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 THOMAS C. WHITE

THOMAS C. WHITE hereby declares under penalty of perjury as follows:

1. I am a member of the bar of this Court, and associated with the law firm Sullivan & Cromwell LLP, counsel for the Barclays Defendants in the above-captioned action. I respectfully submit this Declaration in support of the Barclays Defendants' Motion for Summary Judgment.

2. Attached hereto are true and correct copies (excerpted where indicated) of the following materials:

Barclays Public Documents

Barclays' Annual Report on Form 20-F for fiscal year ended December 31, 2007, filed with the U.S. Securities and Exchange Commission ("SEC") on March 26, 2008	Exhibit 1
Registration Statement and Prospectus on Form F-3, filed with the SEC on August 31, 2007	Exhibit 2
Prospectus Supplement on Form 424B5, dated April 8, 2008, filed with the SEC on April 9, 2008	Exhibit 3

REDACTED PURSUANT TO PROTECTIVE ORDER

Barclays Trading Update, dated November 15, 2007	Exhibit 4
Thomson Financial, Final Transcript: Barclays Trading Update Conference Call, dated November 15, 2007	Exhibit 5
Thomson Financial, Final Transcript: Barclays Earnings Conference Call, dated February 19, 2008	Exhibit 6
Barclays Form 6-K, dated May 15, 2008	Exhibit 7
Barclays Form 6-K, dated June 25, 2008	Exhibit 8
Barclays Form 6-K, dated August 7, 2008 (with page numbers applied)	Exhibit 9
Barclays Press Release, dated October 13, 2008, Update on Capital, Dividend and Current Trading	Exhibit 10
Barclays Form 6-K, dated January 26, 2009	Exhibit 11
Barclays Form 6-K, dated February 9, 2009	Exhibit 12
Barclays' Annual Report on Form 20-F for fiscal year ended December 31, 2008, filed with the SEC on March 24, 2009 (excerpts)[1]	Exhibit 13
Barclays Form 6-K, dated May 7, 2009	Exhibit 14

Other Public Documents

Series 5 ADS Price Chart, BLOOMBERG	Exhibit 15
Series 5 ADS Dividend History, BLOOMBERG	Exhibit 16
Neil Shah & Carrick Mollenkamp, *Barclays Doesn't Budge – Bank Posts Profit, Declines for Now to Seek Infusion*, THE WALL ST. JOURNAL, May 16, 2008	Exhibit 17
David Ellis, *U.S. Seizes Fannie and Freddie*, CNN MONEY, September 7, 2008	Exhibit 18
Lehman Brothers collapse stuns global markets, CNN, September 15, 2008	Exhibit 19

[1] Certain documents (where indicated) have been excerpted to reduce volume. If it would assist the Court, the Barclays Defendants will promptly provide complete copies of such documents.

Andrew Ross Sorkin, *Bids To Halt Financial Crisis Reshape Landscape of Wall St.*, THE N.Y. TIMES, September 15, 2008 — Exhibit 20

Eric Dash & Andrew Ross Sorkin, *Government Seizes WaMu and Sells Some Assets*, THE N.Y. TIMES, September 25, 2008 — Exhibit 21

Eric Dash & Ben White, *Wells Fargo Swoops In*, THE N.Y. TIMES, October 3, 2008 — Exhibit 22

Ben Livesey & Jon Menon, *U.K. to Inject about $87 Billion in Country's Banks (Update3)*, BLOOMBERG, October 8, 2008 — Exhibit 23

Rescue Plan for UK Banks Unveiled, BBC, October 8, 2008 — Exhibit 24

UK banks receive £37bn bail-out, BBC NEWS, October 13, 2008 — Exhibit 25

Dana Cimilluca, Carrick Mollenkamp, Alistair MacDonald & Marcus Walker, *Europe Raises Stakes in Bank Bailout Race*, THE WALL ST. JOURNAL, October 13, 2008 — Exhibit 26

"The Turner Review: A regulatory response to the global banking crisis," Financial Services Authority, March 2009 (excerpts) — Exhibit 27

Plaintiffs-Appellants' Opening Brief and Special Appendix, dated December 5, 2013, filed in *IBEW Local Union No. 58 Pension Trust Fund & Annuity Fund* v. *Royal Bank of Scot. Grp., PLC*, No. 13-3289, Dkt. No. 32 (2d Cir.) (excerpts) — Exhibit 28

Joint Appendix, Volume 5 of 5, dated December 5, 2013, filed in *IBEW Local Union No. 58 Pension Trust Fund & Annuity Fund* v. *Royal Bank of Scot. Grp., PLC*, No. 13-3289, Dkt. No. 37 (2d Cir.) (excerpts) — Exhibit 29

Securities and Exchange Commission v. *Mudd*, No. 11 Civ. 9202, Dkt. No. 204 (S.D.N.Y. May 4, 2016) — Exhibit 30

Expert Reports

Expert Report of Allan W. Kleidon, Ph.D., dated December 15, 2015 — Exhibit 31

Declaration of Dr. Joseph R. Mason, dated December 15, 2015 — Exhibit 32

Report of Fiachra T. O'Driscoll Submitted on Behalf of Lead Plaintiff, dated December 15, 2015 (excerpts) — Exhibit 33

Expert Report of John H. Dolan, dated February 2, 2016	Exhibit 34
Expert Report of René M. Stulz, dated February 2, 2016	Exhibit 35
Expert Rebuttal Report of Chad Coffman, CFA, dated February 2, 2016	Exhibit 36

Deposition Transcripts

Dennis Askelson deposition transcript, dated September 15, 2015 (excerpts)	Exhibit 37
Richard Broadbent deposition transcript, dated October 30, 2015 (excerpts)	Exhibit 38
Patrick Clackson deposition transcript, dated December 10, 2015 (excerpts)	Exhibit 39
Chad Coffman deposition transcript, dated April 21, 2016 (excerpts)	Exhibit 40
Robert Diamond deposition transcript, dated November 13, 2015 (excerpts)	Exhibit 41
Thomas Hamilton deposition transcript, dated October 6, 2015 (excerpts)	Exhibit 42
Grant Kvalheim deposition transcript, dated October 19, 2015 (excerpts)	Exhibit 43
Richard Landreman deposition transcript, dated October 22, 2015 (excerpts)	Exhibit 44
Fiachra O'Driscoll deposition transcript, dated April 5, 2016 (excerpts)	Exhibit 45
D. Paul Regan deposition transcript, dated April 22, 2016 (excerpts)	Exhibit 46
Stephen Russell deposition transcript, dated November 6, 2015 (excerpts)	Exhibit 47
Douglas Summa deposition transcript, dated December 16, 2015 (excerpts)	Exhibit 48
Sean Teague deposition transcript, dated September 29, 2015 (excerpts)	Exhibit 49
John Varley deposition transcript, dated October 29, 2015 (excerpts)	Exhibit 50

Discovery Documents

PwC Analysis of CDO, ABS, & CDS Pricing, dated January 25, 2008, bearing production numbers PwC000538-86	Exhibit 51
PwC Critical Matter Memorandum, dated February 7, 2008, bearing production numbers PwC000513-34	Exhibit 52
PwC Critical Matter Memorandum, dated February 12, 2008, bearing production numbers PwC005597-618	Exhibit 53

Minutes of the February 13, 2008 Barclays Board Audit Committee, bearing production numbers BARC-ADS-01602655-67	Exhibit 54
PwC Board Audit Committee Report, dated February 13, 2008, bearing production numbers BARC-ADS-01600170-202	Exhibit 55
Letter from PwC U.S. to PwC U.K., dated March 4, 2008, bearing production numbers PwC007241-42	Exhibit 56
Memorandum to Directors from Marcus Agius, "Meeting with Callum McCarthy, FSA," dated March 10, 2008, bearing production numbers BARC-ADS-01551750-52	Exhibit 57
Pwc Presentation to the Barclays USA Governance & Control Committee, dated March 18, 2008, bearing production numbers BARC-ADS-01644888-90	Exhibit 58
PwC Comfort Letter, dated April 8, 2008, bearing production numbers BARC-ADS-00804209-4214	Exhibit 59
Lead Plaintiff Dennis Askelson's Verified Responses and Objections to the Underwriter Defendants' First Set of Interrogatories to Lead Plaintiffs, dated May 11, 2015	Exhibit 60
Lead Plaintiffs' Objections and Responses to the Barclays Defendants' First Set of Interrogatories, dated November 16, 2015	Exhibit 61

I declare under penalty of perjury that the foregoing is true and correct.

Executed on: October 21, 2016
New York, New York

Thomas C. White

EXHIBIT 1A

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

FORM 20-F

(Mark One)

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

OR

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934, FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007**

OR

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

OR

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

For the transition period from __________ to __________.

Commission file numbers:	Barclays PLC	1-09246
	Barclays Bank PLC	1-10257

BARCLAYS PLC
BARCLAYS BANK PLC

(Exact names of registrants as specified in their charters)

ENGLAND
(Jurisdictions of Incorporation)

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

Securities registered pursuant to Section 12(b) of the Act:

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

Non-Cumulative Callable Dollar Preference Shares, Series 4	New York Stock Exchange*
American Depositary Shares, Series 2, each representing one Non-Cumulative Callable Dollar Preference Share, Series 4	New York Stock Exchange
iPath℠ CBOE S&P 500 BuyWrite Index℠	American Stock Exchange
iPath® Dow Jones – AIG Grains Total Return Sub-Index℠ ETN	NYSE Arca
iPath® Dow Jones – AIG Livestock Total Return Sub-Index℠ ETN	NYSE Arca
iPath® Dow Jones – AIG Nickel Total Return Sub-Index℠ ETN	NYSE Arca
iPath® Dow Jones – AIG Copper Total Return Sub-Index℠ ETN	NYSE Arca
iPath® Dow Jones – AIG Energy Total Return Sub-Index℠ ETN	NYSE Arca
iPath® Dow Jones – AIG Agriculture Total Return Sub-Index℠ ETN	NYSE Arca
iPath® Dow Jones – AIG Natural Gas Total Return Sub-Index℠ ETN	NYSE Arca
iPath® Dow Jones – AIG Industrial Metals Total Return Sub-Index℠ ETN	NYSE Arca
iPath® GBP/USD Exchange Rate ETN	NYSE Arca
iPath® Dow Jones – AIG Commodity Index Total Return℠ ETN	NYSE Arca
iPath® EUR/USD Exchange Rate ETN	NYSE Arca
iPath® S&P GSCI™ Total Return Index ETN	NYSE Arca
iPath® MSCI India Index℠ ETN	NYSE Arca
iPath® S&P GSCI™ Crude Oil Total Return Index ETN	NYSE Arca
iPath® JPY/USD Exchange Rate ETN	NYSE Arca

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

Securities registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

Indicate the number of outstanding shares of each of the issuers' classes of capital or common stock as of the close of the period covered by the annual report.

Barclays PLC	25p ordinary shares	6,534,698,021
	£1 staff shares	875,000
Barclays Bank PLC	£1 ordinary shares	2,337,161,000
	£1 preference shares	1,000
	£100 preference shares	75,000
	€100 preference shares	240,000
	$0.25 preference shares	131,000,000
	$100 preference shares	100,000

Indicate by check mark if each registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☑ No ☐

If this report is an annual or transition report, indicate by check mark if each registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes ☐ No ☑

Note — Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrants were required to file such reports) and (2) have been subject to such filing requirements for the past 90 days.

Yes ☑ No ☐

Indicate by check mark whether each registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Barclays PLC:

Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated flier ☐

Barclays Bank PLC:

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☑

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☐ International Financial Reporting Standards as issued by the International Accounting Standards Board ☑ Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 ☐ Item 18 ☐

If this is an annual report, indicated by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☑

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrants have fifed all documents and reports required to be filed by Section 12,13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes ☐ No ☐

Certain non-IFRS measures

In this document certain non-IFRS (International Financial Reporting Standards) measures, such as profit before business disposals, are reported. Barclays management believes that these non-IFRS measures provide valuable information to readers of its financal statements because they enable the reader to focus more directly on the underlying day-to-day performance of its businesses and provide more detail concerning the elements of performance which the managers of these businesses are most directly able to influence. They also reflect an important aspect of the way in which operating targets are defined and performance is monitored by Barclays management. However, any non-IFRS measures in this document are not a substitute for IFRS measures and readers should consider the IFRS measures as well.

Market and other data

This document contains information, including statistical data, about certain of Barclays markets and its competitive position. Except as otherwise indicated, this information is taken or derived from Datastream and other external sources. Barclays cannot guarantee the accuracy of information taken from external sources, or that, in respect of internal estimates, a third party using different methods would obtain the same estimates as Barclays.

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 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 Securities and Exchange Commission, including the discussion of risk management in the document.

SEC Form 20-F cross reference information

SEC Form 20-F Cross Reference Information

* Where the response to an item of Form 20-F is presented over a number of pages, the page number indicates the page number on which the relevant response begins.

Contents

Glossary of terms

Absa definitions

"Absa Group Limited" refers to the consolidated results of the South African group of which the parent company is listed on the Johannesburg Stock Exchange (JSE Limited) in which Barclays owns a controlling stake.

"Absa" refers to the results for Absa Group Limited as consolidated into the results of Barclays PLC; translated into Sterling with adjustments for amortisation of intangible assets, certain head office adjustments, transfer pricing and minority interests.

"International Retail and Commercial Banking-Absa" is the portion of Absa's results that is reported by Barclays within the International Retail and Commercial Banking business.

"Absa Capital" is the portion of Absa's results that is reported by Barclays within the Barclays Capital business.

Other definitions

"Income" refers to total income net of insurance claims, unless otherwise specified.

"Profit before business disposals" represents profit before tax and disposal of subsidiaries, associates and joint ventures.

"Cost:income ratio" is defined as operating expenses compared to total income net of insurance claims.

"Risk Tendency" is a statistical estimate of the average loss for each loan portfolio for a 12-month period, taking into account the size of the portfolio and its risk characteristics under current economic conditions, and is used to track the change in risk as the portfolio of loans changes over time. Further information on Risk Tendency is included under "Risk Management — Credit Risk Management"

"Daily Value at Risk (DVaR)" is an estimate of the potential loss which might arise from unfavourable market movements, if the current positions were to be held unchanged for one business day, measured to a confidence level of 98%.

Financial review

Financial review

Group Performance

Barclays delivered profit before tax of £7,076m. Earnings per share were 68.9p and we increased the full year dividend payout to 34p, a rise of 10%.

Income grew 7% to £23,000m. Growth was well spread by business, with strong contributions from International Retail and Commercial Banking, Barclays Global Investors and Barclays Wealth. Net income, after impairment charges, grew 4% and included net losses of £1,635m relating to credit market turbulence, net of £658m of gains arising from the fair valuation of notes issued by Barclays Capital and settlements on overdraft fees in relation to prior years of £116m in UK Retail Banking.

Impairment charges and other credit provisions rose 30% to £2,795m. Impairment charges relating to US sub-prime mortgages and other credit market exposures were £782m. Excluding these sub-prime related charges, impairment charges improved 7% to £2,013m. In UK Retail Banking and Barclaycard, impairment charges improved significantly, as a consequence of reductions in flows into delinquency and arrears balances in UK cards and unsecured loans. UK mortgage impairment charges remained negligible, with low levels of defaults, and the wholesale and corporate sector remained stable. The significant increase in impairment charges in International Retail and Commercial Banking was driven by very strong book growth.

Operating expenses increased 4% to £13,199m. We invested in growing the branch network and distribution channels in International Retail and Commercial Banking and in infrastructure development in Barclays Global Investors. Costs were lower in UK Banking and broadly flat in Barclays Capital. Gains from property disposals were £267m (2006: £432m). The Group cost:income ratio improved two percentage points to 57%.

Business Performance – Global Retail and Commercial Banking

In UK Banking we improved the cost:income ratio a further two percentage points to 48%, excluding settlements on overdraft fees in relation to prior years of £116m. On this basis we have delivered a cumulative eight percentage point improvement in the past three years, well ahead of our target of six percentage points.

UK Retail Banking profit before tax grew 9% to £1,282m. Income grew 2% excluding settlements on overdraft fees in relation to prior years of £116m, reflecting a very strong performance in Personal Customer Retail Savings and good performances in Current Accounts, Local Business and Home Finance, partially offset by lower income from loan protection insurance. Enhancements in product offering and continued improvements in processing capacity enabled a strong performance in mortgage origination, with a share of net new lending of 8%. Operating expenses were well controlled and improved 3%. Impairment charges improved 12% reflecting lower charges in unsecured consumer lending and Local Business. This was driven by improvements in the collection process which led to reduced flows into delinquency, lower levels of arrears and stable charge-offs. Mortgage impairment charges remained negligible.

Barclays Commercial Bank delivered profit before tax of £1,371m. Profit before business disposals improved 5%. Income improved 7% driven by very strong growth in fees and commissions and steady growth in net interest income. Non-interest income increased to 32% of total income reflecting continuing focus on cross sales and efficient balance sheet utilisation. Operating expenses rose 6%, reflecting increased investment in product development and support, sales force capability and operational efficiency. Impairment charges increased £38m as a result of asset growth and higher charges in Larger Business.

Barclaycard profit before tax increased to £540m, 18% ahead of the prior year. Steady income relative to 2006 reflected strong growth in Barclaycard International offset by a reduction in UK card extended credit balances as we re-positioned the UK business and reduced lower credit quality exposures including the sale of the Monument card portfolio. As a result, impairment charges improved 21%, reflecting more selective customer recruitment, client management and improved collections. Operating expenses increased 12%, driven by continued investment in Barclaycard International and the non-recurrence of a property gain included in the 2006 results. Barclaycard US continued to make good progress, and for the first time made a profit for the year.

International Retail and Commercial Banking profits declined 23% to £935m. Results in 2006 included a £247m profit on disposals and £41m post tax profit share from FirstCaribbean International Bank. 2007 results reflected a 12% decline in the average value of the Rand.

International Retail and Commercial Banking – excluding Absa delivered a profit before tax of £246m. Income rose 28% as we significantly increased the pace of organic growth across the business, with especially strong growth in Emerging Markets and Spain. Operating expenses grew 32% as we expanded the distribution footprint, opening 324 new branches and 157 new sales centres and also invested in rolling out a common technology platform and processes across the business. Impairment increased to £79m including very strong balance sheet growth and lower releases.

International Retail and Commercial Banking – Absa Sterling profit fell £9m to £689m after absorbing the 12% decline in the average value of the Rand. Retail loans and advances grew 22% and retail deposits grew 20%.

Business Performance – Investment Banking and Investment Management

Barclays Capital delivered a 5% increase in profit before tax to £2,335m. Net income was ahead of last year, reflecting very strong performances in most asset classes including interest rates, currencies, equity products and commodities. Results also included net losses arising from credit market turbulence of £1,635m net of gains from the fair valuation of issued notes of £658m. All geographies outside the US enjoyed significant growth in income and profits. Strong cost control led to operating expenses declining slightly year on year.

Barclays Global Investors (BGI) profit before tax increased 3% to £734m. Income grew 16%, driven by very strong growth in management fees and in securities lending revenues. Profit and income growth were both affected by the 8% depreciation in the average value of the US Dollar. BGI costs increased 25% as we continued to build our infrastructure across multiple products and platforms to support future growth.

The cost:income ratio rose to 62%. Assets under management grew US$265bn to US$2.1 trillion, including net new assets of US$86bn.

Barclays Wealth profit before tax rose 25% to £307m. Income growth of 11% was driven by increased client funds and greater transaction volumes. Costs were well controlled as business volumes rose and the cost:income ratio improved three percentage points to 76%. We continued to invest in client facing staff and infrastructure. Redress costs declined. Total client assets increased 14% to £133bn.

Head office functions and other operations

Head Office functions and other operations loss before tax increased 65% to £428m reflecting higher inter-segment adjustments and lower gains from hedging activities.

Capital management

At 31st December 2007, our Basel I Tier 1 Capital ratio was 7.8% (2006: 7.7%). We started managing capital ratios under Basel II from 1st January 2008. Our Basel II Tier 1 Capital ratio was 7.6%. Our Equity Tier 1 ratio was 5.0% under Basel I (2006: 5.3%) and 5.1% under Basel II.

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

Financial data

Consolidated income statement summary
For the year ended 31st December

	2007 £m	2006 £m	2005 £m	2004 £m [a]
Net interest income	9,610	9,143	8,075	6,833
Net fee and commission income	7,708	7,177	5,705	4,847
Principal transactions	4,975	4,576	3,179	2,514
Net premiums from insurance contracts	1,011	1,060	872	1,042
Other income	188	214	147	131
Total income	23,492	22,170	17,978	15,367
Net claims and benefits incurred on insurance contracts	(492)	(575)	(645)	(1,259)
Total income net of insurance claims	23,000	21,595	17,333	14,108
Impairment charges and other credit provisions	(2,795)	(2,154)	(1,571)	(1,093)
Net income	20,205	19,441	15,762	13,015
Operating expenses	(13,199)	(12,674)	(10,527)	(8,536)
Share of post-tax results of associates and joint ventures	42	46	45	56
Profit before business disposals	7,048	6,813	5,280	4,535
Profit on disposal of subsidiaries, associates and joint ventures	28	323	–	45
Profit before tax	7,076	7,136	5,280	4,580
Tax	(1,981)	(1,941)	(1,439)	(1,279)
Profit after tax	5,095	5,195	3,841	3,301
Profit attributable to minority interests	678	624	394	47
Profit attributable to equity holders of the parent	4,417	4,571	3,447	3,254
	5,095	5,195	3,841	3,301

Selected financial statistics				
Basic earnings per share	68.9p	71.9p	54.4p	51.0p
Diluted earnings per share	66.7p	69.8p	52.6p	49.8p
Dividends per ordinary share	34.0p	31.0p	26.6p	24.0p
Dividend payout ratio	49.3%	43.1%	48.9%	47.1%
Profit attributable to the equity holders of the parent as a percentage of:				
average shareholders' equity	20.3%	24.7%	21.1%	21.7%
average total assets	0.3%	0.4%	0.4%	0.5%

Selected statistical measures				
Cost:income ratio[b]	57%	59%	61%	61%
Average United States Dollar exchange rate used in preparing the accounts	2.00	1.84	1.82	1.83
Average Euro exchange rate used in preparing the accounts	1.46	1.47	1.46	1.47
Average Rand exchange rate used in preparing the accounts	14.11	12.47	11.57	11.83

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

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

Financial data

Consolidated balance sheet summary
As at 31st December

	2007 £m	2006 £m	2005 £m	2004 £m [a]
Assets				
Cash and other short-term funds	7,637	9,753	5,807	3,525
Treasury bills and other eligible bills	n/a	n/a	n/a	6,658
Trading portfolio and financial assets designated at fair value	341,171	292,464	251,820	n/a
Derivative financial instruments	248,088	138,353	136,823	n/a
Debt securities and equity shares	n/a	n/a	n/a	141,710
Loans and advances to banks	40,120	30,926	31,105	80,632
Loans and advances to customers	345,398	282,300	268,896	262,409
Available for sale financial investments	43,072	51,703	53,497	n/a
Reverse repurchase agreements and cash collateral on securities borrowed	183,075	174,090	160,398	n/a
Other assets	18,800	17,198	16,011	43,247
Total assets	1,227,361	996,787	924,357	538,181
Liabilities				
Deposits and items in the course of collection due to banks	92,338	81,783	77,468	112,229
Customer accounts	294,987	256,754	238,684	217,492
Trading portfolio and financial liabilities designated at fair value	139,891	125,861	104,949	n/a
Liabilities to customers under investment contracts	92,639	84,637	85,201	n/a
Derivative financial instruments	248,288	140,697	137,971	n/a
Debt securities in issue	120,228	111,137	103,328	83,842
Repurchase agreements and cash collateral on securities lent	169,429	136,956	121,178	n/a
Insurance contract liabilities, including unit-linked liabilities	3,903	3,878	3,767	8,377
Subordinated liabilities	18,150	13,786	12,463	12,277
Other liabilities	15,032	13,908	14,918	87,200
Total liabilities	1,194,885	969,397	899,927	521,417
Shareholders' equity				
Shareholders' equity excluding minority interests	23,291	19,799	17,426	15,870
Minority interests	9,185	7,591	7,004	894
Total shareholders' equity	32,476	27,390	24,430	16,764
Total liabilities and shareholders' equity	1,227,361	996,787	924,357	538,181
Risk weighted assets and capital ratios [b]				
Risk weighted assets	353,476	297,833	269,148	
Tier 1 ratio	7.8%	7.7%	7.0%	
Risk asset ratio	12.1%	11.7%	11.3%	
Selected financial statistics				
Net asset value per ordinary share	353p	303p	269p	246p
Year-end United States Dollar exchange rate used in preparing the accounts	2.00	1.96	1.72	1.92
Year-end Euro exchange rate used in preparing the accounts	1.36	1.49	1.46	1.41
Year-end Rand exchange rate used in preparing the accounts	13.64	13.71	10.87	10.86

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

Notes

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

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

Financial review

Business description

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

Global Retail and Commercial Banking

- **UK Banking**, comprising:

–UK Retail Banking

–Barclays Commercial Bank (formerly UK Business Banking)

- **Barclaycard**

- **International Retail and Commercial Banking,** comprising

–International Retail and Commercial Banking-excluding Absa

–International Retail and Commercial Banking-Absa.

Investment Banking and Investment Management

- **Barclays Capital**

- **Barclays Global Investors**

- **Barclays Wealth**

Head office functions and other operations

UK Banking

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

UK Retail Banking

UK Retail Banking comprises Personal Customers, Home Finance, Local Business, Consumer Lending and Barclays Financial Planning. This cluster of businesses aims to build broader and deeper relationships with its Personal and Local Business customers through providing a wide range of products and financial services. Personal Customers and Home Finance provide access to current account and savings products, Woolwich branded mortgages and general insurance. Consumer Lending provides unsecured loan and protection products and Barclays Financial Planning provides investment advice and products. Local Business provides banking services, including money transmission, to small businesses.

Barclays Commercial Bank

Barclays Commercial Bank provides banking services to organisations with an annual turnover of more than £1m. Customers are served via a network of relationship and industry sector specialists, which provides solutions constructed from a comprehensive suite of banking products, support, expertise and services, including specialist asset financing and leasing facilities. Customers are also offered access to the products and expertise of other businesses in the Barclays Group, particularly Barclays Capital, Barclaycard and Barclays Wealth.

Barclaycard

Barclaycard is a multi-brand credit card and consumer lending business which also processes card payments for retailers and merchants and issues credit and charge cards to corporate customers and the UK Government. It is one of Europe's leading credit card businesses and has an increasing presence in the United States.

In the UK, Barclaycard comprises Barclaycard UK Cards, Barclaycard Partnerships (SkyCard, Thomas Cook, Argos and Solution Personal Finance), Barclays Partner Finance (formerly CFS) and FirstPlus.

Outside the UK, Barclaycard provides credit cards in the United States, Germany, Spain, Italy and Portugal. In the Nordic region, Barclaycard operates through Entercard, a joint venture with Swedbank.

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

International Retail and Commercial Banking

International Retail and Commercial Banking provides banking services to Barclays personal and corporate customers outside the UK. The products and services offered to customers are tailored to meet the customer needs and the regulatory and commercial environments within each country. For reporting purposes, the operations are grouped into two components: International Retail and Commercial Banking-excluding Absa and International Retail and Commercial Banking-Absa. International Retail and Commercial Banking works closely with all other parts of the Group to leverage synergies from product and service propositions.

International Retail and Commercial Banking-excluding Absa

International Retail and Commercial Banking - excluding Absa provides a range of banking services to retail and corporate customers in Western Europe and Emerging Markets, including current accounts, savings, investments, mortgages and loans. Barclays Western Europe business includes Spain, Italy, France and Portugal. Emerging Markets includes operations in Africa, India and the Middle East.

International Retail and Commercial Banking-Absa

International Retail and Commercial Banking-Absa represents Barclays consolidation of Absa, excluding Absa Capital which is included as part of Barclays Capital. Absa Group Limited is one of South Africa's largest financial services organisations serving personal, commercial and corporate customers predominantly in South Africa. International Retail and Commercial Banking-Absa serves retail customers through a variety of distribution channels and offers a full range of banking services, including current and deposit accounts, mortgages, instalment finance, credit cards, bancassurance products and wealth management services. It also offers customised business solutions for commercial and large corporate customers.

Barclays Capital

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

Barclays Capital services a wide variety of client needs, from capital raising and managing foreign exchange, interest rate, equity and commodity risks, through to providing technical advice and expertise. Activities are organised into three principal areas: Rates, which includes fixed income, foreign exchange, commodities, emerging markets, money markets, prime services and equity products; Credit, which includes primary and secondary activities for loans and bonds for investment grade, high yield and emerging market credit, as well as hybrid capital products, asset based finance, mortgage backed securities, credit derivatives, structured capital markets and large asset leasing; and Private Equity. Barclays Capital includes Absa Capital, the investment banking business of Absa. Barclays Capital works closely with all other parts of the Group to leverage synergies from client relationships and product capabilities.

Barclays Global Investors

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

BGI offers structured investment strategies such as indexing, global asset allocation and risk controlled active products including hedge funds and provides related investment services such as securities lending, cash management and portfolio transition services. In addition, BGI is the global leader in assets and products in the exchange traded funds business, with over 320 funds for institutions and individuals trading globally. BGI's investment philosophy is founded on managing all dimensions of performance: a consistent focus on controlling risk, return and cost. BGI collaborates with the other Barclays businesses, particularly Barclays Capital and Barclays Wealth, to develop and market products and leverage capabilities to better serve the client base.

Barclays Wealth

Barclays Wealth serves high net worth affluent and intermediary clients worldwide, providing private banking, asset management, stockbroking, offshore banking, wealth structuring and financial planning services and manages the closed life assurance activities of Barclays and Woolwich in the UK.

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

Head office functions and other operations

Head office functions and other operations comprise:

– Head office and central support functions

– Businesses in transition

– Consolidation adjustments.

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

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

Consolidation adjustments largely reflect the elimination of inter-segment transactions.

Financial review
Analysis of results by business

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

	UK Banking £m	Barclaycard £m	International Retail and Commercial Banking £m	Barclays Capital £m	Barclays Global Investors £m	Barclays Wealth £m	Head office functions and other operations £m	Group £m
Net interest income	4,596	1,394	1,890	1,179	(8)	431	128	9,610
Net fee and commission income	1,932	1,080	1,210	1,235	1,936	739	(424)	7,708
Principal transactions[a]	56	11	248	4,692	(4)	55	(83)	4,975
Net premiums from insurance contracts	252	40	372	–	–	195	152	1,011
Other income	58	(26)	87	13	2	19	35	188
Total income	6,894	2,499	3,807	7,119	1,926	1,439	(192)	23,492
Net claims and benefits incurred on insurance contracts	(43)	(13)	(284)	–	–	(152)	–	(492)
Total income, net of insurance claims	6,851	2,486	3,523	7,119	1,926	1,287	(192)	23,000
Impairment charges	(849)	(838)	(252)	(846)	–	(7)	(3)	(2,795)
Net income	6,002	1,648	3,271	6,273	1,926	1,280	(195)	20,205
Operating expenses	(3,370)	(1,101)	(2,356)	(3,973)	(1,192)	(973)	(234)	(13,199)
Share of post-tax results of associates and joint ventures	7	(7)	7	35	–	–	–	42
Profit before business disposals	2,639	540	922	2,335	734	307	(429)	7,048
Profit on disposal of subsidiaries, associates and joint ventures	14	–	13	–	–	–	1	28
Profit before tax	2,653	540	935	2,335	734	307	(428)	7,076
As at 31st December 2007								
Total assets	161,777	22,164	89,457	839,662	89,224	18,024	7,053	1,227,361
Total liabilities	166,988	1,559	48,809	811,516	87,101	43,988	34,924	1,194,885

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

Global Retail and Commercial Banking
UK Banking

Who we are

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

What we do

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

Highlights

£6,851m
Income

£2,653m
Profit before tax

Performance
2007/06

UK Banking profit before tax increased 4% (£107m) to £2,653m (2006: £2,546m) driven principally by solid income growth. Results included gains from the sale and leaseback of properties and property sales of £232m (2006: £313m).

The cost:income ratio improved one percentage point to 49%. Excluding the impact of settlements on overdraft fees in relation to prior years (£116m), the cost:income ratio improved two percentage points to 48%, making eight percentage points of improvement from 2004 to 2007 compared to the target of six percentage points.

2006/05

UK Banking profit before tax increased 14% (£310m) to £2,546m (2005: £2,236m) driven principally by good income growth. Profit before business disposals grew 10% (£234m) to £2,470m (2005: £2,236m).

	2007 £m	2006 £m	2005 £m
Income statement information			
Net interest income	**4,596**	4,467	4,213
Net fee and commission income	**1,932**	1,874	1,728
Net trading income	**9**	2	–
Net investment income	**47**	28	26
Principal transactions	**56**	30	26
Net premiums from insurance contracts	**252**	342	298
Other income	**58**	63	32
Total income	**6,894**	6,776	6,297
Net claims and benefits incurred on insurance contracts	**(43)**	(35)	(61)
Total income, net of insurance claims	**6,851**	6,741	6,236
Impairment charges	**(849)**	(887)	(671)
Net income	**6,002**	5,854	5,565
Operating expenses excluding amortisation of intangible assets	**(3,358)**	(3,387)	(3,323)
Amortisation of intangible assets	**(12)**	(2)	(3)
Operating expenses	**(3,370)**	(3,389)	(3,326)
Share of post-tax results of associates and joint ventures	**7**	5	(3)
Profit on disposal of subsidiaries, associates and joint ventures	**14**	76	–
Profit before tax	**2,653**	2,546	2,236
Balance sheet information			
Loans and advances to customers	**£145.3bn**	£131.0bn	£125.5bn
Customer accounts	**£147.9bn**	£139.7bn	£127.2bn
Total assets	**£161.8bn**	£147.6bn	£138.0bn
Selected statistical measures			
Cost:income ratio[a]	**49%**	50%	53%
Risk Tendency[a]	**£ 775m**	£ 790m	£ 665m
Risk weighted assets	**£ 99.8bn**	£ 93.0bn	£ 87.9bn

a Defined on page 2.

Financial review
Analysis of results by business

Global Retail and Commercial Banking
UK Retail Banking

Who we are

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

What we do

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

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

Our business serves 15 million UK customers.

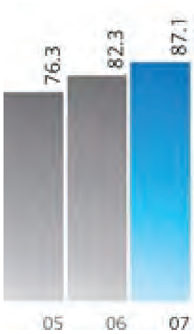
Highlights

£4,297m
Income

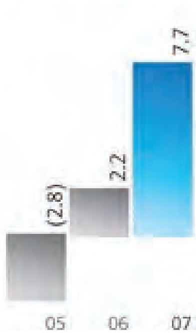
£1,282m
Profit before tax

Performance indicators

Customer deposits £bn



Mortgages – Net lending market share %



Performance 2007/06

UK Retail Banking profit excluding tax increased 9% (£101m) to £1,282m (2006: £1,181m) due to reduced costs and a strong improvement in impairment.

