UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

IN RE BARCLAYS BANK PLC SECURITIES LITIGATION	Master File No. 1:09-cv-01989-PAC
	ECF Case
This Document Relates to: All Actions	

DECLARATION OF SOPHIA VONTA

I, Sophia Vonta, declare and state as follows:

1. I am a Managing Director in the Debt Capital Markets group within UBS's Investment Bank division. I submit this declaration in support of the Underwriter Defendants' Motion for Summary Judgment.

2. UBS Securities LLC ("UBS") served as an underwriter and joint lead underwriter in connection with the April 2008 offering by Barclays Bank Plc ("Barclays") of $2.5 billion of 8.125% non-cumulative callable dollar preference shares, Series 5 (the "Series 5 Offering"). At the time of the Series 5 Offering, I served as a Director in Debt Capital Markets at UBS. The facts set forth herein are based on my personal knowledge and review of relevant information relating to UBS's role as an underwriter in the Series 5 Offering, and are true and correct to the best of my recollection.

3. UBS provides investment banking services. UBS offers equity and debt private placements, corporate financing, and valuation advisory services.

I. UBS Has a Longstanding Relationship with Barclays

4. Prior to the Series 5 Offering, UBS participated in and performed due diligence in connection with the following offerings conducted by Barclays:

- an offering of 100,000 US Dollar 6.278% non-cumulative callable preference shares of $100 each in June 2005 (the "Series 1 Offering");
- an offering of 30 million US Dollar 6.625% non-cumulative callable preference shares of $25 each in April 2006 (the "Series 2 Offering");
- an offering of 55 million US Dollar 7.1% non-cumulative callable preference shares of $25 each in September 2007 (the "Series 3 Offering");
- an offering of 46 million US Dollar 7.75% non-cumulative callable preference shares of $25 each in December 2007 (the "Series 4 Offering");

5. UBS employed an internal approval process in connection with both the Series 3 Offering and Series 4 Offering. UBS's participation in those offerings was contingent on approval from its Debt Capital Markets New Business Committee ("DCM NBC"). UBS received approval from its DCM NBC to participate in the Series 3 Offering and Series 4 Offering. Attached hereto as Exhibit 1 is a true and correct copy made and kept in the regular course of business at UBS of an August 30, 2007 e-mail attaching UBS's DCM NBC submission in connection with the Series 3 Offering, on which I am included as a recipient. Attached hereto as Exhibit 2 is a true and correct copy made and kept in the regular course of business at UBS of an November 27, 2007 e-mail attaching UBS's DCM NBC submission in connection with the Series 4 Offering, on which I am included as a recipient.

6. In addition to the due diligence performed in connection with the transactions listed above, UBS conducts, and conducted at the time of the Series 5 Offering, regular and continuous due diligence on Barclays and its business. The nature of this continuous due diligence includes, for example, examining periodic and other filings made by Barclays with the SEC, monitoring media reports, market alerts and news reports relating to Barclays and reviewing credit agency reports covering Barclays.

7. UBS's due diligence in connection with the Series 5 Offering drew upon and was informed by its due diligence in connection with these prior offerings by Barclays and its continuous due diligence of Barclays.

8. For example, in connection with the Series 4 Offering, UBS conducted due diligence concerning Barclays' capital adequacy and exposure to sub-prime related assets. Attached hereto as Exhibit 3 is a true and correct copy made and kept in the regular course of business at UBS of a November 27, 2007 e-mail from me to numerous colleagues involved in the Series 4 offering discussing, among other things, Barclays' capital adequacy. Attached to the e-mail is a copy of Barclays' November 15, 2007 announcement of writedowns on sub-prime related assets. This announcement was reviewed by UBS in advance of the Series 4 Offering.

II. Due Diligence Performed by UBS in Connection with the Series 5 Offering

9. Citigroup Global Markets Inc. ("Citi") served as the lead underwriter in connection with the Series 5 Offering. Consistent with industry practice, Citi performed certain due diligence in connection with the Series 5 Offering on behalf of the underwriting syndicate, including UBS. UBS paid careful attention to the due diligence performed by Citi in connection with the Series 5 Offering and at no point had any reason to believe that the due diligence performed by Citi was inadequate, nor did it have any reason to believe that additional due diligence was necessary. In addition, UBS independently undertook its own due diligence efforts in connection with the Series 5 Offering. These independent due diligence efforts are described below.

10. In addition to Citi, UBS's due diligence efforts in connection with the Series 5 Offering were undertaken in collaboration with numerous other parties familiar with Barclays and its business. These other parties included Linklaters LLP

("Linklaters"), who served as designated counsel to the underwriters; Sullivan & Cromwell LLP ("S&C"), who served as United States counsel to Barclays; Clifford Chance LLP ("Clifford Chance"), who served as English counsel to Barclays; PricewaterhouseCoopers LLP ("PwC"), who served as Barclays' independent auditors; and the other members of the underwriting syndicate management team. These underwriters included Barclays Capital Securities Limited ("BCSL"), Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch"), Wachovia Capital Markets, LLC ("Wachovia"), Morgan Stanley & Co., Incorporated ("Morgan Stanley"), RBC Dain Rauscher Incorporated ("RBC") and Banc of America Securities LLC ("Banc of America Securities").

11. UBS assembled a team of individuals familiar with Barclays and its business to participate in the Series 5 Offering. Below are the individuals at UBS who participated in the Series 5 Offering. The chart indicates in the columns labeled "Series 4" and "Series 3" whether each individual was also staffed on the Series 4 Offering and/or Series 3 Offering, respectively. UBS's staffing of the Series 5 Offering with personnel that worked on these prior offerings enhanced UBS's due diligence in connection with the Series 5 Offering, allowing UBS to more readily build upon its prior due diligence for purposes of the Series 5 Offering.

Name	Title	Series 4	Series 3
Debt Capital Markets			
Gary Abrahams	Managing Director	X	X
Ron Yanagi	Executive Director	X	X
Sophia Vonta	Director	X	X
Andrew Templeton	Analyst	X	X
US Syndicate			
John Corcoran	Managing Director	X	X

Name	Title	Series 4	Series 3
Shameika Wade	Associate Director	X	X
Capital Securities			
Vinod Vasan	Managing Director	X	X
Transactions Legal			
Glenn Goggins	Executive Director	X	X
Jason R. Norton	Director and Counsel		
Monica Meo	Director	X	X
Michael Altschuler	Director	X	X

12. UBS employed an internal approval process in connection with the Series 5 Offering. UBS's participation in the Series 5 Offering was contingent on approval from its DCM NBC. UBS's participation in the Series 5 Offering was approved by its DCM NBC. Attached hereto as Exhibit 4 is a true and correct copy made and kept in the regular course of business at UBS of an April 7, 2008 e-mail from me to several colleagues involved in the Series 5 Offering attaching a copy of UBS's DCM NBC submission for the Series 5 Offering.

13. UBS participated in each of the due diligence calls held in connection with the Series 5 Offering. These calls are listed below:

- an April 3, 2008 business due diligence call with representatives of Barclays' management team (the "Business Due Diligence Call");
- an April 3, 2008 accounting due diligence call with Barclays' auditors, PwC (the "Accounting Due Diligence Call");
- an April 8, 2008 pre-pricing bring down due diligence call with representatives of Barclays' management team (the "Pre-Pricing Due Diligence Call");
- an April 8, 2008 financial due diligence call with Jonathan Britton from Barclays (the "Financial Due Diligence Call");
- an April 11, 2008 pre-settlement bring down due diligence call with representatives of Barclays' management team (the "Pre-Settlement Due Diligence Call"); and

- an April 22, 2008, greenshoe pre-settlement bring down due diligence call with representatives of Barclays' management team (the "Greenshoe Pre-Settlement Due Diligence Call").

14. UBS was satisfied with the responses provided on each of the due diligence calls. None of the responses provided during the course of these due diligence calls caused UBS to believe that additional due diligence was necessary or that Barclays' public disclosures in connection with the Series 5 Offering were misleading or incomplete.

15. UBS reviewed interim and final drafts of the prospectus supplement (including the base prospectus) filed in connection with the Series 5 Offering and any documents incorporated by reference therein.

16. UBS reviewed and relied upon legal opinion letters provided by Linklaters, S&C and Clifford Chance to the Series 5 underwriters. These legal opinions included:

- An April 11, 2008 validity opinion provided by S&C;
- An April 11, 2008 disclosure opinion provided by S&C;
- An April 22, 2008 bring-down validity opinion letter provided by S&C;
- An April 11, 2008 disclosure opinion provided by Linklaters;
- An April 11, 2008 validity opinion provided by Linklaters;
- An April 22, 2008 bring-down validity opinion provided by Linklaters;
- An April 11, 2008 validity opinion provided by Clifford Chance;
- An April 11, 2008 tax opinion provided by Clifford Chance;
- An April 22, 2008 bring-down validity opinion provided by Clifford Chance; and
- An April 22, 2008 bring-down tax opinion provided by Clifford Chance.

17. UBS reviewed interim and final versions of the comfort letter and bring-down comfort letter provided by PwC in connection with the Series 5 Offering. These comfort letters provided SAS 72 comfort for Barclays' unaudited financials from January 1, 2008 through April 8, 2008.

18. PwC's comfort letter noted that Barclays' profits before tax ("PBT") for January and February 2008 had decreased by 9.4% as compared to the same period in 2007. It also noted that Barclays' PBT during the first three months of 2008 had declined as compared to the same period in 2007. UBS discussed this issue in advance of the Series 5 Offering and felt comfortable with the declines in Barclays' PBT in light of the fact that the decline was consistent with market expectations and appeared to be in line with declines in PBT at Barclays' peer financial institutions. Attached hereto as Exhibit 5 is a true and correct copy made and kept in the regular course of business at UBS of an April 8, 2008 e-mail from me to several colleagues involved in the Series 5 Offering discussing this issue.

19. UBS relied on PwC as to the accuracy of Barclays' 2007 audited financial statements, including its opinions as to the accuracy of the company's consolidated financial statements and the effectiveness of the company's internal control over financial reporting. UBS did not believe and had no reason to believe that the audited financial statements for 2007 were inaccurate or incomplete.

20. UBS relied on PwC with respect to the expertised portions of the Series 5 prospectus supplement, base prospectus and any documents incorporated by reference therein (the "Series 5 Offering Materials") and believed that the auditors' expertised statements were truthful and stated all material facts. With respect to non-expertised

portions of the Series 5 Offering Materials and based on its extensive knowledge of Barclays and the due diligence that it performed in connection with the Series 5 Offering, UBS believed that all other statements in the Series 5 Offering Materials were true and correct and did not omit to state a material fact.

21. UBS reviewed and relied upon an April 11, 2008 certification provided by Barclays' management team that stated, among other things, that Barclays' management had "carefully examined" the Series 5 Offering Materials and that they "did not include any untrue statement of a material fact and did not omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading." UBS also reviewed and relied upon an April 22, 2008 bring-down certification provided by Barclays' management team that reaffirmed the statements made in the April 11, 2008 certification.

22. I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on October 19, 2016 at London, United Kingdom.

Sophia Vonta

Message

From: Lee, Xenia [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=LEEXE]

Sent: 8/30/2007 3:04:29 PM

To: Vonta, Sophia [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=VONTASO]; Abrahams, Gary [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=ABRAHAG]; Templeton, Andrew [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=TEMPLEAN]; Soanes, David-IBD+ [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=SOANESD]; Cryan, John-IBD+ [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=CRYANJM]; Corcoran, John [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=CORCORJO]; Yanagi, Ron+ [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=YANAGRO]; Vasan, Vinod+ [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=VASANVI]; VanDerKnaap, Adriaan [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=VANDERAD]; Meo, Monica [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=MEOMO]; Goggins, Glenn [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=GOGGINGL]; Altschuler, Michael [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=ALTSCHMI]; Mezquida, Ivan [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=MEZQUIIV]; Corcoran, John [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=CORCORJO]; Laughton, Simon [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=LAUGHTSI]; Schlotter, Andreas [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=SCHLOTAN]

CC: DL-DCMG-NBC-US-IG [/O=UBS/OU=UBSAM-EX1/CN=RECIPIENTS/CN=DL-DCMG-NBC-US]; DL-dcmg-nbc-IG [/O=UBS/OU=UBSAM-EX1/CN=RECIPIENTS/CN=DL-DCMG-NBC-IG]

Subject: Barclays DCM NBC email, Thurs 30 Aug 07. EMAIL APPROVAL REQUIRED

Attachments: DCMNBC-Barclays Bank PLC, UK-30-Aug-2007.html; barclays-fitch6.pdf; barclays-moodys.pdf; barclays-s&p2.pdf; Beech - DD Accounting 08.17.07.pdf

DCM NBC approval is sought by email for this transaction. Please review the attached NBC form, ratings reports and acctg diligence questions

Can the following NBC members please respond to this email noting their approval for the transaction:

DCM Risk	Schlotter
DCM	Abrahams
CRC	Mezquida
Legal	Meo / Goggins
Syndicate	Corcoran
MRC	Kraus

IBD Please confirm that IBD have reviewed recent issuer disclosure and and are supportive of transaction. If any issues raised please inform the Deal Team

WMUS Please confirm your support for this transaction. Please let the Deal Team know if you have further questions

Capital Securities Please confirm that you are involved in the review of this transaction and that you are supportive. Please inform the Deal Team if any issues raised

DCM NBC approval is subject to the following conditions:
- Satisfactory due diligence
- Satisfactory documentation (i.e. disclosure, comfort letter, underwriting agreement, legal opinions, etc.)
- Conflict clearance and client onboarding
- CFI, Syndicate and MRC approval
- Pre-launch email notification

DCMNBC-Barclays Bank PLC, UK-3... barclays-fitch6.pdf barclays-moodys... barclays-s&p2.pdf

Beech - DD
Accounting 08.1...

UBS Debt Capital Markets New Business Committee (DCM NBC) Request

Issuer Name: Barclays Bank PLC, UK

Request No: 43284 **Opportunity Name:** BACR USDRET **Opportunity Code:** BARC-00127

NBC approval is always subject to positive conflict clearance and completion of KYC vetting process

NBC Workflow

Requested Meeting Type	Requested Meeting Date	Last NBC	Status
Initial			Pending Approval

NBC Details

Reason For NBC	Answer	Comments
New Client— Is this a new, or stale DCMG Client (for whom DCMG has not been, or approved as, lead manager in the last 24 months)?	No	We were a co-lead on their USD 1,500m LT2 in Mar-07 and EUR 1,500m LT2 in May-07
Rating of Issue is expected to be Baa2 or BBB or lower from any agency (or BBB+ from any Japanese domestic agency)?	No	Last preference share was rated (AA/Aa3/AA-)
Documentation (e.g., comfort letter, disclosure, legal opinions, underwriting agreement, etc.) is likely to be deficient or otherwise not in accordance with UBS standards?	No	To be confirmed by legal in the meeting
Diligence raised or may raise concerns from a Deal Team member (including IBD, CRC, Legal, or advisers)?	No	None raised so far, we will conduct business and accounting due diligence before announcement and bring down before launch
Reputation risk to UBS is possible? E.g. as to product, structure, issuer (including stakeholders), jurisdiction or target end-investors. Be aware of environmental, political and human rights concerns related to an issuer.	No	-
Emerging Markets—the issuer or underlying credit is not from a Qualified OECD jurisdiction (any OECD country with a foreign currency long-term debt rating of at least Aa3/AA- from two of Moody's, S&P and Fitch)?	No	-
Subordinated debt, preference shares, hybrid or a capital issue?	Yes	Preference shares (represented by ADS)
Bridge loan or other balance sheet exposure is likely to be required from UBS to get the mandate?	No	-
"Legal or Moral Commitment" by UBS (i.e. highly confident letter, commitment letter or firm underwriting)?	No	-
ABS transaction — other than a transaction where the structure and issuer is a repeat lead role for UBS within a 12 month period?	No	-
Liability Management (e.g. a tender or exchange offer or consent solicitation) other than routine open-market purchases?	No	-
Unusual tax, accounting, legal, regulatory or operational (listing, settlement or trading) features?	No	-

Deal Team

Deal Team Members		Deal Team & Others	
Project Director	Sophia Vonta	DCM	Gary Abrahams Andrew Templeton Sophia Vonta Ron Yanagi
Project Sponsor	Gary Abrahams	IBD	John Cryan David Soanes
DCM Deal Leader	Sophia Vonta	Legal	Monica Meo Glenn Goggins Michael Altschuler
Deal Team	Andrew Templeton David Soanes John Cryan John Corcoran Ron Yanagi	CRC	Ivan Mezquida
Additional Insiders		Syndicate	John Corcoran
Non-UBS Insiders		MRC	
		Compliance	Simon Laughton
		Ratings Advisory	

Client Information

Client Name	Barclays Bank PLC, UK	Primary Coverage Banker	John Cryan
Parent Company	Barclays Bank PLC (P), UK	DCMG Primary Coverage	Gary Abrahams
DCMG ABS Lead	Matthew Froggatt	DCMG Derivatives Lead	Gary Abrahams
DCMG Origination Lead	Gary Abrahams		
Region	EMEA		
DCMG Priority	Gold B 1	DCMG Sector	FIG

UBS / Issuer Relationship	GOLD B1	**Participation in Related Credit Facilities**	

Expected Ratings of Transaction

Corporate Ratings of Issuer	**S&P:**	AA	**Moody's:**	Aa1	**Fitch:**	AA+
	Other Ratings	Under review, credit to confirm in the meeting	**Covered By CRC?**		Yes	
	Internal CRC Rating	C2	**Last CRC Review**			
Expected Ratings of Transaction	**S&P:**	A+	**Moody's:**	Aa3	**Fitch:**	AA

Transaction Information

Transaction Details

Detailed Transaction Description	USD 500m Perp NC5 USD retail deal			
Deal Size (USD Million)	1000.00	300m announced, looking to raise up to 1bn	**Maturity**	Perp NC5
Subordination Status	Tier 1		**Use of Proceeds**	General use of proceeds
Transaction Type	Stand Alone		**Last Programme / Shelf Update**	
Registration Type	Sec Registered		**EU PD (Compliant / passported)**	
UBS Risk	Fully Bookbuilt		**Sales Restrictions**	
Target Distribution	Retail only		**Listing**	NYSE
Geographic Distribution	US retail		**Minimum Denomination**	Nominal value of $0.25 each

Tranche Detail

	Size	Maturity	Coupon (%)
Tranche 1 (USD Million)			

UBS Role

UBS Role	Joint Bookrunner	**Bookrunners / Leads**	Barclays, Citigroup, Merrill Lynch, Wachovia, Morgan Stanley, UBS
DCMG net revenues	3.15% in fees on amount we place		

Transaction Timing (approximate)

Announcement Date	Sep 04, 2007		
Roadshow Start		**Roadshow End**	
Pricing Date	Sep 06, 2007	**Expected Settlement Date**	Sep 10, 2007

Lawyers / Auditors

	Issuer	Underwriters (if applicable)
Lawyers	Clifford Chance	Sidley Austin
Auditors	PwC	
Have they been the auditors for the past three years?: Yes		

Financial Information and Risks

Issuer Financials

Last Audited accounts/10-K	Feb 20, 2007	**Next Audited accounts/10-K**	Feb 19, 2008	**Anticipated Audited Results Announcement**	
Last Interim accounts/10-Q	Aug 01, 2007	**Next Interim accounts/10-Q**	Jul 30, 2008	**Anticipated Interim Results Announcement**	
Accounting Standard	IFRS				

Risks and Mitigants

Reputational / suitability risks and mitigants	No	
Credit risks and mitigants	No	
Environmental risks and mitigants	No	
Operational risks and mitigants (listing, settlement and trading)	No	
Other risks and mitigants	No	

Disclosure / Transaction Documentation

Disclosure	No Issues Identified	
Comfort Letter	UBS Standard	To be confirmed in the meeting
Legal Opinions	UBS Standard	To be confirmed in the meeting
Underwriting Subscription Agreements	UBS Standard	To be confirmed in the meeting
Other		

Additional Documentation and Information

Additional NBC Documentation	**Company Description**	Barclays PLC offers commercial and investment banking, insurance, financial, asset management and related services. The Company's subsidiary, Barclays Bank plc, operates over 2,000 branches in the United Kingdom and around 900 branches overseas. In all, Barclays Bank operates branches in over 60 countries.
	Industry Overview	N/A
	UBS Research (Equity & FI)	
	Ratings Reports	barclays-fitch6.pdf barclays-moodys.pdf barclays-s&p2.pdf

	Glass Lewis Report	

Performed or Planned Due Diligence

Has or will transaction-specific due diligence been / be performed by the deal team?	Yes

Date	Description	UBS Attendees			
Aug 31, 2007	Business DD at 11:30 Ldn time Accounting DD at 14:30 Ldn tme Bringdown due diligence before launch	**DCM**	Sophia Vonta	**Legal**	David Ferris Michael Altschuler
		IBD	David Soanes John Cryan	**Other**	
		CRC	Ivan Mezquida	**External**	

Describe material documents reviewed / to be reviewed		
Will bring down due diligence occur for this transaction?	Yes	
Describe outstanding key due diligence issues		Business DD questions to come later today
Due Diligence Documentation	Beech - DD Accounting 08.17.07.pdf	

Approval Status

Required Approvals	Status	Status Change Date (BST)	Outstanding Conditions
CC - EMEA	Pending Approval	30-Aug-2007 13:22	
DCMNBC - EMEA	Pending Approval	30-Aug-2007 13:23	
KYC - EMEA	Not Started	15-Aug-2007 12:51	

United Kingdom
Credit Analysis

Barclays Bank PLC

Ratings

Barclays Bank PLC
Foreign Currency

Long-Term	AA+
Short-Term	F1+
Outlook	Stable
Individual	A/B
Support	1

Sovereign Risk

Foreign Long-Term IDR*	AAA
Local Long-Term IDR*	AAA
Outlook	Stable

* IDR – Issuer Default Rating

Financial Data

Barclays PLC

	31 Dec 05	1 Jan 05
Total Assets (USDbn)	1,591.7	1,382.0
Total Assets (GBPm)	924,357	715,600
Equity (GBPm)	19,320	15,879
Operating Profit (GBPm)	5,280	n.a.
Published Net Income (GBPm)	3,841	n.a.
Comprehensive Income (GBPm)	3,966	n.a.
Operating ROAA (%)	0.64	n.a.
Operating ROAE (%)	30.00	n.a.
Tier 1 (%)	7.0	7.1

Analysts

James Longsdon, London
+44 (0) 20 7417 4309
james.longsdon@fitchratings.com

Gordon Scott, London
+44 (0) 20 7417 4307
gordon.scott@fitchratings.com

Rating Rationale

- The ratings of Barclays Bank PLC, the sole subsidiary of Barclays PLC ("Barclays") reflect its strong UK franchise, broad business mix, robust profitability, good liquidity, sophisticated risk management and, overall, solid asset quality.
- Barclays' profitability has been consistently strong for a number of years. The improving diversification of revenues and profits both by business and by geography is a key strength and has enabled the bank to absorb growing impairment in its UK unsecured retail portfolios. Operating ROAE compares well with that of its major European peers.
- Barclays is adequately rather than strongly capitalised and, among other tools, utilises a sophisticated economic capital model to measure its capital adequacy. Capitalisation weakened following the acquisition of a majority stake in South Africa's Absa Group in H205. However, this ratio and the bank's Tier 1 ratio should improve (Tier 1 target of 7.25%) this year, notwithstanding the bank's growth ambitions.
- At a portfolio level, non-performing loans were lower as a percentage of the book at end-2005 (1.7%) than at end-2004 (1.8%), reflecting the continuing benign corporate and wholesale credit environments. However, like the other UK banks, Barclays has seen a sharp increase in impairment losses on its UK retail unsecured portfolios. These will continue to grow relatively quickly in 2006. As a percentage of gross loans, impairment losses were 0.58% in 2005, which is broadly in line with its 10-year average, but higher than credit loss rates being reported by non-UK European banks in 2005.
- In its May 2006 trading update, Barclays reported a very strong Q1 performance and said that it expected "another year of strong growth".
- Market risk is well controlled. Excluding diversification benefits, less volatility meant that value-at-risk ("VaR") increased only modestly in 2005, despite the significant growth of Barclays' investment banking business, Barclays Capital. VaR is comfortable in relation to equity.
- Funding and liquidity are major strengths; Barclays' retail operations provide the bank with a large and stable funding base. Additional flexibility in respect of funding, liquidity and risk management has been achieved through Barclays Capital.

Support

- Fitch Ratings believes there would be an extremely high probability that Barclays Bank would be supported by the UK authorities.

Rating Outlook and Key Rating Drivers

- Barclays Bank's IDR is very high and is unlikely to improve. The Stable Outlook reflects Barclays' strong performance and diversified earnings, which should enable the bank to counter periodical cyclicality in individual business lines. Ratings pressure could arise from greater than anticipated earnings volatility or deterioration in asset quality; a higher risk appetite/profile, for example in Barclays Capital; or failure to allow capitalisation to recover towards targeted levels.

Profile

- Barclays is one of the world's largest banks. In the UK, it offers a full range of financial services to retail, SME and corporate/wholesale customers. Internationally, it has mainly retail and commercial operations in Europe and Africa. Through Barclays Capital and Barclays Global Investors, Barclays services large corporates, financial institutions and governments around the world.

10 July 2006

Profile

- **Strong UK franchise**
- **Completed acquisition of 57% stake in Absa in H205**

The UK is Barclays' primary presence, but it also has mainly retail, wealth management and credit card operations in Europe and Africa (including Absa) and provides a broad range of commercial and investment banking services to large multi-nationals through Barclays Capital. Barclays is arranged along five business lines.

1. **UK Banking:** the division is further split into UK Retail Banking and UK Business Banking. The former provides current account, mortgage, savings and general insurance products to 14 million retail customers in the UK as well as banking services to 600,000 small businesses and banking, investment and advisory services to 286,000 affluent customers (UK Premier). Woolwich was acquired in 2000 and significantly strengthened Barclays' position in the UK mortgage market (its market share of stock has been falling and is c.6%). UK Business Banking provides banking services to the group's larger and medium-sized businesses in the UK. As announced in June 2006, the Woolwich name is to disappear from the UK high street, but will be retained for mortgages.

2. **Wealth Management** provides private and offshore banking, stockbroking and asset management services mainly in the UK and continental Europe. It also includes Barclays' closed life assurance activities. Barclays acts as a distributor of other manufacturers' life assurance products. It has GBP78 billion of customer deposits and assets under management.

3. **International Retail and Commercial Banking ("IRCB")** provides a range of retail and corporate banking services to customers in Spain (including through Barclays' Banco Zaragozano subsidiary), Portugal, France, Italy, Africa and the Middle East. The division includes Absa Group Limited, in which Barclays acquired a 57% stake in H205. Absa owns Absa Bank Limited, one of South Africa's leading retail banks. See separate Credit Analysis on Absa Group Limited at www.fitchratings.com. Absa had consolidated assets of GBP39bn at end-2005, compared with GBP34bn for the rest of the division.

4. **Barclays Capital** contains the group's investment banking business and manages the group's largest corporate, institutional and government relationships, with more complex financing and risk management requirements. Operations are split between three areas: a) Global Markets, which incorporates interest rates, fixed-income, FX, commodities, inflation and equity-related activities; b) Credit Markets, including investment banking, debt capital markets, structuring and securitisation, loans, leasing and credit trading and c) Private Equity. Barclays has been investing in Barclays Capital, with headcount increasing by 2,000 (one-third) in 2004 and a further 1,200 in 2005. The investment has expanded Barclays Capital's product offering (e.g. ABS/MBS, structured equities, commodities, credit derivatives) and geographic reach (particularly in the US). Barclays Capital is not very active in cash equities or M&A business.

5. **Barclaycard** is the largest credit card company in the UK and Europe, with more than 11 million customers in the UK. There are also 4.3 million cards in issue internationally. Barclaycard's international operations, many of which are in start-up, made pre-tax profits of GBP26 million in 2005 (2004: GBP8m). Since 2004, Barclaycard has also included Barclays' non-card consumer lending operations. The results for Barclaycard's international operations exclude Barclaycard US (previously Juniper, which was acquired in late 2004, and is being restructured and is expected to turn profitable from 2007).

6. **Barclays Global Investors ("BGI"):** is one of the world's largest institutional asset managers. Funds under management ("FUM") increased by 11% to USD1.5 trillion in 2005, reflecting a combination of new funds and positive market movements. At end-2005, 64% of FUM were low margin indexed assets, 23% were in actively managed assets and 13% were in iShares/Exchange Traded Funds.

Strategy: Barclays' strategic priorities are to defend and extend its already strong UK franchise (to "build the best bank in the UK"), to develop its commercial and retail banking activities in selected countries outside the UK, to accelerate the development of its global businesses (Barclaycard, Barclays Capital, BGI and Wealth Management) and to enhance operational excellence (i.e. to improve execution, productivity, service). Barclays has targeted compound annual growth in economic profit over 2004-2007 of 10%-13%; over the first two years of the period, it was 18%.

■ Performance

- **2005 PBT up 15% or 8% excluding Absa**
- **Increasingly diversified earnings**
- **Good performance and profit growth trends should continue in 2006, despite sharply rising loan losses in Barclaycard**

Barclays again performed well in 2005, growing pre-tax earnings by 15% and achieving an operating ROAE of 30%, which compares very well with that of its large European peers. Excluding five months of Absa earnings, pre-tax profits grew by 8%. Strong growth at Barclays Capital, BGI and IRCB means that earnings have become more diversified by business and geographic area, enabling the bank to absorb the significantly higher impairment losses being experienced by Barclaycard. In 2005, 40% of pre-tax earnings were sourced outside the UK. Management has a target that this should move towards 50% in the medium term.

Table 1: Divisional Profitability

(GBPm)	2005	2004	% of PBT* 2005
UK Retail Banking	1,027	963	18
UK Business Banking	1,428	1,302	24
UK Banking	2,455	2,265	42
Wealth Management	166	58	3
IRCB	690	293	12
Barclays Capital	1,272	1,020	22
Barclaycard	687	843	12
BGI	542	336	9
Head Office and Other	(532)	(235)	
Profit Before Tax	5,280	4,580	

* Excludes Head Office and Other
Source: Barclays

Since the 2005 year-end, Barclays has made several changes to its reporting segments, which have no impact in aggregate to pre-tax earnings. Table 1 and the following commentary do not reflect these.

UK Retail Banking has been under-performing against management's expectations and some of its UK peers for some time. Addressing this is the new management team's priority. Pre-tax profits grew by 7% or by 12% adjusting for one-off gains in 2004. Operating income grew by 4%, within which net interest income grew by 6%. Half of the improvement related to new IASs and the remainder due to higher contributions from mortgages (reflecting a greater focus on higher-margin business) and from SMEs. The mortgage business has been losing market share. Net fee and commission fell by 1%, but grew by 5% excluding the impact of new IASs. Operating costs fell by 3%, reflecting the successful implementation of back office cost-cutting initiatives and lower regulatory costs. Consequently, the division's cost/income ratio improved to 67% in 2005 from 71% in 2004. Net impairment charges more than doubled. Excluding mortgage releases, the growth was 52%. Coming from a very low base, they still consumed just 12% of pre-impairment charge profits. Q106 performance was described as having continued to improve in Barclays' May trading update.

UK Business Banking has been performing well and again saw good growth in earnings (up 10%). Revenues increased by 12%, driven by strong growth in both average loans (up 23%) and average deposits (up 11%). Cost growth of 9% related to the expanding business, but was slower than revenue growth. Net impairment charge growth of 45% masks a distorting large recovery in H204. Without this, it would have been flat. Net impairment charges consumed just 12% of pre-impairment charge profits. This is likely to be below a through-the-cycle norm. Q106 earnings were described as satisfactory on the back of strong balance sheet growth.

In aggregate, **UK Banking** has a goal to improve its cost/income ratio by 2pp in each of 2005, 2006 and 2007. It improved by 3pp to 54% in 2005 and, through income growth and continuing cost discipline, Fitch believes it ought to be able to achieve or even exceed this goal. In its May trading update, Barclays announced the sale and leaseback of some of its UK properties. The gains from these transactions will be re-invested in restructuring the UK business.

Barclays Capital's profits grew by a very strong 25% in 2005, reaping the rewards of both its investment into new products and geographies and of favourable markets in many of its areas of operation. Revenues grew by a strong 27%, surpassing the 24% growth in 2004 and cost growth was similar, reflecting higher bonuses and the full year impact of net new hires in 2004. Income has become more balanced by product. Roughly half of Barclays Capital's revenues of GBP4.3bn is described as "net trading income" under IFRS. It increased by 50% in 2005, reflecting the investment in the business and higher client volumes. Commodities, FX, fixed income and credit derivatives performed notably well. These revenues, although largely customer-led, are likely to be among Barclays' more volatile revenue streams on an individual product basis, dependent on investor demand. The broader portfolio of products than in the past and Barclays Capital's bonus-heavy remuneration policies are mitigating factors. Approximately half of Barclays Capital's GBP2.9bn cost base in 2005 consisted of more variable expenses (e.g. bonuses, discretionary investment spend, short-term contracting). Barclays

Capital was described as having generated excellent revenue and profit growth in Q106.

Barclaycard saw pre-tax profits fall by 19% (2004: 5% rise) or by 12% excluding Barclaycard US, which is being restructured and made a GBP56m loss before tax in 2005. Excluding Barclaycard US, revenue growth was 10% and cost growth was 7%. Credit card margins improved by around 60bp to 8%, following pricing changes in response to growing impairment levels. As these were only implemented in H205, there will be more margin improvement to come. The reason for the fall in profits was the sharply higher level of impairment charges (up 38% excluding the US), which consumed a high 61% of pre-provision profits. See also comments in **Asset Quality**. In Q106, "very strong" income growth was offset by higher impairment costs and investment in the business. The rate of impairment growth was similar to that witnessed in FY05 (i.e. about 40%).

IRCB earnings benefited from the inclusion of five months of fully consolidated Absa earnings (GBP335m) in 2005. Excluding Absa, the business unit performed strongly in all geographies, with pre-tax profits growing by 21%. Absa performed well in the nine months to end-2005, with pre-tax profits growing by 28%. Retail lending saw particularly strong growth and impairment charges were exceptionally low. Its cost/income ratio was 66% in the five months of ownership. Q106 saw the continuation of positive trends in the non-Absa businesses, while Absa delivered profit growth ahead of plan.

BGI's profitability again grew exceptionally strongly in 2005, mainly reflecting strong FUM growth, including higher margin products; its contribution to group earnings has improved substantially in recent years. Q106 was strong.

The **Wealth Management** result includes a GBP6m pre-tax loss relating to the group's closed life assurance book (a GBP52m loss in 2004). Excluding this, pre-tax profits grew by 56% reflecting revenue growth and better cost management. The business is still in a turnaround phase. Total customer funds increased to GBP78bn at end-2005 from GBP71bn at end-2004.

Prospects: Barclays' business has become increasingly diversified both by business line and by geography. Fitch views this positively, as it should enable the group to continue to report solid earnings through many business-specific cycles. Despite the growing level of non-UK earnings, the main threat to Barclays' earnings remains a sharp sustained economic downturn in the UK. Presently, the high level of consumer indebtedness in the UK is affecting Barclaycard's performance via the impairment charges line, but this has not yet fed through to the mortgage book in any material way. The UK banks have been increasingly exposed to regulatory scrutiny, the most recent being the OFT's position on excess charging for credit card missed payments. Fitch believes the UK banks, including Barclays, have the flexibility at this stage, to be able to offset these risks.

Overall, the near term earnings outlook is weakest for Barclaycard (where earnings are likely to continue to fall in 2006, despite anticipated revenue growth), and strongest for Barclays Capital and BGI. UK Banking's franchise has arguably been under-exploited (notably in mortgages) and should have strong long-term prospects. Fitch has no reason to disbelieve Barclays' view that 2006 should be another year of strong growth.

Risk Management

- **Credit is the main risk**
- **Sophisticated risk management systems**

Through the board risk committee, the board sets risk management standards and approves the group risk governance framework and appetite. Reporting to the executive committee are three further committees: a) the risk oversight committee ("ROC"), which ensures consistency with group risk appetite, debates and agrees actions on risk profile and controls and considers issues escalated by sub-committees; b) the group treasury committee, responsible for monitoring and controlling the group's liquidity, maturity mismatch, regulatory and economic capital usage and interest rate exposure; and c) the governance and control committee, which maintains and reviews the effectiveness of group risk management procedures. Independent assurance is provided by internal audit.

On the credit side, the group uses a sophisticated risk measurement system called risk tendency, which combines probability of default ("PD", expressed through an internal credit rating), exposure at default ("EAD") and loss given default ("LGD") to model the loss for the performing loan portfolio for the forthcoming months (i.e. risk tendency = PD x EAD x LGD). Risk tendency is used for risk sensitive pricing, performance measurement and risk transfer. By a substantial margin, Barclaycard has the highest risk tendency (GBP1.1bn in 2005, out of group risk tendency of GBP1.8bn).

Market risk is mostly concentrated at Barclays Capital and has historically been tightly controlled. The ROC allocates a daily value at risk ("DVaR") limit for group trading activities and delegates day-to-day control to the group market risk director, who sets limits for each trading area. DVaR is calculated using a historical simulation model to a 98% confidence level, and on a one-day holding period basis. The effectiveness of the group's DVaR systems is assessed by back-testing, including to a 99% confidence level, one-day holding period. The group conducts regular stress-testing and scenario simulations.

Barclays' balance sheet was significantly affected by the implementation of IFRS, particularly the new standards adopted from 1 January 2005, which resulted in a) significant re-classifications and b) GBP177bn of re-measurement adjustments. Of the latter, the most significant related to i) certain life assurance contracts being reported on balance sheet (GBP60bn) and ii) more stringent netting rules for derivatives, repos and cash collateral (GBP120bn).

Credit Risk: Barclays' gross customer loan book grew by 32% to GBP272bn in 2005. Approximately GBP30bn of the increase (15pp) related to the Absa acquisition. Uniquely among the large UK banks and building societies, UK residential mortgage balances declined by 3% in 2005. New lending has been below Barclays' historical stock and the overall decline reflected even higher redemptions. UK home loans accounted for 22% of gross loans and other UK personal lending (up 6%) accounted for a further 11% at end-2005. Other mortgage lending – mainly in the EU, notably Spain and Africa (Absa mainly) – accounted for a further 10% of customer loans. Wholesale lending is well diversified by sector. Barclays Capital has reduced its loan assets significantly over recent years through a combination of credit derivatives and syndications, activity levels in the former having increased markedly of late. Barclays is an active player in the European LBO market, but its stance is to originate and very substantially to sell down.

LTVs in Barclays' residential mortgage book are at historic lows – only 4% of the book has an LTV of more than 90% at end-2005. The average LTV of the book was 35% at end-2005 on a marked-to-market basis. UK three-month plus arrears increased in line with the market, but did not result in higher impairment losses. A sharp correction in house prices (of which there is no sign in the UK at present) would likely reverse the recent trend of stable LTVs, but would not, in itself, necessarily result in a material level of mortgage-related impairment losses – in 2005 there was a net release of GBP1m on this book. Balance sheet reserves against UK home loans totalled just GBP50m at end-2005.

Trading portfolio assets (GBP155bn) and liabilities (GBP72bn) are marked-to-market through the income statement, while AFS assets (GBP54bn) are marked-to-market through equity. Trading book assets and liabilities are mainly government and corporate bonds and CDs. Equities of GBP20bn long and GBP8bn short are mainly listed and are held for hedging derivative and other exposures. This is reflected in the fact that equities VaR peaked at just GBP8.2m in 2005.

Asset Quality: Non-performing loans ("NPL") grew by 27% to GBP5,210m at end-2005 from GBP4,115m (not adjusted for IAS32, IAS39 and IFRS4) at end-2004. Excluding Absa, NPLs grew by 10% (i.e. at a slower rate than the growth in the underlying loan book), meaning NPLs/gross loans improved marginally to 1.7% from 1.8%. The new NPLs arose primarily in UK unsecured retail portfolios. NPL balances in the wholesale and corporate portfolios decreased slightly, due to the very benign UK (and global) corporate credit environments. Potential problem loans ("PPL") increased by 16%, but fell by 5% adjusting for Absa. Both excluding and including Absa, coverage of NPLs and of potential credit risk loans ("PCRL" – i.e. NPLs plus PPLs) was flat at around 66% and 56% respectively. Coverage ratios are adequate, given available collateral, but further deterioration in unsecured retail books (which have faster write-off rates) means impairment charges will continue to rise relatively quickly in 2006.

Having fallen by 19% in 2004 and by 9% in 2003 (under UK GAAP), the impairment charge increased by 44% to GBP1.6bn in 2005. Retail impairment charges accounted for around 80% of the total charge, notably GBP1.1bn in Barclaycard (2004: GBP761m), where impairment charges were equivalent to 4.7% of average loans in 2005. This is very largely a UK issue and reflects the combination of high household debt levels, rising non-discretionary living costs (particularly utility bills and taxes) and a greater willingness of consumers to opt for bankruptcy or other arrangements with lenders. Barclays has noted higher average EADs and shorter periods between delinquency and charge-off. To-date, resilient property prices and historically low LTVs have meant that losses have been largely limited to banks' unsecured portfolios, and this is the same for Barclays (see above). Barclaycard has been tightening its lending criteria, amending scorecards, improving collections and widening margins. Nonetheless, higher impairment losses in the UK unsecured portfolios will occur throughout 2006. As for most European banks, corporate and wholesale impairment losses remain below through-the-cycle norms. Relative to other major European banks, Barclays' impairment charges were generally a little higher relative to gross loans (0.58% - which is broadly in line with its 10-year average) and pre-provision earnings (23%), reflecting the different point in the cycle being experienced by the UK consumer. The weakness in the retail books is likely to flow over into the SME books, where loss rates have been very low this year.

Market Risk: Table 2 provides trading VaR analysis on Barclays. To estimate Fitch's "stressed" VaR, Fitch takes the high VaR and then multiplies by the square root of 10, linearly creating an estimate of exposures to a 10-day holding period. The agency then multiplies by eight to simulate a market stress. The reduction in reported average VaR, reflected increasing diversity at a geographic and product level and lower market volatility. While noting that it is not possible to compare directly like-for-like, Barclays' VaR/equity ratios (see Table 2) were very similar to those of Citigroup, JPM Chase and UBS in 2005 (i.e. those global securities firms with retail and commercial banking franchises). VaR arises mainly from interest rate and credit spread risk.

Table 2: VaR

(GBPm)	2005	2004
Ave DVaR (98%, 1 Day)	31.9	34.3
Ave VaR (99%, 1 Day)	36.1	38.9
Ave VaR (99%, 1 Day, No Diversification)	72.3	68.2
High VaR (to 99%, 1 Day)	45.8	53.0
Stress VaR	1,158	1,340
Ave VaR (99%, 1 Day, No Diversification)/ Equity (%)	0.37	0.41
High VaR (99%, 1 Day)/Equity (%)	0.24	0.32
Stress VaR/Equity (%)	5.99	8.15

Adjusted by Fitch
Source: Barclays;

Barcap's average daily revenue was GBP16.3m and 94% of trading days were revenue positive in 2005. On 15 occasions, trading revenues were negative. Trading losses never exceeded back-testing DVaR (to a 99% confidence level, one-day holding period).

Interest rate mismatches are managed through a system of limits and through the use of interest rate swaps and other derivatives. With regard to the management of overseas investments denominated in currencies other than GBP, the group's policy is to finance such investments so as to limit the effect of FX movements on the group's risk asset ratios. The FX risk on the GBP value of its Absa investment has been hedged.

Liquidity Risk: As a retail bank, although a significant element of the group's liabilities are non-contractual obligations and, hence its liquidity position is potentially difficult to predict, in practice Barclays benefits from the size and diversity of its funding base. As well as monitoring its cash flow mismatch position, Barclays Capital has a broad range of funding tools available to it and the group maintains a substantial portfolio of unencumbered, liquid assets to cover potential funding shortfalls.

Operational Risk: Non-financial risks (i.e. operational risk and business risk) are an area of increasing focus by Barclays and are managed by business and functional heads within a framework approved by the board. Barclays' operational risk management has historically concentrated on qualitative factors (i.e. risk identification and control), but is now building its quantitative analysis in preparation for adopting the advanced measurement approach under Basel II. Barclays is a defendant in a number of proceedings in the US relating to the collapse of Enron, including the class action, but it is not possible to quantify a potential loss in relation to these matters at this stage.

■ Funding and Capital

- **Large and stable funding base**
- **Liquidity is a major strength**
- **Adequately capitalised**
- **Strong internal capital generation**

Barclays benefits from a large and stable source of customer deposits (GBP239bn; 26% of non-equity liabilities at end-2005). Other funding sources include the interbank (GBP75bn) and repo funds (GBP121bn) and debt securities (GBP103bn), including CDs of GBP43bn and CP of GBP28bn. Barclays has increasingly been securitising its credit card, mortgage and commercial loan receivables (GBP18bn of the above debt securities).

Capital: Barclays' Tier 1 capital ratio was 7.0%. The bank has a medium-term target of 7.25% for this ratio and should be close to this by end-2006, given its strong earnings, even though RWAs are expected to continue to grow. The Absa transaction was financed with cash resources and through the issue of preference shares, thereby weakening the bank's "equity Tier 1" ratio to 4.9% at end-2005 from 5.6% at 1 January 2005. This ratio is expected to strengthen moderately in the medium term. Preference shares and other hybrid Tier 1 instruments now total GBP5.6bn out of total Tier 1 capital of GBP19bn (30%). Barclays' eligible capital/weighted risks ratio was 6.06% at end-2005. This is a ratio that varies significantly across the largest European banks and, given the limitations of Basel 1, is still hard to compare on a like-for-like basis. Barclays' ratio is towards the lower end in a peer analysis. Overall, Fitch believes Barclays to be adequately capitalised.

Balance Sheet Analysis
BARCLAYS PLC

	31 Dec 2005				01 Jan 2005	
(Original)	Year End USDm	Year End GBPm	As % of Assets	Average GBPm	Year End GBPm	As % of Assets
A. LOANS						
1. Private	215,762.9	125,072.0	13.53	n.a.	n.a.	-
2. Corporate	n.a.	n.a.	-	n.a.	n.a.	-
3. Government	n.a.	n.a.		n.a.	n.a.	
4. Other	253,595.0	147,270.0	15.93	n.a.	n.a.	-
5. Loan Impairment	5,933.7	3,446.0	0.37	n.a.	n.a.	
6. Loan Impairment (memo)	n.a.	n.a.	-	n.a.	n.a.	-
7. Less: Loans from the Insurance Business	n.a.	n.a.	-	n.a.	n.a.	-
TOTAL A	**463,015.1**	**268,896.0**	**29.09**	**238,077.5**	**207,259.0**	**28.96**
B. OTHER EARNING ASSETS						
1. Loans and Advances to Banks	355,024.5	197,404.0	20.92	170,362.0	165,302.0	23.10
2. Government Securities	10,458.9	6,074.0	0.66	3,037.0	n.a.	-
3. Trading Assets	267,692.3	149,640.0	16.19	129,841.0	110,033.0	15.39
4. Derivatives	235,597.1	136,823.0	14.80	115,617.0	94,211.0	13.17
5. Other Securities and Investments	114,336.6	66,401.0	7.18	52,148.5	57,896.0	8.09
6. Equity Investments	940.2	546.0	0.06	487.5	479.0	0.06
7. Insurance	143,447.3	83,307.0	9.01	73,215.5	63,124.0	8.82
TOTAL B	**1,095,486.9**	**636,204.0**	**68.83**	**563,600.0**	**490,995.0**	**68.61**
C. TOTAL EARNING ASSETS (A+B)	**1,558,501.9**	**905,100.0**	**97.92**	**801,677.0**	**698,254.0**	**97.58**
D. TANGIBLE FIXED ASSETS	**4,742.1**	**2,754.0**	**0.30**	**2,518.0**	**2,282.0**	**0.32**
E. NON-EARNING ASSETS						
1. Cash and Due from Banks	6,726.3	3,906.0	0.42	4,458.0	5,010.0	0.70
2. Other	21,690.9	12,597.0	1.36	11,325.5	10,054.0	1.40
F. TOTAL ASSETS	**1,591,660.8**	**924,357.0**	**100.00**	**819,978.5**	**715,600.0**	**100.00**
G. DEPOSITS & MONEY MARKET FUNDING						
1. Due to Customers - Current	127,748.6	74,193.0	8.03	134,334.0	194,475.0	27.18
2. Due to Customers - Savings	104,941.9	60,945.0	6.59	30,972.5	n.a.	-
3. Due to Customers - Term	178,302.2	103,549.0	11.20	51,774.5	n.a.	-
4. Deposits with Banks	342,050.8	198,646.0	21.49	186,524.0	174,522.0	24.39
5. Other Deposits and Short-term Borrowings	122,910.0	71,384.0	7.72	35,002.0	n.a.	-
TOTAL G	**875,960.4**	**508,714.0**	**55.03**	**438,857.0**	**369,000.0**	**51.57**
H. OTHER LIABILITIES						
1. Derivatives	237,573.8	137,971.0	14.93	116,200.0	94,429.0	13.20
2. Trading Liabilities	123,226.9	71,564.0	7.74	67,999.0	64,434.0	9.00
3. Fair Value Portion of Debt	n.a.	n.a.	-	n.a.	n.a.	-
4. Insurance	153,196.0	88,968.0	9.62	78,586.5	68,204.0	9.53
TOTAL H	**513,995.7**	**298,503.0**	**32.29**	**262,785.5**	**227,068.0**	**31.73**
I. OTHER FUNDING						
1. Long-term Borrowing	112,490.7	65,329.0	7.07	70,741.5	76,154.0	10.64
2. Subordinated Debt	13,888.9	8,066.0	0.87	7,232.0	6,398.0	0.89
3. Other Funding	n.a.	n.a.	-	n.a.	n.a.	-
TOTAL I	**126,379.7**	**73,395.0**	**7.94**	**77,973.5**	**82,552.0**	**11.54**
J. NON-INTEREST BEARING	**25,809.0**	**14,988.0**	**1.62**	**14,722.5**	**14,457.0**	**2.02**
K. HYBRID CAPITAL						
1. Non-cumulative Hybrid Capital	16,249.7	9,437.0	1.02	8,040.5	6,644.0	0.93
2. Other Hybrid	n.a.	n.a.		n.a.	n.a.	
L. TOTAL LIABILITIES	**1,558,393.5**	**905,037.0**	**97.91**	**802,379.0**	**699,721.0**	**97.78**
M. EQUITY						
1. Common Equity	29,279.4	16,975.0	1.84	15,852.0	14,729.0	2.06
2. Minority Interest	3,281.8	1,904.0	0.21	1,429.0	894.0	0.12
3. Revaluation Reserves	656.0	381.0	0.04	318.5	256.0	0.04
TOTAL M	**33,267.3**	**19,320.0**	**2.09**	**17,599.5**	**15,879.0**	**2.22**
MEMO: CORE CAPITAL	**21,060.7**	**12,231.0**	**1.32**	**10,847.5**	**9,464.0**	**1.32**
MEMO: ELIGIBLE CAPITAL	**28,080.9**	**16,309.0**	**1.76**	**14,463.4**	**12,618.7**	**1.76**
N. TOTAL LIABILITIES & EQUITY	**1,591,660.8**	**924,357.0**	**100.00**	**819,979.5**	**715,600.0**	**100.00**
Exchange Rate		USD1 = GBP 0.5808			USD1 = GBP 0.5178	

Income Statement Analysis
BARCLAYS PLC

	31 Dec 2005	
	Income Expenses GBPm Original	As % of Total AV Earning Assts Original
1 Interest Income	17,232.0	2.15
2 Interest Expense	9,157.0	1.14
3 NET INTEREST REVENUE	**8,075.0**	1.01
4 Net Fees & Commissions	5,705.0	0.71
5 Net Insurance Revenue	227.0	0.03
6 Other Operating Income	3,371.0	0.42
7 Personnel Expenses	6,318.0	0.79
8 Other Operating Expenses	4,309.0	0.53
9. PRE-IMPAIRMENT OPERATING PROFIT	**6,851.0**	0.85
10 Loan Impairment Charge	1,571.0	0.20
11 Other Credit Impairment and Provisions	n.a.	n.a.
12. OPERATING PROFIT	**5,280.0**	0.66
13 Other Income and Expenses	0.0	0.00
14 PUBLISHED PRE-TAX PROFIT	**5,280.0**	0.66
15 Taxes	1,439.0	0.18
16 Profit/(Loss) from Discontinued Operations	n.a.	n.a.
17 Change in Value of AFS Investments	-109.0	-0.01
18 Currency Translation Differences	300.0	0.04
19 Other Gains/(Losses) not in Published Net Income	-52.0	-0.01
20. FITCH COMPREHENSIVE INCOME	**3,980.0**	0.50
21 Total Gains/(Losses) not in Published Net Income	139.0	0.02
22 IFRS Dividends included in Fitch Interest Expense	n.a.	n.a.
23 PUBLISHED NET INCOME	**3,841.0**	0.48

Ratio Analysis
BARCLAYS PLC

		31 Dec 2005 Year End GBPm Original
I. PERFORMANCE		
1 Net Interest Margin	%	1.07
2 Loan Yield	%	5.44
3 Cost of Funds	%	3.74
4 Costs/Average Assets	%	1.23
5 Costs/Income	%	60.75
6 Pre-Impairment Operating ROAA	%	0.94
7 Operating ROAA	%	0.64
8 Pre-impairment Operating ROAE	%	38.93
9 Operating ROAE	%	30.00
II. CAPITAL ADEQUACY		
1 Internal Capital Generation	%	12.84
2 Core Capital/Total Assets	%	1.32
3 Eligible Capital/Regulatory Weighted Risks	%	6.06
4 Eligible Capital+Eligible Revaluation Reserves/Regulatory Weighted Risks	%	6.20
5 Tier 1 Regulatory Capital Ratio	%	7.00
6 Total Regulatory Capital Ratio	%	11.30
7 Free Capital/Equity	%	68.77
III. LIQUIDITY (year end)		
1 Liquid Assets/Deposits & Money Mkt Funding	%	57.16
2 Loans/Deposits	%	112.65
IV. ASSET QUALITY		
1 Loan Impairment Charge/Gross Loans (av.)	%	0.58
2 Total Credit Impairment/Pre-impairment Operating Profit	%	22.93
3 Loan Impairment/Gross Impaired Loans	%	75.74
4 Individual Loan Impairment/Gross Impaired Loans	%	n.a.
5 Impaired Loans Gross / Loans Gross	%	1.67
6 Impaired Loans Net/Eligible Capital	%	6.77
7 Net Charge-offs/Gross Loans (av.)	%	0.51

Balance Sheet Analysis
BARCLAYS PLC (C.)

	31 Dec 2004				31 Dec 2003		31 Dec 2002		31 Dec 2001	
	Year End USDm Original	Year End GBPm Original	As % of Assets Original	Average GBPm Original	Year End GBPm Original	As % of Assets Original	Year End GBPm Restated	As % of Assets Restated	Year End GBPm Restated	As % of Assets Restated
A. LOANS										
1. Domestic Mortgages	124,539.4	64,481.0	12.55	63,193.0	61,905.0	14.22	58,426.0	14.77	50,945.0	14.62
2. Domestic Other	173,294.1	89,707.0	17.37	82,762.0	76,317.0	17.54	73,319.0	18.53	69,104.0	19.83
3. International	64,021.5	33,143.0	6.45	29,984.0	26,822.0	6.16	24,072.0	6.08	24,510.0	7.03
4. Loans to Customers	488,558.4	252,975.0	49.24	237,969.0	224,003.0	51.47	201,003.0	50.79	178,799.0	51.31
5. Hire Purchase/Instalment Lending	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
6. Lease Receivables	11,222.3	5,811.0	1.12	5,844.0	5,877.0	1.35	4,380.0	1.11	4,453.0	1.27
7. (Loan Loss Reserves)	5,412.5	2,806.0	0.55	2,941.5	3,077.0	0.71	3,076.0	0.78	2,739.0	0.79
8. Impaired Lending (memo)	9,156.8	4,741.0	0.92	5,180.5	5,032.0	1.29	5,930.0	1.47	5,273.0	1.51
TOTAL A	**492,390.3**	**254,940.0**	**49.63**	**240,871.5**	**226,808.0**	**52.12**	**202,316.0**	**51.13**	**180,493.0**	**51.80**
B. OTHER EARNING ASSETS										
1. Bank Deposits/Loans to Banks	158,760.5	82,200.0	16.00	74,968.0	67,736.0	15.56	70,283.0	17.76	63,265.0	18.16
2. Short Term Investments	12,655.2	6,553.0	1.28	6,917.5	7,177.0	1.65	7,645.0	1.93	7,417.0	2.13
3. UK Listed Govt. Securities	100,204.7	51,882.0	10.10	49,444.5	47,007.0	10.80	46,828.0	11.84	33,595.0	9.64
4. Other Investments	156,765.2	80,840.0	15.70	67,104.0	53,739.0	12.35	39,322.0	9.94	34,307.0	9.85
5. Securities - Long Positions	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
6. Equity Investments	1,969.1	1,019.0	0.20	962.5	906.0	0.21	1,322.0	0.33	972.0	0.28
TOTAL B	**429,558.1**	**222,408.0**	**43.29**	**199,486.5**	**176,565.0**	**40.57**	**165,410.0**	**41.80**	**139,556.0**	**40.05**
C. TOTAL EARNING ASSETS (A + B)	**921,948.4**	**477,349.0**	**92.92**	**440,358.0**	**403,368.0**	**92.69**	**367,726.0**	**92.93**	**320,049.0**	**91.85**
D. FIXED ASSETS	**3,710.2**	**1,921.0**	**0.37**	**1,855.5**	**1,790.0**	**0.41**	**1,626.0**	**0.41**	**1,958.0**	**0.56**
E. NON-EARNING ASSETS										
1. Cash and Due from Banks	6,809.2	3,525.0	0.69	3,628.5	3,732.0	0.86	4,367.0	1.10	3,725.0	1.07
2. Other	59,712.0	30,917.0	6.02	28,606.0	26,295.0	6.04	22,004.0	5.56	22,704.0	6.52
F. TOTAL ASSETS	**992,179.8**	**513,711.0**	**100.00**	**474,448.0**	**435,185.0**	**100.00**	**395,723.0**	**100.00**	**348,436.0**	**100.00**
G. DEPOSITS & MONEY MARKET FUNDING										
1. Demand	206,031.8	106,675.0	20.77	100,964.0	95,253.0	21.89	83,731.0	21.16	74,594.0	21.41
2. Time & Savings	214,408.1	111,043.0	21.62	100,329.0	89,615.0	20.59	87,767.0	22.18	89,253.0	25.62
3. Interbank										
(a) < 1 Year	188,940.3	97,827.0	19.04	89,100.0	80,373.0	18.47	80,452.0	20.33	60,321.0	17.31
(b) > 1 Year	25,488.6	13,197.0	2.57	13,458.0	13,719.0	3.15	6,981.0	1.76	7,059.0	2.03
4. Other	88,467.5	45,806.0	8.92	39,807.0	33,808.0	7.77	37,490.0	9.47	34,650.0	9.94
TOTAL G	**723,398.9**	**374,547.0**	**72.91**	**343,658.0**	**312,769.0**	**71.87**	**296,422.0**	**74.91**	**265,877.0**	**76.31**
H. OTHER FUNDING										
1. Securities Business	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
2. Long-Term Debt	42,492.7	22,001.0	4.28	18,850.5	15,700.0	3.62	8,395.0	2.12	7,106.0	2.07
3. Subordinated Debt	11,835.8	6,128.0	1.19	6,078.5	6,029.0	1.39	4,951.0	1.25	4,930.0	1.42
4. Hybrid Capital	11,875.2	6,149.0	1.20	6,229.5	6,310.0	1.45	6,679.0	1.69	5,054.0	1.45
I. OTHER (Non-Int Bearing)										
1. Securities - Short Positions	103,743.0	53,714.0	10.46	51,824.0	49,934.0	11.47	39,940.0	10.09	26,200.0	7.52
2. Other	63,454.1	32,854.0	6.40	30,290.0	27,725.0	6.37	24,107.0	6.10	24,563.0	7.05
K. OTHER RESERVES	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
L. EQUITY										
1. Preference Shares	1,332.7	690.0	0.13	n.a.	n.a.	-	n.a.	-	0.0	0.00
2. Common Equity	34,046.7	17,628.0	3.43	17,142.5	16,657.0	3.83	15,302.0	3.87	14,613.0	4.19
TOTAL L	**35,379.3**	**18,319.0**	**3.57**	**17,497.5**	**18,657.0**	**3.83**	**15,302.0**	**3.87**	**14,613.0**	**4.19**
M. TOTAL LIABILITIES & EQUITY	**992,179.8**	**513,711.0**	**100.00**	**474,448.0**	**435,185.0**	**100.00**	**395,723.0**	**100.00**	**348,436.0**	**100.00**
Exchange Rate		USD1 = GBP 0.5178			USD1 = GBP 0.5603		USD1 = GBP 0.6204		USD1 = GBP 0.6895	

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Income Statement Analysis
BARCLAYS PLC (C.)

	31 Dec 2004		31 Dec 2003		31 Dec 2002		31 Dec 2001	
	Income Expenses GBPm Original	As % of Total AV Earning Assts Original	Income Expenses GBPm Original	As % of Total AV Earning Assts Original	Income Expenses GBPm Restated	As % of Total AV Earning Assts Restated	Income Expenses GBPm Restated	As % of Total AV Earning Assts Restated
1. Interest Received	13,382.0	3.11	13,433.0	3.22	12,051.0	3.50	13,466.0	4.48
2. Interest Paid	6,523.0	1.55	6,823.0	1.51	5,839.0	1.70	7,492.0	2.49
3. NET INTEREST REVENUE	**6,859.0**	**1.56**	**6,610.0**	**1.71**	**6,212.0**	**1.81**	**5,974.0**	**1.99**
4. Fee & Commission Income - Net	4,966.0	1.13	4,263.0	1.11	3,925.0	1.14	3,727.0	1.24
5. Dealing Income - Net	1,490.0	0.34	1,054.0	0.27	833.0	0.24	1,011.0	0.34
6. Income from Associates	56.0	0.01	39.0	0.01	15.0	0.00	9.0	0.00
7. Other Income	627.0	0.14	484.0	0.13	357.0	0.10	420.0	0.14
8. Personnel Expenses	4,998.0	1.13	4,295.0	1.11	3,755.0	1.09	3,714.0	1.24
9. Other Non-Interest Expenses	3,354.0	0.76	2,917.0	0.77	2,870.0	0.82	2,841.0	0.95
10. Loan Loss Provisions	1,091.0	0.25	1,347.0	0.35	1,484.0	0.43	1,149.0	0.38
11. OPERATING PROFIT	**4,558.0**	**1.04**	**3,841.0**	**1.00**	**3,208.0**	**0.93**	**3,429.0**	**1.14**
12. Exceptional Items - Net	45.0	0.01	4.0	0.00	-3.0	0.00	-4.0	0.00
13. PRE-TAX PROFIT	**4,603.0**	**1.05**	**3,845.0**	**1.00**	**3,205.0**	**0.93**	**3,425.0**	**1.14**
14. Taxes	1,289.0	0.29	1,076.0	0.28	955.0	0.28	943.0	0.31
15. NET INCOME	**3,314.0**	**0.75**	**2,769.0**	**0.72**	**2,250.0**	**0.65**	**2,482.0**	**0.83**
Memo: Extraordinary Items - Net	n.a.		n.a.	-	n.a.	-	n.a.	-

Ratio Analysis
BARCLAYS PLC (C.)

		31 Dec 2004 Original	31 Dec 2003 Original	31 Dec 2002 Restated	31 Dec 2001 Restated
I. PROFITABILITY LEVEL					
1. Operating Profit/Total Assets (av)	%	0.95	0.78	0.75	0.89
2. Pre-Tax Profit/Assets (av)	%	0.97	0.78	0.75	0.89
3. Net Income/Equity (av)	%	18.95	16.84	14.72	17.44
4. Net Income less Pref Div/ Common Equity (av)	%	19.73	17.85	15.04	17.70
5. Net Income/Assets (av)	%	0.70	0.58	0.52	0.65
6. Total Non-Int Exp/Net Int Rev + Other Operating Income	%	59.89	58.43	53.49	55.83
7. Net Interest Rev/Assets (av)	%	1.45	1.34	1.45	1.55
II. CAPITAL ADEQUACY (year end)					
1. Internal Capital Generation	%	10.16	8.69	6.93	9.64
2. Equity/Total Assets	%	3.17	3.63	3.97	4.19
3. Equity/Loans	%	7.19	7.34	7.16	8.10
4. Capital/Risks - Tier 1	%	7.60	7.90	8.20	7.80
5. Capital/Risks - Total	%	11.50	12.80	12.80	12.50
6. Common Equity/Total Assets	%	3.43	3.33	3.87	4.19
III. LIQUIDITY (year end)					
1. Liquid Assets/Deposits & Money Mkt Funding	%	31.20	32.43	36.95	34.91
2. Liquid Assets & Marketable Debt Securities/Deposits & Money Mkt Funding	%	55.02	42.37	44.31	46.06
3. Loans/Deposits & Money Mkt Funding	%	68.07	72.51	68.25	67.60
IV. ASSET QUALITY					
1. Loan Loss Provisions/Loans Gross (av)	%	0.45	0.79	0.93	0.78
2. Loan Loss Provisions/Profit before Tax and Provisions	%	19.21	25.96	31.63	25.10
3. Loan Loss Reserves/Loans Gross	%	1.09	1.34	1.50	1.49
4. Loan Loss Reserves/Impaired Loans Gross	%	59.19	54.63	52.76	51.94
5. Impaired Loans Gross/Loans Gross	%	1.84	2.45	2.94	2.88
6. Impaired Loans Net/Equity	%	10.60	15.30	18.03	17.30

Moody's Investors Service

Global Credit Research
Credit Opinion
26 JUL 2007

Credit Opinion: Barclays Bank PLC

Barclays Bank PLC

London, United Kingdom

Ratings

Category	Moody's Rating
Outlook	Stable(m)
Bank Deposits	Aa1/P-1
Bank Financial Strength	B+
Issuer Rating	Aa1
Senior Unsecured	Aa1
Subordinate	Aa2
Jr Subordinate	Aa3
Preferred Stock	Aa3
Preference Stock	Aa3
Commercial Paper	P-1
Other Short Term	P-1
Barclays Bank Ireland PLC	
Outlook	Negative(m)
Bank Deposits	Aa2/P-1
Bank Financial Strength	D+
Barclays Bank PLC, Australia Branch	
Outlook	Stable
Commercial Paper	P-1

Contacts

Analyst	Phone
Edward Vincent/London	44.20.7772.5454
James Hyde/London	
Adel Satel/London	

Key Indicators

Barclays Bank PLC

	[1]2006	2005	2004	2003	2002	5-Year Avg.
Total assets (GBP billion)	**996.79**	**924.36**	**522.09**	**443.26**	**403.06**	[2]**22.82**
Total assets (EUR billion)	**1479.43**	**1345.32**	**737.44**	**629.09**	**618.38**	[2]**20.48**
Total capital (GBP billion)	**41.18**	**36.89**	**30.60**	**29.00**	**26.89**	[2]**10.85**
Return on average assets	**0.54**	**0.50**	**0.69**	**0.65**	**0.59**	**0.60**
Recurring earnings power	**0.89**	**0.89**	**1.22**	**1.28**	**1.29**	**1.11**
Net interest margin	**1.14**	**1.25**	**1.55**	**1.71**	**1.80**	**1.49**
Cost/income ratio (%)	**60.59**	**60.68**	**57.73**	**56.30**	**56.53**	**58.37**
Problem loans % gross loans	**1.78**	**1.91**	**1.55**	**1.87**	**2.20**	**1.86**
Tier 1 ratio (%)	**7.70**	**7.00**	**7.60**	**7.90**	**8.20**	**7.68**

[1] As of December 31. [2] Compound annual growth rate.

