final Prospectus Supplement dated 8 April 2008 are together herein referred to as the "Registration Statement".

In connection with the Registration Statement:

- We are an independent registered public accounting firm with respect to the Group and the Issuer
  within the meaning of the Act and the applicable rules and regulations thereunder adopted by the
  SEC and the Public Company Accounting Oversight Board (United States) ("PCAOB").
- In our opinion, the consolidated financial statements audited by us and incorporated by reference
  in the Registration Statement comply as to form in all material respects with the applicable
  accounting requirements of the Act and the Securities Exchange Act of 1934, as amended, and the
  related rules and regulations adopted by the SEC.
- 3. We have not audited any financial statements of the Group or the Issuer as of any date or for any period subsequent to 31 December 2007. Also, we have not audited the Group's internal control over financial reporting as of any date subsequent to 31 December 2007. Therefore, we do not express any opinion on the Group's internal control over financial reporting as of any date subsequent to 31 December 2007.
- 4. For purposes of this letter, we have read the minutes of the 2008 meetings of the shareholders, the Board of Directors and the Board Audit Committee of the Group and the Issuer as set forth in minute books as of 3 April 2008, officials of the Group and the Issuer having advised us that the minutes of all such meetings through that date were set forth therein, and have carried out other procedures to 3 April 2008 (our work did not extend to the period from 4 April 2008 to 9 April 2008, inclusive) as follows:

With respect to the Group for the period from 1 January 2008 to 29 February 2008, we have:

- (i) read the unaudited consolidated financial data of the Group for January and February of both 2008 and 2007 furnished us by the Group. Officials of the Group have advised us that no such financial data as of any date or for any period subsequent to 29 February 2008 were available. The financial information for January and February of both 2008 and 2007 is incomplete in that it omits the statement of cash flows and other disclosures.
- (ii) inquired of certain officials of the Group who have responsibility for financial and accounting matters as to whether the unaudited consolidated financial data referred to in 4(i) above are stated on a basis substantially consistent with that of the audited consolidated financial statements incorporated by reference in the Registration Statement.

The foregoing procedures do not constitute an audit made in accordance with standards of the PCAOB. Also, they would not necessarily reveal matters of significance with respect to the comments in the following paragraph. Accordingly, we make no representations as to the sufficiency of the foregoing procedures for your purposes.

5. Nothing came to our attention as a result of the foregoing procedures, however, that caused us to believe that: (i) At 29 February 2008 there was any change in share capital and decrease in shareholders' equity and minority interests and total assets, or increase in subordinated liabilities and total liabilities of the Group as compared with amounts shown on the 31 December 2007 audited consolidated balance sheet incorporated by reference in the Registration Statement, or (ii) for the period from 1 January 2008 to 29 February 2008, there were any decreases, as compared with the corresponding period in the preceding year, in net interest income and profit on ordinary

activities before taxation, except in all instances for changes, increases or decreases which the Registration Statement discloses have occurred or may occur and except that the unaudited consolidated balance sheet as of 29 February 2008, which we were furnished by the Group showed that share capital decreased by 0.48% and total subordinated liabilities increased by 15.94% and total liabilities increased by 29.74% when compared with balances as at 31 December 2007. Profit before tax for the period from 1 January 2008 to 29 February 2008 decreased by 9.48% compared with the corresponding period in the previous year

- 6. As mentioned in paragraph 4, Group officials have advised us that no consolidated financial data as of any date or for any period subsequent to 29 February 2008 are available; accordingly, the procedures carried out by us with respect to changes in financial statement items after 29 February 2008 have, of necessity, been even more limited than those with respect to the periods referred to in 4. We have inquired of certain officials of the Group who have responsibility for financial and accounting matters as to whether (a) at 3 April 2008 there was any change in share capital or decrease in shareholders' equity and minority interests, or increase in subordinated liabilities of the Group as compared with amounts shown on the 31 December 2007 audited consolidated balance sheet incorporated by reference in the Registration Statement; or (b) for the period from 1 January 2008 to 3 April 2008, there were any decreases, as compared with the corresponding period in the preceding year, in profit on ordinary activities before taxation. On the basis of these inquiries and our reading of the minutes as described in 4, nothing came to our attention that caused us to believe that there was any such change, increase or decrease, except in all instances for changes, increases or decreases which the Registration Statement discloses have occurred or may occur and except that share capital decreased by 0.48% and total subordinated liabilities increased by 17.12% when compared with balances as at 31 December 2007. Profit before tax for the period from 1 January 2008 to 4 April 2008 decreased compared with the corresponding period in the previous year.
- 7. With respect to the Issuer we have also carried out limited procedures from 1 January 2008 to 3 April 2008 (our work did not extend to the period from 4 April 2008 to 9 April 2008, inclusive), as follows:
  - a. With respect to Issuer for the period from 1 January 2008 to 29 February 2008, we have, at your request:
    - (i) read the unaudited consolidated financial data of the Issuer as of and for the two months ended 29 February 2008 and 28 February 2007 furnished us by the Issuer, and agreed the amounts contained therein with the Issuer's accounting records as of 29 February 2008 and 28 February 2007. Officials of the Issuer have advised us that no financial data as of any date or for any period subsequent to 29 February 2008 were available. The financial information as of and for the two months ended 29 February 2008 and 28 February 2007 is incomplete in that it omits the statement of cash flows and other disclosures.
    - (ii) inquired of certain officials of the Issuer who have responsibility for financial and accounting matters whether the unaudited consolidated financial data referred to in 7a(i) are stated on a basis substantially consistent with that of the audited consolidated financial statements incorporated by reference in the Registration Statement.

The foregoing procedures do not constitute an audit conducted in accordance with standards of the PCAOB. Accordingly, we do not express such an opinion. The foregoing procedures would not necessarily reveal matters of significance, accordingly, we make no representation about the sufficiency of such procedures for your purposes.

- 8. Nothing came to our attention as a result of the foregoing procedures, however, that caused us to believe that: (i) At 29 February 2008, there was any change in share capital and decrease in shareholders' equity and minority interests and total assets, or increase in subordinated liabilities and total liabilities of the Issuer as compared with amounts shown in the 31 December 2007 audited consolidated balance sheet incorporated by reference in the Registration Statement; or (ii) for the period from 1 January 2008 to 29 February 2008, there were any decrease, as compared with the corresponding period in the preceding year, in profit before taxation and net interest income, except in all instances for changes, increases or decreases which the Registration Statement discloses have occurred or may occur and except that the unaudited consolidated balance sheet as of 29 February 2008, which we were furnished by the Issuer showed that share capital increased by 0.04% and total subordinated liabilities increased by 15.94% and total liabilities increased by 29.74% when compared with balances as at 31 December 2007. Profit before tax for the period from 1 January 2008 to 29 February 2008 decreased by 9.93% compared with the corresponding period in the previous year.
- 9. As mentioned in 7a, Issuer officials have advised us that no consolidated financial data as of any date or for any period subsequent to 29 February 2008 are available; accordingly, the procedures carried out by us with respect to changes in financial statement items after 29 February 2008 have, of necessity, been even more limited than those with respect to the periods referred to in 7. We have inquired of certain officials of the Issuer who have responsibility for financial and accounting matters as to whether (a) at 3 April 2008 there was any change in share capital or decrease in shareholders' equity and minority interests, or increase in subordinated liabilities of the Issuer as compared with amounts shown in the 31 December 2007 audited consolidated balance sheet incorporated by reference in the Registration Statement; or (b) for the period from 1 January 2008 to 3 April 2008, there were any decreases, as compared with the corresponding period in the preceding year, in profit before taxation. On the basis of these inquiries and our reading of the minutes as described in 4, nothing came to our attention that caused us to believe that there was any such change, increase or decrease, except in all instances for changes, increases or decreases which the Registration Statement discloses have occurred or may occur and except that share capital increased by 0.08% and total subordinated liabilities increased by 17.12% when compared with balances as at 31 December 2007. Profit before tax for the period from 1 January 2008 to 4 April 2008 decreased compared with the corresponding period in the previous year.
- 10. For purposes of this letter, we have also read the items identified by you on the attached document:
  - (i) a copy of the Preliminary Prospectus Supplement dated 7 April 2008 (referenced and attached as Appendix A); and
  - (ii) a copy of the 2007 Form 20-F (referenced and attached as Appendix B);

We have performed the following procedures, which were applied as indicated with respect to the letters explained below. We make no comment as to whether the SEC would view any non-GAAP financial information included or incorporated by reference in this document as being compliant with the requirements of Regulation G or Item 10 of Regulation S-K.

A We compared the amount to or recomputed from a corresponding amount in the Group's and the Issuer's audited financial statements incorporated by reference in the Registration Statement and found such amounts to be in agreement.

- B We proved the mathematical accuracy of the amounts and percentages as applicable, based on the data contained in the consolidated financial statements as referred to in A above.
- C We compared the amount to the schedule prepared by the Group and the Issuer, as appropriate, from their accounting records and found them to be in agreement. We (i) compared the amounts on the schedule to corresponding amounts appearing in the accounting records and found such amounts to be in agreement, and (ii) determined that the schedule was mathematically correct.
- D We proved the mathematical accuracy of the amounts and percentage as applicable, based upon the data contained in the records or schedules referred to in C above.
- We compared the amount to the corresponding amount in schedules or reports prepared by the Group and the Issuer, as appropriate, from their records and found them to be in agreement. We (i) compared the amounts on the schedules or reports to corresponding amounts appearing in the records and found such amounts to be in agreement, and (ii) determined that the schedules or reports were mathematically correct.

The schedules and supporting spreadsheets and statutory records cover capital requirements, capital ratios, risk weighted assets, off balance sheet arrangements, share capital information, Directors' Remunerations and other management information as required. We did not confirm the extraction and manipulation of the data underlying the various spreadsheets.

We make no comment as to the appropriateness of the Group's or the Issuer's, as appropriate, computation of, or determination of what constitutes capital requirements, capital ratios, weighted risk assets, off balance sheet arrangements, directors' remunerations, share capital, assets under management and other information.

We make no comment as to the appropriateness of the Group's or the Issuer's, as appropriate, computation of, or determination of what constitutes liquidity and capital resources, including off-balance sheet arrangements; certain trading activities involving non-exchange traded contracts accounted for at fair value; and relationships and transactions with persons or entities that derive benefits from their non-independent relationship with the registrant or the registrant's related parties as mandated by FR61 "Commission Statement about Management's Discussion and Analysis of Financial Condition and Results of Operations" issued by the SEC.

11. Our audit of the consolidated financial statements for the periods referred to in the introductory paragraph of this letter comprised audit tests and procedures deemed necessary for the purpose of expressing an opinion on such financial statements taken as a whole. For none of the periods referred to therein, or any other period, did we perform audit tests for the purpose of expressing an opinion on individual balances of accounts or summaries of selected transactions such as those enumerated above, and, accordingly, we express no opinion thereon.

- 12. It should be understood that we make no representations regarding questions of legal interpretation or regarding the sufficiency for your purposes of the procedures enumerated in the second preceding paragraph; also, such procedures would not necessarily reveal any material misstatement of the amounts or percentages listed above. Further, we have addressed ourselves solely to the foregoing data as set forth in the Registration Statement and make no representations regarding the adequacy of disclosure or regarding whether any material facts have been omitted.
- 13. This letter is solely for the information of the addressees and to assist the underwriters in conducting and documenting their investigation of the affairs of the Group and the Issuer in connection with the offering of the securities covered by the Registration Statement, and is not to be used, circulated, quoted, or otherwise referred to within or without the underwriting group for any other purpose, including but not limited to the registration, purchase, or sale of securities, nor is it to be filled with or referred to in whole or in part in the Registration Statement or any other document, except that reference may be made to it in the underwriting agreement or in any list of closing documents pertaining to the offering of the securities covered by the Registration Statement.

This letter is intended to be used only by the addressees of this letter in connection with the offer or sale of securities outside the United States. It is not to be used in the United States.

Yours faithfully.

PricewaterhouseCoopers LLP

Priemolistanse Coopers Lie

## UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

### FORM 20-F

· OR	/R. # .	out O = 1
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 193  OR  SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  For the transition period from	(IA(S	ark One)
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 193  OR  SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  For the transition period from	□	REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) or (g) OF THE SECURITIES EXCHANGE ACT OF 1934
OR  TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 193  OR  SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  For the transition period from		OR
TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 193  OR  SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  For the transition period from	Ø	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  SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT O  For the transition period from		OR
SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT O  For the transition period from		TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period fromto  Commission file numbers: Barclays PLC 1-09246		` OR
Commission file numbers: Barclays PLC 1-09246		SHELL COMPANY REPORT PURSUANT TO SECTION 13 OF 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
7/3240		For the transition period from to
		2410E/01 E/02E40

# 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:

Paralava DI C	Title of each class	Name of each exchange on which registered	
Barclays PLC	250 ordinary shares	New York Stock Exchange*	
	American Depositary Shares, each representing four 25p ordinary shares	New York Stock Exchange	
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 Depository Shares, Series 2. each representing one Non-	New York Stock Exchange*	
	Cumulative Callable Dollar Preference Share, Series 3	New York Stock Exchange	

Non-Cumulative Callable Dollar New York Stock Exchango\* Preference Shares, Series 4 American Depositary Shares, Series 2, each representing one Non-Cumulative Callable Dollar New York Stock Exchange Preference Share, Series 4 iPathSM CBOE S&P 500 BuyWrite American Stock Exchange Index<sup>5M</sup> iPath\* Dow Jones - AIG Grains Total NYSE Arca Return Sub-Index<sup>s™</sup> ETN iPath® Dow Jones - AIG Livestock **NYSE Arca** Total Return Sub-Index<sup>SM</sup> ETN iPath® Dow Jones - AIG Nickel Total NYSE Arca Return Sub-Index<sup>sм</sup> ETN iPath® Dow Jones - AIG Copper Total NYSE Arca Return Sub-Index<sup>sм</sup> ETN iPath® Dow Jones - AIG Energy Total NYSE Arca Return Sub-Index<sup>SM</sup> ETN iPath® Dow Jones - AIG Agriculture NYSE Arca Total Return Sub-Index<sup>SM</sup> ETN iPath® Dow Jones - AlG Natural Gas NYSE Arca Total Return Sub-Index<sup>SM</sup> ETN iPath® Dow Jones - AIG Industrial Metals Total Return Sub-IndexsM NYSE Arca iPath® GBP/USD Exchange Rate NYSE Arca ΕIN iPath® Dow Jones - AIG Commodity NYSE Arca Index Total Returns ETN iPath® EUR/USD Exchange Rate NYSE Arca ETN iPath® S&P GSCI™ Total Return NYSE Arca Index ETN **NYSE Arca** iPath® MSCI India IndexSM ETN iPath® S&P GSCi™ Crude Oil Total **NYSE Arca** Return Index ETN NYSE Arca iPath® JPY/USD Exchange Rate ETN

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	0,007,000,021
	£1 staff shares	875,000
		2,337,161,000
Barclays Bank PLC	ET ordinary shales	1,000
·	£1 preference shares	75,000
	£100 preference shares	240.000
	£100 preference shares	
	\$0.25 preference shares	131,000,000
		100,000
	\$100 preference shares	

Not for trading, but only in connection with the registration of American Depositary Shares, pursuant to the requirements of the Securities and Exchange Commission.

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 lile reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.
Yes □ No Ø
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 ☑ Accelerated filer □ Non-accelerated filer □
Barclays Bank PLC:
Large accelerated filer □ Accelerated filer □ Non-accelerated filer ☑
Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filling:
U.S. GAAP ☐ International Financial Reporting Standards as issued by the International Accounting Standards Board ☑ Other ☐
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 II Item 18 II
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 fifed 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

Barclays delivered profit batter tax u.C.7.07(a) Saraings per chare were Barclays delivered profit batter tax u.C.7.07(a) Saraings per chare were Amiliared provided 
conjunctions of the control of the c

Barclays Annual Report 2007

4

Business Performance - Global Retail and Commercial

Basinoss Periormance — Grobal Metall and Constitutions

Banking

In UK Banking we improved the cystimorms ratio a further work

percentage points to Bible excituring settlements on overdealt less of

relation to prior years of CTGm On this basis we have delivered a

cumulative eggin percentage point improvement in the past three years.

Well alread of our target of six percentage points.

UK Retail Banking profit before lax grew (1) 2020. Income grew

(1) Excitating settlements on overdealt less in relation to prior years of

VT6m reflecting a very strong performance in Personal Cuclomer Retail

Savings and good performances in Curront Accounts. Local Business and

Home Finance, partially offset by lower income from four protection

insurance. Enhancements in product offlering and construct improvements
in processing empacity enabled a strong performance in mongage. insurance. Enhancements in product offering and continuous in provenients in processing expacitly enabled a strong performance in medigage origination, with a share of net new ending of 8%. Operating expenses were well controlled and improved (%) impairment charges improved (2%) impairment charges in measured consumer tending and Local Business. This was driven by improvements in the collection process which led to reduced flows into definquency, lower levels of arrears and stable charges offs. Mortgage impairment charges remained negligible. Barola ys Commercial Bank delivered profit before taking £ 37 m Profit before business disposals improved \$50 lacome improved \$50 drivers by very strong growth in fees and commissions and speedy growth in net interest income. Moninterest income increased total of total income reflecting continuing focus on cross sales and officiant batance sheet utilisation. Operating expenses rose(§2), reflecting increased investment in product development and support, sales force capability and operational efficiency, impairment charges increased (§30 ms a rosult of asset growth and higher charges in Lurger Business. \$50 ms a rosult of asset growth and higher charges in Lurger Business. \$50 ms a rosult in Barolaycard britishment profit before tax increased to \$50 ms (§50 ms in Barolaycard britishment office by a reduction in UK card extended circled balances as we re-positioned the UK business and reduced lower credit quality exposures including the sale of the Monument card portfolio. As a rosult,

we re-positioned the UK business and reduced lower credit quality expositions including the sate of the Monument card portfolio. As a rosult, impairment charges improved the reflecting more selective queroment acquiliment, client management and improved collections. Overating expenses increased (25) driven by continued investment in Banclaycard International and the ton-resurrance of a property gain included in the 2006 results. Banclaycard US continued to make good progress, and for the tirst time made a profit for the year.

International Retail and Commercial Sanking profits declined (1978) to A 1995 Besuits in 2006 included a 2977 profit on disposals and (1979) pool fax profit share from FirstCaribbean International Bank. 2007 results

post tax profit share from FirstCaribbean international Hank. 2007 results reflected a 12% decline in the average value of the Rand.

International Retail and CommerciptBankling — excluding Absa delivered a profit before tax of 82/80n. Income rose 28% as we significantly increased the pace of organic growth across the business, with especially strong growth in Emerging Markels and Spath. Operating expanses grow 200 as we expanded the distribution footprint, opening 324 new branches and 157 new sales centres and also invosted in rolling out a commen technology platform and processes across the business. Impairment technology challors and processes across the business. Impairment increased to (23a) including very strong balance sheet growth and lower

International Retail and Commercial Banking – Absa Sterling profit left
(Sight (1993) patier absorbing the 12% cocking in the avorage value of the
(Pland, Rotal) foans and advances grey (20) and retail deposits gray (20)

Business Performance - investment Banking and Investment Management A

Barclays Capital delivered as hincrease in profit before tax to (2.33).

Net income was alread of last year, relibeding very strong performances in most asset classes including interest intes, currencies, equity products and commodities. Results also included not losses arising from credit market turbulence of N. 3359 net of gains from the fair valuation of issued notes of CSSP All geographies outside the US enjoyed significant growth in income and profits. Strong cost control led to operating expenses declining slightly year on year.

income and profits. Strong cost control led to operating expenses declining slightly year on year.

Barclays Global investors (BGI) profit before tex increased to 104m, income grow (5%) driven by very strong growth in management toes and in securities tending revenues. Profit and income growth were total affected by the 8% depreciation in the average value of the US Doffar. BGI costs increased (5%) as we continued to cuitd our intrastructure across multiple products and platforms to support future growth.

The cost income ratio rose to 62% Assets under management grow US 2050 to US 2071 inflor including net new assets at US 3050.

Barclays Wealth profit before tax rose (5%) to 1077 income growth of 17% was driven by increased client function and greater transaction volumes. Costs were well controlled as business volumes rose and the costineome ratio improved (free protectings paints to 15%) We continued to invest in client facing stallying infrastructure. Pedrossycosts declined. Total client assets increased functions and other operations.

Head Office functions and other operations loss before tex increased Ber to Demonstrate the other operations has below to increased from heriging activities.

Capital management

All star frecember 2007, our Bacel I Tier 1 Capital ratio was \$3 12000: 273. We started managing capital ratios under Bacel II from 1st January 2008. Our Basel II Tier 1 Capital ratio was \$7.50 Our Equity Tier 1 ratio was \$7.50 Our Equity Tier

Sarclays Annual Report 2007

5

#### Financial data

Consolidated income statement summary For the year ended Stat December

M 416 Terr alloga and a service		2097	2006	2005	2004
		Cin	£m	٤m	£m a
		9,810	9,143	8,075	6,833
viet interest in come		7,708	7,177	5,705	4,847
Net lee and commission income	- 1	·L975	4,576	3,179	2,514
Principal transactions		1,811	1,060	872	1,042
Nel premiuma from insurance contracts		138_	214	147	135
Other Income		23,492	22,170	7,978	15,307
Total income		(492)	(575)	(645)	(1,259)
Not claims and benefits incurred on insurance contracts		23,600	21,595	17,333	14,103
Tatal Income net of Incurance claims		(2,795)	(2,154)	(1,571)	(1,093)
Impairment charges and other credit provisions		20,205	19,441	15.762	13,015
Net income		(13,199)	(12,674)	(10,527)	(8.536)
Operating expenses		42	45	45	56 ]
Share of post-ax results of associates and joint ventures	.K-		5.813	5,280	4,535
The state of the s	./2	28	323		45
Profit on disposal of subsidiaries, associates and Joint veolures		7,076	7,138	5,280	4,580
Profit before tax		(1,981)	(1,941)	(1.439)	(1,279)
Tex		5.095	5,195	3,841	3,301
Profit after lax			624	394	47
Profit attributable to minority interests	A	678 a,417	4,571	3,447	3,254
Profit attributable to equity holders of the parent			5,195	3,847	3,301
FIUR differences to Vijery		5.095	3, 133	J,0+1	0,007.1
Selected finencial statistics		T	71.9¢	54.4p	51.0p
Basic earnings per share	A	68.9p	69.80_	52.6p	49.80
Dipied earnings per share	-	<u>-66.70</u>	31.0p	26.6	24.00
Dividends per ordinary share	C C	34.6p	43.1%	48.9%	
	- · Z	49.3%	40.170	70.075	777.1.14
Profit attributable to the equity holders of the parent as a percentage of:	تت	100.00	24.7%	21.1%	21.7%
SAGLEGG = parepologis, compla	<u>-</u>	20.3%	0.4%	0.4%	0.5%
sverage total assets	. <u>E</u>	-\$0.5%	<u>U.47a</u>	0.420	
Selected statistical impastres		3[ 57%	59%	61%	61%
Cost;income ratiob	~	3'00	1.84	1.82	1.83
Contraction of the contract of			1.47	1.46	1,47
Average United States Deliar exchange rate used in preparing the accounts					
Average United States Dollar exchange rate used in preparing the accounts Average Euro exchange rate used in preparing the accounts Average Rand exchange rate used in preparing the accounts		1,46 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

e Does not reflect the application of IAS 32, IAS 39 and IERS 4 which became offective from 1st January 2005. Defined on page 2.

6

Barciays Annual Report 2007

#### Financial data

Consolidated balance sheet summary As at 31st December

Assets Cash and other short-term funds Treasury bills and other oligible bills Tracing portfolio and financial assets designated at fair value Derivative financial instruments Debt securities and equity shares Loans and advances to banks Loans and advances to banks Loans and advances to customers Available for safe financial investments Reverse repurchase agreements and cash collateral on securities borrowed Other assets  Total assets Liabilities Deposits and items in the course of collection due to banks Customer accounts Tracing portfolio and financial diabilities designated at fair value Liabilities to customers under investment contracts Derivative financial instruments Debt securities in issue Repurchase agreements and cash collateral on securities lent Insurance contract safetime, including unit-linked liabilities Subardinated finabilities Other liabilities	Em Em Em Em Em en
Cash and other short-term funds Treasiny bills and offer oligible bills Treasiny portolic and financial assats designated at fair value Derivative financial instruments Debt securities and equity shares Loans and advances to banks Loans and advances to bustomers Available for sale financial investments Reverse repurchase agreements and cash collateral on securities borrowed Other assats Total assats Liabilities Deposits and items in the course of collection due to banks Customer accounts Trading portfolio and financial liabilities designated at fair value Liabilities to customers under investment contracts Derivative financial instruments Debt securities in issue Repurchase agreements and cash collateral on securities lent Insurance contract shall ties, including unit-linked liabilities Subardingted Relatities	A 213.088 138.353 136.323 Na
Treating portfolio and finar vial assats designated at fair value Derivative financial instruments Debt securities and equity shares Loans and advances to banks Loans and advances to customers Available for safe financial investments Reverse repurchase agreements and cash collateral on securities borrowed Other assots  Total assets Liabitities Deposits and items in the course of collection due to banks Customer accounts Trading portfolio and financial diabities designated at fair value Liabitities to customers under investment contracts Derivative financial instruments Deal securities in issue Repurchase agreements and cash collateral on securities lent Instruments Repurchase agreements and cash collateral on securities lent Instruments and cash collateral on s	A 213.088 138.353 136.323 Na
Tracing portfolio and financial assets designated at fair value Debt superities and equity shares Loans and advances to banks Loans and advances to banks Loans and advances to customes Available for sale financial investments Reverse repurchase agreements and cash collateral on securities borrowed Other assets Liabilities Deposite and items in the course of collection due to banks Customer accounts Trading portfolio and financial diabilities designated at fair value Liabilities to customers under investment contracts Deposite in contract instruments Debt securities in issue Repurchase agreements and cash collateral on securities lent insurance contract sabilities, including unit-linked liabilities Subordinated facilities	A 213.088 138.353 136.323 Na
Danivative financial instruments Debt securities and equity shares Loans and advances to banks Available for sale financial investments Reverse repurchase agreements and cash colinteral on securities borrowed Diher assets Liabilities Deposite and items in the course of collection due to banks Destinate accounts Inading portfolio and financial fiabilities designated at fair value Liabilities is customers under investment contracts Detivative financial instruments Debt securities in issue Repurchase agreements and cash collateral on securities lent resumnose contract sabilities, including unit-linked fiabilities	341.171 292.364 251.820 n/a 2.13.088 138.353 136.923 n/a
Dabt securities and aquity shares Loans and advances to banks Loans and advances to banks Loans and advances to customers Available for sale financial investments Reverse repurchase agreements and cash collateral on securities borrowed Diher assots Fotal assets Liabilities Deposite and items in the course of collection due to banks Dustomer accounts Finding portfolio and financial itabilities designated at fair value Liabilities to customers under investment contracts Derivative financial instruments Derivative financial instruments Debt securities in issue Repurchase agreements and cash collateral on securities tent resurance contract sabilities, including unit-linked fiabilities Underdingated figulities	A 213.088 138.353 136.923 n/a
Coans and advances to banks Loans and advances to customers Available for sale financial investments Reverse repurchase agreements and cash collateral on securities borrowed Differ assets Liabilities Deposite and items in the course of collection due to banks Deposite and items in the course of collection due to banks Deposite and items and inserting the course of collection due to banks Deposite and items in the course of	
Loans and advances to customers Available for sale financial investments Reverse repurchase agreements and cash collateral on securities borrowed Differ assets Liabilities Deposite and items in the course of collection due to banks Deposite and items in the course of collection due to banks Deposite and items in the course of collection due to banks Deposite and items in the course of collection due to banks Deposite and items in the course of collection due to banks Deposite and items in the course of collection due to banks Deposite and items in the course of collection due to banks Deposite and items under investment contracts Deposition in collection and instruments Debt securities in issue Repurchase agreements and cash collateral on securities lent topurchase agreements and cash collateral on securities lent	
Available for safe financial investments Reverse repurchase agreements and cash collateral on securities borrowed Diher asserts Liabilities Deposite and items in the course of collection due to banks Dustomer accounts Finding portfolio and financial itabilities designated at fair value Liabilities to customers under investment contracts Derivative financial instruments Derivative financial instruments Debt securities in issue Repurchase agreements and cash collateral on securities lent resvance contract Sahil line, including unli-linked liabilities Subordingsade liabilities	40,120 30,925 - 31,105 80,632
Citer assets  Cotal assets  Liabilities Deposite and items in the course of collection due to banks Deposite and items in the course of collection due to banks Deposite and items in the course of collection due to banks Distomer accounts Initially portfolio and financial itabilities designated at fair value debities to customers under investment contracts Derivative financial instruments Debt securities in issue Reporthase agreements and cash collateral on securities lent insurance contract sabilities, including unli-linked liabilities Subordinated liabilities	A 345,398 282,330 268,896 252,409
Inter assets  Idulassets  Jabilities Deposite and items in the course of collection due to banks Deposite and items in the course of collection due to banks Deposite and items in the course of collection due to banks Deposite and items	A 345,398 262,330 266,696 262,409 43,072 51,703 53,407 7/a
Fotal assets  Labilities Deposits and items in the course of collection due to banks Customer accounts Frading portfolio and financial itabilities designated at fair value Labilities to customers under investment contracts Derivative financial instruments Debt securities in issue Repurchase agreements and cash collateral on securities lent Insurance contract Sabilities, including unli-linked liabilities Subcrdinated Rabilities, including unli-linked liabilities	- 183.875 174.090 160.398 1 17a
Liabilities Deposits and items in the course of collection due to banks Dustomer accounts Finding portfolio and financial diabilities designated at fair value diabilities to customers under investment contracts Derivative financial instruments Derivative financial instruments Debt securities in issue Repurchase agreements and cash collateral on securities lent resvance contract Sahil line, including unli-linked liabilities Subordingsade liabilities.	<u> 3 18.800 17,138 16,01 43,247 </u>
Deposits and items in the course of collection due to banks Customer accounts Trading portfolio and financial diabilities designated at fair value Liabilities to customers under investment contracts Derivative financial instruments Derivative financial instruments Debt securities in issue Repurchase agreements and cash collateral on securities lent assuance contract Sahil ties, including unit-linked liabilities Subordingued Reputities	
Justomer accounts  Trading portfolio and financial ilabilities designated at fair value Liabilities to customers under investment contracts  Derivative financial instruments  Delivative financial instruments  Delivative financial instruments  Delivative financial instruments  Repurchase agreements and cash collateral on securities lent  resurance contract shalf line, including unfi-linked fiabilities  Subordingsted figuities	A 1.227,361 996,787 924,357 538,181
Customer accounts Finding portfolio and financial ilabilities designated at fair value Liabilities to customers under investment contracts Derivative financial instruments Derivative financial instruments Debt securities in issue Repurchase agreements and cash collateral on securities lent resvance contract Sahil line, including unli-linked liabilities Subordingsade liabilities, including unli-linked liabilities	-B
rabilities to customers under investment contracts  Delivative financial instruments  Pobl securities in issue  Repurchase agreements and cash collateral on securities lent  Issuance contract statifities, including anti-linked fiabilities  Subtractificated fiabilities	<u></u>
tabilities to customers under investment contracts  Dotivative financial instruments  Pobl securities in issue  Repurchase agreements and cash collateral on securities lent  Issuance contract sabilities, including unit-linked liabilities  Subordinated liabilities.	291.987 256.754 238.684 217 492
Derivative financial instruments Poblisacurities in issue Popurohase agreements and cash collateral on securities lent revience contract sabilities, including anti-linked liabilities Subordinated liabilities	AS 130,891 125,661 104,949 Na
lepurchase agreements and cash collateral on securities lent issuance contract sabilities, including unit-linked liabilities ubordinated liabilities	92,539 84,637 85,281 c/a
asviance contrict sahil lins, including unit-linked liabilities Subardinated liabilities	248.288 140,697 137,971 n/a
asviance contrict sahil lins, including unit-linked liabilities Subardinated liabilities	120,228 111,137 103,328 83,642
Subordinated liabilities	169,429 136,956 121,178 n/n
Other liabilities	3,903 3,878 3,767 8,377
	16.150 13.786 12,463 12,277
otal ligbilities	14,516 d7,200
Sharcholders' equity	1,194,805 969,397 899,927 521,417
shareholders' aquity excluding minorily Interests	·
dinonty interests	23,291 19,799 17,426 15,870
	9,185 7,551 7,004 894
otal shareholders' equity	44.3-4.4-4.4-4.4-4.4-4.4-4.4-4.4-4.4-4.4
otal liabilities and shareholders' equity	
	1,227,361 996,787 924,357 538,181
isk weighted assets and capital ratios <sup>b</sup>	
lisk weighted assets	
ier 1 iatio	353,476 297,833 259,148
isk assel ratio	7.8% 7.7% 7.0%
olected timenetal statistics	12.1% 11.7% 11.3%
al asset value per ordinary share	12.1% 11.7% 11.3%
gar-end United States Dollar exchange rate used in preparing the accounts	
cal-cikl culd excessee fate used to departual the accounts	USap 303p 269p 246p
eur-end Pand exchange rate used in preparing the accounts	953p 903p 289p 246p 2,60 1.96 1.72 1.32
he financial information above is extracted from the published accounts for the last three years. This information st professioned to, the accounts and Voles included in this report	USap 303p 269p 246p