Including the impact of settlements on overdraft fees from prior years (£116m), income decreased 1% (£49m) to £4,297m (2006: £4,346m). Income grew 2% (£67m) excluding the impact of settlements on overdraft fees in relation to prior years (£116m). This was driven by very strong growth in Personal Customer retail savings and good growth in Personal Customer current accounts, Home Finance and Local Business.

Net interest income increased 3% (£93m) to £2,858m (2006: £2,765m). Growth was driven by a higher contribution from deposits, through a combination of good balance sheet growth and an increased liability margin. Total average customer deposit balances increased 7% to £81.9bn (2006: £76.5bn), supported by the launch of new products.

Mortgage volumes increased significantly, driven by an improved mix of longer term value products for customers, higher levels of retention and continuing improvements in processing capability. Mortgage balances were £69.8bn at the end of the period (2006: £61.7bn), an approximate market share of 6% (2006: 6%). Gross advances were 25% higher at £23.0bn (2006: £18.4bn). Net lending was £8.0bn (2006: £2.4bn), representing market share of 8% (2006: 2%). The average loan to value ratio of the residential mortgage book on a current valuation basis was 33%. The average loan to value ratio of new residential mortgage lending in 2007 was 54%. Consumer Lending balances decreased 4% to £7.9bn (2006: £8.2bn), reflecting the impact of tighter lending criteria.

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

Net fee and commission income reduced 4% (£49m) to £1,183m (2006: £1,232m). There was strong Current Account income growth in Personal Customers and good growth within Local Business. This was more than offset by settlements on overdraft fees.

Net premiums from insurance underwriting activities reduced 26% (£90m) to £252m (2006: £342m), as there continued to be lower customer take-up of loan protection insurance. Net claims and benefits on insurance contracts increased to £43m (2006: £35m).

Impairment charges decreased 12% (£76m) to £559m (2006: £635m) reflecting lower charges in unsecured Consumer Lending and Local Business. This was driven by improvements in the collection process which led to reduced flows into delinquency, lower levels of arrears and stable charge-offs. Mortgage impairment charges remained negligible.

Operating expenses reduced 3% (£69m) to £2,463m (2006: £2,532m), reflecting strong and active management of all expense lines, targeted processing improvements and back office consolidation. Gains from the sale of property were £193m (2006: £253m). Increased investment was focused on improving the overall customer experience through converting and improving the branch network; revitalising the product offering; increasing operational and process efficiency; and meeting regulatory requirements.

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

	2007 £m	2006 £m	2005 £m
Income statement information			
Net interest income	2,858	2,765	2,677
Net fee and commission income	1,183	1,232	1,065
Net premiums from insurance contracts	252	342	372
Other income	47	42	24
Total income	4,340	4,381	4,138
Net claims and benefits on insurance contracts	(43)	(35)	(61)
Total income net of insurance claims	4,297	4,346	4,077
Impairment charges	(559)	(635)	(494)
Net income	3,738	3,711	3,583
Operating expenses excluding amortisation of intangible assets	(2,455)	(2,531)	(2,501)
Amortisation of intangible assets	(8)	(1)	–
Operating expenses	(2,463)	(2,532)	(2,501)
Share of post-tax results of associates and joint ventures	7	2	(6)
Profit before tax	1,282	1,181	1,076
Balance sheet information			
Loans and advances to customers	£82.0bn	£74.7bn	£72.1bn
Customer accounts	£87.1bn	£82.3bn	£76.3bn
Total assets	£87.8bn	£81.7bn	£78.1bn
Selected statistical measures			
Cost:income ratio[a]	57%	58%	61%
Risk Tendency[a]	£ 470m	£ 500m	£ 415m
Risk weighted assets	£46.0bn	£43.0bn	£40.8bn

a Defined on page 2.

2006/05

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

Income increased 7% (£269m) to £4,346m (2005: £4,077m). Income growth was broadly based. There was strong income growth in Personal Customers retail savings, Local Business and UK Premier and good growth in Personal Customers current account income. Sales volumes increased, with a particularly strong performance from direct channels.

Net interest income increased 3% (£88m) to £2,765m (2005: £2,677m). Growth was driven by a higher contribution from deposits, through a combination of good balance sheet growth and a stable liability margin. Total average customer deposit balances increased 8% to £76.5bn (2005: £71.0bn), supported by new products. Growth of personal savings was above that of the market.

Mortgage volumes improved significantly, driven by a focus on improving capacity, customer service, value and promotion. UK residential mortgage balances ended the year at £61.7bn (2005: £59.6bn). Gross advances were 60% higher at £18.4bn (2005: £11.5bn), with a market share of 5% (2005: 4%). Net lending was £2.4bn, with performance improving during the year, leading to a market share of 4% in the second half of the year. The mortgage margin was reduced by changed assumptions used in the calculation of effective interest rates, a higher proportion of new mortgages and base rate changes. The new business spread was in line with the industry. The loan to value ratio within the residential mortgage book on a current valuation basis was 34% (2005: 35%).

There was good balance growth in non-mortgage loans, where Local Business average balances increased 9% and UK Premier average balances increased 25%.

Net fee and commission income increased 16% (£167m) to £1,232m (2005: £1,065m). There was strong current account income growth in Personal Customers and Local Business. UK Premier delivered strong growth reflecting higher income from banking services, mortgage sales and investment advice.

Net premiums from insurance underwriting activities decreased 8% (£30m) to £342m (2005: £372m). There continued to be lower customer take-up of loan protection insurance. Net claims and benefits on insurance contracts improved to £35m (2005: £61m).

Impairment charges increased 29% (£141m) to £635m (2005: £494m). The increase principally reflected balance growth and some deterioration in delinquency rates in the Local Business loan book. Losses from the mortgage portfolio remained negligible, with arrears at low levels.

Operating expenses were steady at £2,532m (2005: £2,501m). Gains from the sale and leaseback of property amounted to £253m (2005: nil). Investment in the business to improve customer service and deliver sustainable performance improvements was directed at upgrading distribution capabilities, including restructuring and improving the branch network. Further investment was focused on upgrading the contact centres, transforming the performance of the mortgage business, revitalising the retail product range to meet customers' needs, improving core operations and processes and rationalising the number of operating sites. The level of investment reflected in operating expenses in 2006 was approximately double the level of 2005.

The cost:income ratio improved three percentage points to 58% (2005: 61%).

Global Retail and Commercial Banking
Barclays Commercial Bank

Who we are

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

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

- relationship
- specialisation
- innovation

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

What we do

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

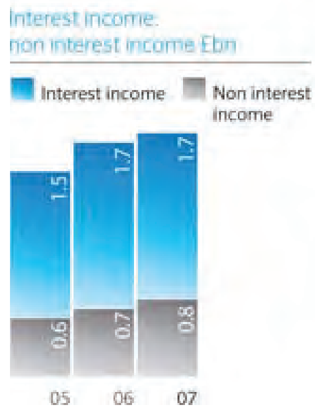
We are a key component of the Barclays universal banking model, delivering income in partnership with all the constituent business units of the Barclays Group.

Highlights

£2,554m
Income

£1,371m
Profit before tax

Performance indicators



Performance

2007/06

Barclays Commercial Bank profit before tax increased £6m to £1,371m (2006: £1,365m) due to continued good income growth partially offset by lower gains from business disposals. Profit excluding profit on business disposals of £14m (2006: £76m) increased 5% to £1,357m (2006: £1,289m).

Income increased 7% (£159m) to £2,554m (2006: £2,395m). Non-interest income increased to 32% of total income (2006: 29%), reflecting continuing focus on cross sales and efficient balance sheet utilisation. There was very strong growth in net fee and commission income, which increased 17% (£107m) to £749m (2006: £642m) due to very strong performance in lending fees. There was also good growth in transaction related income, foreign exchange and derivatives transactions undertaken on behalf of clients.

Net interest income improved 2% (£36m) to £1,738m (2006: £1,702m). Average customer lendings increased 3% to £53.6bn (2006: £52.0bn). Average customer accounts grew 4% to £46.4bn (2006: £44.8bn).

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

Impairment charges increased 15% (£38m) to £290m (2006: £252m), mainly due to a higher level of impairment losses in Larger Business as impairment trended towards risk tendency. There was a reduction in impairment levels in Medium Business due to a tightening of the lending criteria.

Operating expenses increased 6% (£50m) to £907m (2006: £857m). Operating expenses are net of gains of £39m (2006: £60m) on the sale of property. Growth in operating expenses was focused on continuing investment in operations, infrastructure, and new initiatives in product development and sales capability.

	2007 £m	2006 £m	2005 £m
Income statement information			
Net interest income	1,738	1,702	1,536
Net fee and commission income	749	642	589
Net trading income	9	2	–
Net investment income	47	28	17
Principal transactions	56	30	17
Other income	11	21	17
Total income	2,554	2,395	2,159
Impairment charges	(290)	(252)	(177)
Net income	2,264	2,143	1,982
Operating expenses excluding amortisation of intangible assets	(903)	(856)	(822)
Amortisation of intangible assets	(4)	(1)	(3)
Operating expenses	(907)	(857)	(825)
Share of post-tax results of associates and joint ventures	–	3	3
Profit on disposal of subsidiaries, associates and joint ventures	14	76	–
Profit before tax	1,371	1,365	1,160
Balance sheet information			
Loans and advances to customers	£63.3bn	£56.3bn	£53.4bn
Customer accounts	£60.8bn	£57.4bn	£50.9bn
Total assets	£73.9bn	£65.9bn	£59.9bn
Selected statistical measures			
Cost:income ratio[a]	36%	36%	38%
Risk Tendency[a]	£ 305m	£ 290m	£ 250m
Risk weighted assets	£53.8bn	£50.0bn	£47.1bn

a Defined on page 2.

2006/05

Barclays Commercial Bank profit before tax increased 18% (£205m) to £1,365m (2005: £1,160m), driven by continued strong income growth. Barclays Commercial Bank maintained its market share of primary customer relationships. The 2006 result included a £23m (2005: £13m) contribution from the full year consolidation of Iveco Finance, in which a 51% stake was acquired on 1st June 2005. Profit before business disposals increased 11% to £1,289m (2005: £1,160m).

Income increased 11% (£236m) to £2,395m (2005: £2,159m), driven by strong balance sheet growth. The uplift in income was broadly based across income categories.

Net interest income increased 11% (£166m) to £1,702m (2005: £1,536m) driven by strong balance sheet growth. There was strong growth in all business areas and in particular Larger Business. The lending margin improved slightly. Average customer accounts increased 11% to £44.8bn (2005: £40.5bn) with good growth across product categories. The deposit margin was stable.

Net fee and commission income increased 9% (£53m) to £642m (2005: £589m). There was a strong rise in income from foreign exchange and derivatives business transacted through Barclays Capital on behalf of Barclays Commercial Bank customers.

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

As expected, impairment rates trended upwards during the year towards a more normalised level. Impairment increased 42% (£75m) to £252m (2005: £177m), with the increase mainly reflecting higher charges from Medium Business and balance growth. Impairment charges in Larger Business were stable.

Operating expenses increased 4% (£32m) to £857m (2005: £825m). Cost growth reflected higher volumes, increased expenditure on front line staff and the costs of Iveco Finance for a full year. Operating expenses included a credit of £60m on the sale and leaseback of property. Increased investment was focused on the acceleration of the rationalisation of operating sites and technology infrastructure.

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

Profit on disposals of subsidiaries, associates and joint ventures of £76m (2005: £nil) arose from the sales of interests in vehicle leasing and European vendor finance businesses.

Global Retail and Commercial Banking
Barclaycard

Who we are

We are a multi-brand international credit card and consumer lending business. Our credit card was the first to be launched in the UK in 1966 and is now one of the leading credit card businesses in Europe, with a fast growing business in the US.

What we do UK

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

International

Barclaycard's international presence is extensive. In 2007, 3 out of every 4 cards issued by Barclaycard were in markets outside the UK and we have 8.8m international cards in issue. We currently operate across Europe and the United States where we are the fastest growing credit card business. In Scandinavia we operate through Entercard, a joint venture with Swedbank.

Barclaycard Business

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

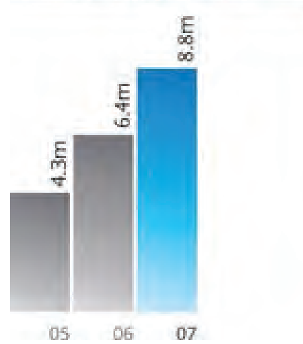
Highlights

£2,486m
Income

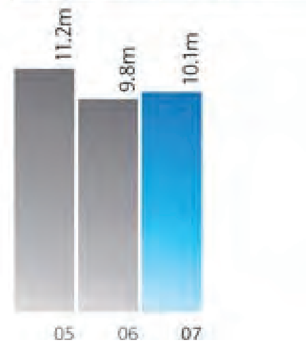
£540m
Profit before tax

Performance indicators

International cards in issue



Number of UK customers



Performance
2007/06

Barclaycard profit before tax increased 18% (£82m) to £540m (2006: £458m), driven by strong international growth coupled with a significant improvement in UK impairment charges. Other income included a £27m loss on disposal of part of the Monument card portfolio. 2006 results reflected a property gain of £38m.

Income decreased 1% (£28m) to £2,486m (2006: £2,514m) reflecting strong growth in Barclaycard International, offset by a decline in UK Cards revenue resulting from a more cautious approach to lending in the UK and a £27m loss on disposal of part of the Monument card portfolio.

Net interest income increased 1% (£11m) to £1,394m (2006: £1,383m) due to strong organic growth in international average extended credit card balances, up 32% to £3.3bn and average secured consumer lending balances up 26% to £4.3bn, partially offset by lower UK average extended credit card balances which fell 14% to £6.9bn. Margins fell to 6.59% (2006: 7.13%) due to higher average base rates across core operating markets and a change in the product mix with an increased weighting to secured lending.

Net fee and commission income fell 2% (£26m) to £1,080m (2006: £1,106m) with growth in Barclaycard International offset by our actions in response to the Office of Fair Trading's findings on late and overlimit fees in the UK which were implemented in August 2006.

Impairment charges improved 21% (£229m) to £838m (2006: £1,067m) reflecting reduced flows into delinquency, lower levels of arrears and lower charge-offs in UK Cards. We made changes to our impairment methodologies to standardise our approach and in anticipation of Basel II. The net positive impact of these changes in methodology was offset by an increase in impairment charges in Barclaycard International and secured consumer lending.

Operating expenses increased 12% (£120m) to £1,101m (2006: £981m). Excluding a property gain of £38m in 2006, operating expenses increased 8% (£82m) reflecting continued investment in expanding our businesses in Europe and the US. Costs in the UK businesses were broadly flat, with investment in new UK product innovations such as Barclaycard OnePulse being funded out of operating efficiencies.

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

	2007 £m	2006 £m	2005 £m
Income statement information			
Net interest income	**1,394**	1,383	1,231
Net fee and commission income	**1,080**	1,106	1,065
Net investment income	**11**	15	–
Net premiums from insurance contracts	**40**	18	6
Other income	**(26)**	–	–
Total income	**2,499**	2,522	2,302
Net claims and benefits incurred on insurance contracts	**(13)**	(8)	(3)
Total income net of insurance claims	**2,486**	2,514	2,299
Impairment charges	**(838)**	(1,067)	(753)
Net income	**1,648**	1,447	1,546
Operating expenses excluding amortisation of intangible assets	**(1,073)**	(964)	(891)
Amortisation of intangible assets	**(28)**	(17)	(17)
Operating expenses	**(1,101)**	(981)	(908)
Share of post-tax results of associates and joint ventures	**(7)**	(8)	1
Profit before tax	**540**	458	639
Balance sheet information			
Loans and advances to customers	**£20.1bn**	£ 18.2bn	£16.5bn
Total assets	**£22.2bn**	£ 20.1bn	£18.2bn
Selected statistical measures			
Cost:income ratio[a]	**44%**	39%	39%
Risk Tendency[a]	**£ 945m**	£1,135m	£ 865m
Risk weighted assets	**£19.9bn**	£ 17.0bn	£13.6bn

a Defined on page 2.

2006/05

Barclaycard profit before tax decreased 28% (£181m) to £458m (2005: £639m) as good income growth was more than offset by higher impairment charges and increased costs from the continued development of international businesses.

Income increased 9% (£215m) to £2,514m (2005: £2,299m) reflecting very strong momentum in Barclaycard US and strong performances in Barclaycard Business, FirstPlus, SkyCard and continental European markets.

Net interest income increased 12% (£152m) to £1,383m (2005: £1,231m) due to strong growth in International average extended credit card balances up 39% to £2.5bn (2005: £1.8bn) and average secured consumer lending balances up 55% to £3.4bn (2005: £2.2bn), partly offset by UK average extended credit card balances down 7% to £8.0bn (2005: £8.6bn), reflecting the impact of tighter lending criteria.

Net fee and commission income increased 4% (£41m) to £1,106m (2005: £1,065m) as a result of increased contributions from Barclaycard International, SkyCard, FirstPlus and Barclaycard Business. Barclaycard reduced its late and overlimit fee charges in the UK on 1st August 2006 in response to the Office of Fair Trading's findings.

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

Impairment charges increased 42% (£314m) to £1,067m (2005: £753m). The increase was driven by a rise in delinquent balances and increased numbers of bankruptcies and Individual Voluntary Arrangements. As a result of management action in 2005 and 2006 to tighten lending criteria and improve collection processes, the flows of new delinquencies reduced, and levels of arrears balances declined in the second half of 2006 in UK cards.

Operating expenses increased 8% (£73m) to £981m (2005: £908m). This included a £38m gain from the sale and leaseback of property. Excluding this item, underlying operating expenses increased 12% (£111m) to £1,019m. This was largely as a result of continued investment in Barclaycard International, particularly Barclaycard US, and the development of UK partnerships.

Barclaycard International continued its growth strategy in the continental European business delivering solid results. The Entercard joint venture, which is based in Scandinavia, performed ahead of plan. Barclaycard International loss before tax reduced to £36m (2005: loss £44m), including the loss before tax for Barclaycard US of £57m (2005: loss £60m). Barclaycard US continued to perform ahead of expectations, delivering very strong growth in balances and customer numbers and creating a number of new partnerships including US Airways, Barnes & Noble, Travelocity and Jo-Ann Stores.

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

Global Retail and Commercial Banking

International Retail and Commercial Banking

Who we are

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

What we do

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

Highlights

£3,523m
Income

£935m
Profit before tax

Performance 2007/06

International Retail and Commercial Banking profit before tax decreased £281m to £935m (2006: £1,216m). International Retail and Commercial Banking – excluding Absa profit before tax in 2006 included a £247m gain on the sale of associate FirstCaribbean International Bank and a £41m share of its post-tax results. Profit before tax in 2007 included gains from the sale and leaseback of property of £23m (2006: £55m). Very strong profit growth in Rand terms in International Retail and Commercial Banking – Absa was offset by a 12% decline in the average value of the Rand.

A significant investment was made in infrastructure and distribution, including the opening of 644 new branches and sales centres across Western Europe, Emerging Markets and Absa.

2006/05

International Retail and Commercial Banking profit before tax increased £623m to £1,216m (2005: £593m). The increase reflected the inclusion of a full year's profit before tax from International Retail and Commercial Banking – Absa of £698m (2005 [a]: £298m) and a profit of £247m on the disposal of Barclays interest in FirstCaribbean International Bank.

	2007 £m	2006 £m	2005 £m
Income statement information			
Net interest income	1,890	1,653	1,045
Net fee and commission income	1,210	1,221	644
Net trading income	69	6	3
Net investment income	179	188	143
Principal transactions	248	194	146
Net premiums from insurance contracts	372	351	227
Other income	87	74	60
Total income	3,807	3,493	2,122
Net claims and benefits incurred under insurance contracts	(284)	(244)	(206)
Total income net of insurance claims	3,523	3,249	1,916
Impairment charges	(252)	(167)	(33)
Net income	3,271	3,082	1,883
Operating expenses excluding amortisation of intangible assets	(2,279)	(2,077)	(1,289)
Amortisation of intangible assets	(77)	(85)	(47)
Operating expenses	(2,356)	(2,162)	(1,336)
Share of post-tax results of associates and joint ventures	7	49	46
Profit on disposal of subsidiaries, associates and joint ventures	13	247	–
Profit before tax	935	1,216	593
Balance sheet information			
Loans and advances to customers	£70.1bn	£53.2bn	£49.2bn
Customer accounts	£28.8bn	£22.1bn	£22.4bn
Total assets	£89.5bn	£68.6bn	£63.4bn
Selected statistical measures			
Cost:income ratio[a]	67%	67%	70%
Risk Tendency[a]	£ 475m	£ 220m	£ 175m
Risk weighted assets	£53.3bn	£40.8bn	£41.0bn

a Defined on page 2.

Financial review
Analysis of results by business

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

Who we are
Western Europe

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

Emerging Markets

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

What we do

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

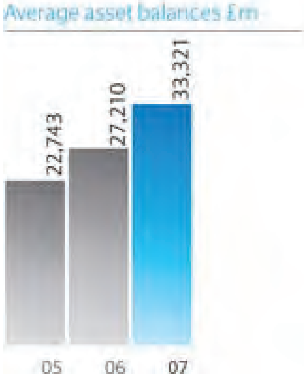
International Retail and Commercial Banking works closely with all other parts of the group to leverage synergies from product and service propositions.

£1,339m
Income

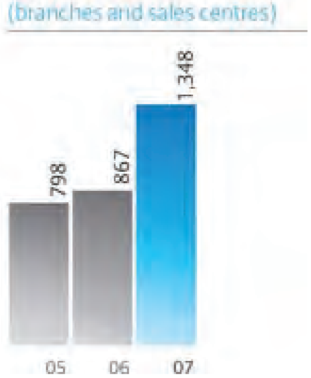
£246m
Profit before tax

Performance indicators

Average asset balances £m



Number of distribution points (branches and sales centres)



Performance 2007/06

International Retail and Commercial Banking – excluding Absa profit before tax decreased 53% (£272m) to £246m (2006: £518m). Profit before tax in 2006 included a £247m gain on the sale of associate FirstCaribbean International Bank and a £41m share of its post-tax results. Profit before tax in 2007 included gains from the sale and leaseback of property in 2007 of £23m (2006: £55m). The performance reflected very strong income growth driven by a rapid growth in distribution points to 1,348 (2006: 867) as well as the launch of new businesses in India and UAE and a full retail and commercial banking offering in Italy.

Income increased 28% (£293m) to £1,339m (2006: £1,046m) driven by excellent performances in Western Europe and Emerging Markets.

Net interest income increased 25% (£149m) to £753m (2006: £604m). Total average customer loans increased 22% (£6.1bn) to £33.3bn (2006: £27.2bn) with lending margins broadly stable. Mortgage balance growth in Western Europe was very strong, with average Euro balances up 16% (€4.2bn) to €30.1bn (2006: €25.9bn). Average customer deposits increased 20% (£2.1bn) to £12.5bn (2006: £10.4bn) driven by growth in Western Europe and Emerging Markets.

Net fee and commission income grew 16% (£59m) to £425m (2006: £366m), reflecting strong performances in Western Europe driven by the expansion of the customer base.

Principal transactions increased £94m to £177m (2006: £83m) reflecting gains on equity investments and higher foreign exchange income across Emerging Markets.

Impairment charges rose 93% (£38m) to £79m (2006: £41m). The increase reflected very strong balance sheet growth in 2006 and 2007 and the impact of lower releases in 2007.

Operating expenses grew 32% (£249m) to £1,023m (2006: £774m) driven by the rapid expansion of the distribution network across all regions and investment in people and infrastructure to support future growth across the franchise. Operating expenses included property sales in Spain of £23m (2006: £55m).

Western Europe continued to perform strongly. Profit before tax increased 30% (£56m) to £245m (2006: £189m). Barclays Spain profit before tax increased 53% (£72m) to £207m (2006: £135m) driven by increased customer lending, higher service commissions and equity investment realisations. France also performed well driven by good growth in the balance sheet, higher fees and commissions and good cost control. Income grew very strongly in Italy as a result of the opening of new branches and the roll-out of a complete retail and commercial banking offering but this was more than offset by higher investment costs. Profit before tax decreased in Portugal, with very strong income growth offset by increased investment in the expansion of the business.

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

	2007 £m	2006 £m	2005 £m
Income statement information			
Net interest income	**753**	604	557
Net fee and commission income	**425**	366	316
Net trading income	**68**	17	31
Net investment income	**109**	66	88
Principal transactions	**177**	83	119
Net premiums from insurance contracts	**145**	111	129
Other income	**9**	20	23
Total income	**1,509**	1,184	1,144
Net claims and benefits incurred under insurance contracts	**(170)**	(138)	(162)
Total income net of insurance claims	**1,339**	1,046	982
Impairment charges	**(79)**	(41)	(14)
Net income	**1,260**	1,005	968
Operating expenses excluding amortisation of intangible assets	**(1,007)**	(765)	(706)
Amortisation of intangible assets	**(16)**	(9)	(6)
Operating expenses	**(1,023)**	(774)	(712)
Share of post-tax results of associates and joint ventures	**1**	40	39
Profit on disposal of subsidiaries, associates and joint ventures	**8**	247	–
Profit before tax	**246**	518	295
Balance sheet information			
Loans and advances to customers	**£39.3bn**	£29.0bn	£25.3bn
Customer accounts	**£15.7bn**	£11.0bn	£10.2bn
Total assets	**£52.2bn**	£38.2bn	£34.0bn
Selected statistical measures			
Cost:income ratio[a]	**76%**	74%	73%
Risk Tendency[a]	**£220m**	£75m	£75m
Risk weighted assets	**£29.7bn**	£20.1bn	£20.2bn

a Defined on page 2.

2006/05

International Retail and Commercial Banking – excluding Absa profit before tax increased 76% (£223m) to £518m (2005: £295m), including a gain on the disposal of the interest in FirstCaribbean International Bank of £247m. This reflected good growth in continental Europe offset by a decline in profits in Africa caused by higher impairment, and increased costs reflecting a step change in the rate of organic investment in the business.

Income increased 7% (£64m) to £1,046m (2005: £982m).

Net interest income increased 8% (£47m) to £604m (2005: £557m), reflecting strong balance sheet growth in continental Europe, Africa and the Middle East, and the development of the corporate business in Spain.

Total average customer loans increased 20% to £27.2bn (2005: £22.7bn). Mortgage balance growth in continental Europe was particularly strong, with average Euro balances up 22%. There was a modest decline in lending margins partly driven by a greater share of mortgage assets as a proportion of the total book in continental Europe. Average customer deposits increased 16% to £10.4bn (2005: £9.0bn), with deposit margins stable.

Net fee and commission income increased 16% (£50m) to £366m (2005: £316m). This reflected a strong performance from the Spanish funds business, where average assets under management increased 11%, together with very strong growth in France, including the first full year contribution of the ING Ferri business which was acquired on 1st July 2005. Net fee and commission income showed solid growth in Africa and the Middle East.

Principal transactions decreased £36m to £83m (2005: £119m). 2005 included £23m from the redemption of preference shares in FirstCaribbean International Bank.

Impairment charges increased £27m to £41m (2005: £14m). This reflected the absence of one-off recoveries of £12m which arose in 2005 in Africa and the Middle East, and strong balance sheet growth across the businesses.

Operating expenses increased 9% (£62m) to £774m (2005: £712m). This included gains from the sale and leaseback of property in Spain of £55m. Operating expenses also included incremental investment expenditure of £25m to expand the distribution network and enhance IT and operational capabilities.

Barclays Spain continued to perform strongly. Profit before tax increased 21% (£30m) to £171m (2005: £141m), excluding net one-off gains on asset sales of £32m (2005: £8m) and integration costs of £43m (2005: £57m). This was driven by the continued realisation of benefits from Banco Zaragozano, together with strong growth in assets under management and solid growth in mortgages.

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

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

The profit on disposal of subsidiaries, associate and joint ventures of £247m (2005: £nil) comprised the gain on the sale of Barclays interest in FirstCaribbean International Bank. The share of post-tax results of FirstCaribbean International Bank included in 2006 was £41m (2005: £37m).

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

Who we are

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

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

What we do

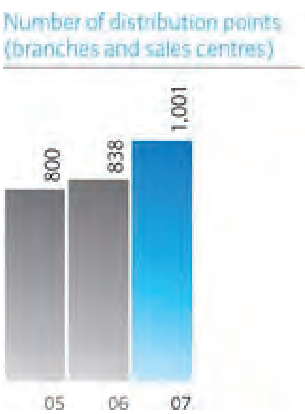
International Retail and Commercial Banking – Absa serves retail customers through a variety of distribution channels and offers a full range of banking services, including current and deposit accounts, mortgages, instalment finance, credit cards, bancassurance products and wealth management services.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

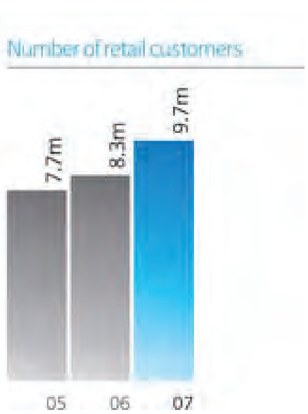
Highlights

£2,184m
Income

£689m
Profit before tax

Performance indicators





Performance 2007/06

International Retail and Commercial Banking - Absa profit before tax decreased to £689m (2006: £698m)

	2007 £m	2006 £m	2005 £m
Income statement information			
Net interest income	1,137	1,049	488
Net fee and commission income	785	855	328
Net trading income/(expense)	1	(11)	(28)
Net investment income	70	122	55
Principal transactions	71	111	27
Net premiums from insurance contracts	227	240	98
Other income	78	54	37
Total income	2,298	2,309	978
Net claims and benefits incurred under insurance contracts	(114)	(106)	(44)
Total income net of insurance claims	2,184	2,203	934
Impairment charges	(173)	(126)	(19)
Net income	2,011	2,077	915
Operating expenses excluding amortisation of intangible assets	(1,272)	(1,312)	(583)
Amortisation of intangible assets	(61)	(76)	(41)
Operating expenses	(1,333)	(1,388)	(624)
Share of post-tax results of associates and joint ventures	6	9	7
Profit on disposal of subsidiaries, associates and joint ventures	5	–	–
Profit before tax	689	698	298
Balance sheet information			
Loans and advances to customers	£30.8bn	£24.2bn	£23.9bn
Customer accounts	£13.1bn	£11.1bn	£12.2bn
Total assets	£37.3bn	£30.4bn	£29.4bn
Selected statistical measures			
Cost:income ratio[a]	61%	63%	67%
Risk Tendency[a]	£255m	£145m	£100m
Risk weighted assets	£23.6bn	£20.7bn	£20.8bn

a Defined on page 2.

2006/05

International Retail and Commercial Banking – Absa profit before tax increased 134% to £698m (2005: £298m) reflecting the full year to 31st December 2006 compared with the five months ended 31st December 2005. Barclays acquired a controlling stake in Absa Group Limited on 27th July 2005.

Investment Banking and Investment Management
Barclays Capital

Who we are

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

What we do

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

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

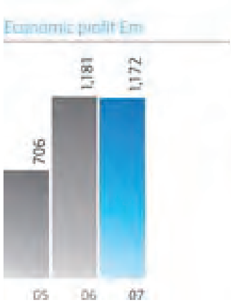
Barclays Capital works closely with all other parts of the Group to leverage synergies from client relationships and product capabilities.

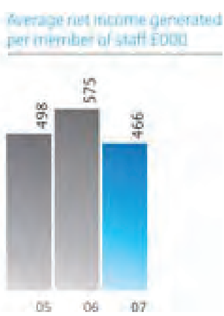
Highlights

£7,119m
Income

£2,335m
Profit before tax

Performance indicators





Performance

2007/06

Barclays Capital delivered profits ahead of the record results achieved in 2006 despite challenging trading conditions in the second half of the year. Profit before tax increased 5% (£119m) to £2,335m (2006: £2,216m). There was strong income growth across the Rates businesses and excellent results in Continental Europe, Asia and Africa demonstrating the breadth of the client franchise. Net income was slightly ahead at £6,273m (2006: £6,225m) and costs were tightly managed, declining slightly year on year. Absa Capital delivered very strong growth in profit before tax to £155m (2006: £71m).

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

Income increased 14% (£852m) to £7,119m (2006: £6,267m) as a result of very strong growth in interest rate, currency, equity, commodity and emerging market asset classes. There was excellent income growth in continental Europe, Asia, and Africa. Average DVaR increased 13% to £42m (2006: £37.1m) in line with income.

Secondary income, comprising principal transactions (net trading income and net investment income), is mainly generated from providing client financing and risk management solutions. Secondary income increased 11% (£578m) to £5,871m (2006: £5,293m).

Net trading income increased 5% (£177m) to £3,739m (2006: £3,562m) with strong contributions from fixed income, commodities, equities, foreign exchange and prime services businesses. These were largely offset by net losses in the business affected by sub-prime mortgage related write downs. The general widening of credit spreads that occurred over the course of the second half of 2007 also reduced the carrying value of the £57bn of issued notes held at fair value on the balance sheet, resulting in gains of £658m. Net investment income increased 66% (£380m) to £953m (2006: £573m) as a result of a number of private equity realisations, investment disposals in Asia and structured capital markets transactions. Net interest income increased 2% (£21m) to £1,179m (2006: £1,158m), driven by higher contributions from money markets. The corporate lending portfolio increased 29% to £52.3bn (2006: £40.6bn), largely due to an increase in drawn leveraged finance positions and a rise in drawn corporate loan balances.

Primary income, which comprises net fee and commission income from advisory and origination activities, grew 30% (£283m) to £1,235m (2006: £952m), with good contributions from bonds and loans.

Impairment charges and other credit provisions of £846m included £722m against ABS CDO Super Senior exposures, £60m from other credit market exposures and £58m relating to drawn leveraged finance underwriting positions. Other impairment charges on loans and advances amounted to a release of £7m (2006: £44m release) before impairment charges on available for sale assets of £13m (2006: £86m).

	2007 £m	2006 £m	2005 £m
Income statement information			
Net interest income	**1,179**	1,158	1,065
Net fee and commission income	**1,235**	952	776
Net trading income	**3,739**	3,562	2,231
Net investment income	**953**	573	413
Principal transactions	**4,692**	4,135	2,644
Other income	**13**	22	20
Total income	**7,119**	6,267	4,505
Impairment charges and other credit provisions	**(846)**	(42)	(111)
Net income	**6,273**	6,225	4,394
Operating expenses excluding amortisation of intangible assets	**(3,919)**	(3,996)	(2,961)
Amortisation of intangible assets	**(54)**	(13)	(2)
Operating expenses	**(3,973)**	(4,009)	(2,963)
Share of post-tax results of associates and joint ventures	**35**	–	–
Profit before tax	**2,335**	2,216	1,431
Balance sheet information			
Total assets	**£839.7bn**	£657.9bn	£601.2bn
Selected statistical measures			
Cost:income ratio[a]	**56%**	64%	66%
Risk Tendency[a]	**£ 140m**	£ 95m	£ 110m
Risk weighted assets	**£169.1bn**	£137.6bn	£116.7bn
Average DVaR	**£ 42.0m**	£ 37.1m	£ 32.0m
Corporate lending portfolio	**£ 52.3bn**	£ 40.6bn	£ 40.1bn

a Defined on page 2.