Opinion

SUMMARY RATING RATIONALE

Moody's assigns a bank financial strength rating (BFSR) of B+ to Barclays, which translates into a baseline risk assessment of Aa2. The rating derives from the bank's broad spread of earnings, which are based on its very strong franchise in the UK, diversified business lines and income streams, and its very healthy and sustainable financial fundamentals. While UK retail and business banking accounted for approximately 36% of profits in 2006, other operations including Barclays Capital (BarCap), Barclays Global Investors (BGI), and international businesses now represent a growing proportion of consolidated group revenues.

The negative outlook on the BFSR reflects the challenge of integrating and, in some cases, turning around the underperforming businesses of ABN AMRO. Barclays announced on 23rd April that it had agreed terms for a merger with ABN AMRO.

Moody's continues to believe that the probability of systemic support for Barclays plc is very high, which would -- were the outlook of Barclays BFSR to be stable -- result in a two-notch uplift in the deposit ratings to Aaa from the Aa2 baseline risk assessment. However with the BFSR on negative outlook the rating is at Aa1.

Thus, the deposit and debt ratings of Barclays incorporate three main elements: (1) the bank's BFSR of B+; (2) Moody's assessment of a very high probability of support from the UK authorities (a component of joint default analysis, referred to as JDA) and (3) the seniority of its deposits and debt.

Credit Strengths

- Strong positions in all key areas of UK financial markets

- Consistent profitability, driven by intense management focus on value creation

- Growing international operations to add diversification to UK operations, while managing execution risk

- Strong credit fundamentals

Credit Challenges

- Profitability of UK retail bank is improving but margin pressures persist in residential mortgages and credit cards

- Deteriorating asset quality levels in UK Barclaycard and unsecured lending business

- Barclays Capital's current focus and risk-averse culture will be a key to managing the inherent volatility of earnings that these businesses entail

- Managing the cost structure of the bank as a whole

Rating Outlook

The negative outlook on the B+ BFSR was affirmed in July 2007 following Barclay's revised bid for ABN AMRO. The negative outlook reflects the challenge of integrating and, in some cases, turning around, the underperforming businesses of ABN AMRO, taking into account the potential for a less benign environment than has be experienced in recent years, as well as the complexity of the challenges of executing a merger of such a large scale. In Moody's opinion, although the promise of significant strategic investments by China Development Bank and Temasek Holdings (announced in conjunction with the revised bid) could provide potential future business opportunities for Barclays, the benefits of those opportunities to the bank's overall credit risk profile would likely to be relatively modest over the near to medium term. The outlook on the long term debt and deposit rating and the short term debt and deposit rating is stable.

What Could Change the Rating - Up

Evidence that Barclays is able to maintain the momentum of the last few years, and in particular achieve greater leverage off its UK retail franchise, would put upward pressure on the BFSR rating. Evidence of the realisation of additional growth opportunities and synergies related to its agreement with China Development Bank and Temasek could also bolster its BFSR. Continuing to manage the risks in Barclays Capital would be a prerequisite for an upgrade.

What Could Change the Rating - Down

Negative rating pressure would likely occur if strategic decisions led to a material increase in Barclays' risk/return profile; for example, due to increased market-related activities or international acquisitions. If conditions in the UK retail market were to deteriorate significantly and so as to lead to an increased provisioning burden then this might also impact negatively on the rating. A failure to turn around the under performing elements of the ABN Amro franchise would likely have a negative implication for the rating. The potential for an increased risk profile as a result of the ABN AMRO's operations in Brazil is also a consideration in regard to the BFSR.

Recent Results

Barclays reported an increase of 35% in 2006 pre-tax profits to GBP7.1 billion (2005: GBP5.3 billion). UK Banking produced a pre-tax profit of GBP2.6 billion (an increase of 17% on 2005), while BarCap saw pre-tax profits rise by 55% to GBP2.2 billion. These two divisions between them produced 67% of overall group pre-tax profit. Of the remaining areas, Barclaycard saw profit fall back by 40% to GBP382 million (2005: GBP640 million) against the background of a challenging consumer environment and consequent rising impairment in the UK, as well as higher costs primarily relating to continued investment in Barclaycard US. BGI on the other hand saw profit grow substantially by 32% to GBP714 million from GBP540 million: assets under management at BGI now stand at USD.8 trillion. Pre-tax profits in the International Retail and Commercial Banking division were up by 101% to GBP1.3 billion, largely reflecting the first-time inclusion of Absa for a full year.

Barclays' Tier 1 capital ratio was 7.7% at end-2006 (7.0% end-2005) and the total capital ratio was 11.7% (2005: 11.3%).

DETAILED RATING CONSIDERATIONS

Detailed considerations for Barclays ratings are as follows:

Bank Financial Strength Rating

Moody's assigns a B+ BFSR to Barclays. Moody's believes the B+ rating is an appropriate measure of the bank's financial strength at present given its strong regional franchise, moderate risk profile and good financial fundamentals. Additionally, we believe that the franchise of Barclays Global Investors is under-rated in the scorecard, and note that this is stable business area which is gaining market share and that the figures may well improve further going forward.

Key positive elements driving the BFSR scorecard outcome are Barclays' franchise value across a number of countries and its risk positioning.

Key negative elements driving the BFSR scorecard outcome are the relatively modest score in terms of financial fundamentals.

Qualitative Rating Factors (50%)

Factor 1: Franchise Value

Trend: Neutral

Barclays Bank PLC has strong market shares in all significant fields of UK banking, including being one of the major players in the current account market, credit cards (through Barclaycard), small business banking and corporate finance. BarCap - its investment banking operation - has a major presence in debt and risk management markets in Europe and a growing presence in the US and Asia. BGI is one of the world's largest institutional fund managers.

The bank also has an alliance with Legal & General (rated Aa1 for Insurance Financial Strength), which enables it to offer insurance and long-term savings products, and a similar alliance with Norwich Union (part of the Aviva Group and rated Aa3 for Insurance Financial Strength) to sell non-life insurance products.

Within this broad spread of businesses, the bank is not overly dependent on potentially volatile revenues from corporate and investment banking in order to maintain high levels of profitability. Furthermore, around 50% of its profits (albeit that this is a reducing trend) are currently generated in the UK, which is a large, diverse and stable economy.

Barclays has a significant international presence in over 50 countries with 27 million customers and 3,627 branches. This presence has been enhanced over the last few years by a number of acquisitions.

These most notably include Banco Zaragozano in Spain (2003), US credit card company Juniper Financial Corporation (2004) and most recently the acquisition of Absa in South Africa (2005). These acquisitions are clearly helping to further broaden the revenue base of the bank. We note that Barclays has a good record in integration and that potential problems of execution risk have not arisen.

Factor 2: Risk Positioning

Trend: Neutral

The bank's market risk tolerance, as measured by its value at risk (VaR) limits, does not appear higher than those of other large international banks. Interest rate risk accounts for about half of VaR, which is consistent with it being the largest single revenue line at Barclays Capital. Although there will always be risks associated with a banking group which is actively involved in markets and trading activities, we believe that the risk appetite at Barclays is such as to maintain these at acceptable levels going forward. Nevertheless, we believe the group will need to maintain its disciplined approach to risk management in light of BarCap's ambitious growth plans. With reference to Basel II, Barclays continues to develop its approach to operational risk and plans to follow the Advanced Management Approach.

Factor 3: Regulatory Environment

Trend: Neutral

All UK banks are subject to the same score on regulatory environment. This factor does not address bank-specific issues; instead, it evaluates whether regulatory bodies are independent and credible, demonstrate enforcement powers and adhere to global standards of best practices for risk control. Refer to Moody's Banking System Outlook for the United Kingdom, published September 2006, for a detailed discussion of regulatory environment.

Factor 4: Operating Environment

Trend: Neutral

This factor is a blended score to account for the different geographies in which Barclays operates (notably South Africa). Moody's assigns an A- for the overall operating environment. Refer to Moody's Banking System Outlook for the United Kingdom, published September 2006, for a detailed discussion of the bank's domestic operating environment.

Quantitative Rating Factors (50%)

Factor 5: Profitability

Trend: Neutral

Barclays continues to rank among the most profitable banks in Europe, with pre-provision income of GBP8.5 billion in 2006. The net interest margin fell back in 2006 to 1.14% from 1.28% in 2005. (The net interest margin is defined as net interest income as a percentage of average interest earning assets.) However, net interest income now accounts for a smaller proportion of operating income (approximately 42% in 2006 and 47% in 2005 compared to 54% in the year 2000) with net fees and commissions as well as dealing profits representing a growing share of revenues. Risk-weighted recurring earning power, however, remains strong at 3.00% for the year 2006.

Factor 6:

Liquidity

Trend: Neutral

Barclays has in our opinion a diverse and stable depositor base - by type and by geography - as well as good flexibility in its balance sheet, with an ability to manage its asset base in times of stress.

The bank manages its wholesale funding according to a schedule of "Wholesale Borrowing Guidelines", which specifies a maximum net cumulative mismatch of funds in local and foreign currency, for one day, one week and one month, across five global regions.

We note that liquidity is good: liquid assets as a percentage of total assets were 55% at end-2006, which compares favourably with other highly rated European banks. We note that with the exception of the banking loan book, the majority of Barclays Capital's assets are highly liquid.

Barclays has, as one might expect, a strong funding franchise in the UK with strong positions in the current account, savings and business banking sectors, supported by the savings franchise under both the Barclays and the Woolwich brands.

In particular, Barclays closely manages the trading and liquidity balance sheet of Barclays Capital. The bank raises sizeable amounts of wholesale funds to finance local operations in the US. In addition, Barclays makes modest use of securitisation programmes for its Barclaycard and residential mortgage portfolios in order to enhance balance sheet flexibility, but to date has not made use of covered bond programmes. Barclays' average market funds (excluding interbank funds) as percentage of average funding is at first sight relatively high at 56% at end-2006. However, we take comfort from Barclays' excellent reputation and longstanding presence in the wholesale market. The solid funding profile and good liquidity of Barclays is a key underpinning of the bank's rating.

Factor 7: Capital Adequacy

Trend: Neutral

Barclays' target Tier 1 ratio is around 7.25%, of which a portion is planned to be in the form of hybrid instruments. We observe that the level of core Tier 1 looks relatively light for a bank of Barclays' profile. However, and notwithstanding the reduction in core Tier 1, we are reasonably comfortable with the current levels of capitalisation in view of the risks that the bank accepts and the quality of its earnings. Indeed, while these ratios are important, the level and consistency of the bank's earnings are the more significant drivers of its high ratings: capitalisation ratios and composition are more likely to become a significant factor at the margin - i.e. if the rating was under pressure (upwards or downwards) for other reasons.

Buybacks are seen as an integral part of the capital management toolkit, but are viewed very much as an option to be used occasionally to deal with excess capital, not a core policy.

Factor 8: Efficiency

Trend: Neutral

While Barclays' cost-to-income ratio of 61% is relatively high compared to similarly rated peers, we recognise that the bank continues to make investments in UK Retail Banking, Barclays Capital, BGI and Barclaycard. Operational excellence is clearly defined as an objective and inevitably there needs to be some investment before the bank can achieve its goal, both operationally and in terms of reduced cost ratios.

Factor 9: Asset Quality

Trend: Neutral

Barclays continues to show a good level of asset quality; the bank's exposures to industries which have potential for higher credit risk (for example, autos and airlines) are not, in our opinion, likely to lead to a significant deterioration in the bank's credit strength.

It is important to bear in mind the context of this relative deterioration in asset quality and rise in impairment charges. The current economic climate, while still relatively good, is undoubtedly less benign than 12 or 18 months ago. This is particularly true in relation to household finances, where clear signs of strain are beginning to emerge as a result of lower disposable incomes and high levels of personal indebtedness.

Nonetheless, the core strengths of Barclays should continue to provide an extremely strong buffer against possible deterioration in the UK operating environment. Indeed, we note that the bank, in common with its large UK peers, has demonstrated a significant degree of stability, both strategically and in terms of financial fundamentals, over the past few years, when there have been a number of financial and economic crises globally.

Overall asset quality in the UK is good and Barclays has very strong pre-provision earnings (GBP8.5 billion in 2006), which should allow it to withstand any currently foreseeable deterioration with ease or indeed come through any larger global economic shock relatively unscathed.

Global Local Currency Deposit Rating (Joint Default Analysis)

The deposit/debt ratings are Aa1/Prime-1. Were the BFSR to fall back from one notch from B+ to B then, given the current probability of systemic support, the long-term rating would remain at Aa1.

Moody's assessment of the probability of support as very high recognises Barclays importance to the UK economy and its payment systems.

Notching Considerations

Ratings for Barclays' junior obligations should be notched off the fully supported deposit rating because Moody's believes that there is no legal authority in place in the UK to impose losses on subordinated creditors outside of a liquidation scenario.

Foreign Currency Deposit Rating

The Foreign Currency Deposit ratings of Barclays are unconstrained given that the UK, in common with other EU members, has a country ceiling of Aaa.

Foreign Currency Debt Rating

The Foreign Currency Debt Rating's ratings of Barclays are unconstrained given that the UK, in common with other EU members, has a country ceiling of Aaa.

ABOUT MOODY'S BANK RATINGS

Bank Financial Strength Rating

Moody's Bank Financial Strength Ratings (BFSRs) represent Moody's opinion of a bank's intrinsic safety and soundness and, as such, exclude certain external credit risks and credit support elements that are addressed by Moody's Bank Deposit Ratings. Bank Financial Strength Ratings do not take into account the probability that the bank will receive such external support, nor do they address risks arising from sovereign actions that may interfere with a bank's ability to honor its domestic or foreign currency obligations. Factors considered in the assignment of Bank Financial Strength Ratings include bank-specific elements such as financial fundamentals, franchise value, and business and asset diversification. Although Bank Financial Strength Ratings exclude the external factors specified above, they do take into account other risk factors in the bank's operating environment, including the strength and prospective performance of the economy, as well as the structure and relative fragility of the financial system, and the quality of banking regulation and supervision.

Global Local Currency Deposit Rating

A deposit rating, as an opinion of relative credit risk, incorporates the Bank Financial Strength Rating as well as Moody's opinion of any external support. Specifically, Moody's Bank Deposit Ratings are opinions of a bank's ability to repay punctually its deposit obligations. As such, Moody's Bank Deposit Ratings are intended to incorporate those aspects of credit risk relevant to the prospective payment performance of rated banks with respect to deposit obligations, and includes: intrinsic financial strength, sovereign transfer risk (in the case of foreign currency deposit ratings), and both implicit and explicit external support elements. Moody's Bank Deposit Ratings do not take into account the benefit of deposit insurance schemes which make payments to depositors, but they do recognize the potential support from schemes that may provide assistance to banks directly.

According to Moody's joint default analysis (JDA) methodology, the global local currency deposit rating of a bank is determined by the incorporation of external elements of support into the bank's Baseline Risk Assessment. In calculating the GLC rating for a bank, the JDA methodology also factors in the rating of the support provider, in the form of the local currency deposit ceiling for a country, Moody's assessment of the probability of government support for the bank in case a stress situation occurs and the degree of dependence between the issuer rating and the LCDC.

National scale ratings

National scale ratings are intended primarily for use by domestic investors and are not comparable to Moody's globally applicable ratings; rather they address relative credit risk within a given country. An Aaa rating on Moody's National Scale indicates an issuer or issue with the strongest creditworthiness and the lowest likelihood of credit loss relative to other domestic issuers. National Scale Ratings, therefore, rank domestic issuers relative to each other and not relative to absolute default risks. National ratings isolate systemic risks; they do not address loss expectation associated with systemic events that could affect all issuers, even those that receive the highest ratings on the National Scale.

Foreign Currency Deposit Rating

Moody's ratings on foreign currency bank obligations derive from the bank's local currency rating for the same class of obligation. The implementation of JDA for banks can lead to a high local currency ratings for certain banks, which could also produce high foreign currency ratings. Nevertheless, it should be reminded that foreign currency deposit ratings are in all cases constrained by the country ceiling for foreign currency bank deposits. This may result in the assignment of a different, and typically lower, rating for the foreign currency deposits relative to the bank's rating for local currency obligations.

Foreign Currency Debt Rating

Foreign currency debt ratings are derived from the bank's local currency debt rating. In a similar way to foreign currency deposit ratings, foreign currency debt obligations may also be constrained by the country ceiling for foreign currency bonds and notes, however, in some cases the ratings on foreign currency debt obligations may be allowed to pierce the foreign currency ceiling. A particular mix of rating factors are taken into consideration in order to assess whether a foreign currency bond rating pierces the country ceiling. They include the issuer's global local currency rating, the foreign currency government bond rating, the country ceiling for bonds and the debt's eligibility to pierce that ceiling.

Rating Factors

Barclays Bank PLC

Rating Factors [1]	A	B	C	D	E	Total Score	Trend
Qualitative Factors (50%)						B	
Factor 1: Franchise Value (20%)						B+	Neutral
Market Share and Sustainability	x						
Geographical Diversification	x						
Earnings Stability			x				
Earnings Diversification [2]							
Factor 2: Risk Positioning (20%)						C+	Neutral
Corporate Governance [2]							
- Ownership and Organizational Complexity							
- Key Man Risk							
- Insider and Related-Party Risks				--	--		
Controls and Risk Management	x						
- Risk Management	x						
- Controls	x						
Financial Reporting Transparency	x						
- Global Comparability	x						
- Frequency and Timeliness		x					
- Quality of Financial Information	x						
Credit Risk Concentration	--	--	--	--	--		
- Borrower Concentration	--	--	--	--	--		
- Industry Concentration	--	--	--	--	--		
Liquidity Management	x						
Market Risk Appetite	x						
Factor 3: Regulatory Environment (5%)	--	--	--	--	--	--	--
Factor 4: Operating Environment (5%)						A-	Neutral
Economic Stability	x						
Integrity and Corruption		x					
Legal System	x						
Financial Factors (50%)						C+	
Factor 5: Profitability (7.9%)						C+	Improving
PPP % Avg RWA		2.84%					
Net Income % Avg RWA			1.67%				
Factor 6: Liquidity (7.9%)						A-	Neutral
(Mkt funds-Liquid Assets) % Total Assets		-1.56%					
Liquidity Management	x						
Factor 7: Capital Adequacy (7.9%)						C	Neutral
Tier 1 ratio (%)			7.40%				
Tangible Common Equity % RWA	--	--	--	--	--		
Factor 8: Efficiency (3.5%)						C	Improving
Cost/income ratio			60.57%				
Factor 9: Asset Quality (7.9%)						C+	Weakening
Problem Loans % Gross Loans		1.75%					
Problem Loans % (Equity + LLR)			23.04%				
Lowest Combined Score (15%)						C	
Economic Insolvency Override						Neutral	
Total Scorecard Implied BFSR						B-	

Assigned BFSR		B+	

[1] - Where dashes are shown for a particular factor (or sub-factor), the score is based on non public information
[2] - A blank score under Earnings diversification or Corporate Governance indicates the risk is neutral

STANDARD & POOR'S

RATINGSDIRECT®

April 17, 2007

Barclays Bank PLC

Primary Credit Analyst:
Nick Hill, London (44) 20-7176-7216; nick_hill@standardandpoors.com

Secondary Credit Analyst:
Claire Curtin, London (44) 20-7176-7032; claire_curtin@standardandpoors.com

Table Of Contents

Barclays Bank PLC

Major Rating Factors

Counterparty Credit Rating

AA/Stable/A-1+

Strengths:

- Strong earnings growth and returns
- Good market positions
- Increased diversification by business line and geography
- Solid funding base
- Highly developed risk-management framework

Weaknesses:

- Relatively weak, although improved, capitalization compared with peers'
- Potentially increased earnings volatility through enlarged investment bank and international presence
- Large exposure to U.K. unsecured debt
- Balance sheet volatility arising from substantial defined-benefit pension fund

Rationale

The ratings on U.K.-based Barclays Bank PLC (Barclays) reflect its strong earnings and returns, good market positions, increased diversification, solid funding base, and highly developed risk-management framework. The ratings also reflect its relatively weak, although improving, capitalization, the potential increase in earnings volatility created by its expanded investment bank, its significant exposure to U.K. unsecured personal debt, and its large defined-benefit pension scheme and associated IAS 19 deficit.

Barclays has a range of high-return businesses across multiple product lines, including retail banking and business banking in the U.K. and abroad, investment banking, and asset management. Growth has generally been strong, particularly in wholesale banking toward which Barclays' business profile has been shifting, and this could introduce more volatility into group income and earnings. Domestic retail growth has been notably weaker and remains subject to various management initiatives.

Diversification, both by business line and geography, has been increasing rapidly, and the aim of sourcing 50% of group profits from outside the U.K. has been achieved. In part, this has come through the organic growth of global product lines including investment banking and asset management, but also through acquisitions, notably in South Africa and Spain.

Barclays has invested considerable resources in developing its risk-management framework, which Standard & Poor's Ratings Services considers to be one of the most sophisticated in the banking industry.

Standard & Poor's regards Barclays' capitalization as weak compared with similarly rated peers, notwithstanding some recent improvement. Barclays is shareholder focused and has used hybrid capital rather than ordinary shares to fund much of its recent expansion.

Barclays has recently suffered a significant increase in its loan impairment charge in the U.K. through its leading unsecured lending and credit card business, Barclaycard. Barclays remains exposed to further changes in the U.K.

economic climate and bankruptcy legislation.

In common with some other U.K. banks, Barclays has a large defined-benefit pension scheme. The large size of the fund and associated liabilities makes Barclays' capital base relatively sensitive to changes in the value of plan assets or the assumptions determining plan liabilities.

Outlook

The outlook is stable. This reflects Standard & Poor's view that earnings should remain strong and risk management sound. However, current talks with ABN AMRO Bank N.V. (AA-/Stable/A-1+) have the potential to change the rating, and Standard & Poor's will assess the integration risk of a deal, together with its impact on capitalization, diversification, and profitability. This could lead to downward pressure on the ratings on Barclays.

Absent any such deal, Standard & Poor's continues to monitor the effect of Barclays' organic expansion and its acquisitions on the quality of its earnings, risk, and capitalization.

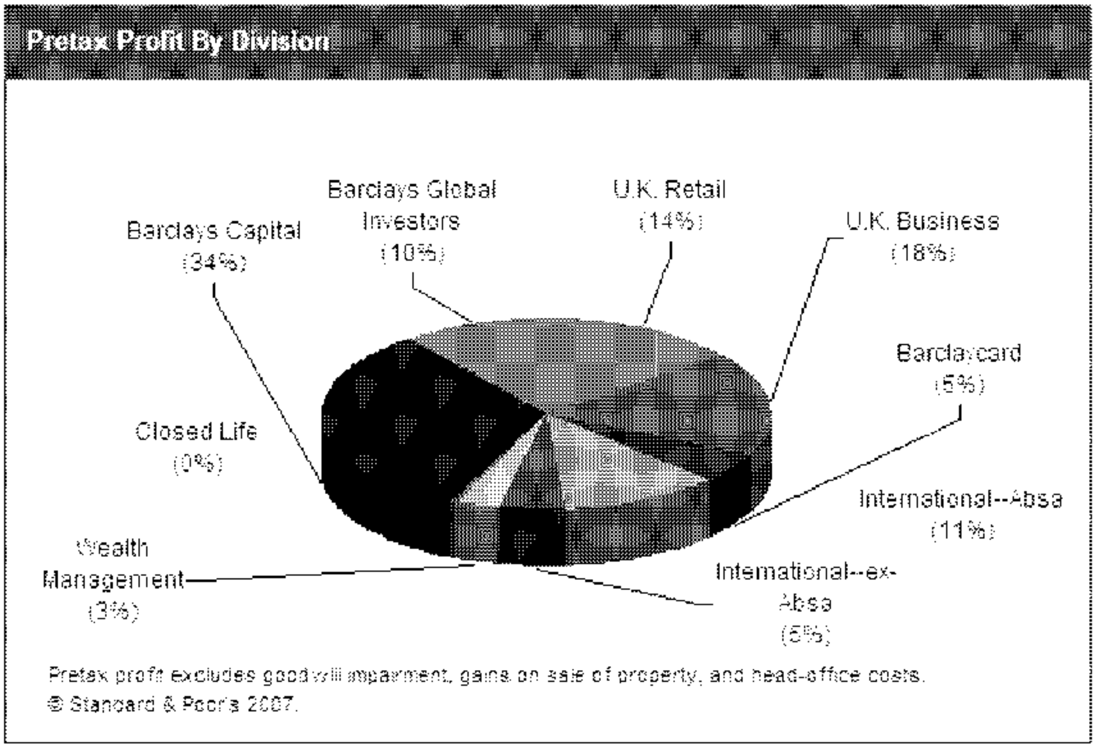
A positive rating action would require continued successful diversification coupled with a material improvement in capitalization, but Barclays' tight capital policy is likely to act as a rating restraint. A negative rating action could follow if risk charges were to increase dramatically, if capital leverage increased significantly following further acquisitions, or if there were a material failure of risk controls.

Profile: U.K.-Based Universal Bank

Barclays is a large U.K.-based universal bank with total assets of £997 billion at Dec. 31, 2006, and shareholders' equity of £27 billion. Its activities cover a wide range of financial activities both in the U.K. and abroad. These include retail and business banking in the U.K., Iberia, France, Italy, South Africa, and sub-Saharan Africa, global corporate and investment banking via its Barclays Capital division, and asset and wealth management. Expansion has been achieved through a combination of organic growth (particularly in investment banking and asset management) and by acquisition--the largest purchases since 2000 have been Woolwich (not rated), Banco Zaragozano (not rated), and Absa Bank Ltd. (Api).

Barclays is grouped into seven principal divisions, managed in two groups. Profits are broadly spread between the businesses (see chart 1).

Chart 1



The first group, Global Retail and Commercial Banking, consists of U.K. banking, international banking, and Barclaycard.

The U.K. bank (32% of group pretax profits in 2006, excluding goodwill impairment, gains on sale and head office costs) is the core of Barclay's' historical roots, and comprises U.K. retail banking (providing current accounts, savings accounts, and mortgages), and U.K. business banking, providing financial services to small and midsize enterprises (SMEs) and larger businesses. Its market position is strong across most product lines.

The international business (16% of pretax profits) has expanded rapidly in recent years. While Barclays has long had a presence abroad, notably in France, Spain, and Africa, the acquisition of Banco Zaragozano, a midsize retail and commercial operation in Spain, and 57% share of the Absa banking group in South Africa have given a much greater role to this division.

Barclaycard (5% of pretax profits) is the oldest and one of the largest credit card operators in the U.K., and provides revolving credit and unsecured loans. It has also been expanding abroad, and in 2004, acquired Juniper, now called Barclaycard U.S., a U.S. credit card company.

The second group, primarily wholesale and institutional, consists of Barclays Capital, Barclays Global Investors (BGI), and Wealth Management.

Barclays Capital (33% of pretax profits) is an international corporate and investment bank focused on the interest rate, credit and derivative, debt, and risk-management markets, and has expanded rapidly in recent years.

BGI (10% of pretax profits) is the world's largest index asset manager, with $1.8 trillion of assets under management, and has also undergone rapid growth, while launching new products in active asset management.

Wealth Management (3% of pretax profits) provides financial advice, offshore savings, and private banking services to affluent individuals. The business acquired the Gerrard private client business in 2003, and Charles Schwab's European stockbroking business in 2003.

Head office includes most central group services, and manages group capital.

Ownership And Legal Status: U.K. Listed

Barclays Bank PLC is 100%-owned by Barclays PLC (not rated), a holding company listed on the London Stock Exchange, the Tokyo Stock Exchange, and the New York Stock Exchange via an ADR program. As one of the largest companies by market capitalization in the U.K., liquidity is very good.

Barclays is regulated on a consolidated basis by the U.K.'s Financial Services Authority. Many of the group's overseas subsidiaries are also subject to local regulators.

Strategy: Growth And Diversification

Barclays' strategy is to "earn, invest, and grow". This encapsulates a largely organically driven approach to growth. For example, Barclays has used the significant cashflow generated by its U.K. banking businesses to invest in its faster growing capital markets and investment management operations. Standard & Poor's considers that this approach has been generally successful, as indicated by strong growth and increased diversification.

Barclays' recent announcement that it is in talks to merge with ABN AMRO suggests that its stated ideal of being "one of a handful of universal banks leading the global financial services industry" is a literal one: the combined group would be the fifth largest in the world by market capitalization. Barclays would seek to reap synergies between overlapping operations, particularly in wholesale banking, while taking advantage of the additional growth opportunities provided by ABN AMRO's positions in Brazil and Asia. Standard & Poor's considers that a potential merger--while likely to further enhance diversification and provide some earnings benefit--would face considerable integration challenges, and will examine any plans closely.

Barclays' overall strategy is supplemented with additional goals. The overall financial target is to achieve first quartile total shareholder return, by means of annual economic profit growth of 10%-13%. Over the period 2004-2006, economic profit growth was well in excess of the target, at 28% compound annual growth, but nevertheless, Barclays ranked sixth in total shareholder return in its peer group, that is, the second quartile.

At an operational level priorities have been to return to market share growth in U.K. retail, to continue to diversity in Barclays Capital, to demonstrate value creation from universal banking, and to establish a global retail and commercial bank strategy. Progress has been made on all of these, with a pickup in U.K. mortgage share, a further broadening of Barclays Capital's revenue base, and the creation of a global retail and commercial banking business unit. Barclays also aims to improve credit quality in Barclaycard; impairments should start to level out in 2007. The greatest challenges for the group, perhaps, is to demonstrate the value of synergies between business units, which offer a range of products over diverse geographies: at the moment, this remains unproven.

Accounting: Pension Deficit Introduces Volatility

In common with most other European banks, Barclays switched to IFRS from U.K. GAAP as adopted by the EU from Jan. 1, 2005. For more information, see "Bank Industry Risk Analysis: U.K. Banks Stand Firm Against Changing Credit Environment," published on Dec. 15, 2006, on RatingsDirect. Barclays complies with the stricter requirements of hedge accounting under IAS 39.

Barclays has chosen to apply the "corridor" approach to accounting for postretirement benefit obligations under IAS 19, whereby it amortizes actuarial gains and losses when they exceed 10% of the greater of plan assets or obligations. At end-2005, this meant that the deficit of £2.9 billion was only partially reflected in reported equity, and for this reason Standard & Poor's made a further deduction from adjusted common equity (ACE) of £799 million, reflecting the unrecognized deficit, after tax. In 2006, however, this position was dramatically reversed, and the IAS 19 deficit was reduced to only £817 million while the recognized liability was broadly unchanged at £1,719 million. This means that accounting equity is now understated relative to the actual deficit as at Dec. 31, 2006. Standard & Poor's recognizes this by adding to ACE the difference between the recognized deficit and the actual deficit, net of tax. This adds £631 million to ACE (see table 1). The U.K. regulator neutralizes the entire deficit, however. This is a closer reflection of the actuarial position of the U.K. pension fund, for which Barclays' estimates there is a £1.3 billion surplus, rather than a deficit.

Table 1

IAS 19 Pension Deficit Has Changed Materially

	2006	2005
Projected benefit obligation	18,323	19,269
Value of plan assets	17,506	16,390
Deficit	817	2,879
Net recognized liability	1,719	1,737
Difference between deficit and net recognized liability	902	(1,142)
After tax difference--adjustment to adjusted common equity	631	(799)

During 2006, Barclays commenced a program of sale and leaseback of various properties, mainly branches within its retail network. This reflected the group's view that the rental yields on assets were now so low that it was more economically efficient to lease some properties rather than own them. These transactions resulted in gains of £432 million, the bulk of which were within U.K. Retail Banking and U.K. Business Banking, with some further gains in Spain, Barclaycard, and at head office. These gains were accounted for as negative costs, but Standard & Poor's regards these as exceptional gains. A further £145 million of gains are expected in the first half of 2007. Operating lease rental expenses will rise as a result of the sales.

Barclays is active in securitization and as at end-2006 had securitized assets on the balance sheet of £24 billion, one-half of which was in respect of residential mortgage loans, with the other half split between commercial loans and credit card receivables. Total securitized assets rose by 31% year on year, mainly attributable to mortgages, in which Barclays retains interests of £628 million. Given that these interests bear a substantial part of the risk of the securitized mortgage assets, they are deducted from regulatory capital and Standard & Poor's modified adjusted total equity measure (ATE).

Barclays' asset management business, BGI, is 9.4% owned by its key employees. In addition, Barclays grants options in BGI to these staff as part of their compensation arrangements. The cost of these option awards is recognized in staff expenses over the service of the employee. Barclays may also purchase shares in BGI from employees, although it has no contractual obligation to do so. These purchases were worth £410 million in 2006, and were accounted for as an acquisition. As further options are granted, converted to shares, and Barclays repurchases them as expected, further cash outflows are expected, acting as a drag on capital retention of roughly 10% of core earnings.

Risk Profile And Management: Highly Developed Framework

Standard & Poor's considers Barclays' enterprise risk management to be excellent. Its risk-management framework is comprehensive, highly developed, and in Standard & Poor's view one of the best in the industry. At the highest level, the board has established a board risk committee, which approves the group's risk appetite and monitors the risk profile against the appetite. It also approves the group's internal control and assurance framework, and approves control standards for the principal risks. Meanwhile, the board's audit committee and the governance and control committee consider the effectiveness of the group's internal control and assurance framework. The risk oversight committee debates and determines actions on the risk profile and strategy and ensures consistency with group risk appetite.

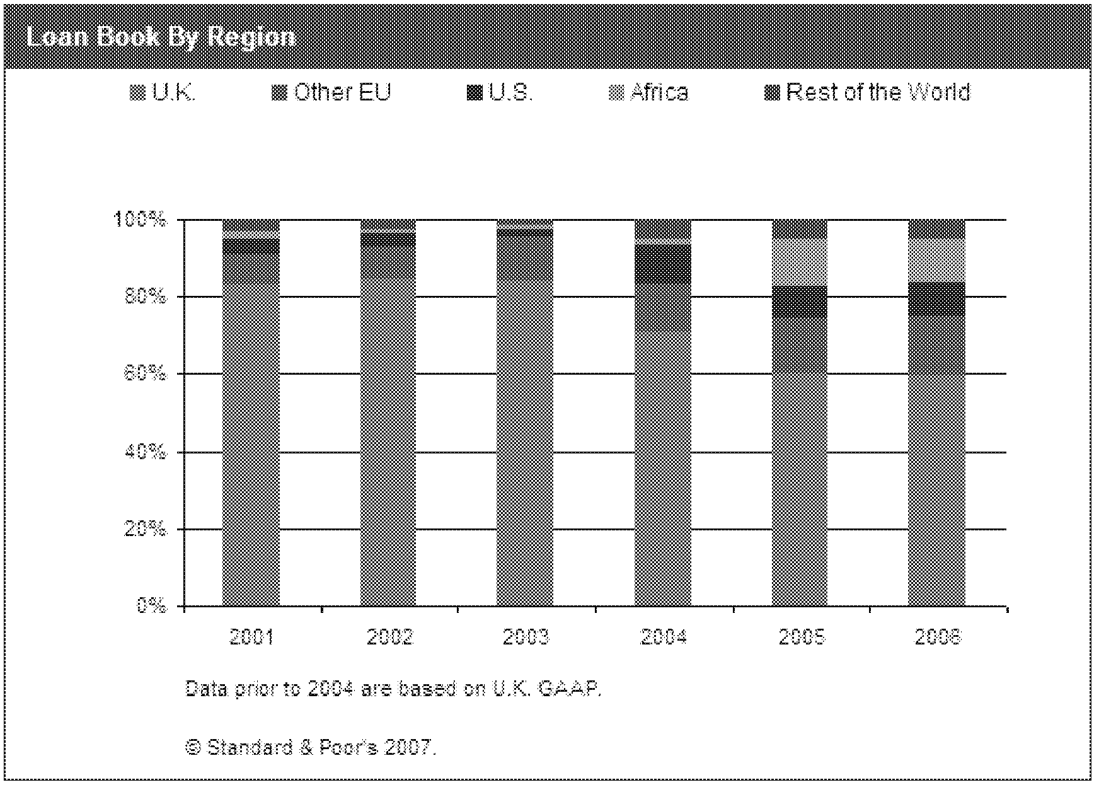
Operationally, the Group Chief Executive and Finance Director have delegated authority to the Risk Director to ensure effective management and control of risks. The control frameworks themselves are established by the heads of the various risk functions and their teams. The business line heads, supported by their teams, are responsible for the identification and management of risk.

Credit quality

Barclays' loan book is of high overall quality, despite a further deterioration in U.K. unsecured lending. Barclays uses a relatively sophisticated credit risk-management system including statistical modeling of probability of default, loss given default, and exposure at default throughout its business. It also publishes its expected loss figures ("risk tendency") on a rolling 12-month basis. Barclays also makes extensive use of credit-mitigation techniques to manage credit risk, including collateral, netting, and credit derivatives.

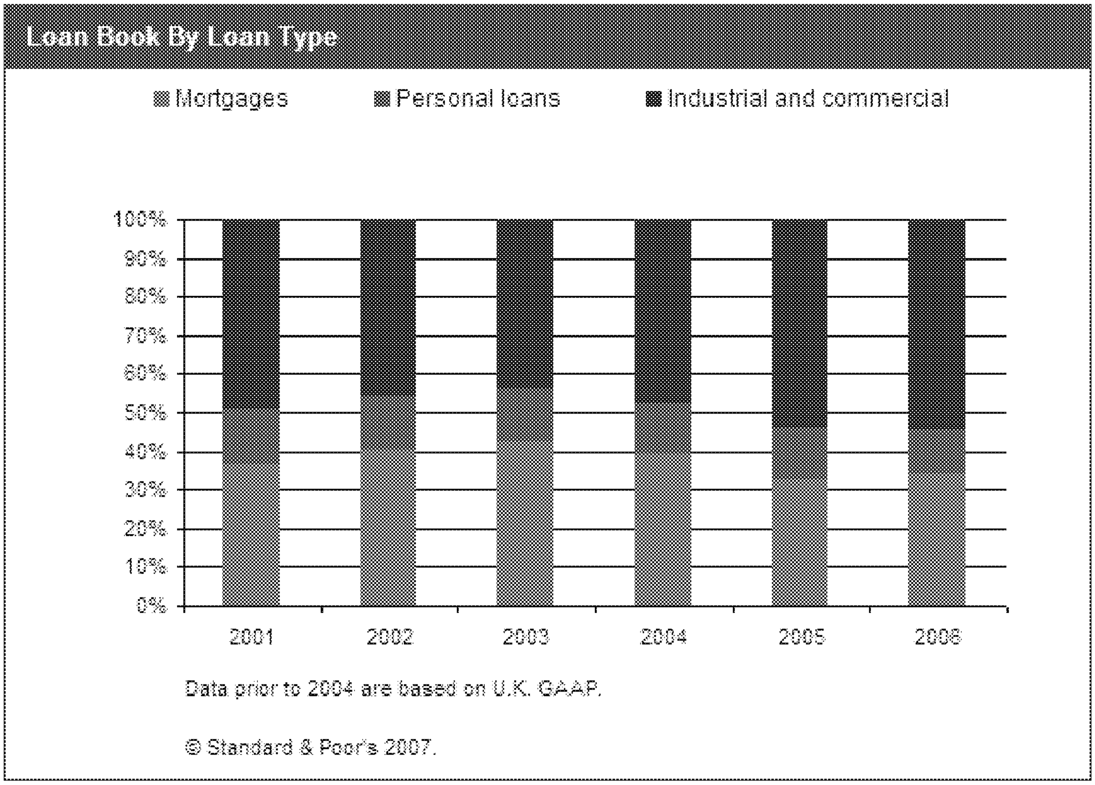
Barclays benefits from having a broadly based loan portfolio, by both geography and industry. Although it retains a strong bias toward the U.K., the geographic mix has changed significantly in recent years, with the U.K. component falling to 60% of the total at year-end 2006, from 70% at year-end 2004 and more than 80% in 2001 (see chart 2). This has been beneficial in reducing the group's relative exposure to credit quality problems in the U.K., although this remains by far the largest risk.

Chart 2



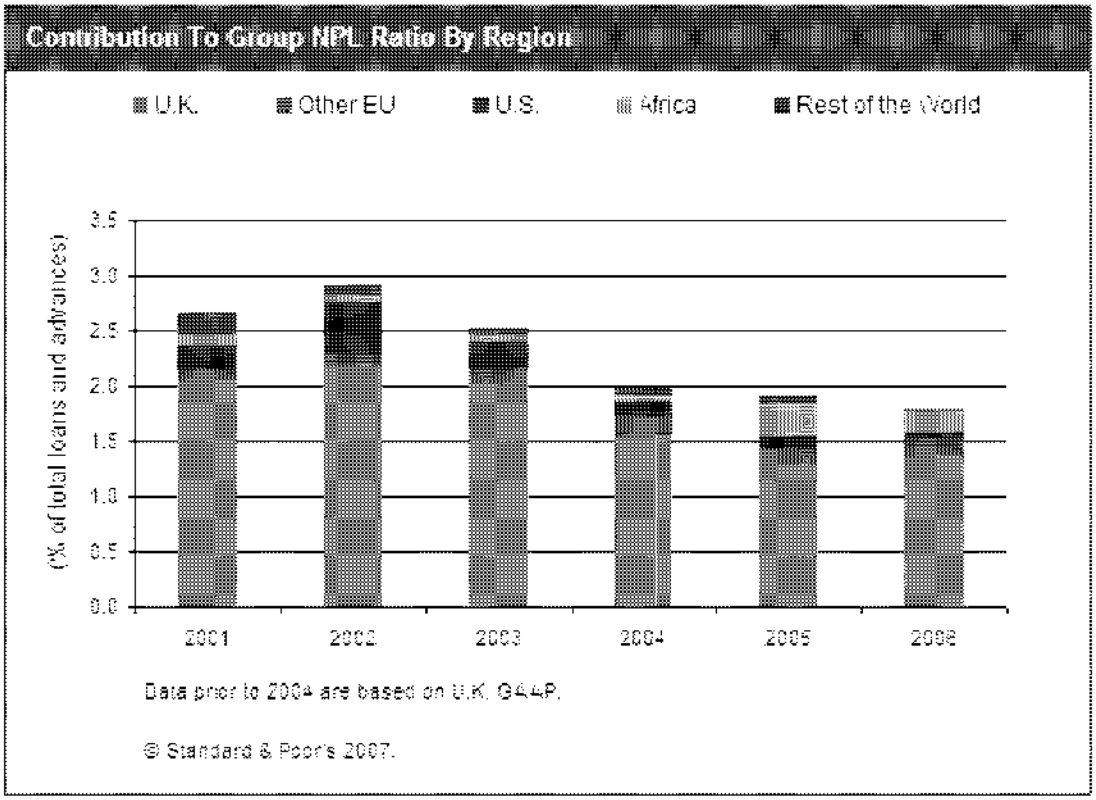
Loans to individuals make up slightly less than one-half the total loan portfolio, at 46% (see chart 3). These loans break down further into mortgages (34% of the total) and personal loans (11%). In 2006, the proportion of mortgage loans rose for the first time in four years, reflecting higher origination levels in the U.K. in response to strategic initiatives. Unsecured lending, however, fell slightly in response to more a difficult lending environment in the U.K.

Chart 3



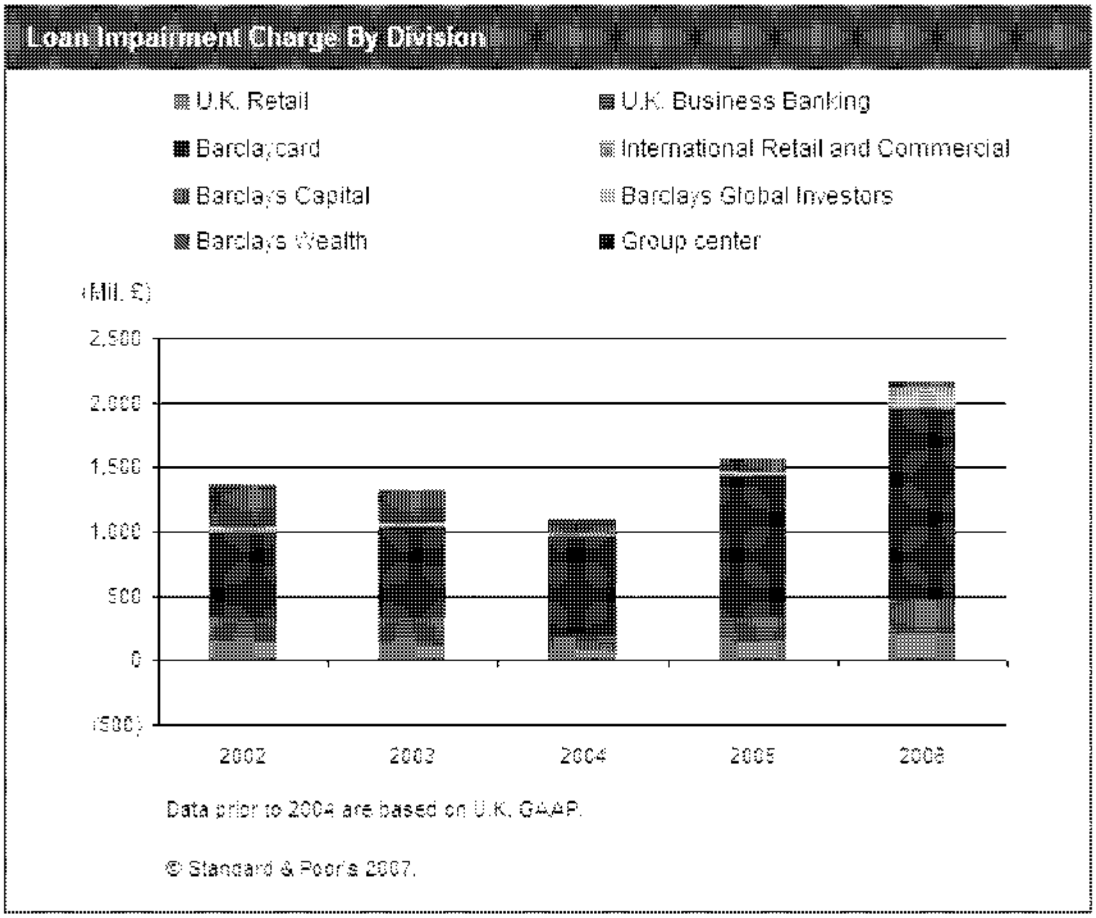
This shift to wholesale from retail exposures suggests some increased uncertainty about overall credit quality, but corporate credit quality overall continues to perform well. The NPL ratio fell further in 2006, to 1.8% from 1.9% in 2005 and 2.9% in 2002, reflecting industry trends (see chart 4). Running counter to this in 2006 was a slight rise in U.K. NPLs, which likely reflects weaker unsecured credit, offset by improvements in Africa and the U.S. NPLs are 66.0% covered by impairment allowances, broadly stable compared with previous years.

Chart 4



These trends are also reflected in the credit impairment charge, of which an increased proportion is from the U.K., at 91% compared with 88% in 2005 and 70% in 2002. This is a result both of more benign conditions elsewhere (particularly in the U.S.), and the concurrent worsening in U.K. unsecured credit quality--the impairment charge in Barclaycard rose 36% in 2006 to £1,493 million, compared with £708 million in 2004 (see chart 5). So far, however, there has been little spillover of the U.K. unsecured credit quality problems into other areas, for example, mortgages, although there has been some deterioration in the SME portfolio. Standard & Poor's expects impairments within Barclaycard to level out in the coming year, although absolute decline is less probable in the short term. Even so, Barclaycard remains profitable.

Chart 5



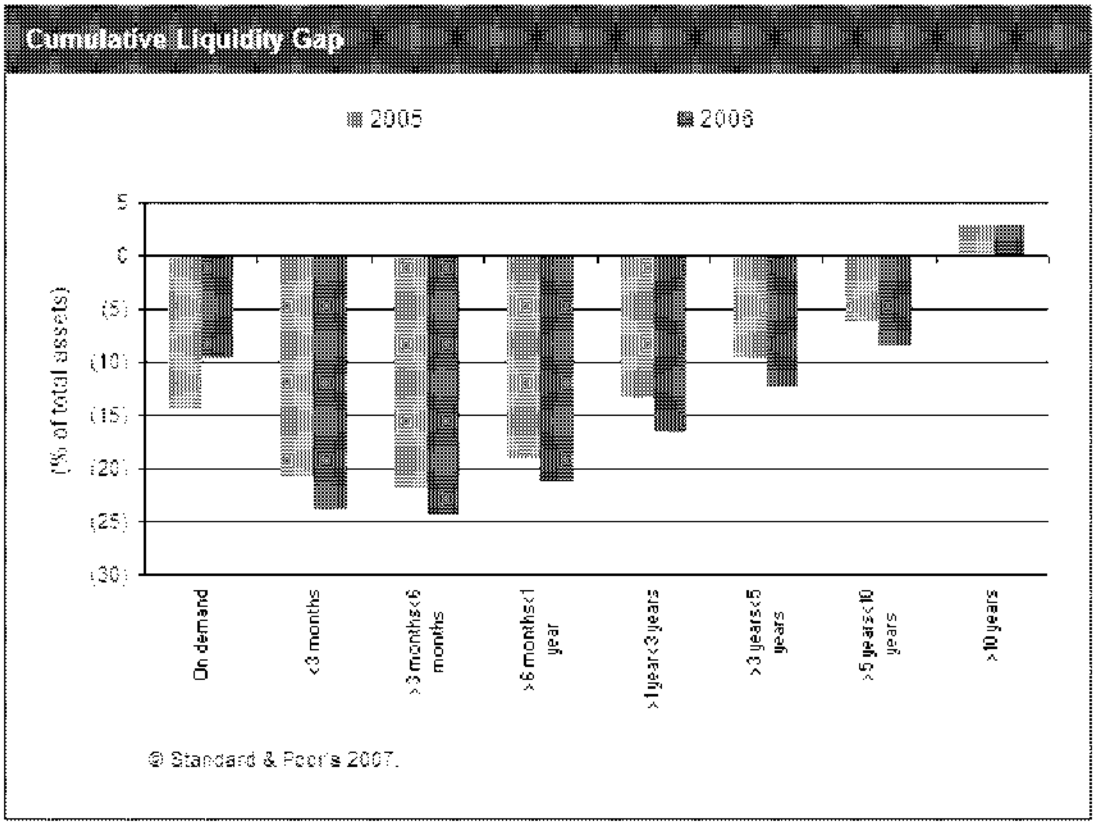
Funding and liquidity

Barclays' funding profile is generally strong, given its high profile in international markets and good access to noninterest-bearing deposits. Barclays is increasingly active in securitization, and had £24.4 billion of securitized assets at year-end 2006, up from £18.6 billion in 2005 and just £4.3 billion at end-2004.

Liquidity is monitored by the treasury committee, which assesses and projects cashflows. In addition, the treasury monitors unmatched assets and undrawn commitments and other contingent liabilities, while conducting stress testing.

As a clearing bank with a sizable book of sight deposits, Barclays has a large degree of mismatch between short-term assets and liabilities (see chart 6).

Chart 6



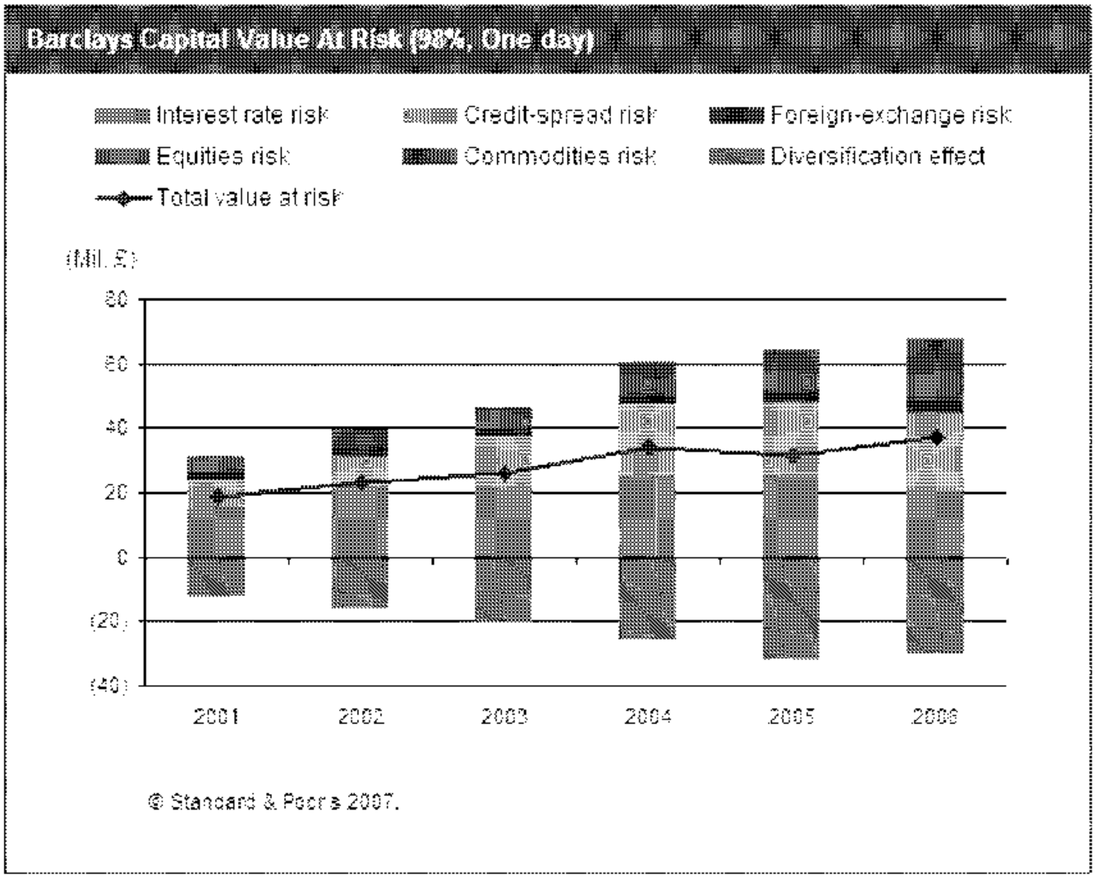
In 2006, the short-term mismatch (three months or less) increased, offset by an increase in liquid assets. This inherent mismatch is mitigated by a number of factors. Firstly, retail sight deposits--although contractually repayable on demand--tend to be "sticky" and form a stable funding base. The majority (66%) of customer deposits are from the U.K., but deposits abroad provide some diversity. Secondly, as required by regulation, Barclays maintains a pool of liquid securities, such as government bonds, which may not repay for many years, but which can be sold in almost any scenario to meet a sudden demand for funds.

Barclays also has a large stock of assets, which could be securitized to raise cash, such as its book of U.K. mortgages, worth about £68 billion (about 19% of which is already securitized), for which there exists a reliable market.

Market risk

Barclays runs significant market risk in its trading operations within its investment banking division, Barclays Capital. The majority of this traded market risk, as indicated by value-at-risk (VaR) measures, is composed of interest rate and credit spread risk, broadly in line with the division's core activities (see chart 7).

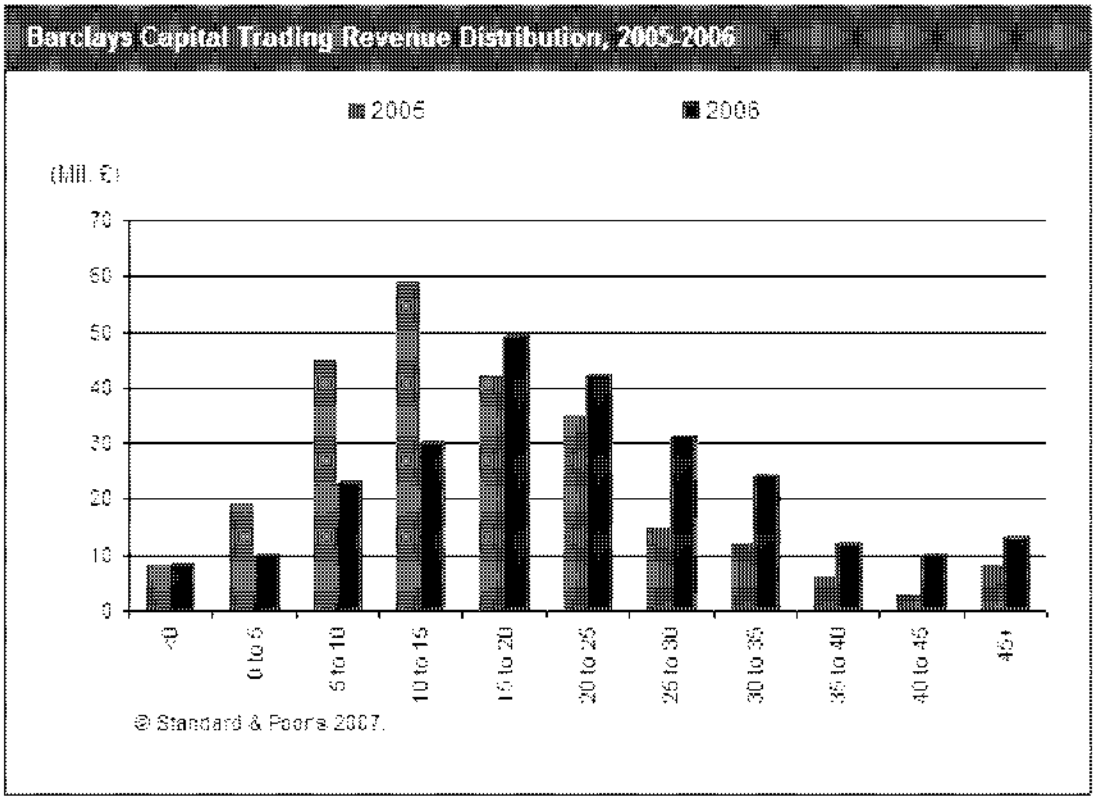
Chart 7



VaR has approximately doubled in absolute terms since 2001, with more recent growth being driven by exposure to commodity exposures. Nevertheless, VaR has been outstripped by growth in income and profit, and so VaR has fallen relative to the size of the division. Average VaR was about 1.7x average daily revenue for 2006, compared with about 2.0x in 2005. This has in part been achieved through increased diversification benefit as the business lines have grown, but in absolute terms, and relative to trading income, VaR remains higher than at many other investment banks. This is to some extent because Barclays' disclosed VaR includes risk arising from managing interest rate positions in the banking book, and its pure traded risk VaR is thus lower. Barclays also employs other market risk metrics, including stress tests, earnings at risk and economic capital.

The distribution of trading revenue also provides an indication of risk (see chart 8). The shift of the histogram to the right demonstrates the favorable trading conditions in 2006, enabling Barclays Capital to increase its profitable days without an increase in lossmaking days. Again, this shift is also likely to reflect its broadening product range.

Chart 8



Barclays nontraded market risks include structural interest risk arising from mismatches in the commercial banking business, which is managed by the treasury. Residual risk is passed to Barclays Capital where it may be retained or hedged with market counterparties.

Moreover, Barclays bears considerable nontrading market risk through its defined-benefit pension fund exposure. Barclays has one of the largest pension schemes relative to its core capital of any European bank, and although this is a long-term liability without great short-term impact, it does render the bank's capitalization relatively sensitive to changes in the value of plan assets or changes in liability assumptions. For example, changes in assumptions made in 2006--including a lower rate of real salary increases--led to a reduction in the projected benefit obligation.

Operational risk

Barclays has an established definition of operational risk and a framework establishing control requirements for a number of identified risk categories, for example, financial crime, financial reporting, legal, operations, staff, compliance, and technology. Primary responsibility rests with the business areas.

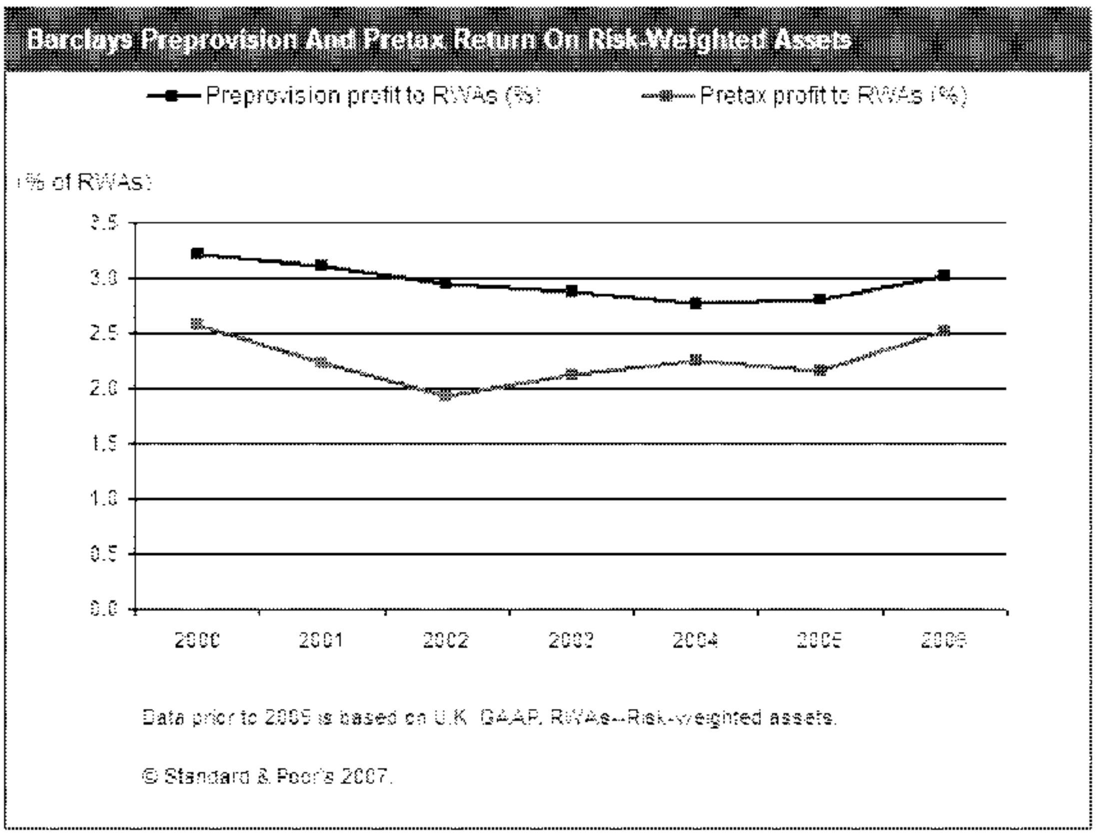
Key risks and controls are assessed using scenario analyses, and Barclays uses a standard groupwide process for collecting risk data, as well as public data on operational losses, and is part of a number of international banks which share operational loss data. Barclays allocates economic capital to operational losses to incentivize tighter risk management.

Barclays had been named as a codefendant in the "Newby" class action lawsuit related to the collapse of Enron, and some other litigation. The legitimacy of these claims is still subject to legal dispute. In March 2007, the U.S. courts ruled that no proper claim against Barclays could proceed. However, the plaintiffs could yet seek further appeal of this ruling.

Profitability: Strong Returns; Increasingly Diverse

Barclays' profitability is strong, increasingly diverse and earnings should remain solid. 2006 was a record year for Barclays, with a net income of £4.6 billion, a 33% increase on 2005, reflecting in part the full impact of the 2005 acquisition of Absa. Core return on risk-weighted assets (RWAs) was 1.4%, which denotes healthy capital generation. Preprovision returns on RWAs are also good, at 3.0%, an increase on 2005--again in part attributable to the consolidation of Absa's higher margins (see chart 9). In 2006, loan impairments were 76 basis points (bps) of RWAs, so this margin provides a substantial buffer against unexpected losses.