Does not reflect the application of IAS 92, IAS 99 and IFRS 4 which became effective from 1st Uservary 2005.

Back are globed distretor and display ration are calculated any Based Cleanist Returns for 2004 based on IRRS are not hydralistic. About 1st January 2005, the for 1 came was 112 and the risk associated ward 182 and lines for a security the medical processing the medical processing the medical processing and IRRS 4.

Barclays Annual Report 2007

7

Notes

#### A TOP MANAGEMENT

### Financial review Analysis of results by business

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

For the year ended 31st Documer 200	UK Banking Sm	Baralaycard	informational Rotali and Commercial Banking Em	Barclays Capital £m	Barclays Global luvestors Sm	Bordays Wealth Em	Head office functions and other operations Sm	Group Em.	
Net interest incomé Net teé and commission income	4,596 1,932	1,394 1,080	1,890 1,210	1,179 1,235	. (8) 1,935	. 431 739	128 (424)	9,610 7,708	
Principal transactions <sup>a</sup>	. 55	11	248	4,692	(4)	. 55	(CB)	4,975	
Net prendams from insurance contracts Other income	252 58′_	40 (26)	372 87	13	2	195 19	152 35	1,Q1 i 198	
Total income	8,394	2.439	3,607	7,119	1.925	1,439	(192)	23,492	
Net claims and benefits incurred on insurance contracts	(43)	(13)	(284)	<u> </u>		(152)		(492)	A
Total income, net of insurance claims	5,851 (049)	2,489 (938)	3,523 (252)	7.119 (646)	1,928	1,207 (7)	(192) (3)	23,000 (2,795)	
Impairment charges		1,648	3,271	6,273	1.926	1,280	(195)	20,205	Ì
Net income Operating expenses	(3,370)	(1,101)	(2,356)	(3.973)	(1,192)	(973)	(234)	(13,199)	}
Share of post-tax results of associates	,	(7)	7	35		<u> </u>		7,048	}
and joint ventures Profit before business disposals	2.639	540	922	2,335	734	307	(429)	1,048	1
Profit on disposal of subsidiaries, associates and joint variures	14		13				1	28_	
Profit before tax	2.653	540	935	2,035	734	397	(428)	7,076	A
As at 31st Oecomber 2007			·				7.055	1.007.001	ſ`
Total assets	161,777	22,164	189,457	839,662	89,224	[8,024	7,053	1,227,361	
Total liabilities	166,988	1,559	18,809	811,516	87,101	43,986	14,924	1,194,885	1

Note  $_{\rm A}$  . Principal transactions compare net (widing income and not an estimate means).

10 Sarolays Annuel Report 2007

### Financial review Analysis of results by business

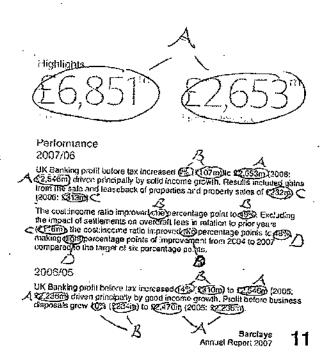
### Global Retail and Commercial Banking UK Banking

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 businesses. Customers are served through a variety of channels comprising the branch network, automated teller machines, telephone banking, online banking and relationship managers.



•		2007 Em	2006 £m	2005  වැර
come statement information			4,467	4,213
et interest income	1	4,696 1,932	1,874	1.726
al fee and commission (noome	T,	9	2	 28
et trading Income et investment income	L.j.	4/	28_] [ 30	26
nocioni transactions		352	342	298
of premitims from insurance contracts		38	63	32
lingr income	····	0.894	6,776	8,297
olal income	. 1	(43)	(35)	(61)
let claims and benefits incurred on insurance contracts	A	6,851	6,741	5.236
otal Income, not of insurance citims		(849)	(887)	(6/1)
npalrment charges	8	6,002	<u> 1,854</u>	5,565
tot income Deerating expenses excluding amortisation of intengible assets	J-[	(3,368)	(3,387)	[3,323)
Implication of intendipio assets	<b>9</b> ⊨	(12)	(3 389)	(3,326)
3-4-min - AV-ABBEAR		(3,370)	5	(3)
and the security of necoclates and total ventures	∕{§	- 14	76	
rolli on disposal of subsidiaries, associates and joint ventures		2,653	2,546	2,236
Yolit belore tax				
Balance sheet information	~	£145.3bo	£181,05n	£125,5bn
Loans and advances to customers	_	£147,9bn	£159,78n	£127.2bn
Customer accounts	A -	nd8,1912	£147.6bn	£138.0bn
Total assets				
Selected statistical measures	双	49%	50%	539
Costringame ratio*		4376		
		£ 775m	£ 790m	£ 665m
Risk Tendency <sup>a</sup> Risk weighted assets	E	£ 99.8bn	2 93.0bn	£ 87.9bn

a Defined on page 2.

12 Barcleyo Annual Report 2007

#### Financial review Analysis of results by business

### Global Retail and Commercial Banking UK Retail Banking

Who we are

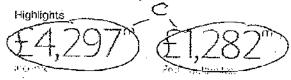
UK Retail Backing comprises Personal Customers, Homo Finance, Local Business, Consumer Lending and Barclays Financial Planning. We have one of the largest branch networks in the UK with around 1,700 branches and an extensive network of cash machines.

#### What we do

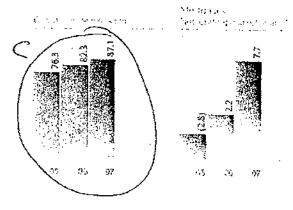
Our cluster of businesses aims to build bronder and deeper relationships with customers. Personal Customers and Home Finance provide a wide range of products and services to retail customers, including current accounts, sewings and investment products, mortgages branded Woolwich and general insurance. Bandays 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 16 million GIÇ customers.



#### Performance indicators



Performance

UK Relail Barking profit excluding lax increased (%) (101m) to (1.282m) (2005: (1.181m) due to reduced costs and a strong improvement in impairment.

Including the impact of settements on overdraft tees from vior years (15m) Income teleceased (15m) 200 to 1297m 2006: C 345m) income general (15m) excluding the impact of settlements on eventraft tens in relation to prior yearset (15m) this was driver by very stong growth in Personal Customer current accounts. Home Finance and good growth in Personal Customer current accounts. Home Finance and Local Business.

Not interest income increases (15m) to 15m) (2006 (2.755m) Growth was driven by a higher contribution from deposits, through a combination of good fallance sheet growth and an increased lighting france. Total average customer deposit briances increased (15m) (15m) (2006 (755m)), supported by the taunch of new products.

Mortgage volumes increased significantly, driven by an impoved mix of longer form value products for customars, higher levels of retention and continuing improvements in processing capability. Mortgage balances were 159, 30n at the end of the period (2,006,061,70n), and approximate market share of 6% (2006, 6%). Gross udvances were 253 higher at 23,050 C (2006, 873,45). Not lending was 8,000 (2006, 873,50), representing market share of 5% (2006; 2%). The average ton to value ratio of the residential mortgage took on a current valuation basis www 33%. The average loan to value ratio of new residential hortgage lending in 2007 was 54%. Consumer Lending balances represented to 90 (2006, 2006). (2006).

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

Net fee and commission income reduced (20(43m) to T.183m)(2006: \$1,232m). There was strong Current Account Income growth in Personni Customers and good growth within Local Business. This was more than ciliset by settlements on everdrall fees.

Net premiums from insurance underwriting activities reduced (20%)

Net premiums from insurance underwriting activities reduced (20%)

(2006: (232m), as there continued to be inwer customer take-up of loan protect on insurance. Net claims and benefits on insurance contracts increased by (2006: (233m)).

Impairment charges decreased (23 te76) o \$550 (2006; (6350)) impairment charges decreased (23 te76) o \$550 (2006; (6350)) reflecting lower charges in unsecured Consumer Lending and Local Business. This was driven by improvements in the collection process which led to reduced flows into delinquency, lower levels of arroars and stable charges offs. Mortgage impairment charges remained negligible.

Operating expenses reduced 3 (2006 @ 25327) Operating expenses reduced (FIRTH) to \$2,463m (2006; \$2,532m), reflecting strong and active management of at expense lines, largeled processing improvements and back office consolidation. Gains from the sale of property were \$2,53m (2008; \$2,53m), noreased investment was focused on improving the overall customer experience through converting and improving the branch network, obtaining the product offering; increasing operational and process efficiency; and meeting regulatory requirements.

The costineone ratio improved & opercentage point to fit the impact of seatlements on overcraft less from prior years costineone ratio improved & opercentage colous to 65%.

Barclays Annual Report 2007

13

·		2007 Eth	2006 Em	2005 <u>£m</u>
ncome statement information yet interest income Net lee and commission income Net preniums from insurance contracts Other income Net priorities Net claims and benefits on insurance contracts		2,958 1,183 252 47 4,346 (13)	2,765 1,232 342 42 4,381 (35)	2,677 1,065 372 24 4,138 (61) 4,077
Total Income net of insurance claims impairment charges		4.297 (559)	(635) 3,711	(494) 3.583
Not income Operating expenses excluding amortisation of inlangible assets Amortisation of intangible assets Operating expenses Share of post-fax results of associates and join; ventures		3,738 (2,455) (8) (2,463) 7	(2,531) (1) (2,532) 2	(2,501) (2,501) (6)
Profit before tax	<del></del>	1.282	1,181	1,076
Balance sheet information Loans and advances to customers Customer accounts Total assets		£82.0bn £87,16n £87,8bn	£74,7ba £82,3bn £81,7ba	972.150 976.350 978.150
Solocted statistical measures	Q	57%	58%	. 61%
Cost:income ratio <sup>a</sup> Hisk Tendercy <sup>a</sup> Risk weighted assets	E	6 470m 246,06n	£ 500m £13.0ba	£_415m £40,8bn

Defined on page 2.

2006/05

UK Retail Banking profit before tox increased (60% (505m) to \$1,18 m) (200): \$(0.5 m), diven by good income growth and well controlled costs. There it as been substantial additional investment to transform the

business.

Income increased (Profig) to 20345m (2005; 4077m), income growth was broadly based. There was strong income growth in Personal Customers retell savings. 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 (1850) to 27/85m (2005; 25/7m). Growth was driven by a higher contribution from cappets, through a combination of good balance sheet growth and a stable library margin. Total average customer deposit batances increased (Profig) (2005; 25/7m). But the profit of the profit by new prochess. Growth of personal savings has above that of the market.

Mortonde volumes improved significant.

above that of the market.

Mortgage volumes improved significantly, driven by a focus on improving capacity, customer service, value and premotion. UK residential in ortgage bateness ended the your at 68.7 https://doi.org/10.1009/

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

Net fee and commission income increased (65) (1577) to (1,232m) (2005: 1 (1657)). There was strong current account income grown in Personal Customers and Local Business. UK Premier delivered strong growth reflecting higher income from banking services, mortgage sales and investment advice.

Investment advice.

Net premiums from instituting underwriting activities decreased \$5.

Pedigin to 2542 in (2005; 272 g). There continued to be lower customer latter up of loan protection insurance. Net claims and benefits on insurance contracts improved to 239 (2005; 2510).

contracts improved to 2.58 (PULS: COLUMN)
Impairment charges increased 35% (Smith to 6553) (2005: (2594)). The increase principally reflected belance growth and some deterioration in deterioration in the Local Business loan book. Losses from the mortgage portfolio remained negligible, with arrests at low levels.

Operating expenses were steady at \$2.532n (2005.02.507n). Gains from the sale and leaseback of property amounted to \$253n (2005.03). In the sale and leaseback of property amounted to \$253n (2005.03). Investment in the business to improve customer service and deliver sustainable performance improvements was directed at upgrading distribution capabilities, including restructioning and improving the branch network. Further investment was locused on upgrading the contact centres, transforming the performance of the mortgage business. revitalising the retail product range to meet customore heads, improving core operations and processes and retonalising the number of operating sites. The level of investment reflected in operating expenses in 2008 was approximately double the level of 2005.

The costincome ratio improved (1799 percentage points 1958) (2005:

## Global Retail and Commercial Banking Barclays Commercial Bank

#### Who we are

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

Earlier this year, we leunched our new brand – Barclays Commercial Bank – to replace UK Business Banking. This new 'centily is much more than just a name change, histoad, if 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:

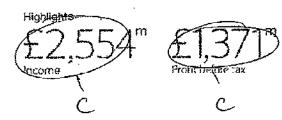
- relationship
- specialisation
- Innovation

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

#### What we do

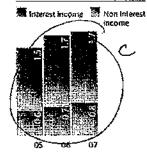
Barclays Commercial Bank provides banking services to organisations with an annual turnover of nore than £tm. Customers are served with a network of relationship and Industry sector specialists, which provides southors constructed from a comprehensive suite of banking products, support, expandse and services, including specialist asset financing and leasing facilities.

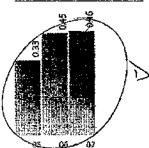
We are a key component of the Bardays universal banking model, delivering income in pathership with all the constituent business units of the Bardays Group.



#### Performance indicators

interest indome: non Piterest isolome Shn Impairment as % of Loans and advances to customers





#### Performance

2007/06 C

Bandays Conjunated Bank profit before tex increased Stin) o (1.371) h (2008 © 1.365m) due to continued good income growth partially offset by lower gains from business disposals. Profit excluding goots en business disposals of (1.357m) (2006: 26.233m)

Income increased 73 £159m to £253m (2000 £2,395m) Non-interest income increased (32) of total income (2000 £32), reflecting continuing focus on cross sales and efficient balance sheet utilisation. There was very strong growth in felter and increased income, which increased 1730 £1000 £625m due to very strong performance in fending fees. There was also good growth in transaction related income, foreign exchange and derivatives transactions undertaken on behalf of clionts.

Net Interest Income improved 27(9:367) (£1,7380) (\$108:£1,7020).

Average customer lendings increased 35(0:53 55) (2006:£2,053).

Average customer accounts grey 23(0:54,45) (2006:£44,05).

income from principal transactions phramit collecting venture capits and other equity realisations increases 87 (1225) to 2567 (2006: 2306).

Impairment charges increased (52 (235)) to (230) (2006 (255)), mainly due to a higher level of impairment losses (2 argor BusinGs as impairment tended towards risk bardency. There was a reduction in impairment-levels in Medium Business due to a tightening of the tending criteria.

Opnrating expenses increased (%) (500m) to (500m) (2006; 2652m).

Operating expenses are not of gains of (59m) (2006; 260m) on the sale of properly. Growth in operating expenses way focused on continuing investment in operations, infriestructure, and new initiatives in product development and sales capability.

Barclays Annual Report 2007

		2007 Em	2006 Em	2085 Em
ncome statement information (a) interestingenia		1.738 749	1,70 <b>2</b> 842	1,536 589
let fee and commission income let trading income det invostment income	. [[	9 27 58	28 28	17 17 17
Principal transactions Diher Income Folal income		2,554 (296)	2,395 (252)	2,159
mpairment charges		2,284	2,143_	1,982
tel income Denaiting expenses excluding emorisation of intangible assets tractisation of intangible assets Denaiting expenses Share of post-lax results of associates and join; ventures		(903) (4) (907)	(856) (1) (857) 3 76	(823) (825) 3
rofit or disposal of substeades, associates and joint ventures rofit before tax		1,371	1,365	1,160
Balance sheet information Leans and advances to occlomers Customer accounts Total assets		263.3bn 608.059 273.9bn	256,3bn 257,4bn 265,9bn	£53,4bn £60,9bn £59,9bn
Selected statistical measures	<u></u>	36%	36%	38%
Costrincome ratios			£ 290r1	£ 250m
Risk Tendancy <sup>a</sup>	£ 1	£ 305m £50.8bn	£ 290f.1 £50.06n	£47.1bn

#### Dollned on page 2.

Barclays Commandat Bank profit before lax increased (85) (2059) to 0.365 m/2005; 0.160 m/2009 driven by continued strong income growth.

Barclays Commercial Bank maintained its market share of primary continuous from the full year consultation of twee Finance, in which a 51% stake was acquired on 1st June 2008. Profit before business disposals increased (310 (2897) (2005) (1607) (1607) Income increased (310 (2897) (2005) (2005) (21590), driven by strong balance sheet growth. The uplift in inbome was broadly based across income categories. 2006/05

strong balance sneel grown, yne upin in median was strong reasons.

Net interest income categories.

Net interest income increased (1) (e1567) to 91 7020 (2005; 91507) diven by strong balance sheet growth. There was strong growth in all business areas and in badleular Largor Business. The lending margin improved cliqity, Average customer accounts increased (1) to 94,804 (2005; 640,560) with good growth across product categories. The ceposit was starked.

margin was stable. The termination increased (153m) to (157m) to (157m) to (157m). There was a strong rise in income from foreign exchange and derivatives business transacted through Barclays Cupital on behalf of Barclays Chrimmenial Barck customers. Barclays Commercial Bank customers.

**Hardlays** 16 Annual Report 2007

Income from principal transactions was GET (2005: 176), primarily reflecting the profit realised on a number of equity investments.

As expected, impairment rates trended upwards dofing the year towards a more normalised lovel. Impairment increases (1777), with the increase mainly reflecting higher charges from Nedum Business and balance growth. Impairment charges in Larger Business were stable.

Operating expenses increased (1882m) to (887m) (2005: 1825m). Cost growth reflected higher volumes, increased expenditure on front he staff and the costs of twee Finance for a bill year. Operating expenses included a credit of (200) on the safe and leaseback of property. Increased expenditure was focused on the acceleration of the reflectability of the programment was focused on the acceleration of the reflectability of the costs of the safe and leaseback of property. Increased a coording sites and technology intrestructure.

The cost income ratio improved (MG) percentage points id 36% (2005; 2005) മക

Profit on disposals of subsidiaries, associates and joint ventures of 76m) (2005: Chilharose from the sales of interests in vehicle leasing and Europeanyvendor finance businesses.

## Global Retail and Commercial Banking Barclaycard

#### Who we are

We are a multi-brand i itemational credit card and consumer tending business. Our credit card was the first to be launched in the UK in 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 Our activities include all Barctaycard branded dredit cards, the FirstPlus socured tending business and the retail finance business Barclays Partner Finance. In addition to these activities, Barclaycard also operates partnership cards with reading brands including SkyCard and the Thomas Cook Credit Card. We continue to lead the UK market with the taunch in 2007 of Barclaycord One-Pulse, the UK's first contactless eard, and Barclaycard Breathe, the first card to donate a percentage of its profits to card no activition entirets around the world. carbon reduction projects around the world.

#### International

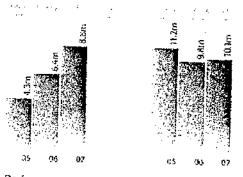
Barclayourd's international presence is extensive. In 2007, 3 out of every 4 BardayCard's internatorial presence is extensive, in 2007, 3 out or every weards issued by BardayCard were in markets outside the UK and we have 9.9m International cards in issue. We currently operate across Europe and the United States where we are the fastest growing credit card business. In Scandinavia we operate through Entercard, a joint venture with Swedbank.

#### Barclaycard Business

Bardaycard Business processas card payments for 99,000 relations and merchants and issues credit and charge cards to corporate customors and the UK Government, It is Europe's number one issuer of Visa Commercial Cards with over 187,000 corporate discomera.



#### Performance Indicators



Performance 2007/06

Bantaycard profit before tax increased (19 x 182m) in \$10m)(2008; (4588)), driven by strong international growth coupled with a significant improvement in UK impulment charges, Other income included a \$27m cost on disposal of part of the Monument card portfolio. 2008 results reliected a property galgot (2008) (2008; \$2.51.4m) reflecting strong growth in Barclaycard international, other by a doction in UK Cards reverue resulting from a more cautious approach to lending in the UK end extenses income section of part of the Monument card portfolio.

Net internst income increased(19 (11m) to \$1.394) (2008; \$1.385m) due to shoring organic (300m) in participal average extended crock card behances, up \$2.300 (3.355m) and a variety secured consumer lending balances up \$2.300 (3.355m) and a variety secured consumer lending balances up \$2.300 (3.355m) and the strong organic card balances which felt \$1.3200 (3.355m) Aurigins felt to 6.50% (2008; 7.13%) due to higher average base rates across core operating markets and a phange in the product mix with an increased weighting to secured and a change in the product mix with an increased weighting to secured

Net fee and commission income telt 22 to 25m to 1000m (2006: 1000m) with growth in Bandayard International olisatory our actions in response to the Office of Fair Tracing's tindings on late and overlimit fees in the UK which were implemented by August 2006.

Impairment charges improved 219 (229m) to 600m (2006: 1057m) reflecting reduced flows into delinquency, lower levills 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 nat positive impact of these changes in methodology was ellast by an increase in Impairment charges in Bardaycard international and secured consumer landing.

consumer lending.

Operating expenses increased (23 & 720mb) 101m (2006; © 131m) Exotocing a property gain of (33m) 2006, operating expenses increased (33m) reflecting continued investment in expanding our businesses in (33m) reflecting continued investment in expanding our businesses in (33m) reflecting continued investment in expanding our businesses in (33m) reflecting to the contraction of the contraction being funded cut of pperating efficiencies.

Barchycard International continued to gan morrorition, delivering a profit before tax of \$\frac{1}{2} \text{minimal}\$ a loss before tax of \$\frac{1}{2} \text{minimal}\$ and loss before tax of \$\frac{1}{2} \text{minimal}\$ in 2006. We concluded soven new credit raid partnership dents across Western Europe. The Entercard joint venture continued to perform shead of plan and entered the Danish market, extending its reach across the Scandtrowian region. Barclayeard US was prolitable, with very strong average by these unexplants and a number of new cord partnerships including definance would not a nominar of new card partnerships including fulfrance Airfless and Princess Cruise Lines.

Barclays Annual Report 2007

Cost:income ratio <sup>a</sup>	∑ 44%	39%	29
Risk Tendency <sup>a</sup>	£ 946m	£1,136m	£ 865m
Bajance sheet Information Loans and advances to customers Total assets Belected statistical measures	£20.1bn	£ 18.2bn	£16,55n
	£22.2bn	£ 20.1bn	£18.26n
Net income Dporating expenses excluding americation of intangible assets Imenitation, of Intangible assets Dporating expenses Share of post-tax results of associates and joint ventures Profit before tax	(1,073)	1,447	1.546
	(28)	(964)	(891
	(1,101)	(17)	(17
	(1,101)	(981)	(908
	(17)	(8)	1
	540	458	639
Fotal Income	2,499	2,522	2,302
let claims and bonelits incurred on insurance contracts	(13)	(8)	(3
fotal income net of insurance claims	2.486	2,514	2,299
inpaliment charges	(838)	(1,067)	(753
naomé statement information yet interest income det lee and commission income det investment income det premiums from insurance contracés Other Income	1,394 1,080 11 40 (26)	1,383 1,106 15 18	1,231 1,065 6
	2007	2008	2005
	£m	<u>Sm</u>	£m

#### 2006/05

Barclaycard profit before tax decreased 28% (£181 m) to (£48 m) (2005; (£639 m) as good income growth was more than disct by higher impairment charges and increased costs from the continued development of international businesses of the continued development of the continued businesses of (£15 m) (£005; (£289 m) reflecting very strong momentum in 8 ar Eavycard US and strong performances in Barclaycard Business, First Flus, SkyCard and continental European markets.

markets.

Not interest income increased 22 (152m) to (1,383m) (2005; (2,333m)) due to strong growth in International average externed credit card balances ut 352 (562 50 17005; (1,865) and average secured consumer lending befores up (555) (663 50 17005; (1,865) and average secured consumer lending befores up (555) (663 50 17005; (2,865) and (2,005); (2,865) (2,005); (2,865) (2,005); (2,865) (2,005); (2,865) (2,005); (2,865) (2,005); (2,865) (2,005); (2,865) (2,005); (2,865) (2,005); (2,865) (2,005); (2,865) (2,005); (2,865) (2,865); (2,8

Net lee and commission income increased (100 m) to (100 m) (2005: (100 m) as a result of increased contributions from Bandayard Informational, SkyCard, FirstPlus and Bardayaard Business. Bardayaard reduced its late and overlimit fee charges in the UK on 1st August 2006 in response to the Office of Fair Trading's findings.