Operating expenses decreased 1% (£36m) to £3,973m (2006: £4,009m). Performance related pay, discretionary investment spend and short term contractor resources represented 42% (2006: 50%) of the cost base. Amortisation of intangible assets of £54m (2006: £13m) principally related to mortgage service rights.

Total headcount increased 3,000 during 2007 to 16,200 (2006: 13,200) including 800 from the acquisition of EquiFirst. The majority of organic growth was in Asia Pacific.

2006/05

Profit before tax increased 55% (£785m) to £2,216m (2005: £1,431m). This was the result of a very strong income performance, driven by higher business volumes, continued growth in client activity and favourable market conditions. Net income increased 42% (£1,831m) to £6,225m (2005: £4,394m). Profit before tax for Absa Capital was £71m (2005: £39m).

Income increased 39% (£1,762m) to £6,267m (2005: £4,505m) as a result of very strong growth across the Rates, Credit and Private Equity businesses. Income increased in all geographic regions. Average DVaR increased 16% to £37.1m (2005: £32.0m) significantly below the rate of income growth.

Secondary income increased 43% (£1,584m) to £5,293m (2005: £3,709m).

Net trading income increased 60% (£1,331m) to £3,562m (2005: £2,231m) with very strong contributions across the Rates and Credit businesses, in particular, commodities, fixed income, equities, credit derivatives and emerging markets.

The performance was driven by higher volumes of client led activity and favourable market conditions. Net investment income increased 39% (£160m) to £573m (2005: £413m) driven by investment realisations, primarily in Private Equity, offset by reduced contributions from credit products. Net interest income increased 9% (£93m) to £1,158m (2005: £1,065m) driven by a full year contribution from Absa Capital.

Primary income grew 23% (£176m) to £952m (2005: £776m). This reflected higher volumes and continued market share gains in a number of key markets, with strong contributions from issuances in bonds, European leveraged loans and convertibles.

Impairment charges of £42m (2005: £111m), including impairment on available for sale assets of £86m (2005: £nil), were 62% lower than prior year reflecting recoveries and the continued benign wholesale credit environment.

Operating expenses increased 35% (£1,046m) to £4,009m (2005: £2,963m), reflecting higher performance related costs, increased levels of activity and continued investment across the business. Performance related pay, discretionary investment spend and short-term contractor resource costs represented 50% of operating expenses (2005: 46%). Amortisation of intangible assets principally relates to mortgage service rights obtained as part of the purchase of HomEq.

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

Investment Banking and Investment Management
Barclays Global Investors

Who we are

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

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

What we do

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

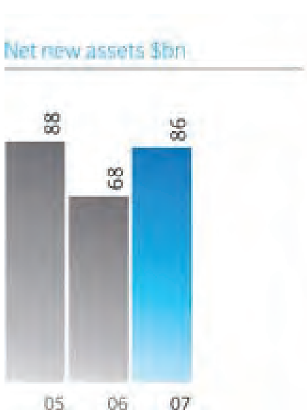
BGI collaborates with the other Barclays businesses, particularly Barclays Capital and Barclays Wealth, to develop and market products and leverage capabilities to better serve the client base.

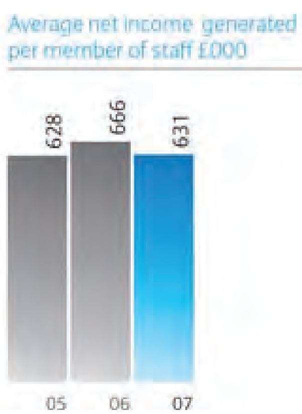
Highlights

£1,926m
Income

£734m
Profit before tax

Performance indicators





Performance

2007/06

Barclays Global Investors delivered solid growth in profit before tax, which increased 3% (£20m) to £734m (2006: £714m). Very strong US Dollar income and strong profit growth was partially offset by the 8% depreciation in the average value of the US Dollar against Sterling.

Income grew 16% (£261m) to £1,926m (2006: £1,665m).

Net fee and commission income grew 17% (£285m) to £1,936m (2006: £1,651m). This was primarily attributable to increased management fees and securities lending. Incentive fees increased 6% (£12m) to £198m (2006: £186m). Higher asset values, driven by higher market levels and good net new inflows, contributed to the growth in income.

Operating expenses increased 25% (£241m) to £1,192m (2006: £951m) as a result of significant investment in key product and channel growth initiatives and in infrastructure as well as growth in the underlying business. Operating expenses included charges of £80m (2006: £nil) related to selective support of liquidity products managed in the US. The cost:income ratio rose five percentage points to 62% (2006: 57%).

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

Total assets under management increased 13% (£117bn) to £1,044bn (2006: £927bn) comprising £42bn of net new assets, £12bn attributable to the acquisition of Indexchange Investment AG (Indexchange), £66bn of favourable market movements and £3bn of adverse exchange movements. In US$ terms assets under management increased 15% US$265bn to US$2,079bn (2006: US$1,814bn), comprising US$86bn of net new assets, US$23bn attributable to acquisition of Indexchange, US$127bn of favourable market movements and US$29bn of positive exchange rate movements.

	2007 £m	2006 £m	2005 £m
Income statement information			
Net interest (expense)/income	(8)	10	15
Net fee and commission income	1,936	1,651	1,297
Net trading income	5	2	2
Net investment (expense)/income	(9)	2	4
Principal transactions	(4)	4	6
Other income	2	–	–
Total income	1,926	1,665	1,318
Operating expenses excluding amortisation of intangible assets	(1,184)	(946)	(775)
Amortisation of intangible assets	(8)	(5)	(4)
Operating expenses	(1,192)	(951)	(779)
Profit before tax	734	714	540
Balance sheet information			
Total assets	£89.2bn	£80.5bn	£80.9bn
Selected statistical measures			
Cost:income ratio[a]	62%	57%	59%
Risk weighted assets	£ 2.0bn	£ 1.4bn	£ 1.5bn

a Defined on page 2.

2006/05

Barclays Global Investors delivered another year of outstanding results. Profit before tax increased 32% (£174m) to £714m (2005: £540m), reflecting very strong income growth and higher operating margins. The performance was broadly based across products, distribution channels and geographies.

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

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

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

Total assets under management increased 5% (£46bn) to £927bn (2005: £881bn) primarily due to net new inflows of £37bn. The positive market move impact of £98bn was largely offset by £89bn of adverse exchange rate movements. In US$ terms assets under management increased by US$301bn to US$1,814bn (2005: US$1,513bn), comprising US$68bn of net new assets, US$177bn of favourable market movements and US$56bn of positive exchange rate movements.

Investment Banking and Investment Management
Barclays Wealth

Who we are

Barclays Wealth focuses on high net worth, affluent and intermediary clients worldwide. We have over 6,900 staff in 20 countries and have total client assets of £133bn. Barclays Wealth includes the closed life assurance activities of Barclays and Woolwich, and Walbrook, an independent fiduciary services company acquired in 2007.

What we do

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

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

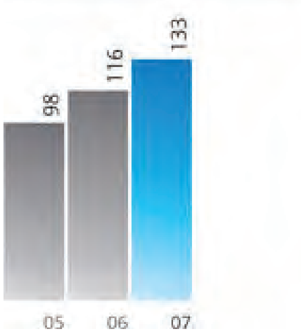
Highlights

£1,287m
Income

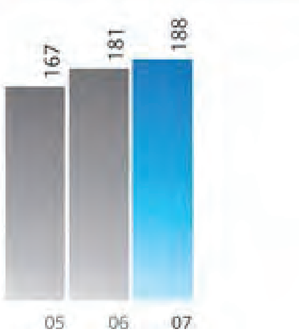
£307m
Profit before tax

Performance indicators

Total client assets
£bn



Average net income generated
per member of staff £000



Performance
2007/06

Barclays Wealth profit before tax showed very strong growth of 25% (£62m) to £307m (2006: £245m). Performance was driven by broadly based income growth, reduced redress costs and tight cost control, partially offset by additional volume related costs and increased investment in people and infrastructure to support future growth.

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

Net interest income increased 10% (£39m) to £431m (2006: £392m) reflecting strong growth in both customer deposits and lending. Average deposits grew 13% to £31.2bn (2006: £27.7bn). Average lending grew 35% to £7.4bn (2006: £5.5bn) driven by increased lending to high net worth, affluent and intermediary clients.

Net fee and commission income grew 10% (£65m) to £739m (2006: £674m). This reflected growth in client assets and higher transactional income from increased sales of investment products and solutions.

Principal transactions decreased £101m to £55m (2006: £156m) as a result of lower growth in the value of unit linked insurance contracts. Net premiums from insurance contracts reduced £15m to £195m (2006: £210m). These reductions were offset by a lower charge for net claims and benefits incurred under insurance contracts of £152m (2006: £288m).

Operating expenses increased 7% to £973m (2006: £913m) with greater volume related costs and a significant increase in investment partially offset by efficiency gains and lower customer redress costs of £19m (2006: £67m). Ongoing investment programmes included increased hiring of client facing staff and improvements to infrastructure with the upgrade of technology and operations platforms. The cost:income ratio improved three percentage points to 76% (2006: 79%).

Total client assets, comprising customer deposits and client investments, increased 14% (£16.4bn) to £132.5bn (2006: £116.1bn) reflecting strong net new asset inflows and the acquisition of Walbrook, an independent fiduciary services company, which completed on 18th May 2007.

	2007 £m	2006 £m	2005 £m
Income statement information			
Net interest income	431	392	346
Net fee and commission income	739	674	593
Net trading income	3	2	–
Net investment income	52	154	264
Principal transactions	55	156	264
Net premiums from insurance contracts	195	210	195
Other income	19	16	11
Total income	1,439	1,448	1,409
Net claims and benefits incurred on insurance contracts	(152)	(288)	(375)
Total income net of insurance claims	1,287	1,160	1,034
Impairment charges	(7)	(2)	(2)
Net income	1,280	1,158	1,032
Operating expenses excluding amortisation of intangible assets	(967)	(909)	(866)
Amortisation of intangible assets	(6)	(4)	(2)
Operating expenses	(973)	(913)	(868)
Profit before tax	307	245	164
Balance sheet information			
Loans and advances to customers	£ 9.0bn	£ 6.2bn	£ 5.0bn
Customer accounts	£34.4bn	£28.3bn	£25.8bn
Total assets	£18.0bn	£15.0bn	£13.4bn
Selected statistical measures			
Cost:income ratio[a]	76%	79%	84%
Risk Tendency[a]	£ 10m	£ 10m	£ 5m
Risk weighted assets	£ 7.7bn	£ 6.1bn	£ 4.3bn

a Defined on page 2.

2006/05

Barclays Wealth profit before tax showed very strong growth of 49% (£81m) to £245m (2005: £164m). Performance was driven by broadly based income growth and favourable market conditions. This was partially offset by additional volume related costs and a significant increase in investment in people and infrastructure to support future growth.

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

Net interest income increased 13% (£46m) to £392m (2005: £346m) reflecting growth in both customer deposits and customer lending. Average deposits grew 6% (£1.6bn) to £27.7bn (2005: £26.1bn). Average lending grew 17% to £5.5bn (2005: £4.7bn), driven by increased lending to offshore and private banking clients. Asset and liability margins were higher relative to 2005.

Net fee and commission income increased 14% (£81m) to £674m (2005: £593m). This reflected growth in client assets and higher transactional income, including increased sales of investment products to high net worth and affluent clients, and higher stockbroking volumes.

Operating expenses increased 5% (£45m) to £913m (2005: £868m) with greater volume related and investment costs more than offsetting efficiency gains. Investment costs included increased hiring of client-facing staff and improvements to infrastructure with the upgrade of technology and operations platforms. The cost:income ratio improved five percentage points to 79% (2005: 84%).

Total client assets, comprising customer deposits and client investments, increased 19% (£18.6bn) to £116.1bn (2005: £97.5bn) reflecting good net new asset inflows and favourable market conditions. Multi-Manager assets increased 68% (£4.1bn) to £10.1bn (2005: £6.0bn); this growth included transfers of existing client assets.

Head office functions and other operations

Who we are

Head office functions and other operations comprises:

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

What we do

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

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

Performance

2007/06

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

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

The impact of such inter-segment adjustments increased £86m to £233m (2006: £147m). These adjustments included internal fees for structured capital market activities of £169m (2006: £87m) and fees paid to Barclays Capital for debt and equity raising and risk management advice of £65m (2006: £23m), both of which increased net fee and commission expense in head office. The impact on the inter-segment adjustments of the timing of the recognition of insurance commissions included in Barclaycard was a reduction in head office income of £9m (2006: £44m). This net reduction was reflected in a decrease in net fee and commission income of £162m (2006: £184m) and an increase in net premium income of £153m (2006: £140m).

Principal transactions decreased to a loss of £83m (2006: £42m profit). 2006 included a £55m profit from a hedge of the expected Absa foreign currency earnings. 2007 included a loss of £33m relating to fair valuation of call options embedded within retail US$ preference shares arising from widening of own credit spreads.

Operating expenses decreased £35m to £234m (2006: £269m). The primary driver of this decrease was the receipt of a break fee relating to the ABN AMRO transaction which, net of transaction costs, reduced expenses by £58m. This was partially offset by lower rental income and lower proceeds on property sales.

	2007 £m	2006 £m	2005 £m
Income statement information			
Net interest income	128	80	160
Net fee and commission income	(424)	(301)	(324)
Net trading (loss)/income	(66)	40	85
Net investment (expense)/income	(17)	2	8
Principal transactions	(83)	42	93
Net premiums from insurance contracts	152	139	72
Other income	35	39	24
Total income	(192)	(1)	25
Impairment (charges)/releases	(3)	11	(1)
Net income	(195)	10	24
Operating expenses excluding amortisation of intangible assets	(233)	(259)	(343)
Amortisation of intangible assets	(1)	(10)	(4)
Operating expenses	(234)	(269)	(347)
Profit on disposal of associates and joint ventures	1	–	–
Loss before tax	(428)	(259)	(323)
Balance sheet information			
Total assets	£7.1bn	£7.1bn	£9.3bn
Selected statistical measures			
Risk Tendency[a]	£ 10m	£ 10m	£ 25m
Risk weighted assets	£1.6bn	£1.9bn	£4.0bn

a Defined on page 2.

2006/05

Head office functions and other operations loss before tax decreased £64m to £259m (2005: loss £323m).

Net interest income decreased £80m to £80m (2005: £160m) reflecting a reduction in net interest income in Treasury following the acquisition of Absa Group Limited. Treasury's net interest income also included the hedge ineffectiveness for the period, which together with other related Treasury adjustments amounted to a gain of £11m (2005: £18m) and the cost of hedging the foreign exchange risk on the Group's equity investment in Absa, which amounted to £71m (2005: £37m).

The impact of such inter-segment adjustments reduced £72m to £147m (2005: £219m). These adjustments related to internal fees for structured capital market activities of £87m (2005: £67m) and fees paid to Barclays Capital for capital raising and risk management advice of £23m (2005: £39m), both of which reduce net fees and commission income.

In addition the impact of the timing of the recognition of insurance commissions included in Barclaycard and UK Retail Banking reduced to £44m (2005: £113m). This reduction was reflected in a decrease in net fee and commission income of £184m (2005: £185m) and an increase in net premium income of £140m (2005: £72m).

Principal transactions decreased £51m to £42m (2005: £93m). 2005 included hedging related gains in Treasury of £80m. 2006 included £55m (2005: £nil) in respect of the economic hedge of the translation exposure arising from Absa foreign currency earnings.

The impairment charge improved £12m to a release of £11m (2005: £1m charge) as a number of workout situations were resolved.

Operating expenses decreased £78m to £269m (2005: £347m) primarily due to the expenses of the 2005 Head office relocation to Canary Wharf not recurring in 2006 (2005: £105m) and the gains of £26m (2005: £nil) from the sale and leaseback of property offset by increased costs, principally driven by major project expenditure including work related to implementing Basel II.

Financial review
Results by nature of income and expense

Results by nature of income and expense
Net interest income

	2007 £m	2006 £m	2005 £m
Cash and balances with central banks	**145**	91	9
Available for sale investments	**2,580**	2,811	2,272
Loans and advances to banks	**1,416**	903	690
Loans and advances to customers	**19,559**	16,290	12,944
Other	**1,608**	1,710	1,317
Interest income	**25,308**	21,805	17,232
Deposits from banks	**(2,720)**	(2,819)	(2,056)
Customer accounts	**(4,110)**	(3,076)	(2,715)
Debt securities in issue	**(6,651)**	(5,282)	(3,268)
Subordinated liabilities	**(878)**	(777)	(605)
Other	**(1,339)**	(708)	(513)
Interest expense	**(15,698)**	(12,662)	(9,157)
Net interest income	**9,610**	9,143	8,075

2007/06
Group net interest income increased 5% (£467m) to £9,610m (2006: £9,143m) reflecting balance sheet growth across a number of businesses.

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

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

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

2006/05

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

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

Net interest income £bn

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

Financial review

Results by nature of income and expense

Net fee and commission income

	2007 £m	2006 £m	2005 £m
Brokerage fees	109	70	64
Investment management fees	1,787	1,535	1,250
Securities lending	241	185	151
Banking and credit related fees and commissions	6,363	6,031	4,805
Foreign exchange commission	178	184	160
Fee and commission income	8,678	8,005	6,430
Fee and commission expense	(970)	(828)	(725)
Net fee and commission income	7,708	7,177	5,705

2007/06

Net fee and commission income increased 7% (£531m) to £7,708m (2006: £7,177m).

Fee and commission income rose 8% (£673m) to £8,678m (2006: £8,005m) reflecting increased management and securities lending fees in Barclays Global Investors, increased client assets and higher transactional income in Barclays Wealth and higher income generated from lending fees in Barclays Commercial Bank. Fee income in Barclays Capital increased primarily due to the acquisition of HomEq.

2006/05

Net fee and commission income increased 26% (£1,472m) to £7,177m (2005: £5,705m). The inclusion of Absa contributed net fee and commission income of £850m (2005 [a]: £334m). Group net fee and commission income excluding Absa grew 18%, reflecting growth across all businesses.

Fee and commission income rose 24% (£1,575m) to £8,005m (2005: £6,430m). The inclusion of Absa contributed fee and commission income of £896m (2005 [a]: £386m). Excluding Absa, fee and commission income grew 18%, driven by a broadly based performance across the Group, particularly within Barclays Global Investors.

Fee and commission expense increased 14% (£103m) to £828m (2005: £725m), reflecting the growth in Barclaycard US. Absa contributed fee and commission expense of £46m (2005 [a]: £52m).

Principal transactions

	2007 £m	2006 £m	2005 £m
Rates related business	4,162	2,848	1,732
Credit related business	(403)	766	589
Net trading income	3,759	3,614	2,321
Net gain from disposal of available for sale assets	560	307	120
Dividend income	26	15	22
Net gain from financial instruments designated at fair value	293	447	389
Other investment income	337	193	327
Net investment income	1,216	962	858
Principal transactions	4,975	4,576	3,179

2007/06

Principal transactions increased 9% (£399m) to £4,975m (2006: £4,576m).

Net trading income increased 4% (£145m) to £3,759m (2006: £3,614m). The majority of the Group's net trading income arises in Barclays Capital. Growth in the Rates related business reflects very strong performances in fixed income, commodities, foreign exchange, equity and prime services. The Credit related business includes net losses from credit market turbulence and the benefits of widening credit spreads on the fair value of issued notes.

Net investment income increased 26% (£254m) to £1,216m (2006: £962m). The cumulative gain from disposal of available for sale assets increased 82% (£253m) to £560m (2006: £307m) largely as a result of a number of private equity realisations and divestments. Net income from financial instruments designated at fair value decreased by 34% (£154m) largely due to lower growth in the value of linked insurance assets within Barclays Wealth.

Fair value movements on insurance assets included within net investment income contributed £113m (2006: £205m).

2006/05

Net trading income increased 56% (£1,293m) to £3,614m (2005: £2,321m) due to excellent performances in Barclays Capital Rates and Credit businesses, in particular in commodities, fixed income, equities, credit derivatives and emerging markets. This was driven by higher volumes of client – led activity and favourable market conditions. The inclusion of Absa contributed net trading income of £60m (2005 [a]: £9m). Group net trading income excluding Absa grew 54%.

Net investment income increased 12% (£104m) to £962m (2005: £858m). The inclusion of Absa contributed net investment income of £144m (2005 [a]: £62m). Group net investment income excluding Absa increased 3%.

The cumulative gain from disposal of available for sale assets increased 156% (£187m) to £307m (2005: £120m) driven by investment realisations, primarily in Private Equity.

Fair value movements on certain assets and liabilities have been reported within net trading income or within net investment income depending on the nature of the transaction. Fair value movements on insurance assets included within net investment income contributed £205m (2005: £317m).

Note

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

Other income

	2007 £m	2006 £m	2005 £m
Increase in fair value of assets held in respect of linked liabilities to customers under investment contracts	5,592	7,417	9,234
Increase in liabilities to customers under investment contracts	(5,592)	(7,417)	(9,234)
Property rentals	53	55	54
Loss on part disposal of Monument credit card portfolio	(27)	–	–
Other	162	159	93
Other income	188	214	147

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

Impairment charges and other credit provisions

	2007 £m	2006 £m	2005 £m
Impairment charges on loans and advances			
– New and increased impairment allowances	2,871	2,722	2,129
– Releases	(338)	(389)	(333)
– Recoveries	(227)	(259)	(222)
Impairment charges on loans and advances	2,306	2,074	1,574
Other credit provisions			
Charges/(credits) in respect of undrawn contractually committed facilities and guarantees	476	(6)	(7)
Impairment charges on loans and advances and other credit provisions	2,782	2,068	1,567
Impairment charges on available for sale assets	13	86	4
Impairment charges and other credit provisions	2,795	2,154	1,571
Impairment charges and other credit provisions on ABS CDO Super Senior and other credit market exposures included above:			
Impairment charges on loans and advances	313	–	–
Charges in respect of undrawn facilities	469	–	–
Impairment charges and other credit provisions on ABS CDO Super senior and other credit market positions	782	–	–

2007/06

Total impairment charges and other credit provisions increased 30% (£641m) to £2,795m (2006: £2,154m).

Impairment charges on loans and advances and other credit provisions increased 35% (£714m) to £2,782m (2006: £2,068m) reflecting charges of £782m against ABS CDO Super Senior and other credit market positions.

Impairment charges on loans and advances and other credit provisions as a percentage of Group total loans and advances increased to 0.71% (2006: 0.65%); total loans and advances grew 23% to £389,290m (2006: £316,561m).

Retail

Retail impairment charges on loans and advances fell 11% (£204m) to £1,605m (2006: £1,809m). Retail impairment charges as a percentage of period end total loans and advances reduced to 0.98% (2006: 1.30%); total retail loans and advances increased 18% to £164,062m (2006: £139,350m).

Barclaycard impairment charges improved 21% (£229m) to £838m (2006: £1,067m) reflecting reduced flows into delinquency, lower levels of arrears and lower charge-offs in UK Cards. We made changes to our impairment methodologies to standardise our approach and in anticipation of Basel II. The net positive impact of these changes in methodology was offset by the increase in impairment charges in Barclaycard International and secured consumer lending.

Impairment charges in UK Retail Banking decreased by £76m (12%) to £559m (2006: £635m), reflecting lower charges in unsecured Consumer Lending and Local Business driven by improved collection processes, reduced flows into delinquency, lower arrears trends and stable charge-offs. In UK Home Finance, asset quality remained strong and mortgage charges remained negligible. Mortgage delinquencies as a percentage of outstandings remained stable and amounts charged off were low.

Impairment charges in International Retail and Commercial Banking – excluding Absa rose by £38m (93%) to £79m (2006: £41m) reflecting very strong balance sheet growth in 2006 and 2007 and the impact of lower releases in 2007.

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

Wholesale and corporate

Wholesale and corporate impairment charges on loans and advances increased £436m to £701m (2006: £265m). Wholesale and corporate impairment charges as a percentage of period end total loans and advances increased to 0.31% (2006: 0.15%); total loans and advances grew 27% to £225,228m (2006: £177,211m).

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

The impairment charge in Barclays Commercial Bank increased £38m (15%) to £290m (2006: £252m), primarily due to higher impairment charges in Larger Business, partially offset by a lower charge in Medium Business due to a tightening of the lending criteria.

Financial review
Results by nature of income and expense

Impairment charges (continued)

2006/05

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

Impairment charges on loans and advances and other credit provisions increased 32% (£501m) to £2,068m (2005: £1,567m). Excluding Absa, the increase was 26% (£395m) and largely reflected the continued challenging credit environment in UK unsecured retail lending through 2006. The wholesale and corporate sectors remained stable with a low level of defaults.

The Group impairment charges on loans and advances and other credit provisions as a percentage of year-end total loans and advances of £316,561m (2005: £303,451m) increased to 0.65% (2005: 0.52%).

Retail

Retail impairment charges on loans and advances and other credit provisions increased to £1,809m (2005: £1,254m), including £99m (2005 [a]: £10m) in respect of Absa. Retail impairment charges on loans and advances amounted to 1.30% (2005 [b]: 0.93%) as a percentage of year-end total loans and advances of £139,350m (2005 [b]: £134,420m), including balances in Absa of £20,090m (2005: £20,836m).

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

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

Wholesale and corporate

In the wholesale and corporate businesses, impairment charges on loans and advances and other credit provisions decreased to £259m (2005: £313m), including £27m (2005 [a]: £10m) in respect of Absa. The fall was due mainly to recoveries in Barclays Capital as a result of the benign wholesale credit environment. This was partially offset by an increase in Barclays Commercial Bank, reflecting higher charges in Medium Business and growth in lending balances.

The wholesale and corporate impairment charge was 0.15% (2005 [b]: 0.19%) as a percentage of year-end total loans and advances to banks and to customers of £177,211m (2005 [b]: £169,031m), including balances in Absa of £9,299m (2005: £9,731m).

In Absa, impairment charges increased to £126m (2005 [b]: £20m) reflecting a full year of business and normalisation of credit conditions in South Africa following a period of low interest rates.

Impairment on available for sale assets

The total impairment charges in Barclays Capital included losses of £83m (2005: £nil) on an available for sale portfolio where an intention to sell caused the losses to be viewed as other than temporary in nature. These losses in 2006 were primarily due to interest rate movements, rather than credit deterioration, with a corresponding gain arising on offsetting derivatives recognised in net trading income.

Operating expenses

	2007 £m	2006 £m	2005 £m
Staff costs (refer to page 37)	**8,405**	8,169	6,318
Administrative expenses	**3,978**	3,980	3,443
Depreciation	**467**	455	362
Impairment loss – property and equipment and intangible assets	**16**	21	9
Operating lease rentals	**414**	345	316
Gain on property disposals	**(267)**	(432)	–
Amortisation of intangible assets	**186**	136	79
Operating expenses	**13,199**	12,674	10,527

2007/06

Operating expenses grew 4% (£525m) to £13,199m (2006: £12,674m). The increase was driven by growth of 3% (£236m) in staff costs to £8,405m (2006: £8,169m) and lower gains on property disposals.

Administrative expenses remained flat at £3,978m (2006: £3,980m) reflecting good cost control across all businesses.

Operating lease rentals increased 20% (£69m) to £414m (2006: £345m), primarily due to increased property held under operating leases.

Operating expenses were reduced by gains from the sale of property of £267m (2006: £432m) as the Group continued the sale and leaseback of some of its freehold portfolio, principally in UK Banking.

Amortisation of intangible assets increased 37% (£50m) to £186m (2006: £136m) primarily reflecting the amortisation of mortgage servicing rights relating to the acquisition of HomEq in November 2006.

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

2006/05

Operating expenses increased 20% (£2,147m) to £12,674m (2005: £10,527m). The inclusion of Absa contributed operating expenses of £1,496m (2005 [a]: £664m). Group operating expenses excluding Absa grew 13%, reflecting a higher level of business activity and an increase in performance related pay.

Administrative expenses increased 16% (£537m) to £3,980m (2005: £3,443m). The inclusion of Absa contributed administrative expenses of £579m (2005 [a]: £257m). Group administrative expenses excluding Absa grew 7% principally as a result of higher business activity in UK Banking and Barclays Capital.

Operating lease rentals increased 9% (£29m) to £345m (2005: £316m). The inclusion of Absa contributed operating lease rentals of £73m (2005 [a]: £27m), which more than offset the absence of double occupancy costs incurred in 2005, associated with the Head office relocation to Canary Wharf.

Operating expenses were reduced by gains from the sale of property of £432m (2005: £nil) as the Group took advantage of historically low yields on property to realise gains on some of its freehold portfolio.

Amortisation of intangible assets increased 72% (£57m) to £136m (2005: £79m) primarily reflecting the inclusion of Absa for the full year.

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

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

b In 2005 the analysis of loans and advances to customers between retail business and wholesale and corporate business has been reclassified to reflect enhanced methodology implementation.

Staff costs

	2007 £m	2006 £m	2005 £m
Salaries and accrued incentive payments	**6,993**	6,635	5,036
Social security costs	**508**	502	412
Pension costs			
– defined contribution plans	**141**	128	76
– defined benefit plans	**150**	282	271
Other post-retirement benefits	**10**	30	27
Other	**603**	592	496
Staff costs	**8,405**	8,169	6,318

2007/06

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

Salaries and accrued incentive payments rose 5% (£358m) to £6,993m (2006: £6,635m), reflecting increased permanent and fixed term staff worldwide.

Defined benefit plans pension costs decreased 47% (£132m) to £150m (2006: £282m). This was mainly due to lower service costs.

2006/05

Staff costs increased 29% (£1,851m) to £8,169m (2005: £6,318m). The inclusion of Absa contributed staff costs of £694m (2005 [a]: £296m). Group staff costs excluding Absa rose 24%.

Salaries and accrued incentive payments rose 32% (£1,599m) to £6,635m (2005: £5,036m), principally due to increased performance related payments and the full year inclusion of Absa. The inclusion of Absa contributed salaries and incentive payments of £615m (2005 [a]: £276m). Group salaries and accrued incentive payments excluding Absa rose 26%.

Staff numbers

	2007	2006	2005
UK Banking	**41,200**	42,600	41,100
UK Retail Banking	**32,800**	34,500	33,300
Barclays Commercial Bank	**8,400**	8,100	7,800
Barclaycard	**7,800**	8,500	7,700
IRCB	**58,300**	47,800	45,200
IRCB – ex Absa	**22,100**	13,900	12,500
IRCB – Absa	**36,200**	33,900	32,700
Barclays Capital	**16,200**	13,200	9,900
Barclays Global Investors	**3,400**	2,700	2,300
Barclays Wealth	**6,900**	6,600	6,200
Head office functions and other operations	**1,100**	1,200	900
Total Group permanent staff worldwide	**134,900**	122,600	113,300

2007/06

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

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

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

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

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

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

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

Note

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

Financial review
Results by nature of income and expense

Staff numbers (continued)

2006/05

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

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

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

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

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

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

Barclays Wealth staff numbers rose 400 to 6,600 (2005: 6,200) to support the continued expansion of the business, including increased hiring of client-facing staff.

Head office functions and other operations staff numbers grew 300 to 1,200 (2005: 900) primarily reflecting the centralisation of functional activity and the increased regulatory environment and audit demands as a result of the expansion of business areas.

Share of post-tax results of associates and joint ventures

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

2007/06

The overall share of post-tax results of associates and joint ventures decreased £4m to £42m (2006: £46m). The share of results from associates decreased £20m mainly due to the sale of FirstCaribbean International Bank (2006: £41m) at the end of 2006, partially offset by an increased contribution from private equity associates. The share of results from joint ventures increased by £16m mainly due to the contribution from private equity entities.

2006/05

The share of post-tax results of associates and joint ventures increased 2% (£1m) to £46m (2005: £45m).

Of the £46m share of post-tax results of associates and joint ventures, FirstCaribbean International Bank contributed £41m (2005: £37m).

Profit on disposal of subsidiaries, associates and joint ventures

	2007 £m	2006 £m	2005 £m
Profit on disposal of subsidiaries,associates and joint ventures	28	323	–

2007/06

The profit on disposal in 2007 relates mainly to the disposal of the Group's shareholdings in Gabetti Property Solutions (£8m) and Intelenet Global Services (£13m).

2006/05

The profit on disposal of subsidiaries, associates and joint ventures includes £247m profit on disposal of FirstCaribbean International Bank and £76m from the sale of interests in vehicle leasing and vendor finance businesses.

Tax

The overall tax charge is explained in the following table:

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

2007/06

The tax charge for the period was based on a UK corporation tax rate of 30% (2006: 30%). The effective rate of tax for 2007, based on profit before tax, was 28.0% (2006: 27.2%). The effective tax rate differed from 30% as it took account of the different tax rates applied to profits earned outside the UK, non-taxable gains and income and adjustments to prior year tax provisions. The forthcoming change in the UK rate of corporation tax from 30% to 28% on 1st April 2008 led to an additional tax charge in 2007 as a result of its effect on the Group's net deferred tax asset. The effective tax rate for 2007 was higher than the 2006 rate, principally because there was a higher level of profit on disposals of subsidiaries, associates and joint ventures offset by losses or exemptions in 2006.

2006/05

The charge for the period is based upon a UK corporation tax rate of 30% for the calendar year 2006 (2005: 30%). The effective rate of tax for 2006, based on profit before tax, was 27.2% (2005: 27.3%). The effective tax rate differs from 30% as it takes account of the different tax rates which are applied to the profits earned outside the UK, disallowable expenditure, certain non-taxable gains and adjustments to prior year tax provisions. The effective tax rate for 2006 is consistent with the prior period. The tax charge for the year includes £1,234m (2005: £961m) arising in the UK and £707m (2005: £478m) arising overseas.

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

Financial review
Total assets and risk weighted assets

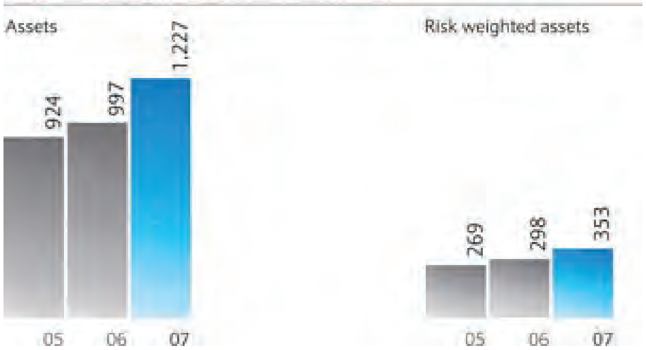
Total assets

	2007 £m	2006 £m	2005 £m
UK Banking	161,777	147,576	137,981
UK Retail Banking	87,833	81,692	78,066
Barclays Commercial Bank	73,944	65,884	59,915
Barclaycard	22,164	20,082	18,236
IRCB	89,457	68,588	63,383
IRCB – ex Absa	52,204	38,191	34,022
IRCB – Absa	37,253	30,397	29,361
Barclays Capital	839,662	657,922	601,193
Barclays Global Investors	89,224	80,515	80,900
Barclays Wealth	18,024	15,022	13,401
Head office functions and other operations	7,053	7,082	9,263
Total assets	1,227,361	996,787	924,357

Risk weighted assets [a]

	2007 £m	2006 £m	2005 £m
UK Banking	99,836	92,981	87,971
UK Retail Banking	45,992	43,020	40,845
Barclays Commercial Bank	53,844	49,961	47,126
Barclaycard	19,929	17,035	13,625
IRCB	53,269	40,810	41,069
IRCB – ex Absa	29,667	20,082	20,235
IRCB – Absa	23,602	20,728	20,834
Barclays Capital	169,124	137,635	116,677
Barclays Global Investors	1,994	1,375	1,456
Barclays Wealth	7,692	6,077	4,305
Head office functions and other operations	1,632	1,920	4,045
Risk weighted assets	353,476	297,833	269,148

Total assets and risk weighted assets £bn



Note

a Risk weighted assets are calculated under Basel I

2007/06

Total assets increased 23% to £1,227.4bn (2006: £996.8bn). Risk weighted assets increased 19% to £353.5bn (2006: £297.8bn). Loans and advances to customers that have been securitised increased £4.3bn to £28.7bn (2006: £24.4bn). The increase in risk weighted assets since 2006 reflected a rise of £31.6bn in the banking book and a rise of £24.0bn in the trading book.