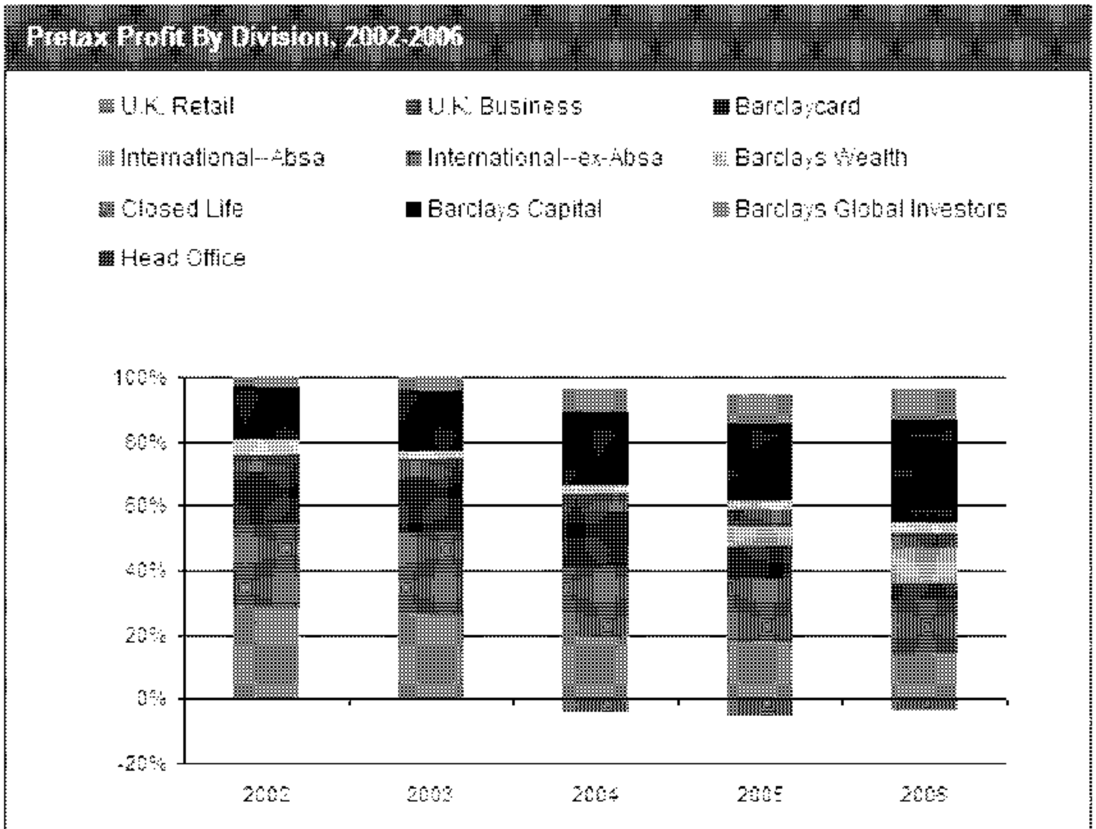
Chart 9



Profit growth was driven chiefly by Barclays Capital (where pretax profits excluding goodwill impairment rose 56%) by Absa (up 128%), and by BGI (up 32%). Other divisions were more sluggish. The U.K. bank--excluding gains on sale of properties--saw profit before tax slip 1%, as some progress in Business Banking was offset by a further fall in Retail Banking. Barclaycard had a weak year, with profit before tax falling 45%, reflecting higher impairment charges in the U.K. International banking excluding Absa showed a slight decline in profits, as higher African impairment charges offset strong growth in Spain and Portugal.

The trends of 2006 mark a continuation of Barclays' transition toward international and capital markets business, and away from U.K. banking--a transition that has been accelerated by the weak performance in Barclaycard (see chart 10). Standard & Poor's considers that Barclays' income streams have become increasingly diverse in recent years, reducing its exposure to any single market (notably the U.K.), and enabling it to weather significant problems at Barclaycard, for example, while still showing good group-level growth.

Chart 10



Pretax profit excludes goodwill impairment, and gains on sale of property. Figures prior to 2004 are under U.K.GAAP.

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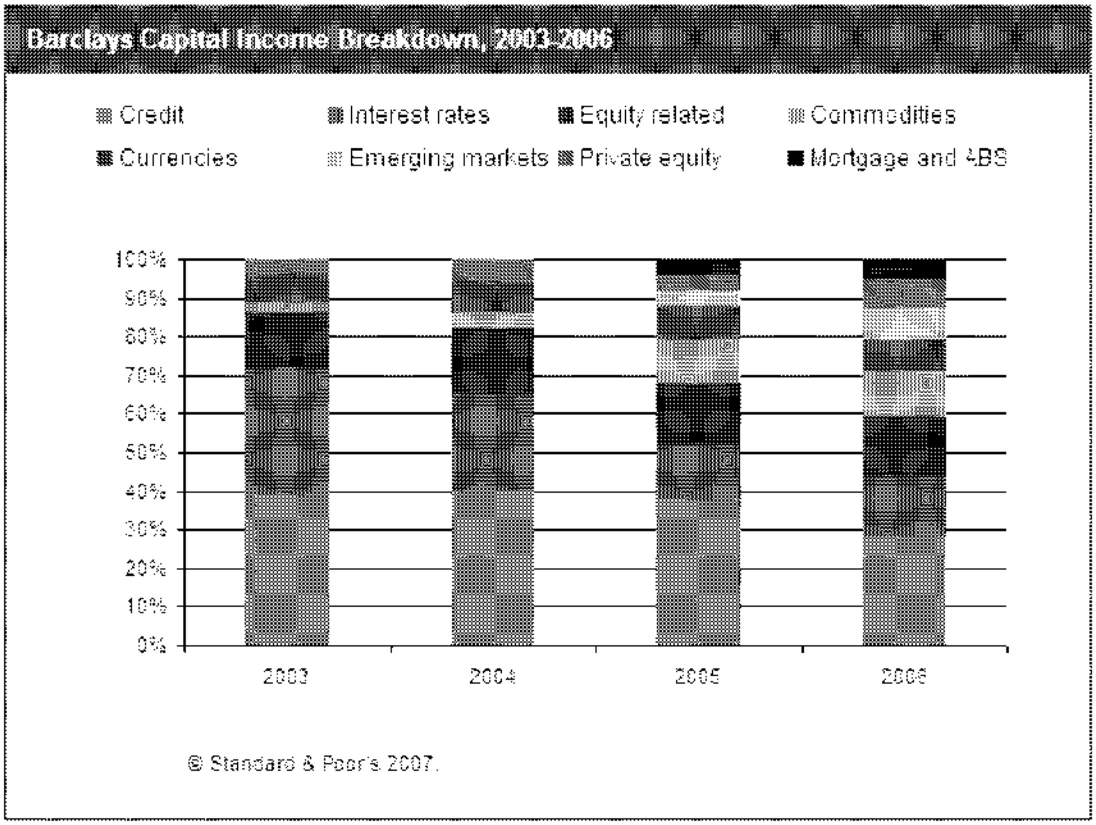
The counterpart to this shift away from the U.K. is that much of the growth has come from wholesale activities, particularly Barclays Capital, which has been particularly impressive. The latter grew its own pretax profits by £1,087 million between 2004 and 2006, 53% of the group's pretax profit growth. As a result, Barclays Capital now accounts for 34% of group profits, up from 25% in 2004. This is in part mitigated by the increased diversification of Barclays Capital itself, but the increased importance of Barclays Capital to group earnings potentially increases profit volatility and uncertainty about the risk profile of the group (see chart 11).

Chart 11



Capital: Recently Improved, But A Relative Weakness

Standard & Poor's regards Barclays' capitalization as relatively weak for its rating category, and this is expected to remain the case. Barclays adopted a more aggressive approach to capitalization in 2005 around the acquisition of Absa, when it raised preference shares rather than equity to part fund the transaction. Since then, capitalization has improved, reflecting strong capital generation and dividend cover, while good risk management, a comprehensive economic capital framework, and increased diversity have provided further mitigation.

Barclays ATE to RWAs ratio (which includes some hybrid capital) was 6.0% at end-2006, compared with only 4.4% a year earlier, and 5.6% on 1 Jan. 2005 (see chart 12). Barclays makes full use of hybrid capital, without which its ACE to RWAs ratio rose to 4.5% from 3.3%. Standard & Poor's still regards this as low in the international context (see chart 13). The recent increases are in part explained by the shrinking pension deficit, the swing in which was equivalent to 48 bps of RWAs.

Chart 12

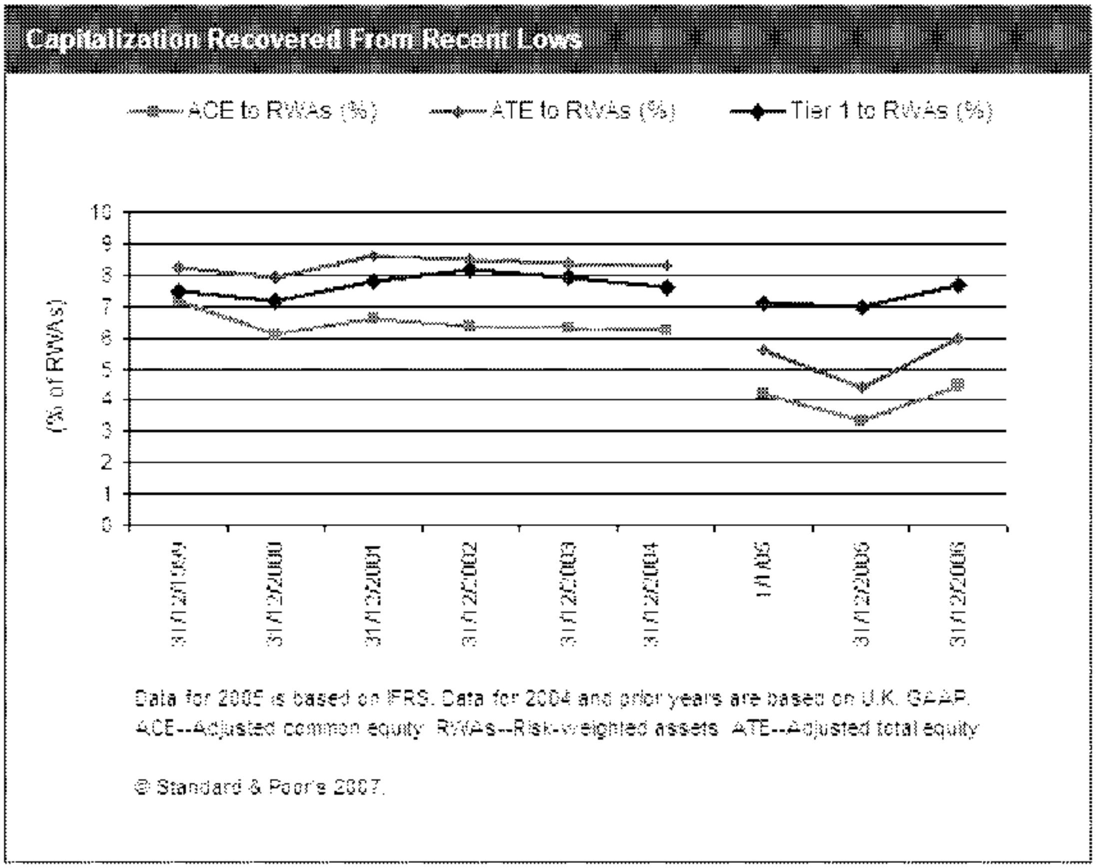

Capitalization Recovered From Recent Lows
ACE to RWAs (%)
ATE to RWAs (%)
Tier 1 to RWAs (%)
(% of RWAs)
10
9
8
7
6
5
4
3
2
1
0
31/12/1999
31/12/2000
31/12/2001
31/12/2002
31/12/2003
31/12/2004
1/1/05
31/12/2005
31/12/2006
Data for 2005 is based on IFRS. Data for 2004 and prior years are based on U.K. GAAP.
ACE--Adjusted common equity. RWAs--Risk-weighted assets. ATE--Adjusted total equity.
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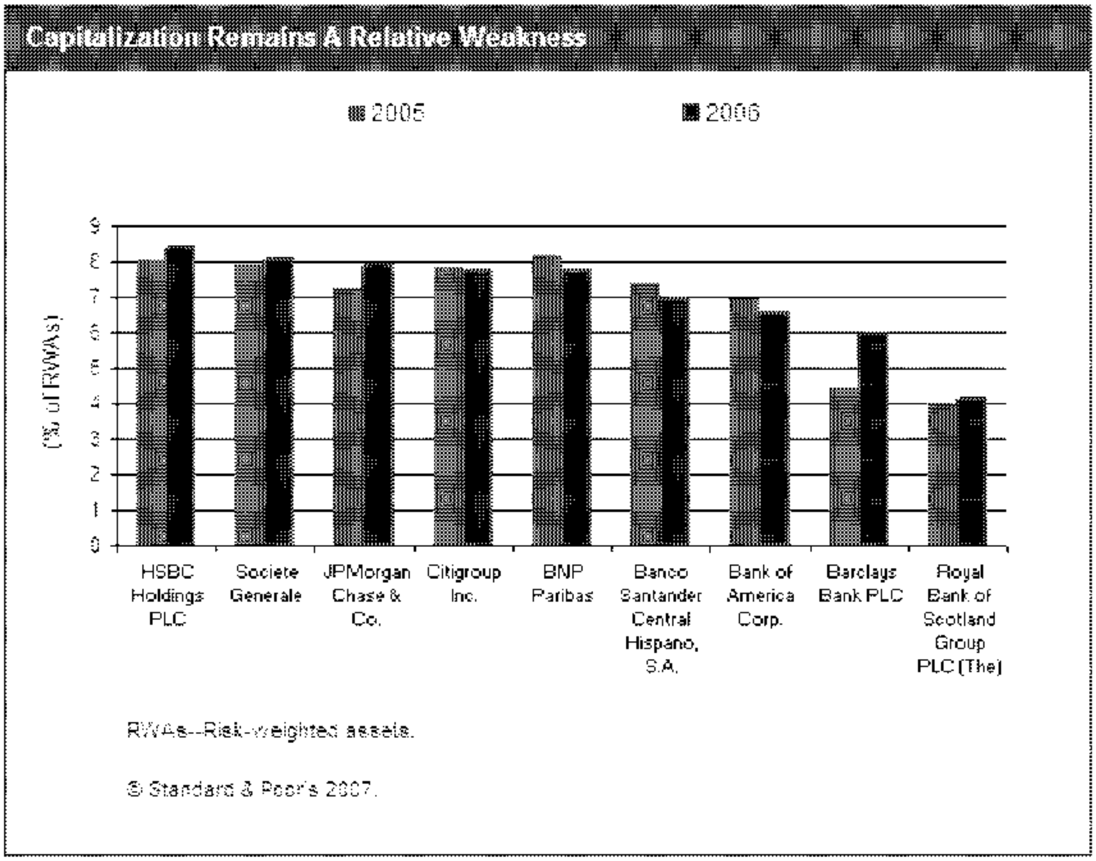
Chart 13



Unlike some other banks, Barclays does not have major insurance operations. Standard & Poor's considers that such operations weaken capitalization, as the equity of the insurance subsidiary is not usually available to support banking risks. Barclays' increased use of securitization has had a positive effect on capital ratios, although Standard & Poor's regards the amount of risk transferred as relatively small. Adjusting for this by deducting supervisory deductions would reduce the ratio of ATE to RWAs by 78 bps to 5.2%.

Barclays also uses an economic capital framework, which Standard & Poor's regards as one of the most advanced in the industry. This measure--which neutralizes changes in the pension deficit--also shows the impact of Barclays' decision to increase gearing in 2005, since when capitalization has remained stable (see chart 14).

Chart 14

Preference Share Issues Have Enabled Barclays Bank PLC To Meet Equity Capital Demand

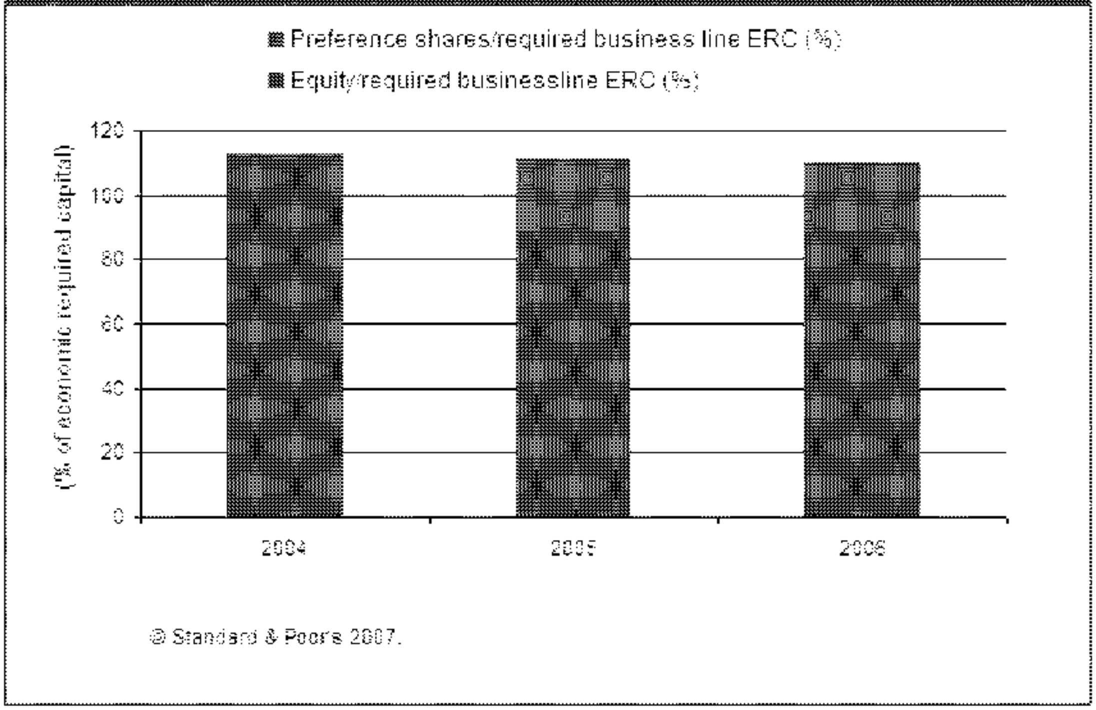


Table 2

Balance Sheet Statistics

		--Year ended Dec. 31--				Breakdown as a % of assets (adj.)				
(Mil. £)	**2006***	**2005**	**2004**	**2003**	**2002**	**2006***	**2005**	**2004**	**2003**	**2002**
Assets										
Cash and money market instruments	212,361	195,409	114,650	99,727	90,629	21.47	21.31	22.51	23.15	23.13
Securities	344,167	305,317	146,252	112,429	105,003	34.79	33.30	28.71	26.10	26.80
Trading securities (marked to market)	177,867	155,723	87,671	59,812	53,961	17.98	16.98	17.21	13.88	13.77
Nontrading securities	166,300	149,594	58,581	52,617	51,042	16.81	16.31	11.50	12.21	13.03
Loans to banks (net)	0	0	20,538	13,885	12,077	0.00	0.00	4.03	3.22	3.08
Customer loans (gross)	285,631	272,342	199,402	179,869	162,814	28.87	29.70	39.14	41.75	41.56
Residential real estate loans	98,172	89,529	64,481	61,905	N.A.	9.92	9.76	12.66	14.37	N.A.
Other consumer loans	31,840	35,543	23,313	21,905	N.A.	3.22	3.88	4.58	5.08	N.A.
Foreign loans	N.A.	N.A.	40,760	32,587	N.A.	N.A.	N.A.	8.00	7.56	N.A.
Commercial real estate loans	16,528	16,325	10,409	8,224	N.A.	1.67	1.78	2.04	1.91	N.A.
Commercial/corporate loans	128,949	121,857	35,926	32,990	N.A.	13.03	13.29	7.05	7.66	N.A.
All other loans	10,142	9,088	24,513	22,258	162,814	1.03	0.99	4.81	5.17	41.56
Loan loss reserves	3,331	3,446	2,760	3,012	2,916	0.34	0.38	0.54	0.70	0.74
Customer loans (net)	282,300	268,896	196,642	176,857	159,898	28.54	29.32	38.60	41.06	40.81
Earning assets	834,814	769,162	479,095	404,200	368,573	84.38	83.88	94.05	93.83	94.07

Table 2

Balance Sheet Statistics (cont.)										
Equity interests/participations (nonfinancial)	N.A.	N.A.	67	96	98	N.A.	N.A.	0.01	0.02	0.03
Inv. in unconsolidated subsidiaries (financial co.)	228	546	342	332	357	0.02	0.06	0.07	0.08	0.09
Intangibles (nonservicing)	7,307	7,291	4,295	4,406	3,989	0.74	0.80	0.84	1.02	1.02
Fixed assets	2,492	2,754	1,921	1,790	1,626	0.25	0.30	0.38	0.42	0.42
Derivatives credit amount	138,353	136,823	18,174	15,812	13,454	13.98	14.92	3.57	3.67	3.43
Accrued receivables	3,788	2,952	6,850	5,927	5,317	0.38	0.32	1.34	1.38	1.36
All other assets	5,791	4,369	12,358	12,001	10,614	0.59	0.48	2.43	2.79	2.71
Total reported assets	996,787	924,357	522,089	443,262	403,062	100.76	100.81	102.49	102.90	102.88
Less insurance statutory funds	(172)	(114)	(8,378)	(8,077)	(7,284)					
Less nonservicing intangibles	(7,307)	(7,291)	(4,295)	(4,406)	(3,989)					
Adjusted assets	989,308	916,952	509,416	430,779	391,789	100.00	100.00	100.00	100.00	100.00
						Breakdown as a % of liabilities + equity				
	2006*	**2005**	**2004**	**2003**	**2002**	**2006***	**2005**	**2004**	**2003**	**2002**
Liabilities										
Total deposits	336,316	313,811	250,391	215,489	196,495	33.74	33.95	47.96	48.61	48.75
Noncore deposits	79,562	75,127	68,055	54,282	49,577	7.98	8.13	13.04	12.25	12.30
Core/customer deposits	256,754	238,684	182,336	161,207	146,918	25.76	25.82	34.92	36.37	36.45
Repurchase agreements	136,956	121,178	78,351	63,471	62,437	13.74	13.11	15.01	14.32	15.49
Other borrowings	120,526	111,394	73,934	55,598	50,744	12.09	12.05	14.16	12.54	12.59
Other liabilities	371,878	351,051	94,946	85,737	71,351	37.31	37.98	18.19	19.34	17.70
Total liabilities	965,676	897,434	497,622	420,295	381,027	96.88	97.09	95.31	94.82	94.53
Total shareholders' equity	31,111	26,923	24,467	22,967	22,035	3.12	2.91	4.69	5.18	5.47
Limited life preferred and quasi equity	4,983	4,978	2,914	3,645	3,888	0.50	0.54	0.56	0.82	0.96
Preferred stock and other capital	5,320	4,845	3,235	2,665	2,790	0.53	0.52	0.62	0.60	0.69
Minority interest-equity	1,685	1,578	901	283	156	0.17	0.17	0.17	0.06	0.04
Common shareholders' equity (reported)	19,123	15,522	17,417	16,374	15,201	1.92	1.68	3.34	3.69	3.77
Share capital and surplus	7,452	7,273	7,138	7,059	6,922	0.75	0.79	1.37	1.59	1.72
Revaluation reserve	(98)	295	24	24	24	(0.01)	0.03	0.00	0.01	0.01
Reserves (incl. inflation revaluations)	488	1,092	926	891	879	0.05	0.12	0.18	0.20	0.22
Retained profits	11,493	7,053	9,329	8,400	7,376	1.15	0.76	1.79	1.90	1.83
Other equity	(212)	(181)	N.A.	N.A.	N.A.	(0.02)	(0.02)	N.A.	N.A.	N.A.
Total liabilities and equity	996,787	924,357	522,089	443,262	403,062	100.00	100.00	100.00	100.00	100.00
Common shareholders' equity (reported)	19,123	15,522	17,417	16,374	15,201					
Plus minority interest - Equity	1,685	1,578	901	283	156					
Less nonservicing intangibles	(7,307)	(7,291)	(4,295)	(4,406)	(3,989)					
- Revaluation reserves	98	(295)	(24)	(24)	(24)					
Tangible common equity	13,599	9,514	13,999	12,227	11,344					
Less equity in unconsolidated subsidiaries	(228)	(546)	(342)	(332)	(357)					
Adjusted common equity	13,371	8,968	13,657	11,895	10,987					
Plus preferred stock and other hybrid capital	10,303	9,823	6,149	6,310	6,678					
Less excess preferred stock	(863)	(1,856)	0	0	0					

Table 2

Balance Sheet Statistics (cont.)					
Less excess quasi equity	(4,983)	(4,978)	(1,597)	(2,345)	(3,016)
Adjusted total equity	17,828	11,957	18,209	15,860	14,649

*Data as of fiscal year end. Data for 2005 and 2006 are based on IFRS; prior years are based on U.K. GAAP. N.A.--Not available.

Table 3

Profit And Loss Statement Statistics										
	--Year ended Dec. 31--					Adj. avg. assets (%)				
(Mil. £)	**2006***	**2005**	**2004**	**2003**	**2002**	**2006***	**2005**	**2004**	**2003**	**2002**
Profitability										
Interest income	21,805	17,232	13,665	12,427	12,044	2.29	2.42	2.91	3.02	3.27
Interest expense	12,662	9,157	6,823	5,823	5,839	1.33	1.28	1.45	1.42	1.59
Net interest income	9,143	8,075	6,842	6,604	6,205	0.96	1.13	1.46	1.61	1.69
Operating noninterest income	12,498	9,303	7,159	5,836	5,112	1.31	1.30	1.52	1.42	1.39
Fees and commissions	7,177	5,705	4,966	4,263	3,925	0.75	0.80	1.06	1.04	1.07
Equity in earnings of unconsolidated subsidiaries	46	45	56	29	(10)	0.00	0.01	0.01	0.01	0.00
Trading gains	3,614	2,321	1,493	1,054	833	0.38	0.33	0.32	0.26	0.23
Other market-sensitive income	754	509	26	21	27	0.08	0.07	0.01	0.01	0.01
Net insurance income	485	227	269	231	127	0.05	0.03	0.06	0.06	0.03
Other noninterest income	422	496	349	238	210	0.04	0.07	0.07	0.06	0.06
Operating revenues	21,641	17,378	14,001	12,440	11,317	2.27	2.44	2.98	3.02	3.07
Noninterest expenses	13,106	10,527	8,350	7,253	6,437	1.38	1.48	1.78	1.76	1.75
Personnel expenses	8,169	6,318	4,998	4,295	3,631	0.86	0.89	1.06	1.04	0.99
Other general and administrative expense	4,325	3,759	2,758	2,404	2,249	0.45	0.53	0.59	0.58	0.61
Amortization of intangibles	143	79	299	265	254	0.02	0.01	0.06	0.06	0.07
Depreciation and amortization-other	469	371	295	289	303	0.05	0.05	0.06	0.07	0.08
Net operating income before loss provisions	8,535	6,851	5,651	5,187	4,880	0.90	0.96	1.20	1.26	1.33
Credit loss provisions (net new)	2,154	1,571	1,093	1,346	1,485	0.23	0.22	0.23	0.33	0.40
Net operating income after loss provisions	6,381	5,280	4,558	3,841	3,395	0.67	0.74	0.97	0.93	0.92
Nonrecurring/special income	755	0	45	0	0	0.08	0.00	0.01	0.00	0.00
Nonrecurring/special expense	0	0	0	(4)	190	0.00	0.00	0.00	0.00	0.05
Pretax profit	7,136	5,280	4,603	3,845	3,205	0.75	0.74	0.98	0.93	0.87
Tax expense/credit	1,941	1,439	1,289	1,076	955	0.20	0.20	0.27	0.26	0.26
Net income before minority interest	5,195	3,841	3,314	2,769	2,250	0.55	0.54	0.70	0.67	0.61
Minority interest in consolidated subsidiaries	624	394	46	25	20	0.07	0.06	0.01	0.01	0.01
Net income before extraordinaries	4,571	3,447	3,268	2,744	2,230	0.48	0.48	0.70	0.67	0.61
Net income after extraordinaries	4,571	3,447	3,268	2,744	2,230	0.48	0.48	0.70	0.67	0.61
Core earnings	4,021	3,447	3,236	2,741	2,363	0.42	0.48	0.69	0.67	0.64
	2006*	**2005**	**2004**	**2003**	**2002**					
Asset quality										
Nonperforming assets	5,088	5,210	3,985	4,155	4,526					
Nonaccrual loans	4,444	4,550	2,607	2,907	3,153					
Restructured loans	46	51	0	0	0					

Table 3

Profit And Loss Statement Statistics (cont.)					
Loans in arrears but accruing	598	609	1,378	1,248	1,373
Classified loans (substandard, doubtful, loss)	761	929	756	1,477	1,304
Net charge-offs	1,915	1,369	1,340	1,361	1,114
Average balance sheet					
Average customer loans	275,598	232,769	186,750	168,378	155,330
Average earning assets	801,988	624,129	441,648	386,387	344,565
Average assets	960,572	723,223	482,676	423,162	379,837
Average total deposits	325,064	282,101	232,940	205,992	193,235
Average interest-bearing liabilities	570,091	474,530	368,617	322,117	293,841
Average common equity	17,323	16,470	16,896	15,788	14,843
Average adjusted assets	953,130	713,184	470,098	411,284	368,067
Other data					
Number of employees (end of period, actual)	122,600	113,300	78,400	74,800	74,700
Number of branches	N.A.	N.A.	N.A.	2,916	2,579
Total assets under management	927,000	881,000	709,000	598,000	462,000
Off-balance-sheet credit equivalents	244,923	250,928	185,014	161,191	144,014

*Data as of fiscal year end. Data for 2005 and 2006 are based on IFRS; prior years are based on U.K. GAAP. N.A.--Not available.

Table 4

Ratio Analysis					
		--Year ended Dec. 31--			
	2006*	**2005**	**2004**	**2003**	**2002**
ANNUAL GROWTH (%)					
Customer loans (gross)	4.88	36.58	10.86	10.48	6.12
Loss reserves	(3.34)	24.86	(8.37)	3.29	9.46
Adjusted assets	7.89	80.00	18.25	9.95	13.78
Customer deposits	7.57	30.90	13.11	9.73	(0.49)
Tangible common equity	42.94	(32.04)	14.49	7.78	8.12
Total equity	15.56	10.04	6.53	4.23	12.01
Operating revenues	24.53	24.12	12.55	9.92	1.65
Noninterest expense	24.50	26.07	15.12	12.68	0.85
Net operating income before provisions	24.58	21.24	8.95	6.29	2.74
Loan loss provisions	37.11	43.73	(18.80)	(9.36)	29.13
Net operating income after provisions	20.85	15.84	18.67	13.14	(5.69)
Pretax profit	35.15	14.71	19.71	19.97	(6.42)
Net income	35.25	15.90	19.68	23.07	(9.35)
	2006*	**2005**	**2004**	**2003**	**2002**
PROFITABILITY (%)					
Interest margin analysis					
Net interest income (taxable equiv.)/avg. earning assets	1.14	1.29	1.55	1.71	1.80
Net interest spread	0.50	0.83	1.24	1.41	1.51

Table 4

Ratio Analysis (cont.)					
Interest income (taxable equiv.)/avg. earning assets	2.72	2.76	3.09	3.22	3.50
Interest expense/avg. interest-bearing liabilities	2.22	1.93	1.85	1.81	1.99
Revenue analysis					
Net interest income/revenues	42.25	46.47	48.87	53.09	54.83
Fee income/revenues	33.16	32.83	35.47	34.27	34.68
Market-sensitive income/revenues	20.18	16.29	10.85	8.64	7.60
Noninterest income/revenues	57.75	53.53	51.13	46.91	45.17
Personnel expense/revenues	37.75	36.36	35.70	34.53	32.08
Noninterest expense/revenues	60.56	60.58	59.64	58.30	56.88
Noninterest expense/revenues less investment gains	62.75	62.40	59.75	58.40	57.02
Expense less amortization of intangibles/revenues	59.90	60.12	57.50	56.17	54.63
Expense less all amortizations/revenues	57.73	57.99	55.40	53.85	51.96
Net operating income before provision/revenues	39.44	39.42	40.36	41.70	43.12
Net operating income after provisions/revenues	29.49	30.38	32.55	30.88	30.00
New loan loss provisions/revenues	9.95	9.04	7.81	10.82	13.12
Net nonrecurring/abnormal income/revenues	3.49	0.00	0.32	0.03	(1.68)
Pretax profit/revenues	32.97	30.38	32.88	30.91	28.32
Net income/revenues	24.01	22.10	23.67	22.26	19.88
Tax/pretax profit	27.20	27.25	28.00	27.98	29.80
	2006*	**2005**	**2004**	**2003**	**2002**
Other returns					
Pretax profit/avg. risk assets (%)	2.52	2.17	2.26	2.13	1.93
Net income/avg. risk assets (%)	1.83	1.58	1.63	1.53	1.36
Revenues/avg. risk assets (%)	7.63	7.13	6.87	6.88	6.83
Net operating income before loss provisions/avg. risk assets (%)	3.01	2.81	2.77	2.87	2.94
Net operating income after loss provisions/avg. risk assets (%)	2.25	2.17	2.24	2.12	2.05
Net income before minority interest/avg. adjusted assets	0.55	0.54	0.71	0.67	0.61
Net income/avg. assets + securitized assets	0.55	0.53	0.69	0.65	0.60
Net income/employee (£)	44,044	40,073	43,264	37,043	29,354
Personnel expense/employee (£)	69,258	65,915	65,248	57,458	47,371
Personnel expense/branch (mil. £)	N.A.	N.A.	N.A.	1.56	1.39
Noninterest expense/branch (mil. £)	N.A.	N.A.	N.A.	2.64	2.46
Cash earnings/avg. tang. common equity (ROE) (%)	50.25	36.50	29.80	28.20	25.71
Core earnings/avg. tang. common equity (ROE) (%)	34.80	29.32	24.67	23.26	21.65
	2006*	**2005**	**2004**	**2003**	**2002**
FUNDING AND LIQUIDITY (%)					
Customer deposits/funding base	43.24	43.68	45.28	48.19	47.44
Total loans/customer deposits	111.25	114.10	120.63	120.20	119.10
Total loans/customer deposits + long-term funds	96.09	99.51	93.66	93.69	94.86
Customer loans (net)/assets (adj.)	28.54	29.33	38.60	41.06	40.81

Table 4

Ratio Analysis (cont.)

	2006*	2005	2004	2003	2002
CAPITALIZATION (%)					
Adjusted common equity/adjusted assets	1.35	0.98	2.68	2.76	2.80
Adjusted common equity/adjusted assets + securitization	1.35	0.98	2.62	2.68	2.69
Adjusted common equity/risk assets	4.49	3.33	6.25	6.29	6.36
Adjusted common equity/customer loans (net)	4.74	3.34	6.95	6.73	6.87
Internal capital generation/prior year's equity	16.74	10.11	10.57	9.24	7.07
Tier 1 capital ratio	7.70	7.00	7.60	7.90	8.20
Regulatory total capital ratio	11.70	11.30	11.50	12.80	12.80
Adjusted total equity/adjusted assets	1.80	1.30	3.57	3.68	3.74
Adjusted total equity/adjusted assets + securitizations	1.80	1.30	3.49	3.58	3.59
Adjusted total equity/risk assets	5.99	4.44	8.33	8.39	8.48
Adjusted total equity plus LLR (specific)/customer loans (gross)	7.41	5.66	10.52	10.49	10.79
Common dividend payout ratio	43.16	48.94	47.06	48.83	54.08

	2006*	2005	2004	2003	2002
ASSET QUALITY (%)					
New loan loss provisions/avg. customer loans (net)	0.78	0.67	0.59	0.80	0.96
Net charge-offs/avg. customer loans (net)	0.69	0.59	0.72	0.81	0.72
Loan loss reserves/customer loans (gross)	1.17	1.27	1.38	1.67	1.79
Credit-loss reserves/risk assets	1.12	1.28	1.27	1.60	1.74
Nonperforming assets (NPA)/customer loans + ORE	1.78	1.91	2.00	2.31	2.78
NPA (excl. delinquencies)/customer loans + ORE	1.57	1.69	1.31	1.62	1.94
Net NPA/customer loans (net) + ORE	0.62	0.66	0.62	0.65	1.01
NPA (net specifics)/customer loans (net specifics)	0.62	0.66	0.62	0.65	1.01
Classified loans/customer loans	0.27	0.34	0.38	0.82	0.80
Loan loss reserves/NPA (gross)	65.47	66.14	69.26	72.49	64.43

*Data as of fiscal year end. Data for 2005 and 2006 are based on IFRS; prior years are based on U.K. GAAP. N.A.--Not available.

Ratings Detail (As Of April 17, 2007)*

Barclays Bank PLC	
Counterparty Credit Rating	AA/Stable/A-1+
Certificate Of Deposit	AA/A-1+
Commercial Paper	
Foreign Currency	A-1+
Junior Subordinated	A+
Preference Stock	
Foreign Currency	A+
Senior Unsecured	AA
Short-Term Debt	A-1+
Subordinated	AA-

Counterparty Credit Ratings History

20-Jun-1994	*Foreign Currency*	AA/Stable/A-1+

Ratings Detail (As Of April 17, 2007)*(cont.)		
11-Jun-1992		AA/Watch Neg/A-1+
04-Mar-1991		AA+/Stable/A-1+
15-Nov-1994	*Local Currency*	AA/Stable/A-1+
20-Jun-1994		AA/Stable/--
11-Jun-1992		AA/Stable/--
Sovereign Rating		
United Kingdom		AAA/Stable/A-1+
Related Entities		
Absa Bank Ltd.		
Issuer Credit Rating		
Local Currency		Api/--/--
Barclays Bank Ireland PLC		
Issuer Credit Rating		AA/Stable/A-1+
Certificate Of Deposit		AA/A-1+
Barclays Bank Mexico S.A.		
Issuer Credit Rating		
CaVal (Mexico) National Scale Rating		mxAAA/Stable/mxA-1+
Barclays Global Investors Trust & Banking Co. Ltd.		
Issuer Credit Rating		AA-/Watch Neg/--
Certificate Of Deposit		AA-/Watch Neg
Barclays Private Clients International Ltd.		
Issuer Credit Rating		AA/Stable/A-1+
Certificate Of Deposit		AA/A-1+

*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings on the global scale are comparable across countries. Standard & Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country.

Additional Contact:
Financial Institutions Ratings Europe; FIG_Europe@standardandpoors.com

Confidential

Project Beech

ACCOUNTING DUE DILIGENCE

August 2007

BARCLAYS CAPITAL

citi

Accounting Due Diligence

Please note that, as used below, when we refer to the "Group", we mean the Bank and all its subsidiaries. When we refer to an "officer", we mean any member of the administrative, supervisory or management bodies of, as well as any other person who exercises management control over, the Bank or any subsidiary.

BACKGROUND AND RELATIONSHIP WITH THE GROUP

1. How long have you been the auditors of the Group and how long has the current audit team worked with the Group. Describe how any transition of audit team members is handled.
2. Outline the scope of review of the most recent audits and the frequency of meetings with the Bank and its subsidiaries (including officers, the audit committee (or persons serving an equivalent function) and the Board). Are there any subsidiaries within the Group that you do not audit?
3. Does any management personnel of PricewaterhouseCoopers LLP have any prior relationship with the Bank or any of its affiliates or vice versa? Does PwC perform any non-audit services for the Bank? Has any internal audit work been outsourced to by the Company to PwC?

ACCOUNTING POLICIES AND STANDARDS AND INTERNAL CONTROLS

4. Comment on the adequacy of the accounting policies and standards, internal controls and procedures and management reporting of the Group, including any major problems identified. Please discuss the identification of the Group's critical accounting policies. Please comment on the Group's anti-money laundering procedures.
5. Compare the reporting policies and accounting principles employed by the Group with those generally utilized in the banking industry.
6. Please discuss any areas that you feel can be improved in the Group's internal accounting systems or with respect to internal controls and procedures, any proposals you have made to make such improvements and the management's response to such proposals.
7. Please comment on the effectiveness of management's controls within the meaning of Section 404 of the Sarbanes-Oxley Act. That section requires issuers to include an internal control report in their annual reports which shall state the responsibility of management for establishing and maintaining adequate internal controls, as well as management's assessment of the effectiveness of those controls and an attestation report from a registered public accounting firm as to management's evaluation.

IMPLEMENTATION OF IFRS

8. Please comment on the success of the implementation of IFRS. From your perspective, did the Bank encounter any material difficulties in implementing the necessary changes?
9. Has the implementation of IFRS materially impacted the US GAAP reconciliation process? Please comment generally on the US GAAP reconciliation process.

FINANCIAL STATEMENTS

10. Describe any current or past material disagreements between the Company's auditor and the Group relating to the financial statements or accounting policies of the Group, and describe how they were resolved.
11. List any areas identified as requiring particular attention and audit issues discussed with management.
12. Discuss the amount and adequacy of the Group's reserves for litigation (including any tax disputes) and other contingent liabilities.
13. Describe any significant post-half year end June 30, 2007 events which have or are likely to occur relating to the Group.
14. Please discuss the June 19, 2007 restatement reflecting the impact of the changes in group structure on the 2005 and 2006 results.
15. Describe anything which has come to the attention of PricewaterhouseCoopers LLP over the last five years or since the Bank's last financial year which materially impacts on the fairness or reliability of a previous audit report or the underlying financial information or which will affect the audit report or financial statements for the current or subsequent financial years.

Message

From:	Lee, Xenia [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=LEEXE]
Sent:	11/27/2007 2:10:07 PM
To:	Vonta, Sophia [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=VONTASO]; Abrahams, Gary [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=ABRAHAG]; Meo, Monica [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=MEOMO]; Yanagi, Ron+ [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=YANAGRO]; Wade, Shameika [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=WADESH]; Corcoran, John [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=CORCORJO]; Vasan, Vinod+ [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=VASANVI]; Goggins, Glenn [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=GOGGINGL]; Templeton, Andrew [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=TEMPLEAN]; Altschuler, Michael [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=ALTSCHMI]; Marriott, James [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=MARRIOJA]; Yanagi, Ron+ [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=YANAGRO]; Soanes, David-IBD+ [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=SOANESD]; Cryan, John-IBD+ [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=CRYANJM]; Mezquida, Ivan [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=MEZQUIIV]; Volpi, Paolo [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=VOLPIPA]; Laughton, Simon [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=LAUGHTSI]; Corcoran, John [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=CORCORJO]; Anderson, Jim H. [/O=UBS/OU=UBS-WMUS/CN=RECIPIENTS/CN=JE00535]; Luby, Pat [/O=UBS/OU=UBS-WMUS/CN=RECIPIENTS/CN=PE04303]
CC:	DL-DCMG-NBC-US-IG-Retail [/O=UBS/OU=UBSAM-EX1/CN=RECIPIENTS/CN=DL-DCMG-NBC-US-IG-RETAIL]
Subject:	Barclays DCM NBC meeting, TODAY 27 Nov 07 @ 14.30 (Ldn) / 09.30 (NY)
Attachments:	DCMNBC-Barclays Bank PLC, UK-27-Nov-2007.html; Barclays Fitch Full.pdf; Barclays Fitch update.pdf; Barclays S&P.pdf; Barclays Moodys Credit Opinion.pdf

Please attend a DCM NBC meeting for Barclays, TODAY 27 Nov 07 @ 14.30 (Ldn) / 09.30 (NY)

Call Details
Dial in 1931 80055 / +44 20 7568 0055
PIN 328 939

Please review attached NBC form and research.

DCMNBC-Barclays Bank PLC, UK-2... | Barclays Fitch Full.pdf | Barclays Fitch update.pdf | Barclays S&P.pdf | Barclays Moodys Credit Opinion.pdf

UBS Debt Capital Markets New Business Committee (DCM NBC) Request

Issuer Name: Barclays Bank PLC, UK

Request No: 51495 **Opportunity Name:** USDRETAIL **Opportunity Code:** BARC-00139

NBC approval is always subject to positive conflict clearance and completion of KYC vetting process

NBC Workflow

Requested Meeting Type	Requested Meeting Date	Last NBC	Status
Initial			Pending Approval

NBC Details

Reason For NBC	Answer	Comments
New Client— Is this a new, or stale DCMG Client (for whom DCMG has not been, or approved as, lead manager in the last 24 months)?	No	Existing - we were a co-lead/lead on their last 2 SEC retail deals (Apr+Sep 07)
Rating of issue is expected to be Baa2 or BBB or lower from any agency (or BBB+ from any Japanese domestic agency)?	No	We expect a rating of Aa3/A+/AA
Documentation (e.g., comfort letter, disclosure, legal opinions, underwriting agreement, etc.) is likely to be deficient or otherwise not in accordance with UBS standards?	No	To be confirmed in the meeting by legal None expected
Diligence raised or may raise concerns from a Deal Team member (including IBD, CRC, Legal, or advisers)?	No	None raised so far Business and Accounting due diligence conducted today
Reputation risk to UBS is possible? E.g. as to product, structure, issuer (including stakeholders), jurisdiction or target end-investors. Be aware of environmental, political and human rights concerns related to an issuer.	No	-
Emerging Markets—the issuer or underlying credit is not from a Qualified OECD jurisdiction (any OECD country with a foreign currency long-term debt rating of at least Aa3/AA- from two of Moody's, S&P and Fitch)?	No	-
Subordinated debt, preference shares, hybrid or a capital issue?	Yes	Subordinated debt - Tier 1 (retail) - Non-Cumulative Callable Dollar Preference Shares
Bridge loan or other balance sheet exposure is likely to be required from UBS to get the mandate?	No	-
"Legal or Moral Commitment" by UBS (i.e. highly confident letter, commitment letter or firm underwriting)?	No	-
ABS transaction — other than a transaction where the structure and issuer is a repeat lead role for UBS within a 12 month period?	No	-
Liability Management (e.g. a tender or exchange offer or consent solicitation) other than routine open-market purchases?	No	-
Unusual tax, accounting, legal, regulatory or operational (listing, settlement or trading) features?	No	-

Deal Team

Deal Team Members		Deal Team & Others	
Project Director	Sophia Vonta	**DCM**	Gary Abrahams Sophia Vonta Andrew Templeton James Marriott Ron Yanagi
Project Sponsor	Gary Abrahams	**IBD**	David Soanes John Cryan
DCM Deal Leader	Sophia Vonta	**Legal**	Glenn Goggins Michael Altschuler
Deal Team	Monica Meo Ron Yanagi Shameika Wade John Corcoran Vinod Vasan Glenn Goggins Andrew Templeton Michael Altschuler	**CRC**	Ivan Mezquida Paolo Volpi
DCMG Risk Advisory Lead	Vinod Vasan	**Compliance**	Simon Laughton
DCMG Hybrids Lead	Vinod Vasan	**Ratings Advisory**	
Additional Insiders		**Syndicate**	John Corcoran
Non-UBS Insiders		**MRC**	

Client Information

Client Name	Barclays Bank PLC, UK	**Primary Coverage Banker**	John Cryan
Parent Company	Barclays Bank PLC (P), UK	**DCMG Primary Coverage**	Gary Abrahams
Region	EMEA		
DCMG Priority	Gold B 1	**DCMG Sector**	FIG

UBS / Issuer Relationship		**Participation in Related Credit Facilities**	

Expected Ratings of Transaction

Corporate Ratings of Issuer	**S&P:**	AA-	**Moody's:**	Aa2	**Fitch:**	AA+
	Outlook:	Stable	**Outlook:**	Stable	**Outlook:**	Negative
Expected Ratings of Transaction	**S&P:**	A+	**Moody's:**	Aa3	**Fitch:**	AA
	Other Ratings	Credit to confirm	**Covered By CRC?**		Yes	
	Internal CRC Rating	C2	**Last CRC Review**		Jul 02, 2007	

Transaction Information

Transaction Details

Detailed Transaction Description		USD 300m Tier 1 (Retail)		
Deal Size	300.00 (USD Million)	Perp NC5	**Subordination Status**	Tier 1
Maturity	Perp NC5	**Use of Proceeds**	To develop and expand their business	
Transaction Type	Stand Alone	**Last Programme / Shelf Update**		
Registration Type	Sec Registered	**EU PD (Compliant / passported)**		
UBS Risk	Fully Bookbuilt	**Sales Restrictions**		
Target Distribution	Retail only	**Listing**	NYSE	
Geographic Distribution	US retail	**Minimum Denomination**		

Tranche Detail

	Size	Maturity	Coupon (%)
Tranche 1	(USD Million)		

UBS Role

UBS Role	Joint Bookrunner	**Bookrunners / Leads**	Barclays, Citigroup, UBS and Wachovia
Expected Fees	0.0 (USD Million)	**DCMG net revenues**	3.15% on the retention amount

Transaction Timing (approximate)

Announcement Date	Nov 27, 2007		
Roadshow Start		**Roadshow End**	
Pricing Date	Nov 28, 2007	**Expected Settlement**	

Lawyers / Auditors

	Issuer	Underwriters (if applicable)
Lawyers	Clifford Chance	Sidley Austin
Auditors	PwC	
Have they been the auditors for the past three years?: Yes		

Financial Information and Risks

Issuer Financials

Period covered by Last Audited Accounts / 10-K	Feb 20, 2007	**Period covered by Next Audited Accounts / 10-K**	Feb 19, 2008	**Anticipated Audited Results Announcement**	
Period covered by Last Interim Audited Accounts / 10-Q	Aug 01, 2007	**Period covered by Next Interim Audited Accounts / 10-Q**	Jul 30, 2008	**Anticipated Interim Results Announcement**	
Accounting Standard	IFRS				

Risks and Mitigants

Reputational / suitability risks and mitigants	No	
Credit risks and mitigants	No	
Environmental risks and mitigants	No	
Operational risks and mitigants (listing, settlement and trading)	No	
Other risks and mitigants	No	

Disclosure / Transaction Documentation

Disclosure	No Issues Identified	
Comfort Letter	UBS Standard	To be confirmed in the meeting
Legal Opinions	UBS Standard	To be confirmed in the meeting
Underwriting Subscription Agreements	UBS Standard	To be confirmed in the meeting
Other		

Additional Documentation and Information

Additional NBC Documentation	**Company Description**	Barclays PLC offers commercial and investment banking, insurance, financial, asset management and related services. The Company's subsidiary, Barclays Bank plc, operates over 2,000 branches in the United Kingdom and around 900 branches overseas. In all, Barclays Bank operates branches in over 60 countries.
	Industry Overview	N/A
	UBS Research (Equity & FI)	
	Ratings Reports	Barclays Fitch Full.pdf Barclays Fitch update.pdf Barclays S&P.pdf Barclays Moodys Credit Opinion.pdf

	Glass Lewis Report	

Performed or Planned Due Diligence

Has or will transaction-specific due diligence been / be performed by the deal team?	Yes

Date	Description	UBS Attendees			
Nov 27, 2007	Due diligence call	**DCM**	Gary Abrahams Sophia Vonta	**Legal**	Glenn Goggins
		IBD	David Soanes	**Other**	
		CRC	Paolo Volpi	**External**	

Describe material documents reviewed / to be reviewed		
Will bring down due diligence occur for this transaction?	Yes	
Describe outstanding key due diligence issues	None outstanding	
Due Diligence Documentation		

Approval Status

Required Approvals	Status	Status Change Date (BST)	Outstanding Conditions	Last Updated Date / Time
KYC - EMEA	Not Started	13-Nov-2007 22:33		27-Nov-2007 13:50
CC - EMEA	Pending Approval	27-Nov-2007 12:19		27-Nov-2007 13:50
DCMNBC - EMEA	Pending Approval	27-Nov-2007 13:50		27-Nov-2007 13:50

United Kingdom
Credit Analysis

Barclays Bank PLC

Ratings

Barclays Bank PLC
Foreign Currency

Long-Term IDR*	AA+
Short-Term IDR*	F1+
Outlook	Stable
Individual	A/B
Support	1
Support Rating Floor	A-

Barclays PLC
Foreign Currency

Long-Term IDR*	AA+
Short-Term IDR*	F1+
Outlook	Stable
Support	5
Support Rating Floor	NF

Sovereign Risk

Foreign Long-Term IDR*	AAA
Local Long-Term IDR*	AAA
Outlook	Stable

* IDR – Issuer Default Rating

Financial Data

Barclays PLC

	30 Jun 07	31 Dec 06
Total Assets (USDm)	2,322,190	1,956,786
Total Assets (GBPm)	1,158,262	996,787
Equity (GBPm)	28,721	27,620
Operating Profit (GBPm)	3,951	6,482
Published Net Income (GBPm)	2,943	5,195
Comprehensive Income (GBPm)	n.a.	4,508
Operating ROAA (%)	0.73	0.67
Operating ROAE (%)	28.05	24.94
Tier 1 Ratio (%)	7.7	7.7

Analysts

James Longsdon, London
+44 20 7417 4309
james.longsdon@fitchratings.com

Gordon Scott, London
+44 20 7417 4307
gordon.scott@fitchratings.com

Rating Rationale

- The ratings of Barclays Bank PLC, the sole subsidiary of Barclays PLC (Barclays), reflect its strong UK franchise, broad business mix, robust profitability, good liquidity and sophisticated risk management.
- In March 2007 Barclays announced a bid for ABN AMRO Holding NV (rated 'AA-'), which sparked a counter-offer by the consortium of The Royal Bank of Scotland Group plc ('AA+'), Banco Santander ('AA') and Fortis Bank ('AA-'). In October 2007, Barclays announced that the acceptance conditions relating to its offer would not be fulfilled and, therefore, its offer lapsed. Fitch does not consider the failure to acquire ABN AMRO as a problem for Barclays, which still has a strong franchise that it can continue to develop organically.
- Barclays' profitability has been strong for several years. The improving diversification of revenue and profits by business and by geography is a key strength and has enabled the bank to absorb growing impairment in its UK unsecured retail portfolios. Operating ROAE compares well with that of major European peers.
- Barclays has limited direct exposure to the US sub-prime market. However, credit market turmoil will affect some of the bank's business volumes in Barclays Capital. The increased diversification of Barclays Capital in recent years should help to mitigate this, although credit products still accounted for about a quarter of division revenue for H107.
- NPLs continued to be relatively low as a proportion of total lending in H107, reflecting an overall benign environment. UK unsecured lending has been the main source of new NPLs, mainly in Barclaycard. Lending criteria have been tightened, and new NPL flows are much reduced.
- Barclays is adequately capitalised. Among other tools, it uses a sophisticated economic capital model to measure capital adequacy.
- Market risk has historically been well controlled, with limits and exposures comfortable in relation to equity.
- Funding and liquidity are strengths; Barclays' retail operations give the bank a large and stable funding base.
- Barclays PLC's IDR reflects the very high investment-grade rating of Barclays Bank PLC and the fact that there is no intention for there to be any double leverage at Barclays PLC. Were double leverage to be introduced at Barclays PLC, Fitch would expect a more formal and suitably prudent liquidity policy to be introduced.

Support

- There is an extremely high probability that Barclays Bank PLC would be supported by the UK authorities if necessary.

Rating Outlook and Key Rating Drivers

- The Long-Term IDR of Barclays Bank PLC is very high and is unlikely to improve. The Stable Outlook reflects the bank's strong profitability and diversified earnings, which should enable the bank to absorb periodical cyclicality in individual business lines. Negative ratings pressure could arise from greater-than-expected earnings volatility or evidence of an increase in risk appetite, for example in Barclays Capital.

Profile

- Barclays is one of the world's largest banks. In the UK it offers a full range of financial services to retail, SME and corporate/wholesale customers. Internationally, it has mainly retail and commercial operations in Europe and Africa. Through Barclays Capital and Barclays Global Investors (BGI), Barclays services large corporates, financial institutions and governments around the world.

10 October 2007

Profile

- **Strong UK franchise**
- **Significant growth in business outside UK, driven by the strong growth in Barclays Capital and BGI**
- **China Development Bank and Temasek introduced as strategic shareholders**

The UK is Barclays' primary presence, but it also has mainly retail, wealth management and credit card operations in Europe and Africa, including Absa Group Limited (Absa; see the credit analysis on this company, published on 12 June 2007, and available at www.fitchratings.com), and provides a broad range of commercial and investment banking services to large multi-nationals through Barclays Capital. Barclays is arranged along six business lines.

UK Banking: The division comprises UK Retail Banking and UK Business Banking. The former provides current account, mortgage, savings and general insurance products to retail customers in the UK, banking services to small businesses, and banking, investment and advisory services to affluent customers (UK Premier). Woolwich was acquired in 2000 and significantly strengthened Barclays' position in the UK mortgage market (its market share of stock fell until H107 and is about 6%). UK Business Banking provides banking services to larger and medium-sized businesses in the UK. Woolwich UK high street branches have recently been rebranded as Barclays as part of an initiative to revitalise the UK retail bank and improve the performance of this division against peers.

Barclays Wealth provides private and offshore banking, stockbroking and asset management services, mainly in the UK and continental Europe. It also includes Barclays' closed life assurance activities. Barclays acts as a distributor of other manufacturers' life assurance products. It has GBP127bn of customer deposits and assets under management.

International Retail and Commercial Banking (IRCB) provides a range of retail and corporate banking services to customers in Spain (including through Barclays' Banco Zaragozano subsidiary), Portugal, France, Italy, Africa and the Middle East. The division includes Absa, in which Barclays acquired a 57% stake in H205. Absa owns Absa Bank Limited, one of South Africa's leading retail banks. Absa had consolidated assets of GBP33bn at end-June 2007, compared with GBP42bn for the rest of the division.

Barclays Capital contains the group's investment banking business and manages the group's largest corporate, institutional and government relationships, with more complex financing and risk management requirements. Operations are split between three areas: Global Markets, which incorporates interest rates, fixed-income, FX, commodities, inflation and equity-related activities; Credit Markets, including investment banking, debt capital markets, structuring and securitisation, loans, leasing and credit trading; and Private Equity. Barclays Capital has grown exceptionally in the last decade, with income increasing more than 4.5x during 1999-2006. This growth has come with an expanding product offering (eg ABS/MBS, structured equities, commodities and credit derivatives) and geographical reach (particularly in the US). Barclays Capital is not very active in cash equities or M&A.

Barclaycard is the largest credit card company in the UK and Europe, with more than 9.6 million customers in the UK at end-June 2007, a decline from previously stated figures due to the closure of inactive accounts. There are also 7.6 million cards in issue internationally. Since 2004 Barclaycard has also included Barclays' non-card consumer lending operations.

BGI is one of the world's largest institutional asset managers. Assets under management (AuM) increased to GBP1.0trn in H107, reflecting a combination of new funds and positive market movements. In US dollar terms, AuM have increased almost 2.5x since 2002. At end-June 2007, 59% of AuM were low-margin indexed assets, 23% were in actively managed assets and 18% were in iShares/exchange traded funds.

Strategy: In March 2007 Barclays announced a bid to acquire ABN AMRO, which would have added significant scale to Barclays' activities, and further diversified its income base within Europe and some emerging markets. The integration of such a large bank would have resulted in significant operational risk, however. Barclays' largely share-based bid sparked the largely cash-based counter-offer by the Royal Bank of Scotland-led consortium including Banco Santander and Fortis. In October 2007 Barclays announced that the acceptance conditions relating to its offer would not be fulfilled and the offer therefore lapsed.

In July 2007 Barclays announced the investment of up to GBP9.0bn by China Development Bank (rated 'A'/Positive), one of the three state-owned policy banks in China, and Temasek Holdings (Private) Limited (Temasek), the investment arm of the Singapore government. The immediate impact of this was to enable Barclays to introduce a significant cash component into its offer for ABN AMRO.

Although the bid ultimately failed, Fitch views the co-operation with China Development Bank positively from a business generation perspective. Barclays has not announced the expected benefits of increased co-operation, although the main one is likely to be the cross-referral of clients. China Development Bank will also use BGI as one of its preferred asset managers.

■ Performance

- **Performance in 2006 and H107 led by the rapid growth of Barclays Capital**
- **Slowdown in capital markets activity to have impact in H207, but limited direct losses on investments expected**
- **Increasingly diversified earnings**

Barclays performed well in H107 and 2006, increasing pre-tax earnings by 12% in H107 (compared with H106) and achieving operating ROAE of 28%, which compares well with that of its large European peers. In 2006, all business lines except Barclaycard performed well, with Barclays Capital again showing strong growth. The turbulence in the credit markets at the start of H207 will undoubtedly affect Barclays' profits, through some losses on its investment and liquidity portfolios and lower deal volume. BGI may also be affected by poorer performance fees, although a fair proportion of these are calculated on relative rather than absolute measures. However, exposure to US sub-prime debt, either through direct lending or holding US sub-prime-backed securities, is limited. Bob Diamond, Barclays' President and head of Barclays Capital, stated publicly that Barclays Capital traded profitably during both July and August 2007.

Reported earnings have become increasingly diversified by division and geography, and in 2006 the strategic aim of generating 50% of net income outside the UK was achieved (from 25% in 2004). This has been influenced by extremely strong performance by Barclays Capital in particular, and also BGI. Even removing what might be seen as extraordinary or volatile profit, Barclays as a whole has become more diversified.

UK Retail Banking: The senior management of this division has substantially changed since 2005 to address its underperformance against management expectations and peers. The key to improving performance here is increasing the level of cross-selling of products, and Barclays has invested in a new operating platform to better identify potential products for customers, and changing the incentive structure for front-line staff. Barclays has also targeted key areas where it wanted to increase market share: in 2006 its new mortgage lending market share was 6%.

Pre-tax profits rose in H107 by 9% compared with H106, largely driven by increased volumes while maintaining impairment charges at a similar nominal level, although this followed an increase in loan impairments in 2006, primarily from small businesses. The UK economy remains strong and unemployment low, although higher interest rates combined with historically high personal debt could mean that impairment charges will rise in the medium term. Costs have been a focus, and the cost/income ratio improved to 56% in H107, although H107 benefited from gains from the sale and leaseback of properties of GBP113m (2006: GBP116m).

Table 1: Divisional Profitability

(GBPm)	H107	% PBT[a]	2006	2005
UK Banking	1,363	*31.6*	2,546	2,236
UK Retail Banking	651	*15.1*	1,181	1,076
UK Business Banking	712	*16.5*	1,365	1,160
Barclays Wealth	173	*4.0*	245	164
IRCB	452	*10.5*	1,216	593
IRCB - ex Absa	142	*3.3*	518	295
IRCB - Absa	310	*7.2*	698	298
Barclays Capital	1,660	*38.5*	2,216	1,431
Barclaycard	272	*6.3*	458	639
BGI	388	*9.0*	714	540
Head Office	(207)	n.a.	(259)	(323)
Profit Before Tax	4,101	100	7,136	5,280

[a] Excludes Head Office and Other
PBT – Profit before tax
Source: Barclays

In July 2007 the Office for Fair Trading (OFT) announced it was to launch a test case in the High Court against the UK's leading banks and banking groups regarding the application of the law on unauthorised overdraft fees. Barclays is a party to this test case. This is another example, along with the introduction of payment protection insurance, credit card fees and OFT's broader current account study, of the increasing regulatory and legislative scrutiny to which the UK banks have become subject. Should there be a judgement against the banks, the scale of financial redress is difficult to predict, but could prove material.

UK Business Banking has been performing well and earnings growth was again good, up 9% in H107 and 18% in 2006. H107 revenue increased by 8% across all revenue lines, driven by strong balance sheet growth. Loan impairment charges increased by 23% in H107, after 42% in 2006, though from an unsustainably low level.

Barclays Capital again experienced extremely strong growth in profit before tax in H107 (33% on

H106) and 2006 (55% on 2005) due to the growth in risk tendencies of broadly similar levels (see "*Risk Management*" below). This has been supported by strong market conditions in many of its areas of operation, although the number of businesses in which Barclays Capital is active has increased fairly substantially in recent years. There is still a bias toward the credit market, but this business area accounted for a lower 28% of H107 revenue. Interest-rate products represented 18% of 2006 revenue and equity-related products 17%. Barclays Capital revenue will be sensitive to market sentiment, although increased diversification in revenue streams does add some comfort.

To be expected for an investment bank, costs relative to income are quite high at Barclays Capital, at 64% for 2006. Within this, there is a fair amount of discretionary costs with performance-related pay representing 41% of total costs and investment in the business a further 5%.

Barclaycard suffered in 2006 from increased loan impairment charges (GBP1.1bn), which led to a 28% fall in profit before tax. Changes in the credit-granting processes were made in H205, although loan impairments remained high in H107 at GBP443m. Barclays states that new flow of impairments is significantly reduced.

On a pre-provisioning level, improvements were seen in 2006, with income increasing by 9%, although this dropped to 2% in H107. Tighter lending criteria have led to a drop in UK customers to 9.6 million at end-June 2007 from 11.2 million at end-June 2006 and in outstanding balances to GBP8.5bn from GBP9.6bn. Pre-provisioning income is likely to suffer as a result.

IRCB: Income was higher in H107 and 2006 compared with 2005, partly reflecting the consolidation of Absa's earnings for only five months in that year. Excluding Absa and other one-offs of GBP76m (gains from sale and leaseback and profit from stake in FirstCaribbean International Bank, now sold), net income rose 19% in 2006. Excluding Absa, most of this division's income comes from Western Europe. Absa's results for H107 suffered from a 20% depreciation of the South African rand, and therefore profit declined. In rand terms, net income rose by 32%.

BGI's profitability has again grown strongly, profit before tax rising 7% in H107 compared with H106. AuM grew 14% in H107, with iShares growth strong at 44% to account for 18% of total AuM. AuM grew by GBP76bn in H107 (of which GBP25bn was new inflows) compared with GBP46bn in 2006 (GBP37bn of new inflows). The fall in the value of the credit markets may affect BGI's AuM, although a fair proportion of performance fees is assessed in relative rather than absolute terms.

Barclays Wealth represents a relatively low contributor to net income, although this is growing. Barclays is one of the largest five wealth providers in the UK, and in a fragmented market intends to grow rapidly, as demonstrated by its recruitment of a number of experienced personnel. Barclays' strong position in the UK market provides ongoing deal flow, and the expertise within BGI and Barclays Capital should enable strong product development. Total customer funds increased 20% to GBP126.8bn in H107.

Prospects: Barclays' business has become increasingly diversified by business line and geography. Fitch views this positively, as it should enable the group to continue to report solid earnings through many business-specific cycles. Barclays has benefited from strong operating conditions in many of its core markets, in particular for Barclays Capital, and growth and profitability rates are unlikely to continue at recent rates. Barclays is likely to be affected by the volatility in the credit markets, particularly through lower deal volume, although the increased diversification in Barclays Capital should partly mitigate this. Despite the growing level of non-UK earnings, the main threat to Barclays' earnings remains a sharp sustained economic downturn in the UK. This appears unlikely in the medium term.