Investment income of (150) (2005 m) represents the gain arising from the sale of part of the stake in MasterCard Inc. (following its flotation.

The increase was driven by a nee in definquent balances and increased numbers of bankruptcles and Individual Voluntary Arrangements, As a result of management action in 2005 and 2006 to tighten lending criteria and improve culterion processes, the flows of new definiquencies radiated, and levels of arrears belances declined in the second half of 2006 in UK cards.

Operating expenses increases 8% (273m) to 387m (2005 (1989)). This included a £38m gain from the sale and leaseback of properly Excluding this ligar, underlying operating expenses increased (2%) (171m) to 1,019m) This was largely as a result of continued investment in Barciaryaerd International, particularly Barciaryaerd US, at 01th 1 development of UK padnerships.

Barclaycard international continued its grown strategy in the continental European business delivering solid results. The Entercard joint verture, which is based in Scandinavia, performed international loss before tax reduced to CSCM (2005; loss CAM). Including the loss before tax for Barclaycard US of CSCM (2005; loss CAM). CSCANDING 
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.

Barclays Annual Report 2007 18

# Financial review Analysis of results by business Global Retail and Commercial Banking International Retail and Commercial Banking

Who we are

Our business comprises: International Rotal and Commercial Banking - excluding Absa and International Rotal 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 make customer needs and the regulatory and commercial environments within each country.



Per ormance 2007/06

International Rosal and Commercial Banking profit before tex decreased (2011) before tex decreased (2011) before 2006: 84.216 bt. International Retail and Commercial Banking – excluding Absa profit before tax in 2008 included a (2017) gain on the safe of associate First Caribbean International Bank and RC 113 share of its post-lax results. Profit before tax in 2007 included gains from the safe and leaseback of property of (2006-(2006-(2007)). Very strong profit growth in Rand terms in International Getail and Commercial Sanking – Absa was offset by a 12% decire in the arbitrage 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 Relail and Commercial Banking profit before tax increased /24023h to 5(213h) (2005: 6535h). The increase reflected the inclusion of a full year's profit before tax from International Retail and Commercial Banking - Absa of 6635h (2005 a. 6205h) and a profit of 6247h on the disposal of Barclays interest in Fint Caribbeso International Bank.

Berolays Inqual Report 2007

		2087 Lat	2006 Em	2005 £m
reame statement information	r	1,890	1,653	1.045
let interest income	Į.	1,210	1,221	6/14
et tee and commission income	rt	69	6	3
et trading income	[ ]	179	188	143
tot investment income	<u>.</u> .	218	194	146
rincipal transactions		372	351	227
let premiums from Insurance contracts Ditter Income	~	87	74	30
		3.897	3,493	2,122
otal income ( let claims and benefits incurred under insurance contracts	į	(284)	(244)	(206)
	4	3,523	3.249	1,915
otal Income net of insurance claims	A	(252)	(157)	(33)
mpairment charges	<u> </u>	3.271	3.082	1,883
let income	<u>_</u>	(2,279)	(2,077)	(1,289)
Operating expenses excit ding amort solion of intangible assets	4†	(77)	(85)	(47)
Intertigation of intendicte assets		(2.356)	(2,162)	(1,396)
Operating expenses		7	49	16
thate of post-tax results of associates and joint vontures Profit on disposal of subsidiaries, associates and joint ventures	<b>/</b> ⁴∳	13	247	
<del></del>		935	1,216	593
roll telore tax	<del>}</del>			
Balance sheet Information Losins and advances to customers	· 4	570,15n	£53,2bn	£49.2bn
Logistant accounts		£28.0bc	522.100	<u>₹22,4bn</u>
Total assets		£89,56n	£38.6bn	nd4.692
Selected statistical mossures				
Cost:income ratio <sup>0</sup>	<i>B</i>	67%	67%	70%
		£ 475m	∑ 220m	£ 175m
Risk Weighted assets	رُام. آيام،	£59.3bn	£43.8bn	£41.00n

a - Beithed on page 2.

20

Barclays Annual Report 2007

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

Who we are Western Europe

This business area uncludes our retail and commercial banking operations in Spain. Portugal, Prance and Italy, Barclays has operated in Spain for over 30 years, and is the leading foreign bank and the sixth largest banking group oversit. We have tripled the branch network in Portugal over the last two years, becoming the largest ron-liberan bank, Barclays is a leading affizient banking brand and a recognised product innovator in France. We are one of the leading mortgage providers in Italy and in 2007 established full retail and commercial banking operations.

#### Emerging Markets

The Emorging Markets toam is responsible for Barclays businesses in the growing markets of Africa, India and the Middle East. Barclays has long-standing commercial banking operations in the UAE and in 2007 burnehed retail banking operations in India and the UAE. In Africa, Barclays operates in Botsvana, Egypt, Ghana, Kenyo, Mountius, Seychelles, Tanzania, Uganda, Zambia and Zimbabwo offering a range of retail and commercial banking conducts. banking products.

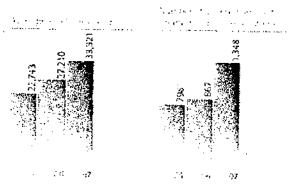
#### What we do

We provide a full range of banking services, including current accounts, savings, investments, mo tgages and loans to our international personal anti corporato customers.

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



#### Performance indicators



Performance 2007/06

International Regal and Commorcial Bankint | excluding Absa profit before tax decreased \$32 (£2720) in £246in 2006; (£187). Profit before tax in 2006 included a £370 gain but lie sule of associate FratCaribbean hieratational Bank and a £310 shere of its post-fax results. Profit before tax in 2007 included gains from the sale and leaseback of property in 2007 of \$230 (2006; \$570). The performance reflected very stoneg income grown glower by a rapid growth in distribution points to 1,348 (2006; \$67) as well as the faunch of new businesses in Incla and UAE and a full retail and commercial banking offering in flaty.

Incomo increased \$32 (£293a) to \$1,350a (2006; £1,050a) (£006; £1

Not lee and commission income graw (#59 (#595) to (#255) (2006; (#656)), reflecting strong performances in Westom Europe driven by the expansion of the customer base.

Principal transactions increased (1977) (2008: (837) reflecting gains on equity investments and higher lareign exchange income across Emerging Markets.

Impairment charges rose (55) (55) to 70 (2005; 410). The increase reflected very strong balance sheet growth in 2006 and 2007 and the impact of lower releases in 2007. Openting expenses grew (52) (2009) (2006) (2746) 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. Openating expenses industributions are strongly in the control of the distribution of the distributio tranchise. Operating expenses included properly sales in Spain of 2200 (2008)

Western Europe continued in perform alroagly. Profit before lex increased (1996) to (285) (2004 (1889)). Barkleys Spain profit before tax increased (285) (275) (2004 (1889)). Barkleys Spain profit before tax increased (285) (275) (2005 (2005) (275)) driven by increased existing from the commissions and equity investment remissions. France also performed well driven by good growth in the balance sheet, higher less and commissions and good cost control income grew very strongly in fally as a result of the opening of new branches and the rol-out of a complete retail and commercial banking offering but this was more than offset by higher investment costs. Profit before tax decreased in Portugal, with very strong income growth offset by ingreased investment in the expansion of the pusingss. increased investment in the expansion of the business.

Enterging Markets profit before tax increased \$500.28mpto \$142mx2006; \$144mproflecting a very strong rise in income ecross a broad range of markets, with porticularly strong growth in Egypt, UAE, Keitya, Ghana. Tanzania, Uganda and India. The income growth benefited from increased investment in the historiese service of increased investment in the historiese service. investment in the business across all geographies, including orando openings and the launch of retail banking services in India and the UAE,

Barclays.

	•	2007 Cot	2008 £m	200 <b>5</b> ຄຸກ
income statement information				<u> </u>
Not interest income		753	684	. 6:
Net fee and commission income Net trading income		125	366	957 316
Net investment income	į	úθ	171	31
Principal transactions	-{	179	86	88
Net premiums from insurance contracts		177	93	119
Other income		1/15	111 20	129
Total income		·		23
Naticla rits and banelits incurred under insurance contracts		1,509 (1701	1,164 (138)	1,144
Total income net of insurance claims	· · · · · · · · · · · · · · · · · · ·			(162
mpairment charges	$\subset$	1,339	1.046	992
Net income	· · · · · · · · · · · · · · · · · · ·		(41)	
Operating expenses excluding amortisation of intangible assets	٠ ,	(1,907)	1,005	956
Amortisation of intengib'e assets	1	(16)	(76 <b>5</b> )	[706
Operating expenses share of associates and joint ventures	٠-	(1.923)	(274)	(712
Profit on disposal of subsidiaries, associates and joint ventures		1 1	40	39
rotil before tax	· · · · · · · · · · · · · · · · · · ·	<u> </u>	247	
Palance sheet Information		346	516	295
OBJECT STORES TO CUSTOMERS		l		
Sustantes accounts		£39.25o	€29.0bn	£25.3bn
olal assets		£15.7ba	211,0bn	£10.25n
elected statistical measures		£52.25n	£38.25n	234.0bn
Costinoone ratio <sup>a</sup>		<del></del>		
isk Tendency?		76%	74%	73%
isk weighted assets		£220m	£75m	£75m
	E	£29.7bn	£20.1bn	£20.2bn

#### 2006/05

International Retained Commercial Bapking – excluding Alisa profit before tax increased 7659(223m) to 15180 (2005) 25500), including a pain on the disposal of the inferest in First Caribbean International Bank of 237m). This reflected good growth in continental Europe offset by a decline in profits it. Africa caused by higher impairment, and increased costs reflecting a step change in the rate of organic investment in the business.

Income increased ( Control to ST.0460 (2006:08827)

Net interest income increased (C79) to \$5000 e005: \$500), reflecting strong belance sheet clowlh in continental Europe, Africa and the skieddle East, and the severopment of the corporate business in Spain.

Middle East, and the development in nonrocate business in Spain.

Total average customer loans increased (000 of 200 (2005); (2005)).

Mortgage balance growth in contine to all Europe was particularly strong, with average Euro belances up (2005). Then was a modest declare in tending margins parity driven by a greater share of mortgage assets as a proportion of the logal and in contine trail Europe. Average customer deposits increased (000 to 400 (2005); (900)), with deposit margins stable.

Not be and commission moome increased (000 (2006)) to (300). This reflected a strong performance from the Spanish funds business, where average assets under management increased (000).

togother with very storing growth in France, including the first full your contribution of the ING Ford business which was acquired on 1st July 2005. Net law and commission income showed solid growth in Africa and the Middle East.

Principal transactions decreased 35m to 12005. [112m]. 2005 included (23m) from the redemption of preference shares in FirstCar bloam International Earls.

Blarolays Accuai Report 2007 22

Impairment charges increased (22m) to satte 2005 (Tim). This reflected the absence of one-off recoveries of (22m) which arose in 2005 in Africa and the Middle East, and strong balance shoot growth across the businesses.

Operating expenses increased \$50 (\$20) to \$77(\$)(205:67120). This included gains from the sate and leaseback of property in Spain of \$50 Operating expenses also included incremental investment expenditure of (25m) to expand the distribution network and enhance IT and operational capabilities.

capacitities.

Berclayer Spain continued to perform strongly. Profit before textinoreased (213) (2307) to (1714) (2005; (1414)) excluding nut prise of geins on asset sales of (280) (2005; (2714)).

And was driven by the continued realisation of bonefits from Banco Zaragozano, together with brong growth in assets under management and solid growth in montgages.

Africa and the Middle East profit before tex decreased (\$500,120) to (\$26m) 2005. (\$36m) driven by higher impairment charges reliabiling one-off recoveries of \$12m) that arose in 2005 and an increase in investment

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 disposal of subsidiaries, associate and joint ventures of 23770(2005; Ci)) comprised the gain on the sate of Barcklys interest in FirstCaribbean International Bank, The share of post-tax results of FirstCaribbean International Bank included in 2006 was £11m(2005)

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

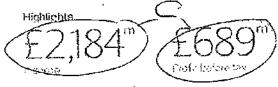
Who we are

This business represents Bardays consolidation of Absa, excluding Absa Capital which is included in Berdays Central.

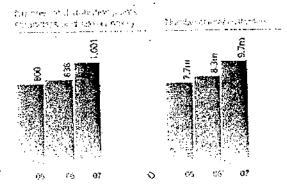
International Hetail and Commercial Banking — Absa comprises four operating divisions: Retail Banking, Commercial Banking, African operations and a Bankassurance division. (Barclays Bank PLC owns 59% of Absa Group Limited).

## What we do

International Retail and Commercial Banking — Aban serves rotali customors through a variety of distribution channels and offers a full range of banking services, inducting current and doposit accounts, mortgages, instatment finance, credit cards, bancassurance products and wealth management services. It also offers customised business solutions for commercial and large corporate customers.



#### Performance indicators



Performance 2007/06

International Retail and Commorgial Banking - Absa profit below tax decreased to (6897)(2006; (6987))

Barciays Annual Report 2007

	·	7007 Sm	2006 Lin	2005 Sm
ncome statement Information Net interest income				
Velifies and commission income		1,137	1,049	188
Net trading income/(expense)		785	865	328
Vet Investment income .	-		(11)	(28)
Principal Isansactions		70	[22]	55
Net premiums (rem insurance contracts		71	111	27
Ditter income		227	240	98
folel income			64	37
let claims and benefits incurred under insurance contracts	•	2,298	2,309	978
olal income net of insurance claims	<del></del>	(114)	(106)	(-14)
nparment charges		2,184	2,203	934
		(173)	(125)	(19)
et income		2.011		
Densting expenses excluding amortisation of intangible assets	:	(1.272)	2,077	915
mortisation of inerryis e assets Deceting expenses		(61)	(1,312) (78)	(583)
hare of post-tax results of associates and joint ventures		(1.333)	(1,398)	(624)
rolit on disposal of subsidiarios, associates and joint ventures		6	9	(024)
		- B		<u> </u>
rofit before tex		633	698	
alance sheet information		1.00	DEAS	298
Dans and advances to customers				
uslamer accounts		£30.6bn £13.1bn	£24.20n	\$23.9bn
oial assets	j.	£13.16n £37.36n	£11.1ba £30,4ba	£12.25a
elected statistical measures		231.300	230,406	£29.4bn
ost/income ratio <sup>3</sup>		<del></del>		*****
		61%	63%	67%
sk Tendency <sup>a</sup>		£255m	0445	
sk weighted assets	бI	£23.65n	£145m £20.7br	£100m £20.85m

Defined on page 2.

2006/05 D
International Astail and Commercial Banking -- Absa profit before key increased (34%) o \$2500,2005; \$22800 ordinating the full year to 31st December 2006 compared with \$3500 we months ended 31st December 2005. Bandays acquired a controlling stake in Absa Group Limited on 27th July 2005.

24 Barcleys Annual Report 2007

## Investment Banking and Investment Management Barclays Capital

#### Who we are

Barciays Capital is a leading global investment bank providing large corporate, institutional and government clients with solutions to the r financing and risk management requirements.

#### What we do

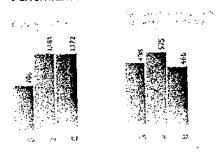
Barolays Capital service a wide variety of client needs, from capital raising and managing loreign exchange, interest rate, equity and commodity risks, through to providing technical advice and expertise.

Activities are organised into three principal areas: Aates, which includes Activities are organised into three principal areas: Rates, which includes fixed income, foreign exchange, commodities, emerging markets, money murkets, prime senfaces and equity products; Credit, which includes primary and secondary activities for loans and bonds for investment grade, bigh yield and enterging market credit, as well as hybrid expitial products, asset based finance, nortisage backed accurities, credit derivatives, structured capital markets and large asset leasing; and Private Equity. Barclays Capital includes Absa Capital, the investment banking business of Absa.

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



#### Performance indicators



#### Performance

2007/06

Barclays Capital delivered profits ahead of the record results achieved in 2006 despite challenging tracing conditions in the second holf of the year. Profit before tax increases (5%) (1797) to 12,35500,2008 (2,216m). There was strong income growth across the Hales businesses and excellent results in Commental Europe, Asia and Africa domonstration the excellent results in Commental Europe, Asia and Africa domonstration the breadth of the client franchise. Not income was slightly shead at 65.273m. (2006: 96,725m) and costs were lightly managed, declining slightly year on year. Absa Capital delivered very strong growth in profit before tax to: 2155m (2006: CTm).

The US sub-prime driven market disocation affected performance in the second half of 2007. Exposures relating to US sub-prime were actively managed and declined aver the period. Berclays Capital's 2007 results reflected hel tosses related to the credit market turbulence of 91,635h, of whigh 1795 makes included in income, net of 658h gains ensiring from the fair valuation of notes issued by Burclays Capital Impairment changes included 8540h against ABS CDD Super Serior exposures, other credit controlled and support of the controlled by the control

included £86m/against ABS CDO Super Senor exposures, other credit market oxocoures and commisperson finance underwising positions.

Income increased (£8 £82m) to £119m (2005; £82m) as a result of very strong growth in interest rate, currency, equity, commodity and energing market asset classes. There was excellent income growth in continental Europe, Asia, and Africa. Average DVaR increased (350 p. £42m) (2000; £37. make time with income.

Secondary income, comprising principal transactions (not trading Income and not investment income), is mainly generated from providing clicat financing and tick management schuldars. Secondary Income increased 1112 (2578m) to (5,87 m) (2006.65.293m).

Net trading income increased (35/177m) to (3,735m) (2006.62,525m) with strong contributions from Exed income, commodities, equition, foreign exchange and prime services businesses. These were largely officed by not losses in the husiness attacked to sub-videous management attack with losses in the business affected by sub-prime mongage related write. losses in the business affected by sub-prime mongage related write downs. The general widning of credit spreads that occurred over the course of the second helf of 2007 also reduced the carrying value of the CSTON of issued notes treid at fair value on the betance-sheet, resulting in gains of \$5500 Net investment income increased \$500 (\$3000) o \$5500 (\$2500) o \$55

corporate foan dalances.

Primary Income, which comprises net lee and commission income 'rom advisory and origination activities, grow@b' (£289)))) to 1,335 in (2006);

1992 b) with good contributions from bonds and loans.

Impairment chargogrand other credit provis gnatol (\$480)) included (\$7220) against ABS CDO Super Senior exposures (\$600)) from other credit interactions and (\$720) at the credit provisions of the credit interactions and (\$720). against ABS CDO Super Senior exposures (Complian other cradil market exposures and £3m) elating to crawn leveraged liner or undownling positions. Other impainment charges on leans and advances amounted to a release of ₹m (2006; €4m) release before impairment charges on available for sale assets of ₹3m(2006; €50m).

> **Barclays** Annual Report 2007

	•	2007 Fm	2008	200
ncome statement information		7 211	£nı _	<u></u>
Net interest income		T-1:50	·· <del>· · · · · · · · · · · · · · · · · ·</del>	
Nel fee and commission income Net trading income		1,179	1,158 952	1.069
Agiruneerusen jacome	$\sigma$	1.739	3.562	776 2.231
Principal transactions	<u></u>	953	573	413
Diber Income		4,692	4,135	2.644
otal income apairment charges and either credit provisions	A	7,119	6,267	4,505
let income		(846)	(42)	(111
perating expenses excluding amortisation of intangible assets		6.273	0.225	4,394
mortisation of intangible assets	Ε.	(3.919)	(3,996)	(2,061
Premating expenses	نے ک	(54)	(13)	(2
hare of post-tax results of associates and joint ventures	A	(3,973) 35	(4.009)	(2,963
ralit before tax		2.335	200	
alance sheet information olal assets		2.035	2,218	1.431
elected statistical measures		EB39.7bn	£657,9bn	£601.2bn
Ostincome ratio <sup>2</sup>				
isk Tendengy <sup>a</sup>	- <del></del>	56%	64%	66%
Isk woighted assets	_	£ 140m	€ 95m	£ 110m
vcrage DVaF	E,	2169.15n	£137,60n	E116.768
orporate fending portfolio		£ 42.0m £ 52.35n	£ 37.1m £ 40.6bn	£ 32.0m
antomance related pay, discretionary trivestin and second and short term intractor resources represented \$25,2006; \$73.0 if the cost base, northactor resources represented \$25,2006; \$73.0 if the cost base, northactor resources represented \$25,2006; \$73.0 if the cost base, northactor resources represented \$25,000 ct. \$13.00 if the cost base, northactor and intengible assats of \$210 (2006; \$13.00) principally related mortgage service rights.  Ital headcount increased 3,000 ct. \$13.00 (2006; \$13.00) principally related mortgage service rights.  Ital headcount increased \$3,000 ct. \$13.00 (2006; \$13.00) principally related mortgages are principled to the majority of organic obvint was in Asia Pacific.  1006/05	[avourable market conditions.]  Georgia to \$73.00 (2005. §3]  primarily in Private Equity, offe products. Net Interest income \$10.05.00 (reflected higher volumes and key markets, with strong contributions of the products o	gan daven by on by reduced increased \$2. contribution in the continuation in the conti	investment makes contributions from testing in the	atlons, norder of security of the control of the co
t trading income increased 60% (CTM Int) to C552m (2006: C231m) in very strong contributions across life Hates and Credit businesses, in flicular, commodities, fixed incomo, equities, credit denyalives and erging markets.	Total headcount increased 3,0 included 1,300 from the acquis based across all regions and a diffice, systems development a business expansion.	illon of Llonie. Stacked by the	g. Organic growth	was broadly

## Investment Banking and Investment Management **Barclays Global Investors**

#### Who we are

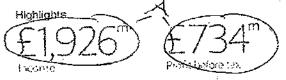
Barchays Global Investors (HGI) is one of the world's largest asset managers and a teacing global provider of investment management products and services. We are the global leader in assets and products in the exchange traded funds business, with over 320 funds for institutions and individuals trading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

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

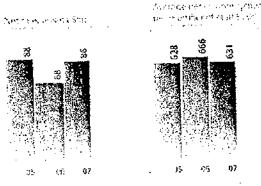
#### What we do

BGI offers structured investment strategies such as indexing, global asset slocation and risk controlled active products including hedge funds and provides related investment services such as securities lending, cosh management and pontotio transition services.

56I 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.



#### Performance indicators



#### Performance

Barclays Global investors delivered solid growth in profit before tax, which increased \$5.000 to \$2300 (2006: 67 [17]). Very strong US Bolar income and strong profit growth was partially cheet by the 8% depreciation in the average value of the US Bollar against Sterling.

Income grow \$5.000 (1906) (190

Barclays Annual Report 2007

	· · · · · · · · · · · · · · · · · · ·	2007 Em	2008 £m	2005 £m
Income statement Information Net interest (expense)fincome Net lee and commission income Not tracting income Net Investment (expense)fincome Principal transactions Other income		(8) 1.936 5 (9) (4)	10 1,651 2 2 2	15 1,297 2 4
Operating exponses excluding amortisation of inlangible assets Amortisation of intangible assets Operating exponses	,A	1,926 (1,184) (8) (1,192)	1.685 (946) (5)	1.318 (775 (4 (779
Profit before tox		734	714	540
Balance street Information Total assets		£89.2bn	£80.5bn	£80.9bn
Selected statistical measures	<i></i>	, .		
Costtincome ratio <sup>8</sup>		62%	57%	59%
Risk weighted assets	<u></u>	€ 2.0bn	£ 1.4bn	£ 1.5bn
a Datined on page 2.  2006/05  Barclays Global Investors delivered another year of outstanding results. Prolit before tax increased 25 (27m) to (77m) (2005; (540m)), reflecting very strong income growth and higher operating margins. The performance was broadly based across products, distribution channels and geographites.  Notice and of minister income increased (77m) (2005; (1.207m)). This growth was attributable to increased management tees, perford any in the ist areas and active bus nesses, and securities legiciting, offset by lower incentive fees, incentive less decreased (2005) (1.80) to (1850) (2005; (2007)), tilgher asset values, driven by higher market evels and good nat new inflows, contributed to the growth in income.	Operating expenses increased 22% result of significant investment in Ke in product development and infrestnexpenses. The costincome ratio im (2003-65%).  Total headcount rose 400 to 2,700 (all regions, across product groups a continued investment to support six.  Total assets under management inc (881 bit) primarily clusto net new infract of £880 bwas largely of rate movements. In US\$ forms asset US\$3015th o U\$\$75015th (2005: Unet new server, and the work of positive exchange (attempowement) of positive exchange (attempowement).	icture and hig proved 150 ps 2005: 2,300), nd the support legic in tiative case (52 ps ions of 172 in fiset by 1365, ts under man. 11,515 ps. c able narket in	her performan reentage point Headocunt into t functions, reli s. 4607 to 2927 The positive To adverse comprising US	reased in octing (2005: market orthongs used by

28 Barclays Annual Report 2007

## Investment Banking and Investment Management Barclays Wealth

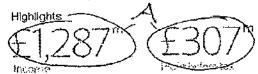
#### Who we are

Sarchyc Wealth focuses on high net worth, althuent and intermediary clients worldwide. We have over 6,500 staff in 20 countries and have total client assets of £133bn. Bardays Wealth includes the closed life assurance activities of Barclays and Woolwich, and Walbrook, an independent fisuctory services company acquired in 2007.

#### What we do ...

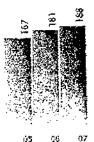
Barclays Wealth provides private banking, asset and investment management, stockbroking, ofishore banking, wealth structuring and lmandial planning services.

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



#### Performance indicators

Court of the second



Appropriate the property of the s per emission of state (1988)

Performance 2007/06

Sarchays Wozith anoth before tax showed very strong growth of 250 252m/cot 307m/2008ct 235m/2 Performance was driven by broody based income growth, reduced rodmss costs and light cost control, partially offset by additional volume roluted costs and increased investment in people and infrastructure to support future growth.

Income increased (13 (127m) to 1287m (2006) (1.60m).

Net interest income increased QTS (23m) to 2400 (2006; [32m]) reflecting strong growth in both customer deposits and tending, Average deposits growth 39 to 21.2 m/s (2006; [3.50]) anvent by increased tending to high net worth, alliuent and intermedially clients.

Net for and commission income grow (057 (65m)) to 273m/s (2006; [3.50]) and commission income grow (057 (65m)) to 273m/s (2006; [3.50]) income grow (057 (65m)) to 273m/s (2006; [3.50]) income growth in a lent assats and higher transactional income from increased sales of investment practices and solutions.

income from increased sales of investment products and solutions.

Principal transactions decreased 101m of 55m (2006; £156m) as a result of lower growth in the value of unit linked insurance contracts. Not unanitions from insurance contracts reduced 15mp (1955m;2006).

(£270m). These reductions were clised by a lower charge for not plaint and benefits incurred under insurance contracts of 15m (2006).

Operating expenses increased 15mo (57m) (2006; £810m) with greater volume related costs and a significant increase in investment partially oliset by efficiency goins and lower customer redress costs of (15m) (2005; £810m). Ongoing investment programmes included increased hing of client facing staff and improvements to infrastructure with the upgrade of technology and operations platforms. The costificome ratio improved (15m) percentage points to (15m) (2008; 116, 15m) reliceting shoring net new asset 100ms and loss accusions on the loss of 15m (2008; 116, 15m) reliceting shoring net new asset 15m (2008; 116, 15m) reliceting shoring net new asset 15m (2008; 116, 15m) reliceting shoring field of 15m (2008; 116, 15m) reliceting shoring net new asset 15m (2008; 116, 15m) reliceting shoring net new asset 15m (2008; 116, 15m) reliceting shoring net new asset proves and like accusion of whiterook, an independent fiduciary services company, which completed on 18th May 2007.

fiduciary services company, which completed on 18th May 2007.