UK Retail Banking total assets increased 7% to £87.8bn (2006: £81.7bn). This was mainly attributable to growth in mortgage balances. Risk weighted assets increased by 7% to £46.0bn (2006: £43.0bn) with growth in mortgages partially offset by an increase in securitised balances and other reductions.

Barclays Commercial Bank total assets grew 12% to £73.9bn (2006: £65.9bn) driven by good growth across lending products. Risk weighted assets increased 8% to £53.8bn (2006: £50.0bn), reflecting asset growth partially offset by increased regulatory netting and an increase in securitised balances.

Barclaycard total assets increased 10% to £22.2bn (2006: £20.1bn). Risk weighted assets increased 17% to £19.9bn (2006: £17.0bn), primarily reflecting the increase in total assets, redemption of securitisation transactions, partially offset by changes to the treatment of regulatory associates and the sale of part of the Monument card portfolio.

International Retail and Commercial Banking – excluding Absa total assets grew 37% to £52.2bn (2006: £38.2bn). This growth was mainly driven by increases in retail mortgages and unsecured lending in Western Europe and increases in unsecured lending in Emerging Markets. Risk weighted assets increased 48% to £29.7bn (2006: £20.1bn), reflecting asset growth and a change in product mix.

International Retail and Commercial Banking – Absa total assets increased 23% to £37.3bn (2006: £30.4bn), primarily driven by increases in mortgages, credit cards and commercial property finance. Risk weighted assets increased 14% to £23.6bn (2006: £20.7bn), reflecting balance sheet growth.

Barclays Capital total assets rose 28% to £839.7bn (2006: £657.9bn). Derivative assets increased £109.3bn primarily due to movements across a range of market indices. This was accompanied by a corresponding increase in derivative liabilities. The increase in non-derivative assets reflects an expansion of the business across a number of asset classes, combined with an increase in drawn leveraged loan positions and mortgage-related assets. Risk weighted assets increased 23% to £169.1bn (2006: £137.6bn) reflecting growth in fixed income, equities and credit derivatives.

Barclays Global Investors total assets increased 11% to £89.2bn (2006: £80.5bn), mainly attributable to growth in certain asset management products recognised as investment contracts. The majority of total assets relates to asset management products with equal and offsetting balances reflected within liabilities to customers. Risk weighted assets increased 43% to £2.0bn (2006: £1.4bn) mainly attributable to overall growth in the balance sheet and the mix of securities lending activity.

Barclays Wealth total assets increased 20% to £18.0bn (2006: £15.0bn) reflecting strong growth in lending to high net worth, affluent and intermediary clients. Risk weighted assets increased 26% to £7.7bn (2006: £6.1bn) reflecting the increase in lending.

Head office functions and other operations total assets remained flat at £7.1bn (2006: £7.1bn). Risk weighted assets decreased 16% to £1.6bn (2006: £1.9bn).

2006/05

Total assets increased 8% to £996.8bn (2005: £924.4bn). Risk weighted assets increased 11% to £297.8bn (2005: £269.1bn). Loans and advances to customers that have been securitised increased £5.8bn to £24.4bn (2005: £18.6bn). The increase in risk weighted assets since 2005 reflects a rise of £18.1bn in the banking book and a rise of £10.9bn in the trading book.

UK Retail Banking total assets increased 5% to £81.7bn (2005: £78.1bn). This was mainly attributable to growth in mortgage balances. Risk weighted assets increased 5% to £43.0bn (2005: £40.8bn) also primarily reflecting the growth in mortgage balances.

Barclays Commercial Bank total assets increased 10% to £65.9bn (2005: £59.9bn) reflecting good growth across short, medium and long term lending products. Risk weighted assets increased 6% to £50.0bn (2005: £47.1bn), reflecting asset growth and increased regulatory netting.

Barclaycard total assets increased 10% to £20.1bn (2005: £18.2bn) driven by growth in lending balances in the international businesses and FirstPlus. Risk weighted assets increased 25% to £17.0bn (2005: £13.6bn), primarily reflecting the increase in total assets and lower securitised balances.

International Retail and Commercial Banking-excluding Absa total assets increased 12% to £38.2bn (2005: £34.0bn) mainly reflecting increases in mortgage and other lending. Risk weighted assets remained flat at £20.1bn (2005: £20.2bn), with balance sheet growth offset by the sale of FirstCaribbean International Bank.

International Retail and Commercial Banking-Absa total assets increased 3% to £30.4bn (2005: £29.4bn). Risk weighted assets remained flat at £20.7bn (2005: £20.8bn). This reflects very strong growth in Rand terms offset by a 21% decline in the value of the Rand. In Rand terms assets grew 31% to R417bn (2005: R319bn) and risk weighted assets grew 25% to R284bn (2005: R227bn) due to strong growth in mortgage lending along with growth in corporate lending.

Barclays Capital total assets increased 9% to £657.9bn (2005: £601.2bn). This reflected continued expansion of the business with growth in reverse repurchase agreements, debt securities and traded equity securities. Risk weighted assets increased 18% to £137.6bn (2005: £116.7bn) in line with risk, driven by the growth in equity derivatives, credit derivatives and fixed income.

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

Barclays Wealth total assets increased 12% to £15.0bn (2005: £13.4bn) reflecting strong growth in lending to high net worth, affluent and intermediary clients. Risk weighted assets increased 42% to £6.1bn (2005: £4.3bn) above the rate of balance sheet growth driven by changes in the mix of lending and growth in guarantees.

Head office functions and other operations total assets decreased 24% to £7.1bn (2005: £9.3bn). Risk weighted assets decreased 53% to £1.9bn (2005: £4.0bn).

Financial review
Capital management

Total shareholders' equity

	2007 £m	2006 £m	2005 £m
Barclays PLC Group			
Called up share capital	1,651	1,634	1,623
Share premium account	56	5,818	5,650
Available for sale reserve	154	132	225
Cash flow hedging reserve	26	(230)	70
Capital redemption reserve	384	309	309
Other capital reserve	617	617	617
Currency translation reserve	(307)	(438)	156
Other reserves	874	390	1,377
Retained earnings	20,970	12,169	8,957
Less: Treasury shares	(260)	(212)	(181)
Shareholders' equity excluding minority interests	23,291	19,799	17,426
Minority interests	9,185	7,591	7,004
Total shareholders' equity	32,476	27,390	24,430

2007/06

Total shareholders' equity increased £5,086m to £32,476m (2006: £27,390m).

Called up share capital comprises 6,600 million (2006: 6,535 million) ordinary shares of 25p each and 1 million (2006: 1 million) staff shares of £1 each. Called up share capital increased by £17m representing the nominal value of shares issued to Temasek Holdings, China Development Bank (CDB) and employees under share option plans largely offset by a reduction in nominal value arising from share buy-backs. Share premium reduced by £5,762m; the reclassification of £7,223m to retained earnings resulting from the High Court approved cancellation of share premium was partly offset by additional premium arising on the issuance to CDB and on employee options. The capital redemption reserve increased by £75m representing the nominal value of the share buy-backs.

Retained earnings increased by £8,801m. Increases primarily arose from profit attributable to equity holders of the parent of £4,417m, the reclassification of share premium of £7,223m and the proceeds of the Temasek issuance in excess of nominal value of £941m. Reductions primarily arose from external dividends paid of £2,079m and the total cost of share repurchases of £1,802m.

Movements in other reserves, except the capital redemption reserve, reflect the relevant amounts recorded in the consolidated statement of recognised income and expense on page 162.

Minority interests increased £1,594m to £9,185m (2006: £7,591m). The increase was primarily driven by preference share issuances of £1,322m and an increase in the minority interest in Absa of £225m.

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

2006/05

Total shareholders' equity increased £2,960m to £27,390m (2005: £24,430m).

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

Retained earnings increased by £3,212m primarily reflecting profit attributable to equity holders of the parent of £4,571m partly offset by dividends paid of £1,771m.

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

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

Barclays Bank PLC

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

	2007 £m	2006 £m	2005 £m
Barclays Bank PLC Group			
Called up share capital	2,382	2,363	2,348
Share premium account	10,751	9,452	8,882
Available for sale reserve	111	184	257
Cash flow hedging reserve	26	(230)	70
Currency translation reserve	(307)	(438)	156
Other reserves	(170)	(484)	483
Other shareholders' equity	2,687	2,534	2,490
Retained earnings	14,222	11,556	8,462
Shareholders' equity excluding minority interests	29,872	25,421	22,665
Minority interests	1,949	1,685	1,578
Total shareholders' equity	31,821	27,106	24,243

Capital ratios

	Basel II	Basel I		Basel I		Basel I	
	2007	2007		2006		2005	
	Barclays PLC Group	Barclays PLC Group	Barclays Bank PLC Group	Barclays PLC Group	Barclays Bank PLC Group	Barclays PLC Group	Barclays Bank PLC Group
Capital ratios	%	%	%	%	%	%	%
Tier 1 ratio	7.6	7.8	7.5	7.7	7.5	7.0	6.9
Risk asset ratio	11.2	12.1	11.8	11.7	11.5	11.3	11.2
Risk weighted assets	£m	£m	£m	£m	£m	£m	£m
Banking book							
on-balance sheet	n/a	231,496	231,491	197,979	197,979	180,808	180,808
off-balance sheet	n/a	32,620	32,620	33,821	33,821	31,351	31,351
Associates and joint ventures	n/a	1,354	1,354	2,072	2,072	3,914	3,914
Total banking book	244,474	265,470	265,465	233,872	233,872	216,073	216,073
Trading book							
Market risks	39,812	36,265	36,265	30,291	30,291	23,216	23,216
Counterparty and settlement risks	41,203	51,741	51,741	33,670	33,670	29,859	29,859
Total trading book	81,015	88,006	88,006	63,961	63,961	53,075	53,075
Operational risk	28,389	n/a	n/a	n/a	n/a	n/a	n/a
Total risk weighted assets	353,878	353,476	353,471	297,833	297,833	269,148	269,148

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

Basel I

At 31st December 2007, the Tier 1 capital ratio was 7.8% and the risk asset ratio was 12.1%. From 31st December 2006, total net capital resources rose £7.9bn and risk weighted assets increased £55.6bn.

Tier 1 capital rose £4.4bn, including £2.3bn arising from profits attributable to equity holders of the parent net of dividends paid. Minority interests within Tier 1 capital increased £2.7bn primarily due to the issuance of reserve capital instruments and preference shares. The deduction for goodwill and intangible assets increased by £1.1bn. Tier 2 capital increased £3.1bn mainly as a result of an increase of £3.0bn of dated loan capital.

Basel II

Under Basel II, effective from 1st January 2008, the Group has been granted approval by the FSA to adopt the advanced approaches to credit and operational risk management. Pillar 1 risk weighted assets will be generated using the Group's risk models. Pillar 1 minimum capital requirements under Basel II are Pillar 1 risk weighted assets multiplied by 8%, the internationally agreed minimum ratio.

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

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

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

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

Financial review
Capital resources and deposits

Total net capital resources

	Basel II	Basel I		Basel I		Basel I	
	2007 £m	2007 £m		2006 £m		2005 £m	
Capital resources (as defined for regulatory purposes)	Barclays PLC Group	Barclays PLC Group	Barclays Bank PLC Group	Barclays PLC Group	Barclays Bank PLC Group	Barclays PLC Group	Barclays Bank PLC Group
Tier 1							
Called up share capital	1,651	1,651	2,382	1,634	2,363	1,623	2,348
Eligible reserves	22,939	22,526	25,615	19,608	21,700	16,837	18,646
Minority interests	10,551	10,551	5,857	7,899	4,528	6,634	3,700
Tier One Notes	899	899	899	909	909	981	981
Less: Intangible assets	(8,191)	(8,191)	(8,191)	(7,045)	(7,045)	(7,180)	(7,180)
Less: Deductions from Tier 1 capital	(1,106)	(28)	(28)	–	–	–	–
Total qualifying tier 1 capital	26,743	27,408	26,534	23,005	22,455	18,895	18,495
Tier 2							
Revaluation reserves	26	26	26	25	25	25	25
Available for sale equity	295	295	295	221	221	223	223
Collectively assessed impairment allowances	440	2,619	2,619	2,556	2,556	2,306	2,306
Minority interests	442	442	442	451	451	515	515
Qualifying subordinated liabilities							
Undated loan capital	3,191	3,191	3,191	3,180	3,180	3,212	3,212
Dated loan capital	10,578	10,578	10,578	7,603	7,603	7,069	7,069
Less: Deductions from Tier 2 capital	(1,106)	(28)	(28)	–	–	–	–
Total qualifying tier 2 capital	13,866	17,123	17,123	14,036	14,036	13,350	13,350
Less: Regulatory deductions							
Investments not consolidated for supervisory purposes	(633)	(633)	(633)	(982)	(982)	(782)	(782)
Other deductions	(193)	(1,256)	(1,256)	(1,348)	(1,348)	(961)	(961)
Total deductions	(826)	(1,889)	(1,889)	(2,330)	(2,330)	(1,743)	(1,743)
Total net capital resources	39,783	42,642	41,768	34,711	34,161	30,502	30,102

Financial review
Deposits and short-term borrowings

Deposits
Deposits include deposits from banks and customers accounts.

	Average: year ended 31st December		
	2007 £m	2006 £m	2005 £m
Deposits from banks			
Customers in the United Kingdom	15,321	12,832	9,703
Customers outside the United Kingdom:			
Other European Union	33,162	30,116	29,092
United States	6,656	7,352	8,670
Africa	4,452	4,140	3,236
Rest of the World	36,626	35,013	39,060
Total deposits from banks	96,217	89,453	89,761
Customer accounts			
Customers in the United Kingdom	187,249	173,767	155,252
Customers outside the United Kingdom:			
Other European Union	23,696	22,448	20,773
United States	21,908	17,661	15,167
Africa	29,855	23,560	17,169
Rest of the World	23,032	19,992	16,911
Customer accounts	285,740	257,428	225,272

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

	Year ended 31st December		
	2007 £m	2006 £m	2005 £m
Customer accounts	294,987	256,754	238,684
In offices in the United Kingdom:			
Current and Demand accounts – interest free	33,400	25,650	22,980
Current and Demand accounts – interest bearing	32,047	31,769	28,416
Savings accounts	70,682	62,745	57,715
Other time deposits – retail	36,123	36,110	35,142
Other time deposits – wholesale	65,726	53,733	42,967
Total repayable in offices in the United Kingdom	237,978	210,007	187,220
In offices outside the United Kingdom:			
Current and Demand accounts – interest free	2,990	2,169	2,300
Current and Demand accounts – interest bearing	11,570	17,626	20,494
Savings accounts	3,917	3,041	3,230
Other time deposits	38,532	23,911	25,440
Total repayable in offices outside the United Kingdom	57,009	46,747	51,464

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

Note
a Average interest rate during the year for commercial paper and negotiable certificates of deposit have been restated for 2006 and 2005 to reflect methodology enhancements.

Short-term borrowings

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

Deposits from banks

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

	2007 £m	2006 £m	2005 £m
Year-end balance	90,546	79,562	75,127
Average balance	96,217	89,453	89,761
Maximum balance	109,586	97,165	103,397
Average interest rate during year	4.1%	4.2%	2.6%
Year-end interest rate	4.0%	4.3%	3.6%

Commercial paper

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

	2007 £m	2006 £m	2005 £m
Year-end balance	23,451	26,546	28,275
Average balance	26,229	29,740	22,309
Maximum balance	30,736	31,859	28,598
Average interest rate during year [a]	5.4%	4.4%	3.1%
Year-end interest rate	5.2%	5.0%	4.5%

Negotiable certificates of deposit

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

	2007 £m	2006 £m	2005 £m
Year-end balance	58,401	52,800	43,109
Average balance	55,394	49,327	45,533
Maximum balance	62,436	60,914	53,456
Average interest rate during year [a]	5.1%	5.3%	3.9%
Year-end interest rate	5.0%	5.1%	4.5%

Commitments and contractual obligations

Commitments and contractual obligations

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

Commercial commitments

	Amount of commitment expiration per period				
	Less than one year £m	Between one to three years £m	Between three to five years £m	After five years £m	Total amounts committed £m
Acceptances and endorsements	365	–	–	–	365
Guarantees and letters of credit pledged as collateral security	29,136	2,711	1,971	1,874	35,692
Other contingent liabilities	6,594	1,556	416	1,151	9,717
Documentary credits and other short-term trade related transactions	401	121	–	–	522
Forward asset purchases and forward deposits placed	283	–	–	–	283
Standby facilities, credit lines and other	136,457	17,039	28,127	10,211	191,834

Contractual obligations

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

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

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

Financial review
Securities

Securities

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

	2007		2006		2005	
	Book value £m	Amortised cost £m	Book value £m	Amortised cost £m	Book value £m	Amortised cost £m
Investment securities – available for sale						
Debt securities:						
United Kingdom government	78	81	758	761	31	31
Other government	7,383	7,434	12,587	12,735	14,860	14,827
Other public bodies	634	632	280	277	216	216
Mortgage and asset backed securities	1,367	1,429	1,706	1,706	3,062	3,062
Corporate issuers	19,664	19,649	27,089	27,100	25,590	25,597
Other issuers	9,547	9,599	5,492	5,450	6,265	6,257
Equity securities	1,676	1,418	1,371	1,047	1,250	1,007
Investment securities – available for sale	40,349	40,242	49,283	49,076	51,274	50,997
Other securities – held for trading						
Debt securities:						
United Kingdom government	3,832	n/a	4,986	n/a	4,786	n/a
Other government	51,104	n/a	46,845	n/a	46,426	n/a
Mortgage and asset backed securities	37,038	n/a	29,606	n/a	17,644	n/a
Bank and building society certificates of deposit	17,751	n/a	14,159	n/a	15,837	n/a
Other issuers	43,053	n/a	44,980	n/a	43,674	n/a
Equity securities	36,307	n/a	31,548	n/a	20,299	n/a
Other securities – held for trading	189,085	n/a	172,124	n/a	148,666	n/a

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

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

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

Government securities

	2007 Book value £m	2006 Book value £m	2005 Book value £m
United States	15,156	18,343	16,093
Japan	9,124	15,505	14,560
Germany	5,136	4,741	6,376
France	3,538	4,336	4,822
Italy	5,090	3,419	4,300
Spain	3,674	2,859	2,456
Netherlands	1,270	395	2,791

Maturities and yield of available for sale debt securities

	Maturing within one year:		Maturing after one but within five years:		Maturing after five but within ten years:		Maturing after ten years:		Total:	
	Amount £m	Yield %	Amount £m	Yield %	Amount £m	Yield %	Amount £m	Yield %	Amount £m	Yield %
Government	1,354	5.8	3,997	4.0	788	1.6	1,322	1.1	7,461	3.5
Other public bodies	546	8.6	78	1.3	–	–	10	5.2	634	7.7
Other issuers	11,849	5.2	12,542	4.9	4,343	5.6	1,844	7.0	30,578	5.2
Total book value	13,749	5.4	16,617	4.6	5,131	5.0	3,176	4.5	38,673	5.0

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

Financial review
Critical accounting estimates

The Group's accounting policies are set out on pages 149 to 157. Certain of these policies, as well as estimates made by management, are considered to be important to an understanding of the Group's financial condition since they require management to make difficult, complex or subjective judgements and estimates, some of which may relate to matters that are inherently uncertain. The following accounting policies include estimates which are particularly sensitive in terms of judgements and the extent to which estimates are used. Other accounting policies involve significant amounts of judgements and estimates, but the total amounts involved are not significant to the financial statements. Management has discussed the accounting policies and critical accounting estimates with the Board Audit Committee.

Fair value of financial instruments

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

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

Valuation methodology

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

(a) Unadjusted quoted prices in active markets where the quoted price is readily available and the price represents actual and regularly occurring market transactions on an arm's length basis.

(b) Valuation techniques using market observable inputs. Such techniques may include:

- using recent arm's length market transactions;
- reference to the current fair value of similar instruments;
- discounted cash flow analysis, pricing models or other techniques commonly used by market participants.

(c) Valuation techniques used above, but which include significant inputs that are not observable. On initial recognition of financial instruments measured using such techniques the transaction price is deemed to provide the best evidence of fair value for accounting purposes.

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

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

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

	Unobservable inputs £m	Total £m
Liabilities stated at fair value		
Trading portfolio liabilities	42	65,402
Financial liabilities designated at fair value	6,172	74,489
Liabilities to customers under investment contracts	–	92,639
Derivative financial instruments	4,382	248,288
Total	10,596	480,818

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

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

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

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

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

Corporate bonds

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

Mortgage whole loans

The fair value of mortgage whole loans are determined using observable quoted prices or recently executed transactions for comparable assets. Where observable price quotations or benchmark proxies are not available, fair value is determined using cash flow models where significant inputs include yield curves, collateral specific loss assumptions, asset specific prepayment assumptions, yield spreads and expected default rates.

Commercial mortgage backed securities and asset backed securities

Commercial mortgage backed securities and asset backed securities (ABS) (residential mortgages, credit cards, auto loans, student loans and leases) are generally valued using observable information. Wherever possible, the fair value is determined using quoted prices or recently executed transactions. Where observable price quotations are not available, fair value is determined based on cash flow models where the significant inputs may include yield curves, credit spreads, prepayment rates. Securities that are backed by the residual cash flows of an asset portfolio are generally valued using similar cash flow models.

The fair value of home equity loan bonds are determined using models which use scenario analysis with significant inputs including age, rating, internal grade, and index prices.

Collateralised debt obligations

The valuation of collateralised debt obligations (CDOs) notes is first based on an assessment of the probability of an event of default occurring due to a credit deterioration. This is determined by reference to the probability of event of default occurring and the probability of exercise of contractual rights related to event of default. The notes are then valued by determining appropriate valuation multiples to be applied to the contractual cash flows. These are based on inputs including the prospective cash flow performance of the underlying securities, the structural features of the transaction and the net asset value of the underlying portfolio.

Private equity

The fair value of private equity is determined using appropriate valuation methodologies which, dependent on the nature of the investment, may include discounted cash flow analysis, enterprise value comparisons with similar companies, price:earnings comparisons and turnover multiples. For each investment the relevant methodology is applied consistently over time.

Own credit on financial liabilities

The carrying amount of financial liabilities held at fair value is adjusted to reflect the effect of changes in own credit spreads. As a result, the carrying value of issued notes that have been designated at fair value through profit and loss is adjusted by reference to the movement in the appropriate spreads. The resulting gain or loss is recognised in the income statement.

Derivatives

Derivative contracts can be exchange traded or over the counter (OTC). OTC derivative contracts include forward, swap and option contracts related to interest rates, bonds, foreign currencies, credit standing of reference entities, equity prices, fund levels, commodity prices or indices on these assets.

The fair value of OTC derivative contracts are modelled using a series of techniques, including closed form analytical formulae (such as the Black-Scholes option pricing model) and simulation based models. The choice of model is dependant on factors such as; the complexity of the product, inherent risks and hedging strategy: statistical behaviour of the underlying, and ability of the model to price consistently with observed market transactions. For many pricing models there is no material subjectivity because the methodologies employed do not necessitate significant judgement and the pricing inputs are observed from actively quoted markets, as is the case for generic interest rate swaps and option markets. In the case of more established derivative products, the pricing models used are widely accepted and used by the other market participants.

Significant inputs used in these models may include yield curves, credit spreads, recovery rates, dividend rates, volatility of underlying interest rates, equity prices or foreign exchange rates and, in some cases, correlation between these inputs. These inputs are determined with reference to quoted prices, recently executed trades, independent market quotes and consensus data.

New, long dated or complex derivative products may require a greater degree of judgement in the implementation of appropriate valuation techniques, due to the complexity of the valuation assumptions and the reduced observability of inputs. The valuation of more complex products may use more generic derivatives as a component to calculating the overall value.

Derivatives where valuation involves a significant degree of judgement include:

– Fund derivatives

Fund derivatives are derivatives whose underlyings include mutual funds, hedge funds, indices and multi asset portfolios. They are valued using underlying fund prices, yield curves and available market information on the level of the hedging risk. Some fund derivatives are valued using unobservable information, generally where the level of the hedging risk is not observable in the market. These are valued taking account of risk of the underlying fund or collection of funds, diversification of the fund by asset, concentration by geographic sector, strategy of the fund, size of the transaction and concentration of specific fund managers.

– Commodity derivatives

Commodity derivatives are valued using models where the significant inputs may include interest rate yield curves, commodity price curves, volatility of the underlying commodities and, in some cases, correlation between these inputs, which are generally observable. This approach is applied to base metal, precious metal, energy, power, gas, emissions, soft commodities and freight positions. Due to the significant time span in the various market closes, curves are constructed using differentials to a benchmark curve to ensure that all curves are valued using the dominant market base price.

– Structured credit derivatives

Collateralised synthetic obligations (CSOs)are structured credit derivatives which reference the loss profile of a portfolio of loans, debts or synthetic underlyings. The reference asset can be a corporate credit or an asset backed credit. For CSOs that reference corporate credits an analytical model is used. For CSOs on asset backed underlyings, due to the path dependent nature of a CSO on an amortising portfolio a Monte Carlo simulation is used rather than analytic approximation. The expected loss probability for each reference credit in the portfolio is derived from the single name credit default swap spread curve and in addition, for ABS references, a prepayment rate assumption. A simulation is then used to compute survival time which allows us to calculate the marginal loss over each payment period by reference to estimated recovery rates. Significant inputs include prepayment rates, cumulative default rates, and recovery rates.

Allowances for loan impairment and other credit risk provisions

Allowances for loan impairment represent management's estimate of the losses incurred in the loan portfolios as at the balance sheet date. Changes to the allowances for loan impairment and changes to the provisions for undrawn contractually committed facilities and guarantees provided are reported in the consolidated income statement as part of the impairment charge. Provision is made for undrawn loan commitments and similar facilities if it is probable that the facility will be drawn and result in recognition of an asset at an amount less than the amount advanced.

Financial review
Critical accounting estimates

Within the retail and small businesses portfolios, which comprise large numbers of small homogeneous assets with similar risk characteristics where credit scoring techniques are generally used, statistical techniques are used to calculate impairment allowances on a portfolio basis, based on historical recovery rates and assumed emergence periods. These statistical analyses use as primary inputs the extent to which accounts in the portfolio are in arrears and historical information on the eventual losses encountered from such delinquent portfolios. There are many such models in use, each tailored to a product, line of business or customer category. Judgement and knowledge is needed in selecting the statistical methods to use when the models are developed or revised. The impairment allowance reflected in the financial statements for these portfolios is therefore considered to be reasonable and supportable. The impairment charge reflected in the income statement for these portfolios is £1,605m (2006: £1,809m) and amounts to 70% (2006: 87%) of the total impairment charge on loans and advances in 2007.

For larger accounts, impairment allowances are calculated on an individual basis and all relevant considerations that have a bearing on the expected future cash flows are taken into account, for example, the business prospects for the customer, the realisable value of collateral, the Group's position relative to other claimants, the reliability of customer information and the likely cost and duration of the work-out process. The level of the impairment allowance is the difference between the value of the discounted expected future cash flows (discounted at the loan's original effective interest rate), and its carrying amount. Subjective judgements are made in the calculation of future cash flows. Furthermore, judgements change with time as new information becomes available or as work-out strategies evolve, resulting in frequent revisions to the impairment allowance as individual decisions are taken. Changes in these estimates would result in a change in the allowances and have a direct impact on the impairment charge. The impairment charge reflected in the financial statements in relation to larger accounts is £701m (2006: £265m) or 30% (2006: 13%) of the total impairment charge on loans and advances in 2007. Further information on impairment allowances is set out on pages 84 to 85.

Goodwill

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

Intangible assets

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

Retirement benefit obligations

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

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

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

The Group's IAS 19 pension surplus across all pension and post-retirement schemes as at 31st December 2007 was a surplus of £393m (2006: £817m deficit). This comprises net recognised liabilities of £1,501m (2006: £1,719m) and unrecognised actuarial gains of £1,894m (2006: £902m). The net recognised liabilities comprises retirement benefit liabilities of £1,537m (2006: £1,807m) relating to schemes that are in deficit, and assets of £36m (2006: £88m) relating to schemes that are in surplus. The Group's IAS 19 pension surplus in respect of the main UK scheme as at 31st December 2007 was £668m (2006: £495m deficit). The estimated actuarial funding position of the main UK pension scheme as at 31st December 2007, estimated from the triennial valuation in 2004, was a surplus of £1,200m (2006: £1,300m). Cash contributions to the main UK scheme were £355m (2006: £351m).

Further information on retirement benefit obligations, including assumptions is set out in Note 30 to the accounts.

Financial review
Off-balance sheet arrangements

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

Guarantees

The Group issues guarantees on behalf of its customers. In the majority of cases, the Group will hold collateral against the exposure, have a right of recourse to the customer or both. In addition, the Group issues guarantees on its own behalf. The main types of guarantees provided are: financial guarantees given to banks and financial institutions on behalf of customers to secure loans: overdrafts; and other banking facilities, including stock borrowing indemnities and standby letters of credit. Other guarantees provided include performance guarantees, advance payment guarantees, tender guarantees, guarantees to Her Majesty's Revenue and Customs and retention guarantees. The nominal principal amount of contingent liabilities with off-balance sheet risk is set out in Note 34 and in the table on page 46.

Loan commitments

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

Special purpose entities

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

Transactions with SPEs take a number of forms, including:

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

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

(i) the Group acquires additional interests in the entity;

(ii) the contractual arrangements of the entity are amended such that the relative exposures to risks and rewards change; or if

(iii) the Group acquires control over the main operating and financial decisions of the entity.

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

Collateralised Debt Obligations

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

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

The remaining £4,869m is the Group's exposure to High Grade CDOs, stated net of writedowns and charges. £3,782m of drawn balances are included within loans and advances on the balance sheet, with the remaining £1,087m representing consolidated High Grade CDOs accounted for on a fair value basis.

Collateral

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

The remaining Weighted Average Life (WAL) of all collateral is 3.9 years. The combined Net Asset Value (NAV) for all of the CDOs was £2.8bn below the nominal amount, equivalent to an aggregate 40.2% decline in value on average for all investors.

Funding

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

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

Financial review
Off-balance sheet arrangements

Interests in Third Party CDOs

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

Structured Investment Vehicles (SIVs)

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

- £317m of senior liquidity facilities, of which £19m was drawn and included in loans and advances as at 31st December 2007. The Group is one of between two and eight independent liquidity providers on each transaction.
- Derivative exposures included on the balance sheet at their net fair value of £264m.
- Bonds issued by the SIVs included within trading portfolio assets at their fair value of £21m.
- £2.6bn repo funding facilities. £1.3bn has been utilised and included within loans and advances to customers in the balance sheet.

Other than the repo facilities, which when drawn are more than 100% collateralised by assets held by the Group with the collateral being valued daily, the items above are included in the credit market positions discussed on page 53.

SIV-Lites

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

The Group provided £0.55bn in liquidity facilities as partial support to the £2.6bn of CP programmes on these transactions. These facilities have now been fully drawn or are terminated, such that no further drawings are possible. One of the three vehicles has been restructured into a cash CDO. As part of this restructuring, the Group acquired the £800m senior note in the CDO which is held at fair value within trading portfolio assets. The credit risk on this note has been transferred to a third party investment bank. For the remaining facilities, the amount drawn totalled £152m and is included on the balance sheet within loans and advances to customers and included in the credit market positions discussed on page 53.

Commercial Paper and Medium-term Note Conduits

The Group provided £19bn in undrawn backstop liquidity facilities to its own sponsored CP conduits. The Group fully consolidates these entities such that the underlying assets are reflected on the Group balance sheet.

The Group provided backstop facilities to support the paper issued by six third party conduits. These facilities totalled £1bn, with underlying collateral comprising auto loans (81%), bank-guaranteed residential mortgages (11%), bank-guaranteed commercial and project finance loans (5%) and UK consumer finance receivables (3%). Drawings on these facilities were £46m as at 31st December 2007 and are included within loans and advances to customers.

The Group provided backstop facilities to six third-party SPEs that fund themselves with medium term notes. These notes are sold to investors as a series of 12 month securities and remarketed to investors annually. If investors decline to renew their holdings at a price below a pre-agreed spread, the backstop facility requires the Group to purchase the outstanding notes at scheduled maturity. The group has provided facilities of £2.9bn, to SPEs holding prime UK and Australian owner-occupied Residential Mortgage Back Securities (RMBS) assets. As at 31st December 2007, the Group had acquired notes of £90m under these backstop facilities (included as available for sale assets in the balance sheet) and further acquisitions are expected through 2008 as other notes are remarketed. The notes generally rank pari passu with the other term AAA+ rated notes from the same issuer. The facilities have been designated at fair value and are reflected in the balance sheet at their current fair value.

The Group's own CP conduits provided facilities of £1.3bn to third party conduits containing prime UK buy-to-let RMBS. As at 31st December 2007, £290m of this facility had been drawn. The undrawn facilities are included within the commitments disclosed in Note 34 to the accounts, while the drawn elements are included within loans and advances to customers.

Asset securitisations

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

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

Client intermediation

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

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

Fund management

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

During 2007, Group operating expenses included charges of £80m (2006: £nil) related to selective support of liquidity products managed by Barclays Global Investors and not consolidated by the Group. The Group has continued to provide further selective support to liquidity products subsequent to 31st December 2007.

Financial review
Barclays Capital credit market positions

Barclays Capital credit market positions

Barclays Capital credit market exposures resulted in net losses of £1,635m in 2007, due to dislocations in the credit markets. The net losses primarily related to ABS CDO super senior exposures, with additional losses from other credit market exposures partially offset by gains from the general widening of credit spreads on issued notes held at fair value.

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

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

ABS CDO Super Senior exposure

ABS CDO Super Senior net exposure was £4,671m (30th June 2007: £7,432m). Exposures are stated net of writedowns and charges of £1,412m (30th June 2007: £56m) and hedges of £1,347m (30th June 2007: £348m).

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

Other credit market exposures

Barclays Capital held other exposures impacted by the turbulence in credit markets, including: whole loans and other direct and indirect exposures to US sub-prime and Alt-A borrowers; exposures to monoline insurers; and commercial mortgage backed securities. The net losses in 2007 from these exposures were £823m.