■ Risk Management

- **Credit the main risk**
- **Sophisticated risk management systems**

Through the board risk committee, the board sets risk management standards and approves the group risk governance framework and appetite. Three further committees report to the executive committee: the risk oversight committee (ROC), which ensures consistency with group risk appetite, debates and agrees actions on risk profile and controls and considers issues escalated by sub-committees; the group treasury committee, responsible for monitoring and controlling the group's liquidity, maturity mismatch, regulatory and economic capital usage and interest rate exposure; and the governance and control committee, which maintains and reviews the effectiveness of group risk management procedures. Independent assurance is provided by internal audit.

The group uses a sophisticated credit risk measurement system called risk tendency, which combines probability of default (PD; expressed through an internal credit rating), exposure at default

(EAD) and loss given default (LGD) to model the loss for the performing loan portfolio for the forthcoming months (risk tendency is PD x EAD x LGD). Risk tendency is used for risk-sensitive pricing, performance measurement and risk transfer. Barclaycard has the highest risk tendency by a substantial margin (GBP1.4bn in 2006) out of group risk tendency of GBP2.3bn, which increased from GBP1.8bn in 2005.

Market risk is mostly concentrated at Barclays Capital and has historically been tightly controlled. The ROC allocates a daily value-at-risk (DVaR) limit for group trading activities and delegates day-to-day control to the group market risk director, who sets limits for each trading area. DVaR is calculated using a historical simulation model to a 98% confidence level, with a one-day holding period and a two-year observation period. The effectiveness of the group's DVaR systems is assessed by back-testing, including to a 99% confidence level, one-day holding period. In 2006 and 2005 there were no instances of a daily trading revenue loss exceeding the corresponding back-testing DVaR. The group also conducts regular stress testing and scenario simulations.

Barclays has been making good progress toward preparation for Basel II, and intends to adopt the more sophisticated approaches for credit and operational risk from 1 January 2008. The bank made its ICAAP submission to the UK Financial Service Authority during 2007 and is awaiting regulatory feedback. Fitch considers Barclays' preparations more advanced than those of most of its peers.

Credit Risk: Barclays' gross customer loan book grew by 14% in H107 after 5% in 2006. Growth was across all geographies and customers, although it was noticeably greater outside the UK at 22% for H107. At end-June 2007, lending in the UK accounted for 57% of the loan book, followed by other EU countries (16%), the US (10%), Africa (11%) and the rest of the world (6%). Home loans, about two-thirds of which were in the UK, and the remainder, predominantly Spain and Absa, accounted for 32% of the book. Other personal lending accounted for a further 9.8%. Wholesale lending is well diversified by sector. Barclays Capital has reduced its loan assets significantly in recent years through a combination of credit derivatives and syndications, activity levels in the former having increased markedly.

Barclays is an active player in the European LBO market; the strategy is to originate and then very substantially sell down. However, it will not originate deals it would be unwilling to hold on its own balance sheet. With the turmoil in the credit markets in early H207, Barclays was left with a significant number of LBOs it was unable to syndicate. However, these are of good quality and there have been no credit losses on this book to date.

LTVs in Barclays' residential mortgage book are at historical lows – only 5% of the book has an LTV of more than 90% at end-2006, a slight increase from 4% at end-2005. The average marked-to-market LTV of the book was 34%. A sharp correction in house prices (of which there is no sign in the UK at present) would probably reverse the recent trend of stable LTVs, but would not, in itself, necessarily result in a material level of mortgage-related impairment losses.

Trading portfolio assets (GBP218bn at end-June 2007) and liabilities (GBP79bn) are marked to market through the income statement, while AFS assets (GBP48bn) are marked to market through equity. Trading book assets and liabilities are mainly government and corporate bonds and customer deposits. Equities of GBP32bn long (at end-2006) and GBP13bn short are mainly listed and are held for hedging derivative and other exposures. This is reflected in the fact that equity DVaR peaked at GBP15.3m in H107 and GBP11.6m in 2006, although this is an increase from the 2005 high of GBP8.3m.

Asset Quality: Barclays defines impaired loans as those that are non-performing; they generally have an impairment provision raised against them. NPLs include impaired loans and others that are 90 days or more overdue. Barclays also discloses potential problem loans.

NPLs grew by 5.2% to GBP5.4bn at end-June 2007 following a decline of 2.3% in 2006, and the NPL/gross loans declined marginally to 1.6% from 1.8% at end-2006 and 1.7% at end-2005. Loan impairment coverage of NPLs was 61% at end-June 2007. This seems reasonable given the collateral covering the loan book. New NPLs have originated from most areas, although there is a bias toward the UK, and particularly Barclaycard, which has accounted for about 70% of impairment charges in 2006, 2005 and 2004.

Market Risk: Trading activity is concentrated in Barclays Capital, and includes client-driven and proprietary position-taking transactions. Table 2 shows the DVaR positions taken during 2006. Average DVaR was higher than in 2005 (GBP32.0m) and the highest exposure also increased (2005: GBP40.7m).

There are clear limitations in using a VaR methodology for assessing market risk, and the stated figures are likely to underestimate the level of

risk run given benign markets in 2006 and 2005. Nevertheless, the VaR amounts are low.

Barclays Capital's average daily revenue was GBP22.0m (2005: GBP16.3m), and 96% of trading days were revenue positive. Trading losses never exceeded back-testing DVaR (to a 99% confidence level, one-day holding period).

Table 2: DVaR

2006	Average (GBPm)	High (GBPm)	Low (GBPm)
Interest Rate Risk	20.1	28.8	12.3
Credit Spread Risk	24.3	33.1	17.9
Commodities Risk	11.3	21.6	5.7
Equities Risk	7.8	11.6	5.8
FX Risk	4.0	7.7	1.8
Diversification effect	(30.4)	n.a.	n.a.
Total	**37.1**	**43.2**	**31.3**

n.a. – Not available
Source: Barclays

Interest-rate mismatches are managed through a system of limits and through the use of interest-rate swaps and other derivatives. The group's policy is to finance overseas investments denominated in currencies other than UK pounds so as to limit the effect of FX movements on the group's risk asset ratios. The group has hedged the FX risk on the pound value of the Absa investment.

Liquidity Risk: As a retail bank, although a significant element of the group's liabilities are non-contractual obligations and therefore its liquidity position is potentially difficult to predict, Barclays benefits from the size and diversity of its funding base. Barclays Capital monitors its cash flow mismatch position, and has a broad range of funding tools available. The group maintains a substantial portfolio of unencumbered, liquid assets to cover potential funding shortfalls.

As part of its investment banking business, Barclays Capital has structured a number of special investment vehicles (SIVs). In the recent market conditions, a number of these SIVs have experienced difficulty in refinancing their predominantly short-term funding. Barclays has some exposure to the senior tranches of these SIVs, which are backed by collateral. There is no commitment to provide substantial liquidity to SIVs and total exposure is not material to Barclays' liquidity. However, the bank may suffer some reputational damage from the failure of structures it helped create.

Barclays also provides liquidity lines to its own ABCP conduits, although these are nearly all 'AAA' rated, with minimal exposure to mortgage-backed securities. Total exposure is reasonable relative to Barclays' balance sheet, and there is no exposure to third-party conduits.

Operational Risk: Non-financial risks (ie operational risk and business risk) are an area of increasing focus for Barclays and are managed by business and functional heads within a framework approved by the board. Barclays' operational risk management has historically concentrated on qualitative factors (ie risk identification and control), but is now building its quantitative analysis in preparation for adopting the advanced measurement approach under Basel II.

Barclays is a defendant in a number of proceedings in the US relating to the collapse of Enron, including the class action, but it is not possible to quantify a potential loss in relation to these matters at this stage.

■ Funding and Capital

- **Large and stable funding base**
- **Liquidity is a strength**
- **Adequately capitalised**
- **Strong internal capital generation**

Barclays benefits from a large and stable source of customer deposits (GBP292bn; 26% of non-equity liabilities at end-June 2007). Other funding sources include interbank (GBP87bn) and repurchase agreement funds (GBP181bn) and debt securities (GBP119bn). Barclays has increasingly been securitising its credit card, mortgage and commercial loan receivables (GBP24bn of the above debt securities).

Capital: Barclays' Tier 1 capital ratio was 7.7% at end-June 2007. This has been supported by the issuance of hybrid securities, and the "equity Tier 1" ratio was 5.3%. Basel II is unlikely to change the level of risk-weighted assets significantly.

Balance Sheet Analysis
BARCLAYS PLC

	30 Jun 2007				31 Dec 2006		31 Dec 2005	
	6 Months - Interim USDm Original	6 Months - Interim GBPm Original	As % of Assets Original	Average GBPm Original	Year End GBPm Original	As % of Assets Original	Year End GBPm Original	As % of Assets Original
A. LOANS								
1. Private	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-
2. Corporate	n.a.	n.a.		n.a.	n.a.	-	n.a.	-
3. Government	n.a.	n.a.		n.a.	n.a.		n.a.	
4. Other	650,621.6	324,617.0	28.03	305,074.0	285,631.0	28.66	272,342.0	29.45
5. Less: Loan Impairment	6,564.0	3,274.0	0.28	3,302.5	3,331.0	0.33	3,449.0	0.37
6. Loan Impairment (memo)	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-
7. Less: Loans from the Insurance Business	n.a.	n.a.		n.a.	n.a.		n.a.	
TOTAL A	**644,057.5**	**321,243.0**	**27.73**	**301,771.5**	**282,300.0**	**28.32**	**268,896.0**	**29.09**
B. OTHER EARNING ASSETS								
1. Loans and Advances to Banks	468,617.4	233,737.0	20.18	220,580.5	207,424.0	20.81	193,404.0	20.92
2. Government Securities	6,790.6	3,387.0	0.29	30,299.0	57,211.0	5.74	56,505.0	6.11
3. Trading Assets	436,210.4	217,573.0	18.78	170,324.5	123,076.0	12.35	98,437.0	10.65
4. Derivatives	349,302.2	174,225.0	15.04	156,289.0	138,353.0	13.88	136,823.0	14.80
5. Other Securities and Investments	178,226.9	88,860.0	7.67	84,285.5	79,711.0	8.00	62,920.0	6.81
6. Equity Investments	3,849.3	1,920.0	0.17	1,759.5	1,599.0	0.16	1,756.0	0.19
7. Insurance	184,839.3	92,194.0	7.96	87,496.0	82,798.0	8.31	83,195.0	9.00
TOTAL B	**1,627,755.7**	**811,892.0**	**70.10**	**751,032.0**	**690,172.0**	**69.24**	**636,090.0**	**68.81**
C. TOTAL EARNING ASSETS (A+B)	**2,271,813.2**	**1,133,135.0**	**97.83**	**1,052,803.5**	**972,472.0**	**97.56**	**904,986.0**	**97.90**
D. TANGIBLE FIXED ASSETS	**5,088.4**	**2,538.0**	**0.22**	**2,515.0**	**2,492.0**	**0.25**	**2,754.0**	**0.30**
E. NON-EARNING ASSETS								
1. Cash and Due from Banks	14,671.8	7,318.0	0.63	7,331.5	7,345.0	0.74	3,906.0	0.42
2. Other	30,616.7	15,271.0	1.32	14,874.5	14,478.0	1.45	12,711.0	1.38
F. TOTAL ASSETS	**2,322,190.1**	**1,158,262.0**	**100.00**	**1,077,524.5**	**996,787.0**	**100.00**	**924,357.0**	**100.00**
G. DEPOSITS & MONEY MARKET FUNDING								
1. Due to Customers - Current	586,318.5	292,444.0	25.25	213,390.5	134,337.0	13.48	128,426.0	13.89
2. Due to Customers - Savings	n.a.	n.a.	-	n.a.	65,786.0	6.60	60,945.0	6.59
3. Due to Customers - Term	n.a.	n.a.	-	n.a.	113,754.0	11.41	103,549.0	11.20
4. Deposits with Banks	542,780.4	270,728.0	23.37	216,172.0	161,616.0	16.21	144,407.0	15.62
5. Other Deposits and Short-term Borrowings	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-
TOTAL G	**1,129,099.0**	**563,172.0**	**48.62**	**519,332.5**	**475,493.0**	**47.70**	**437,330.0**	**47.31**
H. OTHER LIABILITIES								
1. Derivatives	356,417.7	177,774.0	15.35	159,935.5	140,097.0	14.05	137,971.0	14.93
2. Trading Liabilities	158,891.7	79,252.0	6.84	75,563.0	71,874.0	7.21	71,564.0	7.74
3. Fair Value Portion of Debt	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-
4. Insurance	195,487.0	97,505.0	8.42	93,010.0	88,515.0	8.88	88,968.0	9.62
TOTAL H	**710,796.3**	**354,531.0**	**30.61**	**327,808.5**	**301,086.0**	**30.21**	**298,503.0**	**32.29**
I. OTHER FUNDING								
1. Long-term Borrowing	365,361.5	182,279.0	15.73	173,579.5	165,124.0	16.57	136,712.0	14.79
2. Subordinated Debt	30,207.7	15,067.0	1.30	14,426.5	13,786.0	1.38	12,463.0	1.35
3. Other Funding	n.a.	n.a.	-	n.a.	n.a.		n.a.	
TOTAL I	**395,569.7**	**197,302.0**	**17.03**	**188,106.0**	**178,910.0**	**17.95**	**149,175.0**	**16.14**
J. NON-INTEREST BEARING	**29,143.1**	**14,536.0**	**1.25**	**14,107.0**	**13,678.0**	**1.37**	**14,988.0**	**1.62**
K. HYBRID CAPITAL								
1. Hybrid capital accounted for as equity	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-
2. Hybrid Capital accounted for as debt	n.a.	n.a.		n.a.	n.a.		n.a.	
L. TOTAL LIABILITIES	**2,264,607.5**	**1,129,541.0**	**97.52**	**1,049,354.0**	**969,167.0**	**97.23**	**899,997.0**	**97.36**
M. EQUITY								
1. Common Equity	42,048.5	20,973.0	1.81	20,654.0	20,335.0	2.04	16,975.0	1.84
2. Minority Interest	15,533.9	7,748.0	0.67	7,669.5	7,591.0	0.76	7,004.0	0.76
3. Revaluation Reserves	0.0	0.0	0.00	153.0	306.0	0.03	381.0	0.04
TOTAL M	**57,582.5**	**28,721.0**	**2.48**	**28,170.5**	**27,620.0**	**2.77**	**24,360.0**	**2.64**
MEMO: CORE CAPITAL	**42,728.3**	**21,312.0**	**1.84**	**21,191.0**	**21,070.0**	**2.11**	**17,274.0**	**1.87**
MEMO: ELIGIBLE CAPITAL	**n.a.**	**n.a.**	**-**	**n.a.**	**n.a.**	**-**	**n.a.**	**-**
N. TOTAL LIABILITIES & EQUITY	**2,322,190.1**	**1,158,262.0**	**100.00**	**1,077,524.5**	**996,787.0**	**100.00**	**924,357.0**	**100.00**
Exchange Rate		USD1 = GBP 0.4988			USD1 = GBP 0.5094		USD1 = GBP 0.5808	

Income Statement Analysis
BARCLAYS PLC

	30 Jun 2007		31 Dec 2006		31 Dec 2005	
	Income Expenses GBPm Original	As % of Total AV Earning Assts Original	Income Expenses GBPm Original	As % of Total AV Earning Assts Original	Income Expenses GBPm Original	As % of Total AV Earning Assts Original
1. Interest Income	12,055.0	2.29	21,820.0	2.32	17,254.0	2.42
2. Interest Expense	7,448.0	1.41	12,662.0	1.35	9,157.0	1.28
3. NET INTEREST REVENUE	**4,607.0**	**0.88**	**9,158.0**	**0.98**	**8,097.0**	**1.14**
4. Net Fees & Commissions	3,812.0	0.72	7,177.0	0.76	5,705.0	0.80
5. Net Insurance Revenue	194.0	0.04	405.0	0.05	227.0	0.03
6. Other Operating Income	3,280.0	0.62	4,821.0	0.51	3,349.0	0.47
7. Personnel Expenses	4,581.0	0.87	8,169.0	0.87	6,318.0	0.89
8. Other Operating Expenses	2,411.0	0.46	4,916.0	0.52	4,200.0	0.59
9. PRE-IMPAIRMENT OPERATING PROFIT	**4,910.0**	**0.93**	**8,556.0**	**0.91**	**6,860.0**	**0.96**
10. Loan Impairment Charge	939.0	0.18	2,074.0	0.22	1,574.0	0.22
11. Other Credit Impairment and Provisions	n.a.	-	n.a.	-	n.a.	-
12. OPERATING PROFIT	**3,951.0**	**0.75**	**6,482.0**	**0.69**	**5,286.0**	**0.74**
13. Other Income and Expenses	150.0	0.03	654.0	0.07	-6.0	0.00
14. PUBLISHED PRE-TAX PROFIT	**4,101.0**	**0.78**	**7,136.0**	**0.76**	**5,280.0**	**0.74**
15. Taxes	1,158.0	0.22	1,941.0	0.21	1,439.0	0.20
16. Profit/(Loss) from Discontinued Operations	n.a.	-	n.a.	-	n.a.	
17. Change in Value of AFS Investments	n.a.	-	-93.0	-0.01	-89.0	-0.01
18. Currency Translation Differences	n.a.	-	-594.0	-0.06	214.0	0.03
19. Other Gains/(Losses) not in Published Net Income	n.a.	-	n.a.	-	n.a.	-
20. FITCH COMPREHENSIVE INCOME	**n.a.**	**-**	**4,508.0**	**0.48**	**3,966.0**	**0.56**
21. Total Gains/(Losses) not in Published Net Income	n.a.	-	-687.0	-0.07	125.0	0.02
22. IFRS Dividends included in Fitch Interest Expense	n.a.	-	n.a.	-	n.a.	-
23. PUBLISHED NET INCOME	**2,943.0**	**0.56**	**5,195.0**	**0.55**	**3,841.0**	**0.54**

Ratio Analysis
BARCLAYS PLC

		30 Jun 2007	31 Dec 2006	31 Dec 2005
		6 Months - Interim	Year End	Year End
		GBPm	GBPm	GBPm
		Original	Original	Original
I. PERFORMANCE				
1. Net Interest Margin	%	0.58	0.96	1.14
2. Loan Yield	%	n.a.	5.52	4.54
3. Cost of Funds	%	2.41	2.04	1.82
4. Costs/Average Assets	%	1.30	1.36	1.44
5. Costs/Income	%	58.75	60.51	60.68
6. Pre-Impairment Operating ROAA	%	0.91	0.89	1.04
7. Operating ROAA	%	0.73	0.67	0.72
8. Pre-Impairment Operating ROAE	%	34.56	32.90	35.67
9. Operating ROAE	%	28.05	24.04	25.01
II. CAPITAL ADEQUACY				
1. Internal Capital Generation	%	-0.29	9.76	11.17
2. Core Capital/Total Assets	%	1.85	2.13	1.88
3. Eligible Capital/Regulatory Weighted Risks	%	n.a.	n.a.	n.a.
4. Eligible Capital+Eligible Revaluation Reserves/Regulatory Weighted Risks	%	n.a.	-0.10	5.14
5. Tier 1 Regulatory Capital Ratio	%	7.70	7.70	7.00
6. Total Regulatory Capital Ratio	%	11.50	11.70	11.30
7. Free Capital/Equity	%	76.54	60.37	75.70
III. LIQUIDITY (year end)				
1. Liquid Assets/Deposits & Money Mkt Funding	%	8.35	38.51	39.22
2. Loans/Deposits	%	109.65	89.94	91.86
IV. ASSET QUALITY				
1. Loan Impairment Charge/Gross Loans (av.)	%	0.53	0.74	0.59
2. Total Credit Impairment/Pre-Impairment Operating Profit	%	19.53	24.24	22.94
3. Loan Impairment/Gross Impaired Loans	%	65.75	74.95	70.74
4. Individual Loan Impairment/Gross Impaired Loans	%	n.a.	n.a.	n.a.
5. Impaired Loans Gross / Loans Gross	%	1.45	1.56	1.67
6. Impaired Loans Net/Eligible Capital	%	n.a.	n.a.	n.a.
7. Net Charge-offs/Gross Loans (av.)	%	n.a.	n.a.	n.a.

United Kingdom
Credit Analysis

Barclays Bank PLC

Ratings

Barclays Bank PLC	
Foreign Currency	
Long-Term IDR*	AA+
Short-Term IDR*	F1+
Outlook	Stable
Individual	A/B
Support	1
Support Rating Floor	A-
Barclays PLC	
Foreign Currency	
Long-Term IDR*	AA+
Short-Term IDR*	F1+
Outlook	Stable
Support	5
Support Rating Floor	NF
Sovereign Risk	
Foreign Long-Term IDR*	AAA
Local Long-Term IDR*	AAA
Outlook	Stable

* IDR – Issuer Default Rating

Financial Data

Barclays PLC

	30 Jun 07	31 Dec 06
Total Assets (USDm)	2,322,190	1,956,786
Total Assets (GBPm)	1,158,262	996,787
Equity (GBPm)	28,721	27,620
Operating Profit (GBPm)	3,951	6,482
Published Net Income (GBPm)	2,943	5,195
Comprehensive Income (GBPm)	n.a.	4,508
Operating ROAA (%)	0.73	0.67
Operating ROAE (%)	28.05	24.94
Tier 1 Ratio (%)	7.7	7.7

Analysts

James Longsdon, London
+44 20 7417 4309
james.longsdon@fitchratings.com

Gordon Scott, London
+44 20 7417 4307
gordon.scott@fitchratings.com

Rating Rationale

- The ratings of Barclays Bank PLC, the sole subsidiary of Barclays PLC (Barclays), reflect its strong UK franchise, broad business mix, robust profitability, good liquidity and sophisticated risk management.
- In March 2007 Barclays announced a bid for ABN AMRO Holding NV (rated 'AA-'), which sparked a counter-offer by the consortium of The Royal Bank of Scotland Group plc ('AA+'), Banco Santander ('AA') and Fortis Bank ('AA-'). In October 2007, Barclays announced that the acceptance conditions relating to its offer would not be fulfilled and, therefore, its offer lapsed. Fitch does not consider the failure to acquire ABN AMRO as a problem for Barclays, which still has a strong franchise that it can continue to develop organically.
- Barclays' profitability has been strong for several years. The improving diversification of revenue and profits by business and by geography is a key strength and has enabled the bank to absorb growing impairment in its UK unsecured retail portfolios. Operating ROAE compares well with that of major European peers.
- Barclays has limited direct exposure to the US sub-prime market. However, credit market turmoil will affect some of the bank's business volumes in Barclays Capital. The increased diversification of Barclays Capital in recent years should help to mitigate this, although credit products still accounted for about a quarter of division revenue for H107.
- NPLs continued to be relatively low as a proportion of total lending in H107, reflecting an overall benign environment. UK unsecured lending has been the main source of new NPLs, mainly in Barclaycard. Lending criteria have been tightened, and new NPL flows are much reduced.
- Barclays is adequately capitalised. Among other tools, it uses a sophisticated economic capital model to measure capital adequacy.
- Market risk has historically been well controlled, with limits and exposures comfortable in relation to equity.
- Funding and liquidity are strengths; Barclays' retail operations give the bank a large and stable funding base.
- Barclays PLC's IDR reflects the very high investment-grade rating of Barclays Bank PLC and the fact that there is no intention for there to be any double leverage at Barclays PLC. Were double leverage to be introduced at Barclays PLC, Fitch would expect a more formal and suitably prudent liquidity policy to be introduced.

Support

- There is an extremely high probability that Barclays Bank PLC would be supported by the UK authorities if necessary.

Rating Outlook and Key Rating Drivers

- The Long-Term IDR of Barclays Bank PLC is very high and is unlikely to improve. The Stable Outlook reflects the bank's strong profitability and diversified earnings, which should enable the bank to absorb periodical cyclicality in individual business lines. Negative ratings pressure could arise from greater-than-expected earnings volatility or evidence of an increase in risk appetite, for example in Barclays Capital.

Profile

- Barclays is one of the world's largest banks. In the UK it offers a full range of financial services to retail, SME and corporate/wholesale customers. Internationally, it has mainly retail and commercial operations in Europe and Africa. Through Barclays Capital and Barclays Global Investors (BGI), Barclays services large corporates, financial institutions and governments around the world.

10 October 2007

Profile

- **Strong UK franchise**
- **Significant growth in business outside UK, driven by the strong growth in Barclays Capital and BGI**
- **China Development Bank and Temasek introduced as strategic shareholders**

The UK is Barclays' primary presence, but it also has mainly retail, wealth management and credit card operations in Europe and Africa, including Absa Group Limited (Absa; see the credit analysis on this company, published on 12 June 2007, and available at www.fitchratings.com), and provides a broad range of commercial and investment banking services to large multi-nationals through Barclays Capital. Barclays is arranged along six business lines.

UK Banking: The division comprises UK Retail Banking and UK Business Banking. The former provides current account, mortgage, savings and general insurance products to retail customers in the UK, banking services to small businesses, and banking, investment and advisory services to affluent customers (UK Premier). Woolwich was acquired in 2000 and significantly strengthened Barclays' position in the UK mortgage market (its market share of stock fell until H107 and is about 6%). UK Business Banking provides banking services to larger and medium-sized businesses in the UK. Woolwich UK high street branches have recently been rebranded as Barclays as part of an initiative to revitalise the UK retail bank and improve the performance of this division against peers.

Barclays Wealth provides private and offshore banking, stockbroking and asset management services, mainly in the UK and continental Europe. It also includes Barclays' closed life assurance activities. Barclays acts as a distributor of other manufacturers' life assurance products. It has GBP127bn of customer deposits and assets under management.

International Retail and Commercial Banking (IRCB) provides a range of retail and corporate banking services to customers in Spain (including through Barclays' Banco Zaragozano subsidiary), Portugal, France, Italy, Africa and the Middle East. The division includes Absa, in which Barclays acquired a 57% stake in H205. Absa owns Absa Bank Limited, one of South Africa's leading retail banks. Absa had consolidated assets of GBP33bn at end-June 2007, compared with GBP42bn for the rest of the division.

Barclays Capital contains the group's investment banking business and manages the group's largest corporate, institutional and government relationships, with more complex financing and risk management requirements. Operations are split between three areas: Global Markets, which incorporates interest rates, fixed-income, FX, commodities, inflation and equity-related activities; Credit Markets, including investment banking, debt capital markets, structuring and securitisation, loans, leasing and credit trading; and Private Equity. Barclays Capital has grown exceptionally in the last decade, with income increasing more than 4.5x during 1999-2006. This growth has come with an expanding product offering (eg ABS/MBS, structured equities, commodities and credit derivatives) and geographical reach (particularly in the US). Barclays Capital is not very active in cash equities or M&A.

Barclaycard is the largest credit card company in the UK and Europe, with more than 9.6 million customers in the UK at end-June 2007, a decline from previously stated figures due to the closure of inactive accounts. There are also 7.6 million cards in issue internationally. Since 2004 Barclaycard has also included Barclays' non-card consumer lending operations.

BGI is one of the world's largest institutional asset managers. Assets under management (AuM) increased to GBP1.0trn in H107, reflecting a combination of new funds and positive market movements. In US dollar terms, AuM have increased almost 2.5x since 2002. At end-June 2007, 59% of AuM were low-margin indexed assets, 23% were in actively managed assets and 18% were in iShares/exchange traded funds.

Strategy: In March 2007 Barclays announced a bid to acquire ABN AMRO, which would have added significant scale to Barclays' activities, and further diversified its income base within Europe and some emerging markets. The integration of such a large bank would have resulted in significant operational risk, however. Barclays' largely share-based bid sparked the largely cash-based counter-offer by the Royal Bank of Scotland-led consortium including Banco Santander and Fortis. In October 2007 Barclays announced that the acceptance conditions relating to its offer would not be fulfilled and the offer therefore lapsed.

In July 2007 Barclays announced the investment of up to GBP9.0bn by China Development Bank (rated 'A'/Positive), one of the three state-owned policy banks in China, and Temasek Holdings (Private) Limited (Temasek), the investment arm of the Singapore government. The immediate impact of this was to enable Barclays to introduce a significant cash component into its offer for ABN AMRO.

Although the bid ultimately failed, Fitch views the co-operation with China Development Bank positively from a business generation perspective. Barclays has not announced the expected benefits of increased co-operation, although the main one is likely to be the cross-referral of clients. China Development Bank will also use BGI as one of its preferred asset managers.

Performance

- **Performance in 2006 and H107 led by the rapid growth of Barclays Capital**
- **Slowdown in capital markets activity to have impact in H207, but limited direct losses on investments expected**
- **Increasingly diversified earnings**

Barclays performed well in H107 and 2006, increasing pre-tax earnings by 12% in H107 (compared with H106) and achieving operating ROAE of 28%, which compares well with that of its large European peers. In 2006, all business lines except Barclaycard performed well, with Barclays Capital again showing strong growth. The turbulence in the credit markets at the start of H207 will undoubtedly affect Barclays' profits, through some losses on its investment and liquidity portfolios and lower deal volume. BGI may also be affected by poorer performance fees, although a fair proportion of these are calculated on relative rather than absolute measures. However, exposure to US sub-prime debt, either through direct lending or holding US sub-prime-backed securities, is limited. Bob Diamond, Barclays' President and head of Barclays Capital, stated publicly that Barclays Capital traded profitably during both July and August 2007.

Reported earnings have become increasingly diversified by division and geography, and in 2006 the strategic aim of generating 50% of net income outside the UK was achieved (from 25% in 2004). This has been influenced by extremely strong performance by Barclays Capital in particular, and also BGI. Even removing what might be seen as extraordinary or volatile profit, Barclays as a whole has become more diversified.

UK Retail Banking: The senior management of this division has substantially changed since 2005 to address its underperformance against management expectations and peers. The key to improving performance here is increasing the level of cross-selling of products, and Barclays has invested in a new operating platform to better identify potential products for customers, and changing the incentive structure for front-line staff. Barclays has also targeted key areas where it wanted to increase market share: in 2006 its new mortgage lending market share was 6%.

Pre-tax profits rose in H107 by 9% compared with H106, largely driven by increased volumes while maintaining impairment charges at a similar nominal level, although this followed an increase in loan impairments in 2006, primarily from small businesses. The UK economy remains strong and unemployment low, although higher interest rates combined with historically high personal debt could mean that impairment charges will rise in the medium term. Costs have been a focus, and the cost/income ratio improved to 56% in H107, although H107 benefited from gains from the sale and leaseback of properties of GBP113m (2006: GBP116m).

Table 1: Divisional Profitability

(GBPm)	H107	% PBT[a]	2006	2005
UK Banking	1,363	*31.6*	2,546	2,236
UK Retail Banking	651	*15.1*	1,181	1,076
UK Business Banking	712	*16.5*	1,365	1,160
Barclays Wealth	173	*4.0*	245	164
IRCB	452	*10.5*	1,216	593
IRCB - ex Absa	142	*3.3*	518	295
IRCB - Absa	310	*7.2*	698	298
Barclays Capital	1,660	*38.5*	2,216	1,431
Barclaycard	272	*6.3*	458	639
BGI	388	*9.0*	714	540
Head Office	(207)	n.a.	(259)	(323)
Profit Before Tax	4,101	100	7,136	5,280

[a] Excludes Head Office and Other
PBT – Profit before tax
Source: Barclays

In July 2007 the Office for Fair Trading (OFT) announced it was to launch a test case in the High Court against the UK's leading banks and banking groups regarding the application of the law on unauthorised overdraft fees. Barclays is a party to this test case. This is another example, along with the introduction of payment protection insurance, credit card fees and OFT's broader current account study, of the increasing regulatory and legislative scrutiny to which the UK banks have become subject. Should there be a judgement against the banks, the scale of financial redress is difficult to predict, but could prove material.

UK Business Banking has been performing well and earnings growth was again good, up 9% in H107 and 18% in 2006. H107 revenue increased by 8% across all revenue lines, driven by strong balance sheet growth. Loan impairment charges increased by 23% in H107, after 42% in 2006, though from an unsustainably low level.

Barclays Capital again experienced extremely strong growth in profit before tax in H107 (33% on

H106) and 2006 (55% on 2005) due to the growth in risk tendencies of broadly similar levels (see "*Risk Management*" below). This has been supported by strong market conditions in many of its areas of operation, although the number of businesses in which Barclays Capital is active has increased fairly substantially in recent years. There is still a bias toward the credit market, but this business area accounted for a lower 28% of H107 revenue. Interest-rate products represented 18% of 2006 revenue and equity-related products 17%. Barclays Capital revenue will be sensitive to market sentiment, although increased diversification in revenue streams does add some comfort.

To be expected for an investment bank, costs relative to income are quite high at Barclays Capital, at 64% for 2006. Within this, there is a fair amount of discretionary costs with performance-related pay representing 41% of total costs and investment in the business a further 5%.

Barclaycard suffered in 2006 from increased loan impairment charges (GBP1.1bn), which led to a 28% fall in profit before tax. Changes in the credit-granting processes were made in H205, although loan impairments remained high in H107 at GBP443m. Barclays states that new flow of impairments is significantly reduced.

On a pre-provisioning level, improvements were seen in 2006, with income increasing by 9%, although this dropped to 2% in H107. Tighter lending criteria have led to a drop in UK customers to 9.6 million at end-June 2007 from 11.2 million at end-June 2006 and in outstanding balances to GBP8.5bn from GBP9.6bn. Pre-provisioning income is likely to suffer as a result.

IRCB: Income was higher in H107 and 2006 compared with 2005, partly reflecting the consolidation of Absa's earnings for only five months in that year. Excluding Absa and other one-offs of GBP76m (gains from sale and leaseback and profit from stake in FirstCaribbean International Bank, now sold), net income rose 19% in 2006. Excluding Absa, most of this division's income comes from Western Europe. Absa's results for H107 suffered from a 20% depreciation of the South African rand, and therefore profit declined. In rand terms, net income rose by 32%.

BGI's profitability has again grown strongly, profit before tax rising 7% in H107 compared with H106. AuM grew 14% in H107, with iShares growth strong at 44% to account for 18% of total AuM. AuM grew by GBP76bn in H107 (of which GBP25bn was new inflows) compared with GBP46bn in 2006 (GBP37bn of new inflows). The fall in the value of the credit markets may affect BGI's AuM, although a fair proportion of performance fees is assessed in relative rather than absolute terms.

Barclays Wealth represents a relatively low contributor to net income, although this is growing. Barclays is one of the largest five wealth providers in the UK, and in a fragmented market intends to grow rapidly, as demonstrated by its recruitment of a number of experienced personnel. Barclays' strong position in the UK market provides ongoing deal flow, and the expertise within BGI and Barclays Capital should enable strong product development. Total customer funds increased 20% to GBP126.8bn in H107.

Prospects: Barclays' business has become increasingly diversified by business line and geography. Fitch views this positively, as it should enable the group to continue to report solid earnings through many business-specific cycles. Barclays has benefited from strong operating conditions in many of its core markets, in particular for Barclays Capital, and growth and profitability rates are unlikely to continue at recent rates. Barclays is likely to be affected by the volatility in the credit markets, particularly through lower deal volume, although the increased diversification in Barclays Capital should partly mitigate this. Despite the growing level of non-UK earnings, the main threat to Barclays' earnings remains a sharp sustained economic downturn in the UK. This appears unlikely in the medium term.

Risk Management

- **Credit the main risk**
- **Sophisticated risk management systems**

Through the board risk committee, the board sets risk management standards and approves the group risk governance framework and appetite. Three further committees report to the executive committee: the risk oversight committee (ROC), which ensures consistency with group risk appetite, debates and agrees actions on risk profile and controls and considers issues escalated by sub-committees; the group treasury committee, responsible for monitoring and controlling the group's liquidity, maturity mismatch, regulatory and economic capital usage and interest rate exposure; and the governance and control committee, which maintains and reviews the effectiveness of group risk management procedures. Independent assurance is provided by internal audit.

The group uses a sophisticated credit risk measurement system called risk tendency, which combines probability of default (PD; expressed through an internal credit rating), exposure at default

(EAD) and loss given default (LGD) to model the loss for the performing loan portfolio for the forthcoming months (risk tendency is PD x EAD x LGD). Risk tendency is used for risk-sensitive pricing, performance measurement and risk transfer. Barclaycard has the highest risk tendency by a substantial margin (GBP1.4bn in 2006) out of group risk tendency of GBP2.3bn, which increased from GBP1.8bn in 2005.

Market risk is mostly concentrated at Barclays Capital and has historically been tightly controlled. The ROC allocates a daily value-at-risk (DVaR) limit for group trading activities and delegates day-to-day control to the group market risk director, who sets limits for each trading area. DVaR is calculated using a historical simulation model to a 98% confidence level, with a one-day holding period and a two-year observation period. The effectiveness of the group's DVaR systems is assessed by back-testing, including to a 99% confidence level, one-day holding period. In 2006 and 2005 there were no instances of a daily trading revenue loss exceeding the corresponding back-testing DVaR. The group also conducts regular stress testing and scenario simulations.

Barclays has been making good progress toward preparation for Basel II, and intends to adopt the more sophisticated approaches for credit and operational risk from 1 January 2008. The bank made its ICAAP submission to the UK Financial Service Authority during 2007 and is awaiting regulatory feedback. Fitch considers Barclays' preparations more advanced than those of most of its peers.

Credit Risk: Barclays' gross customer loan book grew by 14% in H107 after 5% in 2006. Growth was across all geographies and customers, although it was noticeably greater outside the UK at 22% for H107. At end-June 2007, lending in the UK accounted for 57% of the loan book, followed by other EU countries (16%), the US (10%), Africa (11%) and the rest of the world (6%). Home loans, about two-thirds of which were in the UK, and the remainder, predominantly Spain and Absa, accounted for 32% of the book. Other personal lending accounted for a further 9.8%. Wholesale lending is well diversified by sector. Barclays Capital has reduced its loan assets significantly in recent years through a combination of credit derivatives and syndications, activity levels in the former having increased markedly.

Barclays is an active player in the European LBO market; the strategy is to originate and then very substantially sell down. However, it will not originate deals it would be unwilling to hold on its own balance sheet. With the turmoil in the credit markets in early H207, Barclays was left with a significant number of LBOs it was unable to syndicate. However, these are of good quality and there have been no credit losses on this book to date.

LTVs in Barclays' residential mortgage book are at historical lows – only 5% of the book has an LTV of more than 90% at end-2006, a slight increase from 4% at end-2005. The average marked-to-market LTV of the book was 34%. A sharp correction in house prices (of which there is no sign in the UK at present) would probably reverse the recent trend of stable LTVs, but would not, in itself, necessarily result in a material level of mortgage-related impairment losses.

Trading portfolio assets (GBP218bn at end-June 2007) and liabilities (GBP79bn) are marked to market through the income statement, while AFS assets (GBP48bn) are marked to market through equity. Trading book assets and liabilities are mainly government and corporate bonds and customer deposits. Equities of GBP32bn long (at end-2006) and GBP13bn short are mainly listed and are held for hedging derivative and other exposures. This is reflected in the fact that equity DVaR peaked at GBP15.3m in H107 and GBP11.6m in 2006, although this is an increase from the 2005 high of GBP8.3m.

Asset Quality: Barclays defines impaired loans as those that are non-performing; they generally have an impairment provision raised against them. NPLs include impaired loans and others that are 90 days or more overdue. Barclays also discloses potential problem loans.

NPLs grew by 5.2% to GBP5.4bn at end-June 2007 following a decline of 2.3% in 2006, and the NPL/gross loans declined marginally to 1.6% from 1.8% at end-2006 and 1.7% at end-2005. Loan impairment coverage of NPLs was 61% at end-June 2007. This seems reasonable given the collateral covering the loan book. New NPLs have originated from most areas, although there is a bias toward the UK, and particularly Barclaycard, which has accounted for about 70% of impairment charges in 2006, 2005 and 2004.

Market Risk: Trading activity is concentrated in Barclays Capital, and includes client-driven and proprietary position-taking transactions. Table 2 shows the DVaR positions taken during 2006. Average DVaR was higher than in 2005 (GBP32.0m) and the highest exposure also increased (2005: GBP40.7m).

There are clear limitations in using a VaR methodology for assessing market risk, and the stated figures are likely to underestimate the level of

risk run given benign markets in 2006 and 2005. Nevertheless, the VaR amounts are low.

Barclays Capital's average daily revenue was GBP22.0m (2005: GBP16.3m), and 96% of trading days were revenue positive. Trading losses never exceeded back-testing DVaR (to a 99% confidence level, one-day holding period).

Table 2: DVaR

2006	Average (GBPm)	High (GBPm)	Low (GBPm)
Interest Rate Risk	20.1	28.8	12.3
Credit Spread Risk	24.3	33.1	17.9
Commodities Risk	11.3	21.6	5.7
Equities Risk	7.8	11.6	5.8
FX Risk	4.0	7.7	1.8
Diversification effect	(30.4)	n.a.	n.a.
Total	**37.1**	**43.2**	**31.3**

n.a. – Not available
Source: Barclays

Interest-rate mismatches are managed through a system of limits and through the use of interest-rate swaps and other derivatives. The group's policy is to finance overseas investments denominated in currencies other than UK pounds so as to limit the effect of FX movements on the group's risk asset ratios. The group has hedged the FX risk on the pound value of the Absa investment.

Liquidity Risk: As a retail bank, although a significant element of the group's liabilities are non-contractual obligations and therefore its liquidity position is potentially difficult to predict, Barclays benefits from the size and diversity of its funding base. Barclays Capital monitors its cash flow mismatch position, and has a broad range of funding tools available. The group maintains a substantial portfolio of unencumbered, liquid assets to cover potential funding shortfalls.

As part of its investment banking business, Barclays Capital has structured a number of special investment vehicles (SIVs). In the recent market conditions, a number of these SIVs have experienced difficulty in refinancing their predominantly short-term funding. Barclays has some exposure to the senior tranches of these SIVs, which are backed by collateral. There is no commitment to provide substantial liquidity to SIVs and total exposure is not material to Barclays' liquidity. However, the bank may suffer some reputational damage from the failure of structures it helped create.

Barclays also provides liquidity lines to its own ABCP conduits, although these are nearly all 'AAA' rated, with minimal exposure to mortgage-backed securities. Total exposure is reasonable relative to Barclays' balance sheet, and there is no exposure to third-party conduits.

Operational Risk: Non-financial risks (ie operational risk and business risk) are an area of increasing focus for Barclays and are managed by business and functional heads within a framework approved by the board. Barclays' operational risk management has historically concentrated on qualitative factors (ie risk identification and control), but is now building its quantitative analysis in preparation for adopting the advanced measurement approach under Basel II.

Barclays is a defendant in a number of proceedings in the US relating to the collapse of Enron, including the class action, but it is not possible to quantify a potential loss in relation to these matters at this stage.

■ Funding and Capital

- **Large and stable funding base**
- **Liquidity is a strength**
- **Adequately capitalised**
- **Strong internal capital generation**

Barclays benefits from a large and stable source of customer deposits (GBP292bn; 26% of non-equity liabilities at end-June 2007). Other funding sources include interbank (GBP87bn) and repurchase agreement funds (GBP181bn) and debt securities (GBP119bn). Barclays has increasingly been securitising its credit card, mortgage and commercial loan receivables (GBP24bn of the above debt securities).

Capital: Barclays' Tier 1 capital ratio was 7.7% at end-June 2007. This has been supported by the issuance of hybrid securities, and the "equity Tier 1" ratio was 5.3%. Basel II is unlikely to change the level of risk-weighted assets significantly.

Balance Sheet Analysis
BARCLAYS PLC

	30 Jun 2007				31 Dec 2006		31 Dec 2005	
	6 Months - Interim USDm Original	6 Months - Interim GBPm Original	As % of Assets Original	Average GBPm Original	Year End GBPm Original	As % of Assets Original	Year End GBPm Original	As % of Assets Original
A. LOANS								
1. Private	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-
2. Corporate	n.a.	n.a.		n.a.	n.a.	-	n.a.	-
3. Government	n.a.	n.a.		n.a.	n.a.		n.a.	
4. Other	650,621.5	324,617.0	28.02	305,074.0	285,631.0	28.66	272,342.0	29.45
5. Loan Impairment	6,564.0	3,274.0	0.28	3,302.5	3,331.0	0.33	3,446.0	0.37
6. Loan Impairment (memo)	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-
7. Less: Loans from the Insurance Business	n.a.	n.a.		n.a.	n.a.		n.a.	
TOTAL A	**644,057.5**	**321,343.0**	**27.73**	**301,771.5**	**282,300.0**	**28.32**	**268,896.0**	**29.09**
B. OTHER EARNING ASSETS								
1. Loans and Advances to Banks	468,617.4	233,737.0	20.18	220,580.5	207,424.0	20.81	193,404.0	20.92
2. Government Securities	6,790.0	3,387.0	0.29	30,299.0	57,211.0	5.74	56,505.0	6.11
3. Trading Assets	436,210.4	217,573.0	18.78	170,324.5	123,076.0	12.35	98,437.0	10.65
4. Derivatives	349,202.2	174,225.0	15.04	156,289.0	138,353.0	13.88	136,823.0	14.80
5. Other Securities and Investments	172,226.9	88,860.0	7.67	84,285.5	79,711.0	8.00	12,920.0	1.31
6. Equity Investments	3,796.3	1,920.0	0.16	1,739.5	1,599.0	0.16	1,795.0	0.19
7. Insurance	184,839.3	92,194.0	7.96	87,496.0	82,798.0	8.31	83,195.0	9.00
TOTAL B	**1,627,755.7**	**811,892.0**	**70.10**	**751,032.0**	**690,172.0**	**69.24**	**636,090.0**	**68.81**
C. TOTAL EARNING ASSETS (A+B)	**2,271,813.2**	**1,133,135.0**	**97.83**	**1,052,803.5**	**972,472.0**	**97.56**	**904,986.0**	**97.90**
D. TANGIBLE FIXED ASSETS	**5,088.4**	**2,538.0**	**0.22**	**2,515.0**	**2,492.0**	**0.25**	**2,754.0**	**0.30**
E. NON-EARNING ASSETS								
1. Cash and Due from Banks	14,671.5	7,318.0	0.63	7,331.5	7,345.0	0.74	3,906.0	0.42
2. Other	30,616.7	15,271.0	1.32	14,874.5	14,478.0	1.45	12,711.0	1.38
F. TOTAL ASSETS	**2,322,190.1**	**1,158,262.0**	**100.00**	**1,077,524.5**	**996,787.0**	**100.00**	**924,357.0**	**100.00**
G. DEPOSITS & MONEY MARKET FUNDING								
1. Due to Customers - Current	586,318.5	292,444.0	25.25	213,390.0	134,337.0	13.48	128,426.0	13.89
2. Due to Customers - Savings	n.a.	n.a.	-	n.a.	65,786.0	6.60	60,946.0	6.59
3. Due to Customers - Term	n.a.	n.a.	-	n.a.	113,754.0	11.41	103,549.0	11.20
4. Deposits with Banks	542,780.4	270,728.0	23.37	216,172.0	161,616.0	16.21	144,407.0	15.62
5. Other Deposits and Short-term Borrowings	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-
TOTAL G	**1,129,099.0**	**563,172.0**	**48.62**	**519,332.5**	**475,493.0**	**47.70**	**437,330.0**	**47.31**
H. OTHER LIABILITIES								
1. Derivatives	350,417.7	174,778.0	15.09	159,225.5	140,697.0	14.12	137,971.0	14.93
2. Trading Liabilities	158,891.7	79,252.0	6.84	75,563.0	71,874.0	7.21	71,564.0	7.74
3. Fair Value Portion of Debt	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-
4. Insurance	195,487.0	97,505.0	8.42	93,010.0	88,515.0	8.88	88,968.0	9.62
TOTAL H	**710,796.3**	**354,531.0**	**30.61**	**327,808.5**	**301,086.0**	**30.21**	**298,503.0**	**32.29**
I. OTHER FUNDING								
1. Long-term Borrowing	365,361.5	182,235.0	15.73	173,579.5	165,124.0	16.57	136,713.0	14.79
2. Subordinated Debt	30,207.2	15,067.0	1.30	14,426.5	13,786.0	1.38	12,463.0	1.35
3. Other Funding	n.a.	n.a.	-	n.a.	n.a.		n.a.	
TOTAL I	**395,569.7**	**197,302.0**	**17.03**	**188,106.0**	**178,910.0**	**17.95**	**149,176.0**	**16.14**
J. NON-INTEREST BEARING	**29,143.1**	**14,536.0**	**1.25**	**14,107.0**	**13,678.0**	**1.37**	**14,988.0**	**1.62**
K. HYBRID CAPITAL								
1. Hybrid capital accounted for as equity	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-
2. Hybrid Capital accounted for as debt	n.a.	n.a.		n.a.	n.a.		n.a.	
L. TOTAL LIABILITIES	**2,264,607.5**	**1,129,541.0**	**97.52**	**1,049,354.0**	**969,167.0**	**97.23**	**899,997.0**	**97.36**
M. EQUITY								
1. Common Equity	42,048.5	20,973.0	1.81	20,654.0	20,335.0	2.04	16,975.0	1.84
2. Minority Interest	15,533.9	7,748.0	0.67	7,669.5	7,591.0	0.76	7,004.0	0.76
3. Revaluation Reserves	0.0	0.0	0.00	153.0	306.0	0.03	381.0	0.04
TOTAL M	**57,582.5**	**28,721.0**	**2.48**	**28,170.5**	**27,620.0**	**2.77**	**24,360.0**	**2.64**
MEMO: CORE CAPITAL	**42,728.3**	**21,312.0**	**1.84**	**21,191.0**	**21,070.0**	**2.11**	**17,271.0**	**1.87**
MEMO: ELIGIBLE CAPITAL	**n.a.**	**n.a.**	**-**	**n.a.**	**n.a.**	**-**	**n.a.**	**-**
N. TOTAL LIABILITIES & EQUITY	**2,322,190.1**	**1,158,262.0**	**100.00**	**1,077,524.5**	**996,787.0**	**100.00**	**924,357.0**	**100.00**
Exchange Rate		USD1 = GBP 0.4988			USD1 = GBP 0.5094		USD1 = GBP 0.5828	

Income Statement Analysis
BARCLAYS PLC

	30 Jun 2007		31 Dec 2006		31 Dec 2005	
	Income Expenses GBPm Original	As % of Total AV Earning Assts Original	Income Expenses GBPm Original	As % of Total AV Earning Assts Original	Income Expenses GBPm Original	As % of Total AV Earning Assts Original
1. Interest Income	12,055.0	2.29	21,820.0	2.32	17,254.0	2.42
2. Interest Expense	7,448.0	1.41	12,662.0	1.35	9,157.0	1.28
3. NET INTEREST REVENUE	**4,607.0**	**0.88**	**9,158.0**	**0.98**	**8,097.0**	**1.14**
4. Net Fees & Commissions	3,812.0	0.72	7,177.0	0.76	5,705.0	0.80
5. Net Insurance Revenue	154.0	0.03	405.0	0.04	227.0	0.03
6. Other Operating Income	3,280.0	0.62	4,821.0	0.51	3,349.0	0.47
7. Personnel Expenses	4,081.0	0.77	8,169.0	0.87	6,318.0	0.89
8. Other Operating Expenses	2,411.0	0.46	4,915.0	0.52	4,200.0	0.59
9. PRE-IMPAIRMENT OPERATING PROFIT	**4,910.0**	**0.93**	**8,556.0**	**0.91**	**6,860.0**	**0.96**
10. Loan Impairment Charge	959.0	0.18	2,074.0	0.22	1,574.0	0.22
11. Other Credit Impairment and Provisions	n.a.	-	n.a.	-	n.a.	-
12. OPERATING PROFIT	**3,951.0**	**0.75**	**6,482.0**	**0.69**	**5,286.0**	**0.74**
13. Other Income and Expenses	150.0	0.03	654.0	0.07	-6.0	0.00
14. PUBLISHED PRE-TAX PROFIT	**4,101.0**	**0.78**	**7,136.0**	**0.76**	**5,280.0**	**0.74**
15. Taxes	1,158.0	0.22	1,941.0	0.21	1,439.0	0.20
16. Profit/(Loss) from Discontinued Operations	n.a.	-	n.a.	-	n.a.	
17. Change in Value of AFS Investments	n.a.	-	-53.0	-0.01	-60.0	-0.01
18. Currency Translation Differences	n.a.	-	-554.0	-0.06	214.0	0.03
19. Other Gains/(Losses) not in Published Net Income	n.a.	-	n.a.	-	n.a.	-
20. FITCH COMPREHENSIVE INCOME	**n.a.**	**-**	**4,508.0**	**0.48**	**3,966.0**	**0.56**
21. Total Gains/(Losses) not in Published Net Income	n.a.	-	-687.0	-0.07	125.0	0.02
22. FRS Dividends included in Fitch Interest Expense	n.a.	-	n.a.	-	n.a.	-
23. PUBLISHED NET INCOME	**2,943.0**	**0.56**	**5,195.0**	**0.55**	**3,841.0**	**0.54**

Ratio Analysis
BARCLAYS PLC

		30 Jun 2007	31 Dec 2006	31 Dec 2005
		6 Months - Interim	Year End	Year End
		GBPm	GBPm	GBPm
		Original	Original	Original
I. PERFORMANCE				
1. Net Interest Margin	%	0.88	0.98	1.14
2. Loan Yield	%	n.a.	5.52	4.54
3. Cost of Funds	%	[illegible]	2.04	1.82
4. Costs/Average Assets	%	1.30	1.36	1.44
5. Costs/Income	%	58.75	60.59	60.66
6. Pre-Impairment Operating ROAA	%	0.91	0.89	0.94
7. Operating ROAA	%	0.73	0.67	0.72
8. Pre-Impairment Operating ROAE	%	34.56	32.90	33.62
9. Operating ROAE	%	28.05	24.34	25.01
II. CAPITAL ADEQUACY				
1. Internal Capital Generation	%	10.39	9.76	11.17
2. Core Capital/Total Assets	%	1.85	2.13	1.88
3. Eligible Capital/Regulatory Weighted Risks	%	n.a.	n.a.	n.a.
4. Eligible Capital+Eligible Revaluation Reserves/Regulatory Weighted Risks	%	n.a.	10.10	9.14
5. Tier 1 Regulatory Capital Ratio	%	7.70	7.70	7.00
6. Total Regulatory Capital Ratio	%	11.50	11.70	11.30
7. Free Capital/Equity	%	78.54	80.37	75.70
III. LIQUIDITY (year end)				
1. Liquid Assets/Deposits & Money Mkt Funding	%	8.35	38.51	39.22
2. Loans/Deposits	%	109.65	89.94	91.86
IV. ASSET QUALITY				
1. Loan Impairment Charge/Gross Loans (av.)	%	0.53	0.71	0.59
2. Total Credit Impairment/Pre-impairment Operating Profit	%	19.53	24.24	22.94
3. Loan Impairment/Gross Impaired Loans	%	65.76	74.95	70.74
4. Individual Loan Impairment/Gross Impaired Loans	%	n.a.	n.a.	n.a.
5. Impaired Loans Gross / Loans Gross	%	1.45	1.56	1.67
6. Impaired Loans Net/Eligible Capital	%	n.a.	n.a.	n.a.
7. Net Charge-offs/Gross Loans (av.)	%	n.a.	n.a.	n.a.

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Fitch Changes Barclays Bank's Outlook to Negative; Affirms 'AA+' Rating

Ratings
15 Nov 2007 12:28 PM (EST)

Fitch Ratings-London-15 November 2007: Fitch Ratings has today affirmed Barclays Bank plc's (Barclays) Long-term Issuer Default rating (IDR) and senior unsecured debt at 'AA+'. At the same time, Fitch has changed the Outlook for the IDR to Negative from Stable. Fitch has also affirmed Barclays' subordinated debt and other preferred and hybrid securities at 'AA', Short-term IDR at 'F1+', Individual rating at 'A/B', Support rating at '1' and Support Rating Floor at 'A-' (A minus). The Long-term IDR of Barclays' parent, Barclays PLC, has also been affirmed at 'AA+' and its Outlook changed to Negative from Stable. Fitch has affirmed Barclays PLC's Short-term IDR at 'F1+', Support rating at '5' and Support Rating Floor at 'No Floor'.

The rating action follows today's detailed trading update by Barclays PLC in respect of its Barclays Capital unit in the year to end-October 2007 (FY07). Barclays Capital has recorded net write-downs of GBP1.3bn in H207 in respect of ABS CDOs, other US sub-prime loans, SIVs and leveraged finance positions, but still reported record 10M07 earnings of GBP1.9bn.

"The write-downs announced today are substantial but can be absorbed in the context of Barclays' strong cash generation," says James Longsdon, Senior Director in Fitch's Financial Institutions group. "The revision of Barclays' Outlook to Negative reflects our concerns that the continuing expansion of Barclays Capital might expose the group to geater risks and earnings volatility, which could lead to a ratings downgrade."

Barclays is one of the world's largest banks. In the UK it offers a full range of financial services to retail, SME and corporate/wholesale customers. Internationally, it has mainly retail and commercial operations in Europe and Africa. Through Barclays Capital and Barclays Global Investors, Barclays services large corporates, financial institutions and governments around the world.

Contact: James Longsdon, London, Tel: +44 (0)20 7417 4309; Gordon Scott, +44 (0)20 7417 4307.

Media Relations: Julian Dennison, London, Tel: +44 20 7862 4080.

Fitch's rating definitions and the terms of use of such ratings are available on the agency's public site, www.fitchratings.com. Published ratings, criteria and methodologies are available from this site, at all times. Fitch's code of conduct, confidentiality, conflicts of interest, affiliate firewall, compliance and other relevant policies and procedures are also available from the 'Code of Conduct' section of this site.

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RATINGSDIRECT®

November 12, 2007

Barclays Bank PLC

Primary Credit Analyst:
Nick Hill, London (44) 20-7176-7216; nick_hill@standardandpoors.com

Secondary Credit Analyst:
Claire Curtin, London (44) 20-7176-7032; claire_curtin@standardandpoors.com

Table Of Contents

Barclays Bank PLC

Major Rating Factors

Counterparty Credit Rating
AA/Stable/A-1+

Strengths:

- Strong earnings growth and returns
- Good market positions
- Increased diversification by business line and geography
- Solid funding base
- Highly developed risk-management framework

Weaknesses:

- Relatively weak, although improved, capitalization compared with peers'
- High growth in investment banking has increased group sensitivity to capital markets
- Large exposure to U.K. unsecured debt
- Balance sheet volatility arising from substantial defined-benefit pension fund

Rationale

The ratings on U.K.-based Barclays Bank PLC (Barclays) reflect its strong earnings and returns, good market positions, increased diversification, solid funding base, and highly developed risk-management framework. The ratings also reflect its relatively weak, although improving, capitalization, the potential increase in earnings volatility created by its expanded investment bank, its significant exposure to U.K. unsecured personal debt, and its large defined-benefit pension scheme.

Barclays has a range of high-return businesses across multiple product lines, including retail banking and business banking in the U.K. and abroad, investment banking, and asset management. Growth has generally been strong, particularly in wholesale banking toward which Barclays' business profile has been shifting, and this could introduce more volatility into group income and earnings, particularly in the current market environment. Domestic retail growth has been notably weaker and remains subject to various management initiatives.

Diversification, both by business line and geography, has been increasing rapidly, and the aim of sourcing 50% of group profits from outside the U.K. has been achieved. In part, this has come through the organic growth of global product lines including investment banking and asset management, but also through acquisitions, notably in South Africa and Spain.

Barclays has invested considerable resources in developing its risk-management framework, which Standard & Poor's Ratings Services considers to be one of the most sophisticated in the banking industry. Despite some exposures to structured investment vehicles, Standard & Poor's believes that Barclays is unlikely to face outsized losses from recent market volatility. Furthermore, we believe Barclays' liquidity position to be strong.

Standard & Poor's regards Barclays' capitalization as weaker than some similarly rated peers, notwithstanding some recent improvement. Barclays is shareholder focused and has used hybrid capital rather than ordinary shares to fund much of its recent expansion and is now engaged in a share buyback. Barclays' loan impairment charge in its U.K. unsecured lending and credit card business has leveled off following the large increases in recent years. Nevertheless, Barclays remains exposed to further changes in the U.K. economic climate.

Outlook

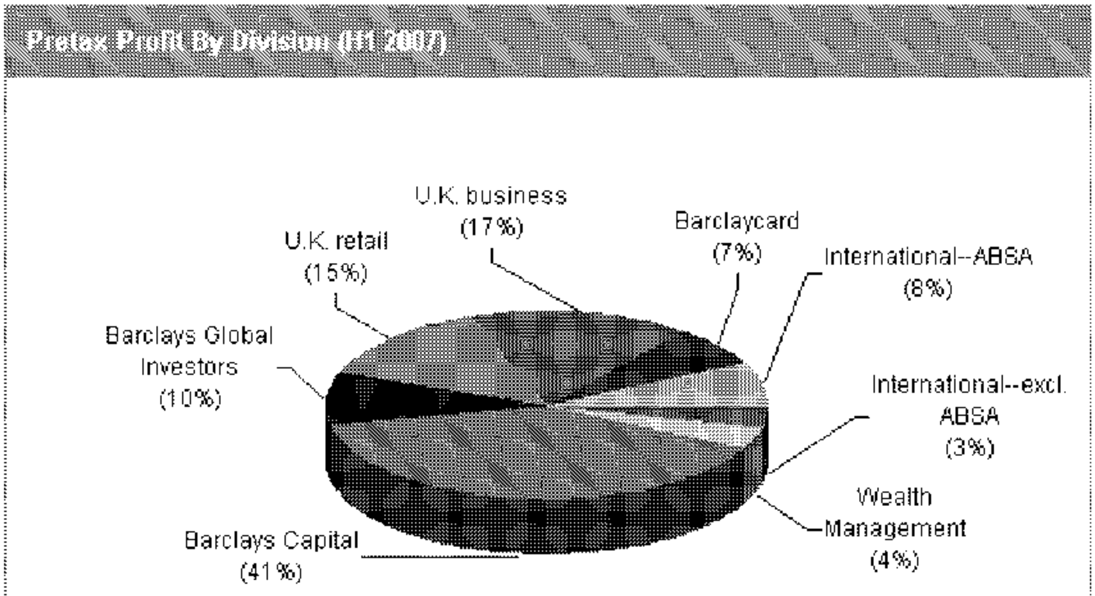
The outlook on Barclays is stable. This reflects Standard & Poor's expectation of continued good profitability and stable capitalization. A negative rating action could follow if Barclays does not meet its capital targets (e.g. in the context of a large acquisition), if there were unexpectedly large losses, or if there were a material failure in risk controls. A positive rating action would require a major improvement in capitalization beyond expectations, but a tight capital policy is likely to act as a rating constraint.

Profile: U.K.-Based Universal Bank

Barclays is a large U.K.-based universal bank with total assets of £1,158 billion at June 30, 2007, and shareholders' equity of £29 billion. Its activities cover a wide range of financial activities both in the U.K. and abroad. These include retail and business banking in the U.K., Iberia, France, Italy, South Africa, and sub-Saharan Africa, global corporate and investment banking via its Barclays Capital division, and asset and wealth management. Expansion has been achieved through a combination of organic growth (particularly in investment banking and asset management) and by acquisition--the largest purchases since 2000 have been Woolwich (not rated), Banco Zaragozano (not rated), and Absa Bank Ltd. ('Api' unsolicited rating). Barclays was unsuccessful in its attempt this year to acquire ABN AMRO Bank N.V. (AA-/Positive/A-1+).

Barclays is grouped into seven principal divisions, managed in two groups. Profits are broadly spread between the businesses (see chart 1).

Chart 1



Source: Standard & Poor's, company data. Based on pretax earnings excluding gains on sale and leaseback, overdraft refunds, profits on disposals, and amortization of intangible assets.

The first group, Global Retail and Commercial Banking, consists of U.K. banking, international banking, and Barclaycard.

The U.K. bank (32% of group pretax profits in the first half of 2007, excluding impairment of intangible assets, overdraft refunds, and gains on sale) is the core of Barclay's' historical roots, and comprises U.K. retail banking (providing current accounts, savings accounts, and mortgages), and U.K. business banking, providing financial services to small and midsize enterprises (SMEs) and larger businesses. Its market position is strong across most product lines.

The international business (12% of pretax profits) has expanded rapidly in recent years. While Barclays has long had a presence abroad, notably in France, Spain, and Africa, the acquisition of Banco Zaragozano, a midsize retail and commercial operation in Spain, and 57% share of the Absa banking group in South Africa have given a much greater role to this division.

Barclaycard (7% of pretax profits) is the oldest and one of the largest credit card operators in the U.K., and provides revolving credit and unsecured loans. It has also been expanding abroad, especially in the U.S.

The second group, primarily wholesale and institutional, consists of Barclays Capital, Barclays Global Investors (BGI), and Barclays Wealth.

Barclays Capital (41% of pretax profits) is an international corporate and investment bank focused on the interest rate, credit and derivative, debt, and risk-management markets, and has expanded rapidly in recent years.

BGI (10% of pretax profits) is the world's largest index asset manager, with $2.0 trillion of assets under management, and has also undergone rapid growth, while launching new products in active asset management.

Wealth Management (4% of pretax profits) provides financial advice, offshore savings, and private banking services to affluent individuals.

Head office accounts for a negative 5% of group profits, and includes most central group services, and manages group capital.

Support And Ownership: U.K. Listed

Standard & Poor's does not factor extraordinary government support into the ratings on healthy U.K. private sector banks such as Barclays. We classify the U.K. as a "supportive" country, where the government primarily relies on prudential policies to maintain a sound banking sector. As in other supportive countries, U.K. authorities can be expected to provide (or facilitate the provision of) support to systemically important banks in a stress period, as demonstrated by the extraordinary support made available to Northern Rock PLC (A-/Watch Dev/A-1) in the form of liquidity facilities and a guarantee of certain senior unsecured obligations. As a systemically important bank gets into a troubled situation, Standard & Poor's may add more explicit support to the rating.

Barclays Bank PLC is 100%-owned by Barclays PLC (AA-/Stable/A-1+), a holding company listed on the London Stock Exchange, the Tokyo Stock Exchange, and the New York Stock Exchange via an ADR program. As one of the largest companies by market capitalization in the U.K., liquidity is very good.