**Bardlays** Annual Report 2007

		2 <b>6</b> 37 £m	2006 m2	200
Income statement information			- Est-	2
Net interest income Net lee and commission income		131	392	34
Net trading income		739	674	59
Not investment Income		3	2	Ţ
Principal transactions	Į,	52}	154	26
Net premiums from insurance contracts	<u> </u>	55 195	156 210	56
		19	210. 16	19
Folial income		1,439	1,448	
let claims and benefits nourred on insurance contracts		(152)	(288)	1,40 (37
fotal income net of insuranco claims	A	1,287		
		(7)	1.160	5,03 ()
let income		1.260		
Operating expenses excluding amortisation of inlangible assets promination of inlangible assets	-F	(267)	1,158	1.03
porating expenses	4	(6)	(4)	(00)
		(973)	(913)	
rofit belore tax				(86)
alance sheet information	· · · · · · · · · · · · · · · · · · ·	307	245	16
pans and advances to customers	<u></u>		_	
dustomer accounts		E 9.0bn E34.4bn	£ 6.25n	£ 5.0b;
		218.Con	£28.3bn £15.0bn	\$25.8br
elected statistical measures				.100401
ostrincome ratio <sup>a</sup>	3	TEA	707	<del></del>
lek Tendengy <sup>a</sup>		75%	79%	84%
isk weighted assets	•	7.75ii	£ 10m	£ 5n
Dolined on page 2.		1.7011	£ 6.10Ω	E 4.36#
006/05	•	P		_
.7	Net I've and commission income increase	:0d(TÝ))	B #0 1066747	ริเวดาระ
niclays Wealth profit before tax showed very strong growth of the	- COSCIENT THE FEITHER CONNIN IN All AND A	reals sad	Make - 2	
9 DH 10 V 490 B 120 D 6 160 D PORAMONA WAS JULIA 14. L 755 7	income, including increased sales of in- and alliuent cliants, and higher stocklyre	DEIDYOOI AA	water of the bit of	net worth
ised income growth and lavourable market conditions. This was parifully leet by additional volume related costs and a significant increase in	Openion avanges in the second	WHEN ACIDIE	108.	
restricted to people and introductive to encount between grounds	Operating expenses increased to (car greater volume related and investment)	m)X0 £913	o (2005: <b>1</b> 868	od with
come increased (29 (275m) to 4 160m (2005: \$1.03m).				
of interest incomes increased the comment of the co				
Recting growth both customer deposits and customer tending (warrange)	operations platforms. The costincome r points to TSD (2005:03-5).	and improv	cody 3 becen	age.
posite grav 8 X 1.6 pd) to (27.7 pd 2005; (26.10 Average lending	Total about and B		. 9	
Recking growth in both asset of \$2.7 for \$200 (2005) \$2500 (2006) Recking growth in both outsider deposits and customer tending. Average eposits grow \$2.6 for \$2.7 for \$200 (25 ft) Average lending ow \$7.7 for \$200 (25 ft) Average lending ow \$7.7 for \$200 (25 ft) Average lending to \$1.0 ft) and \$1.0 ft) and \$1.0 ft) are relative to \$200 (25 ft) and \$1.0 ft) are relative to \$200 (25 ft).	Total client assets, contraining qualifinations (16,12n (i	deposits(s	nd client inves	lments.
Storejano privite banking cleris. Asset and liability margins were pro-	new asset inflows and fragurable marks	t condition	A Saludet Banner	good ngt
- F E	increased 68/3/24, 195) to (10, 16) (200 transfers of existing client assets.	6: (6.062)	this growth in	erassets Cluckd

## 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 adjustments.

#### 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, Compilance and Risk, Costs incurred wholly on better it for the Emiscona on Technol to the Emiscona of Technol hehalf of the businesses are recharged to them.

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

#### Performance

2007/06 A Head cifice functions and other operations loss before tax increased এ মন্ত্রেন (০ মন্ত্রেন্ট (২০০৪: ইত্রেন্ট্রন).

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 recessary to altiminate inter-segment transactions are individed in Head office functions and other operations.

The impact of such inter-segment adjustments increased \$650 to \$250 (2006: \$750) have adjustmental individed internal least for structured capital market notivities of \$250 (2006: \$750) and fees paid to Bardays Capital for debt and requity raising and risk management actives of \$2500 (2006: \$750) and fees paid to Bardays Capital for debt and requity raising and risk management actives of \$2500 (2006: \$750), both of which increased net tee and commission explains in head office in the inter-segment adjustments of the timing of the recognition of insurance commissions included in Bardaycard was a reduction in head office income of \$1500(2006: \$450). This not reduction was reflected in a decrease in net fee and complision income of \$1500 (2006: \$1500).

Principal transactions tilecreased to a loss of \$350(2006: \$1200proff).

Principal transactions decreased to a loss of £83m (2006: £12mprofft), 2008 included a £55mprofit from a hedge of the expected Assa (creign currency camings, 2007, included a loss of £3mprefating to fair valuation of call options ambedded within rotal 1055 preference strates arising from widering of own credit spreads. widening of own credit spreads.

Operating expenses decreased (250m) (2008: (255m). The primary driver of this decrease was the receipt of a break parelating to the ABN AMRO transaction which, net of transaction costs, reduced expenses by (554m). This was partially offset by lower rental acome and lower proceeds on property saids.

Barcinys Annual Report 2007

Income statement information			7007 Em	2006 Sin	2005 £m
Net interest income that fee and commission income Net trading (best/income Net trading (best/income Net transactions Principal transactions Net premiums from Insurance contracts Other income		ج-	128 (424) (56) (17) (83) 152	80 (301) 40 2 42 139	160 (324) 85 8 93 72
Total Income Impairance (charges)/releases		A	(192)	(1)	24 25
Net income Operating expenses excluding amortisation of intangible assets Amortisation of intengible assets Operating expenses Prolition disposal of associates and Joint ventures		ے د	(195) (195) (233) (1) (234)	(259) (10) (269)	(343) (343) (4) (347)
loss before tax	<del></del>	,А	11		_ <u>-</u>
Relance sheet information Total assets			(428) E7.1bb	(259)	(323)
Selected statistical measures  Risk Tendensy <sup>a</sup> Risk weighted assets  B Defined on page 2,			2 10m £1.6bn	£ 70m £1.9bn	£ 25m £ 25m
2006/05  closed office functions and other operations loss before tax docteased (FID of RED) (2008; loss (323b)).  Not interest income decreased (5050000000000000000000000000000000000	In addition the impact of the trommissions included in Barr (2015; (2005; (1137)). This read commission income of (1147) (2005; (1137)) and commission income of (1147) (2005; (1137)) are respect of the earing that about the earing that about the earing that about the earing that about the earing that a unitary of works of the expenses of the 20 not recurring in 2006 (2005; (1001)) the sale and leaseback optincipally driven by major proimplementing Baset II.	enycard a decided with the control of the control o	and UK Retail vas reflected in oscil 1857 a min oscil 185	Bonking red n a cecrease n a cecrease n a circums 25: 250m 2 20206 includ translation e of 110 (20 okyod. 05: 2517 (2) ion to Fanany i £25012006	toced to be in net face see in

Barolnya Annual Report 2007

## Financial review Results by nature of income and expense

Results by nature of income and expense Net interest income

·	2007	2096	2005
	5m	<b>t</b> m	£m
Cash and balances with control banks	145	91	9
Available for sale investing its	2,580	2.811	2,272
Loans and advances to banks	1,416	903	690
Loans and udvances to customers	19,553	66,290	(2,944
Other	1,603	1,710	1,317
Interes; in coma	25,308	21,805	17,232
Deposits from banks	(2.720)	(2,819)	(2.056)
Cristomer accounts	(4,110)	(3,076)	(2.715)
Debt sacurities in issue	(6,051)	(5,282)	(3,268)
Subordinated Fabilities	(870)	(777)	(605)
Officer	(1,339)	(708)	(513)
laterest expense	(15.698)	(12.652)	(9.157)
Net Interest income	9.610	9,143	8,075

2007/06

Group not interest income increased \$3,0467 m) to \$2,613 m) 2003 \$3,143 m) rollecting balance shoet growth coross a number of businesses.

Group net interest income reliects structural heages which function to reduce the impact of the volatility of short-term interest rate movements on equity and customer turk-nees that co not re-price with market rates.

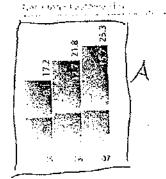
The contribution of structural bedges relative to average base rates decreased to \$35 in expense (2005: \$35 income). largely due to the smoothing elfact of the structural hedge on changes in interest rates.

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

#### 2006/05

Group net interest income increased (35) (£1,369m) to £9,123ii) (2005: \$3,075m) The inclusion of Absa contributed net interest income of £1,138m (2005 a £1,160m). Circup not interest income excluding Absa grow €5.

3 The contribution of the structural incige decreased to £25m (2005: £1,45m), largely due to the impact of relatively higher short-form interest rates and lower medium-term rates.



The Interest in Come 📆 Intrirest expense 🧖 Ret interest income Motes

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

Sarciays Annual Report 2007

# Financial review Results by nature of income and expense

#### Net fee and commission income

	2007 Em	2006 Em	2005 £m
Brokerage fees Investment management fees Sacurities lending Banking and credil related fees and commissions	109 1,787 241 6,363	70 1,595 165 6,031	64 1,250 151 4,805
Foreign exchange commission	178	184	160
Fee and commission income	8,678	8.005	6,430
Fee and commission expanse	(970)	(828)	(725)
Net lee and commission income	7,708	7,177	5,705

2007/06

Not lea and commission income increased 132 (531m) to 7.708m (2006: 2.7.77m).

Fee and commission income rose (506575m) to 65678m (2008: 65005m) reflecting increased management and securities lending fees in

1820Sp reflecting increased management and securities lending fees in Bardays Globel Investors, increased client assets and higher transactional income in Bardays Wealth and higher income generated from ferding fees in Bardays Commercial Bank Fee income in Bardays Commercial Bank Fee income in Bardays Capital increased primarily due to the acquisition of HomEq.

2008/05

Net fee and commission income increased 26% (€[,472m) to €[,177m] (2005: €[,705m]. The inclusion of Absa contributed net fee and commission Income of €50m] (2005 2533m). Group net fee and commission Income excluding Absa 2000 (67) reflecting growth across all businesses.

Fee and commission income rose (1977) to (8,005) (2005: C6,420m) The inclusion of Alsa contributed fee and commission income of (385) (2005) (2005). (2006) Excluding Abse, fee and commission income grew(85) driven by a breatly based performance across the Group, Particularly with Nariays Global revisions.

Fee and commission expense increased [49] (\$7050) to (\$2250 (2005; \$7250), reflecting the growth in Barclaycard US. Absa contributed tee and commission expense of (\$450)(2005 \*2520).

## Principal transactions

	2007	2006	2005
	Em	£m_	Em.
Rates related business	4,182	2,848	1,732
Credit related business	(403)	766	589
Net tracing income	3,759	3,614	2,321
Net geln from disposal of available for sale			
assets	580	307	120
Dividend income Net gain from financial lastruments designated at	26	15	22 (
lair value	293	447	369
Other investment income	337	193	327
Net investment income	1,216	962	858
Principal transactions	4,975	4,576	3,179

34 Barclays Annual Report 2007 2007/06

Principal transactions increased (\$\) (145m) to (4.975m) (2006; (4.576m).

Net trading income increased (\$\) (145m) to (3.755m) (2006; (3.574m).

The majority of the Group's net trading informe arrises in Barciay's Capital.

Growth in the Rales related business reflects very strong performance in fixed income, commodities, foreign exchange, equity and prime services.

The Credit related business includes net losses from credit market turbulence and the benefits of widening gredit spreade on the fair value of issued notes.

Full value movements on insurance assets included within net investment income contributed £113(2) (2006; £205(1)).

2006/05

Net trading income increased 55% (\$7.293 m) to (\$3,614 m) (2005; \$2,32 m) due to excellent performances in Barclays Capital Rates and Credit businesses, in particular in commodities, fixed income, equities, credit derivatives and emerging markets. This was driven by higher volumes of ditent—led activity and favourable market conditions. The Inclusion of Absa contributed net trading income of (\$50 m) (\$200 m). Group net trading income excluding Absa grew(\$7.20 m).

Net investment income increased (22 € 104m) to 352m (2005 € 358m). The inclusion of Absa contributed net investment income excluding Absa increased (2005 ° €62m). Croup net investment income excluding Absa increased (3 9).

(3%).
The cumulative gain from disposal of available for sale assets increased (555)文(187页) to (507页)(2005: [137页) 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 (2007) 2005; (217m)

Note

a For 2006, this reflects the period from 27th July until 31st December 2005.

#### Resemble of

income

	2007 Em	2006 £m	2005 £m
Increase in fair value of assets held in		··· <u></u>	
respect of linked liab lities to customors under investment contracts	5,592	7,417	9,234
Increase in liabilities to customers under investment contracts  Property rentals	(5.592) <del>5</del> 3	(7,417) 55	(9,234) 54
Loss on part disposal of Monumert credit card portfolio	(27)	_	_ i
Olher	162	159	93
Other income	188	214	147

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

#### Impairment charges and other credit provisions

· · · · · · · · · · · · · · · · · · ·	2007 £m	2088 Sm	2005 £m
impairment charges on loans and			
According to the second	2,871 (338) (227)	2,722 (389) (259)	2,129 (333) (222)
impairment charges on loans and advances	2,306	2,074	1.574
Other credit provisions Charges/(credits) in respect of undrawn contractually committed facilities and guarantees	476	(6)	(7 <u>)</u>
impairment charges on loans and advances and other credit provisions Impairment charges on available for sale assets	2,782	2,068	1,567
Impairment charges and other credit Aprovisions	2,795	2,154	1,571
Impairment charges and other credit provisions on ABS CDO Super Senior and other credit market expessives hieladed above:			
impairment charges on loans and advances			
Charges in respect of uncrawn facilities	469		
Impairment charges and other credit provisions on ABS COC Super senior and other credit market positions	782	_	_

#### 2007/06

Total impairment charges and other credit provisions increased (\$\frac{1}{2}\) [CE41 mplo (\$\frac{1}{2}\)/95m/(2006; (\$\frac{2}{2}\),155m/(2006; (\$\frac{1}{2}\),155m/(2006) [CF14m] to (\$\frac{1}{2}\)/75m/(2006; (\$\frac{1}{2}\)/55m/(2006) [CF05m] reflecting charges of (\$\frac{1}{2}\)/50m/(2006) [CF05m] against ABS (\$\frac{1}{2}\)/50m/(2006) [CF05m] reflecting charges of (\$\frac{1}{2}\)/50m/(2006) [CF05m] (2006) [CF05m CIE.SON.

#### Retail

Retail impairment charges on loans and advances foll 175 (£204) to \$1,000 (£006); £1,500 ). Retail impairment charges as a percentage of period end total loans and advances reduced to £300 (£006); £300 ); total reialLigans and edvances increased (8%) to (53,052) 2005.

Bacotsycard impairment charges improved CTSC 23m) to 5335 (2006; 1067m) reflecting reduced flows into delinquency, lower levels of arrears and lower 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 the increase in impairment charges in Bardaycard International and secured consumer landing.

Impairment charges in UK Retail Banking decreased by \$\overline{255}\text{p}\$ (2005; \$\overline{255}\text{p}\$), reflecting lower charges in unsecuted Construer Lending and Local Business driven by Improved collection processes, reduced flows into definquency, lower arrears trends and stable charge-offs. In UK Home Finance, asset quality remained strong and mortgage

class, it on Promise Finance, asset change refinance strong and mortgage charges remained negligible. Mortgage delinquencies as a percentage of cutstandings remained stable and amounts charged off were low. Impairment charges in International Retail and Commercial Banking – excluding Absa rose by £28m (93%) to £79m (2008; £37m) reflecting very strong balance sheet growth in 2006 and 2007 and the impact of lower refeases in 2007. 泛

Arrears in some of international Relait and Commercial Banking — Absa's relait portfolios dotoriorated in 2007, driven by interest rate increases in 2006 and 2007 resulting in pressure on collections.

Wholesale and corporate Mholesale and corporate Mholesale and corporate impairment charges on loans and advances increased (\$500 to \$100 to \$500 to \$600 to \$100 to \$1

The impalment charge in Bardays Commercial Bank Increased (38m) (15%) of (2006) (252m) primarily due to higher impalment charges in Largor Business, partially offset by a lower charge in Medium Business due to a lightening of the londing criteria.

Barclays Annual Report 2007

#### Financial review Results by nature of income and expense

#### Impairment charges (continued)

2006/05

Total impairment charges increased \$7% (£583m) to £154m (2005)

Impeliment charges on loans and adjances and other credit provisions increased charges on loans and adjances and other credit provisions increased charges (2005) ( defaults.

The Group impairment charges on loans and advances and other credit provisions as a percentage of year and total loans and advances o \$216.5811 (2005; \$303.4511) increased to \$550 (2005; \$203.4511)

Retail

Retail impairment charges on loans and advances and other credit provisions increased to (1809m) (2005; (1254m), including (199m) (2005 a. provisions increased to 1809m/2005 1254m, including custriff 2010 5: 2010 in respect of Absa. Retail impairment charges on loans and advances amounted to 300 (2005 5: 93%) as a percentage of year of the loans and advances of \$35350m (2005 5: 134,420m, including barances in Absa of \$20,090m (2005; \$0.835m).

In the UK retail businesses, household cash flows remained under

pressure leading to a detarioration 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 Pinance, defloquencies were flat and amounts charged off remained low. The weaker external environment lad to increased credit delinquency in Local Business, where there were both higher balances on caution statue and higher flows into delinquency, which both stabilised towards the year end.

#### Wholesale and corporate

in the wholesale and competate Ossinesses, impairment charges on loans and advances and other credit provisions decreased to 259 pt 2005: 2313m, including 27m (2005 a.c. 10m) in respect of Absa. The fall was due mainly to recoveries in Barclays Capital as a result of the benign wholesate credit environment. This was partially offset by an increase in Sarclays Commercial Sank, reflecting higher charges in Medium Business and growth in lending balances.

The wholesale and corporate impairment charge was 4.18% 2005 b: (0.133) as a percentage of year-end total loans and advances to banke and to customers of \$177.21 in (2005 b. 4.169,031 m), including balances in Absa of 19.2990 (2025: 19.7310).

In Absa, impairment charges increased to 124x (2005 b 220m) 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 Bardays Capitel included losses of 2836 (2005; EDD) on an available for sale portfolio where an intention to sall caused the tesses to be viewed as other than temporary in nature. These lesses 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.

#### Oparating expanses

	2007	2006	2005	
	Em	<u>Frr</u>	£m,	
Statt costs (refer to page 37)	8,405	8,169	6,318	
Administrative expenses	3,978	3,980	3,443	
Depreciation	467	465	362	
Impairment loss - property and equipment	ŀ		- 1	1
and intangible assets	16	21	9	/3
Operating lease rentals	414	345	316	
Gain on property disposals	(267)	(432)		
Amortisation of intangible assets	186	138	79	
Operating expenses	13,199	12,674	10,527	

2007/06

Operating expenses grew 124 [ES25 in to 133, 199 in 120.18; E12, 874 in 14 In 15 Increase was given by growth of 3% (1226 in 15 In 1

Administrative expenses remained flat at 3.3780 (2006: 3,900m) reflecting good cost control across at businesses.

Operating loase rentals increased 10% (1997) to (414m) 2006x(1345m), primarily due to increased property fell under operating leases.

Operating expenses were reduced by gains from the sale of property of 1237m (2006) (4327m) as the Group continued the sale and leaseback of some of its freehold portfolio, principally in UK Banking.

Amortisation of intengible assets increased 7% (ESBer) to EREM 2006: (ESBER) to EREM 200

The Group cost:income ratio improved Wopercentage points to 579/5 (2805/559)

#### 2006/05

Operating expenses increased 20% (22,14/m) to 12,574m (2005; (10,527m). The inclusion of Absa contributed operating expenses of 1,96m (2005 (1664m)). Group operating expenses excluding Absa grew (1379, reflecting a higher level of business activity and an increase in performance related pay.

Administrative expenses increased 16% (£537m blocks 980m (2005; £3,443m). The lociusion of Abse contributed soministrative expenses of £579 x (2005 ex 257m). Group administrative expenses excluding Absa gree principally as a result of higher business activity in UK Banking and Barclays Capital.

Operating lease rentals increased (\$29m) to (\$45m) (2005 (\$3185)) The inclusion of Abse contributed operating lease rentals of \$750 (2005 8) 27m) which more than offset the absence of double occupancy costs incurred in 2005, associated with the Head office relocation to Canary

Openting expenses were reduced by gains from the sale of property of 4632012006 Entitions the Group took advantage of historically low yields on property to realise gains on some of its (reenold portfolio.

Amortisation of intengible assets increased 2% (£57m) to 136m) 2005; (£79m) primarily reflecting the inclusion of Absa for the full year.

The Group cost:income ratio improved to \$5% 2005 (61%). This reflected improved productivity.

#### Buchharmania. Staff costs 2007 2006 2005 ខ្មា ٤m £m Salaries and accrued incentive payments 5,993 6,635 5,036 Social security costs 508 502 412 Pension costs - defined contribution plans - defined benefit plans Other post-referent benefits 141 128 271 150 282 Other 496 Staff costs 8,405 8,169 6,318

2007/06
Stati costs increased 32 (236m) to 53 (495m) (2008 (8 165m)).
Salaries and accrused incentive payments rose 53 (2359m) to (8 993) (2008 (6 835m) prefiteding increased permanent and fixed term staff worldwide.

Dalined benosit plans ponsion costs docreased 47% (183m) o (150m). This was mainly due to lower service costs

2006/05
Staff costs Increased (PAST, Bhim) to (8 189) (2005 (6 3189), The inclusion of Absa contributed staff costs of (669) (2005 (629)). Group staff costs excluding Absa rost (2005)

Sataries and accrued incentive payments ros 32% 11.599m 10.58.535 nA (2005: £5036m) incipally due to increased performance related payments and the full year inclusion of Absa. The inclusion of Absa contributed salaries and incentive payments £505m (2005 €275m) A Group salaries and accrued incentive payments excluding Absa rose 263a

#### Staff numbers

	2007	2608	2005
UK Banking	41,200	42,600	41,100
UK Retail Banking	32,300	34,50C	33,300
9arclays			,
Commercial Bank	8,400	8,100	7.880
Barclaycard	7,800	8,500	7,700
IRCB	-58,300	47.800	45,200
IROB ex Absa	22,100	13,90C	12,500
₽ CB → Absa	36,200	33,960	32,700
Barciays Capital	16,200	13,200	9,900
Barclays Global Investors	3,400	2,700	2,500
Barcleys 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

#### 2007/08

Staff numbors are shown on a full-lime equivalent basis. Total Group permanent and fixed term contract staff comprised 51,800 (2008: 62,400) in the UK and 75,000 (2006: 60,200) internationally.

UK Retail Benking headcount decreased 1,700 to 32,900 (2006; 34,500), due to efficiency initiatives in back office operations and the transfer of operations personnel to Berclays Commercial Bank Berclays Commercial Bank Berclays Commercial Bank needcount forceased 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.

Berolaycard stall numbers decreased 700 to 7,800 (2008: 8,500), due to afficiency initiatives implemented across the UK operation and the sale of part of the Monument card potifolio, partially offset by an increase in the international cards businesses.

International Retail and Commercial Banking cloff numbers increased 10,500 to 58,300 (2008: 47,800). International Rotalf and Commercial Banking – excluding Assa staff numbers increased 8,200 to 22,100 (2008: 13,900) due to growth in the distribution network. International Retail and Commercial Banking – Assa staff numbers increased 2,300 to 38,200 (2008: 83,900), reflecting growth in the business and distribution network.

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 frost office, systems development and confrol functions to support continued business expansion. The majority of organic growth was in Asia Pacific.

Bandaya 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.

Bardays Wealth stall numbers increased 390 to 6,900 (2006; 6,600) principally due to the acquisition of Walbrook and increased client facing professionals.

#### Note

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

Barclays Annual Roport 2007

# Financial review Results by nature of income and expense

Staff numbers (continued)

#### 2006/05

Total Group permanent and contract stell comprised 62,490 (2005: 59,100) in the UK and 60,200 (2005: 54,200) internationally.

UK Banking staff numbers increased 1,500 to 42,606 (2005; 41,100), primarily reflecting the inclusion in UK Retail Banking of mortgage processing staff involved in activities previously outsourced.

Barclaycard staff numbers tose 800 to 6,500 (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 stalf numbers 2,600 to 47,800 (2005: 45,200), Invernational Retail and Commercial Banking — excluding Absa increased staff numbers by 1,400 to 13,800 (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 33,300 (2005: 32,700), reflecting continued growth in the business.

Barclays Capital staff numbers increased 3,300 during 2006 to 19,200 (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 furctions to support continued business expansion.

Barclays Global Investors increased staff numbers 490 to 2,700 (2005; 2,300) spread across regions, product groups and support functions, rellecting continued investment to support strategic initiatives,

Barclays Wealth staff numbers rose 400 to 5,600 (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 1,200 (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.

Share of post-tax results of associates and joint ventures

	2097	2006	2005
	_Cm	9m	fm.
Prolit (rom essociates	33	53	53
Prolit/(loss) from joint ventures		(7)	(8)
Share of post-tax results of associates	<del>-</del>	N.J	~~~~
and joint ventures	42	46	45

#### 2007/06 B

The overall stare of post-tax results of associates and joint ventures decreased (am.) of 12m(2006; (48m)). The share of results from essociates decreased (200mainly due to the sale of FristCarlobean inflemations) Bank (2006; (41m) at the end of 2006, partially offset by an increased contribution from private goulty associates. The share of results from joint ventures increased by (15m mainly due to the contribution from private equity entities.

#### 2006/05

The share of post-fax results of associates and joint ventures increased (%)
(Tim) to (48) (2005: (45)).
Of the (25) share of post-fax results of associates and joint ventures,

Of the Man share of post-lax results of associates and joint ventures, First Carobean International Bank contributed (Fig. 2005: (377)).

Profit on disposal of subsidiaries, associates and joint ventures

	2007	2006	2005	
	£m	£m	. £ள	
Profil on disposal of subsidiaries, associates				
and Joint ventures	28	323	>	×

#### 2007/08

The profit on disposal in 2007 relates mainly to the disposal of the Group's shareholdings in Gabelli Property Solutions (Em) and intelanet Global Services (E13m).

#### 006/05

The profit on disposal of subsidiaries, associates and joint ventures includes £247m profit on disposal of FirstCaribbean International Bank and £75m from the sale of interests in vehicle leasing and vander finance businesses.

38 Barclays Annual Report 2007 Passer's refer

#### Tax

The overall tex charge is explained in the following table:

	2007 2m	2006 £ro	2005 £m	
Profit before tax	7,076	7,136	5,280	l
Tax charge at average UK corporation tax	1			ł
rate of 30%	2,123	2,141	1,584	
Prior year adjustments	(37)	24	(133)	
Differing overseas lax rates	(77)	(17)	(35)	1
Non-taxable gains and income (including			-	
amounts offset by unrecognised tax tosses)	(136)	(393)	(129)	
Share-based payments	72	27	(12),	$\perp \lambda$
Deferred tax assets not	1			, <i>T</i> `
previously recognised	(158)	(4)	(7)	
Change in tax rates	24	4	9	
Other non-allowable expenses	170	159	168	1
Overall tax charge	1,981_	1,941	1,439	<u> </u>
Effective tax rate	28%	27%	27%	<b>⊢</b> `&

#### 2007/06

The tax chargo for the period was based on a UK corporation tex rate of 30% (2006; 31%). The effective rate of tax for 2007, based on profit before tax, was 28.0% (2006; 27.2%). The effective tax rate different from 33% as it took account of the different tax rates applied to profits earned outside 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 36% to 28% on 1st April 2008 led to an additional tax charge in 2007 as a result of its effect on the Group's not deferred tax asset. The effect on the Group's not deferred tax asset. The effect we tax rate for 2007 was higher than the 2005 rate, principally because there was a higher level of profit on disposats of subsidiaries, associates and foint ventures offset by losses or exemptions in 2006.

#### 2006/05

The charge for the poried is based upon a UK corporation tax rate of 30% for the catendar year 2006 (2005: 30%). The effective rate of tax for 2006, based on profit before tax, was 27.2% 0005 (27.3%). The effective tax rate differs from 30% as it takes account of the different fax rates which are applied to the profits earned outside the UK, disallowable expenditure, cartain non-taxable galas 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 includer (21.234m) (2005 (2981m) assing in the UK and (2707m) (2005 (2478m) assing oversea.)

The position disposal of subsidiaries, associates and joint ventures of (232m) was substantially offset by losses or exemptions. The effective lax rate on profit before business disposals was 28.5%.

Barciays Annual Report 2007

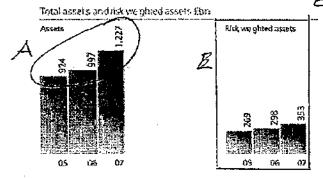
# Financial review Total assets and risk weighted assets

Total assets

	2007	2006	2005
	012	£m	ប្រា
UK Banking A	161,777	147,576	137,981
UK Retail Backing	87,833	81,692	73,068
Barclays Commercial Bank	73,944	65,894	59,915
Barclaycord A	22,164	20,062	18,236
IRCB A	89,457	68,588	63,383
IRCB – ex Abso	52,204	38,191	34,022
IRCB – Absa	37.253	30,397	29,361
Barciays Capital	839,652	557,922	601,193
Barclays Global Investors	89,224	80,515	60,900
Barclays Wealth 🙏	16,024	15,022	· 13,401
Head office functions and other			
operations	7,863	7.082	9,263
Total assets	1,227.361	996,787	924,357

Risk weighted assets a

	2007	2006	2005
	2111	£0.5	£m
ŲK Banking	99,836	92,981	87,971
UK Retail Banking	45,992	43,020	40,845
Baiclays Commercial Bank	53,844	49,961	47.126
Bardaycard	19,929	17,055	13,625
IRCB .	53,269	40,810	41,069
IRCB ex Absa	29,567	20,092	20,235
IRCB - Absa	23,602	20,728	20,834
Bardays Capital	169,124	137 635	116,677
Barclays Global Investors	1,994	1,375	1,456
Barclays Wealth	7,692	6,077	4,305
Hond office functions and other			-
operations	1,632	1,920	4,045
Risk weighted assets	353,476	297.833	289,148
	T		



Note

Alsk weighted assets are calculated under Basel I.