Other US sub-prime whole loan and net trading book exposure was £5,037m (30th June 2007: £6,046m). Whole loans included £2,843m (30th June 2007: £1,886m) acquired since the acquisition of EquiFirst in March 2007, all of which were subject to Barclays underwriting criteria. As at 31st December 2007 the average loan to value of these EquiFirst loans was 80% with less than 3% at above 95% loan to value. 99% of the EquiFirst inventory was first lien.

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

Barclays Capital held assets with insurance protection or other credit enhancement from monoline insurers. The value of exposure to monoline insurers under these contracts was £1,335m (30th June 2007: £140m). There were no claims due under these contracts as none of the underlying assets were in default.

Exposures in our commercial mortgage backed securities business comprised commercial real estate loans of £11,103m (30th June 2007: £7,653m) and commercial mortgage backed securities of £1,296m (30th June 2007: £629m). The loan exposures were 54% US and 43% European. The US exposures had an average loan to value of 65% and the European exposures had an average loan to value of 71%. 87% of the commercial mortgage backed securities held as at 31st December 2007 were AAA or AA rated.

Loans and advances to customers included £152m (30th June 2007: £692m) of drawn liquidity facilities in respect of SIV-lites. Total exposure to other structured investment vehicles, including derivatives, undrawn commercial paper backstop facilities and bonds held in trading portfolio assets was £590m (30th June 2007: £925m).

Leveraged Finance

At 31st December 2007, drawn leveraged finance positions were £7,368m (30th June 2007: £7,317m). The positions were stated net of fees of £130m and impairment of £58m driven by widening of corporate credit spreads.

Own Credit

At 31st December 2007, Barclays Capital had issued notes held at fair value of £57,162m (30th June 2007: £44,622m). The general widening of credit spreads affected the carrying value of these notes and as a result revaluation gains of £658m were recognised in trading income.

Financial review
Average balance sheet

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

	2007			2006			2005		
	Average balance[(a)] £m	**Interest £m**	**Average rate %**	Average balance[(a)] £m	Interest £m	Average rate %	Average balance[(a)] £m	Interest £m	Average rate %
Assets									
Loans and advances to banks [b]:									
– in offices in the United Kingdom	**29.431**	**1,074**	**3.6**	18,401	647	3.5	14,798	454	3.1
– in offices outside the United Kingdom	**12,262**	**779**	**6.4**	12,278	488	4.0	11,063	403	3.6
Loans and advances to customers [b]:									
– in offices in the United Kingdom	**205,707**	**13,027**	**6.3**	184,392	11,247	6.1	172,398	10,229	5.9
– in offices outside the United Kingdom	**88,212**	**6,733**	**7.6**	77,615	4,931	6.4	50,699	2,975	5.9
Lease receivables:									
– in offices in the United Kingdom	**4,822**	**283**	**5.9**	5,266	300	5.7	6,521	348	5.3
– in offices outside the United Kingdom	**5,861**	**691**	**11.8**	6,162	595	9.7	1,706	117	6.9
Financial investments:									
– in offices in the United Kingdom	**37,803**	**2,039**	**5.4**	41,125	1,936	4.7	43,133	1,755	4.1
– in offices outside the United Kingdom	**14,750**	**452**	**3.1**	14,191	830	5.8	10,349	467	4.5
Reverse repurchase agreements and cash collateral on securities borrowed									
– in offices in the United Kingdom	**211,709**	**9,644**	**4.6**	166,713	6,136	3.7	156,292	4,617	3.0
– in offices outside the United Kingdom	**109,012**	**5,454**	**5.0**	100,416	5,040	5.0	92,407	2,724	2.9
Trading portfolio assets:									
– in offices in the United Kingdom	**120,691**	**5,926**	**4.9**	106,148	4,166	3.9	81,607	2,710	3.3
– in offices outside the United Kingdom	**57,535**	**3,489**	**6.1**	61,370	2,608	4.2	57,452	2,116	3.7
Total average interest earning assets	**897,795**	**49,591**	**5.5**	794,077	38,924	4.9	698,425	28,915	4.1
Impairment allowances/provisions	**(4,435)**			(3,565)			(3,105)		
Non-interest earning assets	**422,834**			310,949			278,328		
Total average assets and interest income	**1,316,194**	**49,591**	**3.8**	1,101,461	38,924	3.5	973,648	28,915	3.0
Percentage of total average interest earning assets in offices outside the United Kingdom	**32.0%**			34.3%			32.0%		
Total average interest earning assets related to:									
Interest income		**49,591**	**5.5**		38,924	4.9		28,915	4.1
Interest expense		**(37,892)**	**4.2**		(30,385)	3.8		(20,965)	3.0
		11,699	**1.3**		8,539	1.1		7,950	1.0

Notes

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

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

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

	2007			2006			2005		
	Average balance[(a)] £m	Interest £m	Average rate %	Average balance[(a)] £m	Interest £m	Average rate %	Average balance[(a)] £m	Interest £m	Average rate %
Liabilities and shareholders' equity									
Deposits by banks:									
– in offices in the United Kingdom	63,902	2,511	3.9	62,236	2,464	4.0	54,801	1,665	3.0
– in offices outside the United Kingdom	27,596	1,225	4.4	23,438	1,137	4.9	21,921	705	3.2
Customer accounts: demand deposits:									
– in offices in the United Kingdom	29,110	858	2.9	25,397	680	2.7	22,593	510	2.3
– in offices outside the United Kingdom	13,799	404	2.9	10,351	254	2.5	6,196	88	1.4
Customer accounts: savings deposits:									
– in offices in the United Kingdom	55,064	2,048	3.7	57,734	1,691	2.9	52,569	1,570	3.0
– in offices outside the United Kingdom	4,848	128	2.6	3,124	74	2.4	1,904	39	2.0
Customer accounts: other time deposits – retail:									
– in offices in the United Kingdom	30,578	1,601	5.2	34,865	1,548	4.4	33,932	1,470	4.3
– in offices outside the United Kingdom	12,425	724	5.8	8,946	482	5.4	6,346	260	4.1
Customer accounts: other time deposits – wholesale:									
– in offices in the United Kingdom	52,147	2,482	4.8	45,930	1,794	3.9	41,745	1,191	2.9
– in offices outside the United Kingdom	24,298	1,661	6.8	23,442	1,191	5.1	12,545	590	4.7
Debt securities in issue:									
– in offices in the United Kingdom	41,552	2,053	4.9	47,216	1,850	3.9	46,583	1,631	3.5
– in offices outside the United Kingdom	94,271	5,055	5.4	74,125	3,686	5.0	52,696	1,695	3.2
Dated and undated loan capital and other subordinated liabilities principally:									
– in offices in the United Kingdom	12,972	763	5.9	13,686	777	5.7	11,286	605	5.4
Repurchase agreements and cash collateral on securities lent:									
– in offices in the United Kingdom	169,272	7,616	4.5	141,862	5,080	3.6	130,767	3,634	2.8
– in offices outside the United Kingdom	118,050	5,051	4.3	86,693	4,311	5.0	80,391	2,379	3.0
Trading portfolio liabilities:									
– in offices in the United Kingdom	47,971	2,277	4.7	49,892	2,014	4.0	44,349	1,737	3.9
– in offices outside the United Kingdom	29,838	1,435	4.8	39,064	1,352	3.5	36,538	1,196	3.3
Total average interest bearing liabilities	827,693	37,892	4.6	748,001	30,385	4.1	657,162	20,965	3.2
Interest free customer deposits:									
– in offices in the United Kingdom	34,109			27,549			25,095		
– in offices outside the United Kingdom	3,092			2,228			2,053		
Other non-interest bearing liabilities	421,473			297,816			267,531		
Minority and other interests and shareholders' equity	29,827			25,867			21,807		
Total average liabilities, shareholders' equity and interest expense	1,316,194	37,892	2.9	1,101,461	30,385	2.8	973,648	20,965	2.2
Percentage of total average interest bearing non-capital liabilities in offices outside the United Kingdom	39.4%			36.1%			33.3%		

Note

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

Financial review
Average balance sheet

Changes in net interest income – volume and rate analysis

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

	2007/2006 Change due to increase/(decrease) in:			2006/2005 Change due to increase/(decrease) in:			2005/2004 [a] Change due to increase/(decrease) in:		
	Total change £m	**Volume £m**	**Rate £m**	Total change £m	Volume £m	Rate £m	Total change £m	Volume £m	Rate £m
Interest receivable									
Treasury bills and other eligible bills:									
– in offices in the UK	**n/a**	**n/a**	**n/a**	n/a	n/a	n/a	(68)	(68)	n/a
– in offices outside the UK	**n/a**	**n/a**	**n/a**	n/a	n/a	n/a	(63)	(63)	n/a
	n/a	**n/a**	**n/a**	n/a	n/a	n/a	(131)	(131)	n/a
Loans and advances to banks:									
– in offices in the UK	**427**	**402**	**25**	193	121	72	(237)	(115)	(122)
– in offices outside the UK	**291**	**(1)**	**292**	85	46	39	132	45	87
	718	**401**	**317**	278	167	111	(105)	(70)	(35)
Loans and advances to customers:									
– in offices in the UK	**1,780**	**1,337**	**443**	1,018	726	292	1,419	1,681	(262)
– in offices outside the UK	**1,802**	**728**	**1,074**	1,956	1,695	261	1,705	787	918
	3,582	**2,065**	**1,517**	2,974	2,421	553	3,124	2,468	656
Lease receivables:									
– in offices in the UK	**(17)**	**(26)**	**9**	(48)	(70)	22	128	78	50
– in offices outside the UK	**96**	**(30)**	**126**	478	413	65	96	91	5
	79	**(56)**	**135**	430	343	87	224	169	55
Debt securities:									
– in offices in the UK	**n/a**	**n/a**	**n/a**	n/a	n/a	n/a	(2,129)	(2,129)	n/a
– in offices outside the UK	**n/a**	**n/a**	**n/a**	n/a	n/a	n/a	(338)	(338)	n/a
	n/a	**n/a**	**n/a**	n/a	n/a	n/a	(2,467)	(2,467)	n/a
Financial investments:									
– in offices in the UK	**103**	**(165)**	**268**	181	(85)	266	1,755	1,755	n/a
– in offices outside the UK	**(378)**	**32**	**(410)**	363	202	161	467	467	n/a
	(275)	**(133)**	**(142)**	544	117	427	2,222	2,222	n/a
External trading assets:									
– in offices in the UK and	**n/a**	**n/a**	**n/a**	n/a	n/a	n/a	(4,971)	(4,971)	n/a
– outside the UK	**n/a**	**n/a**	**n/a**	n/a	n/a	n/a	(2,224)	(2,224)	n/a
	n/a	**n/a**	**n/a**	n/a	n/a	n/a	(7,195)	(7,195)	n/a
Reverse repurchase agreements and cash collateral on securities borrowed:									
– in offices in the UK	**3,508**	**1,865**	**1,643**	1,519	324	1,195	4,617	4,617	n/a
– in offices outside the UK	**414**	**430**	**(16)**	2,316	254	2,062	2,724	2,724	n/a
	3,922	**2,295**	**1,627**	3,835	578	3,257	7,341	7,341	n/a
Trading portfolio assets:									
– in offices in the UK	**1,760**	**621**	**1,139**	1,456	907	549	2,710	2,710	n/a
– in offices outside the UK	**881**	**(172)**	**1,053**	492	151	341	2,116	2,116	n/a
	2,641	**449**	**2,192**	1,948	1,058	890	4,826	4,826	n/a
Total interest receivable:									
– in offices in the UK	**7,561**	**4,034**	**3,527**	4,319	1,923	2,396	3,224	3,558	(334)
– in offices outside the UK	**3,106**	**987**	**2,119**	5,690	2,761	2,929	4,615	3,605	1,010
	10,667	**5,021**	**5,646**	10,009	4,684	5,325	7,839	7,163	676

Note

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

Changes in net interest income – volume and rate analysis

	2007/2006 Change due to increase/(decrease) in:			2006/2005 Change due to increase/(decrease) in:			2005/2004 [a] Change due to increase/(decrease) in:		
	Total change £m	**Volume £m**	**Rate £m**	Total change £m	Volume £m	Rate £m	Total change £m	Volume £m	Rate £m
Interest payable									
Deposits by banks:									
– in offices in the UK	**47**	**66**	**(19)**	799	247	552	440	231	209
– in offices outside the UK	**88**	**190**	**(102)**	432	52	380	395	121	274
	135	**256**	**(121)**	1,231	299	932	835	352	483
Customer accounts – demand deposits:									
– in offices in the UK	**178**	**105**	**73**	170	68	102	200	28	172
– in offices outside the UK	**150**	**95**	**55**	166	80	86	57	36	21
	328	**200**	**128**	336	148	188	257	64	193
Customer accounts – savings deposits:									
– in offices in the UK	**357**	**(81)**	**438**	121	152	(31)	245	145	100
– in offices outside the UK	**54**	**45**	**9**	35	28	7	18	16	2
	411	**(36)**	**447**	156	180	(24)	263	161	102
Customer accounts – other time deposits – retail:									
– in offices in the UK	**53**	**(204)**	**257**	78	41	37	164	(23)	187
– in offices outside the UK	**242**	**200**	**42**	222	125	97	142	59	83
	295	**(4)**	**299**	300	166	134	306	36	270
Customer accounts – other time deposits – wholesale:									
– in offices in the UK	**688**	**263**	**425**	603	129	474	(653)	(479)	(174)
– in offices outside the UK	**470**	**45**	**425**	601	550	51	248	(16)	264
	1,158	**308**	**850**	1,204	679	525	(405)	(495)	90
Debt securities in issue:									
– in offices in the UK	**203**	**(240)**	**443**	219	22	197	398	507	(109)
– in offices outside the UK	**1,369**	**1,063**	**306**	1,991	850	1,141	1,359	323	1,036
	1,572	**823**	**749**	2,210	872	1,338	1,757	830	927
Dated and undated loan capital and other subordinated liabilities principally in offices in the UK	**(14)**	**(41)**	**27**	172	135	37	(87)	(78)	(9)
External trading liabilities:									
– in offices in the UK	**n/a**	**n/a**	**n/a**	n/a	n/a	n/a	(5,611)	(5,611)	n/a
– outside the UK	**n/a**	**n/a**	**n/a**	n/a	n/a	n/a	(1,805)	(1,805)	n/a
	n/a	**n/a**	**n/a**	n/a	n/a	n/a	(7,416)	(7,416)	n/a
Repurchase agreements and cash collateral on securities lent:									
– in offices in the UK	**2,536**	**1,090**	**1,446**	1,446	329	1,117	3,634	3,634	n/a
– in offices outside the UK	**740**	**1,402**	**(662)**	1,932	200	1,732	2,379	2,379	n/a
	3,276	**2,492**	**784**	3,378	529	2,849	6,013	6,013	n/a
Trading portfolio liabilities:									
– in offices in the UK	**263**	**(80)**	**343**	277	222	55	1,737	1,737	n/a
– in offices outside the UK	**83**	**(366)**	**449**	156	85	71	1,196	1,196	n/a
	346	**(446)**	**792**	433	307	126	2,933	2,933	n/a
Internal funding of trading businesses	**n/a**	**n/a**	**n/a**	n/a	n/a	n/a	2,045	2,045	n/a
Total interest payable:									
– in offices in the UK	**4,311**	**878**	**3,433**	3,885	1,345	2,540	2,512	2,136	376
– in offices outside the UK	**3,196**	**2,674**	**522**	5,535	1,970	3,565	3,989	2,309	1,680
	7,507	**3,552**	**3,955**	9,420	3,315	6,105	6,501	4,445	2,056
Movement in net interest income									
Increase/(decrease) in interest receivable	**10,667**	**5,021**	**5,646**	10,009	4,684	5,325	7,839	7,163	676
(Increase)/decrease in interest payable	**(7,507)**	**(3,552)**	**(3,955)**	(9,420)	(3,315)	(6,105)	(6,501)	(4,445)	(2,056)
	3,160	**1,469**	**1,691**	589	1,369	(780)	1,338	2,718	(1,380)

Note

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

Corporate sustainability

Corporate sustainability

For Barclays, there are two separate but mutually dependent aspects to sustainability. One is our duty as a bank to provide sound and enduring returns for our shareholders, and the best possible services for our customers. The other is our responsibility to conduct our global business ethically, and with full regard to wider social and environmental considerations. Our ambition is to develop both of these complementary strands as we move forward.

Barclays as a sustainable bank

Banks are central to every society; they provide the funding that facilitates business and entrepreneurship, support a sound financial system, and help to create jobs and wealth. As one of the world's leading banks, with nearly 135,000 employees and operations in over 50 countries across the world, Barclays plays a significant role, whether it is working with governments on major infrastructure projects or bringing mainstream banking to customers in emerging markets.

In all of this, the customer is absolutely central. If we are to make sustainable banking successful, and successful banking sustainable, we must put our customers at the heart of everything we do, and build our services around them. We must earn – and keep – their trust by ensuring that the products we sell are understandable and appropriate.

This may seem like a statement of the obvious, but the banking sector in general has not always had a reputation for doing this. We want to change that. This aspiration covers every aspect of our business and every stage in a customer's relationship with us, from the purchase of a Barclays product for the first time, to the way we assess applications for loans, to the more general aspects of customer service such as complaints-handling, confidentiality, and security.

Focusing more on the customer is also an integral part of what we call 'inclusive banking'. This is partly about appealing to the broadest possible range of people as part of our strategic move into mass-market services in our emerging markets businesses, and partly about understanding the exact nature of our local customer base, and adapting our business model and product range accordingly.

A good example is our approach to basic banking accounts. In the UK we now have over 660,000 customers who have our basic Cash Card Account, and we have been working closely with consumer groups and third parties such as housing associations to ensure that these accounts are easily accessible and the product features and communications are tailored to meet their needs. In Africa the potential for growth in this area is enormous: over 100 million of the continent's people have yet to be brought into mainstream banking, and could in time buy a whole range of other financial services. Absa has been a pioneer of basic banking in South Africa, and has attracted over 4 million customers to these accounts. The same thinking is now being applied in other African markets and India, with new basic banking products being developed. We are also distributing these products through new and innovative formats such as express branches and direct sales agents, alongside our traditional branches.

This is another lesson we have learnt from our South African operations. In Ghana our microbanking programme is now working with over 500 Susu collectors and reaching over 280,000 market traders across the country. The programme is being extended to other intermediaries such as credit unions, trade associations, microfinance institutions and church groups.

Responsible lending

We have reported on this issue in our recent Corporate Responsibility reviews, setting out our approach to what remains a high-profile and intractable issue, especially in the UK. In the last year we have continued to enforce strict criteria on new credit card applications, using a scoring system that takes over 400 variables into account when assessing an applicant's likely ability to manage their credit. Around 50% of applications for credit cards are declined as a result. We have also extended our data-sharing collaboration with the UK credit reference agencies: pooling information about cash advances and minimum payments is proving to be an effective way of flagging up those customers who are in danger of incurring serious debt problems. We have a new unit that can step in at this stage and offer support and guidance to get their finances back on track.

We are also testing a new product, Barclaycard Freedom, which combines a credit card and the features of a structured loan, making it easier for people to manage their borrowing and keep their interest payments down.

Customer service

We have a strategic priority to be the best bank in the UK. In the last twelve months we have started to roll all our various customer initiatives into what we are calling 'Real Retail'. We are sharing best practice more actively, and both managers and employees are getting new powers to make decisions, and tailor their product range, based on local customer needs.

Real Retail also includes a new programme to telephone customers to ask about the quality of our service and products they have purchased. Over 20,000 calls have been made so far, and the feedback is being channelled back to our product development teams.

Risk management

The incorporation of environmental and social risks into mainstream commercial credit assessments is an area where Barclays has demonstrated genuine leadership.

We have been a member of the Equator Principles since their inception, and currently chair the Steering Committee for the group of Equator banks. We continue to assess our environmental and social impact beyond the project finance remit of these principles (see table on page 59) and are working to include climate change and human rights risks. We now have ten briefing notes for all lending covering a wide range of social and environmental risks. These notes set out an overview of the risks facing different sectors, and the ways they can be mitigated, as well as the legislative and regulatory environment applicable to that industry. A good example of this process in practice in 2007 is Absa's involvement with the Bujagali Hydropower project in Uganda. A rigorous social and environmental assessment was carried out, and the results were incorporated into the final plans.

Barclays as a responsible global citizen

Twenty years ago the idea of 'corporate citizenship' described a company's community activities, which rarely extended beyond philanthropic donations. Public understanding of the responsibilities of business has evolved considerably since then. For us, being a responsible global citizen does not just cover our award-winning community investment programme, but also includes how we behave as an employer, and how we manage Barclays wider social and environmental impacts.

Climate change has become the single biggest challenge the world faces at the beginning of the 21st century, and in response we are focusing increasingly on our work on the environment, which includes both our direct and indirect impacts.

The environment

As a major financial services organisation we want to take a lead in helping our clients thrive in a lower-carbon future, and use our position to press for appropriate policies and regulatory frameworks to deal with climate change. We will be 100% carbon neutral globally by next year. We remain committed to increasing our energy efficiency, and reducing our carbon footprint on an ongoing basis, as well as helping our supply chain reduce its emissions.

We also believe we can make a positive impact though the products and services we offer, and the lending decisions we make. In 2007, we invested further in our emissions trading capability, and moved into the consumer market with new lower-carbon products and services.

An example is Barclaycard Breathe, a new card that gives consumers incentives when they buy green products, and donates half its profits to environmental projects. In the wholesale market we have Barclays Capital's commitment to the EU emissions trading market, where it brings its full range of commodity trading and risk management expertise to bear to help clients manage their carbon risk. Since 2005 we have traded over 600 million tonnes of carbon credits, with a notional value of over $14 billion.

Project Finance Deals – whole Barclays Group

Category	A Higher Risk	B Medium Risk	C Lower Risk	Total 2007	Total 2006
Number of project finance deals	7	18	29	54	36
Deals completed or pending	4	12	29	45	30
– of which, number where sustainability related changes were made.	4	12	29	45	30
Deals considered, but not participated in	3	6	0	9	6
Projects referred from EU	5	9	24	38	25
Projects referred from Africa	2	1	4	7	5
Projects referred from Asia Pacific	0	4	1	5	3
Projects referred from North America	0	4	0	4	3

Our supply chain

Since 2006 we have required all new and high-risk suppliers to provide us detailed information about their social, environmental and ethical performance. In the last year Absa adapted it for the special conditions of the South African market.

Measuring the emissions generated from a company's supply chain is also becoming increasingly important, and we are engaging more with our own suppliers on this. This included a special forum for nine key suppliers, which has been followed up with one-to-one discussions to ascertain the proportion of each firm's emissions that are attributable to us. We have identified a number of ways to help suppliers address their emissions, and now have a working group in place to take these ideas forward in 2008.

Human rights

We have represented the banking sector on the Business Leaders' Initiative on Human Rights since its launch in 2003 and, since October 2006, have co-chaired the United Nations Environment Programme Finance Initiative (UNEPFI) human rights work stream. During 2007 we worked as part of a team of 12 financial institutions to develop an online tool for UNEPFI that provides guidance on human rights issues associated with corporate lending. It is designed to help identify potential risks and how they may be reduced or managed. The guidance covers specific issues relevant to different sectors, ranging from employment terms and conditions, to health and safety, to child labour, to relocation of communities, among many others.

Project finance deals by sector	Project finance [a] deals	Non project finance deals referred to E and S Risk Team
Agriculture and Fisheries	0	4
Forestry and Logging	0	16
Manufacturing	3	30
Chemicals, pharmaceuticals manufacturing and bulk storage	1	6
Mining and Metals	6	91
Power generation [b]	16	118
Oil and gas	4	41
Utilities and Waste Management	5	7
Infrastructure (including dams, pipelines)	9	26
Service Industry	10	7
Totals	**54**	**346**

Note

a Project finance as defined by Basel II www.bis.org/publ/bcbs118.pdf.

b Of which non-fossil fuel deals contributed 9 and 89 to project finance deals and non-project finance deals referred to E and S Team respectively.

Corporate sustainability

Barclays – an international picture

	2007	2006
FTE by world region		
UK	61,900	62,400
Africa & Middle East	51,748	44,326
Continental Europe	9,750	8,100
Americas	6,413	4,905
Asia Pacific	5,089	2,869
Total	134,900	122,600
Global employment statistics		
FTE	134,900	122,600
Total employee headcount	141,885	133,529
Percentage of female employees	56.3%	60.6%
Percentage of female senior executives	13.7%	12.2%
Percentage of female senior managers	20.6%	20.8%
Percentage working part time	12.4%	13.6%
Turnover rate	18.3%	16.9%
Resignation rate	12.3%	10.9%
Sickness absence rate	3.0%	3.6%

Barclays UK employees

	2007 [a]	2006 [b]
UK employment statistics		
Total employee headcount	61,900	62,400
Average length of service (years)	9.7	9.8
Percentage working part time	16.8%	21.8%
Sickness absence rate	3.0%	4.0%
Turnover rate	16.6%	19.0%
Resignation rate	11.1%	12.0%
Women in Barclays		
Percentage of all employees	58.0%	61.0%
Percentage of management grades	28.4%	33.0%
Percentage of senior executives	13.0%	12.9%
Ethnic minorities in Barclays		
Percentage of all employees	12.3%	12.7%
Percentage of management grades	10.0%	8.1%
Percentage of senior executives	6.6%	6.1%
Disabled employees in Barclays		
Percentage of all employees	3.4%	5.0%
Age profile		
Employees aged under 25	16.5%	17.4%
Employees aged 25-29	17.0%	15.9%
Employees aged 30-49	54.2%	56.0%
Employees aged 50+	10.3%	10.7%
Pensions		
Barclays Bank UK Retirement Fund active members	53,473	55,558
Current pensioners	48,607	43,754

Notes

a 2007 UK data – includes 1,000 BGI employees

b 2006 UK data – excludes 800 BGI employees

Barclays as an employer

One of our guiding principles is to develop the best people, and in such an intensely competitive industry we want to find, develop and retain the best talent. We are committed to diversity as a way of helping to ensure we are able to attract the best people. We have a wide range of development and leadership programmes for employees, and a policy that ensures that they are all treated with respect, regardless of age, race, sexuality, gender or disability.

We use our employee opinion surveys to understand and engage our employees. We continue to score well but we are working to improve our scores further.

As we grow internationally our workforce becomes ever more diverse, reflecting the worldwide markets in which we operate. The percentage of UK ethnic minority employees has increased significantly from 7.2% in 2001, to 12.3% in 2007. As we grow we are determined to build the local talent base in the markets in which we operate, we see this as a crucial success factor for us in emerging markets. In the UK we also continued to invest in the disability mentoring and 'reasonable adjustments' schemes in 2007, and have again been ranked in the top 20 of Stonewall's list of the best employers for lesbian, gay and bisexual people.

These are clear successes; but we have much more work to do on our gender balance, especially at senior level: 20.6% of our senior managers are women. The drive to improve this comes from the very top of the bank.

Barclays in the community

Barclays has always been a proud and committed investor in its communities. In 2007 we invested £52.4 million in communities around the world and 44,000 Barclays employees in 26 countries were involved in our fundraising and volunteering initiatives. Our flagship programme, Banking on Brighter Futures, enabled us to use our skills and expertise, as well as our money, to maximum effect helping people improve their economic prospects, especially those in poverty, disadvantage, and debt. Projects ranged from supporting elderly people in the UK who are in financial difficulty through to helping Ugandan women affected by HIV/AIDS to set up their own businesses. This is not just about good works: the more we help individuals and communities improve their economic circumstances and financial literacy, the better the environment in which we operate.

We are investing $150 million over the next five years in the Banking on Brighter Futures programme. 1,500 projects will be supported around the world, and employees will be encouraged to volunteer 150,000 hours of their time on projects focusing on financial education, entrepreneurship, employment and financial inclusion.

Governance

Corporate responsibility is firmly established as one of the Barclays Principal Risks, which means that it is managed within a robust framework of internal control, governance, and risk management processes.

Responsibility for Barclays Corporate Sustainability Strategy rests with the Group Executive Committee, with oversight by the Board. The Group Chief Executive has primary responsibility for embedding corporate sustainability throughout Barclays, supported by the Group Executive Committee. This includes ensuring there are effective processes for identifying and monitoring all the business risks or commercial opportunities that have a significant social, environmental or ethical dimension.

The Brand and Reputation Committee is a sub-committee of Group Executive Committee, and is chaired by Sir Nigel Rudd, Deputy Chairman and a Non-Executive Director on the Board. This Committee's role is to identify and manage issues that could have a significant impact on Barclays reputation. It met six times during the year and dealt with issues ranging from Barclays presence in Zimbabwe to new areas of commodities business and the fee structure for Barclaycard.

The Community Partnerships Committee, chaired by Gary Hoffman, sets the policy and provides governance for our global community investment programmes, and the Environmental Steering Group gives direction and governance to our environmental and climate change strategies. The Treating Customers Fairly (TCF) Forum, chaired by our Consumer champion, Catharine French, monitors compliance across all retail and wholesale business units, UK and non-UK, to embed TCF principles in our relationships with customers. Taking this wider approach to TCF goes significantly beyond our regulatory requirements.

Risk management

Risk management

List of Credit, Market and Operational Risk tables and charts included within the 2007 Annual Report and Accounts

Risk management
Risk factors disclosure

Risk factors

The following information sets forth certain risk factors that the Group believes could cause its actual future results to differ materially from expected results. For further information related to such matters, please refer to page 53 (Barclays Capital credit market positions), pages 65-66 (2007 risk developments), pages 80 to 88 (credit risk management and market risk management), pages 91-95 (liquidity risk management and operational risk management), page 201 (Note 35 – legal proceedings) and page 202 (Note 36 – competition and regulatory matters). However, other factors could also adversely affect the Group results and so the factors discussed in this report should not be considered to be a complete set of all potential risks and uncertainties.

Business conditions and general economy

The profitability of Barclays businesses could be adversely affected by a worsening of general economic conditions in the United Kingdom, globally or in certain individual markets such as the US or South Africa. Factors such as interest rates, inflation, investor sentiment, the availability and cost of credit, the liquidity of the global financial markets and the level and volatility of equity prices could significantly affect the activity level of customers. For example:

– An economic downturn or significantly higher interest rates could adversely affect the credit quality of Barclays on-balance sheet and off-balance sheet assets by increasing the risk that a greater number of Barclays customers would be unable to meet their obligations.

– A market downturn or worsening of the economy could cause the Group to incur mark to market losses in its trading portfolios.

– A market downturn could reduce the fees Barclays earns for managing assets. For example, a higher level of domestic or foreign interest rates or a downturn in trading markets could affect the flows of assets under management.

– A market downturn would be likely to lead to a decline in the volume of customer transactions that Barclays executes and, therefore, a decline in the income it receives from fees and commissions and interest.

Credit risk

Credit risk is the risk of suffering financial loss, should any of the Group’s customers, clients or market counterparties fail to fulfil their contractual obligations to the Group. Credit risk may also arise where the downgrading of an entity’s credit rating causes the fair value of the Group’s investment in that entity’s financial instruments to fall. The credit risk that the Group faces arises mainly from commercial and consumer loans and advances, including credit card lending.

Credit risk may also be manifested as country risk where difficulties may arise in the country in which the exposure is domiciled, thus impeding or reducing the value of the asset, or where the counterparty may be the country itself. Another form of credit risk is settlement risk, which is the possibility that the Group may pay a counterparty – for example, a bank in a foreign exchange transaction – but fail to receive the corresponding settlement in return.

Market risk

Market risk is the risk that the Group’s earnings or capital, or its ability to meet business objectives, will be adversely affected by changes in the level or volatility of market rates or prices such as interest rates, credit spreads, commodity prices, equity prices and foreign exchange rates. The main market risk arises from trading activities. The Group is also exposed to interest rate risk in the banking book and market risk in the pension fund.

Operational risk

Operational risk is the risk of direct or indirect losses resulting from human factors, external events, and inadequate or failed internal processes and systems. Operational risks are inherent in Barclays operations and are typical of any large enterprise. Major sources of operational risk include operational process reliability, IT security, outsourcing of operations, dependence on key suppliers, implementation of strategic change, integration of acquisitions, fraud, human error, customer service quality, regulatory compliance, recruitment, training and retention of staff, and social and environmental impacts.

Capital risk

Capital risk is the risk that the Group has insufficient capital resources to:

- Meet minimum regulatory capital requirements in the UK and in other jurisdictions such as the US and South Africa where regulated activities are undertaken. The Group's authority to operate as a bank is dependent upon the maintenance of adequate capital resources.
- Support its strong credit rating. In addition to capital resources, the Group's rating is supported by a diverse portfolio of activities, an increasingly international presence, consistent profit performance, prudent risk management and a focus on value creation. A weaker credit rating would increase the Group's cost of funds.
- Support its growth and strategic options.

Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its obligations when they fall due and to replace funds when they are withdrawn, with consequent failure to repay depositors and fulfil commitments to lend. The risk that it will be unable to do so is inherent in all banking operations and can be impacted by a range of institution-specific and market-wide events including, but not limited to, credit events, merger and acquisition activity, systemic shocks and natural disasters.

Business risk

Business risk is the risk of adverse outcomes resulting from a weak competitive position or from poor choice of strategy, markets, products, activities or structures. Major potential sources of business risk include revenue volatility due to factors such as macroeconomic conditions, inflexible cost structures, uncompetitive products or pricing and structural inefficiencies.

Insurance risk

Insurance risk is the risk that the Group will have to make higher than anticipated payments to settle claims arising from its long-term and short-term insurance businesses.

Legal risk

The Group is subject to a comprehensive range of legal obligations in all countries in which it operates. As a result, the Group is exposed to many forms of legal risk, which may arise in a number of ways. Primarily:

- the Group's business may not be conducted in accordance with applicable laws around the world;
- contractual obligations may either not be enforceable as intended or may be enforced against the Group in an adverse way;
- the intellectual property of the Group (such as its trade names) may not be adequately protected; and
- the Group may be liable for damages to third parties harmed by the conduct of its business.

The Group faces risk where legal proceedings are brought against it. Regardless of whether such claims have merit, the outcome of legal proceedings is inherently uncertain and could result in financial loss. Defending legal proceedings can be expensive and time-consuming and there is no guarantee that all costs incurred will be recovered even if the Group is successful. Although the Group has processes and controls to manage legal risks, failure to manage these risks could impact the Group adversely, both financially and by reputation.