Barclays is regulated on a consolidated basis by the U.K.'s Financial Services Authority. Many of the group's overseas subsidiaries are also subject to local regulators.

In 2007, Barclays issued shares to two major new shareholders, Temasek and China Development Bank, who now own 2% and 3%, respectively, and will be represented on Barclays' Board of Directors.

Strategy: Growth And Diversification

Barclays' strategy is to "earn, invest, and grow". This encapsulates what has been a largely organically driven approach to growth. For example, Barclays has used the significant cashflow generated by its U.K. banking businesses to invest in its faster growing capital markets, investment management, and overseas operations. Standard & Poor's considers that this approach has been generally successful, as indicated by strong growth and increased diversification.

Barclays' unsuccessful attempt to acquire ABN AMRO suggests that Barclays has the appetite to undertake a transformational acquisition to support its growth ambitions. The loss of ABN AMRO is a strategic setback, but is not expected to lead to significant change in strategy, even though Standard & Poor's still considers Barclays to be acquisitive.

Barclays' high level goal is supplemented with additional targets. The overall financial aim is to achieve first quartile total shareholder return over the period 2004 to 2007, by means of annual economic profit growth of 10%-13%. The latter aim has already been met, but nevertheless, Barclays ranked in the second quartile for total shareholder return in its peer group.

At an operational level, priorities have been to return to market share growth in U.K. retail, to continue to diversify in Barclays Capital, to demonstrate value creation from universal banking, and to establish a global retail and commercial bank strategy. Progress has been made on all of these, with a pickup in U.K. mortgage share, a further broadening of Barclays Capital's revenue base, and the creation of a global retail and commercial banking business unit. Barclays also aims to improve credit quality in Barclaycard and impairments have begun to level out in 2007. The greatest challenge for the group, perhaps, is to demonstrate the value of synergies between business units, which offer a range of products over diverse geographies. At the moment, this remains unproven.

Accounting: Pension Deficit Introduces Volatility

In common with most other European banks, Barclays switched to IFRS from U.K. GAAP as adopted by the EU from Jan. 1, 2005. For more information, see "Bank Industry Risk Analysis: U.K. Banks Stand Firm Against Changing Credit Environment," published on Dec. 15, 2006, on RatingsDirect. Barclays complies with the stricter requirements of hedge accounting under IAS 39.

Barclays has chosen to apply the "corridor" approach to accounting for postretirement benefit obligations under IAS 19, whereby it amortizes actuarial gains and losses when they exceed 10% of the greater of plan assets or obligations. Because the deficit has shrunk recently (due mainly to higher corporate bond yields reducing liabilities), at June 30, 2007, this means that the recognized deficit of £1,804 million actually exceeded the reported deficit. For this reason, Standard & Poor's made an addition to adjusted common equity (ACE) of £1,641 million, reflecting the unrecognized actuarial gains, after tax. This is a dramatic reversal of the position a year earlier, when the recognized deficit was considerably smaller than the actual deficit, requiring a deduction from ACE.

Table 1

IAS 19 Pension Deficit Has Changed Materially

	H1 2007	2006	2005
Projected benefit obligation	N.A.	18,323	19,269
Value of plan assets	N.A.	17,506	16,390
Surplus/(deficit)	540	(817)	(2,879)
Net recognized liability	1,804	1,719	1,737
Difference between deficit and net recognized liability	2,344	902	(1,142)
After tax difference = adjustment to adjusted common equity	1,641	631	(799)

Source: Standard & Poor's, company data. N.A.--Not available.

During 2006, Barclays commenced a program of sale and leaseback of various properties, mainly branches within its retail network. This reflected the group's view that the rental yields on assets were now so low that it was more economically efficient to lease some properties rather than own them. These transactions resulted in gains of £432 million and £147 million in 2006 and the first half of 2007, respectively, the bulk of which were within U.K. Retail Banking and U.K. Business Banking, with some further gains in Spain, Barclaycard, and at head office. These gains were (unusually) accounted for as negative costs, but Standard & Poor's regards them as exceptional gains. Some further gains are expected in the second half of 2007. Operating lease rental expenses will rise as a result of the sales.

Barclays is active in securitization and, as at June 30, 2007, had securitized assets on the balance sheet of £31 billion, about one-half of which was in respect of residential mortgage loans, with the other half split between commercial loans and credit card receivables. Barclays had retained interests on securitized mortgages of £628 million at Dec. 31, 2006. Given that these interests bear a substantial part of the risk of the securitized mortgage assets, they are deducted from regulatory capital and Standard & Poor's modified adjusted total equity (ATE) measure.

Barclays' asset management business, BGI, is 9.4%-owned by its key employees. In addition, Barclays grants options in BGI to these staff as part of their compensation arrangements. The cost of these option awards is recognized in staff expenses over the service of the employee. Barclays may also purchase shares in BGI from employees, although it has no contractual obligation to do so. These purchases were worth £410 million in 2006, and were accounted for as an acquisition.

Risk Profile And Management: Highly Developed Framework

Standard & Poor's considers Barclays' enterprise risk management to be excellent. Its risk-management framework is comprehensive, highly developed, and, in Standard & Poor's view, one of the best in the industry. At the highest level, the board has established a board risk committee, which approves the group's risk appetite and monitors the risk profile against the appetite. It also approves the group's internal control and assurance framework, and approves control standards for the principal risks. Meanwhile, the board's audit committee and the governance and control committee consider the effectiveness of the group's internal control and assurance framework. The risk oversight committee debates and determines actions on the risk profile and strategy and ensures consistency with group risk appetite.

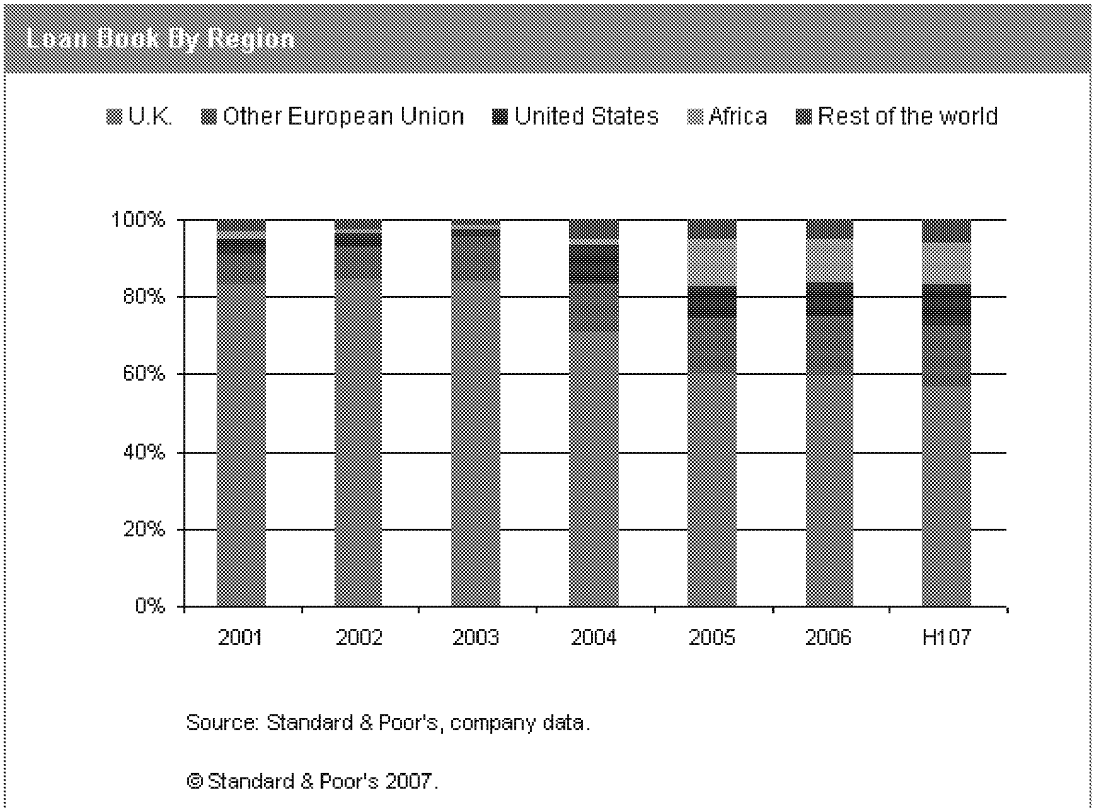
Operationally, the Group Chief Executive and Finance Director have delegated authority to the Risk Director to ensure effective management and control of risks. The control frameworks themselves are established by the heads of the various risk functions and their teams. The business line heads, supported by their teams, are responsible for the identification and management of risk.

Credit quality

Barclays' loan book is of high overall quality, despite the deterioration in U.K. unsecured lending in 2006. Barclays uses a relatively sophisticated credit risk-management system including statistical modeling of probability of default, loss given default, and exposure at default throughout its business. It also publishes its expected loss figures ("risk tendency") on a rolling 12-month basis. Barclays also makes extensive use of credit-mitigation techniques to manage credit risk, including collateral, netting, and credit derivatives.

Barclays benefits from having a broadly based loan portfolio, by both geography and industry. Although it retains a strong bias toward the U.K., the geographic mix has changed significantly in recent years, with the U.K. component falling to 60% of the total at year-end 2006, from 70% at year-end 2004 and more than 80% in 2001 (see chart 2). This has been beneficial in reducing the group's relative exposure to credit quality problems in the U.K., although this remains by far the largest risk.

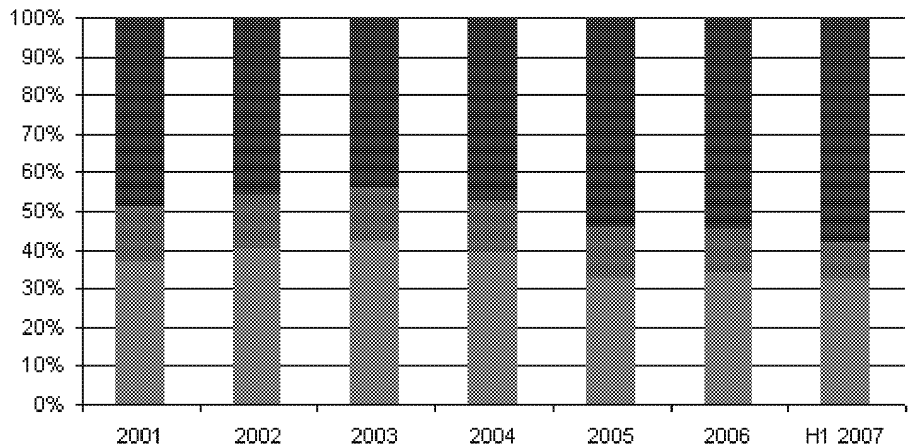
Chart 2



Loans to individuals make up slightly less than one-half the total loan portfolio, at 46% (see chart 3). These loans break down further into mortgages (32% of the total) and personal loans (10%). These proportions have been roughly stable in recent years.

Chart 3

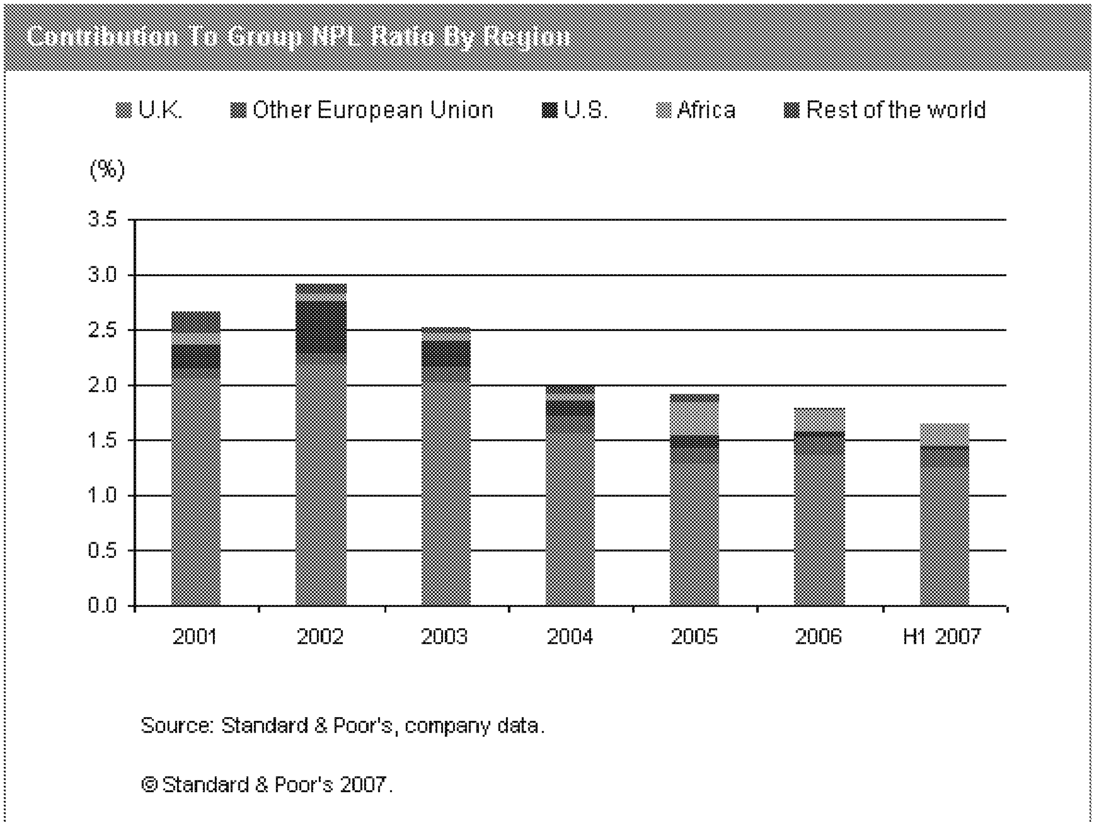
Loan Book By Loan Type



Source: Standard & Poor's, company data.

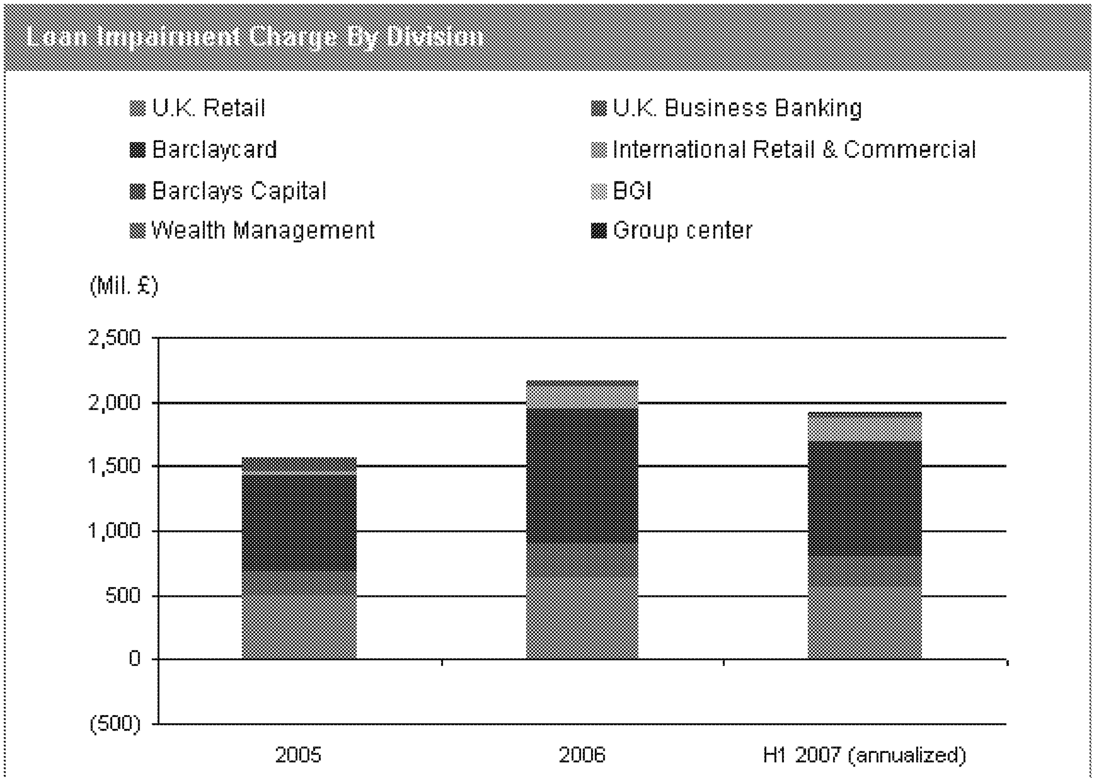
Credit quality remains good. The NPL ratio fell further in the first half of 2007, to 1.65% from 1.8% in 2006 and 2.5% in 2004, reflecting industry trends (see chart 4). NPL ratios fell in every region in the first half of 2007 bar Africa, where there was a small increase reflecting higher interest rates. NPLs are 61% covered by impairment allowances, a decline compared with the 64%-66% of previous years.

Chart 4



Credit card exposures have accounted for an increased proportion of the group impairment charge in recent years, reflecting higher personal bankruptcies in the U.K. In 2006, Barclaycard experienced impairments of £1.1 billion (50% of group), although this proportion declined slightly in the first half of 2007. So far, however, there has been little spillover of the U.K. unsecured credit quality problems into other areas, for example, mortgages, although there has been some deterioration in the SME portfolio. Standard & Poor's expects impairments within Barclaycard to remain high in absolute terms, but not increase significantly further. Elsewhere, we expect impairments to further increase as corporate credit quality deteriorates from current exceptionally high levels.

Chart 5



Source: Standard & Poor's, company data.

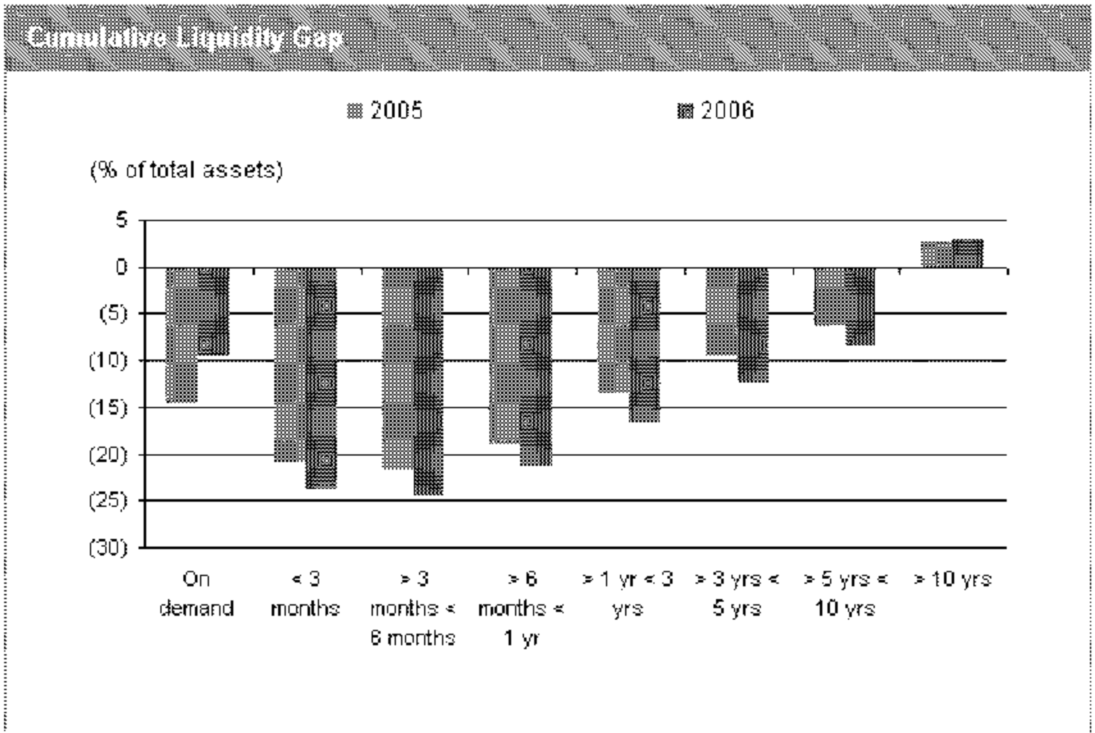
Funding and liquidity

Barclays' funding profile is generally strong, given its high profile in international markets and good access to noninterest-bearing deposits. Barclays is increasingly active in securitization, and had £31 billion of securitized assets at June 2007, up from £18.6 billion in 2005 and just £4.3 billion at end-2004.

Liquidity is monitored by the treasury committee, which assesses and projects cashflows. In addition, the treasury monitors unmatched assets and undrawn commitments and other contingent liabilities, while conducting stress testing.

As a clearing bank with a sizable book of sight deposits, Barclays has a large degree of mismatch between short-term assets and liabilities (see chart 6).

Chart 6



Source: Standard & Poor's, company data.

In 2006, the short-term mismatch (three months or less) increased, offset by an increase in liquid assets. This inherent mismatch is mitigated by a number of factors. First, retail sight deposits--although contractually repayable on demand--tend to be "sticky" and form a stable funding base. The majority (66%) of customer deposits are from the U.K., but deposits abroad provide some diversity. Second, as required by regulation, Barclays maintains a pool of liquid securities, such as government bonds, which may not repay for many years, but which can be sold in almost any scenario to meet a sudden demand for funds.

Barclays also has a large stock of assets, which can be used to raise cash via repo, although the present difficulties in the RMBS market mean that securitization is unlikely to be available as a source of cash in the short term.

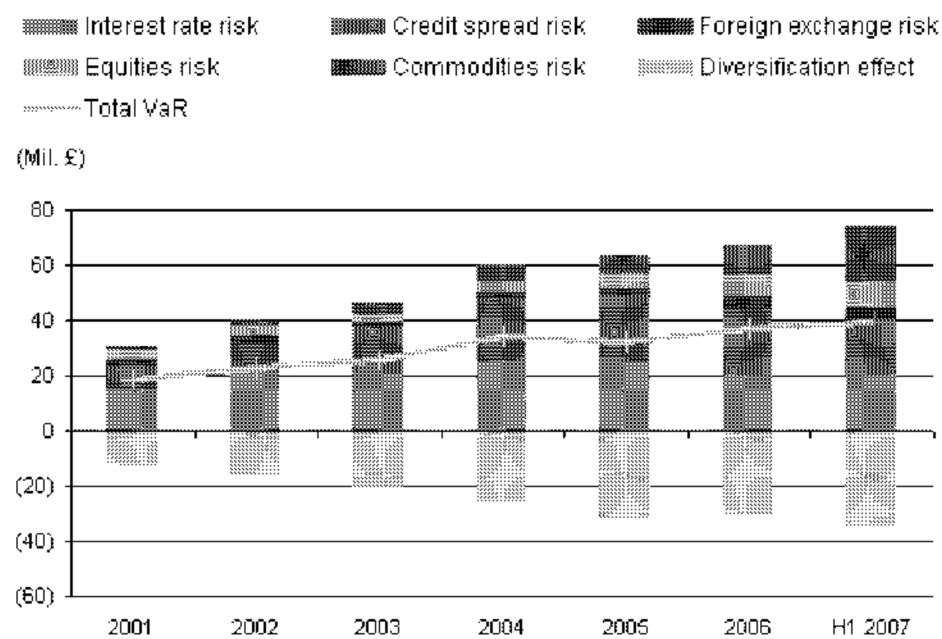
Barclays runs a number of asset-backed CP conduits, the largest of which are Sheffield, Surrey, and Stratford, which collectively have about $39 billion of CP outstanding. These are multi-seller conduits and have not required to draw extensively on liquidity backstop lines from Barclays during the recent ABCP market disruption.

Market risk

Barclays runs significant market risk in its trading operations within its investment banking division, Barclays Capital. The majority of this traded market risk, as indicated by value-at-risk (VaR) measures, is composed of interest rate, commodity and credit spread risk, broadly in line with the division's core activities (see chart 7).

Chart 7

Barclays Capital Value At Risk (98%, One Day)

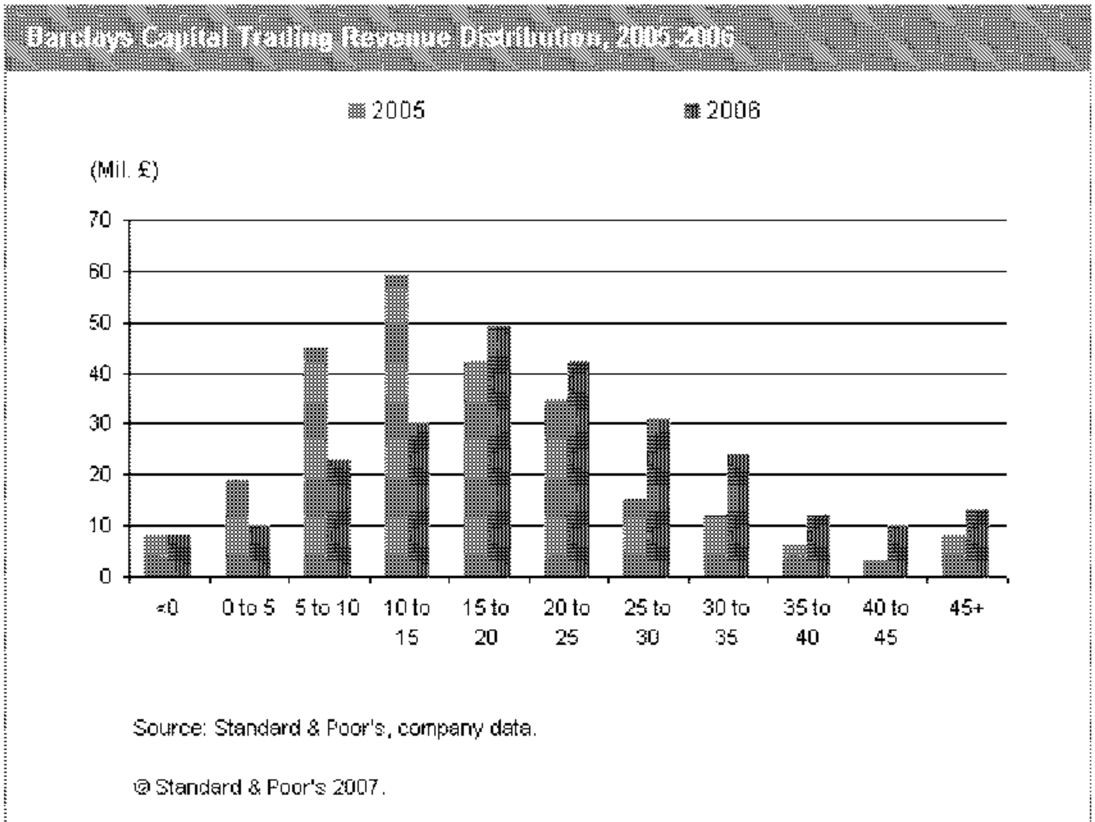


Source: Standard & Poor's, company data.

VaR has approximately doubled in absolute terms since 2001, with more recent growth being driven by exposure to commodity exposures. Nevertheless, VaR has been outstripped by growth in income and profit, and so VaR has fallen relative to the size of the division. Average VaR was about 1.7x average daily revenue for 2006, compared with about 2.0x in 2005, and fell further in the very strong first half of 2007. This has in part been achieved through increased diversification benefit as the business lines have grown, but in absolute terms, and relative to trading income, VaR remains higher than at many other investment banks. This is to some extent because Barclays' disclosed VaR includes risk arising from managing interest rate positions in the banking book, and its pure traded risk VaR is thus lower. Barclays also employs other market risk metrics, including stress tests, earnings at risk and economic capital.

The distribution of trading revenue also provides an indication of risk (see chart 8). The shift of the histogram to the right demonstrates the favorable trading conditions in 2006, enabling Barclays Capital to increase its profitable days without an increase in lossmaking days. Again, this shift is also likely to reflect its broadening product range.

Chart 8



Both these measures are expected to change significantly in the second half of 2007, with volatility driving VaR measures higher, market turbulence resulting in more loss making dates, and lower income following probable write-downs on assets.

Barclays nontraded market risks include interest rate risk in the commercial banking business. This is managed by the treasury, which hedges the net position with market counterparties via Barclays Capital. We believe that the residual risk from these exposures is low.

Moreover, Barclays bears considerable nontrading market risk through its defined-benefit pension fund exposure. Barclays has one of the largest pension schemes relative to its core capital of any European bank, and although this is a long-term liability without great short-term impact, it does render the bank's capitalization relatively sensitive to changes in the value of plan assets or changes in liability assumptions.

Operational risk

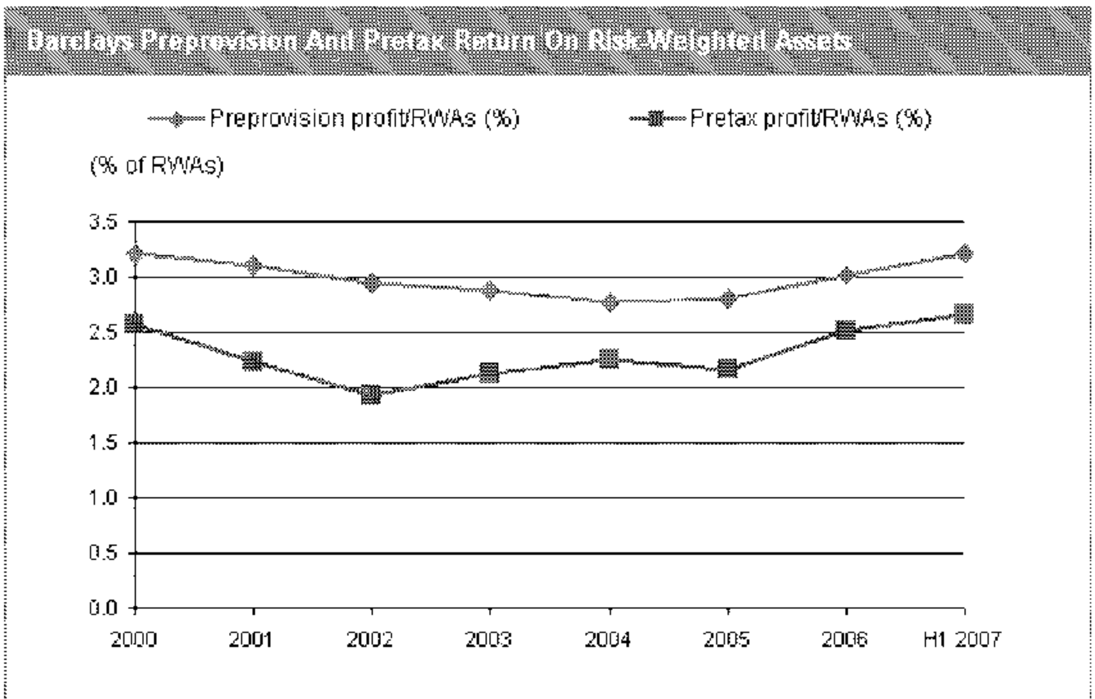
Barclays has an established definition of operational risk and a framework establishing control requirements for a number of identified risk categories, for example, financial crime, financial reporting, legal, operations, staff, compliance, and technology. Primary responsibility rests with the business areas.

Key risks and controls are assessed using scenario analyses, and Barclays uses a standard groupwide process for collecting risk data, as well as public data on operational losses, and is part of a number of international banks which share operational loss data. Barclays allocates economic capital to operational losses to incentivize tighter risk management.

Profitability: Strong Returns; Increasingly Diverse

Barclays' profitability is strong, increasingly diverse and earnings should remain solid despite a likely weaker second half of 2007 in investment banking. First-half 2007 was a record half year for Barclays, with core earnings of £2.9 billion, a 7% increase on the first half of 2006, reflecting in large part the strong growth in investment banking and asset management. Core return on risk-weighted assets (RWAs) was 1.9%, which denotes strong capital generation, although RWA growth was reduced about 1pp by securitizations. Preprovision returns on RWAs are also good, at 3.2%, a slight increase compared with 2006, again reflecting higher profits in the investment banking and asset management business, which are balance sheet but not RWA intensive. In the first half of 2007, loan impairments were 62 basis points (bps) of RWAs, so this margin provides a substantial buffer against unexpected losses.

Chart 9



Sources: Standard & Poor's, company data. Excludes gain on sale of property and other exceptional items.

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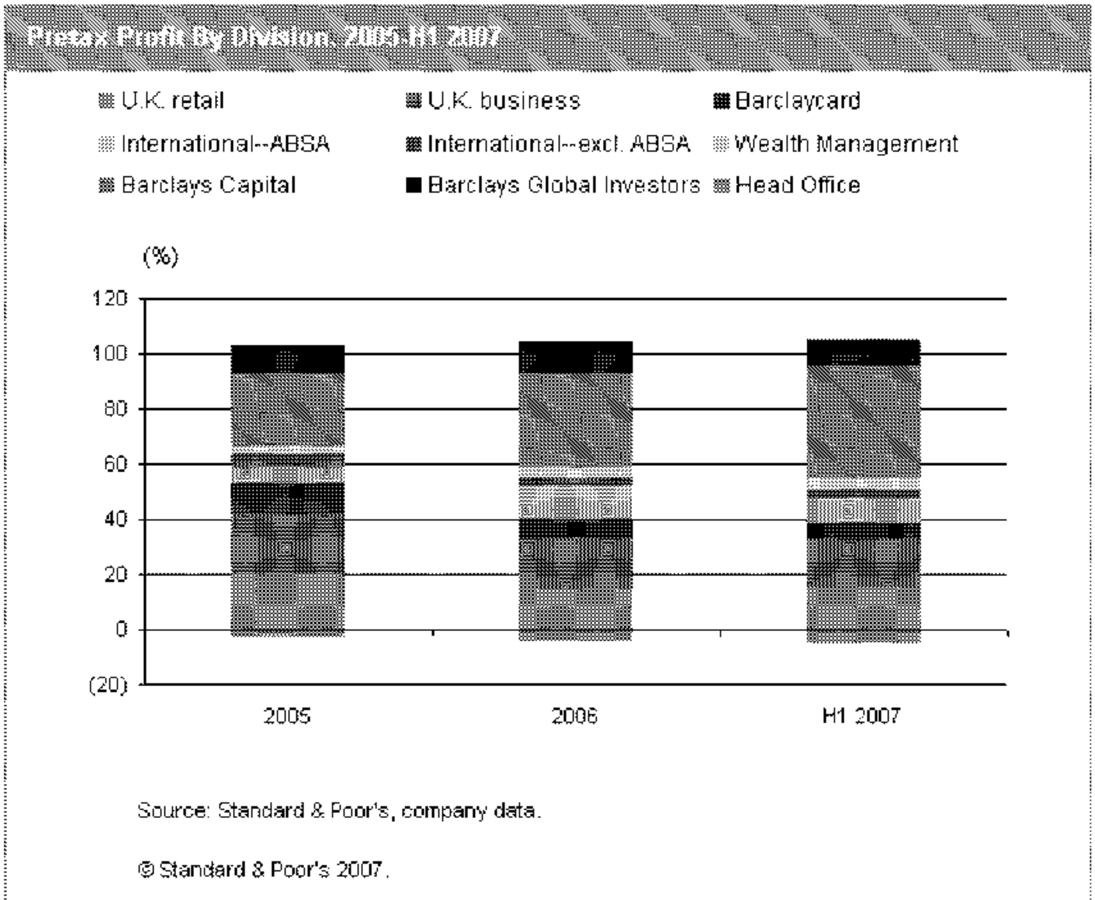
Profit growth was driven chiefly by Barclays Capital (where pretax profits excluding goodwill impairment rose 36%) and the U.K. bank (up 19% excluding gains on sale and leaseback and overdraft settlement fees). Earnings from emerging markets and Spain grew significantly. Other divisions were more sluggish, partly due to currency movements, which reduced sterling earnings at BGI and at Absa.

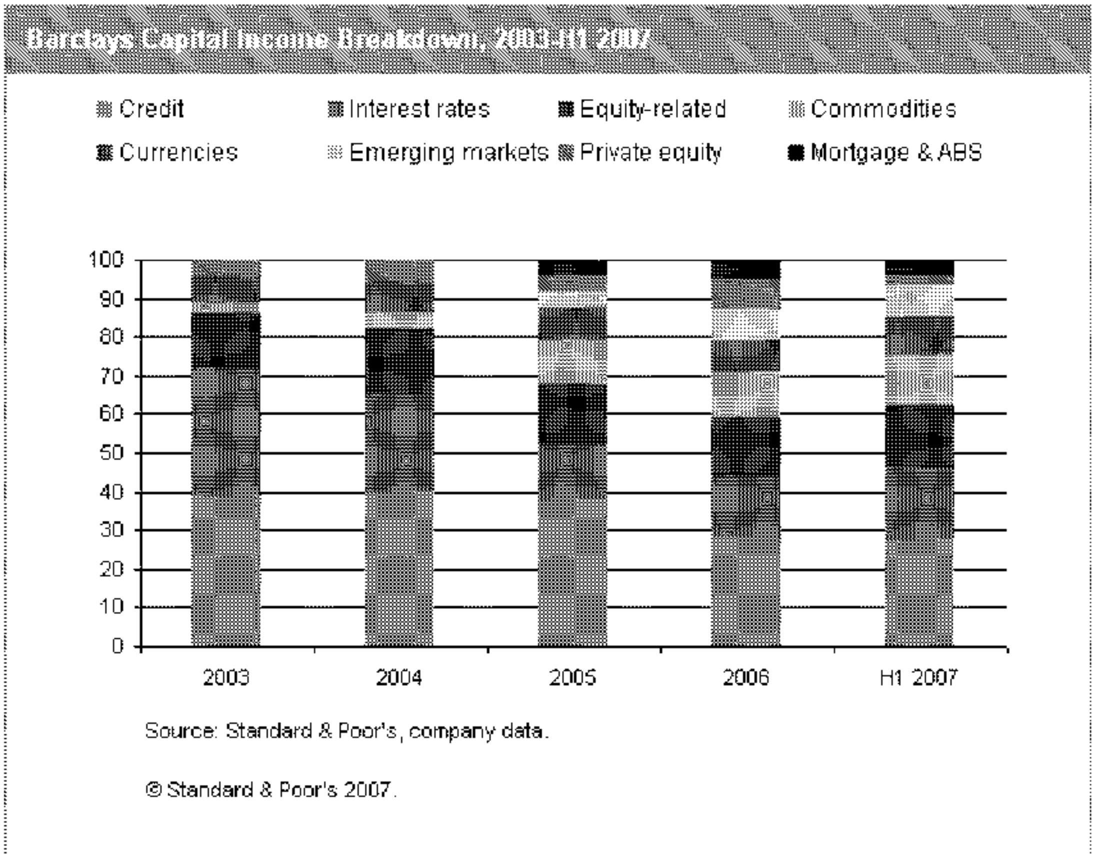
The trends of 2007 to date mark a continuation of Barclays' transition toward international and capital markets business, and away from U.K. banking--a transition that has been accelerated by the relatively weak performance in Barclaycard (see chart 10). Standard & Poor's considers that Barclays' income streams have become increasingly diverse in recent years, reducing its exposure to any single geographical market (notably the U.K.), and enabling it to weather significant problems at Barclaycard, for example, while still showing good group-level growth.

Chart 10



The counterpart to this shift away from the U.K. is that much of the growth has come from wholesale activities, particularly Barclays Capital, which has been particularly impressive. The latter grew its own pretax profits by about £1.2 billon between 2004 and 2006, roughly two thirds of the group's pretax profit growth. As a result, Barclays Capital accounted for 41% of group profits in the first half of 2007 (excluding gains on sale and leaseback, amortization of intangible assets, and exceptional items), compared with only 22% in 2004. This is in part mitigated by the increased diversification of Barclays Capital itself, but the increased importance of Barclays Capital to group earnings potentially increases profit volatility and uncertainty about the risk profile of the group (see chart 11). Standard & Poor's expects Barclays Capital's contribution to the group to decline markedly in the second half of 2007, reflecting more difficult capital market conditions.

Chart 11



Capital: Recently Improved, But A Relative Weakness

Standard & Poor's regards Barclays' capitalization as relatively weak for its rating category, and this is expected to remain the case. Barclays targets an equity Tier 1 to RWA target of 5.25%, and following the failure of its bid for ABN AMRO is expected to continue share buybacks in order to offset the dilutive effect of issuing shares to China Development Bank and Temasek, and maintain tight ratios. Even so, its capital ratios on Standard & Poor's measures should remain broadly within their recent range.

Barclays' ATE to RWAs ratio (which includes some hybrid capital but deducts first loss pieces and investments in insurance subsidiaries) was 6.0% at June 30, 2007, up from 5.3% at end-2006 and 4.1% at end-2005 (see chart 12). Barclays makes full use of hybrid capital, without which its ACE to RWAs ratio was 5.0% at June 30, 2007, compared with 4.6% at end-2006 and just 3.5% at end-2005. Standard & Poor's still regards this as low in the international context (see chart 13). The recent increases are in part explained by the shrinking pension deficit, the swing in which between December 2005 and June 2007 was equivalent to approximately 0.5pps of RWAs.

Chart 12

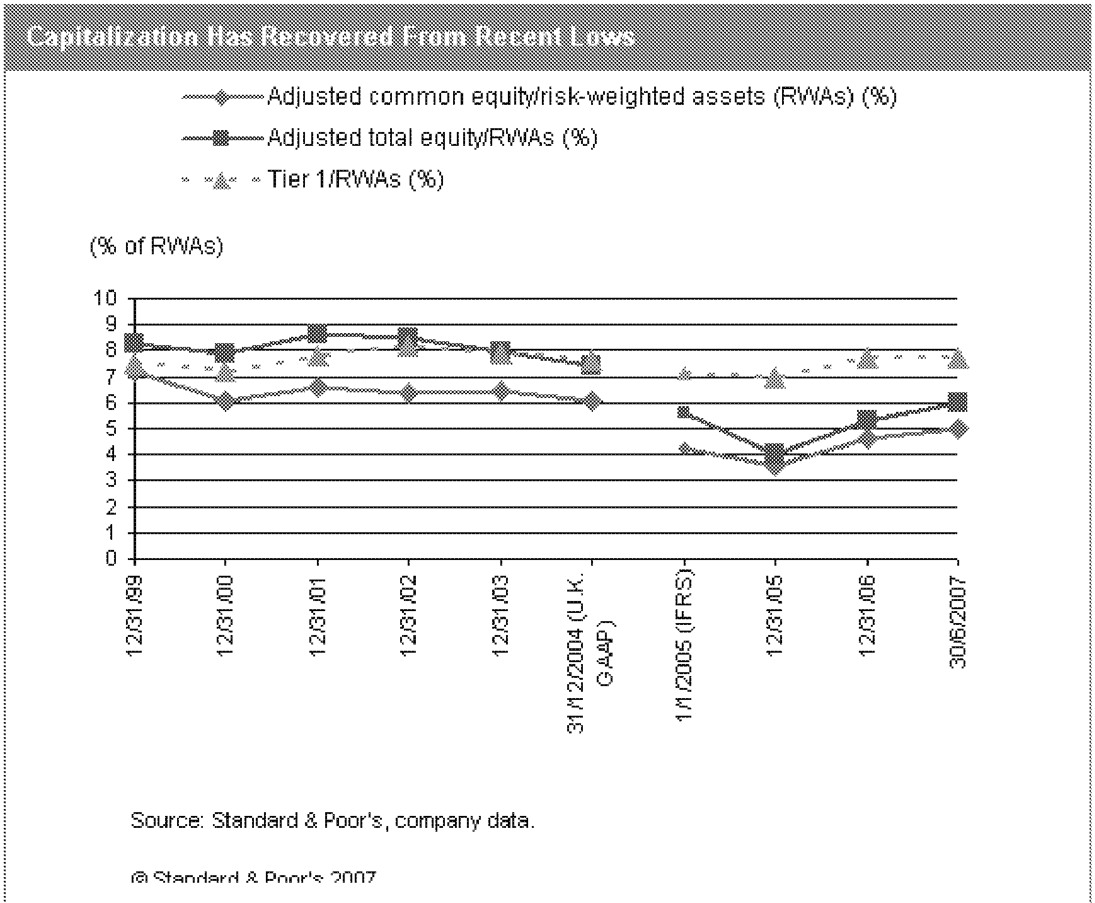
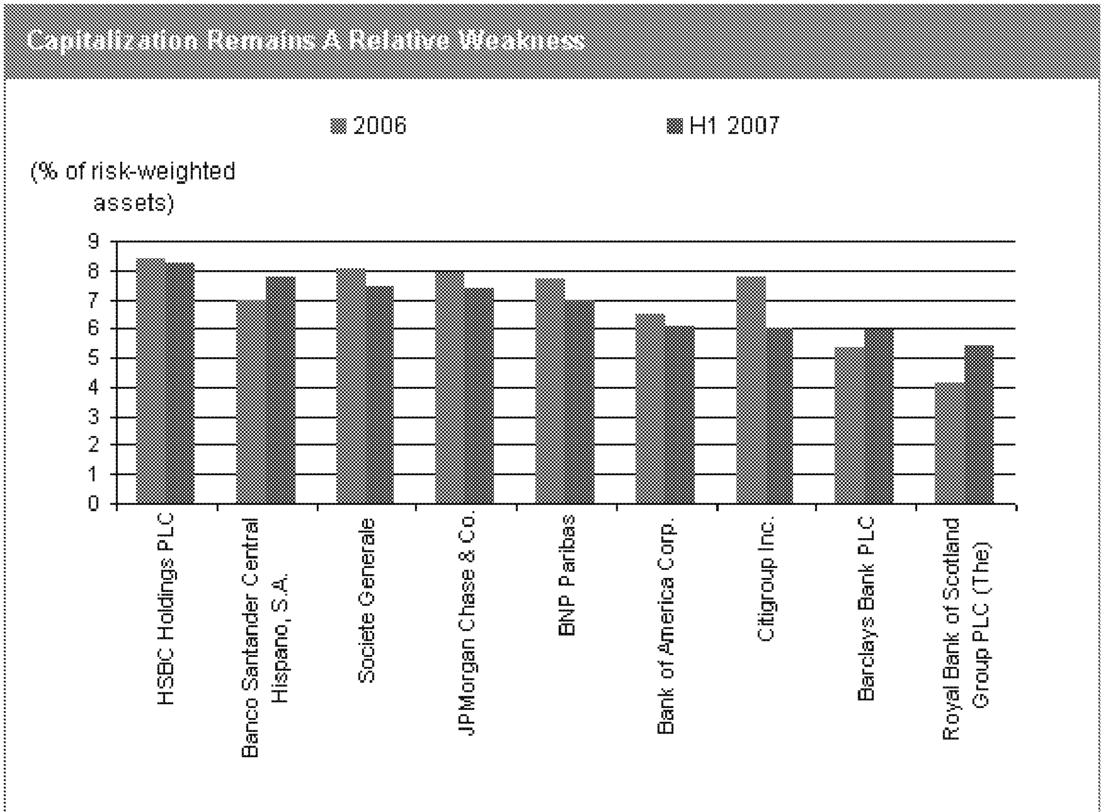

Capitalization Has Recovered From Recent Lows
Adjusted common equity/risk-weighted assets (RWAs) (%)
Adjusted total equity/RWAs (%)
Tier 1/RWAs (%)
(% of RWAs)
10
9
8
7
6
5
4
3
2
1
0
12/31/99
12/31/00
12/31/01
12/31/02
12/31/03
31/12/2004 (U.K. GAAP)
1/1/2005 (IFRS)
12/31/05
12/31/06
30/6/2007
Source: Standard & Poor's, company data.
© Standard & Poor's 2007

Chart 13



Source: Standard & Poor's, company data.

© Standard & Poor's 2007.

Barclays uses an economic capital framework, which Standard & Poor's regards as one of the most advanced in the industry. This measure--which neutralizes changes in the pension deficit--also shows the impact of Barclays' decision to increase gearing in 2005, since when capitalization has remained stable (see chart 14).

Chart 14

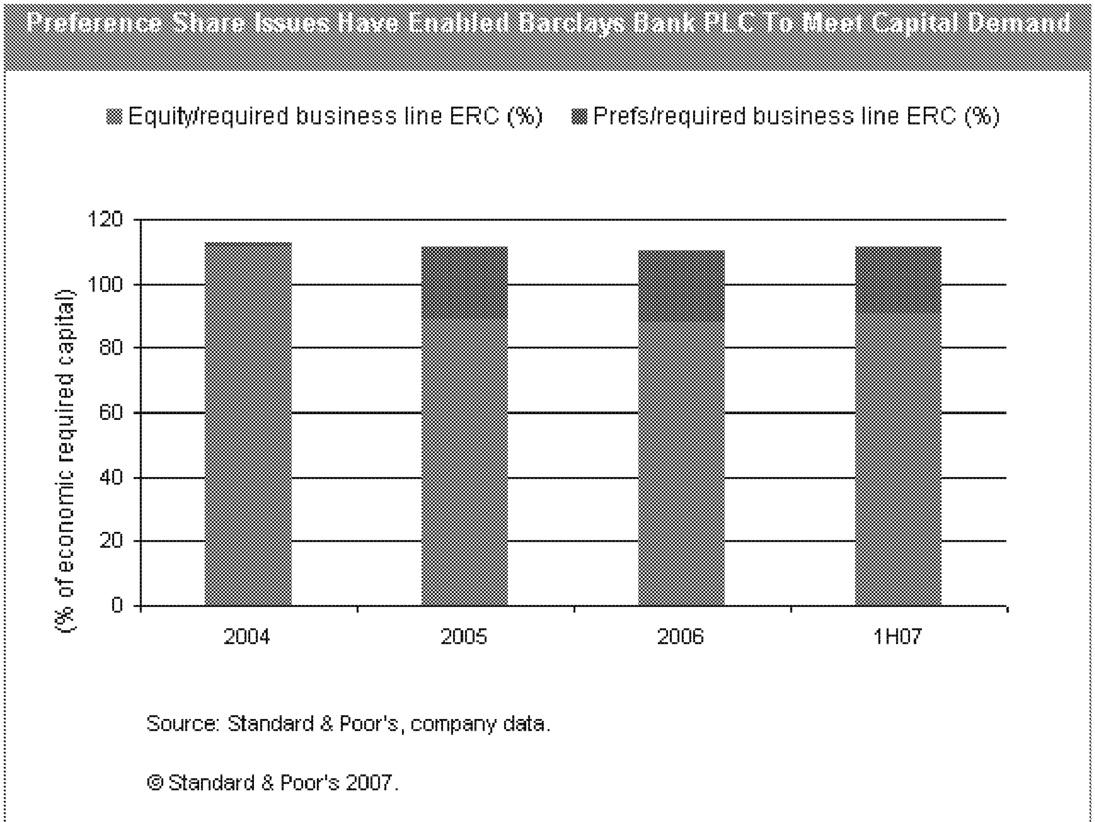


Table 2

Balance Sheet Statistics

		--Year ended Dec. 31--					Breakdown as a % of assets (adj.)				
(Mil. £)	**2007***	**2006**	**2005**	**2004**	**2003**	-	**2007***	**2006**	**2005**	**2004**	**2003**
Assets											
Cash and money market instruments	241,909	205,551	186,377	114,650	99,727		22.86	22.67	22.35	22.51	23.15
Securities	308,121	245,753	211,301	146,252	112,429		29.12	27.10	25.34	28.71	26.10
Trading securities (marked to market)	217,573	177,867	155,723	87,671	59,812		20.56	19.61	18.67	17.21	13.88
Nontrading securities	90,548	67,886	55,578	58,581	52,617		8.56	7.49	6.67	11.50	12.21
Loans to banks (net)	0	9,230	11,255	20,538	13,885		0.00	1.02	1.35	4.03	3.22
Customer loans (gross)	324,517	298,827	280,942	199,402	179,869		30.67	32.95	33.69	39.14	41.75
Residential real estate loans	104,319	98,172	89,529	64,481	61,905		9.86	10.83	10.74	12.66	14.37
Other consumer loans	31,713	31,840	35,543	23,313	21,905		3.00	3.51	4.26	4.58	5.08
Foreign loans	N.A.	N.A.	N.A.	40,760	32,587		N.A.	N.A.	N.A.	8.00	7.56
Commercial real estate loans	17,489	16,528	16,325	10,409	8,224		1.65	1.82	1.96	2.04	1.91
Commercial/corporate loans	160,666	128,949	121,857	35,926	32,990		15.18	14.22	14.61	7.05	7.66
All other loans	10,330	23,338	17,688	24,513	22,258		0.98	2.57	2.12	4.81	5.17
Loan loss reserves	3,274	3,331	3,446	2,760	3,012		0.31	0.37	0.41	0.54	0.70
Customer loans (net)	321,243	295,496	277,496	196,642	176,857		30.36	32.59	33.28	38.60	41.06

Table 2

Balance Sheet Statistics (cont.)										
Earning assets	869,762	752,020	685,973	479,095	404,200	82.19	82.93	82.26	94.05	93.83
Equity interests/participations (nonfinancial)	N.A.	N.A.	N.A.	67	96	N.A.	N.A.	N.A.	0.01	0.02
Inv. in unconsolidated subsidiaries (financial co.)	947	982	782	437	501	0.09	0.11	0.09	0.09	0.12
Intangibles (nonservicing)	7,863	7,195	7,291	4,295	4,505	0.74	0.79	0.87	0.84	1.05
Fixed assets	2,538	2,492	2,754	1,921	1,790	0.24	0.27	0.33	0.38	0.42
Derivatives credit amount	174,225	138,353	136,823	18,174	15,812	16.46	15.26	16.41	3.57	3.67
Accrued receivables	4,275	3,788	2,952	6,850	5,927	0.40	0.42	0.35	1.34	1.38
All other assets	97,141	87,947	87,326	12,263	11,832	9.18	9.70	10.47	2.41	2.75
Total reported assets	1,158,262	996,787	924,357	522,089	443,361	109.46	109.92	110.85	102.49	102.92
Less insurance statutory funds	(92,194)	(82,798)	(83,193)	(8,379)	(8,077)					
Less nonservicing intangibles+ I/O strips	(7,863)	(7,195)	(7,291)	(4,295)	(4,505)	(0.74)	(0.79)	(0.87)	(0.84)	(1.05)
Adjusted assets	1,058,205	906,794	833,873	509,416	430,779	100.00	100.00	100.00	100.00	100.00
						Breakdown as a % of liabilities + equity				
	2007*	**2006**	**2005**	**2004**	**2003**	**2007***	**2006**	**2005**	**2004**	**2003**
Liabilities										
Total deposits	379,873	389,116	356,920	250,391	215,489	32.80	39.04	38.61	47.96	48.60
Noncore deposits	87,429	132,362	75,127	68,055	54,282	7.55	13.28	8.13	13.04	12.24
Core/customer deposits	292,444	256,754	281,793	182,336	161,207	25.25	25.76	30.49	34.92	36.36
Repurchase agreements	181,093	136,956	121,178	78,351	63,471	15.63	13.74	13.11	15.01	14.32
Other borrowings	128,390	66,701	68,285	73,934	55,598	11.08	6.69	7.39	14.16	12.54
Other liabilities	434,763	371,202	349,147	94,946	85,737	37.54	37.24	37.77	18.19	19.34
Total liabilities	1,124,119	963,975	895,530	497,622	420,295	97.05	96.71	96.88	95.31	94.80
Total shareholders' equity	34,143	32,812	28,827	24,467	23,066	2.95	3.29	3.12	4.69	5.20
Limited life preferred and quasi equity	3,842	3,842	3,923	3,602	3,645	0.33	0.39	0.42	0.69	0.82
Preferred stock and other capital	7,518	7,486	5,900	3,237	2,665	0.65	0.75	0.64	0.62	0.60
Minority interest-equity	1,810	1,685	1,578	211	283	0.16	0.17	0.17	0.04	0.06
Common shareholders' equity (reported)	20,973	19,799	17,426	17,417	16,473	1.81	1.99	1.89	3.34	3.72
Share capital and surplus	7,496	7,452	7,273	7,138	7,059	0.65	0.75	0.79	1.37	1.59
Revaluation reserve	(169)	(98)	295	24	24	(0.01)	(0.01)	0.03	0.00	0.01
Reserves (incl. inflation revaluations)	440	488	1,082	926	891	0.04	0.05	0.12	0.18	0.20
Retained profits	13,461	12,169	8,957	9,329	8,499	1.16	1.22	0.97	1.79	1.92
Other equity	(255)	(212)	(181)	N.A.	N.A.	(0.02)	(0.02)	(0.02)	N.A.	N.A.
Memo: Dividends (not yet distributed)	(731)	(1,307)	(1,105)	0	0					
Total liabilities and equity	1,158,262	996,787	924,357	522,089	443,361	100.00	100.00	100.00	100.00	100.00
Equity Reconciliation Table										
Common shareholders' equity (reported)	20,973	19,799	17,426	17,417	16,473					
+ Minority Interest (equity)	1,810	1,685	1,578	211	283					
- Dividends (not yet distributed)	(731)	(1,307)	(1,105)	0	0					
- Revaluation reserves	169	98	(295)	(24)	(24)					

Table 2

Balance Sheet Statistics (cont.)					
- Nonservicing intangibles	(7,863)	(7,195)	(7,291)	(4,295)	(4,505)
- Postretirement benefit adjustments	1,641	631	(799)	0	0
Adjusted common equity	15,999	13,711	9,514	13,309	12,227
+ Admissible Prefs and hybrids	5,280	4,525	3,140	4,392	4,035
- Equity in Unconsolidated Subsidiaries	(947)	(982)	(782)	(437)	(501)
- Capital of Insurance Subsidiaries	0	0	0	(610)	(478)
- Adjustment for Securitized Assets	(1,328)	(1,348)	(961)	(496)	(182)
Adjusted total equity	19,004	15,906	10,911	16,158	15,101

*Data as of June 30, 2007. Data for 2005-2007 are based on IFRS; prior years are based on U.K. GAAP. Ratios annualized where appropriate. N.A.--Not available.

Table 3

Profit And Loss Statement Statistics											
		--Year ended Dec. 31--					Adj. avg. assets (%)				
(Mil. £)	2007*	2006	2005	2004	2003	-	2007*	2006	2005	2004	2003
Profitability											
Interest income	12,037	21,805	17,232	13,665	12,427		2.45	2.51	2.57	2.91	3.02
Interest expense	7,448	12,662	9,157	6,823	5,823		1.52	1.45	1.36	1.45	1.42
Net interest income	4,589	9,143	8,075	6,842	6,604		0.93	1.05	1.20	1.46	1.61
Operating noninterest income	7,340	12,412	9,299	7,159	5,836		1.49	1.43	1.38	1.52	1.42
Fees and commissions	3,812	7,177	5,705	4,966	4,263		0.78	0.82	0.85	1.06	1.04
Equity in earnings of unconsolidated subsidiaries	0	46	45	56	29		0.00	0.01	0.01	0.01	0.01
Trading gains	2,811	3,614	2,321	1,493	1,054		0.57	0.42	0.35	0.32	0.26
Other market-sensitive income	261	668	505	26	21		0.05	0.08	0.08	0.01	0.01
Net insurance income	194	485	227	269	231		0.04	0.06	0.03	0.06	0.06
Other noninterest income	262	422	496	349	238		0.05	0.05	0.07	0.07	0.06
Operating revenues	11,929	21,555	17,374	14,001	12,440		2.43	2.48	2.59	2.98	3.02
Noninterest expenses	6,994	13,026	10,484	8,051	6,988		1.42	1.50	1.56	1.71	1.70
Personnel expenses	4,581	8,169	6,318	4,998	4,295		0.93	0.94	0.94	1.06	1.04
Other general and administrative expense	2,097	4,325	3,759	2,758	2,404		0.43	0.50	0.56	0.59	0.58
Depreciation	316	532	407	295	289		0.06	0.06	0.06	0.06	0.07
Net operating income before loss provisions	4,935	8,529	6,890	5,950	5,452		1.00	0.98	1.03	1.27	1.33
Credit loss provisions (net new)	959	2,068	1,567	1,093	1,346		0.20	0.24	0.23	0.23	0.33
Net operating income after loss provisions	3,976	6,461	5,323	4,857	4,106		0.81	0.74	0.79	1.03	1.00
Nonrecurring/special income	125	755	0	45	4		0.03	0.09	0.00	0.01	0.00
Nonrecurring/special expense	0	0	0	0	0		0.00	0.00	0.00	0.00	0.00
Amortization of goodwill and intangibles	0	80	43	299	265		0.00	0.01	0.01	0.06	0.06
Pretax profit	4,101	7,136	5,280	4,603	3,845		0.83	0.82	0.79	0.98	0.93
Tax expense/credit	1,158	1,941	1,439	1,289	1,076		0.24	0.22	0.21	0.27	0.26
Net income before minority interest	2,943	5,195	3,841	3,314	2,769		0.60	0.60	0.57	0.70	0.67
Minority interest in consolidated subsidiaries	309	624	394	46	25		0.06	0.07	0.06	0.01	0.01
Net income before extraordinaries	2,634	4,571	3,447	3,268	2,744		0.54	0.53	0.51	0.70	0.67
Net income after extraordinaries	2,634	4,571	3,447	3,268	2,744		0.54	0.53	0.51	0.70	0.67

Table 3

Profit And Loss Statement Statistics(cont.)

Core Earnings Reconciliation										
Net Income (before Minority Interest)	2,943	5,195	3,841	3,314	2,769					
- Nonrecurring/Special Income	(125)	(755)	0	(45)	(4)					
+ Nonrecurring/Special Expense	0	0	0	0	0					
+ Amortization/ Impairment of Goodwill/ Intangibles	0	80	43	299	265					
Core earnings	2,818	4,520	3,884	3,568	3,030	0.57	0.52	0.58	0.76	0.74
	2007*	**2006**	**2005**	**2004**	**2003**					
Asset Quality										
Nonperforming assets	5,352	5,088	5,210	3,985	4,155					
Nonaccrual loans	4,693	4,444	4,550	2,607	2,907					
Restructured loans	61	46	51	0	0					
Loans in arrears but accruing	598	598	609	1,378	1,248					
Classified loans (substandard, doubtful, loss)	735	761	929	756	1,477					
Net charge-offs	887	1,915	1,365	1,340	1,361					
Average balance sheet										
Average customer loans	308,370	286,496	237,069	186,750	168,378					
Average earning assets	810,891	718,997	582,534	441,648	386,387					
Average assets	1,077,525	960,572	723,223	482,725	423,212					
Average total deposits	384,495	373,018	303,656	232,940	205,992					
Average interest-bearing liabilities	641,065	569,578	474,530	368,617	322,117					
Average common equity	20,386	18,613	17,422	16,945	15,837					
Average adjusted assets	982,500	870,334	671,645	470,098	411,284					
Other data										
Number of employees (end of period, actual)	127,700	122,600	113,300	78,400	74,800					
Number of branches	N.A.	3,627	3,545	N.A.	2,916					
Total assets under management	1,003,000	927,000	881,000	709,000	598,000					
Off-balance-sheet credit equivalents	236,307	244,923	250,928	185,014	161,191					

*Data as of June 30, 2007. Data for 2005-2007 are based on IFRS, prior years are based on U.K. GAAP. Ratios annualized where appropriate. N.A.--Not available.