40 Barclays
Annual Report 2007

Ē 2007/06 Total assets increased 237 of 227,4bb (2006: \$95.6bb). Risk weighted assets increased 635 to \$35.5bh (2006; 227,85b). Loans and advances to customers that have been socutified increased 43.5bh to 228.7bb)(2006; 23,4bb). The increase in risk weighted assets since 2006 reits as as of \$31.0bb in the banking book and a rise of 24.0bb in the trading book. UK Retail Banking total assets increased 7% to (87.8bb)(2006; (81.7bg). This was mainly attributable to growth in mortgage balances. Risk weighted assets increased by 3 to £45.00 (2006; 863.00) with growth in mortgages patially offset bytan increase in securitised balances and other reductions. other reductions.

22

Sarciays Commercial Bank total assets grew (22) to (73) 9-bit (2006: 65,9-bit) driven by trood growth across tending products. Flisk weighted assets increased 2000: 53,8-bit (2006: 50,0-bit), reflecting asset growth partially offset by increased regulatory naturagand an increase in occuritised balances.

Barclaycard total assets increased (2006: 622,25b) (2006: 620,15b). Risk weighted assets increased (70) to (19-0b) (2006: 620,15b). Risk weighted assets increased (70) to (19-0b) (2006: 620,15b). Risk weighted assets increased (70) to (19-0b) (2006: 620,15b). Risk weighted assets increased (70) to (19-0b) (2006: 620,15b). Risk weighted assets increased (70) to (19-0b) (2006: 620,15b). Risk weighted assets increased (70) to (19-0b) (2006: 620,15b). Risk weighted assets increased (70) to (19-0b) (2006: 620,15b). Risk weighted assets increased (70) to (19-0b) (2006: 620,15b). Risk weighted assets increased (70) to (19-0b) (2006: 620,15b). Risk weighted assets increased (70) to (19-0b) (2006: 620,15b). Risk weighted assets increased (70) to (19-0b) (2006: 620,15b). Risk weighted assets increased (70) to (19-0b) (2006: 620,15b). Risk weighted assets increased (70) to (19-0b) (2006: 620,15b). Risk weighted assets increased (70) to (19-0b) (2006: 620,15b). Risk weighted assets increased (70) to (19-0b) (2006: 620,15b). International Retail and Commercial Banking - excluding Absa total assets gray 37% to 52.25h (2006: 582.25h). This growth was meinty driven by increases in retail mortgages and unsecured lending in Western Europa and increases in unsecured lending in Emerging Markets. Risk welcolled assets increased 68% to 225,750 (2006; 226,750), reflecting asset growth and a change of product mix. International Repair and Commercial Banking – Absa total assets increased

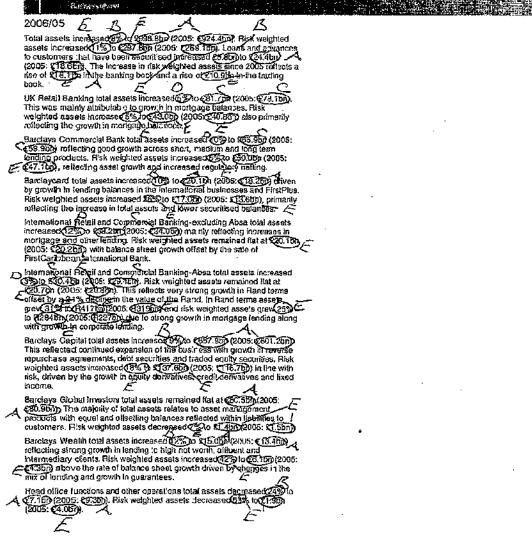
(35)10(57,35) (2005: (35,452), primarily driven by increases in
mortgages, credit eards and commercial property finance. Pisk weighted
assets increased (37) o (33,85) (2005: (37,75)), reflecting balance sheet
growth.

Barclays Capital total assets rose 25% to (33,75) (2005: (35,79)).

Derivative assets increased (109,35) primarily due to movements across a
range of market indices. This was accompanied by a corresponding
increase in derivative libbilities. The increase in mon-derivative assets 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 loveraged loan positions and mortgage-related assets. Risk weighted assets increased (1990) (168,18) (2008: € 37.50s) reflecting growth in fixed income, equities and credit derivatives. Barglays Global investors total assets increased 11% is \$3.250 0006; postics recognised as investment contracts. The majority of total assets relates to asset management products with equal and dissetting balances reflected within Itabilities to customers. Risk weighted assets increased 133 tot2 05P (2008: 11.165) mainly attributable to overall growth in the balance shoot and the bit of securities lending activity. Barclays Wealth total assets increased 20% to \$8.60m 2006; c15.06m reflecting strong growth in lending to high first world, adjusted and intermediary clients. Risk weighted assets increased 28% to 27776 (2006: (6.166) reflecting the increase in lending.

id office functions and other operations total assets remained that at

7.15n (2036; €7.15n) Risk weighted assets decreased (673 to €1.5on)



Annual Report 2007 41

#### Financial review Capital management

Total shareholders' equity

2007/06

42

	2097	2008	2005
	£m	£π	£m
Barclays PLC Group Catled up share capital Share premium account Available for sale reserve Cash flow hedging reserve Capital redemption reserve Other capital reserve Currency translation reserve Currency translation reserve Retained earnings	1,651	1,634	1,623
	56	5,818	5,650
	154	132	225
	26	(230)	70
	384	309	309
	817	617	817
	(307)	(458)	156
	874	360	1,977
	20,970	12,169	8,957
Less: Treasury shares Shareholders' equity excluding	(260)	(212)	(181)
minority interests	23,291	19,799	17.426
Minority interests	9,185	7,591	7,004
Total shareholders' equity	32,476	27,390	24,430

Total shareholders' equity increased 5,085m to 32,476m (2006; Called up share capital comprises 6.600 million (2006: 6.55 million) ordinary shares of 650 each and 1 million (2006: 6.55 million).

O each. Called up share capital in creased by 1777 tepresenting 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 nominal value arising from share by backs. Share premium reduced by \$5,762m bling recissification of \$7,223m b Termino earnings resulting from the high Court approved cancellation of share premium was

partly offset by additional premium arising on the issuance to COB and on employed options. The capital redemption reserve increased by £75/5/

comployed options. The capital recomption reserve increased by 275° / representing the nominal value of the share buy-backs.

Ratained earnings increased by \$30 mm increases primarily arose from profit attributable to equity holders of the parent of \$417 mm the reclassification of share premium of \$223 mm the proceeds of the Temassek issuance in excess of nominal value of \$417 mm Reductions primarily arose from external dividends paid of \$2075 mm and the total cost of share repurchases of \$180 mm.

Movements in other reserves, except the capital redemption reserve, reflect the relevant amounts recorded in the consolidated statement of

Minority Interests increased \$1,594m to \$2,185m (2006;£7,594m). The increase was primarily driven by preference strate issuances of \$1,322m and an increase in the minority interest in Absa of \$225m.

Barciays Amnual Report 2007

The Group's authority to buy-back equity shares was renewed at the 2007

2006/05

Total shareholders' equity increased (2,980m) to (27,390m) (2005:

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 \$\frac{3.21200}{3.21200}\text{primarily reflecting profit attributable to equity holders of the parent of \$\frac{5.710}{5.7100}\text{ parily offset by dividends paid of \$\frac{1.7710}{1.7100}\text{ }.

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

Minority Interests Increased \$5870 primarily reflecting the issuance of preference shares by Barckays Bunk PLC and Absa. B

#### Bardays 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 Bardays PLC Group.

	2007 Em	2006 £m	2005 Lin
Berclays Bank PLC Group			
Called up share capital	2,382	2,363	2,348
Share premium account	10,751	9.452	8.882
Avallable for sale reserve	111	184	257
Cash linw hedging reserve	28	(230)	70
Currency translation reserve	(307)	(438)	156
Other reserves	(170)	(484)	463
Other shareholders' equity	2,587	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
	2		

#### Capital ratios

•	Sesel (I	Bes	sel I	8a	sol i	86	sel 1
	2007	. 20	07		006	20	005
	Barcinys PLC		Barclays Bank PLC		Bardays Hark PLC		
	Group	Group	Graup	Group	Group	Group	Group
Capital ratios Tier 1 ratio	78	- %	9/4	%	%	1/4	%
Risk assat ratio	7.6	7.9 . 12.1	7.5 11.8	7,7 11.7	7.5 11.5	7.0 11.3	6.9 11.2
Risk weighted assets	Sm Sm	£m	£m	£m	£m	£m	٤m
Banking book on-balance sheet off-balance sheet Associates and joint ventures	માં ક જોક મોડ	231,496 32,520 1,354	231,491 32,620 1,354	197,979 33,821 2,072	1 <b>97,9</b> 79 35,821 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	36,255 51,741	36,265 51,741	50,291 53,670	30,291 30,679	23,216 29,859	23,216 29,859
Total freding book	81,015	88,006	82,006	63,961	63,961	53,075	53,075
Operational risk	2B,389	n/s	nia	n/a_	n/a	n/a	n/a
Total risk weighted assets	353,678	353,476	353,471	297 833	297,833	268,148	269,148

Minimum requirements under the FSA's Basel rules are expressed as a railo of capital resources to tisk weighted assets (Risk Asset Railo). 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.

At 31st December 2007, the Tier 1 copital ratio was \$30 and the risk asset ratio was \$213. From 31st December 2008, total net capital resources rose \$7.500 and risk wolldhad assets increased \$3.500.

Tier 1 capital rose \$300, including \$2300 artising from profits attributable to equity holders of the parent net of dividends paid. Minority interests within Tier 1 capital increased \$2.000 almost your local resources and creterence shares. The doctuction for goodwill and intengible assets increased by \$1.700. Tiek 2 capital increased \$3.500 mainly as a result of an increase of \$3.000 of dated loan capital.

Under Basel II. effective from 1st January 2005, 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 8%, the internationally agreed minimum ratio.

Under Pillar 2 of Basel II, the Group is subject to an overall regulatory capital requirement (expressed in 2 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. Bardays received its ICG from the FSA in December 2007.

Fish weighted assets calculated on a BaseTI basis are broadly in tine with risk weighted assets calculated on a BaseTI basis. A reduction in credit and counterparty risk weighted assets of \$3.400 attributable to operational risk. The reduced risk weighted assets of \$3.400 attributable to operational risk. The reduced risk weighted assets attributable to operational risk. The reduced risk weighted assets attributable to operational risk. The reduced risk weighted assets attributable to operational risk. The reduced risk weighted assets attributable to operational risk were mainly driven by recognition of the low risk profile of first charge residential mortgages in UK Retail Banking and Absa and the use of internal models to assets 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 Sesel 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 II.

For portloffos 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 Ther 2 capital.

> Barclays Annual Report 2007

# Financial review Capital resources and deposits

Total net capital resources

			+							
		Basel II	ŧ	82	sel l	8a	58I Î	Ba	sel I	
		2007	T	2	107	2006		2005		
	_	£m	į		in	9	2m	£m		
·		Barclaya	- 5	Barclays	Barclays	Barclays		Barclays	Barciays	
		PLC	1	PLC	Bank PLC	PLC	Bank PLC	PLC	Bank PLC	
Capital resources (as defined for regulatory purposes)		Group	- ‡	Group	Group	Group	Graup	Group	Group	
Tier 1			ŧ	<del>f t</del> aur					,	ŕ
Called up share capital	•	1,651	į	1.651	2,382	1,634	2,363	1,623	2,348	
Ekgible reserves	i	22,939	3	22,526	25,615	19,608	21,700	16,837	18,648	
Minority interests Tier One Notes		10,551	Ĩ	10.551	5,857	7,899	4,528	6,684	3,700	ĺ
		899	Ī	899	899	909	809	981	9B1	ĺ
Less: Intangible assets Less: Deductions from Tier 1 capital		(8,791)	. 1	(8,191)	(8,191) (28)	(7,045)	(7,045)	(7,180)	(7,180)	ĺ
		(1,106)	-31			20.005	20 452		7	i
Total qualifying tier 1 capital		25,743	4	~27,48B	25.534	29,005	22,455	18,895	18,495	ĺ
Tler 2 Revaluation reservas			i	<i>A</i>					·	ı
Available for sale equity		26	ŧ	26	26	25	25	25	25	١.
Collectively assessed impairment allowances		298	1	295	295	221	221	228	223	1
Minority Interests	$\mathcal{L}$	440 442	1	2.819	2,619 442	2, <del>5</del> 56 451	2,558 451	2,306	2,306	1-
Qualifying subordinated labilities		442	i	442	447	431	451	515	515	
Undated loan capital		3,191	1	3,191	3,191	3,180	3,180	3,212	2010	}
Dated ican capital		10,578	ī	10,576	10,578	7,603	7,603	7,059	3,212	1
Less: Decluctions from Tier 2 capital		(1,106)	i	(28)	10,378	1,003	1,005	7,009	7,969	Į
Total qualifying tier 2 capital		13,866		-17,123	17,123	14,036	14,036	13,350	13,350	1
Less: Regulatory deductions			<del>                                     </del>	4	**,12-4	14,000	14,000	13,330	13,330	ı
Investments not consolicated for supervisory purposes		(533)	l t	(633)	(533)	(982)	(982)	(782)	(782)	l
Other deductions		(193)		(1,256)					, (961) ,	
Total deductions		(826)		(1,689)						
Total net capital resources		39.783	1	42,642	41,768	34,711	34,161	30.502	30,102	1
		,		+	71,100	- W. C. I	<u> </u>	20000	00.102	١.

44 Barcleys Annual Report 2007

#### निवाद स्थापन स्थापन

## Financial review Deposits and short-term borrowings

Deposits include deposits from banks and customers accounts.

#### Average: year ended 31st December

	2007 £rn	2006 £m	2005 £m
Deposits from banks			
Customers in the United			
Kingdom	15,321	12,832	9,703
Customers outside the	,		
United Kingdom:			
Other European Union	33,162	30,115	29,092
United States	5,656	· 7,352	8,670
Airlea	4,452	4,140	3,236
Rest of the World	36,626	35,018	39,060
Total deposits from banks	96,217	89,453	89,781
Customer accounts			
Customers in the United			
Kingdom	187,249	173,767	:55,252
Customers outside the			
United Kingdom:			
Other European Union	23,628	22,448	20,773
United States	21,908	17,661	15,167
Africa	29,865	23,560	17,169
Rest of the World	23,032	19,992	16,911
Customer accounts	285,740	257,428	225,273

Deposits from banke in offices in the United Kingdom from non-residents amounted to £45,162m (2006: £41,762m).

#### Short-term borrowings

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

#### Deposits from banks

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

	2607	2006	2005
	£m	<u>Em</u>	£m _
Year-end balance	90.546	79,582	75.127
Average balance	(98,217	89,453	89.75124
Maximum balance	6109,586	97,165	103,397
Average interest rate during year	4.1%	4.2%	2.6%
Year-and interest rate	4.0%	4.3%	3.6%

#### Commercial paper

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

	2007 £m	2008 Sm	2005 \$m
Year-ond balance	£3,451	26.546	28.275
Average balance	26.229	29,740	22,309) &
Maximum balance	30,735	31.059	28,598 🗢
Average interest rate during year a	5,4%	4.4%	3.1%
Year-end interest rate	6.2%	5.0%	4.5%

#### Negotiable certificates of deposit

Negotiable certificates of deposits are issued mainly in the UK and US, generally in denominations of not less than US\$100,000.

•	2007	2008	. 2005	
	£nı _	<u>-£m</u>	<u>e</u> m	
Year-end balance	<b>₫8,40</b> 1	52,800	43,109	
Average balance	C55,394	49,327	45,533> 🗲	
Maximum balance	£62,435	60,914	53,458	
Average interest rate during year a	5.1%	5.3%	3.9%	
Year-ond interest rate	5.0%	5.1%	4.5%	

	year end	(ed 3181 D)	scember	
	2067	2006	2005	í
	£m	£m	<u>Em</u>	A
Custonier accounts	294,987	256,754	238,684	$\sim$
In offices in the United Kingdom:				-
Quirent and Demand accounts	<del></del> -			
interest free	23,400	25,650	22,980 }	
Current and Demand accounts	<b>!</b>			
-Interest bearing	32,047	31,769	28,416	<b>⊢</b> C
Savings accounts	70,682	62,745	57,715	ŧ -
Other time deposits - retail	36,123	36,110	35,142	1
Other time deposits – wholesale	\$ 55.726	53,733	42,967	ì
*				_
Total repayable in offices	1 600 004		107 444	<b>∟</b> ₹~
in the United Kingdom	237.978	210,007	187,220	-ز-
in offices outside the United			-	
Kingdom:				
Current and Demend accounts			<u> </u>	
- interest free	2,990	2,169	2,300	ì
Current and Demand accounts	}		,	سر ا
- Interest bearing	11,570	17.626	20,494	<u> </u>
Savings accounts	3,917	3,041	3,230	
Other time dieposits	38,532	23,911	25,140	!
Total repayable in offices outside the	-L			
the tend of falls and an	67.000		54.40.	300

Ouslomer 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 politicales of deposit have been restated for 2005 and 2005 to reflect methodology enhancements.

# 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 commitment expiration per period								
			Between	Batureon		Total				
•		Less thou	ono lo three years		After	einuoms einuoms				
		Cm Cm	inee years In	nve years £m	ave years Em	committed Em				
Acceptances and endorsements		365				365				
Guarante es and letters of credit pleaged as collateral security	i	29,136	2,711	1,971	1,874	35,692				
Other contingent liabilities		6,584	1,556			9,717				
Documentary credits and other short-term trade related transactions	ب. ب	401	121	-	-	522				
Forward asset purchases and forward deposits placed Standby facilities, credit lines and other		283 136,457	17.039	00.507	40.044	263				
Statisticy ractities, diedit thes are only		130,487	17,039	28,127	10,211	191,834				

#### Contractual obligations

		_	Payments due by period							
,		•		Between	Balween					
			Less than	one to		After				
				three years		live years	Tota!			
			£m	Em	£m	٤m	£iB			
Long-lerm debt			90,201	13,558	8,630	19,358	131,747			
Operating lease obligations .		_	197	755	610	2,225	3,787			
Purchase obligations			141	186	27	6	360			
Tota[			90,639	14,499	9,267	21,589	135,894			
	<u> </u>									

The long-term debt does not include undated to an capital of £6,631m.

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

46 · Barclays Annual Report 2007

#### Burneys revew

#### Financial review Securities

#### Securities

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

,	2087		. 20	106	2005		
		Amortised		Amortised	_	Amortised	
'	Book value	cost	Book value	cost	Book value	cost	
	Em	£m	£m	रिका	£m	£m	
Investment securities – available for sale		_			`		
Debt securities:	·			· /~		~	
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 bodies	(CH 1834 IV	632	280	277	216	218	
Mortgage and asset backed securities	1,367	1,420	1,706	1,706	3,062	3.062	
Corporate issuers Other issuers	19,664	19,649	27,089	27,100	25,590	25,597	
	A_71.676	9,599	5,492	5,450	6,265	6,257	
Equity securities		1,418	A-C13712	1,047	A-71,250	1,007	
Investment securities - available for sale	- G-848) T	> (48,242)	DC8,2830	\$ 63.075	51,274)	0 (50,997	
Other securities - held for trading			Č		i.€		
Debt securities: United Kingdom government	3,832	n/a	4,986	n/a	4:00	\	
Other government	51,184	rva n/a	46,845	, n/a	4,788 45,428	n/a n/a	
Mortgage and asset backed securities	37,038	n/a	29,806	n/a	17.644	n/a	
Bank and building society conflicates of deposit	17.751	n/a	14,159	n√a	15.837	l Ma	
Other Issuers	43.050	n/a	44,980	. nya	43,674	l iva	
Equity securitles	36,307	1/2	A-(31.548)	h n/a	A > 20,299	n/a	
Other securities - held for trading	13 (89.085)	n/a	72,124	n/a	1 48,666	n/a	
Cuter 10001.002 - Held for titleing	7,100,500	16.00	(2) (12)	1014	1 1 1 1 1 1 1 1 1		

Investment debt securities include government securities held as part of the Group's treasury management portfolio for asset and flabilly, figuidity 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.

Mortgage 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 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	2005
	_	Book	k value	Book value	Book value
			£m	£m	Em
United Stales	•	F-	15,156	18,343	16,093
Japan		i	9.124	15,505	14,560
Germany			5,136	4,741	6,376
France		$\sim 1$	3,533	4,326	4,822
!taly			6,030	3,419	4,300
Spain		<b>}</b>	3,674	2,859	2,456
Netherlands		Ĭ.	1.270	395	2,791
		/			

Maturities and yield of available for sale debt securities

	_	Meturing one y		Matering efter one but within five years:			Maturing after five but within ten years:				Maturing ten ye		Total:		
		Amount £m	Yleid %	Ar	nount £m	7	Yleiti %	•	lmount Em	Vieid	A	1ពប <b>ា</b> ណ ពា <u>ន</u>	Yield %	Amount of	
Government Other public bodies Other issuars	C	1,354 646 11,849	5.8 9.6 5.2	9	3,997 78 12,542		4.0 1.9 4.9		788 \ 4,343	1.5 5.6		1,322 10 1.844	1.1 5.2 7.0	7,461 634 30,678	3.5 7.7 5.2
Total book value		13,749	5.4	1	16,617		4.6		5 <u>131</u>	5.0	<u> </u>	3,176	4.5	38,676	) \6.9

The yield for each range of maturities is calculated by dividing the annualised interest income prevailing at 91st December 2007 by the fair value of sacurities held at that date.

Barcleys 47

## Financial review Critical accounting estimates

The Group's accounting policies are set out on pages 149 to 157. Certain of these policies, as well as estimates made by management, are considered to be important to an understanding of the Group's thancial condition since they roughe management to make difficult, complex or subjective judgements and estimates, some of which may rotate to matters that are inherently uncertain. The following accounting policies inducte estimates which are particularly sensitive in terms of judgements and the extent to which estimates are used. Other accounting policies involve significant arrounts of judgements and estimates, but the total amounts involved are not significant to the financial statements. Management has discussed the accounting policies and entired 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 hold for trading, designated by management under the late value option and non-cash flow hedging derivatives.

Other non-derivative financial assets may be designated as available for sale. Available for sale financial investments are Initially recognised at fair value and are subsequently held of feir 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 paties, other than in a forced or figuriation sale. Financial instruments entered into as trading transactions, logether with any associated hadging, are measured at altrivature and insmultant profits and losses are included in net tracing 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 of financial instruments, included by the effects of netting agreements where there is an intention to settle net with complementation.

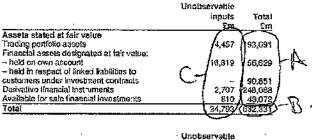
#### Valuation methodology

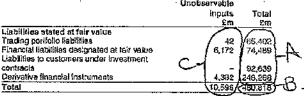
The method of determining the fair value of linancial instruments can be analysed into the following categories:

- (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 init at secognition of financial instruments measured using such techniques the transaction price is deemed to provide the best evidence of fair value for accounting curposes.

The vatuation techniques in (b) and (c) use inputs such as interest rate yield curves, equity prices, commodity and ourroncy pricest/yidds, 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 availables.

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.





Various factors influence the availability of observable inputs and those may vary from product to product and change over time. Factors include for exampte, 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 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, dependent 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 assests, similar maturities, appropriate proxies, 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 or a range of reasonable possible semantic assumptions, would he to provide a range of \$1.250 (2006; \$0.350) plower to \$1.550 (2006; \$0.350) higher than the fair values recognised in the financial statements.

The size of this range will vary over time in response to tracket volability.

The size of this range will vary over fund in response to harket volability, market uncertainty and changes to benchmark proxy relationships of similar assets and liabilities. 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 fetr value is determined based on cash flow models where significant inputs may include yield curves, bond or single name credit default swap spreads.

48 Barolays Annual Report 2007

#### Financial review Critical accounting estimates

Within the retail and small businesses portfolios, which comprise large 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 portiolic 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 amears and historical information on the eventual losses encountered from such delirquent portfolios. There are many such models in use, each tailored to a product, the 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 financial statements for these portiolies is therefore considered to be reasonable and supportable. The impairment charge reflected in the income statement for these portiolies is \$1,695m)2006: [21,695m) and amounts (\$7,000,000,000) of the total impliment charge on Totals and advances in \$60?.

For larger accounts, imparment allowances are calculated on an individual basis and attretevant considerations that have a bearing on the expected tuture 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 difference 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 future cash flows. Furthermore, judgements change with time as new information becomes available or as work-cut 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 a change in the allowances and have a direct impact on the impairment change. The impairment change reflected in the linancial statements in relation to larger accounts 6 £70 m (2005 (255 m) to 30% (1006 (3%)) of the total impairment charge on pans and advances in 2007. Further information on impairment allowances is set out on pages 84 to 85.

C.

C

#### Coodwill

Management have to consider at least annually whether the current carrying value of goodwill is impaired. The linst stop 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 synorgics cased on the areas of the desires a special to be need to be need to be desired from the acquisition. The second element reflects the affocation of the net assets acquired and the difference between the consideration paid for those not assets and their fair value. This affocation is reviewed following business reorganisation. The carrying value of the tint, including the allocated goodwill, is compared to its fair value to determine whether any Impairment exists. If the fair value of a unit is tess 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 husiness operates (e.g. competitive activity, regulatory change), in the absence of readily available market price data this calculation is based upon discounting expected pre-lax 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-lax cash flows is sensitive to the periods for which detailed forecasts are available and to assumptions regarding the long term sustainable cash tows. While forecasts are compared with actual performance and external economic data, expected cash flows naturally reflect management's view of future beta, expected as in low in table any each management which which the Absa and Woolwich exquisitions. The goodwill maniment 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 sold and have a finite useful life are amortised over their estimated useful life. Determining the estimated are aminised over man osmanico oseron ine. Determining the estimate useful file of these finite life intangible assets requires an analysis of circumstances, and judgement by the Benk's management. At each balance sheet date, or more frequently when events or changes in circumstances dictate, intangible associa are assessed for indications of imperiment. If indications are present, these assets are subject to an Impairment review. The impairment review comprises a comparison of the carrying amount of the asset with its recoverable amount; the higher of the carrying amount of the asset with its recoverable amount; the higher of the assets' or the cash-ger eraling unit's net setling price and its value in use, Net setling price is calculated by reference to the amount at which the asset 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 tuture cash tlows obtainable as a result of the asset's continued use, including those resulting from its ultimate disposal, at a market-based discount rate on a pra-tax basis. The most significant amounts of intangible assets relate to the Absa acquisition.

#### Retirement benefit obligations

The Group provides pension plans for employees in most parts of the world. Arrangements for stell 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 issued count 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 regularments of IAS 19.

The actuarial valuation is dependent upon a series of assumptions, the key ones being interest rates, mortality, investment returns and inflation. ones trang interest when, unitarity, investment returns and inspired. Mortably estimates are based on standard industry and national mortabily tables, adjusted where appropriate to reflect the Group's own experience. The returns on lixed interest investments are set to market yields at the valuation date (tess an altowance for risk) to ensure consistency with the asset valuation. The returns on UK and over-seas equilibra are based on the long-term outlook for global equities at the calculation date having regard to current market yields and dividend growth expectations. The inflation assumption reflects long-term expectations of both earnings and retail price

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 for any historic unrecognised actuarial gains or losses and past service cost, is recognised as a liability in the balance sheet. An asset analog, for example, as a result of past over-lunding 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 refunds of contributions. To the extent that any unrecognised gains or losses at the start of the measurement year in relation to any individual defined bonelit scheme exceed 10% of the greater of the fair value of the scheme assets and the

measurement year in relation to any individual defined content surrente 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 hydrine statement.

The Group's IAS 19 pension surplus across all polysion and post-retirement schemes as at 31st December 2007 was a sulplus of £3,507m0/2006 £3177 deficit). This comprises nel recognised liabilities of £1,507m0/2006 £907m0—11m nut recognised liabilities consolises retirement benefit liabilities of £1,507m0/2006 £1,007m0/2006 £1,007m0

assumptions is set out in Note-30 to the accounts.