Tax risk

The Group is subject to the tax laws in all countries in which it operates. A number of double taxation agreements entered between countries also impact on the taxation of the Group. The Group is also subject to European Union tax law. Tax risk is the risk associated with changes in tax law or in the interpretation of tax law. It also includes the risk of changes in tax rates and the risk of failure to comply with procedures required by tax authorities. Failure to manage tax risks could lead to an additional tax charge. It could also lead to a financial penalty for failure to comply with required tax procedures or other aspects of tax law. If, as a result of a particular tax risk materialising, the tax costs associated with particular transactions are greater than anticipated, it could affect the profitability of those

The Group takes a responsible and transparent approach to the management and control of its tax affairs and related tax risk:

- tax risks are assessed as part of the Group's formal governance processes and are reviewed by the Executive Committee, Group Finance Director and the Board Risk Committee;
- the tax charge is also reviewed by the Board Audit Committee;
- the tax risks of proposed transactions or new areas of business are fully considered before proceeding;
- the Group takes appropriate advice from reputable professional firms;
- the Group employs high-quality tax professionals and provides ongoing technical training;
- the tax professionals understand and work closely with the different areas of the business;
- the Group uses effective, well-documented and controlled processes to ensure compliance with tax disclosure and filing obligations;
- where disputes arise with tax authorities with regard to the interpretation and application of tax law, the Group is committed to addressing the matter promptly and resolving the matter with the tax authority in an open and constructive manner.

Effect of governmental policy and regulation

The Group's businesses and earnings can be affected by the fiscal or other policies and other actions of various governmental and regulatory authorities in the UK, the European Union, the US, South Africa and elsewhere.

Areas where changes could have an impact include:

- the monetary, interest rate and other policies of central banks and regulatory authorities;
- general changes in government or regulatory policy that may significantly influence investor decisions in particular markets in which the Group operates;
- general changes in the regulatory requirements, for example, prudential rules relating to the capital adequacy framework (page 70) and rules designed to promote financial stability and increase depositor protection;
- changes and rules in competition and pricing environments;
- further developments in the financial reporting environment;
- expropriation, nationalisation, confiscation of assets and changes in legislation relating to foreign ownership; and
- other unfavourable political, military or diplomatic developments producing social instability or legal uncertainty which in turn may affect demand for the Group's products and services.

Regulatory compliance risk

Regulatory compliance risk arises from a failure or inability to comply fully with the laws, regulations or codes applicable specifically to the financial services industry. Non compliance could lead to fines, public reprimands, damage to reputation, enforced suspension of operations or, in extreme cases, withdrawal of authorisations to operate.

Impact of strategic decisions taken by the Group

The Group devotes substantial management and planning resources to the development of strategic plans for organic growth and identification of possible acquisitions, supported by substantial expenditure to generate growth in customer business. If these strategic plans do not deliver as anticipated, the Group's earnings could grow more slowly or decline.

Competition

The global financial services markets in which the Group operates are highly competitive. Innovative competition for corporate, institutional and retail clients and customers comes both from incumbent players and a steady stream of new market entrants. The landscape is expected to remain highly competitive in all areas, which could adversely affect the Group's profitability if the Group fails to retain and attract clients and customers.

transactions.

Risk management
Introduction

This risk section outlines Barclays approach to risk management, explaining our objectives as well as the high level policies, processes, measurement techniques and controls that are used. This also presents our summary information and disclosure on our portfolios and positions. Consequent to the adoption of IFRS 7, some of our risk disclosure is moved from this section to the financial statements section of this report, as described in our list of tables on page 62.

2007 Developments

Wholesale credit risk

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

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

The Group’s wholesale credit risk profile in 2007 benefited from the diversification available from the UK and international portfolios, which grew by 14% and 41% respectively. The corporate credit risk profile remained steady, with corporate credit ratings and watch list balances broadly stable.

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

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

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

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

Retail credit risk

A continued improvement in credit quality in the UK unsecured portfolios was a principal feature of the Group's retail credit risk profile during 2007. Barclaycard continued the underwriting revisions begun in 2006 in UK credit cards, and successfully reduced impairment in the main Barclays branded cards portfolio. Flows into delinquency and arrears balances fell, as did general charge-offs, which were helped by a fall in charge-offs due to bankruptcy. New customer quality increased again in 2007, reflected in a sustained improvement in average approval scores and a fall in early cycle delinquency rates.

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

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

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

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

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

Risk tendency

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

Country risk

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

Market risk

Dislocation in the credit markets had an impact on all major interest rate, equity and foreign exchange markets, which also experienced higher volatility, particularly in the second half. Barclays Capital's market risk exposure, as measured by average total Daily Value at Risk (DVaR), increased 13% to an average of £42m in 2007. Over the same period, average daily market risk revenue increased 19% to £26m, satisfying our objective that trading revenues should grow at or above the rate of increase in risk levels. The average DVaR on interest rate and credit spread exposures was broadly unchanged, with increasing volatility in credit spreads offset by reduced positions held in the credit markets.

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

Liquidity risk

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

Operational risk

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

Financial crime

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

Basel II and capital management

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

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

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

Risk management
Barclays approach to risk management

Barclays approach to risk management

Barclays approach to risk management involves a number of fundamental elements that drive our processes across the Group:

The Group's **Risk appetite** sets out the level of risk that the Bank is willing to take in pursuit of its business objectives. This is expressed as the Group's appetite for earnings volatility across all businesses from credit, market, and operational risk. It is calibrated against our broad financial targets, including income and impairment targets, dividend coverage and capital levels. It is prepared each year as part of the Group's Medium Term Planning process, and combines a top-down view of the Bank's risk capacity with a bottom-up view of the risk profile requested and recommended by each business. This entails making business plan adjustments as necessary to ensure that our Medium Term Plan creates a risk profile that meets our Risk Appetite (page 71).

The **Principal risk** policy covers the Group's main risk types, assigning responsibility for the management of specific risks, and setting out the requirements for control frameworks for all of the risk types. The individual control frameworks are reinforced by a robust system of review and challenge, and a governance process of aggregation and broad review by businesses and risk across the Group (page 68).

Barclays **Risk methodologies** include systems that enable the Group to measure, aggregate and report risk for internal and regulatory purposes. As an example, our credit grading models produce Internal Ratings through internally derived estimates of default probabilities. These measurements are used by management in an extensive range of decisions, from credit grading, pricing and approval to portfolio management, economic capital allocation and capital adequacy processes (page 70).

Risk management is a fundamental part of Barclays business activity and an essential component of its planning process. To keep risk management at the centre of the executive agenda, it is embedded in the everyday management of the business.

Barclays ensures that it has the functional capacity to manage the risk in new and existing businesses. At a strategic level, our risk management objectives are:

– To identify the Group's material risks and ensure that business profile and plans are consistent with risk appetite.

– To optimise risk/return decisions by taking them as closely as possible to the business, while establishing strong and independent review and challenge structures.

– To ensure that business growth plans are properly supported by effective risk infrastructure.

– To manage risk profile to ensure that specific financial deliverables remain possible under a range of adverse business conditions.

– To help executives improve the control and coordination of risk taking across the business.

In pursuit of these objectives, Group Risk breaks down risk management into five discrete processes: direct, assess, control, report, and manage/challenge (see panel below).

Process	Strategy
Direct	– Understand the principal risks to achieving Group strategy. – Establish Risk Appetite. – Establish and communicate the risk management framework including responsibilities, authorities and key controls.
Assess	– Establish the process for identifying and analysing business-level risks. – Agree and implement measurement and reporting standards and methodologies.
Control	– Establish key control processes and practices, including limit structures, impairment allowance criteria and reporting requirements. – Monitor the operation of the controls and adherence to risk direction and limits. – Provide early warning of control or appetite breaches. – Ensure that risk management practices and conditions are appropriate for the business environment.
Report	– Interpret and report on risk exposures, concentrations and risk-taking outcomes. – Interpret and report on sensitivities and Key Risk Indicators. – Communicate with external parties.
Manage and Challenge	– Review and challenge all aspects of the Group's risk profile. – Assess new risk-return opportunities. – Advise on optimising the Group's risk profile. – Review and challenge risk management practices.

Organisation and structure

Responsibility for risk management resides at all levels within the Group, from the Executive down through the organisation to each business manager and risk specialist. Barclays distributes these responsibilities so that risk/return decisions are taken at the most appropriate level; as close as possible to the business, and subject to robust and effective review and challenge.

Every business manager is accountable for managing risk in his or her business area; they must understand and control the key risks inherent in the business undertaken. Each business area also employs risk specialists to provide an independent control function and to support the development of a strong risk management environment. This functional approach to risk management is built on formal control processes that rely on individual responsibility and independent oversight, as well as challenge through peer reviews.

The Board approves Risk Appetite and the Board Risk Committee monitors the Group's risk profile against this agreed appetite.

Business Heads are responsible for the identification and management of risk in their businesses.

The Risk Director, under delegated authority from the Group Chief Executive and Group Finance Director, has responsibility for ensuring effective risk management and control.

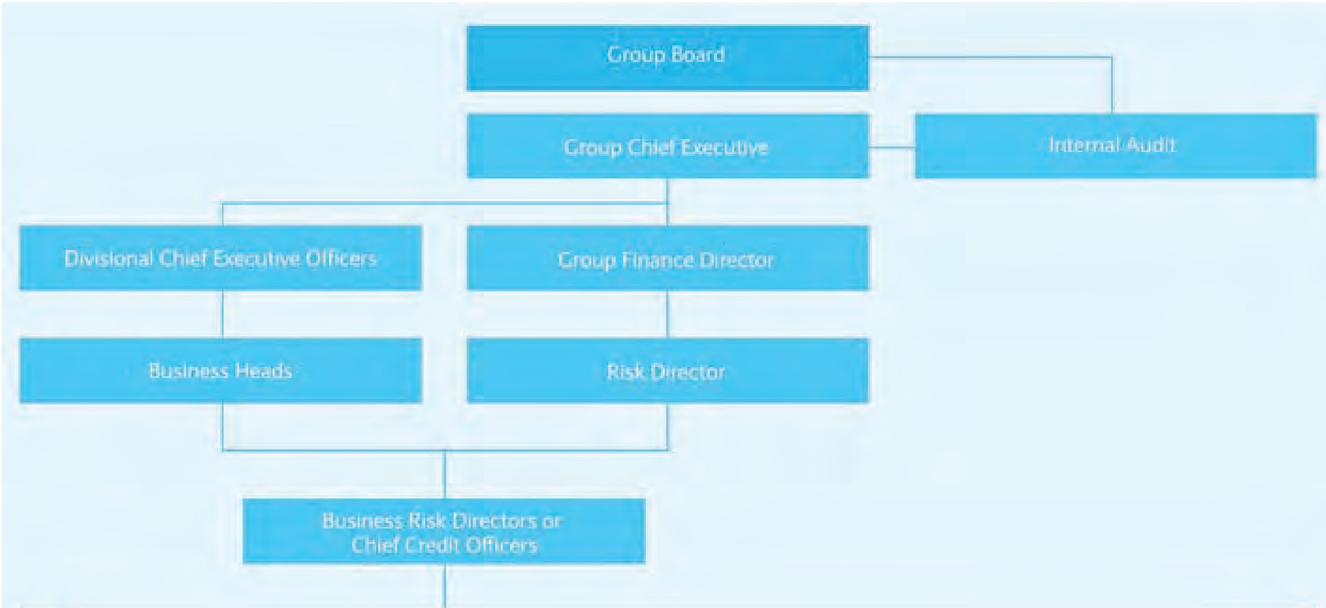
Risk-Type Heads exist at Group-level for the main risk types, and report to the Risk Director. Along with their teams, they are responsible for establishing a risk control framework and risk oversight.

Each business has an embedded risk management team reporting to a Business Risk Director or Chief Credit Officer who reports to the Risk Director. The risk management teams assist Group Risk in the formulation of Group Risk policy and its implementation across the businesses.

Business risk teams, each under the management of a Business Risk Director, are responsible for assisting Business Heads in the identification and management of their business risk profiles and for implementing appropriate controls. The functional coverage of risk responsibilities is illustrated in the diagram below.

Internal Audit is responsible for the independent review of risk management and the control environment.

To support expanded risk taking, Barclays has continued to strengthen the independent and specialised risk teams in each of its businesses, supported by matching teams at Group level, acting in both a consultancy and oversight capacity. As a prerequisite to business growth plans, it has made the recruitment, development and retention of risk professionals a priority.



Business Risk Directors

	Risk-Type Heads				
	Retail Credit risk	Corporate/ Wholesale Credit risk	Market risk	Operational risk	All other risks
UK Banking	✓	✓	✓	✓	✓
Barclays Capital	✓	✓	✓	✓	✓
Barclaycard	✓	✓	✓	✓	✓
International Retail and Commercial Bank	✓	✓	✓	✓	✓
Barclays Wealth	✓	✓	✓	✓	✓
Barclays Global Investors	x	✓	✓	✓	✓

Risk management

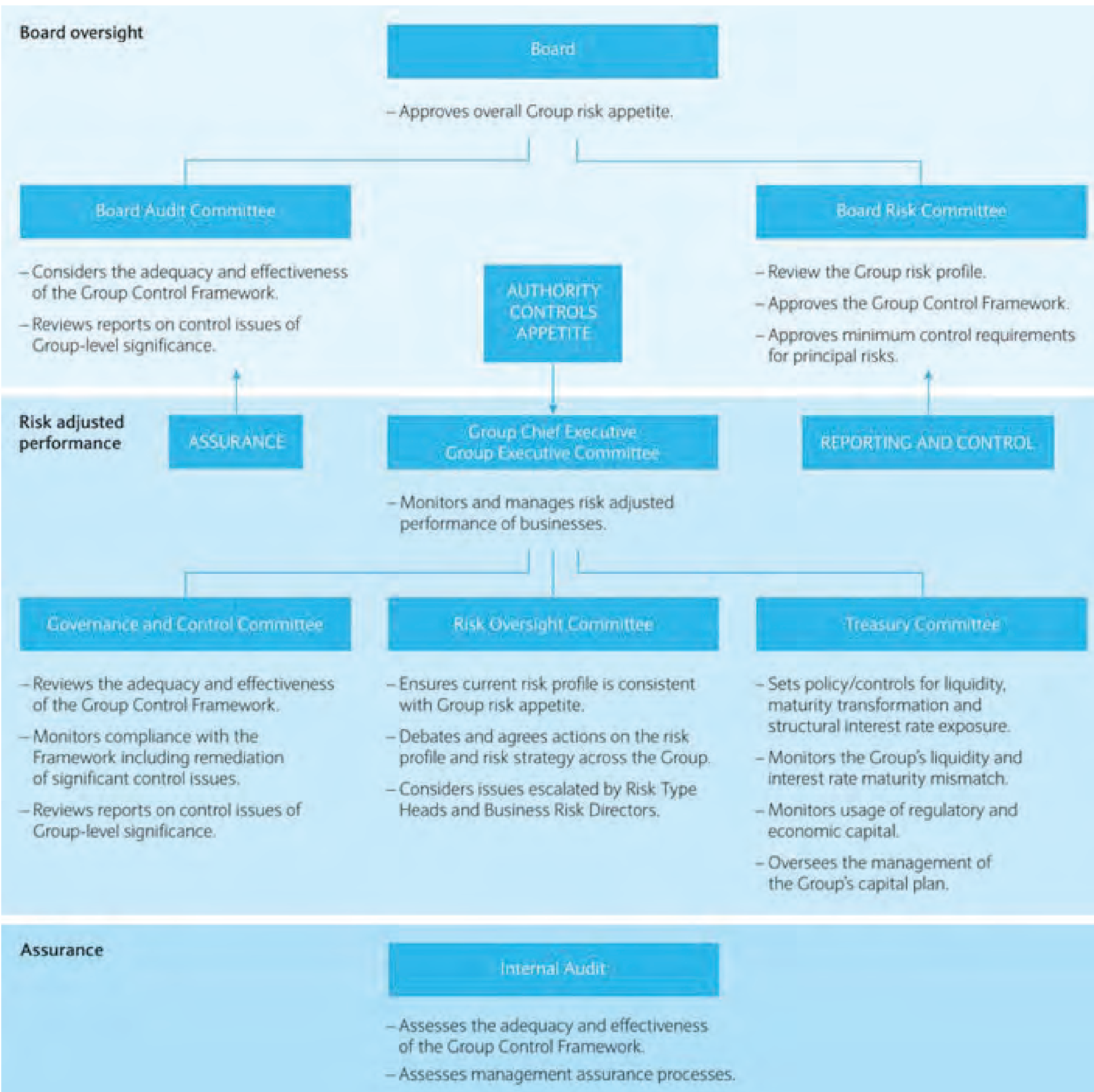
Barclays approach to risk management

The Committees shown below receive regular and comprehensive reports. The Board Risk Committee receives a quarterly report covering all of our principal risks. The Board Audit Committee receives quarterly reports on control issues of significance and half-yearly impairment allowances and regulatory reports. Both Committees also receive reports dealing in more depth with specific issues relevant at the time. The proceedings of both Committees are reported to the full Board, which also receives a concise quarterly risk report. Internal Audit supports both Committees by attendance and/or the provision of quarterly reports resulting from its work on governance, risk and control issues of significance. The Board Audit Committee reviews and approves Internal Audit's plans and resources, and evaluates the effectiveness of Internal Audit.

An assessment by external advisers is also carried out periodically.

In addition to the Committees shown in the chart, there is a Brand and Reputation Committee reviewing emerging issues with potentially significant reputational impact.

Governance structure at Group level



Material risks and control framework

As well as overall responsibility for the Group's risk exposure versus appetite, the Board is also responsible for the Group Internal Control and Assurance Framework ('GICAF'). As part of the GICAF, it approves the Principal Risks Policy, which sets out responsibilities for the management of the Group's most significant risk exposures. The Board oversees the operating effectiveness of the Principal Risks Policy through the regular review of reports on the Group's material risk exposures and controls.

The Group's risk categorisation comprises 17 risk categories ('Level 1'), thirteen of which are known as Principal Risks. Each Principal Risk is owned by a senior individual at the Group level, who liaises with Principal Risk owners within Business and Central Support Units. The 17 risk categories are shown in the panel below.

Each Group Principal Risk Owner ('GPRO') is responsible for setting minimum control requirements for their risk and for overseeing the risk and control performance across the Group. Group control requirements (e.g. Group Policies/Processes/Committee oversight) for each of these risks are defined, in consultation with Business Units, and communicated and maintained by the GPRO.

Implementation of the control requirements for each Principal Risk provides each Business or Central Support Unit with the foundation of its system of internal control for that particular risk. This will usually be built upon in more detail, according to the circumstances of each Business Unit, to provide a complete and appropriate system of internal control.

The specific controls for individual Principal Risks are supplemented by generic risk management requirements. These requirements are articulated as the Group's Operational Risk Management Framework (see page 93) and include policies on:

– Internal Risk Event Identification and Reporting

– Detailed Risk and Control Assessment

– Key Indicators

– Key Risk Scenarios

Business Unit and Central Support Unit Heads are responsible for maintaining ongoing assurance that the controls they have put in place to manage the risks to their business objectives are operating effectively. They are required to undertake a formal six-monthly review of assurance information. These reviews support the regulatory requirement for the Group to make a statement about its system of internal control (the 'Turnbull' statement), in the annual report and accounts.

Principal Risks	Other Level 1 Risks
Retail Credit	Strategic
Wholesale Credit	Change
Market	Corporate Responsibility
Capital	Brand Management
Liquidity	
Financial Crime	
Operations	
Technology	
People	
Regulatory	
Financial Reporting	
Legal	
Taxation	

Capital adequacy

In order to maximise shareholder value through optimising both the level and mix of capital resources, Barclays operates a centralised capital management model, considering both regulatory and economic capital. Decisions on the allocation of capital resources, conducted as part of the strategic planning review, are based on a number of factors including returns on economic and regulatory capital.

The Group's capital management objectives are to:

– Support the Group's AA credit rating.

– Maintain sufficient capital resources to support the Group's risk appetite and economic capital requirements.

– Maintain sufficient capital resources to meet the FSA's minimum regulatory capital requirements and the US Federal Reserve Bank's requirements that a financial holding company be well capitalised.

– Ensure locally regulated subsidiaries can meet their minimum capital requirements.

Treasury Committee manages compliance with the Group's capital management objectives. The Committee reviews actual and forecast capital demand and resources on a monthly basis.

The processes in place for delivering the Group's capital management objectives include:

– Establishment of internal targets for capital demand and ratios

– Ensuring local entity regulatory capital adequacy

– Annual Risk Appetite setting

– Review of the Group' strategic medium-term plan

– Economic capital management

– Stress testing

– Managing capital ratio sensitivity to foreign exchange rate movements

Internal targets

To support its capital management objectives, the Group sets internal targets for its key capital ratios. The internal targets exceed minimum capital requirements to take into account:

– Possible volatility in the anticipated demand for capital caused by accessing new business opportunities, including mergers and acquisitions, by unanticipated drawdown of committed facilities or by deterioration in the credit quality of the Group's assets

– Possible volatility of reported profits and other capital resources compared with forecast

– Capital ratio sensitivity to foreign exchange rate movements

– A need for flexibility in debt capital issuance and securitisation plans

Risk management
Barclays approach to risk management

Local entity regulatory capital adequacy

The Group manages its capital resources to ensure that those Group entities that are subject to local capital adequacy regulation in individual jurisdictions meet their minimum capital requirements. Local management manages compliance with subsidiary entity minimum regulatory capital requirements with reporting to local Asset and Liability Committees and to Treasury Committee, as required.

Injections of capital resources into Group subsidiary entities are controlled under authorities delegated from the Group Executive Committee. The Group's policy is for profits generated in subsidiary entities to be repatriated to Barclays Bank PLC in the form of dividends.

Annual risk appetite setting

Risk Appetite is the level of risk Barclays chooses to take in pursuit of its strategic objectives, recognising a range of possible outcomes as business plans are implemented. Barclays framework, approved by the Board Risk Committee, combines a top-down view of its capacity to take risk with a bottom-up view of the business risk profile requested and recommended by each business area.

To determine this acceptable level of risk, management estimates the potential earnings volatility from different businesses under various scenarios.

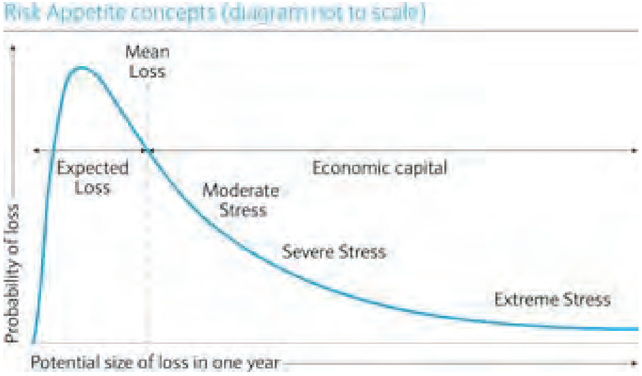
This annual setting of Risk Appetite considers the bank's ability to support business growth, desired dividend payout levels and capital ratio targets. If the projections entail too high a level of risk, management will challenge each area to find new ways to rebalance the business mix to incur less risk on a diversified basis. Performance against Risk Appetite is measured and reported to the Executive and Board regularly throughout the year.

Barclays believes that this framework enables it to:

– Improve risk and return characteristics across the business
– Help meet growth targets within an overall risk appetite and protect the Group's performance
– Improve management confidence and debate regarding our risk profile
– Improve executive management control and co-ordination of risk-taking across businesses
– Enable unused risk capacity to be identified and thus profitable opportunities to be highlighted.

The Risk Appetite framework considers credit, market and operational risk and is applied using two perspectives: 'financial volatility' and 'mandate and scale'.

Risk Appetite concepts (diagram not to scale)



Financial Volatility is the level of potential deviation from expected financial performance that Barclays is prepared to sustain at relevant points on the risk profile. It is established with reference to the strategic objectives and to the business plans of the Group, including the achievement of annual financial targets, payment of dividends, funding of capital growth and maintenance of acceptable capital ratios and our credit rating.

The portfolio is analysed in this way at four representative levels:

– Expected performance (including the average credit losses based on measurements over many years)
– A level of loss that corresponds to moderate increases in market, credit or operational risk from expected levels
– A more severe level of loss which is much less likely
– An extreme but highly improbable level of loss which is used to determine the Group's economic capital

These potentially larger but increasingly less likely levels of loss are illustrated in the Risk Appetite concepts chart below.

The **Mandate and Scale** framework is a formal review and control of our business activities to ensure that they are within our mandate (i.e. aligned to the expectations of external stakeholders) and are of an appropriate scale (relative to the risk and reward of the underlying activities). Appropriate assurance is achieved by using limits and triggers to avoid concentrations and operational risks which could lead to unexpected losses of a scale that would result in a disproportionate fall in Barclays market capitalisation.

Taken as a whole, the Risk Appetite framework provides a basis for the allocation of risk capacity to each business. Since the level of loss at any given probability is dependent on the portfolio of exposures in each business, the statistical measurement for each key risk category gives the Group clearer sight and better control of risk-taking throughout the enterprise.

Review of the Group's strategic medium-term plan

Capital adequacy forms a critical part of the Group's annual strategic medium-term planning process. During the planning process, the Group sets limits for business capital demand to ensure the capital management objectives including meeting internal targets will continue to be met over the medium-term period. Treasury Committee reviews the limits on a monthly basis.

Achieving the planned performance in each business is dependent upon the ability of the business to direct, assess, control, report, and manage and challenge the risks in the business accurately. Group Risk supports the planning process by providing robust review and challenge of the business plans to ensure that:

- The figures relating to risk are internally consistent and accurate
- The plans are achievable given the risk management capabilities of the businesses
- The plans efficiently utilise, but do not exceed, the Group's risk appetite.

This review and challenge is achieved through Risk Executive Dialogues involving among others, the Group Risk Director and the business risk directors.

Economic capital management

Economic capital is an internal measure of the minimum equity and preference capital required for the Group to maintain its credit rating based upon its risk profile.

Barclays assesses economic capital requirements by measuring the Group risk profile using both internally and externally developed models. The Group assigns economic capital primarily within the following risks: Credit Risk, Market Risk, Business Risk, Operational Risk, Insurance Risk, Fixed Assets and Private Equity. Group Risk owns the methodology and policy for economic capital while the businesses are primarily responsible for the calculation.

The Group regularly enhances its economic capital methodology and benchmarks outputs to external reference points. The framework reflects default probabilities during average credit conditions, rather than those prevailing at the balance sheet date, thus removing cyclicality from the economic capital calculation. Economic capital for wholesale credit risk includes counterparty credit risk arising as a result of credit risk on traded market exposures. The framework also adjusts economic capital to reflect time horizon, correlation of risks and risk concentrations.

Economic capital is allocated on a consistent basis across all of Barclays businesses and risk activities. A single cost of equity is applied to calculate the cost of risk. Economic capital allocations reflect varying levels of risk.

The total average economic capital required by the Group, as determined by risk assessment models and after considering the Group's estimated portfolio effects, is compared with the average supply of capital resources to evaluate economic capital utilisation.

The Group's economic capital calculations form the basis of its Internal Capital Adequacy Assessment Process ('ICAAP') submission to the FSA under Pillar 2 of Basel II.

Stress testing

As part of the annual stress testing process, Barclays estimates the impact of a severe economic downturn on the projected demand and supply of capital. This process enables the Group to assess whether it could meet its minimum regulatory capital requirements throughout a severe recession.

The Risk Appetite numbers are validated by estimating the Group sensitivity to adverse changes in the business environment and to include operational events that impact the Group as a whole using stress testing and scenario analysis. For instance, changes in certain macroeconomic variables represent environmental stresses which may reveal systemic credit and market risk sensitivities in our retail and wholesale portfolios. The recession scenarios considered incorporate changes in macroeconomic variables, including:

- Weaker GDP, employment or property prices
- Higher interest rates
- Lower equity prices
- Interest rate curve shifts

Such Group-wide stress tests allow senior management to gain a better understanding of how portfolios are likely to react to changing economic and geopolitical conditions and how the Group can best prepare for and react to them. The stress test simulates the balance sheet and profit and loss effects of stresses across the Group, investigating the impact on profits and the ability to maintain appropriate capital ratios. Insights gained are fully integrated into the senior management process and the Risk Appetite framework. This process of analysis and senior management oversight also provides the basis for fulfilling the stress testing requirements of Basel II.

Group-wide stress testing is only one of a number of stress test analyses that are performed as part of the wider risk management process. Specific stress test analysis is used across all risk types to gain a better understanding of the risk profile and the potential effects of changes in external factors. These stress tests are performed at a range of different levels, from analysis covering specific stresses on individual sub-portfolios (e.g. high value mortgages in the South East of England), to portfolio level stresses (e.g. the overall commodities portfolio).

Managing capital ratio sensitivity to foreign exchange rate movements

The Group's regulatory capital ratios are sensitive to foreign exchange movements in reserves, goodwill, minority interests and other non Sterling debt capital as well as non Sterling risk weighted assets. For material currencies, the Group seeks to hold capital in currencies to match the risk weighted assets transacted in those currencies, in the same proportion as the Group capital ratio targets, also taking into account the impact of hedging net investments.

Model governance

Barclays has a large number of models in place across the Group, covering all risk types. To minimise the risk of loss through model failure, a Group Policy for the Control of Model Risk has been developed.

The Policy helps reduce the potential for model failure by setting minimum standards around the end-to-end model development and implementation process. The Policy also sets the Group governance processes for all models, which allows model risk to be monitored across the Group, and seeks to identify and escalate any potential problems at an early stage.

To help ensure that sufficient management time is spent on the more material models, each model is provided with a materiality rating. Group Model Risk Policy defines the materiality ranges for all model types. The materiality ranges are based on an assessment of the impact to the Group in the event of a model error. The materiality affects the approval and reporting level for each model, with the most material models being approved by Group Executive Committee (ExCo).

The standards of model build, implementation, monitoring and maintenance do not change with the materiality level.

Documentation must be sufficiently detailed to allow an expert to recreate the model from the original data sources. It must include a description of the data used for model development, the methodology used (and the rationale for choosing such a methodology), a description of any assumptions used in the model, and details of where the model works well and areas that are known model weaknesses.

All models are subject to a validation and independent review process before the model can be signed-off for implementation. The model validation exercise must demonstrate that the model is fit for purpose and provides accurate estimates. The independent review process will also ensure that all aspects of the model development process have been performed in a suitable manner.

The sign-off process ensures that the model is technically fit for purpose as well as ensuring that the model satisfies the business requirements and all the relevant regulatory requirements. The rules for model sign-off are based on materiality, with all of a business unit's models at least initially being approved in business-led committees, and Group involvement increasing as the models become more material. The most material models receive their ultimate sign-off for implementation from Group ExCo.

All models within the Group are subject to an annual review, to ensure that the models are performing as expected, and that assumptions used in model development are still appropriate. In additional to annual review, many models are subject to more frequent performance monitoring. Model performance monitoring ensures that deficiencies in models are identified early, and that remedial action can be taken before the deficiency becomes serious and affects the decision-making process.

Externally developed models are subject to the same standards as internal models, and must be initially approved for use following a validation and independent review process. External models are also subject to the same standards for ongoing monitoring and annual validation requirements.

Risk management
Credit risk management

Credit risk management

Credit risk is the risk of suffering financial loss should any of the Group's customers, clients or market counterparties fail to fulfil their contractual obligations to the Group. Credit risk may also arise where the downgrading of an entity's credit rating causes the fair value of the Group's investment in that entity's financial instruments to fall. The credit risk that the Group faces arises mainly from commercial and consumer loans and advances, including credit card lending.

The granting of credit is one of the Group's major sources of income and as its most significant risk, the Group dedicates considerable resources to controlling it. The importance of credit risk is illustrated by noting that two-thirds of risk-based economic capital is allocated to credit risk. Credit exposures arise principally in loans and advances.

In managing credit risk, the Group applies the five-step risk management process and internal control framework described previously (page 67).

Specific credit risk management objectives are:

- To gain a clear and accurate understanding and assessment of credit risk across the business, from the level of individual facilities up to the total portfolio.
- To control and plan the taking of credit risk, ensuring it is coherently priced across the business and avoiding undesirable concentrations.
- To support strategic growth and decision-making based on sound credit risk management principles and a pro-active approach to identifying and measuring new risks.
- To ensure a robust framework for the creation, use and ongoing monitoring of the Group's credit risk measurement models.
- To ensure that our balance sheet correctly reflects the value of our assets in accordance with accounting principles.

Organisation and structure

Barclays has structured the responsibilities of credit risk management so that decisions are taken as close as possible to the business, whilst ensuring robust review and challenge of performance, risk infrastructure and strategic plans.

The credit risk management teams in each business are accountable to the Business Risk Directors in those businesses who, in turn, report to the heads of their businesses and also to the Risk Director.

These credit risk management teams assist Group Risk in the formulation of Group Risk policy and its implementation across the businesses.

Examples include:

- maximum exposure guidelines to limit the exposures to an individual customer or counterparty
- country risk policies to specify risk appetite by country and avoid excessive concentration of credit risk in individual countries
- policies to limit lending to certain industrial sectors
- underwriting criteria for personal loans and maximum loan-to-value ratios for home loans

Within Group Risk, the Credit Risk function provides Group-wide direction of credit risk-taking. This functional team manages the resolution of all significant credit policy issues and runs the Credit Committee, which approves major credit decisions.

The principal Committees that review credit risk management, formulate overall Group credit policy and resolve all significant credit policy issues are the Group Wholesale Credit Risk Management Committee, the Group Retail Credit Risk Management Committee, the Risk Oversight Committee and the Board Risk Committee (see page 69 for more details of this Committee). The Board Audit Committee also reviews the impairment allowance as part of financial reporting.

Measurement, reporting and internal ratings

The principal objective of credit risk measurement is to produce the most accurate possible quantitative assessment of the credit risk to which the Group is exposed, from the level of individual facilities up to the total portfolio.

The key building blocks in this quantitative assessment are:

- Probability of default (PD)
- Exposure in the event of default (EAD)
- Severity of loss given default (LGD)

Barclays first began to use internal estimates of PD (internal ratings) in all its main businesses in the 1990s. Internally derived estimates for PD, EAD and LGD have been used since then in all our major risk decision making processes, enabling the application of coherent risk measurement across all credit exposures, retail and wholesale.

With the advent of the Basel II accord on banking, Barclays has been given permission to use internal rating models as an input in its regulatory capital calculations. In preparation, Barclays has spent considerable time developing and upgrading a number of such models across the Group, moving towards compliance with the Basel II advanced internal ratings based approach. As part of this process, all Basel credit risk models are assessed against the Basel II minimum requirements prior to model sign-off to ensure that they are fit to be used for regulatory purposes.

Applications of internal ratings

The three components described above – the probability of default, exposure at default and loss given default – are building blocks used in a variety of applications that measure credit risk across the entire portfolio.

Two examples are Risk Tendency (RT) and Expected Loss (EL) which are statistical estimates of the average loss for the loan portfolio for a 12-month period, taking into account the portfolio's size and risk characteristics under either current credit conditions (RT) or average credit conditions (EL). As such, RT uses a point-in-time PD while EL uses a through-the-cycle PD but the basic calculation is the same for both:

PD x EAD x LGD

Since through-the-cycle PDs provide a measure of risk that is independent of the current credit conditions for a particular customer type, they are more stable than point-in-time ratings. RT and EL provide insight into the credit quality of the portfolio and assist management in tracking risk changes as the Group's stock of credit exposures evolves in size or risk profile in the course of business.