Table 4

Ratio Analysis

		--Year ended Dec. 31--			
	2007*	**2006**	**2005**	**2004**	**2003**
ANNUAL GROWTH (%)					
Customer loans (gross)	17.19	6.37	40.89	10.86	10.48
Loss reserves	(3.42)	(3.34)	24.86	(8.37)	3.29
Adjusted assets	33.39	8.74	63.69	18.25	9.95
Customer deposits	27.80	(8.89)	54.55	13.11	9.73
Total equity	8.11	13.82	17.82	6.07	4.68
Operating revenues	10.68	24.06	24.09	12.55	9.92
Noninterest expense	7.39	24.25	30.22	15.21	13.02

Table 4

Ratio Analysis (cont.)					
Net operating income before provisions	15.72	23.79	15.80	9.13	6.19
Loan loss provisions	(7.25)	31.97	43.37	(18.80)	(9.36)
Net operating income after provisions	23.08	21.39	9.59	18.29	12.52
Pretax profit	14.94	35.15	14.71	19.71	19.97
Net income	13.30	35.25	15.90	19.68	23.07
	2007*	**2006**	**2005**	**2004**	**2003**
PROFITABILITY (%)					
Interest Margin Analysis					
Net interest income (taxable equiv.)/avg. earning assets	1.13	1.27	1.39	1.55	1.71
Net interest spread	0.65	0.81	1.03	1.24	1.41
Interest income (taxable equiv.)/avg. earning assets	2.97	3.03	2.96	3.09	3.22
Interest income on loans/avg. total loans	0.00	5.79	5.39	0.00	0.00
Interest expense/avg. interest-bearing liabilities	2.32	2.22	1.93	1.85	1.81
Interest expense on deposits/avg. deposits	0.00	1.58	1.57	0.00	0.00
Revenue Analysis					
Net interest income/revenues	38.47	42.42	46.48	48.87	53.09
Fee income/revenues	31.96	33.30	32.84	35.47	34.27
Market-sensitive income/revenues	25.75	19.87	16.27	10.85	8.64
Noninterest income/revenues	61.53	57.58	53.52	51.13	46.91
Personnel expense/revenues	38.40	37.90	36.36	35.70	34.53
Noninterest expense/revenues	58.63	60.43	60.34	57.50	56.17
Noninterest expense/revenues less investment gains	59.94	62.36	62.15	57.61	56.27
Net operating income before provision/revenues	41.37	39.57	39.66	42.50	43.83
Net operating income after provisions/revenues	33.33	29.97	30.64	34.69	33.01
New loan loss provisions/revenues	8.04	9.59	9.02	7.81	10.82
Net nonrecurring/abnormal income/revenues	1.05	3.50	0.00	0.32	0.03
Pretax profit/revenues	34.38	33.11	30.39	32.88	30.91
Tax/pretax profit	28.24	27.20	27.25	28.00	27.98
Core Earnings/Revenues	23.62	20.97	22.36	25.48	24.36
	2007*	**2006**	**2005**	**2004**	**2003**
Other Returns					
Pretax profit/avg. risk assets (%)	2.66	2.52	2.17	2.26	2.13
Revenues/avg. risk assets (%)	7.75	7.60	7.12	6.87	6.88
Net operating income before LLP/LLP	514.60	412.43	439.69	544.37	405.05
Net operating income before loss provisions/avg. risk assets (%)	3.21	3.01	2.83	2.92	3.01
Net operating income after loss provisions/avg. risk assets (%)	2.58	2.29	2.18	2.38	2.27
Net income before minority interest/avg. adjusted assets	0.60	0.60	0.57	0.71	0.67
Net income/employee (currency unit)	47,032	44,044	40,073	43,264	37,043
Non-interest expenses/average adjusted assets	1.42	1.50	1.56	1.71	1.70
Personnel expense/employee (currency unit)	73,208	69,259	65,915	65,248	57,458
Personnel expense/branch (mil. currency unit)	N.A.	2.28	N.A.	N.A.	1.56

Table 4

Ratio Analysis (cont.)					
Noninterest expense/branch (mil. currency unit)	N.A.	3.63	N.A.	N.A.	2.54
Cash earnings/avg. tang. common equity (ROE) (%)	44.23	45.01	34.71	30.61	28.20
Core earnings/average risk-weighted assets	1.83	1.59	1.59	1.75	1.68
Core earnings/average adjusted assets	0.57	0.52	0.58	0.76	0.74
Core earnings/ Average ACE (ROE)	37.94	38.92	34.04	27.94	25.71
	2007*	**2006**	**2005**	**2004**	**2003**
FUNDING AND LIQUIDITY (%)					
Customer deposits/funding base	42.42	43.31	51.57	45.28	48.19
Total loans/customer deposits	110.97	119.98	103.69	120.63	120.20
Total loans/customer deposits + long-term funds	96.52	95.00	84.88	93.66	93.65
Customer loans (net)/assets (adj.)	30.36	32.59	33.28	38.60	41.06
Parent Only Analysis					
	2007*	**2006**	**2005**	**2004**	**2003**
CAPITALIZATION (%)					
Adjusted common equity/risk assets	5.03	4.60	3.53	6.09	6.47
Internal capital generation/prior year's equity	19.22	14.91	10.11	10.50	9.24
Tier 1 capital ratio	7.70	7.70	7.00	7.60	7.90
Regulatory total capital ratio	11.80	11.70	11.30	11.50	12.80
Adjusted total equity/adjusted assets	1.80	1.75	1.31	3.17	3.51
Adjusted total equity/adjusted assets + securitizations	1.80	1.75	1.31	3.17	3.51
Adjusted total equity/risk assets	5.98	5.34	4.05	7.39	7.99
Adjusted total equity plus LLR (specific)/customer loans (gross)	6.86	6.44	5.11	9.49	10.07
Common dividend payout ratio	27.75	43.16	48.94	47.06	48.83
	2007*	**2006**	**2005**	**2004**	**2003**
ASSET QUALITY (%)					
New loan loss provisions/avg. customer loans (net)	0.62	0.72	0.66	0.59	0.80
Net charge-offs/avg. customer loans (net)	0.58	0.67	0.58	0.72	0.81
Loan loss reserves/customer loans (gross)	1.01	1.11	1.23	1.38	1.67
Credit-loss reserves/risk assets	1.03	1.12	1.28	1.27	1.60
Nonperforming assets (NPA)/customer loans + ORE	1.65	1.70	1.85	2.00	2.31
NPA (excl. delinquencies)/customer loans + ORE	1.46	1.50	1.64	1.31	1.62
Net NPA/customer loans (net) + ORE	0.65	0.59	0.64	0.62	0.65
NPA (net specifics)/customer loans (net specifics)	0.65	0.59	0.64	0.62	0.65
Loan loss reserves/NPA (gross)	61.17	65.47	66.14	69.26	72.49

*Data as of June 30, 2007. Data for 2005-2007 are based on IFRS, prior years are based on U.K. GAAP. Ratios annualized where appropriate. N.A.--Not available.

Ratings Detail (As Of November 12, 2007)*

Barclays Bank PLC	
Counterparty Credit Rating	AA/Stable/A-1+
Certificate Of Deposit	AA/A-1+

Ratings Detail (As Of November 12, 2007)*(cont.)		
Commercial Paper		
Foreign Currency		A-1+
Junior Subordinated		A+
Preference Stock		
Foreign Currency		A+
Senior Unsecured		AA
Short-Term Debt		A-1+
Subordinated		AA-
Counterparty Credit Ratings History		
20-Jun-1994	*Foreign Currency*	AA/Stable/A-1+
11-Jun-1992		AA/Watch Neg/A-1+
04-Mar-1991		AA+/Stable/A-1+
15-Nov-1994	*Local Currency*	AA/Stable/A-1+
20-Jun-1994		AA/Stable/--
11-Jun-1992		AA/Stable/--
Sovereign Rating		
United Kingdom		AAA/Stable/A-1+
Related Entities		
Absa Bank Ltd. (Unsolicited Ratings)		
Issuer Credit Rating		
Local Currency		Api/--/--
Barclays Bank Ireland PLC		
Issuer Credit Rating		AA/Stable/A-1+
Certificate Of Deposit		AA/A-1+
Barclays Bank Mexico S.A.		
Issuer Credit Rating		
CaVal (Mexico) National Scale Rating		mxAAA/Stable/mxA-1+
Barclays Global Investors Trust & Banking Co. Ltd.		
Issuer Credit Rating		AA-/Watch Neg/--
Certificate Of Deposit		AA-/Watch Neg
Barclays PLC		
Issuer Credit Rating		AA-/Stable/A-1+
Barclays Private Clients International Ltd.		
Issuer Credit Rating		AA/Stable/A-1+
Certificate Of Deposit		AA/A-1+

*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings on the global scale are comparable across countries. Standard & Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country.

Additional Contact:
Financial Institutions Ratings Europe; FIG_Europe@standardandpoors.com

Credit Opinion: Barclays Bank PLC

Barclays Bank PLC

London, United Kingdom

Ratings

Category	Moody's Rating
Outlook	Stable(m)
Bank Deposits	Aa1/P-1
Bank Financial Strength	B+
Issuer Rating	Aa1
Senior Unsecured	Aa1
Subordinate	Aa2
Jr Subordinate	Aa3
Preferred Stock	Aa3
Preference Stock	Aa3
Commercial Paper	P-1
Other Short Term	P-1
Parent: Barclays Plc	
Outlook	Stable
Issuer Rating -Dom Curr	Aa2
ST Issuer Rating -Dom Curr	P-1
Barclays Bank Ireland PLC	
Outlook	Negative(m)
Bank Deposits	Aa2/P-1
Bank Financial Strength	D+

Contacts

Analyst	Phone
Elizabeth Rudman/London	44.20.7772.5454
Edward Vincent/London	
Adel Satel/London	

Key Indicators

Barclays Bank PLC

	[1]2007	2006	2005	2004	2003	5-Year Avg.
Total assets (GBP billion)	1158.26	996.79	924.36	522.09	443.26	[2]22.82
Total assets (EUR billion)	1720.68	1479.43	1345.32	737.44	629.09	[2]20.48
Total capital (GBP billion)	43.79	41.18	36.89	30.60	29.00	[2]10.85
Return on average assets	0.55	0.54	0.53	0.69	0.65	0.60
Recurring earnings power	0.91	0.89	0.94	1.22	1.28	1.12
Net interest margin	1.03	1.14	1.30	1.55	1.71	1.50
Cost/income ratio (%)	58.75	60.59	60.68	57.73	56.30	58.37
Problem loans % gross loans	1.65	1.78	1.91	1.55	1.87	1.86
Tier 1 ratio (%)	7.70	7.70	7.00	7.60	7.90	7.68

[1] As of June 30. [2] Compound annual growth rate.

Opinion

SUMMARY RATING RATIONALE

Moody's assigns a bank financial strength rating (BFSR) of B+ to Barclays, which translates into a baseline risk assessment of Aa2. The rating derives from the bank's broad spread of earnings, which are based on its very strong franchise in the UK, diversified business lines and income streams, and its very healthy and sustainable financial fundamentals. While UK retail and business banking accounted for approximately 36% of profits in 2006, other operations including Barclays Capital (BarCap), Barclays Global Investors (BGI), and international businesses now represent a growing proportion of consolidated group revenues.

Moody's continues to believe that the probability of systemic support for Barclays plc is very high, which would -- were the outlook of Barclays BFSR to be stable – result in a two-notch uplift in the deposit ratings to Aaa from the Aa2 baseline risk assessment. However with the BFSR on negative outlook the rating is at Aa1.

Thus, the deposit and debt ratings of Barclays incorporate three main elements: (1) the bank's BFSR of B+; (2) Moody's assessment of a very high probability of support from the UK authorities (a component of joint default analysis, referred to as JDA) and (3) the seniority of its deposits and debt.

Credit Strengths

- Strong positions in all key areas of UK financial markets

- Consistent profitability, driven by intense management focus on value creation

- Growth of international operations adds diversification to UK operations, while execution risk has been well managed

- Solid funding profile and strong liquidity

Credit Challenges

- Profitability of UK retail bank is improving but margin pressures persist

- Vulnerability of credit cards and unsecured lending to a downturn in UK consumer lending market

- Barclays Capital's current focus and risk appetite will be a key to managing the inherent volatility of earnings that these businesses entail

- Managing the cost structure of the bank as a whole

Rating Outlook

The outlook on the long term debt and deposit rating and the short term debt and deposit rating is stable.The negative outlook on the BFSR was initially assigned in April 2007 following the announcement of the proposed merger with ABN AMRO. The negative outlook was maintained after the offer lapsed in October 2007 as the dislocation in the financial markets since July continues to create uncertainty for the performance of all banks which are involved in structured securities and related capital market activities.

What Could Change the Rating - Up

Greater clarity on market conditions and on how their impact on banks develop over the next 3 - 6 months will be a key factor for upward pressure on the BFSR. Evidence that Barclays is able to maintain the earnings momentum of the last few years, and in particular achieve greater leverage off its UK retail franchise, would also be positive for the BFSR.

What Could Change the Rating - Down

Negative rating pressure would likely occur if strategic decisions led to a material increase in Barclays' risk/return profile; for example, due to increased market-related activities or international acquisitions. If conditions in the UK retail market were to deteriorate significantly and so as to lead to an increased provisioning burden then this might also impact negatively on the rating.

Recent Results

Barclays reported a 12% increase in pre-tax profits to GBP4.1 billion for H107 (H106: GBP3.7 billion). UK Banking produced a pre-tax profit of GBP1.4 billion (an increase of 9% on H106), while BarCap delivered record results, with a 33% rise in pre-tax profit to GBP1.7 billion (H106: GBP1.2 billion). Between them, UK Banking and BarCap produced 74% of overall group pre-tax profit. Profit from Barclaycard declined 17% to GBP 272m (H106: GBP 326m) - although excluding a loss on a disposal in H107 and a property gain in H106 Barclaycard pre-tax profits were up 4% - while profit from International Retail and Commercial Banking declined by 12% to GBP452 million

(H106: GBP512 million). Elsewhere, profit growth remained strong. BGI reported a 7% rise in pre-tax profit to GBP388 million (H106: GBP364 million), with both income and profit up substantially more in USD terms. Barclays Wealth reported a 34% rise in pre-tax profit to GBP173 million (H106: GBP129 million), reflecting strong income growth from increased client funds and transaction volumes.

Loan impairment charges for the Group overall reduced by 9% to GBP959 million for H107 (H106: GBP1.1 billion), despite evidence of increased financial market volatility (notably in the UK and US).

Barclays' Tier 1 capital ratio at H107 was unchanged from year-end 2006 at 7.7%.

DETAILED RATING CONSIDERATIONS

Detailed considerations for Barclays ratings are as follows:

Bank Financial Strength Rating

Moody's assigns a B+ BFSR to Barclays. Moody's believes the B+ rating is an appropriate measure of the bank's financial strength at present given its strong regional franchise, moderate risk profile and good financial fundamentals. Additionally, we believe that the franchise of Barclays Global Investors is under-rated in the scorecard, and note that this is stable business area which is gaining market share and that the figures may well improve further going forward.

Key positive elements driving the BFSR scorecard outcome are Barclays' franchise value across a number of countries, its strong liquidity and risk positioning.

A key negative element driving the BFSR scorecard outcome is the more moderate score for capital adequacy.

Qualitative Rating Factors (50%)

Factor 1: Franchise Value

Trend: Neutral

Barclays Bank PLC has strong market shares in all significant fields of UK banking, including being one of the major players in the current account market, credit cards (through Barclaycard), small business banking and corporate finance. BarCap - its investment banking operation - has a major presence in debt and risk management markets in Europe and a growing presence in the US and Asia. BGI is one of the world's largest institutional fund managers.

Within this broad spread of businesses, the bank is not overly dependent on potentially volatile revenues from corporate and investment banking in order to maintain high levels of profitability. Furthermore, around 50% of its profits (albeit that this is a reducing trend) are currently generated in the UK, which is a large, diverse and stable economy.

Barclays has a significant international presence in over 50 countries with 27 million customers and 3,648 branches. This presence has been enhanced over the last few years by a number of acquisitions.

These most notably include Banco Zaragozano in Spain (2003), US credit card company Juniper Financial Corporation (2004) and most recently the acquisition of Absa in South Africa (2005). These acquisitions are clearly helping to further broaden the revenue base of the bank. We note that Barclays has a good record in integration and that potential problems of execution risk have not arisen.

Factor 2: Risk Positioning

Trend: Neutral

The bank's market risk tolerance, as measured by its value at risk (VaR) limits is in line with other large international banks. Although there will always be risks associated with a banking group which is actively involved in markets and trading activities, we believe that the risk appetite at Barclays is such as to maintain these at acceptable levels going forward. Nevertheless, we believe the group will need to maintain its disciplined approach to risk management in light of BarCap's ambitious growth plans and the ongoing dislocation in the financial markets. With reference to Basel II, Barclays continues to develop its approach to operational risk and plans to follow the Advanced Management Approach.

Factor 3: Regulatory Environment

Trend: Neutral

All UK banks are subject to the same score on regulatory environment. This factor does not address bank-specific issues; instead, it evaluates whether regulatory bodies are independent and credible, demonstrate enforcement powers and adhere to global standards of best practices for risk control. Refer to Moody's Banking System Outlook for the United Kingdom, published September 2006, for a detailed discussion of regulatory environment.

Factor 4: Operating Environment

Trend: Neutral

This factor is a blended score to account for the different geographies in which Barclays operates (notably South Africa). Moody's assigns an A- for the overall operating environment. Refer to Moody's Banking System Outlook for the United Kingdom, published September 2006, for a detailed discussion of the bank's domestic operating environment.

Quantitative Rating Factors (50%)

Factor 5: Profitability

Trend: Neutral

Barclays has a solid financial profile, generating pre-provision income of GBP8.5 billion in 2006. The net interest margin fell back in 2006 to 1.14% from 1.28% in 2005. (The net interest margin is defined as net interest income as a percentage of average interest earning assets.) However, net interest income now accounts for a smaller proportion of operating income (approximately 42% in 2006 and 47% in 2005 compared to 54% in the year 2000) with net fees and commissions as well as dealing profits representing a growing share of revenues. Risk-weighted recurring earning power (pre-provision income as a percentage of average total assets), however, remained strong at 3.00% for the year 2006.

Factor 6:

Liquidity

Trend: Neutral

The solid funding profile and good liquidity of Barclays is a key underpinning of the bank's rating. Barclays has, in our opinion, a diverse and stable depositor base - by type and by geography - as well as good flexibility in its balance sheet, with an ability to manage its asset base in times of stress. Barclays has, as one might expect, a strong funding franchise in the UK with strong positions in the current account, savings and business banking sectors, supported by the savings franchise under both the Barclays and the Woolwich brands. The structure of the balance sheet ensures that the retail and commercial banking books are 'self-funded' (i.e. the assets are funded with customer deposits from within the franchise).

The bank manages its wholesale funding according to a schedule of "Wholesale Borrowing Guidelines", which specifies a maximum net cumulative mismatch of funds in local and foreign currency, for one day, one week and one month, across five global regions. In particular, Barclays closely manages the trading and liquidity balance sheet of Barclays Capital. The bank raises sizeable amounts of wholesale funds to finance local operations in the US. In addition, Barclays makes modest use of securitisation programmes for its Barclaycard and residential mortgage portfolios in order to enhance balance sheet flexibility, but to date has not made use of covered bond programmes. Barclays' average market funds (excluding interbank funds) as percentage of average funding is at first sight relatively high at 56% at end-2006. However, we take comfort from Barclays' excellent reputation and longstanding presence in the wholesale market.

We note that liquidity is good: liquid assets as a percentage of total assets were 55% at end-2006, which compares favourably with other highly rated European banks. And with the exception of the banking loan book, the majority of Barclays Capital's assets are highly liquid.

Factor 7: Capital Adequacy

Trend: Neutral

Barclays' target Tier 1 ratio is around 7.25%, of which a portion is planned to be in the form of hybrid instruments. We observe that the level of core Tier 1 looks relatively light for a bank of Barclays' profile. However, and notwithstanding the reduction in core Tier 1, we are reasonably comfortable with the current levels of capitalisation in view of the risks that the bank accepts and the quality of its earnings. Indeed, while these ratios are important, the level and consistency of the bank's earnings are the more significant drivers of its high ratings: capitalisation ratios and composition are more likely to become a significant factor at the margin - i.e. if the rating was under pressure (upwards or downwards) for other reasons.

Buybacks are seen as an integral part of the capital management toolkit, but are viewed very much as an option to be used occasionally to deal with excess capital, not a core policy.

Factor 8: Efficiency

Trend: Neutral

While Barclays' cost-to-income ratio of 61% in 2006 is relatively high compared to similarly rated peers, we recognise that the bank continues to make investments in UK Retail Banking, Barclays Capital, BGI and Barclaycard. Operational excellence is clearly defined as an objective and inevitably there needs to be some investment before the bank can achieve its goal, both operationally and in terms of reduced cost ratios.

Factor 9: Asset Quality

Trend: Neutral

Barclays continues to show a good level of asset quality; the bank's exposures to industries which have potential for higher credit risk (for example, autos and airlines) are not, in our opinion, likely to lead to a significant deterioration in the bank's credit strength.

It is important to bear in mind the context of this relative deterioration in asset quality and rise in impairment charges. The current economic climate, while still relatively good, is undoubtedly less benign than 12 or 18 months ago. This is particularly true in relation to household finances, where clear signs of strain are beginning to emerge as a result of lower disposable incomes and high levels of personal indebtedness.

Nonetheless, the core strengths of Barclays should continue to provide an extremely strong buffer against possible deterioration in the UK operating environment. Indeed, we note that the bank, in common with its large UK peers, has demonstrated a significant degree of stability, both strategically and in terms of financial fundamentals, over the past few years, when there have been a number of financial and economic crises globally.

Overall asset quality in the UK is good and Barclays has very strong pre-provision earnings (GBP8.5 billion in 2006), which should allow it to withstand any currently foreseeable deterioration with ease.

Global Local Currency Deposit Rating (Joint Default Analysis)

The deposit/debt ratings are Aa1/Prime-1. Were the BFSR to fall back from one notch from B+ to B then, given the current probability of systemic support, the long-term rating would remain at Aa1.

Moody's assessment of the probability of support as very high recognises Barclays importance to the UK economy and its payment systems.

Notching Considerations

Ratings for Barclays' junior obligations should be notched off the fully supported deposit rating because Moody's believes that there is no legal authority in place in the UK to impose losses on subordinated creditors outside of a liquidation scenario.

Foreign Currency Deposit Rating

The Foreign Currency Deposit ratings of Barclays are unconstrained given that the UK, in common with other EU members, has a country ceiling of Aaa.

Foreign Currency Debt Rating

The Foreign Currency Debt Rating's ratings of Barclays are unconstrained given that the UK, in common with other EU members, has a country ceiling of Aaa.

ABOUT MOODY'S BANK RATINGS

Bank Financial Strength Rating

Moody's Bank Financial Strength Ratings (BFSRs) represent Moody's opinion of a bank's intrinsic safety and soundness and, as such, exclude certain external credit risks and credit support elements that are addressed by Moody's Bank Deposit Ratings. Bank Financial Strength Ratings do not take into account the probability that the bank will receive such external support, nor do they address risks arising from sovereign actions that may interfere with a bank's ability to honor its domestic or foreign currency obligations. Factors considered in the assignment of Bank Financial Strength Ratings include bank-specific elements such as financial fundamentals, franchise value, and business and asset diversification. Although Bank Financial Strength Ratings exclude the external factors specified above, they do take into account other risk factors in the bank's operating environment, including the strength and prospective performance of the economy, as well as the structure and relative fragility of the financial system, and the quality of banking regulation and supervision.

Global Local Currency Deposit Rating

A deposit rating, as an opinion of relative credit risk, incorporates the Bank Financial Strength Rating as well as Moody's opinion of any external support. Specifically, Moody's Bank Deposit Ratings are opinions of a bank's ability to repay punctually its deposit obligations. As such, Moody's Bank Deposit Ratings are intended to incorporate those aspects of credit risk relevant to the prospective payment performance of rated banks with respect to deposit obligations, and includes: intrinsic financial strength, sovereign transfer risk (in the case of foreign currency deposit ratings), and both implicit and explicit external support elements. Moody's Bank Deposit Ratings do not take into account the benefit of deposit insurance schemes which make payments to depositors, but they do recognize the potential support from schemes that may provide assistance to banks directly.

According to Moody's joint default analysis (JDA) methodology, the global local currency deposit rating of a bank is determined by the incorporation of external elements of support into the bank's Baseline Risk Assessment. In calculating the GLC rating for a bank, the JDA methodology also factors in the rating of the support provider, in the form of the local currency deposit ceiling for a country, Moody's assessment of the probability of government support for the bank in case a stress situation occurs and the degree of dependence between the issuer rating and the LCDC.

National scale ratings

National scale ratings are intended primarily for use by domestic investors and are not comparable to Moody's globally applicable ratings; rather they address relative credit risk within a given country. An Aaa rating on Moody's National Scale indicates an issuer or issue with the strongest creditworthiness and the lowest likelihood of credit loss relative to other domestic issuers. National Scale Ratings, therefore, rank domestic issuers relative to each other and not relative to absolute default risks. National ratings isolate systemic risks; they do not address loss expectation associated with systemic events that could affect all issuers, even those that receive the highest ratings on the National Scale.

Foreign Currency Deposit Rating

Moody's ratings on foreign currency bank obligations derive from the bank's local currency rating for the same class of obligation. The implementation of JDA for banks can lead to a high local currency ratings for certain banks, which could also produce high foreign currency ratings. Nevertheless, it should be reminded that foreign currency deposit ratings are in all cases constrained by the country ceiling for foreign currency bank deposits. This may result in the assignment of a different, and typically lower, rating for the foreign currency deposits relative to the bank's rating for local currency obligations.

Foreign Currency Debt Rating

Foreign currency debt ratings are derived from the bank's local currency debt rating. In a similar way to foreign currency deposit ratings, foreign currency debt obligations may also be constrained by the country ceiling for foreign currency bonds and notes, however, in some cases the ratings on foreign currency debt obligations may be allowed to pierce the foreign currency ceiling. A particular mix of rating factors are taken into consideration in order to assess whether a foreign currency bond rating pierces the country ceiling. They include the issuer's global local currency rating, the foreign currency government bond rating, the country ceiling for bonds and the debt's eligibility to pierce that ceiling.

Rating Factors

Barclays Bank PLC

Rating Factors [1]	**A**	**B**	**C**	**D**	**E**	**Total Score**	**Trend**
Qualitative Factors (50%)						**B**	
Factor 1: Franchise Value (20%)						**B+**	**Neutral**
Market Share and Sustainability	x						
Geographical Diversification	x						

Earnings Stability			x				
Earnings Diversification [2]							
Factor 2: Risk Positioning (20%)						C+	Neutral
Corporate Governance [2]							
- Ownership and Organizational Complexity							
- Key Man Risk							
- Insider and Related-Party Risks				--	--		
Controls and Risk Management	x						
- Risk Management	x						
- Controls	x						
Financial Reporting Transparency	x						
- Global Comparability	x						
- Frequency and Timeliness		x					
- Quality of Financial Information	x						
Credit Risk Concentration	--	--	--	--	--		
- Borrower Concentration	--	--	--	--	--		
- Industry Concentration	--	--	--	--	--		
Liquidity Management	x						
Market Risk Appetite	x						
Factor 3: Regulatory Environment (5%)	--	--	--	--	--	--	--
Factor 4: Operating Environment (5%)						A-	Neutral
Economic Stability	x						
Integrity and Corruption		x					
Legal System	x						
Financial Factors (50%)						C+	
Factor 5: Profitability (7.9%)						C+	Improving
PPP % Avg RWA		2.84%					
Net Income % Avg RWA			1.67%				
Factor 6: Liquidity (7.9%)						A-	Neutral
(Mkt funds-Liquid Assets) % Total Assets		-1.56%					
Liquidity Management	x						
Factor 7: Capital Adequacy (7.9%)						C	Neutral
Tier 1 ratio (%)			7.40%				
Tangible Common Equity % RWA	--	--	--	--	--		
Factor 8: Efficiency (3.5%)						C	Improving
Cost/income ratio			60.57%				
Factor 9: Asset Quality (7.9%)						C+	Weakening
Problem Loans % Gross Loans		1.75%					
Problem Loans % (Equity + LLR)			23.04%				
Lowest Combined Score (15%)						C	
Economic Insolvency Override						Neutral	
Total Scorecard Implied BFSR						B-	
Assigned BFSR						B+	

[1] - Where dashes are shown for a particular factor (or sub-factor), the score is based on non public information
[2] - A blank score under Earnings diversification or Corporate Governance indicates the risk is neutral

Message

From: Vonta, Sophia [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=VONTASO]
Sent: 11/27/2007 3:33:57 PM
To: Lee, Xenia [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=LEEXE]; Abrahams, Gary [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=ABRAHAG]; Meo, Monica [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=MEOMO]; Yanagi, Ron+ [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=YANAGRO]; Wade, Shameika [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=WADESH]; Corcoran, John [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=CORCORJO]; Vasan, Vinod+ [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=VASANVI]; Goggins, Glenn [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=GOGGINGL]; Templeton, Andrew [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=TEMPLEAN]; Altschuler, Michael [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=ALTSCHMI]; Marriott, James [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=MARRIOJA]; Yanagi, Ron+ [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=YANAGRO]; Soanes, David-IBD+ [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=SOANESD]; Cryan, John-IBD+ [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=CRYANJM]; Mezquida, Ivan [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=MEZQUIIV]; Volpi, Paolo [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=VOLPIPA]; Laughton, Simon [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=LAUGHTSI]; Corcoran, John [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=CORCORJO]; Anderson, Jim H. [/O=UBS/OU=UBS-WMUS/CN=RECIPIENTS/CN=JE00535]; Luby, Pat [/O=UBS/OU=UBS-WMUS/CN=RECIPIENTS/CN=PE04303]
CC: DL-DCMG-NBC-US-IG-Retail [/O=UBS/OU=UBSAM-EX1/CN=RECIPIENTS/CN=DL-DCMG-NBC-US-IG-RETAIL]
Subject: RE: Barclays DCM NBC meeting, TODAY 27 Nov 07 @ 14.30 (Ldn) / 09.30 (NY)
Attachments: Barclays_Trading_Update_Q307_Anouncement.pdf; Barclays_Capital_trading_update_151107.pdf

Coming back to the group on my 2 follow-up items:

1. **Disclosure on Tier 1 capital target**. See pg 2 of attached Q3 trading statement (27-Nov): "We expect the year end Tier 1 ratio to be in line with our target of 7.25%."

2. **Disclosure on liquidity of conduits**. See pg 3 of attached BarCap trading update (15-Nov): "Barclays liquidity position remains very strong both for its own paper and paper issued by its sponsored conduits."... "Barclays exposure to its own conduits through undrawn backstop liquidity facilities was £19.0bn as at 31st October 2007 (30th June 2007: £21.7bn). The Barclays-sponsored vehicles are long established and are fully funded through CP issuance. All are fully consolidated on the Barclays balance sheet on an available-for-sale basis at fair value."

If anyone feels we need further clarification on either of these points for the purpose of this transaction, please let me know.

Thanks
Sophia

Barclays_Tradin... Barclays_Capital...

From: Lee, Xenia
Sent: 27 November 2007 14:10
To: Vonta, Sophia; Abrahams, Gary; Meo, Monica; Yanagi, Ron+; Wade, Shameika; Corcoran, John; Vasan, Vinod+; Goggins, Glenn; Templeton, Andrew; Altschuler, Michael; Marriott, James; Yanagi, Ron+; Soanes, David-IBD+; Cryan, John-IBD+; Mezquida, Ivan; Volpi, Paolo; Laughton, Simon; Corcoran, John; Anderson, Jim H.; Luby, Pat
Cc: DL-DCMG-NBC-US-IG-Retail
Subject: Barclays DCM NBC meeting, TODAY 27 Nov 07 @ 14.30 (Ldn) / 09.30 (NY)

Please attend a DCM NBC meeting for Barclays, TODAY 27 Nov 07 @ 14.30 (Ldn) / 09.30 (NY)

Call Details
Dial in 1931 80055 / +44 20 7568 0055

PIN 328 939

Please review attached NBC form and research.

<< File: DCMNBC-Barclays Bank PLC, UK-27-Nov-2007.html >>
<< File: Barclays Fitch Full.pdf >> << File: Barclays Fitch update.pdf >> << File: Barclays S&P.pdf >> << File: Barclays Moodys Credit Opinion.pdf >>

BARCLAYS

27th November 2007

BARCLAYS PLC

TRADING UPDATE

"The diversification of our profits in recent years, together with the investments we have made in businesses both inside and outside the UK, is serving us well in 2007. Our performance in the nine months to the end of September was supported by good underlying growth in Global Retail and Commercial Banking, and by resilience in Investment Banking and Investment Management in the face of turbulent market conditions in the second half."

John Varley, Group Chief Executive

Business Commentary

Global Retail and Commercial Banking

In **UK Retail Banking** we have delivered good growth in profit before tax after excluding the impact of settlements on overdraft fees from prior years, reflecting good growth in mortgages and customer deposits. Impairment performance in unsecured credit continued to improve and charges remained negligible in mortgages. **Barclays Commercial Bank** (formerly UK Business Banking) also saw good growth in profit before tax. This was driven by good growth in income, with expenses growing broadly in line with income and impairment rising at a slower rate than in the first half. **UK Banking** remains on course to achieve its targeted full year cost:income ratio improvement of two percentage points, excluding the impact of settlements on overdraft fees.

Profit before tax at **Barclaycard** grew strongly, excluding the loss on the Monument credit card disposal in 2007 and property gains in 2006. Income and expense trends were broadly in line with the first half of 2007 and impairment charges continued to improve. Barclaycard US performed well and is on track to be profitable in 2007.

Income growth in **International Retail and Commercial Banking – excluding Absa** was very strong. We continued to invest in the expansion of the distribution network and in infrastructure. Good profit growth in Western Europe and Emerging Markets was offset by the impact of the disposal of FirstCaribbean International Bank and property gains in 2006, and further investment in infrastructure. **International Retail and Commercial Banking - Absa** reported strong growth in profit before tax in Rand terms, driven by very strong growth in loans and good deposit growth. There was a decline in profit before tax in Sterling due to Rand depreciation.

Investment Banking and Investment Management

We provided a trading update in respect of the performance of **Barclays Capital** for the ten months ended 31st October 2007 on 15th November 2007.

At **Barclays Global Investors** strong growth in income and profit before tax in US Dollars translated into good growth in profit before tax in Sterling terms. We continued to invest in people and infrastructure.

Excellent profit growth at **Barclays Wealth** was driven by higher transactional income and strong inflows of client deposits and invested assets. We continued to invest in client facing staff and related infrastructure to support future growth.

Capital

We continue to buy back shares to neutralise the dilutive effect of share issuance in August 2007. As at close of business 26th November 2007, we had purchased for cancellation 280m shares at an average price of 603p per share. We expect the year end Tier 1 ratio to be in line with our target of 7.25%. Barclays liquidity remains strong and we continue to see good inflows of deposits.

2007 outlook

Barclays expects 2007 earnings per share to be broadly in line with the current market consensus.

- ENDS –

Notes

1. Key trends in the income statement set out above, unless stated otherwise, relate to the nine months to 30th September 2007, and are compared to the corresponding nine months of 2006. Balance sheet references relate to 30th September 2007 and are compared to the balance sheet as at 31st December 2006.
2. Trends in income are expressed after the deduction of 'net claims and benefits on insurance contracts'.
3. UK Business Banking has been renamed Barclays Commercial Bank.
4. As at close of business 26th November 2007, the market consensus derived by Barclays Investor Relations for 2007 PBT was £7,099m and for 2007 earnings per share was 68.8p.

Trading Update conference call and webcast details

The Group Finance Director's briefing will be available as a live conference call at 09.00 (GMT) on Tuesday, 27th November 2007. The telephone number for UK callers is 0845 301 4070 (+44 (0) 20 8322 2723 for all other locations), with the access code 'Barclays Results'. The briefing will also be available as a live audio webcast on the Investor Relations website at: www.investorrelations.barclays.com and a recording will be posted on the website later.

Timetable

2007 Preliminary Results Announcement	Tuesday, 19th February 2008
Ex Dividend Date	Wednesday, 5th March 2008
Dividend Record Date	Friday, 7th March 2008
2008 Annual General Meeting	Thursday, 24th April 2008
Dividend Payment Date	Friday 25th April 2008

All dates are provisional and subject to change.

For further information please contact

Investor Relations
Mark Merson/John McIvor
+44 (0) 20 7116 5752/2929

Media Relations
Alistair Smith/Robin Tozer
+44 (0) 20 7116 6132/6586

Forward Looking Statements

This document contains certain forward-looking statements within the meaning of Section 21E of the US Securities Exchange Act of 1934, as amended, and Section 27A of the US Securities Act of 1933, as amended, with respect to certain of the Group's plans and its current goals and expectations relating to its future financial condition and performance. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as 'aim', 'anticipate', 'target', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe', or other words of similar meaning. Examples of forward-looking statements include, among others, statements regarding the Group's future financial position, income growth, impairment charges, business strategy, projected levels of growth in the banking and financial markets, projected costs, estimates of capital expenditures, and plans and objectives for future operations. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, including, but not limited to, UK domestic and global economic and business conditions, the effects of continued volatility in credit markets, market related risks such as changes in interest rates and exchange rates, the policies and actions of governmental and regulatory authorities, changes in legislation, the further development of standards and interpretations under International Financial Reporting Standards (IFRS) applicable to past, current and future periods, evolving practices with regard to the interpretation and application of standards under IFRS, progress in the integration of Absa into the Group's business and the achievement of synergy targets related to Absa, the outcome of pending and future litigation, the success of future acquisitions and other strategic transactions and the impact of competition – a number of which factors are beyond the Group's control. As a result, the Group's actual future results may differ materially from the plans, goals, and expectations set forth in the Group's forward-looking statements.

Any forward-looking statements made by or on behalf of Barclays speak only as of the date they are made. Barclays does not undertake to update forward-looking statements to reflect any changes in Barclays expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based. The reader should, however, consult any additional disclosures that Barclays has made or may make in documents it has filed or may file with the SEC.

BARCLAYS

15th November 2007

BARCLAYS PLC

OCTOBER YEAR TO DATE TRADING PERFORMANCE AT BARCLAYS CAPITAL AHEAD OF RECORD PRIOR YEAR PERIOD

"This announcement briefs stakeholders on the performance of Barclays Capital during the first ten months of the year. It continues a pattern of performance commentary that we have given during the last three months. Today's extensive disclosure demonstrates the strength and resilience of our performance during the year and in particular during the turbulent month of October."

John Varley, Group Chief Executive

Barclays today issues the following update on its capital markets trading performance and exposures:

- Net income and profit before tax for the ten months to 31st October 2007 ahead of record prior year period
- Strength and diversity of income generation enabling absorption of write downs
- Significant reduction in exposures through proactive risk management

"The diversity of our business, our strong risk management and our focus on execution and clients has allowed Barclays Capital to deliver year to date performance in 2007 ahead of last year's record October year to date profits."

Robert E Diamond Jr, President

Barclays Capital – October 2007 year to date

Barclays Capital's net income and profit before tax for the ten months ended 31st October 2007 exceeded the record net income and profits of the equivalent prior year period. Profit before tax of £1.9bn for the period was after booking credit, mortgage and leveraged finance related charges and write downs of £0.5bn net of hedging in the third quarter (reflected in our previous statements to the market); and an additional £0.8bn net charges and write downs in October. The charges and write downs are stated net of a gain of £0.2bn in each of the third quarter and October arising from the fair valuation of notes issued by Barclays Capital. The October charges and write downs reflected the impact of rating agency downgrades on a broad range of CDOs and the subsequent market downturn.

The overall performance reflected the benefit of proactive risk management throughout 2007 and Barclays Capital's diverse revenue base, with strong growth across commodity, equity, currency and interest rate products; and excellent contributions from continental Europe and Asia and good results in the UK markets.

Sub Prime ABS Positions

Barclays Capital's involvement in the US sub-prime sector comprises liquidity facilities to CDOs and other structures, now held as ABS CDO Super Senior exposure; and other exposures consisting of warehouse lines provided to third-party originators, whole loan purchases, and ABS and CDO trading positions.

ABS CDO Super Senior Exposure

Liquidity facilities to CDOs and other structures primarily held on our banking book were principally in support of CDO high grade and mezzanine structures originated by Barclays Capital. The liquidity facilities have now been drawn and Barclays Capital consequently holds ABS CDO super senior exposure. The CDO structures were originated between 2005 and the first half of 2007, with the older structures benefiting from better performing collateral. Over half of the collateral underlying these structures was 2005 or earlier vintages and more than three quarters was originated prior to the second half of 2006.

Prior to October, we used cash flow analysis to estimate impairment for the originated high grade and mezzanine ABS CDO positions in the banking book. To do this, we considered observable data for relevant benchmark instruments, implied cumulative losses in mortgage pools and the likelihood of events of default in underlying ABS CDO collateral. For the trading book, we assessed fair value with reference to observable market benchmarks, including the ABX indices.

In October, further to the rating agency downgrades and subsequent market downturns, we valued the following collateral underlying our ABS CDO super senior exposures as follows:

- all RMBS backed CDO collateral written down to zero, only retaining valuation in expected interest payments where appropriate
- all second lien collateral written down to zero.

In October, we also assessed additional impairment on mezzanine transactions in the banking book using projected cash flows, as calculated for the trading book and the potential for these structures to hit default triggers by the end of 2008.

Write downs, charges, hedges and subordination provide protection against loss levels of 65% of sub prime collateral across both high grade and mezzanine transactions.

At 31st October 2007, Barclays Capital's high grade exposure net of hedges and subordination was £3.8bn (30th June 2007: £5.8bn) after charges and write downs net of hedges in the third quarter of £0.3bn and a further £0.4bn in October 2007. At 31st October 2007, Barclays Capital's mezzanine exposure net of hedges and subordination was £1.2bn (30th June 2007: £1.6bn) after charges and write downs net of hedges in the third quarter of £0.1bn and a further £0.3bn in October 2007.

Other US Sub Prime Exposure

Barclays Capital provided secured financing lines to third-party mortgage originators in advance of securitisations, and also purchased pools of mortgages ("whole loans") for Barclays Capital's own account in anticipation of its own securitisations. At the end of March 2007, we acquired EquiFirst, a mortgage originator, who, from that point, originated the large majority of the whole loans we have acquired. Excluding the whole loans we originated through EquiFirst, at the beginning of January 2007 our warehouse and whole loan positions totalled £4.3bn and we had reduced these positions to £0.8bn by 30th June 2007 and £0.4bn at 31st October 2007.

Since acquiring EquiFirst, we have progressively tightened underwriting criteria, and our EquiFirst mortgage origination has been at an average LTV of 82%, with only 4% of origination above a 95% LTV. In addition, 99% of the exposure was first lien. Whole loan inventory is held in a trading book at fair value determined with reference to current market parameters for the underlying mortgage pools.

ABS and CDO positions held on the trading book were acquired for market-making, ABS and CDO structuring purposes. These positions, which include ABS bonds, CDOs and sub prime residuals, are valued by reference to observable transactions including the level of the ABX indices and on a pool-by-pool basis, implied cumulative loss projections. RMBS backed CDOs have been valued consistently to the ABS CDO super senior exposure as noted above.

Whole loan and trading book valuations gave rise to a £0.2bn write down net of hedges in the third quarter and a further £0.2bn write down net of hedges in the month of October. At 31st October 2007, Barclays Capital's whole loan and trading book net exposure was £5.4bn (30th June 2007: £6.0bn).

SIVs and SIV-lites

Our trading book inventory at 31st October 2007 included £0.2bn of assets from the drawdown of SIV-lite liquidity facilities (30th June 2007: £0.7bn). Our exposure to SIVs was £0.7bn comprising derivative exposures, undrawn CP backstop facilities and bonds held in our trading book (30th June 2007: £0.9bn). We have no further undrawn backup liquidity facilities for SIVs or SIV-lites. Cumulative write downs on SIVs and SIV-lites to 31st October 2007 were £70m.

Leveraged Finance and Own Credit

October year to date income was also impacted by reduced demand for leveraged finance. At 31st October 2007, Barclays Capital had £7.3bn in exposure from unsold underwriting positions down from a peak exposure of £9.0bn during September (30th June 2007: £7.3bn), and less than £20m exposure to equity bridges (30th June 2007: £82m). We have performed a detailed analysis of the unsold underwriting positions in the portfolio with reference to both credit quality and observable market transactions. As a result of this exercise, we have written down the carrying value of the exposures by £190m, which after fees of £130m produced a provision of £60m.

The general widening of credit spreads that contributed to the leveraged finance write-downs also reduced the carrying value of the £55bn traded debt held on Barclays Capital's balance sheet. We have therefore recognised gains of £0.2bn in each of the third quarter and October 2007.

Other capital markets business

Barclays other business with significant capital markets presence is Barclays Global Investors, which has continued to perform well in the third quarter and in October.

Liquidity and Funding

Barclays liquidity position remains very strong both for its own paper and paper issued by its sponsored conduits. We have benefited from significant inflows of deposits, increased credit lines from counterparties, increased client flows across many businesses and continued full funding of our conduits.

Barclays exposure to its own conduits through undrawn backstop liquidity facilities was £19.0bn as at 31st October 2007 (30th June 2007: £21.7bn). The Barclays-sponsored vehicles are long established and are fully funded through CP issuance. All are fully consolidated on the Barclays balance sheet on an available-for-sale basis at fair value.

Barclays will provide its normal scheduled trading update on 27th November 2007.

Summary of Barclays Capital net charges and write downs

£bn	Net charges and write downs		Comments
	Q3 2007	Oct 2007	
ABS CDO Super Senior			
High Grade	(0.3)	(0.4)	- All RMBS CDO principal valued at zero - All second lien collateral valued at zero - Sub Prime collateral marked down 50%
Mezzanine	(0.1)	(0.3)	- As above - Used fair value with impairment horizon to 2008
Other US Subprime			
Whole loans and trading book positions	(0.2)	(0.2)	- Trading book assessed at fair value based on current market parameters
SIVs/SIV-lites	(0.1)	0.0	- Minimal sub prime exposure in SIVs - No undrawn SIV-lite facilities
Leveraged Finance / Own Credit	0.2	0.1	
Net Charges and Write Downs in the period	(0.5)	(0.8)	

Barclays Capital Trading Update conference call and webcast details

The briefing will be available as a live conference call at 08.30 (GMT) on Thursday, 15th November 2007. The telephone number for UK callers is 0845 301 4070 (+44 (0) 20 8322 2723 for all other locations), with the access code 'Barclays Update'. The briefing will also be available as a live audio webcast on the Investor Relations website at: www.investorrelations.barclays.com and a recording will be posted on the website later.

For further information please contact

Barclays:
Investor Relations

Mark Merson	John McIvor
+44 (0) 20 7116 5752	+44 (0) 20 7116 2929

Media Relations

Alistair Smith	Robin Tozer
+44 (0) 20 7116 6132	+44 (0) 20 7116 6586

Barclays Capital:

Siobhan Loftus	Simon Eaton
+44 (0) 20 7773 7371	+44 (0) 20 313 42111

Forward Looking Statements

This document contains certain forward-looking statements within the meaning of Section 21E of the US Securities Exchange Act of 1934, as amended, and Section 27A of the US Securities Act of 1933, as amended, with respect to certain of the Group's plans and its current goals and expectations relating to its future financial condition and performance. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as 'aim', 'anticipate', 'target', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe', or other words of similar meaning. Examples of forward-looking statements include, among others, statements regarding the Group's future financial position, income growth, impairment charges, business strategy, projected levels of growth in the banking and financial markets, projected costs, estimates of capital expenditures, and plans and objectives for future operations. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, including, but not limited to, the further development of standards and interpretations under International Financial Reporting Standards (IFRS) applicable to past, current and future periods, evolving practices with regard to the interpretation and application of standards under IFRS, as well as UK domestic and global economic and business conditions, market related risks such as changes in interest rates and exchange rates, the policies and actions of governmental and regulatory authorities, changes in legislation, progress in the integration of Absa into the Group's business and the achievement of synergy targets related to Absa, the outcome of pending and future litigation, the success of future acquisitions and other strategic transactions and the impact of competition – a number of which factors are beyond the Group's control. As a result, the Group's actual future results may differ materially from the plans, goals, and expectations set forth in the Group's forward-looking statements.

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Message

From:	Vonta, Sophia [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=VONTASO]
Sent:	4/7/2008 11:21:50 AM
To:	Norton, Jason [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=NORTONJA]
CC:	Yanagi, Ron+ [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=YANAGRO]; Lee, Xenia [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=LEEXE]; Templeton, Andrew [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=TEMPLEAN]
Subject:	FW: Barclays DCM NBC meeting, TODAY Mon 7 Apr 08 @ 09.15 (NY) / 14.15 (Ldn)
Attachments:	DCMNBC-Barclays Bank PLC, UK-04-Apr-2008.pdf; Barclays - Business Due Diligence Mar 2008.pdf; barclays-fitch3.pdf; barclays-s&p3.pdf; barclays-moodys2.pdf

Jason - since you have looked at documentation for this transaction can you please attend the NBC call? Apologies for short notice, I thought you were on below distribution list.

Regards
SOphia

From: Lee, Xenia
Sent: 07 April 2008 11:55
To: Lee, Xenia; Vonta, Sophia; Abrahams, Gary; Wade, Shameika; Meo, Monica; Templeton, Andrew; Goggins, Glenn; Yanagi, Ron+; Vasan, Vinod+; Corcoran, John; Templeton, Andrew; Marriott, James; Porritt, Patrick-IBD+; Soanes, David-IBD+; Cryan, John-IBD+; Goggins, Glenn; Volpi, Paolo; Laughton, Simon
Cc: DL-DCMG-NBC-US-IG-Retail
Subject: RE: Barclays DCM NBC meeting, TODAY Mon 7 Apr 08 @ 09.15 (NY) / 14.15 (Ldn)

UPDATED TIME

Mon 7 Apr 08 @ 09.15 (NY) / 14.15 (Ldn)

From: Lee, Xenia
Sent: 04 April 2008 17:26
To: Vonta, Sophia; Abrahams, Gary; Wade, Shameika; Meo, Monica; Templeton, Andrew; Goggins, Glenn; Yanagi, Ron+; Vasan, Vinod+; Corcoran, John; Templeton, Andrew; Marriott, James; Porritt, Patrick-IBD+; Soanes, David-IBD+; Cryan, John-IBD+; Goggins, Glenn; Volpi, Paolo; Laughton, Simon
Cc: DL-DCMG-NBC-US-IG-Retail
Subject: Barclays DCM NBC meeting, Mon 7 Apr 08 @ 10.00 (NY) / 15.00 (Ldn)

Please attend a DCM NBC meeting for Barclays, Mon 7 Apr 08 @ 10.00 (NY) / 15.00 (Ldn)

Please review attached NBC form, diligence questions and ratings reports

DCMNBC-Barclays Bank PLC, UK-0... Barclays - Business Due Dil... barclays-fitch3.pdf barclays-s&p3.pdf barclays-moodys...

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China South (Telecom)	108001201779
France toll free	0800941749 / toll +33 174 180 107
Germany toll free	08003304414 / toll +49 897 1040 4601

Greece toll free	0080016122055987
Hong Kong toll free	800 967 987 / toll +852 3050 8672
India toll free	000174
Indonesia toll free	0018030152030075
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UBS Debt Capital Markets

New Business Committee (DCMNBC) Request

Issuer Name: Barclays Bank PLC, UK **Region:** EMEA **Opportunity Name:** BARCUSDT1

NBC approval is always subject to positive conflict clearance and completion of KYC vetting process

NBC Details

Reason for NBC	Answer	Comments
New Client— is this a new, or stale DCMG Client (for whom DCMG has not been, or approved as, lead manager in the last 24 months)?	No	We were a joint bookrunner on their last USD Retail Tier 1 in Sept 07 and we have also been a co-lead on their £1bn UT2 transaction in Feb-08.
Rating of issue is expected to be Baa2 or BBB or lower from any agency (or BBB+ from any Japanese domestic agency)?	No	The ratng on the last USD Retail deal was Aa3(Moody's)/A +(S&P)/AA(Fitch)
Documentation (e.g., comfort letter, disclosure, legal opinions, underwriting agreement, etc.) is likely to be deficient or otherwise not in accordance with UBS standards?	No	UBS Standard
Diligence raised or may raise concerns from a Deal Team member (including IBD, CRC, Legal, or advisers)?	No	We held the Due Diligence call on 03-Apr-08. Paolo Vopli (Credit), Patrick Porritt (IBD) and Stephanie Johnston (Legal). Questions are attached.
Reputation risk to UBS is possible? E.g. as to product, structure, issuer (including stakeholders), jurisdiction or target end-investors. Be aware of environmental, political and human rights concerns related to an issuer.	No	-
Emerging Markets—the issuer or underlying credit is not from a Qualified OECD jurisdiction (any OECD country with a foreign currency long-term debt rating of at least Aa3/AA- from two of Moody's, S&P and Fitch)?	No	-
Subordinated debt, preference shares, hybrid or a capital issue?	Yes	Subordinated - Tier 1 (Retail)
Bridge loan or other balance sheet exposure is likely to be required from UBS to get the mandate?	No	-
"Legal or Moral Commitment" by UBS (i.e. highly confident letter, commitment letter or firm underwriting)?	No	-
ABS transaction — other than a transaction where the structure and issuer is a repeat lead role for UBS within a 12 month period?	No	-
Liability Management (e.g. a tender or exchange offer or consent solicitation) other than routine open-market purchases?	No	-
Unusual tax, accounting, legal, regulatory or operational (listing, settlement or trading) features?	No	-

Deal Team

Deal Team Members		Deal Team & Others	
Project Director	Sophia Vonta	**DCM**	Ron Yanagi, Sophia Vonta, Andrew Templeton, Gary Abrahams, James Marriott
Project Sponsor	Gary Abrahams	**IBD**	Patrick Porritt, David Soanes, John Cryan
DCM Deal Leader		**Legal**	Monica Meo, Glenn Goggins
Deal Team	Gary Abrahams, Shameika Wade, Monica Meo, Andrew Templeton, Glenn Goggins, Ron Yanagi, Sophia Vonta, Vinod Vasan, John Corcoran	**CRC**	Paolo Volpi
DCMG Risk Advisory Lead	Vinod Vasan	**Compliance**	Simon Laughton

Deal Team

Deal Team Members		Deal Team & Others	
DCMG Hybrids Lead	Vinod Vasan	**Ratings Advisory**	
Additional Insiders		**Syndicate**	John Corcoran, Shameika Wade
Non-UBS Insiders		**MRC**	

Client Information

Client Name	Barclays Bank PLC, UK	**Primary Coverage Banker**	John Cryan
Parent Company	Barclays Bank PLC (P), UK	**DCMG Primary Coverage**	Gary Abrahams
DCMG Priority	Gold B 1	**DCMG Sector**	FIG
UBS / Issuer Relationship		**Participation in Related Credit Facilities**	

Ratings Information

Corporate Ratings of Issuer	**S&P:**	AA-	**Moody's:**	Aa2	**Fitch:**	AA+
	Outlook:	Negative	**Outlook:**	Stable	**Outlook:**	Negative
Expected Ratings of Transaction	**S&P:**		**Moody's:**		**Fitch:**	
	Other Ratings					
Covered by CRC?	Yes	**Internal CRC Rating**	C2	**Last CRC Review**		Jul 31, 2007

Transaction Information

Transaction Details

Detailed Transaction Description	USD300m PNC5 Tier 1 (Retail) offering		
Deal Size	300.00(USD Million)	**Subordination Status**	Tier 1
Maturity	PNC5	**Use of Proceeds**	General Use of proceeds
Transaction Type	Stand Alone	**Last Programme/Shelf Update**	
Registration Type	Sec Registered	**EU PD (Compliant/passported)**	
UBS Risk	Fully Bookbuilt	**Sales Restrictions**	
Target Distribution	Retail only	**Listing**	NYSE
Geographic Distribution	USA	**Minimum Denomination**	
UBS Role	Joint Bookrunner	**Bookrunners / Leads**	Barclays Capital, Citigroup, Merrill Lynch, UBS and Wachovia
Expected Fees	0.0(USD Million)	**DCMG net revenues**	3.15% in fees on the amount we place

Transaction Timing (approx)

Announcement Date	Apr 07, 2008		
Roadshow Start		**Roadshow End**	
Pricing Date	Apr 09, 2008	**Expected Settlement**	

Tranche Detail

	Size	Maturity	Coupon
Tranche 1	300(USD Million)		

Lawyers/Auditors

	Issuer	Underwriters (if applicable)
Lawyers	Clifford Chance	Linklaters
Auditors	PwC	
Have they been the auditors for the past three years?	Yes	

Financial Information and Risks

Issuer Financials

Period covered by Last Audited Accounts/10-K	Feb 18, 2008	**Period covered by Last Interim Audited Accounts/10-Q**	Aug 01, 2007
Period covered by Next Audited Accounts/10-K	Feb 16, 2009	**Period covered by Next Interim Audited Accounts/10-Q**	Jul 31, 2008
Anticipated Audited Results Announcement		**Anticipated Interim Results Announcement**	
Accounting Standard	IFRS		

Risks and Mitigants

Reputational / suitability risks and mitigants	No
Credit risks and mitigants	No
Environmental risks and mitigants	No
Operational risks and mitigants (listing, settlement and trading)	No
Other risks and mitigants	No

Disclosure/Transaction Documentation

Disclosure	Issues Identified
Comfort Letter	UBS Standard
Legal Opinions	UBS Standard
Underwriting Subscription Agreements	UBS Standard
Other	

Performed or Planned Due Diligence

Has or will transaction-specific due diligence been / be performed by the deal team?	Yes

Date	Description	UBS Attendees			
Apr 03, 2008	Conference Call	**DCM**	Andrew Templeton, Sophia Vonta	**Legal**	Stephanie Johnston
		IBD	Patrick Porritt	**Other**	
		CRC	Paolo Volpi	**External**	

Describe material documents reviewed / to be reviewed	
Will bring down due diligence occur for this transaction?	
Describe outstanding key due diligence issues	None
Due Diligence Documentation	Barclays - Business Due Diligence Mar 2008.pdf

Additional Documentation and Information

Additional NBC Documentation	
Company Description	Barclays PLC offers commercial and investment banking, insurance, financial, asset management and related services. The Company's subsidiary, Barclays Bank plc, operates over 2,000 branches in the United Kingdom and around 900 branches overseas. In all, Barclays Bank operates branches in over 60 countries.
Industry Overview	n/a
UBS Research (Equity & FI)	
Ratings Reports	barclays-fitch3.pdf, barclays-s&p3.pdf, barclays-moodys2.pdf
Glass Lewis Report	

Approval Status

Required Approvals	Status	Status Change Date	Outstanding Conditions
CC - EMEA	Pending Approval	04-Apr-2008 14:23	
KYC - EMEA	Not Started	04-Apr-2008 14:22	
DCMNBC - EMEA	Pending Approval	04-Apr-2008 15:27	

Confidential

BARCLAYS

BUSINESS DUE DILIGENCE

April 2008

Business Due Diligence

BUSINESS ENVIRONMENT AND STRATEGY

1. Please highlight the major areas for revenue growth and business expansion in Barclays' (the "**Bank's**") medium term strategy.

2. Please discuss the Bank's business plan for 2008. Are there any business areas that management is concentrating on, or expects will perform strongly.

3. Has Barclays any plans for significant changes in management, operating or legal structure of the Group in addition to those already disclosed?

4. Please discuss any significant acquisitions or dispositions the Bank has made in the preceding 12 months or is planning in the near future.

OPERATING RESULTS

5. Referring to the recently announced 2007 full year results please advise whether such results were below, in-line or above management's budget expectations. Were there any businesses/divisions that performed materially below or above management's planned projections for 2007?

6. Please comment briefly on the trading performance for the first two months of 2008. When compared to the same period in 2007, are such results above or below the comparative 2007 result. Please comment on any specific line items in the P&L and balance sheet that experienced material or substantial movements with specific reference to such movements in net profit, net interest income, total assets and total debt. Please comment on your outlook for 1H 2008 and full year 2008 results.

PROFITABILITY

7. Can Barclays comment on steps the Bank has taken to mitigate the effects of a serious economic downturn?

8. Please comment on the Bank's 2007 results by business segment with respect to:

- Earnings and profitability (ROAA, ROAE, NIM)
- Operating expenses and operating leverage
- Special charges if any
- Any trends of note observed within any business segment?

Are the results in line with internal targets/market expectations?

9. Is the Bank concerned about the sustainability of Barclays Capital's profitability, given the current interest rate outlook, European and US corporate de-leveraging environment or a higher reliance on dealing profits?

10. Please comment on the current valuation of the pension scheme, any shortfall and the impact of the scheme on future profitability.

ASSET VALUATION / ASSET MIX QUALITY

11. Please discuss the current state/quality of the consolidated fixed-income securities portfolio. How is the portfolio valued, marked-to-market and/or marked-to-model? Please provide the split between the two valuation methods. Please comment on the level of writedowns in 2007, and any expectation for further writedowns in 2008.

12. Does this portfolio capture the Bank's entire exposure to CDOs, CLOs, SIVs, conduits, ABS, sub-prime mortgage assets and other structured credit products? Would all of these be located on-balance sheet? If not, how much is located off-balance sheet. Are there any off-balance sheet vehicles (e.g., SIVs) that the Bank is contemplating moving on to the balance sheet?

13. In the near-term, does management anticipate the need to make any further writedowns for any of the other above products?

14. Please discuss the Group's exposure to leveraged loans and whether any further writedowns are expected.

15. Please discuss the Group's exposure to the fixed rate auction securities market, and impact, if any, that may be expected on the Group's financial statements.

16. Please discuss the Group's exposure to monolines, either direct or indirect.

17. Please discuss the breakdown of the loan book. Is this likely to change materially from FYE 2007?

18. Please discuss any concentrations in the loan book. What is the largest industry sector and how much does it account for in the total loan portfolio?

19. Please discuss the current credit quality of the loan portfolio. What is the current level of non-performing loans? Does management expect any deterioration in the loan portfolio during 2008?

20. Are there any loans that represent more than 10% of the Group's equity base? If so, how many? Are any of these loans non-performing or on a "watch list"?

RISK, CAPITAL, LIQUIDITY AND FUNDING

21. Please discuss the state of the Bank's risk management process and procedures. Did management make any significant changes to the way the Bank manages, calculates or reports risk in 2007. Are they considering making any changes in 2008?

22. Please discuss the Bank's current BIS ratios (Tier I and Total Capital).

23. Please provide an outline of the capital requirements of the Bank.

24. Please comment on Barclays' asset and liability management procedures and any significant mis-matching and management of such.

25. Please comment on recent changes, if any, in funding sources.

26. How is the overall balance sheet positioned for interest rate movements? What is your outlook for margins for 2008?

27. Please describe how you manage your overall currency exposure. How has/will the fall of the dollar impacted earnings?

28. Please comment on the Group's implementation of Basel II. What is the expected impact on capital and ratios for its implementation?

LEGAL, REGULATORY, ACCOUNTING AND RATING AGENCY ISSUES

29. Are there any material regulatory changes that the Group is experiencing difficulty implementing?

30. Are there any other actions (legal, regulatory, tax or accounting) or issues not yet discussed which could have a material impact on the Bank or Group's financial performance or condition?

31. Are you aware of any legislative or regulatory changes, planned or proposed and that are likely to be implemented, that could have a material effect on the Bank or the Group?

32. Is there any outstanding, pending or, to the knowledge of management, threatened material litigation or regulatory action involving Barclays or any of its subsidiaries or its directors or officers? If so, please provide details and the potential material impact, if any, on the Bank's financial position and ability to conduct its business. Has Barclays entered into any settlement agreement that could have a material impact on its financial condition or business?

33. Are there any outstanding material judgements, decrees or orders affecting the Group's operations?

34. Any issues we should discuss regarding Anti-Money Laundering, regulatory sanctions compliance or the Foreign Corrupt Practices Act?

35. Please provide an update regarding recent discussions with, and any reports issued by, the rating agencies with respect to Barclays.

GENERAL

36. Please discuss any other risks or concerns to which Barclays is, or may be, exposed in the future that have not otherwise been addressed in the above questions.

37. Please discuss whether Barclays has begun the process of complying with SFAS 157, in particular whether Barclays have identified the split between level 1, level 2 and level 3.

38. Please discuss your risk management experience in the past six months in Barclays Capital.

39. What improvements would you make, if any?

40. Is the Company, any of its subsidiaries or, to the knowledge of the Company, any director, officer, agent, employee or Affiliate of the Company or any of its subsidiaries currently included on the U.S. Treasury Department's List of Specially Designated Nationals or otherwise subject to any U.S. sanctions administered by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC")?

41. Please confirm that the capital that may be raised will not directly or indirectly be lent, contributed or otherwise made available to any subsidiary, joint venture partner or other person or entity, for the purpose of financing the activities of any person, entity, or government currently subject to any U.S. sanctions administered by OFAC.

42. Is there anything material that the management would like to highlight that has not been covered on this call?

United Kingdom
Credit Analysis

Barclays Bank PLC

Ratings

Barclays Bank PLC
Foreign Currency

Long-Term IDR*	AA+
Short-Term IDR*	F1+
Outlook	Stable
Individual	A/B
Support	1
Support Rating Floor	A-

Barclays PLC
Foreign Currency

Long-Term IDR*	AA+
Short-Term IDR*	F1+
Outlook	Stable
Support	5
Support Rating Floor	NF

Sovereign Risk

Foreign Long-Term IDR*	AAA
Local Long-Term IDR*	AAA
Outlook	Stable

* IDR – Issuer Default Rating

Financial Data

Barclays PLC

	30 Jun 07	31 Dec 06
Total Assets (USDm)	2,322,190	1,956,786
Total Assets (GBPm)	1,158,262	996,787
Equity (GBPm)	28,721	27,620
Operating Profit (GBPm)	3,951	6,482
Published Net Income (GBPm)	2,943	5,195
Comprehensive Income (GBPm)	n.a.	4,508
Operating ROAA (%)	0.73	0.67
Operating ROAE (%)	26.05	24.94
Tier 1 Ratio (%)	7.7	7.7

Analysts

James Longsdon, London
+44 20 7417 4309
james.longsdon@fitchratings.com

Gordon Scott, London
+44 20 7417 4307
gordon.scott@fitchratings.com

Rating Rationale

- The ratings of Barclays Bank PLC, the sole subsidiary of Barclays PLC (Barclays), reflect its strong UK franchise, broad business mix, robust profitability, good liquidity and sophisticated risk management.
- In March 2007 Barclays announced a bid for ABN AMRO Holding NV (rated 'AA-'), which sparked a counter-offer by the consortium of The Royal Bank of Scotland Group plc ('AA+'), Banco Santander ('AA') and Fortis Bank ('AA-'). In October 2007, Barclays announced that the acceptance conditions relating to its offer would not be fulfilled and, therefore, its offer lapsed. Fitch does not consider the failure to acquire ABN AMRO as a problem for Barclays, which still has a strong franchise that it can continue to develop organically.
- Barclays' profitability has been strong for several years. The improving diversification of revenue and profits by business and by geography is a key strength and has enabled the bank to absorb growing impairment in its UK unsecured retail portfolios. Operating ROAE compares well with that of major European peers.
- Barclays has limited direct exposure to the US sub-prime market. However, credit market turmoil will affect some of the bank's business volumes in Barclays Capital. The increased diversification of Barclays Capital in recent years should help to mitigate this, although credit products still accounted for about a quarter of division revenue for H107.
- NPLs continued to be relatively low as a proportion of total lending in H107, reflecting an overall benign environment. UK unsecured lending has been the main source of new NPLs, mainly in Barclaycard. Lending criteria have been tightened, and new NPL flows are much reduced.
- Barclays is adequately capitalised. Among other tools, it uses a sophisticated economic capital model to measure capital adequacy.
- Market risk has historically been well controlled, with limits and exposures comfortable in relation to equity.
- Funding and liquidity are strengths; Barclays' retail operations give the bank a large and stable funding base.
- Barclays PLC's IDR reflects the very high investment-grade rating of Barclays Bank PLC and the fact that there is no intention for there to be any double leverage at Barclays PLC. Were double leverage to be introduced at Barclays PLC, Fitch would expect a more formal and suitably prudent liquidity policy to be introduced.

Support

- There is an extremely high probability that Barclays Bank PLC would be supported by the UK authorities if necessary.

Rating Outlook and Key Rating Drivers

- The Long-Term IDR of Barclays Bank PLC is very high and is unlikely to improve. The Stable Outlook reflects the bank's strong profitability and diversified earnings, which should enable the bank to absorb periodical cyclicality in individual business lines. Negative ratings pressure could arise from greater-than-expected earnings volatility or evidence of an increase in risk appetite, for example in Barclays Capital.

Profile

- Barclays is one of the world's largest banks. In the UK it offers a full range of financial services to retail, SME and corporate/wholesale customers. Internationally, it has mainly retail and commercial operations in Europe and Africa. Through Barclays Capital and Barclays Global Investors (BGI), Barclays services large corporates, financial institutions and governments around the world.