**Barclays** 

#### Parameter (School)

## 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 oil-balance sheet arrangements and special purpose entities (SPEs). These arrangements include the provision of guarantees, loan commitments, rotained interests in assets 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 behalf of its customers. In the majority of cases, the Group will hold coffateral 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: Ifinancial guarantees guarantees ground of customers to secure leanes: overdrafts; and other banking facilities, including stock borrowing Indemnities are standby telters of credit. Other guarantees provided include performance guarantees, advance payment guarantees, tender guarantees, guarantees to Her Majesty's Revenue and Customs and retention guarantees. The nominal principal amount of contingent sabilities with oil-balance sheet risk is set out in Note 34 and in the bable on page 46.

#### Loan commitments

The Group enters into commitments to lend to its customers subject to certain conditions. Such lean commitments are made either for a fixed period, or are cancellable by the Group subject to notice conditions. Information on toan commitments and similar facilities is set out in Note 34 and in the table on page 46.

#### Special purpose entitles

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 origining activities.

Transactions with SPEs take a number of torms, including:

- The provision of financing to fund asset purchases, or commitments to provice 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 it 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 belience 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 analysts is reutsited at a later date if:

- (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 li
- (iii) the Group acquires control over the main operating and linancial 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 parties and the Group's risk 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 bolow.

#### Collateratised Debt Obligations

The Group has structured and undorwritten 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 facility 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 CDO and, therefore, be required to fully consolidate the vehicle for accounting purposes. The potential for transactions to hit dolarit triggers before the end of 2008 has been assessed and included in the determination of impairment charges and other credit provisions (£782 m) in relation to ABS CDO Super Senior and other credit market exposures for the year ended Stat December 2007).

The Group's exposure to ABS CDO Super Senior positions before hedging was \$25,016m as at 31st December 2007. This includes \$21,149m or undrawn facilities provided to meazenine transections (exposure stated net of writedowns and charges). Undrawn facilities provided to unconsolitated CDOs are included as part of commitments in Note 34-to the accounts.

undrawn lacilities provided to mezzanine transections (exposure stated net of whitedowns and charges). Undrawn facilities provided to unconsolidated CDOs are included as part observation in Note 24-to the accounts. The remaining 14,859 is the Group's exposurate High Grade CDOs, stated net of whitedowns and charges. (3,787) of drawn balances are included within Leans and advances on the bulance sheet, with the remaining 11,007) representing consolidated High Grade CDOs accounted for the fall value basis.

Ξ

#### Collateral

The collateral underlying unconsolidated CDOs comprised 77% residential mortgage backed securities 67% non-residential asset backed securities and 17% in other categories, including 10% ASS CDO exposure (a proportion of which will be backed by residential mortgage contateral).

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 £2.85n below the nominal amount, 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 notes on cash CDOs was supported by a fiquidity facility provided by the Group. On mozzanine CDOs, this portion of the capital structure is unrunded, but a liquidity facility is provided to support the level of synthetic instruments within each leaseaction. The senior portion covered by liquidity facilities is on average 75% at the capital structure.

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

Barolays Annual Report 2007

### Financial review Off-balance sheet arrangements

#### Interests in Third Party CDOs

The Group has purchased securities in and entered into cerivative instruments with third party CDOs. These interests are held as trading assets or liabilities on the Group's betance sheet and measured at fair alue. 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

• £317773 senior liquidity facilities, of which £19m ras crawn and included in loans and advances as at 31st becember 2007. The Group is one of between two and eight independent liquidity providers on each

- Designative exposures included on the balance sheet at their net fair value of £264 pc.
- Bonds issued by the SIVs included within trading portfolio assets at their fair value of E21m
- (2.65n) epo funding lacilities (21.35n) has been utilised and included within loans and advances to distributes in the balance sheet.

Other than the reco facilities, 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.

The Group structured and helped to underwrite three SIV-Lite transactions,

The Group provided 0.589 in liquidity scribbles as partial support to the 22.60 of CP programmes on these transactions. These lacilities have now been fully drawn or are terminated, such that no further drawings are possible. One of the three vehicles has been restructured later cash CDO. As part of this restructuring, the Group acquired the G800 promior note in the CDO which is held at fair value within trading ported 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 400 is included on the balance sheet within loans and advances to customers and included in the credit market positions discussed on page 53.

Commercial Paper and Medium-term Note Conduits
The Group provided Element undrawn 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 shoot.

The Group provided backstop to titles to support the paper issued by six third party conduits. These facilities totalled the paper issued by six third party conduits. These facilities totalled the paper issued by six third party conduits. These facilities totalled the paper issued by six third party conduits. These facilities to an action of the party of

The Group provided backetop 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 remarkated to investors annually. If investors decline to renew their holdings at a price below a pre-agreed spread, the backstop lacitity requires the Group to purchase the

Barclays Annual Report 2007 52

outstanding notes at schedulad marurity. The group has provided facilities of £2.85n its SPEs holding prime i.W. and Australian owner-occupied Restrential Mortgage Back Securities (RMBS) assets. As at 51st December 2007, the Group had acquired notes of £30th funder these backstop lactities (included as available for see a assets in the balance sheet) and further acquisitions are expected through 2018 as other notes are expended through 2018 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 £1.3th to third party conduits containing prime UK buy-to-let RMBS. As at 315 December 2007, £290 in 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 securifications, some of which are effected through the use of SPEs. These entities have minimal equity and roly on funding in the form of notes to purchase the assets for securification. As these SPEs are created for other companies, the Group does not usually control these entities and monotone does not consolidate tham. The Group may provide injuncing in the form of spinic order of funding the control through the securification of th 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 landing portfolios and credit card receivables. These SPEs are usually consolidated and derecognition only receivables. These SPEs are Islany consolitated and descognition only occurs when the Group transfers its contractual rights 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 padly 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 flabilities are set out in Note 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 relevant asset.

The Group also invests in lassor entities specifically to acquire assets for The droup was trees at reason smaller approximation to despite assets to leading. Client intermodiation also includes arrangements to fund the purchase or construction of specific assets (most common in the property โดยแผนปี.

#### Fund management

The Group provides asset management services to a large number of investment critities on an arm's length basis and at market terms and paces. The majority of tricse entities are investment funds that are owned by a large and diversified number of investion. These funds are not consolidated because the Group does not own either a significant pention of the equity, or the risks and reverds inherent in the assets.

During 2007, Group operating expenses included charges of \$80 (2006; 2nil) 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 liquidity products subsequent to 31st December 2007.

# Financial review Barclays Capital credit market positions

Barclays Capital credit market positions

Barctays Capital credit market exposures resulted in net fosses of £1,635 m 2007, due to dislocations in the credit markets. The net tosses primarily related to ABS CBO super senior exposures, 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 fittins 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
	£m	£m
ABS CDO Super Senio:	t	
High Grade	4,869	6,151
Mezzanine	1.149	1,629
Exposure before hadging	f 6,01B	7,780
Hedges	(1,347)	(348)
Net ABS CDO Super Senior	4,671	7,432
Other US sub-prima	<u></u>	
Whole loans	3.205	2.900
Other direct and Indirect exposures	1,832	3,148
Other US sub-prime	5,037	6,048
Alt-A	4,916	3,760
Monolina insurers	1,335	140
Commercial mortgages	12,299	8,282
SIV-lite Ilquidity facilities	152	692
Structured Investment vehicles	590	925

#### ABS CDO Super Senior exposure

ABS CDO Super Senior net exposure was \$2,57 in (30th Jene 2007; \$7,402 is, Exposures are stated net of write-downs and charges of \$1,027; (30th June 2007; \$859) and hedges of \$1,340 (30th June 2007; \$359).

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

#### Other credit market exposures

Barolays Capital held other exposures impacted by the turbulence in credit merkets, including: whole loans and other direct and indirect exposures to US sub-prime and Alt-A borrowers; exposures to mono ine insurers; and commercial mortgage backed securities. The net losses in 2007 from those exposures were ESSITE.

Other US sub-prime wholetican and not tracing book exposure was £5,03 m (equ.) tupe 2007 (55,046 m) Whole toans included 22,043 m) 30 th 1003 2004 (£1,886 m) ecquired since the acquisition of EquiPrest in March 2007, all of which were subject to Parchays uncarryiting criteris. As at 31st December 2007 the average loan to value of those EquiPrest loans was 80% with less than 3% at above 95% Ican to value. 99% of the EquiPrest inventory was liest lien.

Net exposure to the All-A market was 24,919th (30th June 2007: \$2750th 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 higher credit quality than sub-prime borrowers. As at 31st December 2007 \$350th the Alt-A whole toon exposure was performing, and the average loan to value ratio was 61%. 98% of the Alt-A securities held were rated AAA or AA.

Barolays Capital held assets with insurance protection or other credit enhancement from monoline insurers. The value of exposure to monoline insurers under those contracts were 1.355m (30th June 2007) 100 ff. 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 \$211,103.00 (30th June 2007; \$27,653.00) and commercial mortgage backed securities of \$21,298 m (30th June 2007) \$25,653.00 (30th June 2007) \$25,653

were AAA or AA rated,
Leans and advances to customers included (1528) (30th June 2007:
(1537) of drawn liquidity facilities in respect of SIV-Ries, Total exposure to other structured investment vehicles, including derivatives, undrawn commercial paper backstop facilities and bonds held in trading portiotic assets was (1530) (30th June 2007; (2250)).

# Leveraged Finance

At 31st December 2007, drawn leveraged finance positions were \$7.350m [30th June 2007 (\$7.357m). The costillors were stated net of less of (\$130m) and impairment of \$50m, driven by widening of corporate credit spreads.

## Own Credit

At 31st December 2007, Barolays Capital had issued notes held at fair verue of \$27,162m (30th June 2007; \$46,622m). The general widening of credit spreads affected the carrying value of these notes and as a result revaluation gains of \$6500 were recognised in trading income.

Barolaya Annual Report 2007 53

### Financial review Average balance sheet

Average balance sheet and not interest income (year ended 31st December)

		2007	~		2008			2005	
	Average balanco <sup>(a)</sup> Em	Interest Em	Average rate %	Average balance <sup>(a)</sup> £m	Interest £m	Average rate %	Average balance <sup>(a)</sup> £m	Interest £m	Average rate
loaets		•							
oans and advances to banks b: •	<del></del>								
in offices in the United Kingdom in offices outside the United Kingdom	29,431 12,252	1,074 779	3.6 6.4	18,401 12,278	647 488	3.5 . 4.0	14,798 11,063	454 403	3.1 3.5
oans and advances to customers h:									
-in offices in the United Kingdom -in offices outside the United Kingdom -oaso receivables:	205,707 88,212	13 <b>,02</b> 7 6,733	5.3 7.8	184,392 77,615	11,247 4,931	6.1 5.4	172,398 50,699	10,229 2.97 <b>5</b>	5.9 <b>5.</b> 9
ease receivables: in offices in the United Kingdom	4,822	283	5.9	5,266	300	6.7	6.521	348	5.5
in offices outside the United Kingdom	5,861	691	11.8	6,162	595	9.7		117	6.9
in offices in the United Kingdom	37,803	2,039	5,4	41,125	1,936	4.7	43,133	1,75\$	4,1
in offices outside the United Kingdom leverse repurchase agreements and cash collateral on accutions borrowed	14,750	452	3.1	14,19(	830	5.8	10,349	467	4,5
in offices in the United Kingdom	211,709	9.644	4.6	165,718	6,136	3.7	158,292	4,617	3.0
in offices outside the United Kingdom rading portfolio assets:	109,012	5,454	5.0	100,416	5,040	5.0	92,407	2,724	2,9
in offices in the United Kingdom In offices outside the United Kingdom	120,691 57,535	3,489	4,9 6.1	108,148 61,370	4,166 2,608	3.9 4.2	81,607 57,452	2,710 2,116	3.0 3.7
Total average interest carning assets impairment allowancestprovisions ivon-interest earning assets	897,795 (4,435) 422,634	49,591	5,5	794,077 (3,565) 310, <del>9</del> 49	38,924	4.9	698,425 (3,105) 278,328	28,915	4,1
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 earring assets in offices pulside the United Kingdom Folal average interest earning assets related to:	32.0%			34.9%			32.0%		
nterest income		49,591	5.5		38.924	4.9		28,915	4.
nterest expense		(37,892)	4.2	•	(30,385)	3.8		(20,965)	3.0
		11,599	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 absorbere.

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

Average balance sheet and net interest Proome (year enced 31st December)

		2007			2008			2005	
	Average		Average	Average		Average	Average		Average
	balance <sup>(a)</sup>	interest	rate	balance $^{(a)}$	Interest	elsı	balance <sup>(a)</sup>	Interest	elen
	m2	201	%	Ent	£isi	140	m2	£m	%
Liabilities and shareholders' equity	-			<del></del>			••••		
Deposits by banks:									
- in offices in the United Kingdom	53,902	2,511	3,9	62,236	2,464	4.0	54,801	1,555	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 adoppints:		•		·	•		,		
demand deposits:									
- in offices in the United Kingdom	29,110	259	2.9	25,397	680	2.7	22,592	510	23
- in offices outside the United Kingdom	13,799	404	2.9	10,351	254	2.5	6,196	88	1,4
Gustomer accounts:	•						•		
savings deposits:									
-In offices in the United Kingdom	55,064	2,048	3.7	57,734	1,691	2.9	52,56\$	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 to the United Kingdom	52,147	2.482	4.8	45.836	1.794	3.9	41.748	1.191	2.9
- in offices outside the United Kingdom	24,299	1,661	6,8	23,442	1,191	5.1	12,546	590	4.7
Debt securities in issue:	,						,		
- in offices in the United Kingdom	41,582	2.053	4.9	47.218	1.850	3.8	46,683	1.831	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		,		•				,,,,,,,	
fisbillies principally;									
- in offices in the United Kingdom	12,972	763	5,9	13,688	777	5.7	11.280	605	5.4
Repurchase agreements and cash collateral on securities				,			,	•	***
tent:				•					
in offices in the United Kingdom	169,272	7.616	4.5	141,852	5,080	3.6	130,787	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
Tracing 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		3.9
Total average interest bearing liabilities	827,693	37.892	4.6	748,001	30,385	4.1	657,182	20,965	3.2
Interest free customer deposits:									
- 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	421,478			297,816			267,581		
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	1,101.461	30,385	2.8	973,648	20,965	2.2
Percentage of total average interest bearing non-capital									
fiabilities in offices outside the United Kingdom	39.4%			36.1%			33.3%		

Note
a Average befances are based upon delity averages for most UK banking operations and monthly averages elsewhere.

### 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 assets and average interest bearing liabilities. Where variances have after from changes in both volumes and interest rates, these have been allocated proportionalely between the

•	increase	8 Change o o/(decrease		increas	5 Change e/(decrease		to increa	04 <sup>a</sup> Chang se/(decrea:	
•	Total change £m	Volume £m	Bate £m	Total change £m	Volume £m	Rata £m	Total change m3	Voluma Em	Rate £m
nterest receivable									
reasury bills and other eligible bils:									
in offices in the UK	ជាវែង	nfe	nfa	n/a	n/a	n/a	(69)	(68)	n√a.
in offices outside the UK	n/a	nla	nfa	a/a	n/a	n/a	(63)	(63)	r√a
	n/a	nla	n/a	n/a	n√a	n/a	(131)	(131)	ch
oans and advances to banks:									
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
	718	401	317	278	167	111	(106)	(70)	(35)
cans and advances to customers:									
cans and acvances to destorners.	1,780	1,337	443	1.018	726	292	1,419	1.681	(262)
- in offices outside the UK	1,302	728	1.074	1,956	1,895	251	1,705	787	918
III OMOGO O GIO SIT	3.582	2,065	1,517	2.974	2,421	553	3,124	2.468	656
		Livus	.,	5,014	107.74.1				
.ease recelvables:		4	_		n				
-in offices in the UK	(17)	(26)	. 9	(48)	(70)	22	129	78	SC
in offices outside the UK	96	(30)	128	478	413	35	93	91	5
<del>_</del>	79	(58)	135	430	343	87	224	169	55
Debt securities:									
In offices in the UK	ព/ខ	rưa	n/a	n/a	n/a	n/a	(2,129)	(2.129)	nia
- in offices outside the UK	n/a.	า <i>โ</i> ส	ı√a	n/a	n/a	n√a	(338)	(336)	n/a
	n/a	กใล	n/a	n/a	n/a	n/a	(2,467)	(2.467)	ı1/a
Inancial investments:									
in offices in the UK	103	(166)	268	181	(85)	265	1,765	1.755	n/a
-in offices outside the UK	(378)	32	(410)	363	202	161	467	487	n/a
THE CANADA CALORONIA CALL	(275)	(133)	(142)	844	117	427	2,222	2,222	n/a
External tracting assets:									
- in offices in the UK and	n/s	n/a	រា/ខ	n/a	๗ล	n/e	(4,971)	(4,971)	n/a
- outskie line UK		n/a	11/8	กเอ	n/a_	n/a		(2,224)	n/a
	nía	. ₽/a	1/2	n/a	n/a	n/a	(7,195)	(7,195)	n/a_
Reverse repurchase agreements and cash collateral on securities									
berowed:									
in offices in the UK	3.508	1,965	1,543	1,519	324	i 195	4,617	4,617	n/e
- in offices outside the UK	414	430	(16)	2,316	254	2 062	2,724	2,724	r/s
	3,522	2,295	1,527	3,835	578	3 257	7,341	7,341	n/g
Trading porttolio assets:		_	_						
Hading portions assets, →In offices In the UK	1.780	621	1,139	1.456	907	549	2.710	2,710	n/a
in offices outside the UK	183	(172)		492	151	341	2,116	2,116	n/a
	2,641	449	2,192	1,948	1.058	£9 <b>C</b>	4,626	4.826	ı√a
							.,		.,,4
Total Interest receivable:									
in offices in the UK	7,561	4,034	3,527	4,319	1,923	2,398	3,224	3,558	(334)
in offices outside the UK	3,106	997	2,113	5,630	2,761	2,929	4,615	3,605	1,010
<u></u>	10.667	5,021	5,648	10,009	4.684	5,325	7,839	7,163	676

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

#### Non-marine da ancie

Changes in nel interest incomo - volume and rate analysis

·			36 Change : e/(decreus:			05 Change e∕(decreas			04 <sup>a</sup> Chang se/(decrea	
	•	Total		-	Total		-,	Total		
			Volume	Rate	change	Volume	Rate		Volume	Rate
<u> </u>	`	£m	Em	£m	£m	Σm	٤m	ž'm	Σm	£m
iterest payable	_		1							
toposite by tranks:	`\									
in offices in the UK	سدر	47	66	(19)	799	247	552	440	231	209
in offices outside the UK		88	190	(102)	432	52	380	395	121	274
III WINES COLORDS BIS CIT	٠	135	256	(121)	1,231	299	932	835	352	
<del></del>		703	200	11211	1,201	599	302	800		483
tustomer 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	60	- 86	57	36	21
		328	200	128	336	148	188	257	64	193
Sustamer accounts – savings deposits:										
in offices in the UK	Į.	357	(81)	438	121	152	(31)	245	145	100
in offices outside the UK	ł	54	45	9	35	28	``	18	16	2
	<del>                                     </del>	411	(36)	447	156	180	(24)	263	161	102
Justomer accounts - officer time deposits - retail:	<del>\</del>	711	(04)	771	100	100	(27)	500		102
In offices in the UK	1	53	(00.1)	***	70	14		401	(00)	
	1		(204)	257	78	41	37	164	(23)	187
in offices outside the UK	1	3/12	200	42	232	125	97	142	59	83
' ' ' ' ' ' ' ' ' ' ' ' ' ' ' ' ' ' '	1	295	(4)	299	300	186	134	306	36	270
ustomer accounts – other time deposits – wholesale:	1								• • •	
in offices in the UK	1	688	263	425	503	129	474	(653)	(479)	(174
In offices outside the UK	1	470	45	425	501	550	51	248	(18)	264
		1.158	398	850	1,204	679	525	(405)	(495)	90
Debt securities in issue:	<del>-\</del> -	1-1-10	000	000	1,504		323	[4003	(430)	
in offices in the UK	. !	203	(0.10)	443	219	22	197	396	507	
	- 1		(240)							(109
in offices outside the UK		1,369	1.063	308	1,991	85Q	1,141	1,369	323	1,035
<u> </u>		1,572	923	749	2,210	872	1,338	1,757	830	927
ated and undated loan capital and other subordinated liabilities	s									
principally in offices in the LIK	ì	(14)	(41)	27	172	135	37	(87)	(78)	(9)
ixterna trading liabilities:	ì							, ,		,-
in offices in the UK	- 1	n∕a	ព/ឧ	n/a	n/a	n/a	.n⁴ā.	(5,611)	(5,611)	n/a
outside the UK	- ;	n/a	0/3	nia	n/a.	n'a	ກາຣ	(1,805)	(1,805)	r/a
Author the en	7	17/3	n/a	n/a	n/a	n/a	π/e.	(7,415)	(7,416)	n/a
Repurchase agreements and cash collateral on securities lent:		सुन्ध	tud	IV &	10.07	16.01	168	77000	1/44 103	13.5
	i		4 665			ana				
in offices in the UK	ł	2.536	1,098	1,448	1,446	329	1,117	3,634	3,634	n/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	52 <del>9</del>	2,849	6,013	6,013	n/a
rading portfolio liabilides	} -			,						
in offices to the UX	İ	263	(89)	343	277	222	59	1,737	1.737	n/a
in offices outside the UK	- 1	83	(368)	449	156	85	71	1,156	1,195	п/в
11, 11, 11, 11, 11, 11, 11, 11, 11, 11,		346	(445)	792	433	307	126	2,923	2,938	n√a
nternal funding of trading businesses	-		<del></del>		n/a					
	į	n/a	n/a	nía	u/a	n/a	n/a	2,045	2,045	n/e
Total interest payable:	- /				0.00-					
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	· ł	3,196	2,674	522	5,535	1,970	3,565	3,986	2,309	1,580
		7,507	3,552	3,955	9,420	3,315	€.105	6,501	4,445	2,056
Agreement in net interest income	-									
ncrease/(decrease) in Interest receivable	1	10,667	5,021	5,645	10,009	4,684	5,325	7,835	7,163	676
increase)/decrease in interest payable	1	(7,507)		(3.955)		(3,315)		(8,501)		

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.

Barclays Annual Report 2007

57

#### Between greve

#### Retail or edit risk

A continued improvement in credit quality in the UK unsecured portlofos was a principal feature of the Group's relail credit risk profile during 2007. Barclayourd continued the undorwriting revisions begun in 2008 in UK credit cards, and successfully reduced impairment in the main Barclays branded cards portfolio. Flows into delinquency and arroars balancos fell, as did general charge-offs, which were helped by a fall in charge-offs due to bankruptoy. New oustomer 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 Hetail Banking, saw reduced early and late cycle definquency resulting from revised underwriting criteria. Improved collections processes helped to reduce Impatiment in Local Business, while in UK Home Finance, delinquency and possession rates remained at the lows recorded since 2004, and impairment charges were negligible. Bardays delinquency and possession rates remain below industry averages, reflecting the high credit quality of the portfolio.

Lending criteria in Absa's relational postions were tightered in response to a more difficult creditienvironment, signalled by a rise in arrears rates. The change in conditions was primarily driven by a prolonged acries of interest rate rises and the implementation of new consumer lending legislation in these 2017?

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

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

Looking ahead this year, we expect the retail credit environment to be more chattenging in Abea and to some degree in the US portfolia. The UK purifullows performence, which has improved in the past two years, will be subject to the evolving commiss dimate anticipated in 2008.

#### Risk tendency

Risk tendency at 2007 year-end retisoled an increase in portfolio size as wall as some weakening in credit grades, evidenced by wider 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 levels in a range of European, African and Asian countries.

#### Market risk

66

Distocation in the credit markets had an impact on all major interest rate, cquity and foreign exchange markets, which also experienced higher volatility, particularly in the second half. Barclays Capital's market risk exposure, as beasured by average plat Daily Value at Risk (DVaR), increased 13% to an average of \$120 m 2007. Over the same period, average daily market risk revenue increased 13% to \$250m, 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 increase of secondary markets, which increases the action of the presence of section of the presence of the produced positions held in the credit markets.

Barclays Annual Report 2007 This reduction in exposure resulted in a lower level of cradit stress loss, which is another important market risk control for Barciays Capital. Average commodity EVAH and equity EVAH increased as those businesses graw. Diversification across risk types remaining significant, reflecting the broad product mix. Higher market votatilities is the fourth quarter led to an increase in DVAH at year end, and will contribute to higher average DVAHs in 2008.

#### Liquidity risk

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

#### Operational risk

In 2007, Barelays embedded the advanced measurement approach (AMA) to operational risk across the Group, having received AMA approved from the FSA and the SARB. Barelays now allocates operational risk economic capitat by business, providing operational insight and greater langible 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 (we-factor authentication for online transactions through its PINsentry device and continued to offer all UK personat 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 thrancial crime constantly evolves, however, and Barclays will continue to build the capacity to respond reptidly 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 Besel if benking 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 lengthy and detelled programme of work across all business areas and covering all risk typos. As part of the application process, Berclays assessed over 200 models to ensure that they were consistent with regulators' standards and that they must 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 archition to remain at the leading edge of risk management. With the most significent portfolios alreacy consistent with the ARRB 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 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 sheat 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

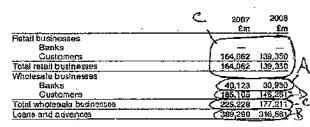
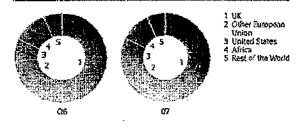


Fig. 3: Ceagaiphkal analysis of laans and advances to customers %



80 Barolays Annual Report 2007

#### Measuring exposures and concentrations

Loans and advances to customers provide the principal source of credit risk to the Group although Bardays can elso be exposed to other forms of credit risk through loans to banks, loan commitments, contingent liabilities and debt securifies; see page 46). The value of outstanding loans and advances balances, their risk profile, and potential concentrations within them can therefore have a considerable influence on the level of credit risk the Group.

in the Group.

As at 31st December 2007, of standing loans and advances to this tomers and banks were valued of £385bb (2006; £317fb) of which £349bb (2006; £225bb) was granted to personal or corporate customers (see figure 1).

Coalis and advances were well distributed general the retail and wholeseld portfolios.

Loans and advances were well spread across industry classifications (figure 2). Excluding Financial Services, Bardays largest sectoral exposures are to home loans, other personal and business and other services. These categories are generally comprised of small loans, have low votatility 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 Bardays 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 %

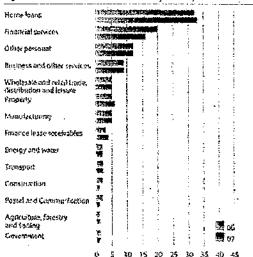
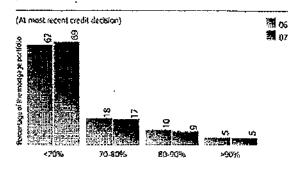


Fig. 4: Analysis of loans-to-value ratios of mortgages in the UK home loan postfolio at 31st December 2007 %



### Risk management Credit risk management

Allowances for impairment and other credit provisions

Barclays establishes, through charges against profs, impairment allowances and other credit provisions for the incurred loss inherent in the tending book.

Unifor IFRS, impalment allowances are recognised where there is objective evidence of impalment as a result of one or more loss events that have occurred after initial recognition, and where these events have hed an impact on the estimated future cash flows of the highest 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 loss than the discounted cash flows, then no turther allowance is necessary.

Impelment 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 impatiment to formal dassification of an account as exhibiting serious financial problems and where any further deterioration is likely to tead to failure. Two key inputs to the cash flow calculation are the valuation of all security and collateral and the timing of all asset wallsations, after allowing for all attendant costs. This method applies in the corporate portfolios – Barclays Commercial Bank, Barclays Capital and certain areas within International Retail and Commercial Banking and Barclaycard.

For collective assessment, the trigger point for impalment is the missing of a contractual payment. The impalment calculation is based on a roll-rate approach, where the percentage of assets that move from the initial delinquency to detault 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 Berclays policy of raising an alfowance as soon as impalment is identified.

Unidentified impairment allowances, albelt significantly toxier 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 belance 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	2008	2005
	£m	£٣	£m
UK Banking	849	887	671
Bardaycard	838	1,067	753
International Rotal and	ļ		
Commercial Banking	252	167	33
Bardeys Capital	846	42	111
Barclays Global Investors	}	-	-
Barclays Wealth	7	2	2
Head office functions and other operations	1 3	(11)	1
Total impairment charges	2,795	2,154	1,571
	<u> </u>		

default within a specified period. This is calculated on the present value of estimated future cash flows discounted at the linandal asset's original effective interest rate.

The emurgence periods vary across businesses and are based on actual experience and are reviewed on an annual loads. This methodology ensures that the Group only captures the loss incurred at the balance should also

These impaltment 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 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 promotly in their recommendations and in accordance with policy, accounting standards and ostablished governance.