As our understanding and experience have developed, we have extended the use and sophistication of internal ratings. The other main business processes that use internal estimates of PD, LGD and EAD, are as follows:

- Credit Grading – originally introduced in the early 1990s to provide a common measure of risk across the Group using an eight point rating scale; wholesale credit grading now employs a 21 point scale (Barclays Masterscale).
- Credit Approval – a rating scale is used to set differentiated credit sanctioning levels based upon a PD, so that credit risks are reviewed at appropriate levels.
- Risk Appetite – measures of expected loss and the potential volatility of loss are used in the Group's Risk Appetite framework (see page 71).
- Pricing – within the corporate mass market portfolios we first developed and used risk adjusted pricing models in the early 1990s to differentiate risk reward decisions.
- IAS Impairment calculations – many of our collective impairment estimates incorporate the use of our PD and LGD models.
- Economic capital (EC) allocation – most EC calculations use the same through-the-cycle PD and EAD inputs as the regulatory capital (RC) process. The process also uses the same underlying LGD model outputs as the RC calculation, but does not incorporate the economic downturn adjustment used in RC calculations.
- Risk management information – Group and the main business units have for several years received either Key Information Packs or other risk reports focused on EL and EC information to inform senior management on issues such as the business performance, Risk Appetite and consumption of EC.

Calculation of internal ratings

To calculate **probability of default** (PD), Barclays assesses the credit quality of borrowers and other counterparties and assigns them an internal risk rating.

Multiple rating methodologies may be used to inform the rating decision on individual large credits, such as internal and external models, rating agency ratings, and for wholesale assets market information such as credit spreads. For smaller credits, a single source may suffice such as the result from an internal rating model.

Barclays recognises the need for two different expressions of PD depending on the purpose for which it is used. For the purposes of calculating regulatory and economic capital, long-run average through-the-cycle PDs are required. However, for the purposes of pricing and risk tendency, PDs should represent the best estimate of probability of default, typically in the next 12 months, dependent on the current position in the credit cycle. Hence, point-in-time PDs are also required.

When each PD model is constructed, its output is specified as one of point-in-time (PIT) or through-the-cycle (TTC) or a hybrid, e.g. a 50:50 blend. Using this distinction between PIT and TTC, the PDs are bucketed into both PIT Default Grades (DGs) and TTC bands, adopting techniques that are relevant to the model's initial output calibration, the industry and location of the counterparty and an understanding of the current and long-term credit conditions. Two grades are therefore recorded for each client, the DG and the TTC band. A customer may therefore be rated DG 6 reflecting sectoral performance and TTC band 8 reflecting long-term credit conditions.

This same PIT/TTC distinction is applied to agency ratings. Within Barclays, an agency alphabet rating is also expressed in terms of PIT DG and TTC band. It is therefore no longer possible to produce a static mapping of agency letter ratings to either DGs or TTC bands because they are considered a hybrid of both PIT and TTC. As such, any mappings would change over time with movements in the credit cycle.

Barclays internal rating system also differentiates between corporate and retail customers.

For corporate portfolios (primarily Barclays Capital, BCB and the commercial areas of IRCB), the rating system is constructed to ensure that each client receives the same rating independent of the part of the business with which they are dealing. To achieve this, a model hierarchy is adopted which requires users to adopt a specific approach to rating each counterparty depending upon the nature of the business and its location. A range of methods is approved for estimating counterparty PDs. These include bespoke grading models developed within the Barclays Group (Internal Models), vendor models such as MKMV Credit Edge and RiskCalc, and a conversion of external alphabet ratings from either S&P, Moody's or Fitch.

Risk management
Credit risk management

A key element of the Barclays framework is the Masterscale. This has been developed to record differences in the probability of default risk at meaningful levels throughout the risk range (see table below).

In contrast to corporate businesses, retail areas do not bucket exposures into generic grades or bands for account management purposes (although they may be used for reporting purposes). Instead, accounts are managed based on internal, product specific segmentations of accounts, for instance, deriving from the cut-offs of the associated models. The cut-offs may be in the form of a score, a probability of default, a measure of forecast loss or a more sophisticated risk/reward based measure.

Exposure at default (EAD) represents the expected level of usage of the credit facility when default occurs. At default the customer may not have drawn the loan fully or may already have repaid some of the principal, so that exposure is typically less than the approved loan limit. When the Group evaluates loans, it takes exposure at default into consideration, using its extensive historical experience. It recognises that customers may make heavier than average usage of their facilities as they approach default. For derivative instruments, exposure in the event of default is the estimated cost of replacing contracts with a positive value should counterparties fail to perform their obligations.

When a customer defaults, some part of the amount outstanding on their loans is usually recovered. The part that is not recovered, the actual loss, together with the economic costs associated with the recovery process combine to a figure called the **loss given default** (LGD), which is expressed as a percentage of EAD.

Using historical information, the Group can estimate how much is likely to be lost, on average, for various types of loans. To illustrate, LGD is lower for residential mortgages than for unsecured loans because of the property pledged as collateral.

The level of LGD depends on: the type of collateral (if any); the seniority or subordination of the exposure; the industry in which the customer operates (if a business); and the jurisdiction applicable and work-out expenses. The outcome is also dependent on economic conditions that may determine, for example, the prices that can be realised for assets, whether a businesses can readily be refinanced or the availability of a repayment source for personal customers.

The Barclays Masterscale (Wholesale)

DG/TTC	Default Probability		
Band	>=Min	Mid	<Max
1	0.00%	0.010%	0.02%
2	0.02%	0.025%	0.03%
3	0.03%	0.040%	0.05%
4	0.05%	0.075%	0.10%
5	0.10%	0.125%	0.15%
6	0.15%	0.175%	0.20%
7	0.20%	0.225%	0.25%
8	0.25%	0.275%	0.30%
9	0.30%	0.350%	0.40%
10	0.40%	0.450%	0.50%
11	0.50%	0.550%	0.60%
12	0.60%	0.900%	1.20%
13	1.20%	1.375%	1.55%
14	1.55%	1.850%	2.15%
15	2.15%	2.600%	3.05%
16	3.05%	3.750%	4.45%
17	4.45%	5.400%	6.35%
18	6.35%	7.500%	8.65%
19	8.65%	10.000%	11.35%
20	11.35%	15.000%	18.65%
21	18.65%	30.000%	100.00%

The ratings process

The term ‘internal ratings’ usually refers to internally calculated estimates of PD. These ratings are combined with EAD and LGD in the range of applications described previously. The ‘ratings process’ refers to the use of PD, EAD and LGD across the Group. In Barclays, the rating process is defined by each business. For central government and banks, institutions and corporate customers many of the models used in the rating process are shared across businesses as the models are customer specific. For retail exposures, the ratings models are usually unique to the business and product type e.g. mortgages, credit cards, and consumer loans.

A bespoke model has been built for PD and LGD for **Sovereign** ratings. For Sovereigns where there is no externally available rating we use an internally developed PD scorecard. The scorecard has been developed using historic data on Sovereigns from an external data provider covering a wide range of qualitative and quantitative information. Our LGD model is based on resolved recoveries in the public domain, with a significant element of conservatism added to compensate for the small sample size.

To construct ratings for **institutions, corporates, specialised lending and purchased corporate receivables** and **equity** exposures, we use external models, rating agencies and internally constructed models. External models employed include Moody’s Credit Edge, rating agency ratings and Moody’s RiskCalc. The applicability of each of these approaches to our customers has been validated by us to internal rating standards. The data used in validating these primary indicators are representative of the population of the bank’s actual obligors and exposures and its long-term experience.

Internally built PD models are also widely used. We employ a range of methods in the construction of these models. The basic types of PD modelling approaches used are:

– Structural models

– Expert lender

– Statistical

Structural models incorporate in their specification the elements of the industry accepted Merton framework to identify the distance to default for a counterparty. This relies upon the modeller having access to specific time series data or data proxies for the portfolio. Data samples used to build and validate these models are typically constructed by adding together data sets from internal default observations with externally obtained data sets from commercial providers such as rating agencies and industry gathering consortia.

Expert lender models are used for parts of the portfolio where the risk drivers are specific to a particular counterparty, but where there is insufficient data to support the construction of a statistical model. These models utilise the knowledge of credit experts that have in depth experience of the specific customer type being modelled. Where possible, the characteristics identified by the expert lenders for use in these models are linked during the modelling process to the Merton framework. This linkage ensures that the model is intuitive and that there is some economic rationale for the default process that is being captured by the model.

For any of the portfolios where we have a low number of default observations we adopt specific rules to ensure that the calibration of the model meets the Basel II and FSA criteria for conservatism. We have developed our own internal policy which describes specific criteria for the use of parametric (e.g. Pluto Tasche) and non-parametric low default portfolio calibration techniques.

Statistical models such as behavioural and application scorecards are used for our high volume portfolios such as **SME**. The model builds typically incorporate the use of large amounts of internal data, combined with supplemental data from external data suppliers. Where external data is sourced to validate or enhance internally-held data as part of the risk assessment process or to support model development and BAU operation, a similar approach is adopted towards ensuring data quality to that applied to the management of internal data. This entails adherence to the Group's procurement and supplier management process, including the agreement of specifications and service level agreements.

Typically, modellers do not manipulate external data before using it as input to the model estimation or validation procedure. Changes required in the estimation and validation process are documented in the model build papers.

For all the above asset classes we use the Basel II definition of default, utilising the 90 day past due criteria as the final trigger of default.

Our **retail** banking operations have long and extensive experience of using credit models in assessing and managing risk in their businesses and as a result models play an integral role in retail approval and customer management (e.g. limit setting, cross-sell etc.) processes.

Models used include application and behavioural scorecards and/or PD/LGD and EAD models. These may be used in isolation, in combination to produce measures of forecast loss or as part of a suite of models that underpin risk/reward based decisions. The score cut-offs will be set at the appropriate level depending on the specific objective, such as ensuring all the accepted accounts meet the minimum required return on EC. It is Barclays philosophy to embed the Basel models as extensively as possible in the portfolio management process. This is an ongoing initiative and we expect greater convergence over time.

In line with Basel II requirements, Barclays will use all available relevant data, including data relating to other Barclays accounts and external agency data. Barclays does not use pooled data.

Most retail models within Barclays are built in-house, although occasionally external consultants will be contracted to build models on behalf of the businesses. Whilst most models are statistically derived, some expert lender models are used, particularly where data limitations preclude a more sophisticated approach. For mortgage originations Barclays use a third party scorecard (Omniscore), supported by a series of policy rules, to arrive at a lending decision.

All new models, including third party models, are measured against the required Group minimum standards as detailed in the Barclays Model Risk Policy.

For retail asset classes, Basel II specifies that the definition of default must include a trigger based on days past due, with the number of days being between 90 and 180. All Barclays advanced internal ratings-based models are compliant with this, with the majority using 180 days as the trigger. In all cases LGD models are specified so that they have a definition of default aligned to that used in the corresponding PD model.

The control mechanisms for the rating system

Each of the business risk teams is responsible for the design, oversight and performance of the individual credit rating models – PD, LGD and EAD –that comprise the credit rating system for a particular customer within each asset class. Group-wide standards in each of these areas are set by Group Risk and are governed through a series of committees with responsibility for oversight, modelling and credit measurement methodologies.

Through their day-to-day activities, key senior management in Group Credit Risk, the businesses and the business risk teams have a good understanding of the operation and design of the rating systems used. For example:

– The respective Business Risk Heads or equivalents are responsible for supplying a robust rating system.

– The Group Risk Director, Credit Risk Director and Wholesale and Retail Credit Risk Directors are required to understand the operation and design of the rating system used to assess and manage credit risk in order to carry out their responsibilities effectively. This extends to the Business CEOs, Business Risk Directors and the Commercial/ Managing Directors or equivalent.

In addition, **Group Model Risk Policy** requires that all models be validated as part of the model build (see page 73). This is an iterative process that is carried out by the model owner. Additionally, a formal independent review is carried out after each model is built to check that it is robust, meets all internal and external standards and is documented appropriately. These reviews must be documented and conducted by personnel who are independent of those involved in the model-building process. The results of the review are required to be signed off by an appropriate authority.

In addition to the independent review, post implementation and annual reviews take place for each model. These reviews are designed to ensure compliance with policy requirements such as:

– integration of models into the business process

– compliance with the model risk policy

– continuation of a robust governance process around model data inputs and use of outputs

Model performance is monitored regularly; frequency of monitoring is monthly for those models that are applicable to higher volume or volatile portfolios, and quarterly for lower volume or less volatile portfolios. Model monitoring can include coverage of the following characteristics: utility, stability, efficiency, accuracy, portfolio and data.

Model owners set performance ranges and define appropriate actions for their models. As part of the regular monitoring, the performance of the models is compared with these operational ranges. If breaches occur the model owner reports these to the approval body appropriate for the materiality of the model. The model approver is responsible for ensuring completion of the defined action, which may ultimately be a complete rebuild of the model.

Risk management
Credit risk management

Risk Tendency

As part of its credit risk management system, the group uses a model-based methodology to assess the point-in-time expected loss of credit portfolios across different customer categories. The approach is termed Risk Tendency and applies to credit exposures not already reported as Credit Risk Loans for both wholesale and retail sectors. Risk tendency models provide statistical estimates of average expected loss levels for a rolling 12-month period based on averages in the ranges of possible losses expected from each of the current portfolios. This contrasts with impairment charges as required under accounting standards, which derive almost entirely from Credit Risk Loans where there is objective evidence of actual impairment as at the balance sheet date.

Since Risk Tendency and impairment allowances are calculated for different parts of the portfolio, for different purposes and on different bases, Risk Tendency does not predict loan impairment. Risk Tendency is provided to present a view of the evolution of the scale and quality of the credit portfolios.

In 2007, Risk Tendency increased 4% (£95m) to £2,355m (2006: £2,260m), significantly less than the 23% growth in the Group's loans and advances balances. This relatively small rise in Risk Tendency reflected, in particular, the improving risk profile of the UK unsecured loan book. Other factors influencing Risk Tendency included: methodology changes in Barclaycard, UK Retail Banking and International Retail and Commercial Banking – Absa; the sale of the Monument portfolio; and a maturing credit risk profile in the international card portfolios.

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

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

Barclaycard Risk Tendency decreased £190m to £945m (2006: £1,135m). This reflected improvement in the credit risk profile of UK cards, the sale of part of the Monument portfolio and methodology changes in UK cards, partially offset by asset growth in the international portfolios.

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

In International Retail and Commercial Banking – Absa, the increase of £110m in Risk Tendency to £255m (2006: £145m) included a change to the methodology following the introduction of Basel compliant, PD, EAD and LGD models. Excluding this change, Risk Tendency increased £90m, reflecting a weakening of retail credit conditions in South Africa after a series of interest rate rises in 2006 and 2007 and balance sheet growth.

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

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

Credit risk mitigation

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

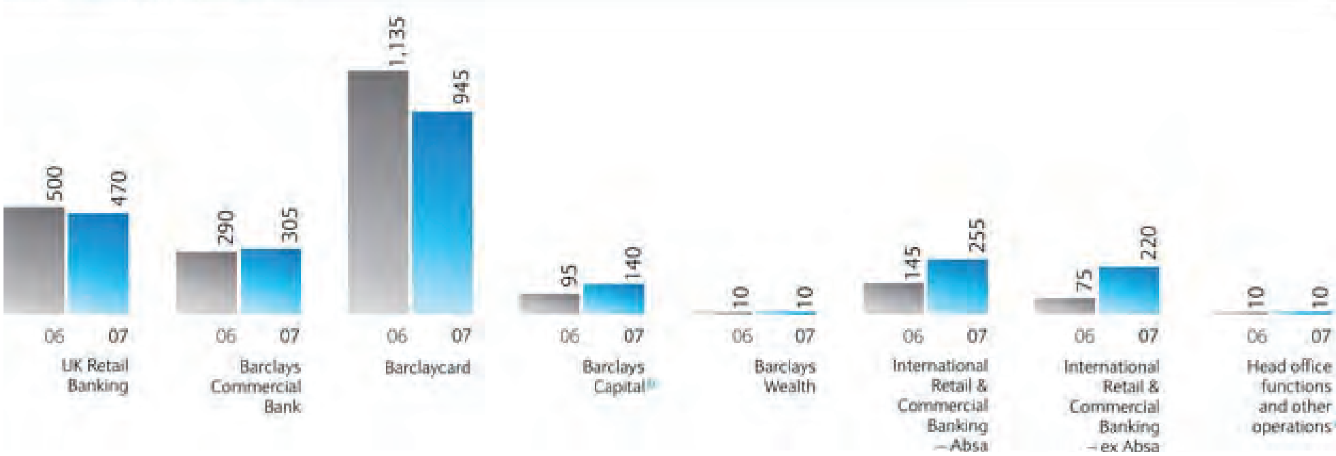
The Group actively manages its credit exposures and when weaknesses in exposures are detected – either in individual exposures or in groups of exposures – action is taken to mitigate the risks. These include steps to reduce the amounts outstanding (in discussion with the customers, clients or counterparties if appropriate), the use of credit derivatives and, sometimes, the sale of the loan assets. (Credit derivatives may also be traded for profit; details of these activities may be found on page 89 and Note 14 to the accounts).

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

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

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

Risk Tendency by business £m



Notes

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

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

The Risk Oversight Committee has delegated and apportioned responsibility for risk management to the Retail and Wholesale Credit Risk Management Committees.

The Retail Credit Risk Management Committee (RCRMC) oversees exposures, which comprise unsecured personal lending (including small businesses), mortgages and credit cards. The RCRMC monitors the risk profile and performance of the retail portfolios by receipt of key risk measures and indicators at an individual portfolio level, ensuring mitigating actions taken to address performance are appropriate and timely. Metrics reviewed will consider portfolio composition at both an overall stock and new flow level.

The Wholesale Credit Risk Management Committee (WCRMC) oversees wholesale exposures, comprising lending to businesses, banks and other financial institutions. The WCRMC monitors exposure by country, industry sector, individual large exposures and exposures to sub-investment grade countries.

Country concentrations are addressed through the **country risk** policy, which specifies Risk Appetite by country and avoids excessive concentrations of credits in individual countries. Country risk grades are assigned to all countries where the Group has, or is likely to have, exposure and are reviewed regularly to ensure they remain appropriate.

Country grades, which are derived from long-term sovereign foreign currency ratings, range from 1 (lowest probability of default) to 21 (highest probability of default). A ceiling is applied where a country is graded 12 or worse so that the counterparty cannot receive a higher risk grading than the country, unless some form of protection is available in the event of a cross-border event, such as a significant portion of a counterparty's assets or income being held or generated in hard currency.

To manage exposure to country risk, the Group uses two country limits: the Prudential Guideline and the Country Guideline. The Prudential Guideline is identified through the strict mapping of a country grade to derive a model-driven acceptable level of loss given default. The Country Guideline for all graded countries is set by the Group Credit Committee (GCC) based on the Prudential Guideline and the internal appetite for country risk. The Country Guideline may therefore be above or below the Prudential Guideline.

Country risk is managed through the application of Country Loss Given Default (CLGD). All cross-border or domestic foreign currency transactions incur CLGD from the Country Guideline agreed at GCC. The level of CLGD incurred by a counterparty transaction will largely depend on three main factors: the country severity, the product severity and counterparty grade.

CLGD is incurred in the country of direct risk, defined as where the majority of operating assets are held. This may differ from the country of incorporation. However, where transactions are secured with collateral, the country risk can be transferred from the country of the borrower to the country of the collateral provider. This is only permitted where the collateral covers the borrowing and is not expected to decrease over time.

Country Managers are in place for all countries where the Group has exposure and they, under the direction of GCC, have responsibility for allocating country risk to individual transactions. The total allocation of country limits is monitored on a daily basis by Group Credit Risk, as headed by the Group Credit Risk Director. Discretions exist to increase the Country Guideline above the level agreed by GCC where the Country Guideline is below the Prudential Guideline. All requests to increase the Country Guideline in line with individual discretions must be submitted to and applied centrally through Group Credit Risk.

A further mitigant against undesirable concentration of risk is the mandate and scale framework described on page 71. Mandate and scale limits, which can also be set at Group level to reflect overall Risk Appetite, can relate either to the stock of current exposures in the relevant portfolio or to the flow of new exposures into that portfolio. Typical limits include the caps on UK commercial investment property lending, the proportion of lending with maturity in excess of seven years and the proportion of new mortgage business that is buy-to-let.

Concentrations of credit exposure described in this credit risk management section and the following statistical section are not proportionally related to credit loss. Some segments of the Group's portfolio have and are expected to have proportionally higher credit charges in relation to the exposure than others. Moreover, the volatility of credit loss is different in different parts of the portfolio. Thus, comparatively large credit impairment charges could arise in parts of the portfolio not mentioned here.

Securitisations

In the course of its business, Barclays undertakes securitisations of its own originated assets as well as the securitisation of third party assets via sponsored conduit vehicles and shelf programmes.

Barclays securitises its own originated assets in order to remove risk from the Group's credit position, to obtain regulatory capital relief, and to obtain term liquidity for the Group balance sheet.

For these transactions Barclays adopts the following roles in the securitisation process:

– Originator of securitised assets

– Executor of securitisation trades including bond marketing and syndication

– Provider of securitisation trade servicing, including data management, investor payments and reporting

Barclays also acts as an administrator and manager of multi-seller conduits through which interests in third-party-originated assets are securitised and funded via the issuance of asset backed commercial paper.

In relation to such conduit activity, Barclays may also provide all or a portion of the backstop liquidity to the commercial paper, programme-wide credit enhancement and, as appropriate, interest rate and foreign currency hedging facilities.

RWAs reported for securitised assets as at December 2007 are calculated in line with rules set out in IPRU (BANK) as well as any individual guidance received from the FSA as at the end of this period.

As of 1st January 2008, Barclays calculates securitisation RWAs using the ratings based approach and/or the supervisory formula method as per the FSA's revised rules, which implement the Basel Accord and Capital Requirements Directive.

Further information about securitisation activities and accounting treatment is in Note 29. The Group's accounting policies, including those relevant to securitisation activities (policies 4 and 10), are on pages 149 and 152.

Barclays employs External Credit Assessment Institutions to provide ratings for its asset backed securities. Their use is dependant on the transaction or asset class involved. For existing transactions, we employ Standard & Poor's, Moody's and Fitch for securitisations of corporate, residential mortgage and other retail exposures and Standard & Poor's and Moody's only for securitisations of small and medium-sized entity and revolving retail exposures.

Risk management
Credit risk management
Monitoring of loans and advances

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

– Measuring exposures and concentrations

– Monitoring weakness in exposures

– Identifying potential problem loans and credit risk loans (collectively known as potential credit risk loans or PCRLs)

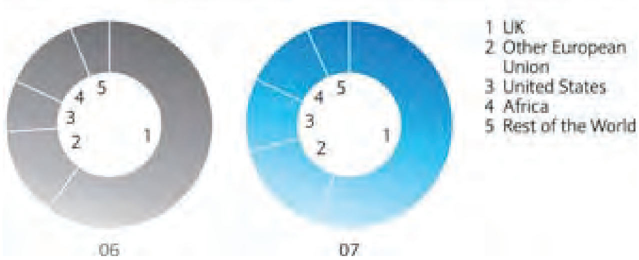
– Raising allowances for impaired loans

– Writing off assets when the whole or part of a debt is considered irrecoverable

Fig. 1: Loans and advances

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

Fig. 3: Geographical analysis of loans and advances to customers %



Measuring exposures and concentrations

Loans and advances to customers provide the principal source of credit risk to the Group although Barclays can also be exposed to other forms of credit risk through loans to banks, loan commitments, contingent liabilities and debt securities; see page 46). The value of outstanding loans and advances balances, their risk profile, and potential concentrations within them can therefore have a considerable influence on the level of credit risk in the Group.

As at 31st December 2007, outstanding loans and advances to customers and banks were valued at £389bn (2006: £317bn), of which £349bn (2006: £286bn) was granted to personal or corporate customers (see figure 1). Loans and advances were well distributed across the retail and wholesale portfolios.

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

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

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

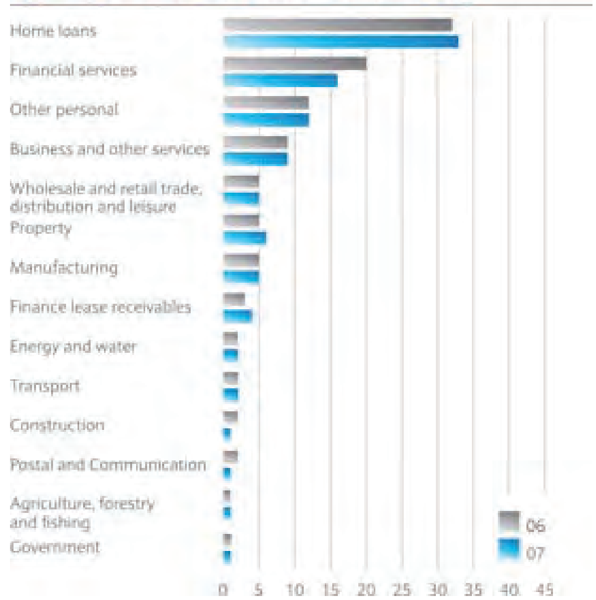
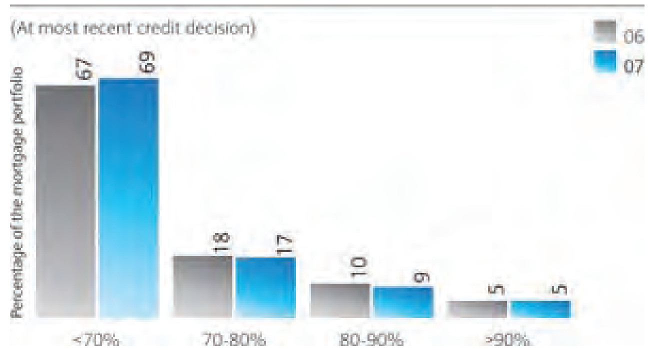


Fig. 4: Analysis of loans-to-value ratios of mortgages in the UK home loan portfolio at 31st December 2007 %



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

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

The impact of house price inflation will result in a reduction in LTV ratios within the mortgage book on a current valuation basis. On this basis, LTV on the residential mortgage book averaged 33% at the end of 2007 (2006: 34%). This ratio is a point-in-time analysis of the stock with LTV updated to current house prices by reference to an external price index and as a result may be influenced by external market conditions as well as changes in the stock of loans.

Barclays also actively monitors the risk profile of its loans and advances to customers, with a view to the early detection of any concentrations in higher risk segments. Figure 5 depicts Barclays wholesale loan profile by existing risk grade (see page 67 for a description of the rating system). The majority of Barclays exposure is to the higher quality names with just under 70% of exposure to customers with a DG of 10 or better. It is important to note that Barclays prices loans to risk. Thus, higher risk loans will usually have higher interest rates or fees or both. The profitability of a higher risk portfolio may, therefore, equal or exceed that of a lower-risk portfolio.

Barclays also actively monitors exposure and concentrations to sub-investment grade countries (see country risk policy, page 66). Details of the 15 largest sub-investment grade countries, by limit, are shown in figure 6.

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

Fig. 5: Loans and advances, balances and limits to wholesale customers by internal risk rating %

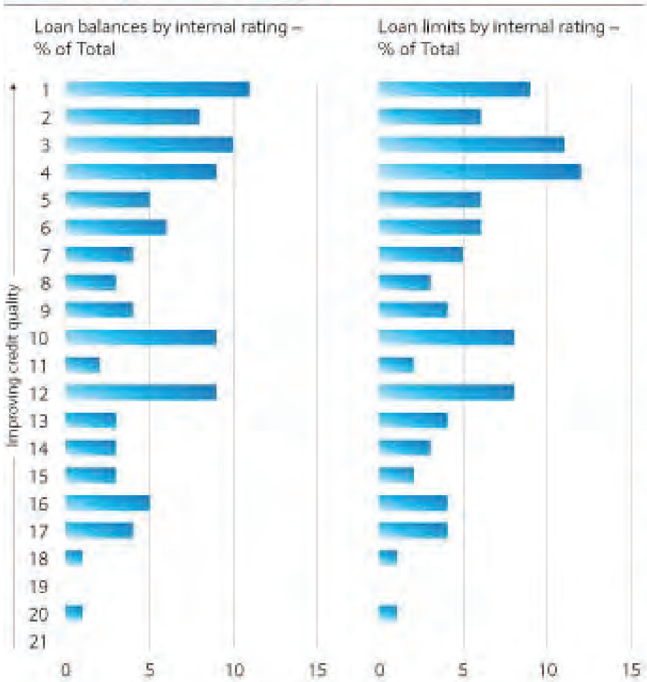


Fig. 6: Credit exposure to sub-investment grade countries £m

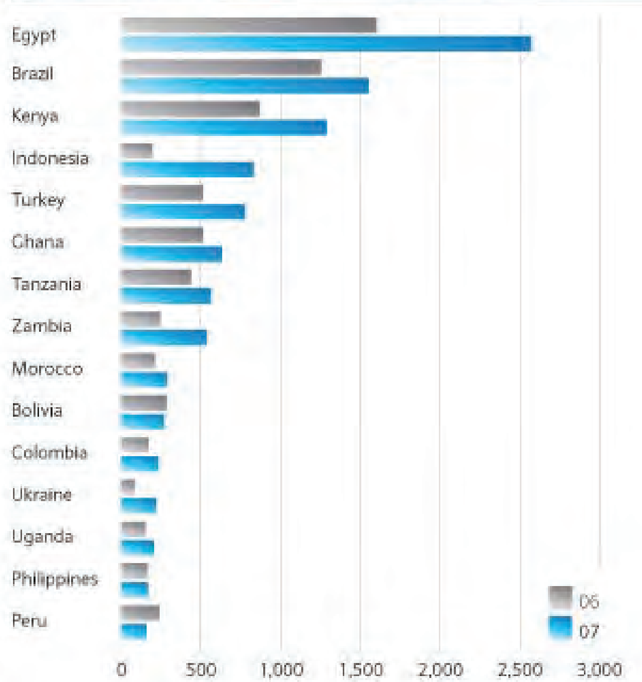
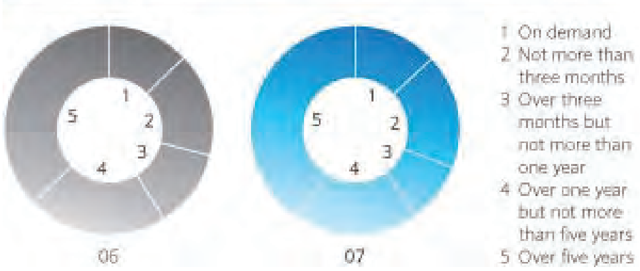


Fig. 7: Maturity analysis of loans and advances to customers %



Risk management
Credit risk management

Monitoring weaknesses in exposures

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

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

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

Within the personal portfolios, which tend to comprise homogeneous assets, statistical techniques more readily allow potential weaknesses to be monitored on a portfolio basis. This applies in parts of UK Retail Banking, Barclays Wealth, International Retail and Commercial Banking and Barclaycard. The approach is consistent with the Group's policy of raising a collective impairment allowance as soon as objective evidence of impairment is identified.

Potential credit risk loans

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

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

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

Fig. 8: CRLs balances by geography £m

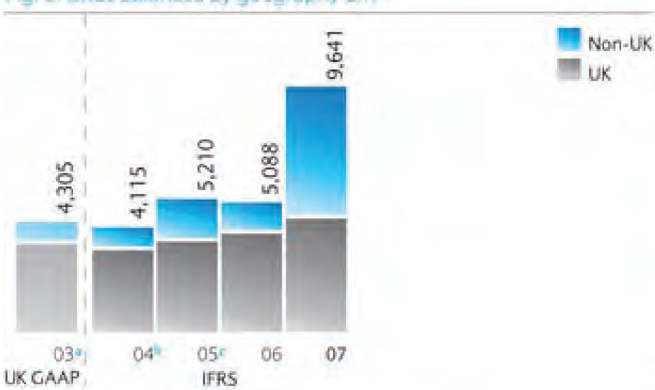
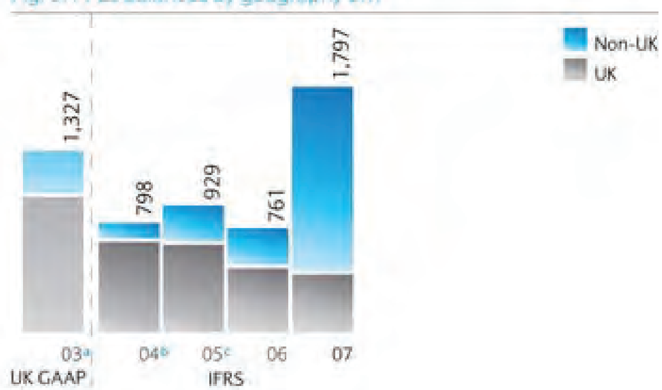


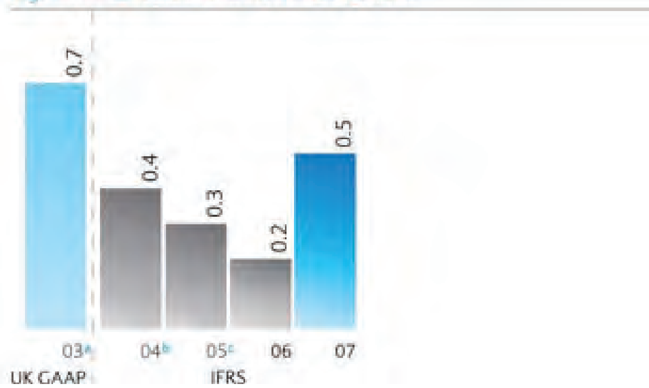
Fig. 9: PPLs balances by geography £m



CRLs and PPLs as a percentage of Loans and Advances

Fig. 10: CRLs/Loans and Advances Ratio %

Fig. 11: PPLs/Loans and Advances Ratio %



Notes

a In 2003, credit risk loans and potential problem loans were disclosed based on the location of the booking office. In 2004-2007 they were disclosed by location of customers.

c From 1st January 2005, the application of IAS 39 required interest to be recognised on the remaining balance of an impaired financial asset (or group of financial assets) at the effective interest rate for that asset. As a result, interest is credited to the income statement in relation to impaired b Does not reflect the application of IAS 32, IAS 39 and IFRS 4 which became effective from 1st January 2005.

loans, therefore these loans technically are not classified as 'non-accrual'. In 2005, the Group replaced the 'non-accrual' category with one termed 'impaired loans'. The SEC requires loans to be classified, where applicable, as non-accrual, accruing past due 90 days or more, 'troubled debt restructurings' and potential problem loans.

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

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

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

Potential Credit Risk Loans (PCRLs) comprise potential problem loans (PPLs) and credit risk loans (CRLs). Figures 8 and 9 show CRL and PPL balances by geography. The amounts are shown before deduction of value of security held, impairment allowances (from 2005 onwards) and provisions or interest suspense (2004 and earlier), all of which might reduce the impact of an eventual loss, should it occur. The significant increase to non-UK CRL and PPL balances is principally due to the inclusion of US-located ABS CDO Super Senior positions and other credit market exposures.