10 October 2007

Profile

- **Strong UK franchise**
- **Significant growth in business outside UK, driven by the strong growth in Barclays Capital and BGI**
- **China Development Bank and Temasek introduced as strategic shareholders**

The UK is Barclays' primary presence, but it also has mainly retail, wealth management and credit card operations in Europe and Africa, including Absa Group Limited (Absa; see the credit analysis on this company, published on 12 June 2007, and available at www.fitchratings.com), and provides a broad range of commercial and investment banking services to large multi-nationals through Barclays Capital. Barclays is arranged along six business lines.

UK Banking: The division comprises UK Retail Banking and UK Business Banking. The former provides current account, mortgage, savings and general insurance products to retail customers in the UK, banking services to small businesses, and banking, investment and advisory services to affluent customers (UK Premier). Woolwich was acquired in 2000 and significantly strengthened Barclays' position in the UK mortgage market (its market share of stock fell until H107 and is about 6%). UK Business Banking provides banking services to larger and medium-sized businesses in the UK. Woolwich UK high street branches have recently been rebranded as Barclays as part of an initiative to revitalise the UK retail bank and improve the performance of this division against peers.

Barclays Wealth provides private and offshore banking, stockbroking and asset management services, mainly in the UK and continental Europe. It also includes Barclays' closed life assurance activities. Barclays acts as a distributor of other manufacturers' life assurance products. It has GBP127bn of customer deposits and assets under management.

International Retail and Commercial Banking (IRCB) provides a range of retail and corporate banking services to customers in Spain (including through Barclays' Banco Zaragozano subsidiary), Portugal, France, Italy, Africa and the Middle East. The division includes Absa, in which Barclays acquired a 57% stake in H205. Absa owns Absa Bank Limited, one of South Africa's leading retail banks. Absa had consolidated assets of GBP33bn at end-June 2007, compared with GBP42bn for the rest of the division.

Barclays Capital contains the group's investment banking business and manages the group's largest corporate, institutional and government relationships, with more complex financing and risk management requirements. Operations are split between three areas: Global Markets, which incorporates interest rates, fixed-income, FX, commodities, inflation and equity-related activities; Credit Markets, including investment banking, debt capital markets, structuring and securitisation, loans, leasing and credit trading; and Private Equity. Barclays Capital has grown exceptionally in the last decade, with income increasing more than 4.5x during 1999-2006. This growth has come with an expanding product offering (eg ABS/MBS, structured equities, commodities and credit derivatives) and geographical reach (particularly in the US). Barclays Capital is not very active in cash equities or M&A.

Barclaycard is the largest credit card company in the UK and Europe, with more than 9.6 million customers in the UK at end-June 2007, a decline from previously stated figures due to the closure of inactive accounts. There are also 7.6 million cards in issue internationally. Since 2004 Barclaycard has also included Barclays' non-card consumer lending operations.

BGI is one of the world's largest institutional asset managers. Assets under management (AuM) increased to GBP1.0trn in H107, reflecting a combination of new funds and positive market movements. In US dollar terms, AuM have increased almost 2.5x since 2002. At end-June 2007, 59% of AuM were low-margin indexed assets, 23% were in actively managed assets and 18% were in iShares/exchange traded funds.

Strategy: In March 2007 Barclays announced a bid to acquire ABN AMRO, which would have added significant scale to Barclays' activities, and further diversified its income base within Europe and some emerging markets. The integration of such a large bank would have resulted in significant operational risk, however. Barclays' largely share-based bid sparked the largely cash-based counter-offer by the Royal Bank of Scotland-led consortium including Banco Santander and Fortis. In October 2007 Barclays announced that the acceptance conditions relating to its offer would not be fulfilled and the offer therefore lapsed.

In July 2007 Barclays announced the investment of up to GBP9.0bn by China Development Bank (rated 'A'/Positive), one of the three state-owned policy banks in China, and Temasek Holdings (Private) Limited (Temasek), the investment arm of the Singapore government. The immediate impact of this was to enable Barclays to introduce a significant cash component into its offer for ABN AMRO.

Although the bid ultimately failed, Fitch views the co-operation with China Development Bank positively from a business generation perspective. Barclays has not announced the expected benefits of increased co-operation, although the main one is likely to be the cross-referral of clients. China Development Bank will also use BGI as one of its preferred asset managers.

Performance

- **Performance in 2006 and H107 led by the rapid growth of Barclays Capital**
- **Slowdown in capital markets activity to have impact in H207, but limited direct losses on investments expected**
- **Increasingly diversified earnings**

Barclays performed well in H107 and 2006, increasing pre-tax earnings by 12% in H107 (compared with H106) and achieving operating ROAE of 28%, which compares well with that of its large European peers. In 2006, all business lines except Barclaycard performed well, with Barclays Capital again showing strong growth. The turbulence in the credit markets at the start of H207 will undoubtedly affect Barclays' profits, through some losses on its investment and liquidity portfolios and lower deal volume. BGI may also be affected by poorer performance fees, although a fair proportion of these are calculated on relative rather than absolute measures. However, exposure to US sub-prime debt, either through direct lending or holding US sub-prime-backed securities, is limited. Bob Diamond, Barclays' President and head of Barclays Capital, stated publicly that Barclays Capital traded profitably during both July and August 2007.

Reported earnings have become increasingly diversified by division and geography, and in 2006 the strategic aim of generating 50% of net income outside the UK was achieved (from 25% in 2004). This has been influenced by extremely strong performance by Barclays Capital in particular, and also BGI. Even removing what might be seen as extraordinary or volatile profit, Barclays as a whole has become more diversified.

UK Retail Banking: The senior management of this division has substantially changed since 2005 to address its underperformance against management expectations and peers. The key to improving performance here is increasing the level of cross-selling of products, and Barclays has invested in a new operating platform to better identify potential products for customers, and changing the incentive structure for front-line staff. Barclays has also targeted key areas where it wanted to increase market share: in 2006 its new mortgage lending market share was 6%.

Pre-tax profits rose in H107 by 9% compared with H106, largely driven by increased volumes while maintaining impairment charges at a similar nominal level, although this followed an increase in loan impairments in 2006, primarily from small businesses. The UK economy remains strong and unemployment low, although higher interest rates combined with historically high personal debt could mean that impairment charges will rise in the medium term. Costs have been a focus, and the cost/income ratio improved to 56% in H107, although H107 benefited from gains from the sale and leaseback of properties of GBP113m (2006: GBP116m).

Table 1: Divisional Profitability

(GBPm)	H107	% PBT[a]	2006	2005
UK Banking	1,363	*31.6*	2,546	2,236
UK Retail Banking	651	*15.1*	1,181	1,076
UK Business Banking	712	*16.5*	1,365	1,160
Barclays Wealth	173	*4.0*	245	164
IRCB	452	*10.5*	1,216	593
IRCB - ex Absa	142	*3.3*	518	295
IRCB - Absa	310	*7.2*	698	298
Barclays Capital	1,660	*38.5*	2,216	1,431
Barclaycard	272	*6.3*	458	639
BGI	388	*9.0*	714	540
Head Office	(207)	n.a.	(259)	(323)
Profit Before Tax	4,101	100	7,136	5,280

[a] Excludes Head Office and Other
PBT – Profit before tax
Source: Barclays

In July 2007 the Office for Fair Trading (OFT) announced it was to launch a test case in the High Court against the UK's leading banks and banking groups regarding the application of the law on unauthorised overdraft fees. Barclays is a party to this test case. This is another example, along with the introduction of payment protection insurance, credit card fees and OFT's broader current account study, of the increasing regulatory and legislative scrutiny to which the UK banks have become subject. Should there be a judgement against the banks, the scale of financial redress is difficult to predict, but could prove material.

UK Business Banking has been performing well and earnings growth was again good, up 9% in H107 and 18% in 2006. H107 revenue increased by 8% across all revenue lines, driven by strong balance sheet growth. Loan impairment charges increased by 23% in H107, after 42% in 2006, though from an unsustainably low level.

Barclays Capital again experienced extremely strong growth in profit before tax in H107 (33% on

H106) and 2006 (55% on 2005) due to the growth in risk tendencies of broadly similar levels (see "*Risk Management*" below). This has been supported by strong market conditions in many of its areas of operation, although the number of businesses in which Barclays Capital is active has increased fairly substantially in recent years. There is still a bias toward the credit market, but this business area accounted for a lower 28% of H107 revenue. Interest-rate products represented 18% of 2006 revenue and equity-related products 17%. Barclays Capital revenue will be sensitive to market sentiment, although increased diversification in revenue streams does add some comfort.

To be expected for an investment bank, costs relative to income are quite high at Barclays Capital, at 64% for 2006. Within this, there is a fair amount of discretionary costs with performance-related pay representing 41% of total costs and investment in the business a further 5%.

Barclaycard suffered in 2006 from increased loan impairment charges (GBP1.1bn), which led to a 28% fall in profit before tax. Changes in the credit-granting processes were made in H205, although loan impairments remained high in H107 at GBP443m. Barclays states that new flow of impairments is significantly reduced.

On a pre-provisioning level, improvements were seen in 2006, with income increasing by 9%, although this dropped to 2% in H107. Tighter lending criteria have led to a drop in UK customers to 9.6 million at end-June 2007 from 11.2 million at end-June 2006 and in outstanding balances to GBP8.5bn from GBP9.6bn. Pre-provisioning income is likely to suffer as a result.

IRCB: Income was higher in H107 and 2006 compared with 2005, partly reflecting the consolidation of Absa's earnings for only five months in that year. Excluding Absa and other one-offs of GBP76m (gains from sale and leaseback and profit from stake in FirstCaribbean International Bank, now sold), net income rose 19% in 2006. Excluding Absa, most of this division's income comes from Western Europe. Absa's results for H107 suffered from a 20% depreciation of the South African rand, and therefore profit declined. In rand terms, net income rose by 32%.

BGI's profitability has again grown strongly, profit before tax rising 7% in H107 compared with H106. AuM grew 14% in H107, with iShares growth strong at 44% to account for 18% of total AuM. AuM grew by GBP76bn in H107 (of which GBP25bn was new inflows) compared with GBP46bn in 2006 (GBP37bn of new inflows). The fall in the value of the credit markets may affect BGI's AuM, although a fair proportion of performance fees is assessed in relative rather than absolute terms.

Barclays Wealth represents a relatively low contributor to net income, although this is growing. Barclays is one of the largest five wealth providers in the UK, and in a fragmented market intends to grow rapidly, as demonstrated by its recruitment of a number of experienced personnel. Barclays' strong position in the UK market provides ongoing deal flow, and the expertise within BGI and Barclays Capital should enable strong product development. Total customer funds increased 20% to GBP126.8bn in H107.

Prospects: Barclays' business has become increasingly diversified by business line and geography. Fitch views this positively, as it should enable the group to continue to report solid earnings through many business-specific cycles. Barclays has benefited from strong operating conditions in many of its core markets, in particular for Barclays Capital, and growth and profitability rates are unlikely to continue at recent rates. Barclays is likely to be affected by the volatility in the credit markets, particularly through lower deal volume, although the increased diversification in Barclays Capital should partly mitigate this. Despite the growing level of non-UK earnings, the main threat to Barclays' earnings remains a sharp sustained economic downturn in the UK. This appears unlikely in the medium term.

■ Risk Management

- **Credit the main risk**
- **Sophisticated risk management systems**

Through the board risk committee, the board sets risk management standards and approves the group risk governance framework and appetite. Three further committees report to the executive committee: the risk oversight committee (ROC), which ensures consistency with group risk appetite, debates and agrees actions on risk profile and controls and considers issues escalated by sub-committees; the group treasury committee, responsible for monitoring and controlling the group's liquidity, maturity mismatch, regulatory and economic capital usage and interest rate exposure; and the governance and control committee, which maintains and reviews the effectiveness of group risk management procedures. Independent assurance is provided by internal audit.

The group uses a sophisticated credit risk measurement system called risk tendency, which combines probability of default (PD; expressed through an internal credit rating), exposure at default

(EAD) and loss given default (LGD) to model the loss for the performing loan portfolio for the forthcoming months (risk tendency is PD x EAD x LGD). Risk tendency is used for risk-sensitive pricing, performance measurement and risk transfer. Barclaycard has the highest risk tendency by a substantial margin (GBP1.4bn in 2006) out of group risk tendency of GBP2.3bn, which increased from GBP1.8bn in 2005.

Market risk is mostly concentrated at Barclays Capital and has historically been tightly controlled. The ROC allocates a daily value-at-risk (DVaR) limit for group trading activities and delegates day-to-day control to the group market risk director, who sets limits for each trading area. DVaR is calculated using a historical simulation model to a 98% confidence level, with a one-day holding period and a two-year observation period. The effectiveness of the group's DVaR systems is assessed by back-testing, including to a 99% confidence level, one-day holding period. In 2006 and 2005 there were no instances of a daily trading revenue loss exceeding the corresponding back-testing DVaR. The group also conducts regular stress testing and scenario simulations.

Barclays has been making good progress toward preparation for Basel II, and intends to adopt the more sophisticated approaches for credit and operational risk from 1 January 2008. The bank made its ICAAP submission to the UK Financial Service Authority during 2007 and is awaiting regulatory feedback. Fitch considers Barclays' preparations more advanced than those of most of its peers.

Credit Risk: Barclays' gross customer loan book grew by 14% in H107 after 5% in 2006. Growth was across all geographies and customers, although it was noticeably greater outside the UK at 22% for H107. At end-June 2007, lending in the UK accounted for 57% of the loan book, followed by other EU countries (16%), the US (10%), Africa (11%) and the rest of the world (6%). Home loans, about two-thirds of which were in the UK, and the remainder, predominantly Spain and Absa, accounted for 32% of the book. Other personal lending accounted for a further 9.8%. Wholesale lending is well diversified by sector. Barclays Capital has reduced its loan assets significantly in recent years through a combination of credit derivatives and syndications, activity levels in the former having increased markedly.

Barclays is an active player in the European LBO market; the strategy is to originate and then very substantially sell down. However, it will not originate deals it would be unwilling to hold on its own balance sheet. With the turmoil in the credit markets in early H207, Barclays was left with a significant number of LBOs it was unable to syndicate. However, these are of good quality and there have been no credit losses on this book to date.

LTVs in Barclays' residential mortgage book are at historical lows – only 5% of the book has an LTV of more than 90% at end-2006, a slight increase from 4% at end-2005. The average marked-to-market LTV of the book was 34%. A sharp correction in house prices (of which there is no sign in the UK at present) would probably reverse the recent trend of stable LTVs, but would not, in itself, necessarily result in a material level of mortgage-related impairment losses.

Trading portfolio assets (GBP218bn at end-June 2007) and liabilities (GBP79bn) are marked to market through the income statement, while AFS assets (GBP48bn) are marked to market through equity. Trading book assets and liabilities are mainly government and corporate bonds and customer deposits. Equities of GBP32bn long (at end-2006) and GBP13bn short are mainly listed and are held for hedging derivative and other exposures. This is reflected in the fact that equity DVaR peaked at GBP15.3m in H107 and GBP11.6m in 2006, although this is an increase from the 2005 high of GBP8.3m.

Asset Quality: Barclays defines impaired loans as those that are non-performing; they generally have an impairment provision raised against them. NPLs include impaired loans and others that are 90 days or more overdue. Barclays also discloses potential problem loans.

NPLs grew by 5.2% to GBP5.4bn at end-June 2007 following a decline of 2.3% in 2006, and the NPL/gross loans declined marginally to 1.6% from 1.8% at end-2006 and 1.7% at end-2005. Loan impairment coverage of NPLs was 61% at end-June 2007. This seems reasonable given the collateral covering the loan book. New NPLs have originated from most areas, although there is a bias toward the UK, and particularly Barclaycard, which has accounted for about 70% of impairment charges in 2006, 2005 and 2004.

Market Risk: Trading activity is concentrated in Barclays Capital, and includes client-driven and proprietary position-taking transactions. Table 2 shows the DVaR positions taken during 2006. Average DVaR was higher than in 2005 (GBP32.0m) and the highest exposure also increased (2005: GBP40.7m).

There are clear limitations in using a VaR methodology for assessing market risk, and the stated figures are likely to underestimate the level of

risk run given benign markets in 2006 and 2005. Nevertheless, the VaR amounts are low.

Barclays Capital's average daily revenue was GBP22.0m (2005: GBP16.3m), and 96% of trading days were revenue positive. Trading losses never exceeded back-testing DVaR (to a 99% confidence level, one-day holding period).

Table 2: DVaR

2006	Average (GBPm)	High (GBPm)	Low (GBPm)
Interest Rate Risk	20.1	28.8	12.3
Credit Spread Risk	24.3	33.1	17.9
Commodities Risk	11.3	21.6	5.7
Equities Risk	7.8	11.6	5.8
FX Risk	4.0	7.7	1.8
Diversification effect	(30.4)	n.a.	n.a.
Total	**37.1**	**43.2**	**31.3**

n.a. – Not available
Source: Barclays

Interest-rate mismatches are managed through a system of limits and through the use of interest-rate swaps and other derivatives. The group's policy is to finance overseas investments denominated in currencies other than UK pounds so as to limit the effect of FX movements on the group's risk asset ratios. The group has hedged the FX risk on the pound value of the Absa investment.

Liquidity Risk: As a retail bank, although a significant element of the group's liabilities are non-contractual obligations and therefore its liquidity position is potentially difficult to predict, Barclays benefits from the size and diversity of its funding base. Barclays Capital monitors its cash flow mismatch position, and has a broad range of funding tools available. The group maintains a substantial portfolio of unencumbered, liquid assets to cover potential funding shortfalls.

As part of its investment banking business, Barclays Capital has structured a number of special investment vehicles (SIVs). In the recent market conditions, a number of these SIVs have experienced difficulty in refinancing their predominantly short-term funding. Barclays has some exposure to the senior tranches of these SIVs, which are backed by collateral. There is no commitment to provide substantial liquidity to SIVs and total exposure is not material to Barclays' liquidity. However, the bank may suffer some reputational damage from the failure of structures it helped create.

Barclays also provides liquidity lines to its own ABCP conduits, although these are nearly all 'AAA' rated, with minimal exposure to mortgage-backed securities. Total exposure is reasonable relative to Barclays' balance sheet, and there is no exposure to third-party conduits.

Operational Risk: Non-financial risks (ie operational risk and business risk) are an area of increasing focus for Barclays and are managed by business and functional heads within a framework approved by the board. Barclays' operational risk management has historically concentrated on qualitative factors (ie risk identification and control), but is now building its quantitative analysis in preparation for adopting the advanced measurement approach under Basel II.

Barclays is a defendant in a number of proceedings in the US relating to the collapse of Enron, including the class action, but it is not possible to quantify a potential loss in relation to these matters at this stage.

■ Funding and Capital

- **Large and stable funding base**
- **Liquidity is a strength**
- **Adequately capitalised**
- **Strong internal capital generation**

Barclays benefits from a large and stable source of customer deposits (GBP292bn; 26% of non-equity liabilities at end-June 2007). Other funding sources include interbank (GBP87bn) and repurchase agreement funds (GBP181bn) and debt securities (GBP119bn). Barclays has increasingly been securitising its credit card, mortgage and commercial loan receivables (GBP24bn of the above debt securities).

Capital: Barclays' Tier 1 capital ratio was 7.7% at end-June 2007. This has been supported by the issuance of hybrid securities, and the "equity Tier 1" ratio was 5.3%. Basel II is unlikely to change the level of risk-weighted assets significantly.

Balance Sheet Analysis
BARCLAYS PLC

	30 Jun 2007				31 Dec 2006		31 Dec 2005	
	6 Months - Interim USDm Original	6 Months - Interim GBPm Original	As % of Assets Original	Average GBPm Original	Year End GBPm Original	As % of Assets Original	Year End GBPm Original	As % of Assets Original
A. LOANS								
1. Private	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-
2. Corporate	n.a.	n.a.		n.a.	n.a.	-	n.a.	-
3. Government	n.a.	n.a.		n.a.	n.a.		n.a.	
4. Other	650,621.5	324,617.0	28.02	305,074.0	285,631.0	28.66	272,342.0	29.45
5. Loan Impairment	6,564.0	3,274.0	0.28	3,302.5	3,331.0	0.33	3,446.0	0.37
6. Loan Impairment (memo)	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-
7. Less: Loans from the Insurance Business	n.a.	n.a.		n.a.	n.a.		n.a.	
TOTAL A	**644,057.5**	**321,343.0**	**27.73**	**301,771.5**	**282,300.0**	**28.32**	**268,896.0**	**29.09**
B. OTHER EARNING ASSETS								
1. Loans and Advances to Banks	468,617.4	233,737.0	20.18	220,580.5	207,424.0	20.81	193,404.0	20.92
2. Government Securities	6,790.0	3,387.0	0.29	30,299.0	57,211.0	5.74	56,506.0	6.44
3. Trading Assets	436,210.4	217,573.0	18.78	170,324.5	123,076.0	12.35	98,437.0	10.65
4. Derivatives	349,202.2	174,226.0	15.04	156,289.0	138,353.0	13.88	136,823.0	14.80
5. Other Securities and Investments	172,226.9	88,860.0	7.67	84,302.5	79,711.0	8.00	62,920.0	6.81
6. Equity Investments	3,796.3	1,820.0	0.16	1,738.5	1,596.0	0.16	1,796.0	0.19
7. Insurance	184,839.3	92,194.0	7.96	87,496.0	82,798.0	8.31	83,195.0	9.00
TOTAL B	**1,627,755.7**	**811,892.0**	**70.10**	**751,032.0**	**690,172.0**	**69.24**	**636,090.0**	**68.81**
C. TOTAL EARNING ASSETS (A+B)	**2,271,813.2**	**1,133,135.0**	**97.83**	**1,052,803.5**	**972,472.0**	**97.56**	**904,986.0**	**97.90**
D. TANGIBLE FIXED ASSETS	**5,088.4**	**2,538.0**	**0.22**	**2,515.0**	**2,492.0**	**0.25**	**2,754.0**	**0.30**
E. NON-EARNING ASSETS								
1. Cash and Due from Banks	14,671.8	7,318.0	0.63	7,331.5	7,345.0	0.74	3,906.0	0.42
2. Other	30,616.7	15,271.0	1.32	14,874.5	14,478.0	1.45	12,711.0	1.38
F. TOTAL ASSETS	**2,322,190.1**	**1,158,262.0**	**100.00**	**1,077,524.5**	**996,787.0**	**100.00**	**924,357.0**	**100.00**
G. DEPOSITS & MONEY MARKET FUNDING								
1. Due to Customers - Current	586,318.5	292,444.0	25.25	213,390.5	134,337.0	13.48	128,426.0	12.66
2. Due to Customers - Savings	n.a.	n.a.	-	n.a.	65,786.0	6.60	60,946.0	6.59
3. Due to Customers - Term	n.a.	n.a.	-	n.a.	113,754.0	11.41	103,546.0	11.20
4. Deposits with Banks	542,780.4	270,728.0	23.37	236,172.0	101,616.0	10.21	144,407.0	15.62
5. Other Deposits and Short-term Borrowings	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-
TOTAL G	**1,128,099.0**	**563,172.0**	**48.62**	**519,332.5**	**475,493.0**	**47.70**	**437,330.0**	**47.31**
H. OTHER LIABILITIES								
1. Derivatives	355,417.7	177,274.0	15.35	159,235.5	140,697.0	14.12	137,971.0	14.93
2. Trading Liabilities	158,891.7	79,252.0	6.84	75,563.0	71,874.0	7.21	71,564.0	7.74
3. Fair Value Portion of Debt	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-
4. Insurance	195,487.0	97,505.0	8.42	93,010.0	88,515.0	8.88	88,968.0	9.62
TOTAL H	**710,796.3**	**354,531.0**	**30.61**	**327,808.5**	**301,086.0**	**30.21**	**298,503.0**	**32.29**
I. OTHER FUNDING								
1. Long-term Borrowing	365,361.5	182,235.0	15.73	173,579.5	166,124.0	16.67	136,712.0	14.79
2. Subordinated Debt	30,207.7	15,067.0	1.30	14,426.5	13,786.0	1.38	12,463.0	1.35
3. Other Funding	n.a.	n.a.	-	n.a.	n.a.		n.a.	
TOTAL I	**395,569.2**	**197,302.0**	**17.03**	**188,106.0**	**178,910.0**	**17.95**	**149,176.0**	**16.14**
J. NON-INTEREST BEARING	**29,143.1**	**14,536.0**	**1.25**	**14,107.0**	**13,678.0**	**1.37**	**14,988.0**	**1.62**
K. HYBRID CAPITAL								
1. Hybrid capital accounted for as equity	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-
2. Hybrid Capital accounted for as debt	n.a.	n.a.		n.a.	n.a.		n.a.	
L. TOTAL LIABILITIES	**2,264,607.6**	**1,129,541.0**	**97.52**	**1,049,354.0**	**969,167.0**	**97.23**	**899,997.0**	**97.36**
M. EQUITY								
1. Common Equity	42,048.5	20,973.0	1.81	20,654.0	20,335.0	2.04	16,975.0	1.84
2. Minority Interest	15,533.9	7,748.0	0.67	7,519.5	7,591.0	0.76	7,004.0	0.76
3. Revaluation Reserves	0.0	0.0	0.00	153.0	-306.0	0.03	381.0	0.04
TOTAL M	**57,582.5**	**28,721.0**	**2.48**	**28,170.5**	**27,620.0**	**2.77**	**24,360.0**	**2.64**
MEMO: CORE CAPITAL	**42,728.3**	**21,312.0**	**1.84**	**21,191.0**	**21,070.0**	**2.11**	**17,274.0**	**1.87**
MEMO: ELIGIBLE CAPITAL	**n.a.**	**n.a.**	-	**n.a.**	**n.a.**	-	**n.a.**	-
N. TOTAL LIABILITIES & EQUITY	**2,322,190.1**	**1,158,262.0**	**100.00**	**1,077,524.5**	**996,787.0**	**100.00**	**924,357.0**	**100.00**
Exchange Rate		USD1 = GBP 0.4988			USD1 = GBP 0.5094		USD1 = GBP 0.5808	

Income Statement Analysis
BARCLAYS PLC

	30 Jun 2007		31 Dec 2006		31 Dec 2005	
	Income Expenses GBPm Original	As % of Total AV Earning Assts Original	Income Expenses GBPm Original	As % of Total AV Earning Assts Original	Income Expenses GBPm Original	As % of Total AV Earning Assts Original
1. Interest Income	12,055.0	2.29	21,805.0	2.32	17,254.0	2.42
2. Interest Expense	7,448.0	1.41	12,662.0	1.35	9,157.0	1.28
3. NET INTEREST REVENUE	**4,607.0**	**0.88**	**9,158.0**	**0.98**	**8,097.0**	**1.14**
4. Net Fees & Commissions	3,812.0	0.72	7,177.0	0.76	5,705.0	0.80
5. Net Insurance Revenue	154.0	0.04	405.0	0.05	227.0	0.03
6. Other Operating Income	3,280.0	0.62	4,821.0	0.51	3,349.0	0.47
7. Personnel Expenses	4,081.0	0.77	8,169.0	0.87	6,318.0	0.89
8. Other Operating Expenses	2,411.0	0.46	4,915.0	0.52	4,200.0	0.59
9. PRE-IMPAIRMENT OPERATING PROFIT	**4,910.0**	**0.93**	**8,556.0**	**0.91**	**6,860.0**	**0.96**
10. Loan Impairment Charge	959.0	0.18	2,074.0	0.22	1,574.0	0.22
11. Other Credit Impairment and Provisions	n.a.	-	n.a.	-	n.a.	-
12. OPERATING PROFIT	**3,951.0**	**0.75**	**6,482.0**	**0.69**	**5,286.0**	**0.74**
13. Other Income and Expenses	150.0	0.03	654.0	0.07	-6.0	0.00
14. PUBLISHED PRE-TAX PROFIT	**4,101.0**	**0.78**	**7,136.0**	**0.76**	**5,280.0**	**0.74**
15. Taxes	1,158.0	0.22	1,941.0	0.21	1,439.0	0.20
16. Profit/(Loss) from Discontinued Operations	n.a.	-	n.a.	-	n.a.	
17. Change in Value of AFS Investments	n.a.	-	-53.0	-0.01	-60.0	-0.01
18. Currency Translation Differences	n.a.	-	-594.0	-0.06	214.0	0.03
19. Other Gains/(Losses) not in Published Net Income	n.a.	-	n.a.	-	n.a.	-
20. FITCH COMPREHENSIVE INCOME	**n.a.**	**-**	**4,508.0**	**0.48**	**3,966.0**	**0.56**
21. Total Gains/(Losses) not in Published Net Income	n.a.	-	-687.0	-0.07	125.0	0.02
22. FRS Dividends included in Fitch Interest Expense	n.a.	-	n.a.	-	n.a.	-
23. PUBLISHED NET INCOME	**2,943.0**	**0.56**	**5,195.0**	**0.55**	**3,841.0**	**0.54**

Ratio Analysis
BARCLAYS PLC

		30 Jun 2007	31 Dec 2006	31 Dec 2005
		6 Months - Interim	Year End	Year End
		GBPm	GBPm	GBPm
		Original	Original	Original
I. PERFORMANCE				
1. Net Interest Margin	%	0.88	0.96	1.14
2. Loan Yield	%	n.a.	5.52	4.54
3. Cost of Funds	%	2.11	2.04	1.82
4. Costs/Average Assets	%	1.30	1.36	1.44
5. Costs/Income	%	58.75	60.59	60.68
6. Pre-Impairment Operating ROAA	%	0.91	0.89	1.04
7. Operating ROAA	%	0.73	0.67	0.72
8. Pre-Impairment Operating ROAE	%	34.56	32.90	35.62
9. Operating ROAE	%	28.05	24.04	25.01
II. CAPITAL ADEQUACY				
1. Internal Capital Generation	%	-0.39	9.76	11.17
2. Core Capital/Total Assets	%	1.65	2.15	1.88
3. Eligible Capital/Regulatory Weighted Risks	%	n.a.	n.a.	n.a.
4. Eligible Capital+Eligible Revaluation Reserves/Regulatory Weighted Risks	%	n.a.	-0.10	0.14
5. Tier 1 Regulatory Capital Ratio	%	7.70	7.70	7.00
6. Total Regulatory Capital Ratio	%	11.50	11.70	11.30
7. Free Capital/Equity	%	76.54	80.37	75.70
III. LIQUIDITY (year end)				
1. Liquid Assets/Deposits & Money Mkt Funding	%	8.35	38.51	39.22
2. Loans/Deposits	%	109.65	89.94	91.86
IV. ASSET QUALITY				
1. Loan Impairment Charge/Gross Loans (av.)	%	0.53	0.74	0.59
2. Total Credit Impairment/Pre-impairment Operating Profit	%	19.53	24.24	22.94
3. Loan Impairment/Gross Impaired Loans	%	65.78	74.95	70.74
4. Individual Loan Impairment/Gross Impaired Loans	%	n.a.	n.a.	n.a.
5. Impaired Loans Gross / Loans Gross	%	1.45	1.56	1.67
6. Impaired Loans Net/Eligible Capital	%	n.a.	n.a.	n.a.
7. Net Charge-offs/Gross Loans (av.)	%	n.a.	n.a.	n.a.

RESEARCH

Barclays Bank PLC

Publication date: 12-Nov-2007
Primary Credit Analyst: Nick Hill, London (44) 20-7176-7216; nick_hill@standardandpoors.com
Secondary Credit Analyst: Claire Curtin, London (44) 20-7176-7032; claire_curtin@standardandpoors.com

Major Rating Factors

Counterparty Credit Rating
AA/Stable/A-1+

Strengths:

- Strong earnings growth and returns
- Good market positions
- Increased diversification by business line and geography
- Solid funding base
- Highly developed risk-management framework

Weaknesses:

- Relatively weak, although improved, capitalization compared with peers'
- High growth in investment banking has increased group sensitivity to capital markets
- Large exposure to U.K. unsecured debt
- Balance sheet volatility arising from substantial defined-benefit pension fund

Rationale

The ratings on U.K.-based Barclays Bank PLC (Barclays) reflect its strong earnings and returns, good market positions, increased diversification, solid funding base, and highly developed risk-management framework. The ratings also reflect its relatively weak, although improving, capitalization, the potential increase in earnings volatility created by its expanded investment bank, its significant exposure to U.K. unsecured personal debt, and its large defined-benefit pension scheme.

Barclays has a range of high-return businesses across multiple product lines, including retail banking and business banking in the U.K. and abroad, investment banking, and asset management. Growth has generally been strong, particularly in wholesale banking toward which Barclays' business profile has been shifting, and this could introduce more volatility into group income and earnings, particularly in the current market environment. Domestic retail growth has been notably weaker and remains subject to various management initiatives.

Diversification, both by business line and geography, has been increasing rapidly, and the aim of sourcing 50% of group profits from outside the U.K. has been achieved. In part, this has come through the organic growth of global product lines including investment banking and asset management, but also through acquisitions, notably in South Africa and Spain.

Barclays has invested considerable resources in developing its risk-management framework, which Standard & Poor's Ratings Services considers to be one of the most sophisticated in the banking industry. Despite some exposures to structured investment vehicles, Standard & Poor's believes that Barclays is unlikely to face outsized losses from recent market volatility. Furthermore, we believe Barclays' liquidity position to be strong.

Standard & Poor's regards Barclays' capitalization as weaker than some similarly rated peers, notwithstanding some recent improvement. Barclays is shareholder focused and has used hybrid capital rather than ordinary shares to fund much of its recent expansion and is now engaged in a share buyback. Barclays' loan impairment charge in its U.K. unsecured lending and credit card business has leveled off following the large increases in recent years. Nevertheless, Barclays remains exposed to further changes in the U.K. economic climate.

Outlook

The outlook on Barclays is stable. This reflects Standard & Poor's expectation of continued good profitability and stable capitalization. A negative rating action could follow if Barclays does not meet its capital targets (e.g. in the context of a large acquisition), if there were unexpectedly large losses, or if there were a material failure in risk controls. A positive rating action would require a major improvement in capitalization beyond expectations, but a tight capital policy is likely to act as a rating constraint.

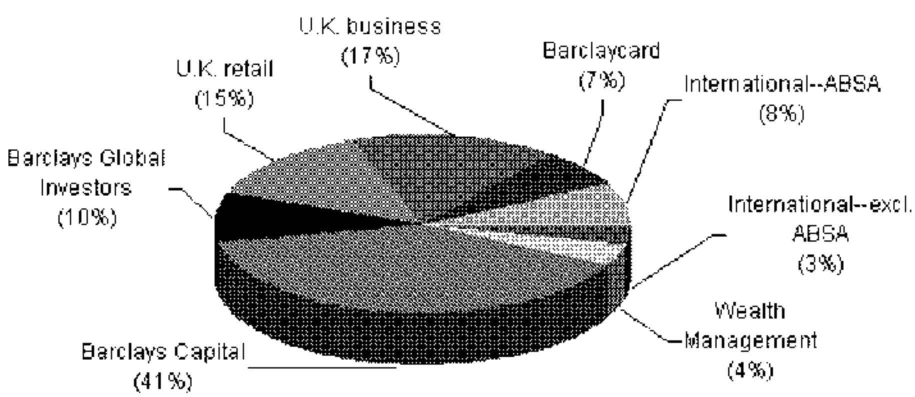
Profile: U.K.-Based Universal Bank

Barclays is a large U.K.-based universal bank with total assets of £1,158 billion at June 30, 2007, and shareholders' equity of £29 billion. Its activities cover a wide range of financial activities both in the U.K. and abroad. These include retail and business banking in the U.K., Iberia, France, Italy, South Africa, and sub-Saharan Africa, global corporate and investment banking via its Barclays Capital division, and asset and wealth management. Expansion has been achieved through a combination of organic growth (particularly in investment banking and asset management) and by acquisition--the largest purchases since 2000 have been Woolwich (not rated), Banco Zaragozano (not rated), and Absa Bank Ltd. ('Api' unsolicited rating). Barclays was unsuccessful in its attempt this year to acquire ABN AMRO Bank N.V. (AA-/Positive/A-1+).

Barclays is grouped into seven principal divisions, managed in two groups. Profits are broadly spread between the businesses (see chart 1).

Chart 1

Pretax Profit By Division (H1 2007)



Source: Standard & Poor's, company data. Based on pretax earnings excluding gains on sale and leaseback, overdraft refunds, profits on disposals, and amortization of intangible assets.

The first group, Global Retail and Commercial Banking, consists of U.K. banking, international banking, and Barclaycard.

The U.K. bank (32% of group pretax profits in the first half of 2007, excluding impairment of intangible assets, overdraft refunds, and gains on sale) is the core of Barclay's' historical roots, and comprises U.K. retail banking (providing current accounts, savings accounts, and mortgages), and U.K. business banking, providing financial services to small and midsize enterprises (SMEs) and larger businesses. Its market position is strong across most product lines.

The international business (12% of pretax profits) has expanded rapidly in recent years. While Barclays has long had a presence abroad, notably in France, Spain, and Africa, the acquisition of Banco Zaragozano, a midsize retail and commercial operation in Spain, and 57% share of the Absa banking group in South Africa have given a much greater role to this division.

Barclaycard (7% of pretax profits) is the oldest and one of the largest credit card operators in the U.K., and provides revolving credit and unsecured loans. It has also been expanding abroad, especially in the U.S.

The second group, primarily wholesale and institutional, consists of Barclays Capital, Barclays Global Investors (BGI), and Barclays Wealth.

Barclays Capital (41% of pretax profits) is an international corporate and investment bank focused on the interest rate, credit and derivative, debt, and risk-management markets, and has expanded rapidly in recent years.

BGI (10% of pretax profits) is the world's largest index asset manager, with $2.0 trillion of assets under management, and has also undergone rapid growth, while launching new products in active asset management.

Wealth Management (4% of pretax profits) provides financial advice, offshore savings, and private banking services to affluent individuals.

Head office accounts for a negative 5% of group profits, and includes most central group services, and manages group capital.

Support And Ownership: U.K. Listed

Standard & Poor's does not factor extraordinary government support into the ratings on healthy U.K. private sector banks such as Barclays. We classify the U.K. as a "supportive" country, where the government primarily relies on prudential policies to maintain a sound banking sector. As in other supportive countries, U.K. authorities can be expected to provide (or facilitate the provision of) support to systemically important banks in a stress period, as demonstrated by the extraordinary support made available to Northern Rock PLC (A-/Watch Dev/A-1) in the form of liquidity facilities and a guarantee of certain senior unsecured obligations. As a systemically important bank gets into a troubled situation, Standard & Poor's may add more explicit support to the rating.

Barclays Bank PLC is 100%-owned by Barclays PLC (AA-/Stable/A-1+), a holding company listed on the London Stock Exchange, the Tokyo Stock Exchange, and the New York Stock Exchange via an ADR program. As one of the largest companies by market capitalization in the U.K., liquidity is very good.

Barclays is regulated on a consolidated basis by the U.K.'s Financial Services Authority. Many of the group's overseas subsidiaries are also subject to local regulators.

In 2007, Barclays issued shares to two major new shareholders, Temasek and China Development Bank, who now own 2% and 3%, respectively, and will be represented on Barclays' Board of Directors.

Strategy: Growth And Diversification

Barclays' strategy is to "earn, invest, and grow". This encapsulates what has been a largely organically driven approach to growth. For example, Barclays has used the significant cashflow generated by its U.K. banking businesses to invest in its faster growing capital markets, investment management, and overseas operations. Standard & Poor's considers that this approach has been generally successful, as indicated by strong growth and increased diversification.

Barclays' unsuccessful attempt to acquire ABN AMRO suggests that Barclays has the appetite to undertake a transformational acquisition to support its growth ambitions. The loss of ABN AMRO is a strategic setback, but is not expected to lead to significant change in strategy, even though Standard & Poor's still considers Barclays to be acquisitive.

Barclays' high level goal is supplemented with additional targets. The overall financial aim is to achieve first quartile total shareholder return over the period 2004 to 2007, by means of annual economic profit growth of 10%-13%. The latter aim has already been met, but nevertheless, Barclays ranked in the second quartile for total shareholder return in its peer group.

At an operational level, priorities have been to return to market share growth in U.K. retail, to continue to diversity in Barclays Capital, to demonstrate value creation from universal banking, and to establish a global retail and commercial bank strategy. Progress has been made on all of these, with a pickup in U.K. mortgage share, a further broadening of Barclays Capital's revenue base, and the creation of a global retail and commercial banking business unit. Barclays also aims to improve credit quality in Barclaycard and impairments have begun to level out in 2007. The greatest challenge for the group, perhaps, is to demonstrate the value of synergies between business units, which offer a range of products over diverse geographies. At the moment, this remains unproven.

Accounting: Pension Deficit Introduces Volatility

In common with most other European banks, Barclays switched to IFRS from U.K. GAAP as adopted by the EU from Jan. 1, 2005. For more information, see "Bank Industry Risk Analysis: U.K. Banks Stand Firm Against Changing Credit Environment," published on Dec. 15, 2006, on RatingsDirect. Barclays complies with the stricter requirements of hedge accounting under IAS 39.

Barclays has chosen to apply the "corridor" approach to accounting for postretirement benefit obligations under IAS 19, whereby it amortizes actuarial gains and losses when they exceed 10% of the greater of plan assets or obligations. Because the deficit has shrunk recently (due mainly to higher corporate bond yields reducing liabilities), at June 30, 2007, this means that the recognized deficit of £1,804 million actually exceeded the reported deficit. For this reason, Standard & Poor's made an addition to adjusted common equity (ACE) of £1,641 million, reflecting the unrecognized actuarial gains, after tax. This is a dramatic reversal of the position a year earlier, when the recognized deficit was considerably smaller than the actual deficit, requiring a deduction from ACE.

Table 1

IAS 19 Pension Deficit Has Changed Materially

	H1 2007	2006	2005
Projected benefit obligation	N.A.	18,323	19,269
Value of plan assets	N.A.	17,506	16,390
Surplus/(deficit)	540	(817)	(2,879)
Net recognized liability	1,804	1,719	1,737
Difference between deficit and net recognized liability	2,344	902	(1,142)
After tax difference = adjustment to adjusted common equity	1,641	631	(799)

Source: Standard & Poor's, company data. N.A.--Not available.

During 2006, Barclays commenced a program of sale and leaseback of various properties, mainly branches within its retail network. This reflected the group's view that the rental yields on assets were now so low that it was more economically efficient to lease some properties rather than own them. These transactions resulted in gains of £432 million and £147 million in 2006 and the first half of 2007, respectively, the bulk of which were within U.K. Retail Banking and U.K. Business Banking, with some further gains in Spain, Barclaycard, and at head office. These gains were (unusually) accounted for as negative costs, but Standard & Poor's regards them as exceptional gains. Some further gains are expected in the second half of 2007. Operating lease rental expenses will rise as a result of the sales.

Barclays is active in securitization and, as at June 30, 2007, had securitized assets on the balance sheet of £31 billion, about one-half of which was in respect of residential mortgage loans, with the other half split between commercial loans and credit card receivables. Barclays had retained interests on securitized mortgages of £628 million at Dec. 31, 2006. Given that these interests bear a substantial part of the risk of the securitized mortgage assets, they are deducted from regulatory capital and Standard & Poor's modified adjusted total equity (ATE) measure.

Barclays' asset management business, BGI, is 9.4%-owned by its key employees. In addition, Barclays grants options in BGI to these staff as part of their compensation arrangements. The cost of these option awards is recognized in staff expenses over the service of the employee. Barclays may also purchase shares in BGI from employees, although it has no contractual obligation to do so. These purchases were worth £410 million in 2006, and were accounted for as an acquisition.

Risk Profile And Management: Highly Developed Framework

Standard & Poor's considers Barclays' enterprise risk management to be excellent. Its risk-management framework is comprehensive, highly developed, and, in Standard & Poor's view, one of the best in the industry. At the highest level, the board has established a board risk committee, which approves the group's risk appetite and monitors the risk profile against the appetite. It also approves the group's internal control and assurance framework, and approves control standards for the principal risks. Meanwhile, the board's audit committee and the governance and control committee consider the effectiveness of the group's internal control and assurance framework. The risk oversight committee debates and determines actions on the risk profile and strategy and ensures consistency with group risk appetite.

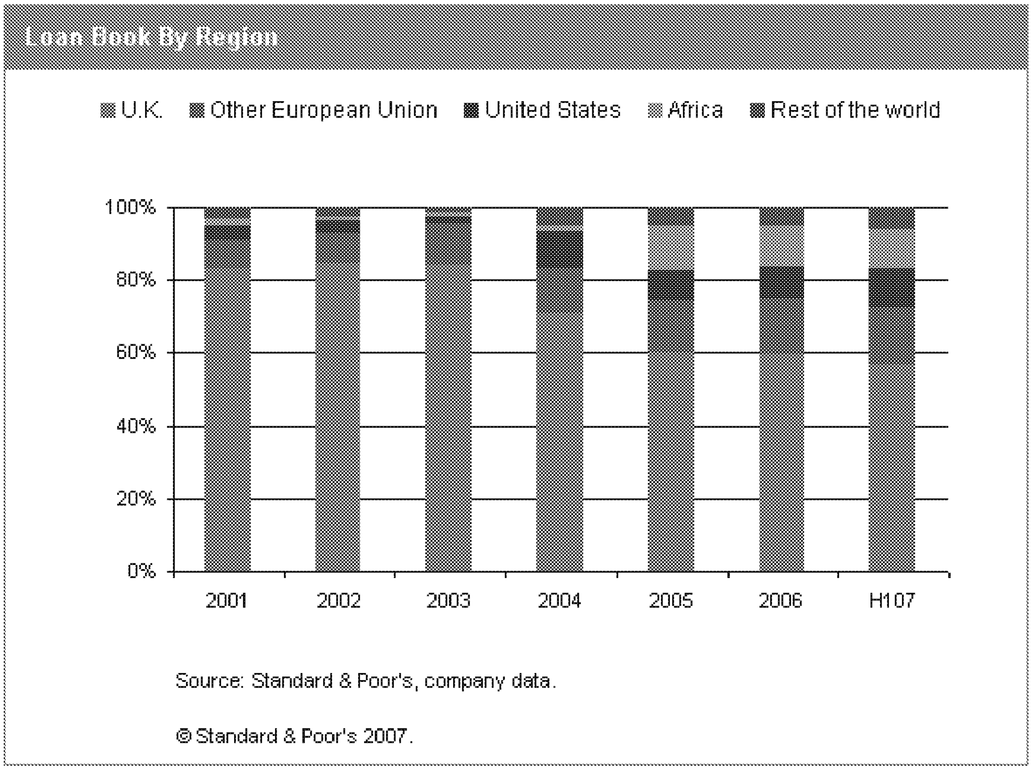
Operationally, the Group Chief Executive and Finance Director have delegated authority to the Risk Director to ensure effective management and control of risks. The control frameworks themselves are established by the heads of the various risk functions and their teams. The business line heads, supported by their teams, are responsible for the identification and management of risk.

Credit quality

Barclays' loan book is of high overall quality, despite the deterioration in U.K. unsecured lending in 2006. Barclays uses a relatively sophisticated credit risk-management system including statistical modeling of probability of default, loss given default, and exposure at default throughout its business. It also publishes its expected loss figures ("risk tendency") on a rolling 12-month basis. Barclays also makes extensive use of credit-mitigation techniques to manage credit risk, including collateral, netting, and credit derivatives.

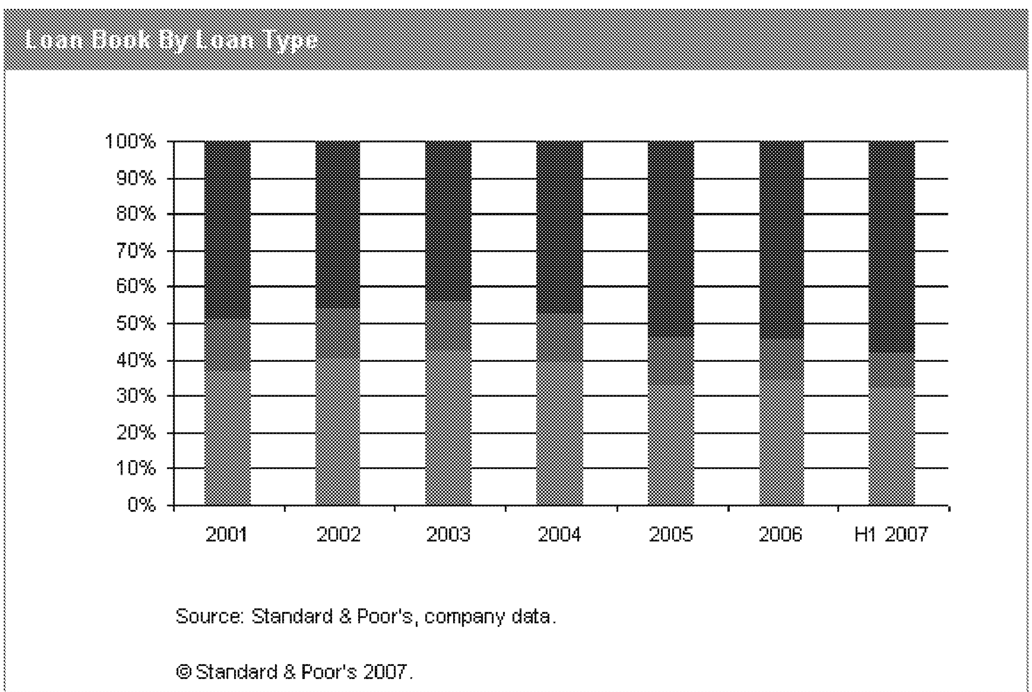
Barclays benefits from having a broadly based loan portfolio, by both geography and industry. Although it retains a strong bias toward the U.K., the geographic mix has changed significantly in recent years, with the U.K. component falling to 60% of the total at year-end 2006, from 70% at year-end 2004 and more than 80% in 2001 (see chart 2). This has been beneficial in reducing the group's relative exposure to credit quality problems in the U.K., although this remains by far the largest risk.

Chart 2



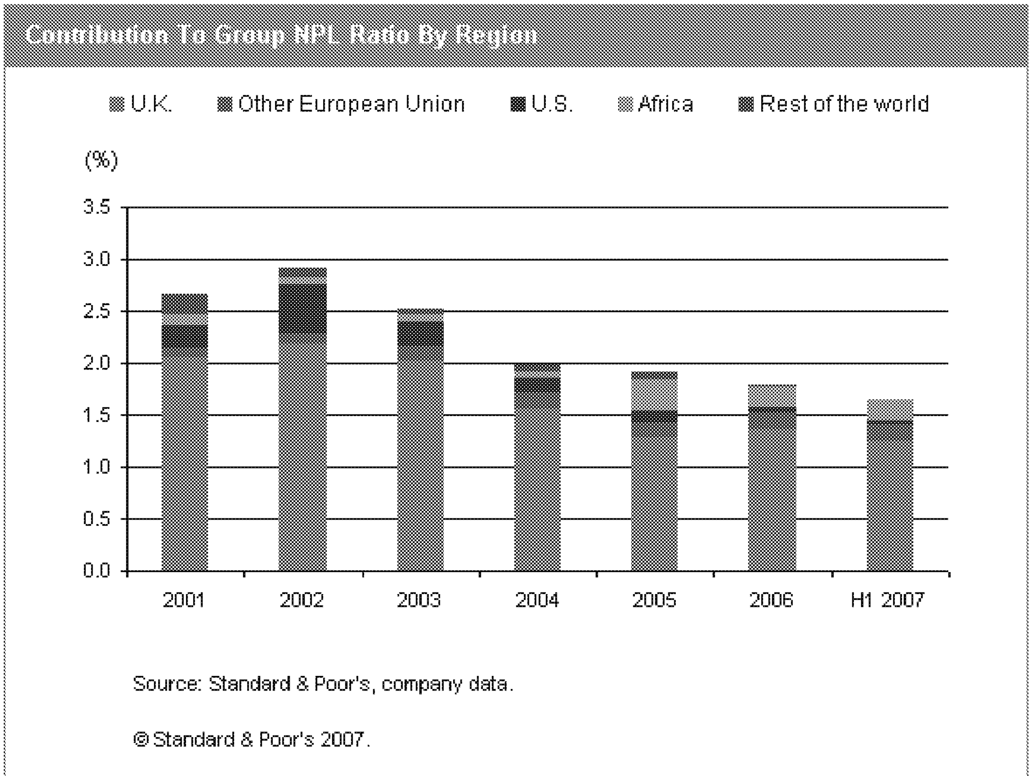
Loans to individuals make up slightly less than one-half the total loan portfolio, at 46% (see chart 3). These loans break down further into mortgages (32% of the total) and personal loans (10%). These proportions have been roughly stable in recent years.

Chart 3



Credit quality remains good. The NPL ratio fell further in the first half of 2007, to 1.65% from 1.8% in 2006 and 2.5% in 2004, reflecting industry trends (see chart 4). NPL ratios fell in every region in the first half of 2007 bar Africa, where there was a small increase reflecting higher interest rates. NPLs are 61% covered by impairment allowances, a decline compared with the 64%-66% of previous years.

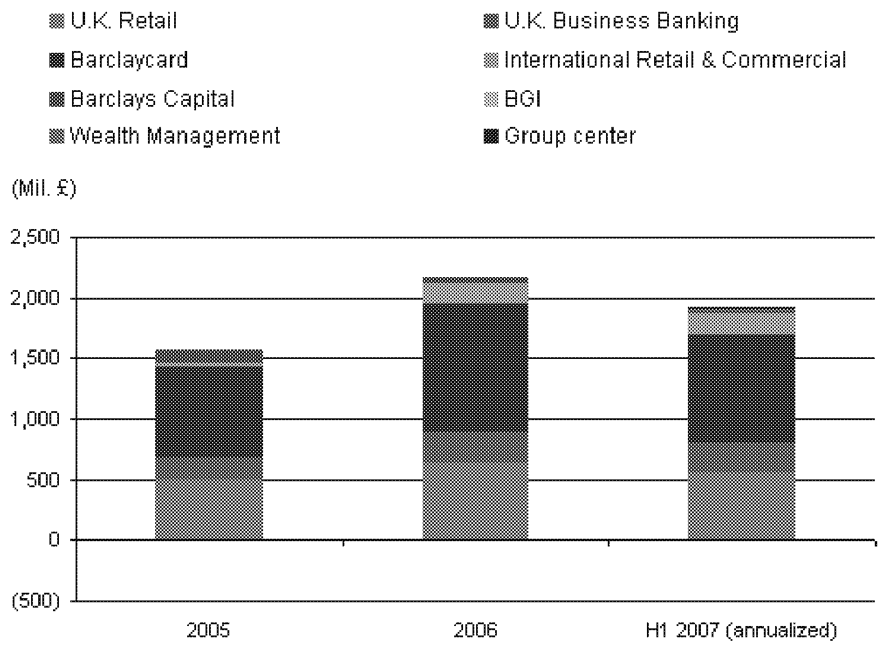
Chart 4



Credit card exposures have accounted for an increased proportion of the group impairment charge in recent years, reflecting higher personal bankruptcies in the U.K. In 2006, Barclaycard experienced impairments of £1.1 billion (50% of group), although this proportion declined slightly in the first half of 2007. So far, however, there has been little spillover of the U.K. unsecured credit quality problems into other areas, for example, mortgages, although there has been some deterioration in the SME portfolio. Standard & Poor's expects impairments within Barclaycard to remain high in absolute terms, but not increase significantly further. Elsewhere, we expect impairments to further increase as corporate credit quality deteriorates from current exceptionally high levels.

Chart 5

Loan Impairment Charge By Division



Source: Standard & Poor's, company data.

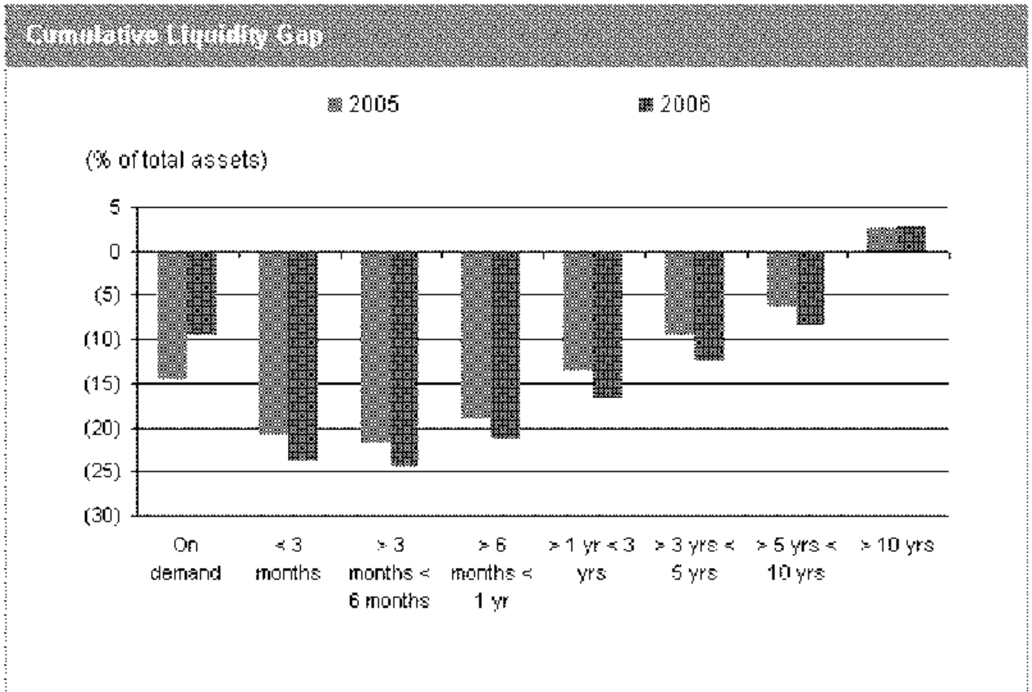
Funding and liquidity

Barclays' funding profile is generally strong, given its high profile in international markets and good access to noninterest-bearing deposits. Barclays is increasingly active in securitization, and had £31 billion of securitized assets at June 2007, up from £18.6 billion in 2005 and just £4.3 billion at end-2004.

Liquidity is monitored by the treasury committee, which assesses and projects cashflows. In addition, the treasury monitors unmatched assets and undrawn commitments and other contingent liabilities, while conducting stress testing.

As a clearing bank with a sizable book of sight deposits, Barclays has a large degree of mismatch between short-term assets and liabilities (see chart 6).

Chart 6



Source: Standard & Poor's, company data.

In 2006, the short-term mismatch (three months or less) increased, offset by an increase in liquid assets. This inherent mismatch is mitigated by a number of factors. First, retail sight deposits--although contractually repayable on demand--tend to be "sticky" and form a stable funding base. The majority (66%) of customer deposits are from the U.K., but deposits abroad provide some diversity. Second, as required by regulation, Barclays maintains a pool of liquid securities, such as government bonds, which may not repay for many years, but which can be sold in almost any scenario to meet a sudden demand for funds.

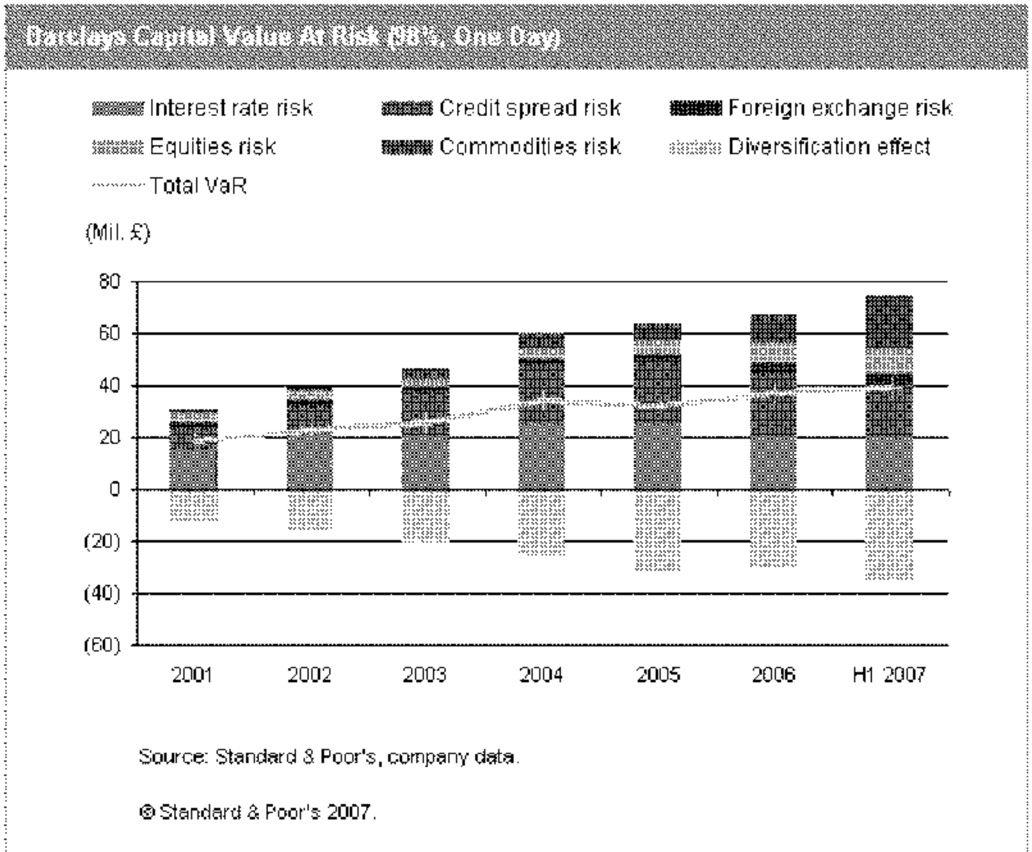
Barclays also has a large stock of assets, which can be used to raise cash via repo, although the present difficulties in the RMBS market mean that securitization is unlikely to be available as a source of cash in the short term.

Barclays runs a number of asset-backed CP conduits, the largest of which are Sheffield, Surrey, and Stratford, which collectively have about $39 billion of CP outstanding. These are multi-seller conduits and have not required to draw extensively on liquidity backstop lines from Barclays during the recent ABCP market disruption.

Market risk

Barclays runs significant market risk in its trading operations within its investment banking division, Barclays Capital. The majority of this traded market risk, as indicated by value-at-risk (VaR) measures, is composed of interest rate, commodity and credit spread risk, broadly in line with the division's core activities (see chart 7).

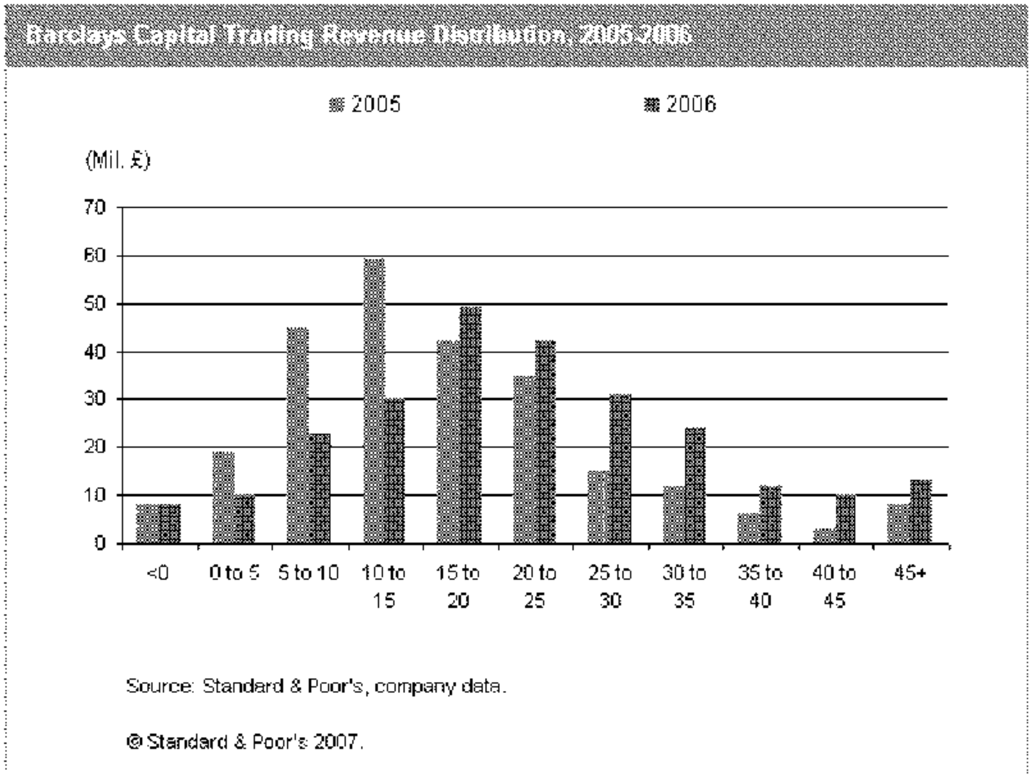
Chart 7



VaR has approximately doubled in absolute terms since 2001, with more recent growth being driven by exposure to commodity exposures. Nevertheless, VaR has been outstripped by growth in income and profit, and so VaR has fallen relative to the size of the division. Average VaR was about 1.7x average daily revenue for 2006, compared with about 2.0x in 2005, and fell further in the very strong first half of 2007. This has in part been achieved through increased diversification benefit as the business lines have grown, but in absolute terms, and relative to trading income, VaR remains higher than at many other investment banks. This is to some extent because Barclays' disclosed VaR includes risk arising from managing interest rate positions in the banking book, and its pure traded risk VaR is thus lower. Barclays also employs other market risk metrics, including stress tests, earnings at risk and economic capital.

The distribution of trading revenue also provides an indication of risk (see chart 8). The shift of the histogram to the right demonstrates the favorable trading conditions in 2006, enabling Barclays Capital to increase its profitable days without an increase in lossmaking days. Again, this shift is also likely to reflect its broadening product range.

Chart 8



Both these measures are expected to change significantly in the second half of 2007, with volatility driving VaR measures higher, market turbulence resulting in more loss making dates, and lower income following probable write-downs on assets.

Barclays nontraded market risks include interest rate risk in the commercial banking business. This is managed by the treasury, which hedges the net position with market counterparties via Barclays Capital. We believe that the residual risk from these exposures is low.