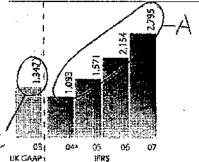
GCRIC exercises like authority of the Barclays Risk Ulrector, as delegated by the Chief Executive, and is chalred by Barclays Credit Risk Director,

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

These committees are supported by a number of Group Policies including: Group Retail Impairment and Provisioning Policy, Group Whotesale 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 swiewed 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 £



### Notes

 $\alpha$  Does not reflect the application of IAS 32, IAS 39 and IFRS 4 which became offective from 1st January 2005.

84

GCRIC has delegated the detailed review of loan impairment in the businesses to Ihe Hetall and Wholeszle Credit Risk Management

Committees.

In 2007, total impakinelit charbes on being and advances and other credit, provisions increased 339 (0641m) to 22,795m (2006 22,154m) rollecting charges of 2792m (2008 22,154m) rollecting charges of 2792m (2008).

Impairment charges on loans and advances and other credit provisions as a rescentage of Group total loans and advances case (pg. 17) is (2006: 0.65 %), total loans and advances crow by 23% to 2350 236m (2008: 0.316, 56100).

Religit imperment charges on loans and advances fold 170 (2014) pile (2006) (20 The net positive impact of these changes in methodology was offset by the increase in impairment charges in Barclaycard International and secured

consumer lending.

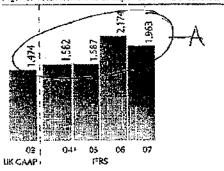
Impairment charges in UK Retail Bank decreased by 1763 (22) to 15550 (2008) (6350), reflecting lower charges in unsetured Consumer Lending and Local Business driven by improved collection processes, reduced flows into definquency, lower trends of arreers and stable chargeoffs. In UK Home Finance, asset goal by remained strong and mortgage offers to the process of the consumer termanage and mortgage of the process of the consumer termanage and mortgage.

ons, if by non-Primare, asset gas it entained study and intringage charges remained negligible. Mongage delinquerales 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 \$380 (\$790) (\$200). \$4170 reflecting very strong behance sheet growth in 700 and the impact of lower reflection in 2007. 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. 15: Total withe-offs of impaired financial assets £m



#### Note

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

Wholesale and corporate Impairment harges on loans and advances increased (149 min (2701a) (2006 (286 m)). Wholesale and corporate impairment charges as a percentage of performent of the loans and advances increased to (1313-12006 (1573) total loans and advances grew by (27% to (125,228 m) (2006 (1573) total loans and advances grew by (27% to (125,228 m) (2006 (1573) total loans and advances grew by (27% to (125,228 m) (2006 (1573) total loans and advances grew by (27% total loans and advances grew by (27% total loans and advances grew by (27% total loans and advances grew by (27% total loans and advances grew by (27% total loans and advances grew by (27% total loans and advances increased to (286 m)

The impairment charge in Barclays Commercial Bank increased by 38m (157%) to 22006 (2006) (22520), primarily due to higher gross impairment charges in Larger Business, partially offset by a lower charge in Medium Susiness due to a lightening of the lenging 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 prespect of further recovery. Write-olf will occur, when, and to the extent that, the whole or part of a debt is considered irreceverable.

The liming and extent of write-oils may involve some element of subjective judgement. Nevertheless, a write-oil 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 local 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 hence decrease the amount of the reported loan impairment chargo in the income statement.

Total write-oils of impaired linancial assets decreased by 27115 to (1,963m) (2006: (2,176h).

Barclava

85

### Risk management Disclosures about certain trading activities

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

The Grot p provides a fully integrated service to clients for base metals, preclous metals, cit, power, natural gas, coal, "relight, emission credits studiated products and other related commodities. This service offering continues to expand, as market conditions allow, through the addition of now products and markets.

The Group offers both ower the counter (OTC) and exchange traded cetvatives, 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 portiolic. Physical commodity positions are held at lair 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 intermation on fair value measurement of flagnoist 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 derivative assets.

90

Barclays 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 £23,575m (2006 £17,501m) and a gross negative value of £27,59m (2006 £15,9407)

Movement in fair value of commodity derivative positions

•	2007 2008 Sm Sm
Fair value of contracts outstanding at the beginning of the period Contracts realised or otherwise settled during the period Fair value of new contracts entered into during the period Other changes in talk values	(764) 379 (764) 379 (243 808 (228) (153)
Fair value of contracts cutstanding at the end of the period	812 1,581 B/

Maturity analysis of commodity derivative fair value

	2007	2006	
	£m	£m	
Not more than one year	T(279)	902	<b>\</b> —
Over one year but not more than five years	773	327	
Over five years	318	332	. ~
Total	812	1,561	$\succ$ $\kappa$
			$\sim$

### Barratinian.

### Risk management

Statistical information

#### Statistical and other risk information

This spotted of the report contains supplementary information that is more detailed or contains tenger histories than the data presented in the discussion. For commentary 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 78)

	2007 Em	2006 £m
UK Banking	775	790
UK Retail Banking	270	500
Barclays Commercial Bank	303	290
Barclaycard .	945	1,135
International Retail and Commercial Banking	475	220
International Retail and Commercial Banking – excluding Absa	. 1 229	75
International Retail and Commercial Banking ~ Absa	255	145
Sarclays Capital	140	95
Barclays Wealth	10	10
Head office functions and other operations a	10	10
Hisk Tendancy by business	2.355	2,260

#### Table 2: Loans and advances

	2007 Em	2006 £m
Reteil businesses Sanks Customers	154,052	139,360
Total retail businessas	184,082	189,350
Wholessie businesses Banks Customers	40,123 183,165	3C,930 146,281
Total wholesale businesses	225,228	177,213
Loans and advances	389,290	316,561

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

Barclays Annual Report 2007

97

Table 3: Maturity analysis of loans and advances to banks

Not more than than three than three than three than three months but not more than three than three than three months when the than three thr						_						
Not more   Not more				D 15	Ohana adei				Over five			
Not more months   Not more months   Not more months   Not more months   Not more months   Not more months   Not more months   Not more months   Not more months   Not more months   Not more months   Not more months   Not more months   Not more months   Not more months   Not more months   Not more months   Not more months   Not more more more more more more more more												
An 31st December 2007			Dat man									
Not mare than from the services of the World Standards to banks   Selection										Oune		
At 31st December 2007		fin damend									Total	
United Kingdom  786 4,009 58 92 114 20 1 370 5,718 11,102	&t 31st Darsmher 2007	<b></b>										
Other Lungoan Union   2,977   7,745   74   88   96   116   7   7   11,102     Introd States   321   5,736   96   1,285   343   98   6,498   97   13,449     Introd States   253   1,280   121   114   195   439   155   7   2,881     Interest of the World   2,983   3,336   321   1,141   195   439   155   7   2,881     Loans and advances to banks   5,882   22,148   448   3,881   1,248   1,540     Loans and advances to banks   5,882   22,148   448   3,881   1,248   1,540     Loans and advances to banks   5,882   22,148   448   3,881   1,248   1,248     Loans and advances to banks   5,882   22,148   448   3,881   1,248   1,248     Loans and advances to banks   5,882   22,148   448   3,881   1,248   1,248     Loans and advances to banks   5,882   22,148   448   3,881   1,248   1,248     Loans and advances to banks   5,882   22,148   448   3,881   1,248   1,248     Lindback Kingdom   5,4   5,211   10   10   10   10   10   10   10												
Initial States										VI -		
At 31st December  At 31st Dece										97		
Rest of the World 1,605 3,338 90 1,640 512 362 15 19 7,479										- ·		<u></u>
Constant advances to banks										19		
Not mark   Not mark			<u></u>									Λ
Not more months but not but	Loans and advances to banks	(5,882)	(22.146)	446)			260) (_	1,035)	(5,579)	486	<u> (49,123</u>	T
Not more than the but not but not but not but not more than the part to the true pears to the pears to the true pears to the true pears to the true pears to t		<del>7</del>	₹.	• -	A	(	٠ .	<del>/`\</del>	Ċ	- →	τ	
Not more than shore   Shan sh		- •								• •	•	
## 81st December 2806												
At 31st December 806										_		
At 31st December 2006												
United Kingstom												
Cliter European Union 819 7,514 90 120 81 78 1 - 8,513									<u> 511)</u>			
United States									-	. 313		1
Miles of the World 612 2,465 154 101 1,278 148 65 44 - 2,219   Rest of the World 612 2,465 154 101 1,278 148 44 21 4,913   Loans and advances to banks 2,937 (18,909) 600 (5,064) (1,585) (1,100) (1,012) (1,633) (50,930)    Table 4: Interest rate sensitivity of loans and advances    Table 5: Loans and advances    Table 4: Interest rate sensitivity of loans and advances    Table 5: Loans and advances    Table 5: Loans and advances    Table 6: Table 7: Table						ł						1-0
At 31st December   2007   2006   2005   2004   2003   2005   20										1,299		
Table 4: Interest rate sensitivity of loans and advances										-		ł
Table 4: Interest rate sensitivity of loans and advances	riest of the World	512	2,400	154	191	1,24	<u> </u>	148		- 23	4,913	) A
Table 4: Interest rate sensitivity of loans and advances	Loans and advances to banks	2,887 )	(18,809)	(800)	3,064	( 1,59	<b>5</b> "3 (1,	130 3	(1,012)	1,633	60.930	/≺
At 31st December   Fixed   Variable   Variable   Fixed   Variable   Fixed   Variable   Fixed   Variable   V		7				À		1-	<b>X</b>			
At 31st December   Fixed Variable   Fi	Table 4: Interest rate sensitivity	of icano and ac	tvaneca	#\	C	/ \	í	*		\4		
At 31st December	•			_								`
At 31st December							- 2	807		2006		f
At 31st December						- 1	Fixed Var	labie	FI	eidahaV bex	ı	1 -
At 31st December   Em   Em   Em   Em   Em   Em   Em   E						Į			Total	ate rate	Totai	1-0
Sanks   16,447   23,676   40,123   12,176   18,754   30,930   77,861   271,363   348,167   66,000   219,631   285,631	At 31st December					1		Em	£m	වන වන	£m	1 -
Table 5: Loans and advances to customers by industry   FRS						- 1	16,447 2	3,678 4	0.123 12.	176 18,754	30.930	}
Table 5: Loans and advances to customers by industry		<del></del>							8,157 66.	200 219,631	285,631	}
At 3 let December   2007   2006   2005   20048   2003   2004   2003   2005   20048   2003   2005   20048   2003   2005   20048   2003   2005   2005   20048   2003   2005   200								·'				لر
At 3 ist December  Financial services Agriculture, locestry and lishing Annufacturing Construction Froperty Government Financial services Agriculture, locestry and lishing Troperty Construction Troperty Tropert	Table 5: Loans and advances to	customers by i	industry			_						
At 3 let December   2007   2006   2005   2004   2003   2004   2003   2004   2003   2004   2003   2004   2003   2004   2005   2004   2005   2004   2005   2004   2005   2004   2005   2004   2005   2004   2005   2004   2005   2004   2005   2004   2005   2004   2005   2004   2005   2004   2005   2004   2005   2004   2005   2004   2005   2												
At 3 ist December						•	<i>t</i> ——		rHS		JK GAAP	
At 3 ist December Financial services 71,160 45,954 43,102 25,132 9,872 Agricultura, forestry and Ishing 3,319 3,997 3,785 2,345 2,115 Manufacturing 16,974 15,451 13,779 9,044 7,844 Construction 5,423 4,055 5,020 3,278 2,534 Froperty 17,016 15,256 16,325 8,992 6,788 Government 2,036 2,426 1,716			,				2007	2006	2005	2004 <sup>6</sup>	2003	Ì
Financial services Agriculture, forestry and Ilahing 3,319 3,997 3,785 2,345 2,115 Agriculture, forestry and Ilahing 16,974 15,451 13,779 9,044 16,974 15,451 13,779 9,044 2,534 2,534 2,534 Construction 5,423 4,065 5,020 3,278 2,534 Property 17,018 13,528 18,325 8,992 6,728 2,036 2,426 1,716 - Energy and water 8,632 6,810 5,891 3,709 3,150 Wholesale and retail, distribution and leisure 17,768 15,490 17,760 11,099 9,638 Transport 6,268 5,586 5,960 3,742 8,682 4,683 8,586 5,960 3,742 8,682 4,683 8,586 5,960 3,742 8,682 4,683 8,586 5,960 3,742 8,682 4,683 8,703 79,184 8,688 Business and other services 112,087 94,635 87,033 79,184 72,318 Other personal 41,635 35,377 38,069 29,293 Colleges reasivables 11,196 10,142 9,088 6,988 5,877 Loans and advances to customers excluding reverse regurdhase agreements 17,6 17,6 17,6 17,0 11,0 10,142 9,088 6,988 11,196 10,142 9,088 6,988 5,877 170,819 Reverse repurchase agreements 17,6 17,6 17,6 17,6 17,6 17,6 17,6 17,6	At 31st December									£m Î		Ì
Agriculture, forestry and lishing  3.319 3,997 3,785 2,945  Manufacturing  5,423 4,055 5,020 3,278  Froperty  6,728 17,018 13,528 18,325 8,992  7,844				<del></del>	······································	·		45.954	43,102	25,132		<b>!</b>
Manufacturing       16,974       15,451       13,779       9,044       7,844         Construction       5,423       4,065       5,020       3,278       2,534         Property       17,018       16,528       16,325       8,992       2,534         Government       2,036       2,426       1,716       -       -       -         Energy and water       8,632       6,810       8,981       3,709       3,150       3,150         Whotesale and retall, distribution and leisure       17,768       15,400       17,760       11,099       3,828         Transport       6,268       5,666       5,960       3,742       3,864       658         Postal and communication       5,404       2,180       1,313       834       658         Business and other services       30,563       26,999       22,529       23,223       19,913         Home loans 3       112,087       94,635       87,003       75,184       72,316         Other personal       41,635       35,377       38,069       29,293       23,922         Overseas oustomers 6       11,196       10,142       9,086       6,938       5,877         Charriance lease receivabables       11,19								3,997			2,115	ļ
Second Second							16,974	15,451		9,044		i i
Property   17,018   13,528   18,325   8,992   6,728   2,036   2,428   1,710	Construction								5,020	3,278	2,534	1
Energy and water    8,632   6,810   8,91   3,709   3,150     17,768   15,490   17,760   11,093   9,828     17,768   15,490   17,760   11,093   9,828     17,768   5,686   5,966   5,960   3,742     18,642   1,961   1,313   334   668     19,913   19,913     19,913   19,913     19,913   19,913     19,913   19,913     19,913   19,913     19,913   19,913     19,913   19,913     19,913   19,913     19,913   19,913     19,913   19,913     11,987   94,835   87,003   79,184   72,318     19,913   19,913     19,9	Property						17,018	16,528	18,325	8,992		1
Wholesals and retail, distribution and leisure         17,768 15,490 17,760 11,099 5,828 17,360 3,742 3,884 6,268 5,586 5,960 3,742 3,884 6,268 5,586 5,960 3,742 3,884 6,268 8,30,363 26,999 22,529 23,223 18,913           Postal and communication         5,404 2,180 1,313 834 668 30,363 26,999 22,529 23,223 18,913           Home loans 5 (their personal distributions of the personal distributions of the personal distributions of the personal distributions of the personal distributions of the personal distributions of the personal distributions of the personal distributions of the personal distributions of the personal distributions of the personal distributions of the personal distributions of the personal distributions of the personal distributions of the personal distributions of the personal distributions of the personal distributions of the personal distribution of	Government						2,036	2,426	1,718	- :	-	*
Transport   6.268   5.960   3.742   3.864     Postal and communication   5,404   2,180   1,313   834   668     Business and other services   30,363   26,999   22,529   23,223   19,913     Home loans   112,087   94,635   87,003   79,184   72,318     Other personal   41,635   35,377   38,069   29,293   23,922     Overseas outstomers   2,398   23,922     Overseas outstomers   11,196   10,142   9,086   6,938   5,877     Duans and advances to customers excluding reverse regurdhase agreements   349,167   285,631   272,342   206,793   710,319     Reverse repurchase agreements   76   778	Energy and water					ł	8,632	6,810		3,709	3,150	1
Postal and communication   5,404   2,160   1,313   834   658	Wholesale and retail, distribution.	and leisure				1	17,768	15,490	17,760	11,099	9,828	1 ~
Business and other services   30,363   26,399   22,529   23,223   18,913	Transport					,	6,258	5,586	5,960	3,742	3,554	1
Home loans   112,087   94,635   87,003   79,184   72,318   72,31						- 1						1
Other personal 41,635 35,377 38,069 29,293 23,922   Overseas customers 6	Business and other services						30,363	26,999	22,529	23,223	19,913	1
Other personal 41,635 35,377 38,069 29,293 23,922   Overseas customers 6	Home loans 3						112 097	94.635	97.003	70 194	72.31P	İ
Coverseas customers   Coverseas customers   Coverseas customers   Coverseas customers   Coverseas customers   Coverseas customers   Coverseas customers   Coverseas customers   Coverseas   Coversea												ĺ
11,196   10,142   9,086   6,938   5,877	· .						1 41,035	35,51	00,003	25,233	23,822	- F
Loans and advances to customers excluding reverse repurchase agreements   349,167 285,631 272,342 206,793   170,919							-	-	-	- ‡		1
Reverse repurchase agreements  n/a n/a n/a 58,804 n/a Tractine business  n/a n/a n/a n/a 58,861	Finance lease receivables						11,198	10,142	9,088	6.938	5,877	}
Reverse repurchase agreements  n/a n/a n/a 58,304 n/a Tracting business  n/a n/a n/a n/a 58,361		s excluding reve:	se reputchase	agreements			349,167	285,631	272,342			ļ
Trading business n/a n/a n/a n/a 58,961			•	_					n/a	58,804		/
							n/a	n/a	n/a	n/a	58,961	1 .
Loans and advances to customers 29,880 }-1							( 240.40-	200.004	070 040	205.002 3	200.000	<b>\_</b> Δ.
	Loans and advances to custom	(GF 5					349,187	200,007	212,342	200,097	229,880	<i>5</i> -7 (
	Motor											

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

) Excludes commercial property mortgages.

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

Barclays

#### Commercial Section

Table 6: Loans and advances to customers in the UK

		. 18	AS.		UK GAAP
At 31st December	2007 201	2006 Em	2005	2004°	2003
Financial sérvices Agriculture, lorestry and fishing Manufacturing Construction Property Government Energy and water Wholesafe and retail distribution and leisure Transpon Poulai and communication Business and other services	21,131 2.220 9,388 3,542 10,203 201 2,203 13,860 3,185 1,416 20,485	14,011 2,307 9,047 2,761 10,010 5 2,360 12,951 2,745 819 19,260	11,959 2,409 8,459 3,090 10,647 6 2,701 12,747 2,797 2,797 465 15,397	8,774 1,559 5,684 2,285 7,012 7,012 602 9,336 1,822 440 15,439	7,721 1,765 5,967 1,883 6,341 1,28 8,886 2,579 476 12,030
Home Icans <sup>b</sup> Other personal Overseas customers <sup>c</sup> Financo lease receivables	71,755 26,810 4,008	64,150 26,068 3,923	58,730 29,250 – 5,203	61,548 26,872 5,551	61,965 21,965 5,477 5,587
Loans and advances to customers in the UK	190,347	170,518	163,759	146,248	143,609

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 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

	~			HS		UK GAAP	1
At 31st Dacember		2007 Ent	2005 £m	2005 £m	<b>2</b> 004 <sup>a</sup> £m	2003 £⊞	
Financial services Agriculture, forestry and liching Manufacturing Construction Property Government Energy and water Wholesale and retail distribution and telisure Transport Postal and communication Business and other services		7,585 141 4,175 1,159 2,510 - 2,425 1,719 1,933 662 3,881	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 1,490 252 1,685 432 9,594	2,419 280 2,021 716 344 - 940 810 640 111 3,795	1,205 147 1,275 609 346 409 426 568 40 1,251	-
Home loans <sup>b</sup> Other personal Overseas oustomors <sup>c</sup> Finance lease receivables		24,115 3,965 1 2,403	19,616 3,672 1,559	16.488 1,909 1,870	11,828 1,389	10,334 1,769 433 212	
Loans and advances to customers in other European Union countries  See note under Table 6.		56,633	43.480	38,923	26,210	19,027	/

#### Note:

- Does not reflect the application of IAS 32, IAS 39 and tFRS 4 which became effective from 1st January 2005. The 2004 analysis excludes reverse repurchase agreements.
- Excludes commercial property mertgages.
- c. Overseas customers are now dassified as part of other industry segments.

Barelays Annual Report 2007

99

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

			UK GAAP			
At 31st December	2007 Em	2006 Em	2005 £m	2004 <sup>à</sup> £m	2003 £m	
Financial services Agriculturo, forestry and fishing Manufecturing Construction Property Government Energy and water Wholosato and retail distribution and leisure Transport Postal and communication Business and other services	29,342 2 818 16 568 221 1,279 398 137 2,446 1,053	17,516 2 519 13 1,714 153 1,078 403 128 35 1,432	16,229 937 32 329 300 1,261 784 148 236 885	9,542 368 139 394 891 466 136 63	919 1 341 2 1 1,353 77 463 153	
Home loans <sup>b</sup> Cliser personal Finance loage receivables Loans and advances to sustomers in the United States	458 3,256 304 40,300	349 2,022 312 25,677	2 443 328 22,925	1,556 5,768 845 335 20,982	223 - - - - - - - - - - - - - - - - - -	
See note under Table 6.					/	,

Table 9: Loans and advances to customers in Africa

	F	TE	'RS		UK GAAP	
At 31st December	2007 £m	2006 £m	2005 Em	2004° £m	2003 £m	
Financial services Agriculture, forestry and fishing Manufacturing Construction Property Government Energy and water Wholesale and rotal distribution and laisure Transport Postal and communication Business and other services	3,472 956 1,391 837 2,433 957 356 1,328 116 231	2,821 889 1,747 591 1,987 785 166 1,050 354 241 2,631	4,950 1,193 1,501 1,068 1,673 625 193 2,774 894 27 1,258	186 1 313. 1 36 1 87 1 184 1 185 1 137 1 52 1	, 27 201 201 40 40  97 239 41 29 412	-c
Home loans <sup>b</sup> Other personal Finance loase receivables	15,314 6,366 - 4,357	11,223 2,978 4,240	11,630 4,955 1,580	214 190 41	79 248 45	
Loans and advances to customers in Africa	39,167	31,691	33,221	2,759	1,759	,
See note under Table 6.						

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

						_
		1	FRS		UK GAAP	)
	2807	2006	2005	2004 <sup>6</sup>	2003	Ì
At 31st December	£m	£m	£m	£m	£m	C
Loans and advances	22,702	14.207	13,407	10,520	2,751	<b>}</b> ~
Finance lezse receivables	118	108	107	74	-	1
Loans and advances to customers in the Rest of the World	22,820	14.315	13,314	10,594	2,751	Į .
						1

100

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

Excludes commercial property mortgages.

Table 11: Maturity analysis of loans and advances to customers

At 31st December 2007	On demand Sm	Not more than three months	Over three months but not more than skx months	Over six months but not more than one year fin	Over one year but not more than throe years £m	Over three years but not more than five years	Over five years but not more than ten years £m	Over ton years £m	Total
United Kingdom									<del>(</del>
Corporate lending®	26,557	15,737	2,453	3,834	8,4/4	8,358	10.718	11,843	87,774
Other lending to customers in the	<i>f</i> - ' - '	,	•	. '	•		,		1
United Kingdom	4.384	4,717	2,106	3,597	11,517	8,595	19,325	48,228	102,573
Total United Kingdom	30.941	20,454	4,559	7,431	19,391	:7,057	30,043	59,871	190,347
Other European Union	4,016	7,685	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	6,886	4,243	188	1,969	5,568	4.124	2,285	13,291	39,167
Rest of the World	1,035	9,733	1,695	<u>859</u>	2,223	2,586	3,685	954	22.820
Loans and advances									A
to customers .	45,901	62,380	12,704	19,481	35,528	31,148	47,513	94,502	349,187
	<u> </u>							`	
,			Over three	O	Over one	Overthree	Over five		
			monits but	Over six	year but	years	years		
		Mat more							
		Nat more	erom ton	months aut not	nal more	but nat	for tug	O	
	On demand	than three	than	more than one	than three	more than	more than	Over	Total
At 21 of Congratus 28/IR	On demand	than three months	than six months	more than ene year	than three years	more than five years	more than len years	ten years	Total
At 31st December 2008	On demand £m	than three	than	more than one	than three	more than	more than		Total Em
United Kingdom	£m	Bian three months £m	than six months £m	more than ene year Em	than three years £m	more than live years £m	more than ten years £m	ten years £m	Em
United Kingdom Corporate lending <sup>a</sup>		than three months	than six months	more than ene year	than three years	more than five years	more than len years	ten years	
United Kingdom Corporate ferding <sup>a</sup> Other lending to	£m	Bian three months £m	than six months £m	more than ene year Em	than three years £m	more than live years £m	more than ten years £m	ten years £m	Em
United Kingdom  Corporate lending <sup>a</sup> Other lending to  customers in the	£m 22,923	insa three months £m	than six months £m 2,252	more than eno year Em	than three years £m	more than five years £m	more than len years £m 8,349	ten years £m	76,356
United Kingdom Corporate tending <sup>a</sup> Other landing to customers in the United Kingdom	22,923 3,784	these three months 2m 13,569	than six months &m 2,252	more than one year £m 2.850	than three years £m 7,562	more than five years £m  6,498  7,459	more than len years £m 8,349	ten years £m 10,342 44,501	76,356 94,162
United Kingdom Corporate tending <sup>a</sup> Other lending to customers in the United Kingdom Total United Kingdom	22,923 3,784 26,707	these three months 2m 13,569 4,427 17,896	than six months £m 2,252 2,110 4,972	more than one year 2,850	than three years £m 7.562	8,498 6,498 5,459	more than ten years £m 8,349 16,358 24,707	10,342 44,501 54,843	76,356 94,162 170,518
United Kingdom Corporate tending a Other lending to customers in the United Kingdom Total United Kingdom Other European Union	22,923 3,784 26,707 2,137	them three months £m  13,569  4,427 17,896 6,254	than six months &m 2,252 2,110 4,972 1,744	2,850	than three years fm 7,562 11,937 19,493 4,783	8,498 7,458 15,958 4,297	8,349 16,358 24,707 6,865	10,342 44,501 54,843 14,681	76,356 94,162 170,518 43,430
United Kingdom Corporate tending ** Other landing to customers in the United Kingdom Total United Kingdom Other European Union United States	22,923 3,784 26,707 2,137 2,489	then three months 2m 13,569 4,427 17,896 6,254 11,630	2,252 2,110 4,872 1,689	2,850 3,586 6,436 2,869 3,402	than three years £m 7.562 11,937 19,493 4,783 1,949	8,499 	Rore than len years £m 8,349 16,358 24,707 6,565 1,464	10,342 44,501 54,843 14,681 1,183	76,356 94,162 170,518 43,430 25,677
United Kingdom Corporate tending a Other lending to customers in the United Kingdom Total United Kingdom Other European Union United States Africa	22,923 3,784 26,707 2,137 2,488 2,575	13,569 4,427 17,896 6,254 11,630 2,471	2,252 2,110 4,972 1,589 1,272	## 2.850  3.586  6.436 2.869 3.402 2.177	7,562 11,937 19,493 4,783 1,949 5,212	7,459 15,958 4,397 1,871 4,177	7,000 more than len years £m 8,349 more than 16,358 24,707 6,665 1,464 3,655	10,342 44,501 54,843 14,681 1,183 10,262	76,356 94,162 170,518 43,430 25,677 31,681
United Kingdom Comporate tending ** Other landing to customers in the United Kingdom Total United Kingdom Other European Union United States	22,923 3,784 26,707 2,137 2,489	then three months 2m 13,569 4,427 17,896 6,254 11,630	2,252 2,110 4,872 1,689	2,850 3,586 6,436 2,869 3,402	than three years £m 7.562 11,937 19,493 4,783 1,949	8,499 	Rore than len years £m 8,349 16,358 24,707 6,565 1,464	10,342 44,501 54,843 14,681 1,183 10,252 1,438	76,356 94,162 170,518 43,430 25,677

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

·	A9 % of assets	Total £m	Banks and other financial institutions £m	Governments and olficial institutions Em	Commercial industrial and other private sactors
At 31st December 2007 United States	2.1	26,249	7,151	6	19.092
At 31st December 2083 United States	1.7	16,579	7,307	89	8,183
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

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

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

			2		006 2035 <u>Em E</u> m	
Off-balance sheet exposures Contingent liabilities Commitments On-balance sheet exposures Trading portfolio assets Financial assets designated at fair value held on own account Derivative incarcial instruments Available for sale financial investments			192, 193, 56, 248,	691 177,0 629 31,1	504 203,785 867 155,725 798 12,904 353 136,825	A
Table 14: Notional principal amounts of credit derivatives as at 31st December		[-	200		006 2005 Err Em	
Credit derivatives held or issued for trading purposes <sup>a</sup>					48 609,381	.   41
Total			2,472,24	9 1,224,	48 609,381	
Table 15: Credit risk loans summary		•				
•	<u></u>	,]	FRS		UK GAAP	: }
At 31st December	2007 £m	2006 <b>£</b> m	2005 £m	2004 <sup>b</sup> £m	2009 £m	
Impaired leans <sup>c</sup> Non-accruing leans Accruing leans where interest is being suspended with or without provisions Other accruing leans against which provisions have been made Subtotal	8,574 n/a n/a n/a 8,574	4,444 n/a n/a n/a n/a 4,444	4,550 n/a n/a n/a 4,550	n/a 2,115 492 943 3,560	n/a 2,261 629 821 3,711	
Accruing learns which are contractually overdue 90 days of more as to principal or interest Impaired and restructured learns	794 273	598 46	609 51	550 15	590 4	1
Credit risk loans	9,641	5,088	5.210	4.115	4,305	
	<u></u>					

- Notes
  a Includes credit derivatives hold as economic hedges which are not designated as hedges for accounting purposes.
- 2004 does not relicct the application of IAS 32, IAS 39 and IFPS 4 which became effective from 1st January 2005.
- Includes 23,344m of ABS CDO Super Senior exposures.

102

Table 16: Credit risk loans

•		IFA8			UK GAAP
k 31st December	20	)7 2006 m €m		20048 2m	2005 \$m
W A fet s-confilled		.,	4,311		5111
mpaired loaner <sup>b</sup>					
Inited Kingdom	3.6			r/a	ਜ਼/ਬ
Other European Union		72 410		r/a	n/a
hilled States	3,7			r/a.	n/a
drica		57 538		r/a	n/a
lest of the World		37 30	179	r/a	n/a
otal	8,5	74 4,444	4,650	г/а	u/s
lon-accrual logger					
Irited Kingdom	5	la nia	r√a.	1,509	1.572
Other European Union	ç	la nia	r√a	243	143
Inited States	ī	ta nta	r√a.	258	383
drica · · · · · · · · · · · · · · · · · · ·	1	la n/a	n/a	74	86
lest of the World		ia nia	r√a.	31	77
otal		la nia	. r√a	2,115	2,261
corving loans where interest is being suspended with or without provisions:	<u>'</u>	· · · · · · · · · · · · · · · · · · ·	. IVA	£1113	2,201
inited Kinddou		is nia	n/a	323 -	658
Miter European Union		ia nia		323	
Irlea		ia nia		21	28
lest of the World		≀a sve ∕a n/ê		117	37 4
otal		la tVs		492	
		id tes	тра	492	629
Wher accruing loans against which provisions have been made:					
Inited Kingdom  Wher Furnheam Linium		/a n/a		865	760
		/a n/e		27	38
Mitted States		√a π/a		26	<u></u>
Mrica		/a π/a		21	22
Rest of the World	<u></u>	ta nta	n/a		4
ola!		la rife	- n/a.	943	821
Accruing loans which are contractually overdue 90 days or more as to principal or interest:	1			į	
Intted Kingdom	1 6	76 516	539	513	566
Ahor European Union		79 58		34	24
Inited States		10 3		1	
Mrka	1	29 21	17	1	-
Rest of the World	<u></u> .				<u> </u>
'otal		94 598	509	550	590
mpalred and restructured loans:	}				i
Joited Kingclam		79 -	- 5	2	4
Aher European Union	1	14 10		- :	; -
Inited States	1	aa 22		13	-
Africa	Į.,	<u>42 14</u>	23		
Gotal :	1 2	73 46	51	15	4
otal credit risk loans:	ļ				
Snited Kingdom	4.4	60 3,866	3,509	3.212	3,461
Other European Union		65 478		335	231
Inited States	3,7			293	383
Virica		28 570		117	145
Rest of the World	}}	37 30		153	85
Credit risk Igans	₩ 9,8				4,305

103

UW\_Barclays\_000068727

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

b Includes £3,344m of ABS CDO Super Serior Exposures.

Table 17: Potential problem loans

2095 2004 <sup>3</sup> Ωτι Σιπ	2003 £m
	; <u>zm</u>
640 658 26 32 12 27 248 67 3 14	989 23 259 53
929 793	1,327
	929 793

Interest income that would have been recognised under the original contractual terms. United Kingdom
Rest of the World
Total 304 356 431

hiterest income of approximately 1480/2006: (28) 2005: (29) from such loans was included in profit, of which (28) (2005 (49)) 2005: (20) related to domestic lending and the retrainder related to foreign lending. In addition, a further (1130)/2006: (980)/2005: (20) was recognised arising from impaired foans. 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. (2007) (2006): (2007) (200

Table 19: Analysis of Impairment/provision charges

	UK 	
At S1st December	2007 2006 2005 2004 <sup>h</sup> 2003 Em Su Sa Sa Sa Sa	
Impairment chargeinet specific provisions charge United Kingdom Other European Union United States Africa Rest of the World	1,593 1,880 1,382 1,021 1 1,132 123 92 75 102 37 37 374 12 76 57 84 214 143 37 27 21 2 (53) 4 103 1 48	1-17
Impairment on tonns and advances Impairment on evailable for safe assets	2,306 2,974 1,574 i/a r./a 13 86 4 n/a r/a	
Impairment charge	2.319 2,160 1,578 n/a n/a	LA
Total net specific provisions charge General provisions (release)/charge Other credit provisions charge/(release)	n/a n/a n/a 1,310 1,320 n/a n/a n/a (206) 27 476 (6) (7) (11) -	
impalrment/provision charges	2,795 2,754 1,571 1,093 1,347	-
Notes		)

104

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

Includes £951re of ABS CDO Super Senior and SIV-Blos exposures.

Yable 20: impairment/provisions charges ratios ('Loan loss ratios')

	_		IFR\$		UK GAAP		
		2007 %	2006 %	2005 %	2004 <sup>R</sup> %	2003	
Impairment/provisions charges as a percentage of average loans and advances for the year:							
Specific provisions charge		/ n/a	n/a	n/a	0.40	0.46	
General provisions charge	25	f nla	n/a	r√a	(0.07)	0.01	
Impairment charge	E	0.64	0.66	0.58	n/a	n/a	
Total		0.54	0.66	0.58	0.33	0.47	
Amounts written off (net of recoveries)		0.49	0.61	0.50	0.40	0,48	
		<u></u>				—— j	

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

2007   2006   2005   2004 8   2003	•		18	RS .	UK GAAP	
Impairment allowance/Specific provisions   2,526   2,477   2,288   1,683   1,856   1	•	2007	2006	2005	2004 8	2003
United Kingdom     2,526     2,477     2,288     1,683     1,856       Other European Union     344     311     224     149     97       United States     356     100     130     185     121       Airica     514     447     647     70     79       Hest of the World     32     30     123     90     80       Specific provision balances     n/a     n/a     n/a     2,147     2,233       Allowance for impairment provision balances     3,772     3,335     3,450     2,711     3,029		2m	£m	£m	Sm .	£m
Char European United   344   311   284   149   97						
United States 356 100 130 165 121 Africa 514 417 647 70 79 Rest of the World 92 30 123 90 80 80 80 80 80 80 80 80 80 80 80 80 80		2,526	2,477	2,268	1,683	1,856
Airica		344	311	284	149	97 1
Hest of the World   32 30 123 90 80		356	100	130	1 <i>6</i> 5	121 ( {\)
Specific provision balances   n/a n/a n/a n/a 2,147 2,233		£ 514	417	647	70	79
General provision balances         n/a         n/a         564         795           Allowance for Impairment provision balances         3,772         3,335         3,450         2,711         3,082	Rest of the World	. <del>∤</del> 32	30	123	90	80
Allowance for Impairment provision balances 3,772 3,335 3,450 2,711 3,022	Specific provision bakiness	ri/ā	n/s	n/a	2,147	2,233
		r/a_r/a_	n/a	n/a	564	795 / A
Average loans and advances for the year 367.853 313,614 271,421 328,134 285,963		3,772	3,335	3,450	2,711	3,0282 14
	Average loans and advances for the year	367.853	313,614	271,421	328,134	285,963

Table 22: Allowance for impairment/provision balance ratios

•	IFRS				UK GAAP	
· ·	2907	2006	2005	2004 2	2003	
	76	%	%	%	%	
Allowance for Impairment/provision balance at end of year as a percentage of loans and advances at end of						
year:					`	1
Specillo provision balances	n/a	n/a	เปล	0.62	6.77	13
General provision balances	n/a	IV Œ	വ/ല	0.16	0.27	+K
Impairment balance	0.97	1.05	1.14	n√a	n/a	م مت-۱
Totai	0.97	1.05	1.14	0.76	1,04	j
						j
Notes						-

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

Barclays 105

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

	Λ.		IFRS			UK GAAP
	The state of the s	2507 žm	2006 Žm	2005 	2004 <sup>a</sup>	2003 Cert
Allowance for impairment/provision balance at beginning of year	i i	3,335	3,450	2,637	2,946	2,998
Acquisitions and disposals	ì	(73)	(23)	555	21	62
Unwind of discount	1	(113)	(98)	(76)	n/a	n/a \
Exchange and other adjustments	j	53	(153)	125	(33)	(18)
Amounts written off	}	(1.863)	(2,174)	(1.587)		(1.474)
Recoveries	1	227	259	222	255	113
Impairment/provision charged against profit <sup>b</sup>		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
· · · · · · · · · · · · · · · · · · ·						——— į

#### Table 24: Amounts written off

			#FRS			UK GAAP
		2007	2006	2005	2004 %	2003
	\-\ <u>\</u>	2m	£m	£m	£m ·	<u> </u>
United Kingdom	X	(1,530)	(1,746)	(1.302)	(1,280)	(1,175)
Other European Union	į.	(143)	(74)	(56)	(63)	(54)
United States	<b>1</b>	(145)	(46)	(143)	(63) (50)	(215) }
Africa:	. a i	(145)	(264)	(81)	(15)	(13)
Rest of the World			(44)	(5)	(174)	(17)
Amounts written off	1-4	(1,953)	(2,174)	(1,587)	(1,582)	(1,474)

#### Table 25: Recoveries

			<u>. u</u>	FRS		UK GAAP
•	^	2097	2006	2005	2004 <sup>a</sup>	2003
		<u> </u>	<u></u>	£m	<u>_£m</u>	<u>£m</u>
United Kingdom		154	178	160	217	95 \
Other European Union		32	18	13	9	7
United States		\ 7	22	15	14	10
Africa .		34	33	16	4	1
Rest of the World	A	<u>-</u>	<u> 8</u>	18	11	
Recoveries	1/2-	227	259	222	255	113
	•	~				

- Notes

  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 impainment of available for sale assets or other credit risk provisions.

106

Table 26: Impairment allowances/provision charged against profit

				LK GAAP	
· · · · · · · · · · · · · · · · · · ·	2007 <u>£</u> m	2096 <u>Em</u>	2005 £m	2004 <sup>2</sup> £m	. 2003 £m
New and increased impaliment allowance/specific provision charge: United Kingdom Other European Union United States Africa Assi of the World	1,950 192 431 268 29	2,253 182 60 209 18	1,763 113 105 109 39	1,358 131 35 47	1,373 57 118 33 47
Reversals of impalment allowance/specific provision charge;	2,871	2,722	2,129	1,755	1.628
United Kingdom Other European Union United States	(213) (37) (50)	(195) (72) (26)	(221) (25) (14)	(120) (20) (14)	(146) (13) (24)
Africa Rest of the World	(20)	(33) (63)	(56) (17)	(16) (20)	(1C) (2)
Récoveries	(338) (227)	(389) (259)	(222) (333)	(198) (256)	(195)
Net impairment allowance/specific pravision charge <sup>b</sup> General provision (release)/charge	2,305 n/a	2,074 n/a	1,674 n/a	1,310 (206)	1,320
Net charge to profit	2,306	2,074	1,574	1.104	1,347

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

		IFRS					
	2007 £m	2006 £m	2005 £m	2004 <sup>6</sup> ‡	2003 Em		
United Kingdom:	A-4:-					`	
Financial services	f 32	64	22	(1)	13	ļ	
Agriculture, forestry and fishing	f	5	9	- :	(3) 79	İ	
Manufacturing	į 72	1	120	28 ;	79	1	
Construction	j 14	17	14	10 ;	(23)	10	
Property	/ 36	15	18	(42)	(3) 18	7	
Energy and water	J 1	(7)	j	3 ;	15	1	
Wholesate and retail distribution and lelaure	118	88	39	66	38	·}	
Transport	3	19	(27)	(19)	100	[	
Postal and communication	1 15	15	.3	(0)	_1	İ	
Business and other services	81	133	45	64	76	1	
-Home loans	1	- 600	(7)	17	_9	1	
Other personal	រុំ 1,187	1,526	1,142	894	757	į.	
Overseas customers <sup>c</sup>	# -	_	_	- :	66	ì	
Finance loase receivables	33		3_	2	ย_	ハー	
Overseas	1,593 713	1,830 194	1,382 102	1,021 289	1,132	10	
Impairment/apocific provision charges o	2,306	2,074	1,574	1,310 ;	1,320	1	

The category 'other personal' now includes credit cards, personal loans, second ilens 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 foun 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 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.
- Oversegs outsomers are now classified as part of other industry segments.

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

			$\leq C$		rs 🥕	<u>, )                                   </u>	<u>_</u>	7	UK_C	PAAR
	ري (	07	/209	16	. 200	5 <del>万</del>	/ C80	040	ζ,	er3 >
	£m	1%		1%	£m	7%	2m	/%	£m	<del>~</del> .
United Kingdom: Financial services	103	2.7	67	2.0	26	0.8	] 7	0.3	12	0.5
Agriculture, forestry and lishing Manufacturing Construction	5 55 16	0.1 1.7 0.4	17 85 16	0.5 2.5 0.5	12 81 13	0,3 5.2 0.4	37	0.2 1.7 0.3	5 58	
Properly Energy and water	54	1,4	26	0.8	24 18	0.7	25 23	1.2	7 3 27	
Wholesale and retail distribution and leisure Transport	102	0.3	81 24	2.4 0.7	99 32	2.9 0.9	70 55	3.3 2.8	52 108	2.3 4.6
Postal and ocumunication Business and other services Home loans	25 158 15	0.7 4.2 0.4;	12 166 10	0.4 5.6 0.3	2 102 50	9.0 1.4	13 105 56	0.6 4.9 2.7	15 121 55	0.7 5.4 2.5
Other personal b	1,915	50.8	1,950	58.6	863.	49.2	,205	58.9	1,359	60.9
Oversees customers <sup>c</sup> Finance lease receivables	\$	1 1,5	-/		( -	\a.d	1	0.7	24 15	137
Qverseës	2.526 1,246	33.3	2,477 858	25.7	2,266 1.184	65.7 3 <u>4.</u> 3	1,68 <b>3</b> 454	78.4 21.6	1,856 377	83,1
Total	(3,772	[60.0]	3,333	100,03	€,450γ	ng da	2. 47	100.0) (	2733	700.0
See note under Table 27.	X	72	*	$\mathcal{D}$	XI	72	14	2	*	<b>3</b> .

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

•	_	Amounts written off for th							s previou	sly written off	
	-			RS		UK GAAP		<u>IF</u>	PS		UK GAAP
		2007	2006		2004	2003	2007	2006	2005	2004	2003
United Kingcforn:		£m	£m	£m	<u>£</u> m	<u>£m</u>	£m	£m	£m	£m_	<del>En</del>
inancial services	/		13	2	7	14			1	•	12
Agriculture, forestry and fishing	f	Š	8	3	2	! <u>'</u> [	۰		·	1	· " }-
Manufacturing	- 1	83	73	47	79	l 126 I	7	21	11	30	8
Construction	Í	23	17	15	13	19	3	2	1	2	14
<sup>o</sup> roperty	- 1	16	23		2	5 5	10	6	1	63 .	1 1
Energy and weter	f	-	• 1	22	9	15	-	2	-	2	-
Wholesale and relaif distribution and leisure	1	189	120	85	55	45	12	14	25	7	5
ransport	}	13	11	29	44	5		1	10	15	1 ]
Tostal and communication	ļ	3		15	2	i _1 i	-	.=		1	- 1
Business and other services Home loans	- 1	83	124	83 2	96	58	22	17	14	16	11
	Ţ	1 104	F 251	992	19 948	11 790	1	7 107	4 92	5 65	i . 🔊 /
Other personal	- 1	1,104	1,351	992	340	1 ,an 1	96	107	92	55	38
Oversees cusiomers b	l	-	-	-	-	82	-	-	_	-	- /
inance lease receivables	<u> </u>	24	_	3	4	4		_	1	1	
	1	1.530				1,175	154	178	160	217	95 i
Overseas	$\overline{}$	433	428	285	302	299	73	81	62	38	18/
rotal	····	1,963	2,174	1,587	1,582	1,474	227	259	222	255	118
See note under Table 27.											
							٧)				
							14				

108

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

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

#### Directors' report

#### Directors' report

#### Profit Attributable

The profit altributable to equity shareholders of Barclays PLC for the year amounted to £4.417m compared with £4.57 jp/in 2006.

#### Dividonda

The final dividends for the year extended 31st December 2007 of 22.50 per oxinary share of 25p each and 100 per staff share of 21 each have been agreed by the Directors. The final dividends will be paid on 25th April 2008 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 March 2008 and in respect of the staff shares so registered on 31st December 2007, with the interim dividends of 115 per ordinary share and of 10b per staff sharp that were paid on 15t December 2007, the total distribution for 2007 is (4.05) 2006; (21.05) per ordinary share and 200 (2006; (20)) per staff share. The dividends for the year absorb a total of 122500 (2006; (1.975)).

# Dividend Reinvestment Pien

Ordinary shareholders may have their dividends reinvested in Barciays 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 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 mandate form should contact The Plan Administrator to Barclays at Aspect House, Spencer Hoad, Landing BNS9 60A. Those wishing to participate for the first time in the pian should cond their completed mandate form to The Flan 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 after their current mandato instructions, in which case they should contact The Plan Administrator.

During the year Barclays PLC purchased in the market for cancellation 239.547.510 of its ordinary shares of 25p each, at a total cost of C1.802.173,355 yn outer to minim set the diutive effect on existing shares to Temasek Holdings and China Development Bank. Those transactions represent 4.57 of the issued etial or capital at 31st December 200.4 at 27th Eabard 200.6 footbase procedure in the instructions and China Development Bank. Those transactions represent 4.57 of the issued etial or capital at 31st December 200.6 footbase procedure the date for inclusion in 2007. As at 27th Februari 2008 (the latest practicable date for inclusion in this report), the Company had an unexpired authority to repurchase shares up to a maximum of 645. I million ordinary chares.

Annual Report 2007

Barclavs

114

The issued ordinary share capital washincreased by 65.5m ordinary shares during the year as a result of the exercise of options under the Sharesave and Executive Stare Option Schemes. At 31st December 2007 the Issued ordinary share capital totalled (5,600, 181,801) 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 269 270, contain the following detaits, which are incorporated into this report by

- The structure of the Company's oppital, 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.
- Reles that the Company has about the appointment and removal of Directors or amandments to the Company's Articles of Association.

Employee Senetil Trusts ("EBTs") operate in connection with certain of the Group's Employed Share Plans ('Plans'). The Trustees of the EBTs may 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 132.

#### Substantial Shareholdings

As at 27th Fobruary 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 charos:

China Development Bank (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 Compeny had been notified that Lloyds TSB Group Plaineld 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 Sank FLC is identical and biographical details of the Board members are set out on pages 112 and 113.

Chris Lucas joined the Board as Group Finance Director on 1st April 2007 and Nagulb 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 Str Michael Rake were appointed as non-executive 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 In accordance who as Annaes of resolution, one mind download own) of the Directors of Barcilays PLC are required to retire by retailor at each Annual General Mealing (AGM), together with Directors appointed by the Board since the last AGM. The religing Directors are eligible to stand for re-clection, in addition, the UK Combined Code on Corporate Governance (the Cade), recommends that every Director should seek re-election by sharelinklers at least every three years.

#### Corporate governance

#### Remuneration report

The Committee reviews the elements of romaneration 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 banchmarking 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 lorough 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 renuncration (satary, annual performance bonus, ESAS and PSP), satary made up a maximum of 30% of the 2007 renuncration 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 inclusivy. The renating 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 remulteration for executive Directors is summarised in the table below and discussed in greater detail in the sections that tollow.

Remuneration element	Purpose	Delivery	Programme detail
Bese selecy	To reliect the market value of the individual and their role	<ul><li>Cash</li><li>Monihiy</li><li>Pensionable</li></ul>	<ul> <li>Reviewed annually, with changes typically effective on 1st April</li> </ul>
Annual performance bonus and ESAS	To incentivise the delivery of annual goals at the Group, business division and individual levels	Typically 75% cash <sup>a</sup> Typically 25% defered Barclays shares under ESAS Annual Non-pensionable	
PSP <sup>b</sup>	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	<ul> <li>Participation reviewer annually</li> <li>Barclays performance over three years dotermines the number of performance</li> </ul>
Pension <sup>c</sup>	To provide market competitive post-relirement bonofit	Defened cash or cash allowance     Monthly	Non-contributory, defined benefit scheme and/or defined contribution scheme, or each 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 £750,000 (inclusive of Director's fees). He is also eligible for private health Insurance. The michmum time commitment is equivalent to 50% of a full time rote, Marcus Agius is not eligible to perticipate in Barclays bonus and share incentive plans, nor will he participate in Barclays penalon 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 succeaded 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 133.

#### Base Salary

The annual base salaries for the current executive Directors are shown in the table below:

		3	<del>-</del>
			<ul> <li>Date of</li> </ul>
	As at	As at ;	provious
	31st Dec 2007	1st April 2003 (	increase
John Varley	£1,000,000	21,100,000	1st Apr 2007
Robert E Diamond Jr	£250,000	2250,000	1st Mar 1899
Gary Holfman	2625,000	£625,000	1st Apr 2006
Fals Seegers	£700,000	£700,000	n/a
Chris Lucas	000,0002	2650,000	i nia

In respect of John Varley and Chris Lucas, having regard to the texels 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 bornus to which they would otherwise become cutilitied, be granted in the form of an additional award under ESAS or as a pension contribution by way of Special Company Contribution (Sonus Sacrifice). For 2007 Robert E Diamond of received 43% of his annual borus in cash and 57% as a recommendation for an award of Barclays shares under Mandalory ESAS.
- Please refer to Note 44 to the accounts for further information on PSP.
- Please refer to Note 39 to the accounts for further information on the Group's pension plans.

130

Bardays Annual Report 2007

UW\_Barclays\_000068734

#### Companie 2007 Annual Remuneration<sup>a</sup> Safary and Annua: 2907 cash 2006 Benefits<sup>b</sup> foos £000 Total Total £000 2000 £000 Group Chairman Marcus Agius<sup>c</sup> 750 751 22 Executive Directors 975 18 1.426 2418 John Varley<sup>d</sup> 2.516 25014 6,600 6,764 Robert E Diamond Jrda 10.692 625 15 506 1,146 Gary Hoffmand 1.108 450 135 450 1.035 Chris Lucasi . \_ 70D 199 1.313 2.212 Frits Seegers 1.0 1,639 Non-executive Directorsh 48 David Books! 43 Sir Richard Broadbent 180 147 160 Leigh Clifford Fulvio Conti 80 76 85 217 54 326 83 Dr Danie Cronjé 217 Professor Dame Sandra Dawson 85 100 81 95 65 Sir Androw Likiemaan 100 Sir Nigel Rudd 200 200 200 Stephen Russell 145 145 137 Sir John Sunderland 95 81 Former Director 175 43B 44 Naguib Kheraj<sup>6,j</sup> 657 2,565

Forthcoming ESAS and PSP awardsk

	Mendatory ESAS - 2007 results 2000	Merch 2008 PSP — value of shares under initial allocation 2000	Mandatory ESAS – 2006 results 2000	March 2007 PSP - value of shares under initial allocation £000
Executive Directors				
John Variey	51B	1,200	599	1,200
Robert E Diamond Jet	11,375	3,008	4,518	6,850
Gary Hoffman	219	625	203	625
Chris Lucas	195	500	_	600
Fitte Seegers	569	1,600	520	1,000

eferals 0000

.....

#### Notes

- a Emplements include amounts, if any, payable by subsidiary undertakings. Amounts payable to Dr Dante Gronjé include an amount of ZAR 1,926,400 (£136,774) in respect of his Chairmanship of Absa Group Limited from which he retired on 31st July 2007 (2006; ZAR3,114,800 (£249 829)).
- b 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 cash equivalent, medical insurance and tax advice. Benefits are provided on similar terms to other section executives. No Director has an expense allowance.
- c Marcus Agius was appointed as a non-executive Director on 1st September 2006 and as Group Chairman from 1st January 2007.
- In 2007 John Valley was a Director of Ascot Authority (Holdings) Limited (Directorship ceased on 31st December 2007) and British Grotux Invasiments Limited for which he received fass of 220,085 and 27,613 respectively (2006; 228,000 and 27,500 respectively). John Varley is a non-executive Director of AstraZensos pic for which he received toes of 256,488 in 2007 (2006; 221,075), John Varley is also a member of the International Advisory Panel of the Monotarry Authority of Singapore for which he received fees of US\$10,000 in 2007 (2008; US\$10,000). John Varley is Chairman of Business Action on Ho notessness and President of the Employers' Forum on Disability for which he receives no fees. Robert & Diamond Jr is Chairman of Old Vic Productions pic for which the received no fees in 2007. Gary Holiman is a Director of Visa (Europe) Limited and Visa (International) Limited for which he receives no fees. Gary Holiman is also a Director of Trinity Minror pic for which he received fees of 252,754 in 2007 (2008; 250,000). During the course of risk Oirectorship Naguir Kheraj vas a member of the Board of Governors of the Institute of Ismalli Studies and Chairman of the Mational Committee of the Aga Khan Foundation for which he received no foes in 2007. Neg Jib Kheraj (up to 31st March 2007) and Frits Seegers are non-executive Directors of Absa Group Limited and Absa Bars Limited. They have both varied of their fees, which were paid to Bardays. Their respective fees in 2007 were ZAR135,533 (£9,694) and ZAR169,900 (£33,363) (2008; ZAR1425,100 (£34,096) and ZAR76,400 (£6,648) respectively).
- The remuneration for 2007 for Pobert E Diamond 3r was based on the performance of Berdays Group, Bardays Capitel, Berdays Global Investors and Bardays Wealth, 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 harking and investment management industry.
- f Chris Lucas was appointed as an executive Director with offect from 1st April 2007. In addition to the amount shown in the "Salary and fees" column above. Chris Lucas received an award under ESAS in recognition of lorigited composation from his previous employment. Bonus where 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 (feetinate k on this page provides further information). Chris Lucas received an allowance of 25% of base salary (£112,500) in lice of pension contributions. This amount is included in the column for 'Benefits' in the table above.

Executive Directors: illustration of change in value of Barolays PLC shares owned beneficially, or held under option or awarded under employee sharo plans as at 31st December 2007<sup>a</sup>

		<u>, , , , , , , , , , , , , , , , , , , </u>	lumber at 3	ist Dacen	nber 2007	,		Notional	Notional	ı	
	Shares			Executive Share Option				value based value cn share price of		Chanco la	
	owned beneficially <sup>b</sup>	ESASC	₽\$₽ <sup>d</sup>	Scheme (ESOS) <sup>6</sup>		Sharesave	Total	£7.30 <sup>1</sup> £000	£5,049 £000	value	
Executive Directors John Variey Robert E Diamond Jr	470,650 3,402,192	344,711 4,863,749			920,490 560,000		2,198,502 10,681,276		7,056 50,942		<b>\</b>
Gary Hoffman Chris Lucas Fills Seegers	431,761 38,003 699,870	274,402 69,091 231,383	82,910		540,000 	0.000	193,642	1,382	5,187 953 6,177	(424)	FE
Mates											<i>}</i>

- Notes a Under PSP, ESAS, ISOP, ESCS and Shareaavo, nothing was paid by the participants on the grant of options or cwards.
- The number shows includes shares held under Sharepurchase. b
- ESAS includes the maximum potential 30% boots share element where applicable, and any voluntary ESAS awards,
- The number of shares shown represents the initial allocation of shares.
- 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 2005. The notional value for Chris Lucas is based on a share price of \$7.25, which was the share price as at 2nd April 2007, the first working day after the was appointed executive Director.
- 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 27.90 and 94.775 respectively.