Moreover, Barclays bears considerable nontrading market risk through its defined-benefit pension fund exposure. Barclays has one of the largest pension schemes relative to its core capital of any European bank, and although this is a long-term liability without great short-term impact, it does render the bank's capitalization relatively sensitive to changes in the value of plan assets or changes in liability assumptions.

Operational risk

Barclays has an established definition of operational risk and a framework establishing control requirements for a number of identified risk categories, for example, financial crime, financial reporting, legal, operations, staff, compliance, and technology. Primary responsibility rests with the business areas.

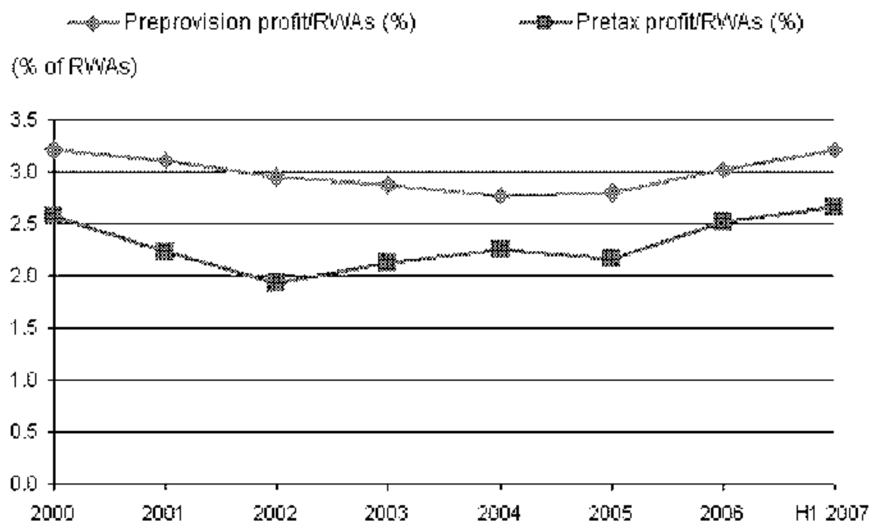
Key risks and controls are assessed using scenario analyses, and Barclays uses a standard groupwide process for collecting risk data, as well as public data on operational losses, and is part of a number of international banks which share operational loss data. Barclays allocates economic capital to operational losses to incentivize tighter risk management.

Profitability: Strong Returns; Increasingly Diverse

Barclays' profitability is strong, increasingly diverse and earnings should remain solid despite a likely weaker second half of 2007 in investment banking. First-half 2007 was a record half year for Barclays, with core earnings of £2.9 billion, a 7% increase on the first half of 2006, reflecting in large part the strong growth in investment banking and asset management. Core return on risk-weighted assets (RWAs) was 1.9%, which denotes strong capital generation, although RWA growth was reduced about 1pp by securitizations. Preprovision returns on RWAs are also good, at 3.2%, a slight increase compared with 2006, again reflecting higher profits in the investment banking and asset management business, which are balance sheet but not RWA intensive. In the first half of 2007, loan impairments were 62 basis points (bps) of RWAs, so this margin provides a substantial buffer against unexpected losses.

Chart 9

Barclays Preprovision And Pretax Return On Risk-Weighted Assets

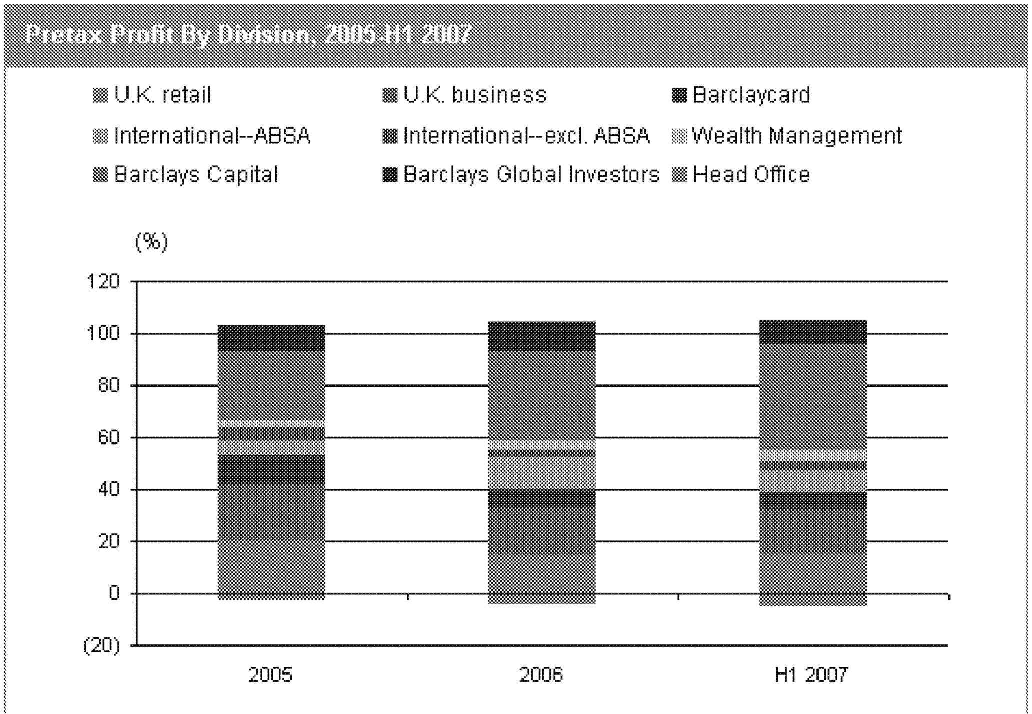


Sources: Standard & Poor's, company data. Excludes gain on sale of property and other exceptional items.

Profit growth was driven chiefly by Barclays Capital (where pretax profits excluding goodwill impairment rose 36%) and the U.K. bank (up 19% excluding gains on sale and leaseback and overdraft settlement fees). Earnings from emerging markets and Spain grew significantly. Other divisions were more sluggish, partly due to currency movements, which reduced sterling earnings at BGI and at Absa.

The trends of 2007 to date mark a continuation of Barclays' transition toward international and capital markets business, and away from U.K. banking--a transition that has been accelerated by the relatively weak performance in Barclaycard (see chart 10). Standard & Poor's considers that Barclays' income streams have become increasingly diverse in recent years, reducing its exposure to any single geographical market (notably the U.K.), and enabling it to weather significant problems at Barclaycard, for example, while still showing good group-level growth.

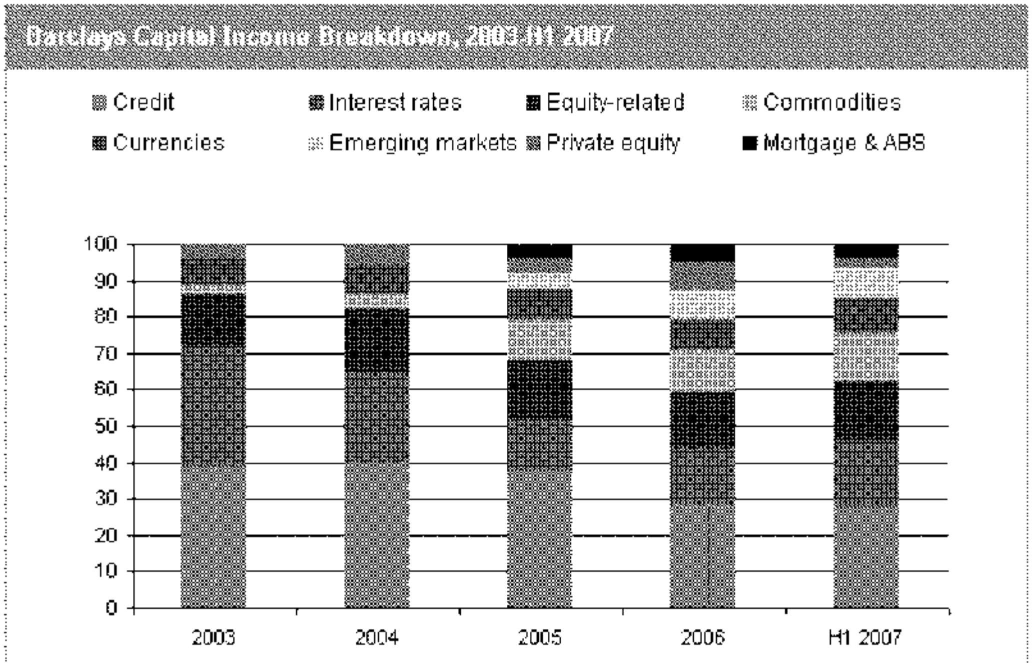
Chart 10



Source: Standard & Poor's, company data.

The counterpart to this shift away from the U.K. is that much of the growth has come from wholesale activities, particularly Barclays Capital, which has been particularly impressive. The latter grew its own pretax profits by about £1.2 billon between 2004 and 2006, roughly two thirds of the group's pretax profit growth. As a result, Barclays Capital accounted for 41% of group profits in the first half of 2007 (excluding gains on sale and leaseback, amortization of intangible assets, and exceptional items), compared with only 22% in 2004. This is in part mitigated by the increased diversification of Barclays Capital itself, but the increased importance of Barclays Capital to group earnings potentially increases profit volatility and uncertainty about the risk profile of the group (see chart 11). Standard & Poor's expects Barclays Capital's contribution to the group to decline markedly in the second half of 2007, reflecting more difficult capital market conditions.

Chart 11



Source: Standard & Poor's, company data.

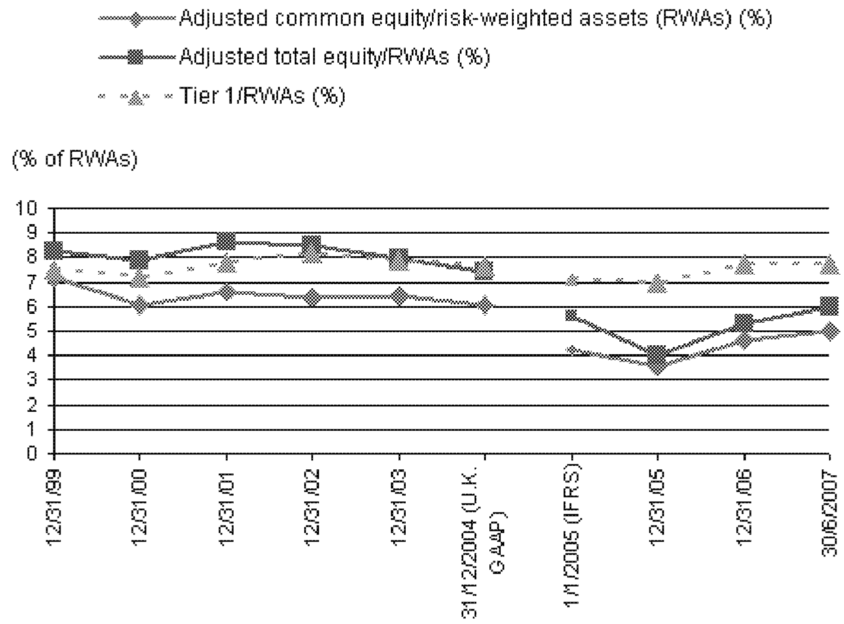
Capital: Recently Improved, But A Relative Weakness

Standard & Poor's regards Barclays' capitalization as relatively weak for its rating category, and this is expected to remain the case. Barclays targets an equity Tier 1 to RWA target of 5.25%, and following the failure of its bid for ABN AMRO is expected to continue share buybacks in order to offset the dilutive effect of issuing shares to China Development Bank and Temasek, and maintain tight ratios. Even so, its capital ratios on Standard & Poor's measures should remain broadly within their recent range.

Barclays' ATE to RWAs ratio (which includes some hybrid capital but deducts first loss pieces and investments in insurance subsidiaries) was 6.0% at June 30, 2007, up from 5.3% at end-2006 and 4.1% at end-2005 (see chart 12). Barclays makes full use of hybrid capital, without which its ACE to RWAs ratio was 5.0% at June 30, 2007, compared with 4.6% at end-2006 and just 3.5% at end-2005. Standard & Poor's still regards this as low in the international context (see chart 13). The recent increases are in part explained by the shrinking pension deficit, the swing in which between December 2005 and June 2007 was equivalent to approximately 0.5pps of RWAs.

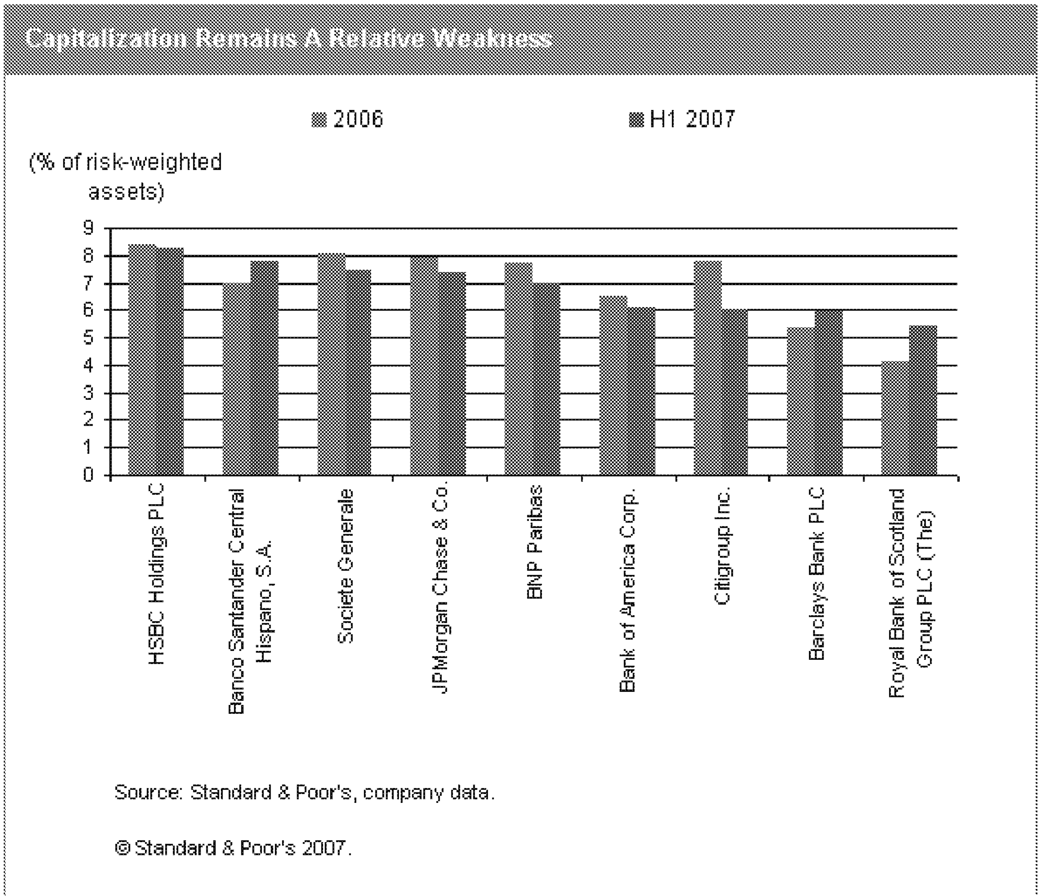
Chart 12

Capitalization Has Recovered From Recent Lows



Source: Standard & Poor's, company data.

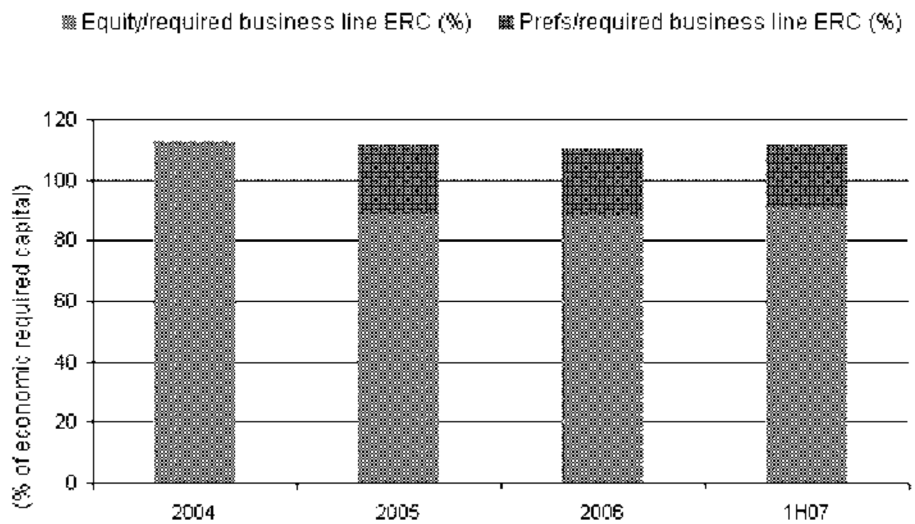
Chart 13



Barclays uses an economic capital framework, which Standard & Poor's regards as one of the most advanced in the industry. This measure--which neutralizes changes in the pension deficit--also shows the impact of Barclays' decision to increase gearing in 2005, since when capitalization has remained stable (see chart 14).

Chart 14

Preference Share Issues Have Enabled Barclays Bank PLC To Meet Capital Demand



Source: Standard & Poor's, company data.

Table 2 | View Expanded Table

Balance Sheet Statistics

	--Year ended Dec. 31--					Breakdown as a % of assets (adj.)				
(Mil. £)	**2007***	**2006**	**2005**	**2004**	**2003**	**2007***	**2006**	**2005**	**2004**	**2003**
Assets										
Cash and money market instruments	241,909	205,551	186,377	114,650	99,727	22.86	22.67	22.35	22.51	23.15
Securities	308,121	245,753	211,301	146,252	112,429	29.12	27.10	25.34	28.71	26.10
Trading securities (marked to market)	217,573	177,867	155,723	87,671	59,812	20.56	19.61	18.67	17.21	13.88
Nontrading securities	90,548	67,886	55,578	58,581	52,617	8.56	7.49	6.67	11.50	12.21
Loans to banks (net)	0	9,230	11,255	20,538	13,885	0.00	1.02	1.35	4.03	3.22
Customer loans (gross)	324,517	298,827	280,942	199,402	179,869	30.67	32.95	33.69	39.14	41.75
Residential real estate loans	104,319	98,172	89,529	64,481	61,905	9.86	10.83	10.74	12.66	14.37
Other consumer loans	31,713	31,840	35,543	23,313	21,905	3.00	3.51	4.26	4.58	5.08
Foreign loans	N.A.	N.A.	N.A.	40,760	32,587	N.A.	N.A.	N.A.	8.00	7.56
Commercial real estate loans	17,489	16,528	16,325	10,409	8,224	1.65	1.82	1.96	2.04	1.91
Commercial/corporate loans	160,666	128,949	121,857	35,926	32,990	15.18	14.22	14.61	7.05	7.66
All other loans	10,330	23,338	17,688	24,513	22,258	0.98	2.57	2.12	4.81	5.17
Loan loss reserves	3,274	3,331	3,446	2,760	3,012	0.31	0.37	0.41	0.54	0.70
Customer loans (net)	321,243	295,496	277,496	196,642	176,857	30.36	32.59	33.28	38.60	41.06
Earning assets	869,762	752,020	685,973	479,095	404,200	82.19	82.93	82.26	94.05	93.83
Equity interests/participations (nonfinancial)	N.A.	N.A.	N.A.	67	96	N.A.	N.A.	N.A.	0.01	0.02
Inv. in unconsolidated subsidiaries (financial co.)	947	982	782	437	501	0.09	0.11	0.09	0.09	0.12
Intangibles (nonservicing)	7,863	7,195	7,291	4,295	4,505	0.74	0.79	0.87	0.84	1.05
Fixed assets	2,538	2,492	2,754	1,921	1,790	0.24	0.27	0.33	0.38	0.42
Derivatives credit amount	174,225	138,353	136,823	18,174	15,812	16.46	15.26	16.41	3.57	3.67
Accrued receivables	4,275	3,788	2,952	6,850	5,927	0.40	0.42	0.35	1.34	1.38

All other assets	97,141	87,947	87,326	12,263	11,832	9.18	9.70	10.47	2.41	2.75
Total reported assets	1,158,262	996,787	924,357	522,089	443,361	109.46	109.92	110.85	102.49	102.92
Less insurance statutory funds	(92,194)	(82,798)	(83,193)	(8,378)	(8,077)					
Less nonservicing intangibles+ I/O strips	(7,863)	(7,195)	(7,291)	(4,295)	(4,505)	(0.74)	(0.79)	(0.87)	(0.84)	(1.05)
Adjusted assets	1,058,205	906,794	833,873	509,416	430,779	100.00	100.00	100.00	100.00	100.00
						Breakdown as a % of liabilities + equity				
	2007*	**2006**	**2005**	**2004**	**2003**	**2007***	**2006**	**2005**	**2004**	**2003**
Liabilities										
Total deposits	379,873	389,116	356,920	250,391	215,489	32.80	39.04	38.61	47.96	48.60
Noncore deposits	87,429	132,362	75,127	68,055	54,282	7.55	13.28	8.13	13.04	12.24
Core/customer deposits	292,444	256,754	281,793	182,336	161,207	25.25	25.76	30.49	34.92	36.36
Repurchase agreements	181,093	136,956	121,178	78,351	63,471	15.63	13.74	13.11	15.01	14.32
Other borrowings	128,390	66,701	68,285	73,934	55,598	11.08	6.69	7.39	14.16	12.54
Other liabilities	434,763	371,202	349,147	94,946	85,737	37.54	37.24	37.77	18.19	19.34
Total liabilities	1,124,119	963,975	895,530	497,622	420,295	97.05	96.71	96.88	95.31	94.80
Total shareholders' equity	34,143	32,812	28,827	24,467	23,066	2.95	3.29	3.12	4.69	5.20
Limited life preferred and quasi equity	3,842	3,842	3,923	3,602	3,645	0.33	0.39	0.42	0.69	0.82
Preferred stock and other capital	7,518	7,486	5,900	3,237	2,665	0.65	0.75	0.64	0.62	0.60
Minority interest-equity	1,810	1,685	1,578	211	283	0.16	0.17	0.17	0.04	0.06
Common shareholders' equity (reported)	20,973	19,799	17,426	17,417	16,473	1.81	1.99	1.89	3.34	3.72
Share capital and surplus	7,496	7,452	7,273	7,138	7,059	0.65	0.75	0.79	1.37	1.59
Revaluation reserve	(169)	(98)	295	24	24	(0.01)	(0.01)	0.03	0.00	0.01
Reserves (incl. inflation revaluations)	440	488	1,082	926	891	0.04	0.05	0.12	0.18	0.20
Retained profits	13,461	12,169	8,957	9,329	8,499	1.16	1.22	0.97	1.79	1.92
Other equity	(255)	(212)	(181)	N.A.	N.A.	(0.02)	(0.02)	(0.02)	N.A.	N.A.
Memo: Dividends (not yet distributed)	(731)	(1,307)	(1,105)	0	0					
Total liabilities and equity	1,158,262	996,787	924,357	522,089	443,361	100.00	100.00	100.00	100.00	100.00
Equity Reconciliation Table										
Common shareholders' equity (reported)	20,973	19,799	17,426	17,417	16,473					
+ Minority Interest (equity)	1,810	1,685	1,578	211	283					
- Dividends (not yet distributed)	(731)	(1,307)	(1,105)	0	0					
- Revaluation reserves	169	98	(295)	(24)	(24)					
- Nonservicing Intangibles	(7,863)	(7,195)	(7,291)	(4,295)	(4,505)					
- Postretirement benefit adjustments	1,641	631	(799)	0	0					
Adjusted common equity	15,999	13,711	9,514	13,309	12,227					
+ Admissible Prefs and hybrids	5,280	4,525	3,140	4,392	4,035					
- Equity in Unconsolidated Subsidiaries	(947)	(982)	(782)	(437)	(501)					
- Capital of Insurance Subsidiaries	0	0	0	(610)	(478)					
- Adjustment for Securitized Assets	(1,328)	(1,348)	(961)	(496)	(182)					
Adjusted total equity	19,004	15,906	10,911	16,158	15,101					

*Data as of June 30, 2007. Data for 2005-2007 are based on IFRS; prior years are based on U.K. GAAP. Ratios annualized where appropriate. N.A.--Not available.

Table 3 | View Expanded Table

Profit And Loss Statement Statistics

	--Year ended Dec. 31--					Adj. avg. assets (%)				
(Mil. £)	**2007***	**2006**	**2005**	**2004**	**2003 -**	**2007***	**2006**	**2005**	**2004**	**2003**

Profitability										
Interest income	12,037	21,805	17,232	13,665	12,427	2.45	2.51	2.57	2.91	3.02
Interest expense	7,448	12,662	9,157	6,823	5,823	1.52	1.45	1.36	1.45	1.42
Net interest income	4,589	9,143	8,075	6,842	6,604	0.93	1.05	1.20	1.46	1.61
Operating noninterest income	7,340	12,412	9,299	7,159	5,836	1.49	1.43	1.38	1.52	1.42
Fees and commissions	3,812	7,177	5,705	4,966	4,263	0.78	0.82	0.85	1.06	1.04
Equity in earnings of unconsolidated subsidiaries	0	46	45	56	29	0.00	0.01	0.01	0.01	0.01
Trading gains	2,811	3,614	2,321	1,493	1,054	0.57	0.42	0.35	0.32	0.26
Other market-sensitive income	261	668	505	26	21	0.05	0.08	0.08	0.01	0.01
Net insurance income	194	485	227	269	231	0.04	0.06	0.03	0.06	0.06
Other noninterest income	262	422	496	349	238	0.05	0.05	0.07	0.07	0.06
Operating revenues	11,929	21,555	17,374	14,001	12,440	2.43	2.48	2.59	2.98	3.02
Noninterest expenses	6,994	13,026	10,484	8,051	6,988	1.42	1.50	1.56	1.71	1.70
Personnel expenses	4,581	8,169	6,318	4,998	4,295	0.93	0.94	0.94	1.06	1.04
Other general and administrative expense	2,097	4,325	3,759	2,758	2,404	0.43	0.50	0.56	0.59	0.58
Depreciation	316	532	407	295	289	0.06	0.06	0.06	0.06	0.07
Net operating income before loss provisions	4,935	8,529	6,890	5,950	5,452	1.00	0.98	1.03	1.27	1.33
Credit loss provisions (net new)	959	2,068	1,567	1,093	1,346	0.20	0.24	0.23	0.23	0.33
Net operating income after loss provisions	3,976	6,461	5,323	4,857	4,106	0.81	0.74	0.79	1.03	1.00
Nonrecurring/special income	125	755	0	45	4	0.03	0.09	0.00	0.01	0.00
Nonrecurring/special expense	0	0	0	0	0	0.00	0.00	0.00	0.00	0.00
Amortization of goodwill and intangibles	0	80	43	299	265	0.00	0.01	0.01	0.06	0.06
Pretax profit	4,101	7,136	5,280	4,603	3,845	0.83	0.82	0.79	0.98	0.93
Tax expense/credit	1,158	1,941	1,439	1,289	1,076	0.24	0.22	0.21	0.27	0.26
Net income before minority interest	2,943	5,195	3,841	3,314	2,769	0.60	0.60	0.57	0.70	0.67
Minority interest in consolidated subsidiaries	309	624	394	46	25	0.06	0.07	0.06	0.01	0.01
Net income before extraordinaries	2,634	4,571	3,447	3,268	2,744	0.54	0.53	0.51	0.70	0.67
Net income after extraordinaries	2,634	4,571	3,447	3,268	2,744	0.54	0.53	0.51	0.70	0.67
Core Earnings Reconciliation										
Net Income (before Minority Interest)	2,943	5,195	3,841	3,314	2,769					
- Nonrecurring/Special Income	(125)	(755)	0	(45)	(4)					
+ Nonrecurring/Special Expense	0	0	0	0	0					
+ Amortization/ Impairment of Goodwill/ Intangibles	0	80	43	299	265					
Core earnings	2,818	4,520	3,884	3,568	3,030	0.57	0.52	0.58	0.76	0.74

	2007*	**2006**	**2005**	**2004**	**2003**
Asset Quality					
Nonperforming assets	5,352	5,088	5,210	3,985	4,155
Nonaccrual loans	4,693	4,444	4,550	2,607	2,907
Restructured loans	61	46	51	0	0
Loans in arrears but accruing	598	598	609	1,378	1,248
Classified loans (substandard, doubtful, loss)	735	761	929	756	1,477
Net charge-offs	887	1,915	1,365	1,340	1,361
Average balance sheet					
Average customer loans	308,370	286,496	237,069	186,750	168,378
Average earning assets	810,891	718,997	582,534	441,648	386,387
Average assets	1,077,525	960,572	723,223	482,725	423,212
Average total deposits	384,495	373,018	303,656	232,940	205,992
Average interest-bearing liabilities	641,065	569,578	474,530	368,617	322,117
Average common equity	20,386	18,613	17,422	16,945	15,837
Average adjusted assets	982,500	870,334	671,645	470,098	411,284

Other data

Number of employees (end of period, actual)	127,700	122,600	113,300	78,400	74,800
Number of branches	N.A.	3,627	3,545	N.A.	2,916
Total assets under management	1,003,000	927,000	881,000	709,000	598,000
Off-balance-sheet credit equivalents	236,307	244,923	250,928	185,014	161,191

*Data as of June 30, 2007. Data for 2005-2007 are based on IFRS; prior years are based on U.K. GAAP. Ratios annualized where appropriate. N.A.--Not available.

Table 4 | View Expanded Table

Ratio Analysis

		--Year ended Dec. 31--			
	2007*	**2006**	**2005**	**2004**	**2003**
ANNUAL GROWTH (%)					
Customer loans (gross)	17.19	6.37	40.89	10.86	10.48
Loss reserves	(3.42)	(3.34)	24.86	(8.37)	3.29
Adjusted assets	33.39	8.74	63.69	18.25	9.95
Customer deposits	27.80	(8.89)	54.55	13.11	9.73
Total equity	8.11	13.82	17.82	6.07	4.68
Operating revenues	10.68	24.06	24.09	12.55	9.92
Noninterest expense	7.39	24.25	30.22	15.21	13.02
Net operating income before provisions	15.72	23.79	15.80	9.13	6.19
Loan loss provisions	(7.25)	31.97	43.37	(18.80)	(9.36)
Net operating income after provisions	23.08	21.38	9.59	18.29	12.52
Pretax profit	14.94	35.15	14.71	19.71	19.97
Net income	13.30	35.25	15.90	19.68	23.07
	2007*	**2006**	**2005**	**2004**	**2003**
PROFITABILITY (%)					
Interest Margin Analysis					
Net interest income (taxable equiv.)/avg. earning assets	1.13	1.27	1.39	1.55	1.71
Net interest spread	0.65	0.81	1.03	1.24	1.41
Interest income (taxable equiv.)/avg. earning assets	2.97	3.03	2.96	3.09	3.22
Interest income on loans/avg. total loans	0.00	5.79	5.39	0.00	0.00
Interest expense/avg. interest-bearing liabilities	2.32	2.22	1.93	1.85	1.81
Interest expense on deposits/avg. deposits	0.00	1.58	1.57	0.00	0.00
Revenue Analysis					
Net interest income/revenues	38.47	42.42	46.48	48.87	53.09
Fee income/revenues	31.96	33.30	32.84	35.47	34.27
Market-sensitive income/revenues	25.75	19.87	16.27	10.85	8.64
Noninterest income/revenues	61.53	57.58	53.52	51.13	46.91
Personnel expense/revenues	38.40	37.90	36.36	35.70	34.53
Noninterest expense/revenues	58.63	60.43	60.34	57.50	56.17
Noninterest expense/revenues less investment gains	59.94	62.36	62.15	57.61	56.27
Net operating income before provision/revenues	41.37	39.57	39.66	42.50	43.83
Net operating income after provisions/revenues	33.33	29.97	30.64	34.69	33.01
New loan loss provisions/revenues	8.04	9.59	9.02	7.81	10.82
Net nonrecurring/abnormal income/revenues	1.05	3.50	0.00	0.32	0.03
Pretax profit/revenues	34.38	33.11	30.39	32.88	30.91
Tax/pretax profit	28.24	27.20	27.25	28.00	27.98
Core Earnings/Revenues	23.62	20.97	22.36	25.48	24.36
	2007*	**2006**	**2005**	**2004**	**2003**
Other Returns					
Pretax profit/avg. risk assets (%)	2.66	2.52	2.17	2.26	2.13
Revenues/avg. risk assets (%)	7.75	7.60	7.12	6.87	6.88

Net operating income before LLP/LLP	514.60	412.43	439.69	544.37	405.05
Net operating income before loss provisions/avg. risk assets (%)	3.21	3.01	2.83	2.92	3.01
Net operating income after loss provisions/avg. risk assets (%)	2.58	2.28	2.18	2.38	2.27
Net income before minority interest/avg. adjusted assets	0.60	0.60	0.57	0.71	0.67
Net income/employee (currency unit)	47,032	44,044	40,073	43,264	37,043
Non-interest expenses/average adjusted assets	1.42	1.50	1.56	1.71	1.70
Personnel expense/employee (currency unit)	73,208	69,258	65,915	65,248	57,458
Personnel expense/branch (mil. currency unit)	N.A.	2.28	N.A.	N.A.	1.56
Noninterest expense/branch (mil. currency unit)	N.A.	3.63	N.A.	N.A.	2.54
Cash earnings/avg. tang. common equity (ROE) (%)	44.23	45.01	34.71	30.61	28.20
Core earnings/average risk-weighted assets	1.83	1.59	1.59	1.75	1.68
Core earnings/average adjusted assets	0.57	0.52	0.58	0.76	0.74
Core earnings/ Average ACE (ROE)	37.94	38.92	34.04	27.94	25.71
	2007*	**2006**	**2005**	**2004**	**2003**
FUNDING AND LIQUIDITY (%)					
Customer deposits/funding base	42.42	43.31	51.57	45.28	48.19
Total loans/customer deposits	110.97	119.98	103.69	120.63	120.20
Total loans/customer deposits + long-term funds	96.52	95.00	84.88	93.66	93.65
Customer loans (net)/assets (adj.)	30.36	32.59	33.28	38.60	41.06
Parent Only Analysis					
	2007*	**2006**	**2005**	**2004**	**2003**
CAPITALIZATION (%)					
Adjusted common equity/risk assets	5.03	4.60	3.53	6.09	6.47
Internal capital generation/prior year's equity	19.22	14.91	10.11	10.50	9.24
Tier 1 capital ratio	7.70	7.70	7.00	7.60	7.90
Regulatory total capital ratio	11.80	11.70	11.30	11.50	12.80
Adjusted total equity/adjusted assets	1.80	1.75	1.31	3.17	3.51
Adjusted total equity/adjusted assets + securitizations	1.80	1.75	1.31	3.17	3.51
Adjusted total equity/risk assets	5.98	5.34	4.05	7.39	7.99
Adjusted total equity plus LLR (specific)/customer loans (gross)	6.86	6.44	5.11	9.49	10.07
Common dividend payout ratio	27.75	43.16	48.94	47.06	48.83
	2007*	**2006**	**2005**	**2004**	**2003**
ASSET QUALITY (%)					
New loan loss provisions/avg. customer loans (net)	0.62	0.72	0.66	0.59	0.80
Net charge-offs/avg. customer loans (net)	0.58	0.67	0.58	0.72	0.81
Loan loss reserves/customer loans (gross)	1.01	1.11	1.23	1.38	1.67
Credit-loss reserves/risk assets	1.03	1.12	1.28	1.27	1.60
Nonperforming assets (NPA)/customer loans + ORE	1.65	1.70	1.85	2.00	2.31
NPA (excl. delinquencies)/customer loans + ORE	1.46	1.50	1.64	1.31	1.62
Net NPA/customer loans (net) + ORE	0.65	0.59	0.64	0.62	0.65
NPA (net specifics)/customer loans (net specifics)	0.65	0.59	0.64	0.62	0.65
Loan loss reserves/NPA (gross)	61.17	65.47	66.14	69.26	72.49

*Data as of June 30, 2007. Data for 2005-2007 are based on IFRS; prior years are based on U.K. GAAP. Ratios annualized where appropriate. N.A.--Not available.

Ratings Detail (As Of 12-Nov-2007)*

Barclays Bank PLC	
Counterparty Credit Rating	AA/Stable/A-1+
Certificate Of Deposit	AA/A-1+
Commercial Paper	
Foreign Currency	A-1+
Junior Subordinated	A+
Preference Stock	
Foreign Currency	A+
Senior Unsecured	AA

Short-Term Debt	A-1+
Subordinated	AA-

Counterparty Credit Ratings History

20-Jun-1994	*Foreign Currency*	AA/Stable/A-1+
11-Jun-1992		AA/Watch Neg/A-1+
04-Mar-1991		AA+/Stable/A-1+
15-Nov-1994	*Local Currency*	AA/Stable/A-1+
20-Jun-1994		AA/Stable/--
11-Jun-1992		AA/Stable/--

Sovereign Rating

United Kingdom	AAA/Stable/A-1+

Related Entities

Absa Bank Ltd. (Unsolicited Ratings)

Issuer Credit Rating	
Local Currency	Api/--/--

Barclays Bank Ireland PLC

Issuer Credit Rating	AA/Stable/A-1+
Certificate Of Deposit	AA/A-1+

Barclays Bank Mexico S.A.

Issuer Credit Rating	
CaVal (Mexico) National Scale Rating	mxAAA/Stable/mxA-1+

Barclays Global Investors Trust & Banking Co. Ltd.

Issuer Credit Rating	AA-/Watch Neg/--
Certificate Of Deposit	AA-/Watch Neg

Barclays PLC

Issuer Credit Rating	AA-/Stable/A-1+

Barclays Private Clients International Ltd.

Issuer Credit Rating	AA/Stable/A-1+
Certificate Of Deposit	AA/A-1+

*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings on the global scale are comparable across countries. Standard & Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country.

Additional Contact: Financial Institutions Ratings Europe; FIG_Europe@standardandpoors.com

Credit Opinion: Barclays Bank PLC

Barclays Bank PLC

London, United Kingdom

Ratings

Category	Moody's Rating
Outlook	Stable(m)
Bank Deposits	Aa1/P-1
Bank Financial Strength	B+
Issuer Rating	Aa1
Senior Unsecured	Aa1
Subordinate	Aa2
Jr Subordinate	Aa3
Preferred Stock	Aa3
Preference Stock	Aa3
Commercial Paper	P-1
Other Short Term	P-1
Parent: Barclays Plc	
Outlook	Stable
Issuer Rating -Dom Curr	Aa2
ST Issuer Rating -Dom Curr	P-1
Barclays Bank Ireland PLC	
Outlook	Negative(m)
Bank Deposits	Aa2/P-1
Bank Financial Strength	D+

Contacts

Analyst	Phone
Elizabeth Rudman/London	44.20.7772.5454
Edward Vincent/London	
Adel Satel/London	

Key Indicators

Barclays Bank PLC

	[1]2007	2006	2005	2004	2003	5-Year Avg.
Total assets (GBP billion)	1158.26	996.79	924.36	522.09	443.26	[2]22.82
Total assets (EUR billion)	1720.68	1479.43	1345.32	737.44	629.09	[2]20.48
Total capital (GBP billion)	43.79	41.18	36.89	30.60	29.00	[2]10.85
Return on average assets	0.55	0.54	0.53	0.69	0.65	0.60
Recurring earnings power	0.91	0.89	0.94	1.22	1.28	1.12
Net interest margin	1.03	1.14	1.30	1.55	1.71	1.50
Cost/income ratio (%)	58.75	60.59	60.68	57.73	56.30	58.37
Problem loans % gross loans	1.65	1.78	1.91	1.55	1.87	1.86
Tier 1 ratio (%)	7.70	7.70	7.00	7.60	7.90	7.68

[1] As of June 30. [2] Compound annual growth rate.

Opinion

SUMMARY RATING RATIONALE

Moody's assigns a bank financial strength rating (BFSR) of B+ to Barclays, which translates into a baseline risk assessment of Aa2. The rating derives from the bank's broad spread of earnings, which are based on its very strong franchise in the UK, diversified business lines and income streams, and its very healthy and sustainable financial fundamentals. While UK retail and business banking accounted for approximately 36% of profits in 2006, other operations including Barclays Capital (BarCap), Barclays Global Investors (BGI), and international businesses now represent a growing proportion of consolidated group revenues.

Moody's continues to believe that the probability of systemic support for Barclays plc is very high, which would -- were the outlook of Barclays BFSR to be stable – result in a two-notch uplift in the deposit ratings to Aaa from the Aa2 baseline risk assessment. However with the BFSR on negative outlook the rating is at Aa1.

Thus, the deposit and debt ratings of Barclays incorporate three main elements: (1) the bank's BFSR of B+; (2) Moody's assessment of a very high probability of support from the UK authorities (a component of joint default analysis, referred to as JDA) and (3) the seniority of its deposits and debt.

Credit Strengths

- Strong positions in all key areas of UK financial markets

- Consistent profitability, driven by intense management focus on value creation

- Growth of international operations adds diversification to UK operations, while execution risk has been well managed

- Solid funding profile and strong liquidity

Credit Challenges

- Profitability of UK retail bank is improving but margin pressures persist

- Vulnerability of credit cards and unsecured lending to a downturn in UK consumer lending market

- Barclays Capital's current focus and risk appetite will be a key to managing the inherent volatility of earnings that these businesses entail

- Managing the cost structure of the bank as a whole

Rating Outlook

The outlook on the long term debt and deposit rating and the short term debt and deposit rating is stable.The negative outlook on the BFSR was initially assigned in April 2007 following the announcement of the proposed merger with ABN AMRO. The negative outlook was maintained after the offer lapsed in October 2007 as the dislocation in the financial markets since July continues to create uncertainty for the performance of all banks which are involved in structured securities and related capital market activities.

What Could Change the Rating - Up

Greater clarity on market conditions and on how their impact on banks develop over the next 3 - 6 months will be a key factor for upward pressure on the BFSR. Evidence that Barclays is able to maintain the earnings momentum of the last few years, and in particular achieve greater leverage off its UK retail franchise, would also be positive for the BFSR.

What Could Change the Rating - Down

Negative rating pressure would likely occur if strategic decisions led to a material increase in Barclays' risk/return profile; for example, due to increased market-related activities or international acquisitions. If conditions in the UK retail market were to deteriorate significantly and so as to lead to an increased provisioning burden then this might also impact negatively on the rating.

Recent Results

Barclays reported a 12% increase in pre-tax profits to GBP4.1 billion for H107 (H106: GBP3.7 billion). UK Banking produced a pre-tax profit of GBP1.4 billion (an increase of 9% on H106), while BarCap delivered record results, with a 33% rise in pre-tax profit to GBP1.7 billion (H106: GBP1.2 billion). Between them, UK Banking and BarCap produced 74% of overall group pre-tax profit. Profit from Barclaycard declined 17% to GBP 272m (H106: GBP 326m) - although excluding a loss on a disposal in H107 and a property gain in H106 Barclaycard pre-tax profits were up 4% - while profit from International Retail and Commercial Banking declined by 12% to GBP452 million

(H106: GBP512 million). Elsewhere, profit growth remained strong. BGI reported a 7% rise in pre-tax profit to GBP388 million (H106: GBP364 million), with both income and profit up substantially more in USD terms. Barclays Wealth reported a 34% rise in pre-tax profit to GBP173 million (H106: GBP129 million), reflecting strong income growth from increased client funds and transaction volumes.

Loan impairment charges for the Group overall reduced by 9% to GBP959 million for H107 (H106: GBP1.1 billion), despite evidence of increased financial market volatility (notably in the UK and US).

Barclays' Tier 1 capital ratio at H107 was unchanged from year-end 2006 at 7.7%.

DETAILED RATING CONSIDERATIONS

Detailed considerations for Barclays ratings are as follows:

Bank Financial Strength Rating

Moody's assigns a B+ BFSR to Barclays. Moody's believes the B+ rating is an appropriate measure of the bank's financial strength at present given its strong regional franchise, moderate risk profile and good financial fundamentals. Additionally, we believe that the franchise of Barclays Global Investors is under-rated in the scorecard, and note that this is stable business area which is gaining market share and that the figures may well improve further going forward.

Key positive elements driving the BFSR scorecard outcome are Barclays' franchise value across a number of countries, its strong liquidity and risk positioning.

A key negative element driving the BFSR scorecard outcome is the more moderate score for capital adequacy.

Qualitative Rating Factors (50%)

Factor 1: Franchise Value

Trend: Neutral

Barclays Bank PLC has strong market shares in all significant fields of UK banking, including being one of the major players in the current account market, credit cards (through Barclaycard), small business banking and corporate finance. BarCap - its investment banking operation - has a major presence in debt and risk management markets in Europe and a growing presence in the US and Asia. BGI is one of the world's largest institutional fund managers.

Within this broad spread of businesses, the bank is not overly dependent on potentially volatile revenues from corporate and investment banking in order to maintain high levels of profitability. Furthermore, around 50% of its profits (albeit that this is a reducing trend) are currently generated in the UK, which is a large, diverse and stable economy.

Barclays has a significant international presence in over 50 countries with 27 million customers and 3,648 branches. This presence has been enhanced over the last few years by a number of acquisitions.

These most notably include Banco Zaragozano in Spain (2003), US credit card company Juniper Financial Corporation (2004) and most recently the acquisition of Absa in South Africa (2005). These acquisitions are clearly helping to further broaden the revenue base of the bank. We note that Barclays has a good record in integration and that potential problems of execution risk have not arisen.

Factor 2: Risk Positioning

Trend: Neutral

The bank's market risk tolerance, as measured by its value at risk (VaR) limits is in line with other large international banks. Although there will always be risks associated with a banking group which is actively involved in markets and trading activities, we believe that the risk appetite at Barclays is such as to maintain these at acceptable levels going forward. Nevertheless, we believe the group will need to maintain its disciplined approach to risk management in light of BarCap's ambitious growth plans and the ongoing dislocation in the financial markets. With reference to Basel II, Barclays continues to develop its approach to operational risk and plans to follow the Advanced Management Approach.

Factor 3: Regulatory Environment

Trend: Neutral

All UK banks are subject to the same score on regulatory environment. This factor does not address bank-specific issues; instead, it evaluates whether regulatory bodies are independent and credible, demonstrate enforcement powers and adhere to global standards of best practices for risk control. Refer to Moody's Banking System Outlook for the United Kingdom, published September 2006, for a detailed discussion of regulatory environment.

Factor 4: Operating Environment

Trend: Neutral

This factor is a blended score to account for the different geographies in which Barclays operates (notably South Africa). Moody's assigns an A- for the overall operating environment. Refer to Moody's Banking System Outlook for the United Kingdom, published September 2006, for a detailed discussion of the bank's domestic operating environment.

Quantitative Rating Factors (50%)

Factor 5: Profitability

Trend: Neutral

Barclays has a solid financial profile, generating pre-provision income of GBP8.5 billion in 2006. The net interest margin fell back in 2006 to 1.14% from 1.28% in 2005. (The net interest margin is defined as net interest income as a percentage of average interest earning assets.) However, net interest income now accounts for a smaller proportion of operating income (approximately 42% in 2006 and 47% in 2005 compared to 54% in the year 2000) with net fees and commissions as well as dealing profits representing a growing share of revenues. Risk-weighted recurring earning power (pre-provision income as a percentage of average total assets), however, remained strong at 3.00% for the year 2006.

Factor 6:

Liquidity

Trend: Neutral

The solid funding profile and good liquidity of Barclays is a key underpinning of the bank's rating. Barclays has, in our opinion, a diverse and stable depositor base - by type and by geography - as well as good flexibility in its balance sheet, with an ability to manage its asset base in times of stress. Barclays has, as one might expect, a strong funding franchise in the UK with strong positions in the current account, savings and business banking sectors, supported by the savings franchise under both the Barclays and the Woolwich brands. The structure of the balance sheet ensures that the retail and commercial banking books are 'self-funded' (i.e. the assets are funded with customer deposits from within the franchise),

The bank manages its wholesale funding according to a schedule of "Wholesale Borrowing Guidelines", which specifies a maximum net cumulative mismatch of funds in local and foreign currency, for one day, one week and one month, across five global regions. In particular, Barclays closely manages the trading and liquidity balance sheet of Barclays Capital. The bank raises sizeable amounts of wholesale funds to finance local operations in the US. In addition, Barclays makes modest use of securitisation programmes for its Barclaycard and residential mortgage portfolios in order to enhance balance sheet flexibility, but to date has not made use of covered bond programmes. Barclays' average market funds (excluding interbank funds) as percentage of average funding is at first sight relatively high at 56% at end-2006. However, we take comfort from Barclays' excellent reputation and longstanding presence in the wholesale market.

We note that liquidity is good: liquid assets as a percentage of total assets were 55% at end-2006, which compares favourably with other highly rated European banks. And with the exception of the banking loan book, the majority of Barclays Capital's assets are highly liquid.

Factor 7: Capital Adequacy

Trend: Neutral

Barclays' target Tier 1 ratio is around 7.25%, of which a portion is planned to be in the form of hybrid instruments. We observe that the level of core Tier 1 looks relatively light for a bank of Barclays' profile. However, and notwithstanding the reduction in core Tier 1, we are reasonably comfortable with the current levels of capitalisation in view of the risks that the bank accepts and the quality of its earnings. Indeed, while these ratios are important, the level and consistency of the bank's earnings are the more significant drivers of its high ratings: capitalisation ratios and composition are more likely to become a significant factor at the margin - i.e. if the rating was under pressure (upwards or downwards) for other reasons.

Buybacks are seen as an integral part of the capital management toolkit, but are viewed very much as an option to be used occasionally to deal with excess capital, not a core policy.

Factor 8: Efficiency

Trend: Neutral

While Barclays' cost-to-income ratio of 61% in 2006 is relatively high compared to similarly rated peers, we recognise that the bank continues to make investments in UK Retail Banking, Barclays Capital, BGI and Barclaycard. Operational excellence is clearly defined as an objective and inevitably there needs to be some investment before the bank can achieve its goal, both operationally and in terms of reduced cost ratios.

Factor 9: Asset Quality

Trend: Neutral

Barclays continues to show a good level of asset quality; the bank's exposures to industries which have potential for higher credit risk (for example, autos and airlines) are not, in our opinion, likely to lead to a significant deterioration in the bank's credit strength.

It is important to bear in mind the context of this relative deterioration in asset quality and rise in impairment charges. The current economic climate, while still relatively good, is undoubtedly less benign than 12 or 18 months ago. This is particularly true in relation to household finances, where clear signs of strain are beginning to emerge as a result of lower disposable incomes and high levels of personal indebtedness.

Nonetheless, the core strengths of Barclays should continue to provide an extremely strong buffer against possible deterioration in the UK operating environment. Indeed, we note that the bank, in common with its large UK peers, has demonstrated a significant degree of stability, both strategically and in terms of financial fundamentals, over the past few years, when there have been a number of financial and economic crises globally.

Overall asset quality in the UK is good and Barclays has very strong pre-provision earnings (GBP8.5 billion in 2006), which should allow it to withstand any currently foreseeable deterioration with ease.

Global Local Currency Deposit Rating (Joint Default Analysis)

The deposit/debt ratings are Aa1/Prime-1. Were the BFSR to fall back from one notch from B+ to B then, given the current probability of systemic support, the long-term rating would remain at Aa1.

Moody's assessment of the probability of support as very high recognises Barclays importance to the UK economy and its payment systems.

Notching Considerations

Ratings for Barclays' junior obligations should be notched off the fully supported deposit rating because Moody's believes that there is no legal authority in place in the UK to impose losses on subordinated creditors outside of a liquidation scenario.

Foreign Currency Deposit Rating

The Foreign Currency Deposit ratings of Barclays are unconstrained given that the UK, in common with other EU members, has a country ceiling of Aaa.

Foreign Currency Debt Rating

The Foreign Currency Debt Rating's ratings of Barclays are unconstrained given that the UK, in common with other EU members, has a country ceiling of Aaa.

ABOUT MOODY'S BANK RATINGS

Bank Financial Strength Rating

Moody's Bank Financial Strength Ratings (BFSRs) represent Moody's opinion of a bank's intrinsic safety and soundness and, as such, exclude certain external credit risks and credit support elements that are addressed by Moody's Bank Deposit Ratings. Bank Financial Strength Ratings do not take into account the probability that the bank will receive such external support, nor do they address risks arising from sovereign actions that may interfere with a bank's ability to honor its domestic or foreign currency obligations. Factors considered in the assignment of Bank Financial Strength Ratings include bank-specific elements such as financial fundamentals, franchise value, and business and asset diversification. Although Bank Financial Strength Ratings exclude the external factors specified above, they do take into account other risk factors in the bank's operating environment, including the strength and prospective performance of the economy, as well as the structure and relative fragility of the financial system, and the quality of banking regulation and supervision.

Global Local Currency Deposit Rating

A deposit rating, as an opinion of relative credit risk, incorporates the Bank Financial Strength Rating as well as Moody's opinion of any external support. Specifically, Moody's Bank Deposit Ratings are opinions of a bank's ability to repay punctually its deposit obligations. As such, Moody's Bank Deposit Ratings are intended to incorporate those aspects of credit risk relevant to the prospective payment performance of rated banks with respect to deposit obligations, and includes: intrinsic financial strength, sovereign transfer risk (in the case of foreign currency deposit ratings), and both implicit and explicit external support elements. Moody's Bank Deposit Ratings do not take into account the benefit of deposit insurance schemes which make payments to depositors, but they do recognize the potential support from schemes that may provide assistance to banks directly.

According to Moody's joint default analysis (JDA) methodology, the global local currency deposit rating of a bank is determined by the incorporation of external elements of support into the bank's Baseline Risk Assessment. In calculating the GLC rating for a bank, the JDA methodology also factors in the rating of the support provider, in the form of the local currency deposit ceiling for a country, Moody's assessment of the probability of government support for the bank in case a stress situation occurs and the degree of dependence between the issuer rating and the LCDC.

National scale ratings

National scale ratings are intended primarily for use by domestic investors and are not comparable to Moody's globally applicable ratings; rather they address relative credit risk within a given country. An Aaa rating on Moody's National Scale indicates an issuer or issue with the strongest creditworthiness and the lowest likelihood of credit loss relative to other domestic issuers. National Scale Ratings, therefore, rank domestic issuers relative to each other and not relative to absolute default risks. National ratings isolate systemic risks; they do not address loss expectation associated with systemic events that could affect all issuers, even those that receive the highest ratings on the National Scale.

Foreign Currency Deposit Rating

Moody's ratings on foreign currency bank obligations derive from the bank's local currency rating for the same class of obligation. The implementation of JDA for banks can lead to a high local currency ratings for certain banks, which could also produce high foreign currency ratings. Nevertheless, it should be reminded that foreign currency deposit ratings are in all cases constrained by the country ceiling for foreign currency bank deposits. This may result in the assignment of a different, and typically lower, rating for the foreign currency deposits relative to the bank's rating for local currency obligations.

Foreign Currency Debt Rating

Foreign currency debt ratings are derived from the bank's local currency debt rating. In a similar way to foreign currency deposit ratings, foreign currency debt obligations may also be constrained by the country ceiling for foreign currency bonds and notes, however, in some cases the ratings on foreign currency debt obligations may be allowed to pierce the foreign currency ceiling. A particular mix of rating factors are taken into consideration in order to assess whether a foreign currency bond rating pierces the country ceiling. They include the issuer's global local currency rating, the foreign currency government bond rating, the country ceiling for bonds and the debt's eligibility to pierce that ceiling.

Rating Factors

Barclays Bank PLC

Rating Factors [1]	A	B	C	D	E	Total Score	Trend
Qualitative Factors (50%)						**B**	
Factor 1: Franchise Value (20%)						**B+**	**Neutral**
Market Share and Sustainability	**x**						
Geographical Diversification	**x**						

Earnings Stability			x				
Earnings Diversification [2]							
Factor 2: Risk Positioning (20%)						C+	Neutral
Corporate Governance [2]							
- Ownership and Organizational Complexity							
- Key Man Risk							
- Insider and Related-Party Risks				--	--		
Controls and Risk Management	x						
- Risk Management	x						
- Controls	x						
Financial Reporting Transparency	x						
- Global Comparability	x						
- Frequency and Timeliness		x					
- Quality of Financial Information	x						
Credit Risk Concentration	--	--	--	--	--		
- Borrower Concentration	--	--	--	--	--		
- Industry Concentration	--	--	--	--	--		
Liquidity Management	x						
Market Risk Appetite	x						
Factor 3: Regulatory Environment (5%)	--	--	--	--	--	--	--
Factor 4: Operating Environment (5%)						A-	Neutral
Economic Stability	x						
Integrity and Corruption		x					
Legal System	x						
Financial Factors (50%)						C+	
Factor 5: Profitability (7.9%)						C+	Improving
PPP % Avg RWA		2.84%					
Net Income % Avg RWA			1.67%				
Factor 6: Liquidity (7.9%)						A-	Neutral
(Mkt funds-Liquid Assets) % Total Assets		-1.56%					
Liquidity Management	x						
Factor 7: Capital Adequacy (7.9%)						C	Neutral
Tier 1 ratio (%)			7.40%				
Tangible Common Equity % RWA	--	--	--	--	--		
Factor 8: Efficiency (3.5%)						C	Improving
Cost/income ratio			60.57%				
Factor 9: Asset Quality (7.9%)						C+	Weakening
Problem Loans % Gross Loans		1.75%					
Problem Loans % (Equity + LLR)			23.04%				
Lowest Combined Score (15%)						C	
Economic Insolvency Override						Neutral	
Total Scorecard Implied BFSR						B-	
Assigned BFSR						B+	

[1] - Where dashes are shown for a particular factor (or sub-factor), the score is based on non public information
[2] - A blank score under Earnings diversification or Corporate Governance indicates the risk is neutral

Message

From: Vonta, Sophia [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=VONTASO]
Sent: 4/8/2008 9:08:22 PM
To: Norton, Jason [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=NORTONJA]; Yanagi, Ron+ [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=YANAGRO]; Porritt, Patrick-IBD+ [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=PORRITP]; Volpi, Paolo [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=VOLPIPA]
CC: Templeton, Andrew [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=TEMPLEAN]; Gallagher, William [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=GALLAGWI]; Abrahams, Gary [/O=UBS/OU=UBSW-EX1/CN=RECIPIENTS/CN=ABRAHAG]
Subject: RE: Project Rimu - comfort letter call with the Joint Leads today @ 11:00 AM ET / 16:00 UK

As discussed DCM and IBD discussed this point and we are comfortable with this.

We draw comfort among other from the market expecting a 9% drop in group profitability in '08 yoy. Consensus is for £7.015bn PBT in '08 vs 7.076bn actual in '07. In addition Barclays management communications to the market suggest that we should not expect the drop of profitability to be out of line with the rest of the industry. Although we note current lack of visibility on numbers for peers (US broker Q1 ends Feb 08 and UK banks AGMs still to come).

-----Original Message-----
From: Norton, Jason
Sent: 08 April 2008 16:23
To: Vonta, Sophia; Yanagi, Ron+; Porritt, Patrick-IBD+; Volpi, Paolo
Cc: Templeton, Andrew; Gallagher, William
Subject: RE: Project Rimu - comfort letter call with the Joint Leads today @ 11:00 AM ET / 16:00 UK

Given what has been disclosed in the comfort letter and that they just confirmed that March is down year-over-year please confirm that we're ok to price given the info (cc'ing Bill). Thanks.

Jason R. Norton
Director and Counsel
UBS Investment Bank
One Stamford Forum
201 Tresser Boulevard
Stamford, CT 06901

Tel: 203-719-5351
Fax: 203-719-2815
Jason.Norton@ubs.com

-----Original Message-----
From: Vonta, Sophia
Sent: Tuesday, April 08, 2008 10:47 AM
To: Yanagi, Ron+; Norton, Jason; Porritt, Patrick-IBD+; Volpi, Paolo
Cc: Templeton, Andrew
Subject: Fw: Project Rimu - comfort letter call with the Joint Leads today @ 11:00 AM ET / 16:00 UK

I am conflicted. Ron - can you join this for DCM? Jason/Patrick/Paolo will you be joining? We need to let barclays know

Thanks
Sophia

Sent from my BlackBerry Wireless Handheld

----- Original Message -----
From: Ciobanu, Bogdan <bogdan.ciobanu@citi.com>
To: ross.aucutt@barclaysgt.com <ross.aucutt@barclaysgt.com>; nick.lambert@barclaysgt.com <nick.lambert@barclaysgt.com>; keith.harding@barclaysgt.com <keith.harding@barclaysgt.com>; leigh.meyer@barclaysgt.com <leigh.meyer@barclaysgt.com>; todd.foreman@barclays.com <todd.foreman@barclays.com>; victoria.hardy@barclays.com <victoria.hardy@barclays.com>; Raj.Cheema@barclayscapital.com <Raj.Cheema@barclayscapital.com>; Mark.Wrafter@barclayscapital.com <Mark.Wrafter@barclayscapital.com>; kathryn.mcleland@barcap.com <kathryn.mcleland@barcap.com>;

yenal.ghori@barcap.com <yenal.ghori@barcap.com>; tanja.gihr@barcap.com <tanja.gihr@barcap.com>; simon.croxford@barcap.com <simon.croxford@barcap.com>; richard.d.johnson@barcap.com <richard.d.johnson@barcap.com>; belinda.vickery@barcap.com <belinda.vickery@barcap.com>; mark.graham@barcap.com <mark.graham@barcap.com>; bret.ganis@barcap.com <bret.ganis@barcap.com>; richard.smith3@barcap.com <richard.smith3@barcap.com>; Aherne, Peter O <peter.o.aherne@citi.com>; Greve, Leo-Hendrik <leohendrik.greve@citi.com>; Mason, Peter James <peter.james.mason@citi.com>; Drumm, Laura <laura.drumm@citi.com>; Deese, Derrick <derrick.deese@citi.com>; Dickey, John W <john.w.dickey@citi.com>; Mcgeary, Simon <simon.mcgeary@citi.com>; Louie, Stanley <stanley.louie@citi.com>; Keat, Deborah <deborah.keat@citi.com>; Letina, Anastasia <anastasia.letina@citi.com>; Stephenson, Laura <laura.stephenson@citi.com>; Midander, Jakob <jakob.midander@citi.com>; Walker, David <david.walker@citi.com>; Reid, James <james.reid@citi.com>; Mcspadden, Jack D <jack.d.mcspadden@citi.com>; Harjani, Chandru <chandru.harjani@citi.com>; Rose-Smith, Alastair <alastair.rosesmith@citi.com>; Siekel, Peter <peter.siekel@citi.com>; Bridgers, Darrell <darrell.bridgers@citi.com>; Pakenham, Jane <jane.pakenham@citi.com>; siddharth_prasad@ml.com <siddharth_prasad@ml.com>; matthew_pass@ml.com <matthew_pass@ml.com>; julien_roman@ml.com <julien_roman@ml.com>; robin_palmer@ml.com <robin_palmer@ml.com>; eric_wilson@ml.com <eric_wilson@ml.com>; christine_macdonald@ml.com <christine_macdonald@ml.com>; alvaro_camara@ml.com <alvaro_camara@ml.com>; sarah_davis@ml.com <sarah_davis@ml.com>; richard_doyle@ml.com <richard_doyle@ml.com>; aj_davidson@ml.com <aj_davidson@ml.com>; joseph_dicapua@ml.com <joseph_dicapua@ml.com>; Abrahams, Gary; Yanagi, Ron+; Vonta, Sophia; Templeton, Andrew; Goggins, Glenn; Norton, Jason; Meo, Monica; Altschuler, Michael; bryant.h.owens@wachovia.com <bryant.h.owens@wachovia.com>; stuart.aylward@wachovia.com <stuart.aylward@wachovia.com>; faye.thorogood@wachovia.com <faye.thorogood@wachovia.com>; ken.greer@wachovia.com <ken.greer@wachovia.com>; edward.boulderstone@wachovia.com <edward.boulderstone@wachovia.com>; john.papadopulos@wachovia.com <john.papadopulos@wachovia.com>; kristina.clark@wachovia.com <kristina.clark@wachovia.com>; Jill.enzman@wachovia.com <Jill.enzman@wachovia.com>; fleur.twohig@wachovia.com <fleur.twohig@wachovia.com>; kiley.knepp@wachovia.com <kiley.knepp@wachovia.com>; carolyn.coan@wachovia.com <carolyn.coan@wachovia.com>; laurie.watts@wachovia.com <laurie.watts@wachovia.com>; melanie.panzone@wachovia.com <melanie.panzone@wachovia.com>; simon.sinclair@cliffordchance.com <simon.sinclair@cliffordchance.com>; mabel.tay@cliffordchance.com <mabel.tay@cliffordchance.com>; Robert.Sartor@cliffordchance.com <Robert.Sartor@cliffordchance.com>; Jonathan.Elman@cliffordchance.com <Jonathan.Elman@cliffordchance.com>; Mark.Persoff@cliffordchance.com <Mark.Persoff@cliffordchance.com>; oconnorj@sullcrom.com <oconnorj@sullcrom.com>; vonlanthenc@sullcrom.com <vonlanthenc@sullcrom.com>; nyattai@sullcrom.com <nyattai@sullcrom.com>; david.ludwick@linklaters.com <david.ludwick@linklaters.com>; vinay.samani@linklaters.com <vinay.samani@linklaters.com>; joost.vanamelsfort@linklaters.com <joost.vanamelsfort@linklaters.com>; sarah.whittington@linklaters.com <sarah.whittington@linklaters.com>; jon.gray@linklaters.com <jon.gray@linklaters.com>
Sent: Tue Apr 08 15:39:15 2008
Subject: Project Rimu - comfort letter call with the Joint Leads today @ 11:00 AM ET / 16:00 UK

Team,

Please join us for a brief discussion of the comfort letter with Jonathan Britton today at 11:00 AM ET / 16:00 UK. Also, please provide a list of the persons attending the call from each team.

Dial-in Information
Date: Tuesday, April 8, 2008
Time: 11:00 AM ET / 16:00 UK
Dial-in (US) +1-866 376 5281 / (UK) +44 (0) 207 477 2 477
Passcode: 034933#

Regards,
Bogdan

____

Bogdan Ciobanu
Citi Markets and Banking
388 Greenwich St. | 34 Fl. | NY 10013
T: +1.212.816.9429 | F: +1.646.291.3712
M: +1.917.292.1184