Figures 12 and 13 show impairment allowances as a percentage of CRLs and PCRLs. Including the drawn ABS CDO Super Senior positions, allowance coverage of CRLs and PCRLs decreased to 39.1% (31st December 2006: 65.6%) and 33.0% (31st December 2006: 57.0%), respectively. These movements reflect the fact that allowance coverage of ABS CDO Super Senior credit risk loans was low relative to allowance coverage of other credit risk loans since substantial protection against loss is also provided by subordination and hedges. On ABS CDO Super Senior exposures, the combination of subordination, hedges and write-downs provided protection against loss levels to 72% on US sub-prime collateral as at 31st December 2007.

Figures 14 and 15 show allowance coverage of CRLs and PCRLs excluding the drawn ABS CDO Super Senior positions decreased to 55.6% (31st December 2006: 65.6%) and 49.0% (31st December 2006: 57.0%), respectively. The decrease in these ratios reflected a change in the mix of CRLs and PCRLs. Unsecured retail exposures, where the recovery outlook is low, decreased as a proportion of the total as the collections and underwriting processes were improved. Secured retail and wholesale and corporate exposures, where the recovery outlook is relatively high, increased as a proportion of PCRLs.

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

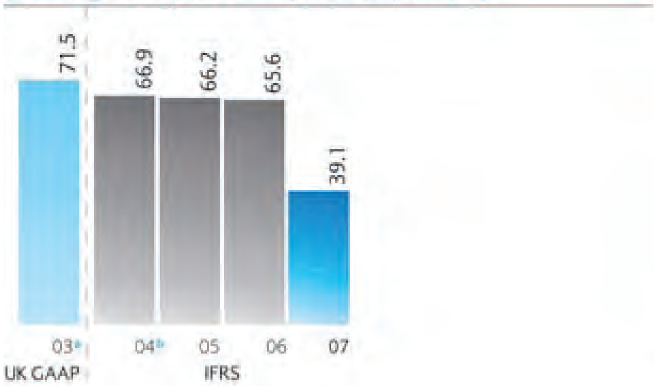


Fig. 13: Impairment/provisions coverage of PCRLs %
(including drawn ABS CDO Super Senior positions)

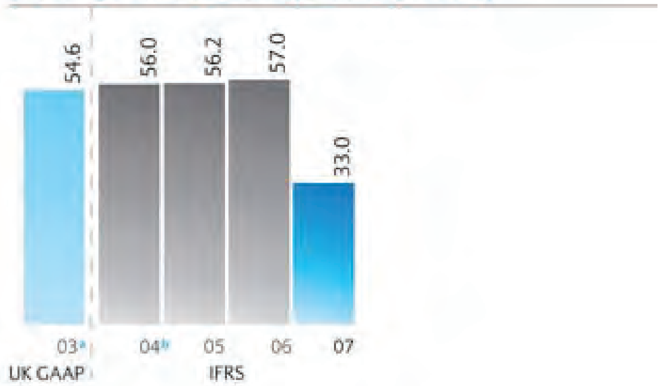


Fig. 14: Impairment/provisions coverage of CRLs %
(excluding drawn ABS CDO Super Senior positions)

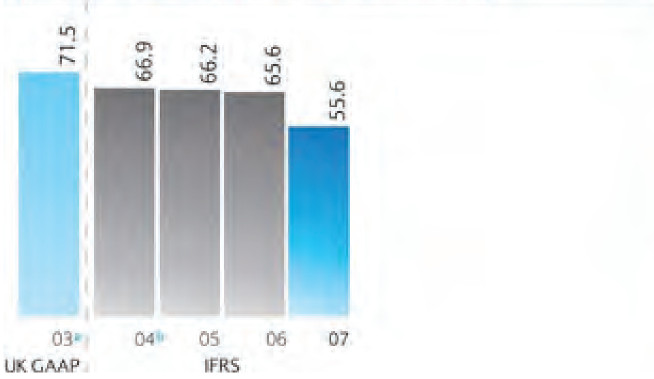
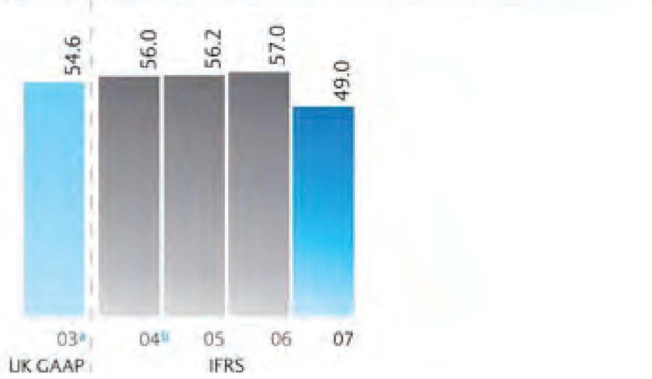


Fig. 15: Impairment/provisions coverage of PCRLs %
(excluding drawn ABS CDO Super Senior positions)



Notes

a In 2003, credit risk loans and potential problem loans were disclosed based on the location of the booking office. In 2004-2007 they were disclosed by location of customers.

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

Allowances for impairment and other credit provisions

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

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

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

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

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

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

The incurred but not yet reported calculation is based on the asset's probability of moving from the performing portfolio to being specifically identified as impaired within the given emergence period and then on to default within a specified period. This is calculated on the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

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

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

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

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

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

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

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

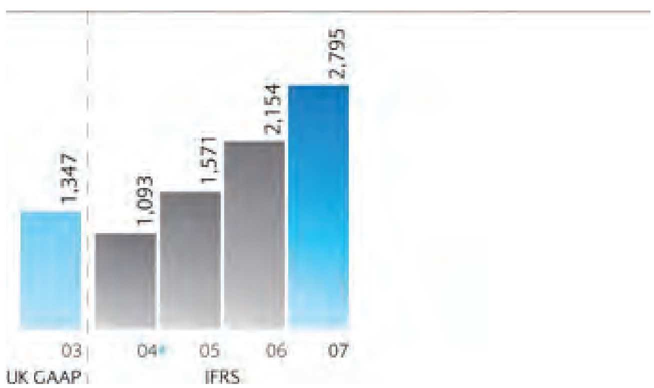
These committees are supported by a number of Group Policies including: Group Retail Impairment and Provisioning Policy; Group Wholesale Impairment and Provisioning Policy; and, Group Model Policy.

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

Fig. 16: Impairment charges for bad and doubtful debts

	2007 £m	2006 £m	2005 £m
UK Banking	849	887	671
Barclaycard	838	1,067	753
International Retail and Commercial Banking	252	167	33
Barclays Capital	846	42	111
Barclays Global Investors	–	–	–
Barclays Wealth	7	2	2
Head office functions and other operations	3	(11)	1
Total impairment charges	**2,795**	**2,154**	**1,571**

Fig. 17 Impairment/provisions charges over five years £



Notes

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

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

In 2007, total impairment charges on loans and advances and other credit provisions increased 30% (£641m) to £2,795m (2006: £2,154m) reflecting charges of £782m against ABS CDO Super Senior and other credit market positions.

Impairment charges on loans and advances and other credit provisions as a percentage of Group total loans and advances rose to 0.71% (2006: 0.65%); total loans and advances grew by 23% to £389,290m (2006: £316,561m).

Retail impairment charges on loans and advances fell 11% (£204m) to £1,605m (2006: £1,809m). Retail impairment charges as a percentage of period-end total loans and advances reduced to 0.98% (2006: 1.30%); total retail loans and advances rose by 18% to £164,062m (2006: £139,350m)

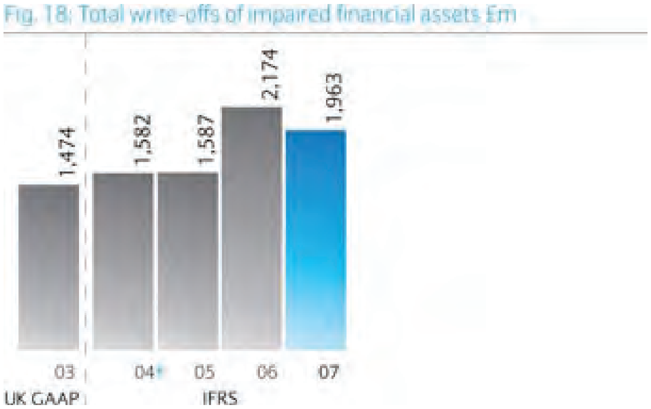
Barclaycard impairment charges improved £229m (21%) to £838m (2006: £1,067m) reflecting reduce flows into delinquency, lower levels of arrears and lower charge-offs in UK Cards. We made changes to our impairment methodologies to standardise our approach and in anticipation of Basel II. The net positive impact of these changes in methodology was offset by the increase in impairment charges in Barclaycard International and secured consumer lending.

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

Impairment charges in International Retail and Commercial Banking – excluding Absa rose by £38m (93%) to £79m (2006: £41m) reflecting very strong balance sheet growth in 2006 and 2007 and the impact of lower releases in 2007.

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

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



Note

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

Wholesale and corporate impairment charges on loans and advances increased £436m to £701m (2006: £265m). Wholesale and corporate impairment charges as a percentage of period-end total loans and advances increased to 0.31% (2006: 0.15%); total loans and advances grew by 27% to £225,228m (2006: £177,211m).

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

The impairment charge in Barclays Commercial Bank increased by £38m (15%) to £290m (2006: £252m), primarily due to higher gross impairment charges in Larger Business, partially offset by a lower charge in Medium Business due to a tightening of the lending criteria.

Writing-off of assets

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

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

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

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

Total write-offs of impaired financial assets decreased by £211m to £1,963m (2006: £2,174m).

Risk management
Market risk management

Market risk management

Market risk is the risk that Barclays earnings or capital, or its ability to meet business objectives, will be adversely affected by changes in the level or volatility of market rates or prices such as interest rates, credit spreads, commodity prices, equity prices and foreign exchange rates. The main market risk arises from trading activities. Barclays is also exposed to interest rate risk in the banking book and the pension fund.

Barclays market risk objectives are to:

– Understand and control market risk by robust measurement and the setting of position limits.

– Facilitate business growth within a controlled and transparent risk management framework.

– Ensure traded market risk resides primarily in Barclays Capital.

– Minimise non-traded market risk.

Organisation and structure

The Board approves market risk appetite for trading and non-trading activities. The Market Risk Director is responsible for the market risk control framework and, under delegated authority from the Risk Director, sets a limit framework within the context of the approved market risk appetite. A daily market risk report summarises Barclays market risk exposures against agreed limits. This daily report is sent to the Risk Director, the Market Risk Director, the Finance Director and the appropriate Business Risk Directors.

The Head of each business, assisted by the business risk management team, is accountable for all market risks associated with its activities. Each business is responsible for the identification, measurement, management, control and reporting of market risk as outlined in the Barclays Market Risk Control Framework. Oversight and support is provided to the business by the Market Risk Director, assisted by the central market risk team. The Market Risk Committee reviews, approves, and makes recommendations concerning the market risk profile across Barclays including risk appetite, limits and utilisation. The Committee is held monthly and is chaired by the Market Risk Director. Attendees include the Risk Director, respective business risk managers and senior managers from the central market risk team.

In Barclays Capital, the Head of Market Risk is responsible for implementing the market risk control framework. Day to day responsibility for market risk lies with the senior management of Barclays Capital, supported by the Market Risk Management team that operates independently of the trading areas. Daily market risk reports are produced for the main Barclays Capital business areas covering the different risk categories including interest rate, credit spread, commodity, equity and foreign exchange. A more detailed trading market risk presentation is produced fortnightly and discussed at the Barclays Capital Traded Products Risk Review meeting. The attendees at this meeting include senior managers from Barclays Capital and the central market risk team.

Outside Barclays Capital, Global Retail and Commercial Banking is responsible for the non-structural interest rate risk in the banking book and Group Treasury is responsible for structural risk (interest rate and FX). The chart below right gives an overview of the business control structure.

Traded market risk

Barclays policy is to concentrate trading activities in Barclays Capital. This includes transactions where Barclays Capital acts as principal with clients or with the market. For maximum efficiency, Barclays manages client and market activities together. In Barclays Capital, trading risk occurs in both the trading book and the banking book as defined for regulatory purposes.

In anticipation of future customer demand, Barclays maintains access to market liquidity by quoting bid and offer prices with other market makers and carries an inventory of capital market and treasury instruments, including a broad range of cash, securities and derivatives. Derivatives entered into for trading purposes include swaps, forward rate agreements, futures, credit derivatives, options and combinations of these instruments. For a description of the nature of derivative instruments, see page 89.

Traded market risk measurement

The measurement techniques used to measure and control traded market risk include Daily Value at Risk and Stress Testing.

Daily Value at Risk (DVaR) is an estimate of the potential loss which might arise from unfavourable market movements, if the current positions were to be held unchanged for one business day, measured to a confidence level of 98%. Daily losses exceeding the DVaR figure are likely to occur, on average, twice in every 100 business days.

DVaR uses the historical simulation method with a historic sample of two years. The credit spread calculation takes into account specific risks associated with different business names.

There are a number of considerations that should be taken into account when reviewing DVaR numbers. These are:

– historical simulation assumes that the past is a good representation of the future which may not always be the case.

– the assumed one day time horizon will not fully capture the market risk of positions that cannot be closed out or hedged within one day.

– DVaR does not indicate the potential loss beyond the 98th percentile.

To complement DVaR, stress testing is performed and there is a large set of non-DVaR limits including foreign exchange concentration limits and interest rate delta limits.

DVaR is an important market risk measurement and control tool and consequently the model is regularly assessed. The main approach employed is the technique known as back-testing which counts the number of days when trading losses exceed the corresponding DVaR estimate.

On the basis of DVaR estimated to a 98% confidence level, on average there would be five days each year when trading losses would be expected to exceed DVaR and would therefore be reflected as back-testing exceptions. For Barclays Capital's trading book, there were seven instances of a daily trading loss exceeding the corresponding 98% back-testing DVaR. These back-testing exceptions in 2007 reflected the increased volatility across a number of markets in which Barclays Capital operates. There were no instances of back-testing exceptions on a similar basis in 2006.

Stress testing provides an indication of the potential size of losses that could arise in extreme conditions. The three main types of stress test are:

– risk factor: historical stress moves are applied to each of the risk categories which include interest rate, credit spread, commodity, equity and foreign exchange rate

– emerging market contagion: historical stress moves combined with contagion factors are applied to the emerging markets portfolio

– scenario: stress scenarios are applied to the trading book

Stress results are produced at least fortnightly and are included in the Traded Products Risk Review meeting information pack. If a potential stress loss exceeds the corresponding trigger limit, the positions captured by the stress test are reviewed and discussed by Barclays Capital market risk and the respective Barclays Capital Business Head(s). The minutes of the discussion, including the merits of the position and the appropriate course of action, are then sent to the Market Risk Director for review.

Risk management
Market risk management

Analysis of traded market risk exposures

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

Analysis of trading revenue

The histograms show the distribution of daily trading revenue for Barclays Capital in 2007 and 2006. Revenue includes net trading income, net interest income and net fees and commissions relating to primary trading. The average daily revenue in 2007 was £26.2m (2006: £22.0m) and there were 224 positive revenue days out of 253 (2006: 243 out of 252). The number of negative revenue days increased in 2007 largely as a result of volatile markets in the second half of the year. The number of large positive revenue days also increased but these were spread across the year.

Interest rate risk in the banking book

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

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

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

Risk measurement

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

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

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

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

Analysis of interest rate risk in the banking book exposures

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

Other market risks

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

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

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

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

Barclays Capital's trading revenue 2007 £m

Barclays Capital's trading revenue 2006 £m

Risk management
Derivatives

Derivatives

The use of derivatives and their sale to customers as risk management products are an integral part of the Group's trading activities. These instruments are also used to manage the Group's own exposure to fluctuations in interest, exchange rates and commodity and equity prices as part of its asset and liability management activities.

Barclays Capital manages the trading derivatives book as part of the market risk book. This includes foreign exchange, interest rate, equity, commodity and credit derivatives. The policies regarding market risk management are outlined in the market risk management section on pages 86 to 88.

The policies for derivatives that are used to manage the Group's own exposure to interest and exchange rate fluctuations are outlined in the asset and liability market risk section on page 223.

Derivative instruments are contracts whose value is derived from one or more underlying financial instruments or indices defined in the contract. They include swaps, forward rate agreements, futures, options and combinations of these instruments and primarily affect the Group's net interest income, net trading income, net fee and commission income and derivative assets and liabilities. Notional amounts of the contracts are not recorded on the balance sheet.

The Group participates both in exchange traded and over the counter derivatives markets.

Exchange traded derivatives

The Group buys and sells financial instruments that are traded or cleared on an exchange, including interest rate swaps, futures and options on futures. Holders of exchange traded instruments provide margin daily with cash or other security at the exchange, to which the holders look for ultimate settlement.

Over the counter traded derivatives

The Group also buys and sells financial instruments that are traded over the counter, rather than on a recognised exchange.

These instruments range from commoditised transactions in derivative markets, to trades where the specific terms are tailored to the requirements of the Group's customers. In many cases, industry standard documentation is used, most commonly in the form of a master agreement, with individual transaction confirmations. The existence of a signed master agreement is intended to give the Group protection in situations where a counterparty is in default.

Foreign exchange derivatives

The Group's principal exchange rate related contracts are forward foreign exchange contracts, currency swaps and currency options. Forward foreign exchange contracts are agreements to buy or sell a specified quantity of foreign currency, usually on a specified future date at an agreed rate. A currency swap generally involves the exchange, or notional exchange, of equivalent amounts of two currencies and a commitment to exchange interest periodically until the principal amounts are re-exchanged on a future date.

Currency options provide the buyer with the right, but not the obligation, either to purchase or sell a fixed amount of a currency at a specified exchange rate on or before a future date. As compensation for assuming the option risk, the option writer generally receives a premium at the start of the option period.

Interest rate derivatives

The Group's principal interest rate related contracts are interest rate swaps, forward rate agreements, basis swaps, caps, floors and swaptions. Included in this product category are transactions that include combinations of these features.

An interest rate swap is an agreement between two parties to exchange fixed rate and floating rate interest by means of periodic payments based upon a notional principal amount and the interest rates defined in the contract. Certain agreements combine interest rate and foreign currency swap transactions, which may or may not include the exchange of principal amounts. A basis swap is a form of interest rate swap, in which both parties exchange interest payments based on floating rates, where the floating rates are based upon different underlying reference indices. In a forward rate agreement, two parties agree a future settlement of the difference between an agreed rate and a future interest rate, applied to a notional principal amount. The settlement, which generally occurs at the start of the contract period, is the discounted present value of the payment that would otherwise be made at the end of that period.

Credit derivatives

The Group's principal credit derivative-related contracts include credit default swaps and total return swaps. A credit derivative is an arrangement whereby the credit risk of an asset (the reference asset) is transferred from the buyer to the seller of protection.

A credit default swap is a contract where the protection seller receives premium or interest-related payments in return for contracting to make payments to the protection buyer upon a defined credit event. Credit events normally include bankruptcy, payment default on a reference asset or assets, or downgrades by a rating agency.

A total return swap is an instrument whereby the seller of protection receives the full return of the asset, including both the income and change in the capital value of the asset. The buyer in return receives a predetermined amount.

Equity derivatives

The Group's principal equity-related contracts are equity and stock index swaps and options (including warrants, which are equity options listed on an exchange). An equity swap is an agreement between two parties to exchange periodic payments, based upon a notional principal amount, with one side paying fixed or floating interest and the other side paying based on the actual return of the stock or stock index. An equity option provides the buyer with the right, but not the obligation, either to purchase or sell a specified stock, basket of stocks or stock index at a specified price or level on or before a specified date.

Commodity derivatives

The Group's principal commodity-related derivative contracts are swaps, options, forwards and futures. The main commodities transacted are base metals, precious metals, oil and oil-related products, power and natural gas.

Risk management
Disclosures about certain trading activities

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

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

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

Fair value measurement

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

Credit risk

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

Fair value of the commodity derivative contracts

The tables below analyse the overall fair value of the commodity derivative contracts by movement over time and maturity. As at 31st December 2007 the fair value of the commodity derivative contracts reflects a gross positive fair value of £23,571m (2006: £17,501m) and a gross negative value of £22,759m (2006: £15,940m).

Movement in fair value of commodity derivative positions

	2007 £m	2006 £m
Fair value of contracts outstanding at the beginning of the period	1,561	527
Contracts realised or otherwise settled during the period	(764)	379
Fair value of new contracts entered into during the period	243	808
Other changes in fair values	(228)	(153)
Fair value of contracts outstanding at the end of the period	812	1,561

Maturity analysis of commodity derivative fair value

	2007 £m	2006 £m
Not more than one year	(279)	902
Over one year but not more than five years	773	327
Over five years	318	332
Total	812	1,561

Risk management
Liquidity management

Liquidity management

Liquidity risk is the risk that the Group is unable to meet its obligations when they fall due and to replace funds when they are withdrawn, with consequent failure to repay depositors and fulfil commitments to lend. The risk that it will be unable to do so is inherent in all banking operations and can be impacted by a range of institution specific and market-wide events including, but not limited to, credit events, merger and acquisition activity, systemic shocks and natural disasters.

Liquidity risk management and measurement

Liquidity management within the Group has several components.

Intraday liquidity

The need to monitor, manage and control intraday liquidity in real time is recognised by the Group as a mission critical process: any failure to meet specific intraday commitments would have significant consequences.

The Group policy is that each operation must ensure that it has access to sufficient intraday liquidity to meet any obligations it may have to clearing and settlement systems. Major currency payment flows and payment system collateral are monitored and managed in real time to ensure that at all times there is sufficient collateral to make payments. The Group actively engages in payment system development to help ensure that new payment systems are robust.

Day to day funding

Day to day funding, managed by short term mismatch limits for the next day, week and month which control expected cash flows to ensure that requirements can be met. These requirements include replenishment of funds as they mature or are borrowed by customers. The Group maintains an active presence in global money markets and monitors and manages the wholesale money market capacity for the Group's name to enable that to happen.

In addition to cash flow management, Treasury also monitors unmatched medium-term assets and the level and type of undrawn lending commitments, the usage of overdraft facilities and the impact of contingent liabilities such as standby letters of credit and guarantees.

Liquid assets

The Group maintains a portfolio of highly marketable assets including UK, US and Euro-area government bonds that can be sold or funded on a secured basis as protection against any unforeseen interruption to cash flow. The Group accesses secured funding markets in these assets on a regular basis to ensure market access. The Group does not rely on committed funding lines for protection against unforeseen interruption to cash flow.

Diversification of liquidity sources

Sources of liquidity are regularly reviewed to maintain a wide diversification by currency, geography, provider, product and term. In addition, to avoid reliance on a particular group of customers or market sectors, the distribution of sources and the maturity profile of deposits are also carefully managed. Important factors in assuring liquidity are competitive rates and the maintenance of depositors' confidence. Such confidence is based on a number of factors including the Group's reputation and relationship with those clients, the strength of earnings and the Group's financial position.

Liquidity management

Structural liquidity

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

The Group policy is to fund the balance sheet of the retail and commercial bank on a global basis with customer deposits without recourse to the wholesale markets. This provides protection from the liquidity risk of wholesale market funding. The exception to this policy is Absa, which has a large portion of wholesale funding due to the structural nature of the South African financial sector.

Stress tests

Stress testing is undertaken to assess and plan for the impact of various scenarios which may put the Group's liquidity at risk.

Treasury develops and monitors a range of stress tests on the Group's projected cash flows. These stress scenarios include Barclays-specific scenarios such an unexpected rating downgrade and operational problems, and external scenarios such as Emerging Market crises, payment system disruption and macro-economic shocks. The output informs both the liquidity mismatch limits and the Group's contingency funding plan. This is maintained by Treasury and is aligned with the Group and country business resumption plans to encompass decision-making authorities, internal and external communication and, in the event of a systems failure, the restoration of liquidity management and payment systems.

The ability to raise funds is in part dependent on maintaining the Bank's credit rating. The funding impact of a credit downgrade is regularly estimated. Whilst the impact of a single downgrade may affect the price at which funding is available, the effect on liquidity is not considered material in Group terms.

For further details see contractual obligations and commercial commitments of the Group on page 46.

Recent market events

The second half of last year saw a sustained period of severe stress in international financial markets characterised by increased volatility and impaired liquidity. Issuance of debt, particularly structured credit and mortgage related, fell sharply. The asset-backed commercial paper market was severely disrupted, resulting in the drawn down of committed liquidity lines from banks, while primary issuance of mortgage-backed securities and covered bonds stopped for a time. The repo markets including tri-party were also disrupted with the repo market for corporate debt closing for a time. Term money market funding became difficult to obtain and spreads over official rates widened.

The Group maintained its strong liquidity profile throughout and saw some benefit from a flight to quality in financial markets. Nevertheless, Barclays, like its peers, was affected by the increased volatility and impaired liquidity in financial markets. During this period the Group's balance sheet expanded due to:

- The disruption of the Asset Backed Commercial Paper (ABCP) market led to liquidity facilities for third party conduits being drawn down.
- Liquidity facilities were provided to three client SIV-lites which were restructured during the period.
- A number of loan syndications were delayed and remained on our balance sheet.
- The demand for ABCP issued by Barclays-sponsored conduits weakened temporarily with the result that a small portion of their funding was provided by Barclays.

These liquidity demands were all successfully managed within overall funding requirements despite occasional disruption of access to some funding markets. Although term funding in interbank markets substantially disappeared, liquidity remained good for Barclays.

Barclays diversified portfolio of highly marketable securities enabled the Group to continue accessing the repo market. Securitisation accounts for a modest proportion of the Group's funding so the disruption to the securitisation market has not significantly impacted the Group's liquidity position.

Assessment of liquidity

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 and continued full funding of our conduits.

The markets in 2008 have substantially improved with the passing of the year end, and a degree of normality has returned to the term interbank markets. However we expect there to continue to be dislocations through 2008, and we remain vigilant to ensure that our liquidity profile remains strong.

The FSA published a discussion paper in December 2007 setting out draft proposals for a new quantitative framework for regulating liquidity of banks in the UK in the light of the experiences of 2007. We welcome the FSA intention to update the liquidity regime.

Risk management
Operational risk management

Operational risk management

Operational risk is the risk of direct or indirect losses resulting from human factors, external events, and inadequate or failed internal processes and systems.

Operational risks are inherent in Barclays operations and are typical of any large enterprise. Major sources of operational risk include: operational process reliability, IT security, outsourcing of operations, dependence on key suppliers, implementation of strategic change, integration of acquisitions, fraud, human error, customer service quality, regulatory compliance, recruitment, training and retention of staff, and social and environmental impacts.

Barclays is committed to the advanced management of operational risks. In particular, it has implemented improved management and measurement approaches for operational risk to strengthen control, improve customer service and minimise operating losses. Barclays was granted a Waiver to operate an Advanced Measurement Approach (AMA) under Basel II, which commenced in January 2008.

The Group's operational risk management framework aims to:

– Understand and report the operational risks being taken by the Group.

– Capture and report operational errors made.

– Understand and minimise the frequency and impact, on a cost benefit basis, of operational risk events.

Barclays works closely with peer banks to benchmark our internal Operational Risk practices and to drive the development of advanced Operational Risk techniques across the industry. It is not cost effective to attempt to eliminate all operational risks and in any event it would not be possible to do so. Events of small significance are expected to occur and are accepted as inevitable; events of material significance are rare and the Group seeks to reduce the risk from these in a framework consistent with its agreed Risk Appetite.

Organisation and structure

Barclays has a Group Operational Risk Framework, which is consistent with and part of the Group Internal Control and Assurance Framework. Minimum control requirements have been established for all key areas of identified risk by 'Principal Risk' owners (see page 85). The risk categories relevant to operational risks are Financial Crime, Financial Reporting, Taxation, Legal, Operations, People, Regulatory, Technology and Change. In addition the following risk categories are used for business risk: Brand Management, Corporate Responsibility and Strategic.

Responsibility for implementing and overseeing these policies is positioned throughout the organisation. The prime responsibility for the management of operational risk and the compliance with control requirements rests with the business and functional units where the risk arises. Frontline risk managers are widely distributed throughout the Group in business units. They service and support these areas, assisting line managers in managing these risks.

Business Risk Directors in each business are responsible for overseeing the implementation of and compliance with Group policies. Governance and Control Committees in each business monitor control effectiveness. The Group Governance and Control Committee receives reports from the committees in the businesses and considers Group-wide control issues and their remediation.

In the corporate centre, each Principal Risk is owned by a senior individual who liaises with Principal Risk owners within the businesses. In addition, the Operational Risk Director oversees the range of operational risks across the Group in accordance with the Group Operational Risk Framework.

Business units are required to report on both a regular and an event-driven basis. The reports include a profile of the key risks to their business objectives, control issues of Group-level significance, and operational risk events. Specific reports are prepared on a regular basis for the Group Risk Oversight Committee, the Board Risk Committee and the Board Audit Committee. In particular, the Group Operational Risk Profile and Group Operating Committee Report is provided quarterly to the Group Risk Oversight Committee. The Internal Audit function provides further assurance for operational risk control across the organisation and reports to the Board and senior management.

Operational risk measurement and capital modelling

Barclays applies a consistent approach to the identification and assessment of key risks and controls across all business units. Managers in the businesses use self-assessment techniques to identify risks, evaluate control effectiveness and monitor capability. Business management determines whether particular risks are effectively managed within business risk appetite and otherwise takes remedial action. The risk assessment process is consistent with the principles in the integrated framework published by the Committee of Sponsoring Organisations of the Treadway Commission (COSO).

A standard process is used Group-wide for the recognition, capture, assessment, analysis and reporting of risk events. This process is used to help identify where process and control requirements are needed to reduce the recurrence of risk events. Risk events are loaded onto a central database and reported monthly to the Operational Risk Executive Committee.

Barclays also uses a database of external public risk events and is a member of the Operational Risk Data Exchange (ORX), an association of international banks that share anonymised loss data information to assist in risk identification, assessment and modelling.

By combining internal data, including internal loss experience, risk and control assessments, key indicators and audit findings, with external loss data and expert management judgement, Barclays is able to generate Key Risk Scenarios (KRSs), which identify the most significant operational risks across the Group. The KRSs are validated at business unit and at Group level to ensure that they appropriately reflect the level of operational risk. It is these that are the main input to our capital model.

Operational risk capital is allocated, on a risk sensitive basis, to business units in the form of economic capital charges, providing an incentive to manage these risks within appetite levels.

Operational Risk Events

A high proportion of Barclays operational risk events have a low financial cost associated with them and a very small proportion of operational risk events have a material impact. Figure 1 shows that in 2007, 79% of reported operational loss events had a value of £50,000 or less. Figure 2 shows that this 79% of risk events by count only amounted to 15% of risk events by value. In contrast, 2% of the operational risk events had a value of £1m or greater but accounted for 50% of the overall loss. This was consistent with 2006 risk events and, from our analysis of external data, is in line with industry experience.

Analysis of Barclays operational risk events in 2007 by Basel II category, as shown in figure 3, highlights that the highest frequency of events occurred in External Fraud (54%) and Execution, Delivery and Process Management (37%). These two areas also accounted for the majority of losses by value (figure 4), with Execution, Delivery and Process Management accounting for 52% of total operational risk losses and External Fraud accounting for 24%. This again was consistent with 2006 internal risk events and, from our analysis of external data, is in line with industry experience.

Barclays has been granted a waiver by the UK FSA to apply an Advanced Measurement Approach (AMA) for Group-wide consolidated and solus regulatory capital reporting. Barclays has applied the AMA Group-wide. The two areas where roll-out of AMA is still continuing are Banco Austral (Mozambique) and National Bank of Commerce Limited (Tanzania), where the Standardised Approach is currently applied. In certain joint ventures and associates, Barclays may not be able to apply the Advanced Operational Risk Framework. Barclays does not currently use insurance or expected losses to offset its regulatory capital requirement.

Risk management
Operational risk management

Fig. 1: Operational risk events > £10k – % of total risk events by count

Fig. 2: Operational risk events > £10k – % of total by value

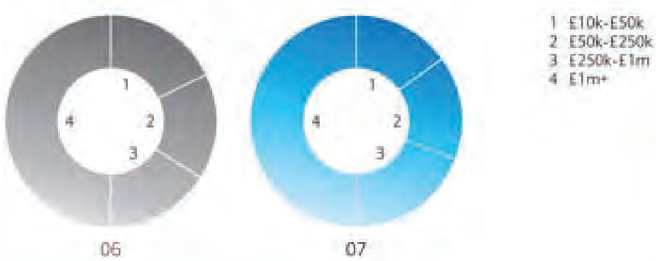


Fig. 4: Operational risk events by category – % of total by value

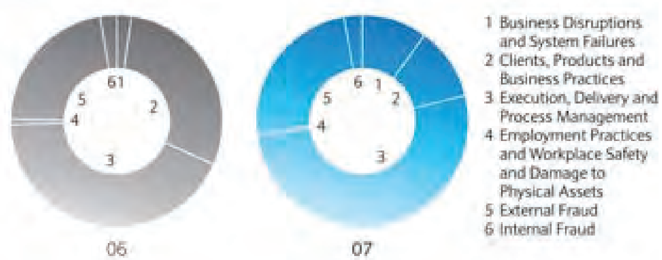


Fig. 3: Operational risk events by risk category – % of total risk events by count

Risk management
Financial crime risk management

Financial crime risk management

Barclays adopts an integrated approach to financial crime risk management. In line with the five-step risk management model, Group Financial Crime Management (GFCM) has the responsibility to direct, assess, control, report and manage/challenge financial crime risks, which are structured into three strands: anti-money laundering (AML) and sanctions; fraud; and security.

Each business unit within Barclays develops its own capability to tackle financial crime, providing regular reporting on performance, incidents and the latest trends impacting business. This integrated model allows us to:

- Develop a clear profile of financial crime risk across the Group.
- Share intelligence, adopt common standards and respond promptly to emerging issues.
- Drive forward law enforcement and other Government initiatives.
- Benchmark ourselves against other financial institutions facing similar challenges.

Anti-money laundering and sanctions risk

The Group assesses the implications of all emerging legal and regulatory requirements that impact it and establishes policies and procedures in respect of AML, terrorist financing and sanctions, updating these regularly.

It operates an AML assurance programme to ensure a system of effective controls to comply with the overarching policies, providing technical guidance and support to each business unit.

GFCM collates and oversees the preparation of Group-wide management information on AML and sanctions. This information includes risk indicators, such as volumes of suspicious activity reports (SARs) and is supplemented by trend analysis, which highlights high-risk or emerging issues so that prompt action can be taken to address them.

Three committees (the Sanctions Cross Cluster Operational Review Board, the AML Steering Committee and the Policy Review Forum) review business performance, share intelligence, develop and agree controls, and discuss emerging themes and the implementation status of policies and procedures.

All businesses contribute towards the Group Money Laundering Reporting Officers Annual Report, which is provided to Group Senior Executive Management and is available to the FSA. Together with regular management information and conformance testing, this report updates senior management with evidence that the Group's money laundering and terrorist financing risks are being appropriately, proportionally and effectively managed.

During 2007, the Group augmented its AML capability, implementing third EU money laundering directive, with its guiding principle of a risk-based approach. For AML, this must be proportionate to the perceived risks and threats, including terrorist financing.

A new Group AML Policy, launched in December 2007 and encapsulating the risk-based approach, has further improved the Group's customer due diligence procedures and standards, transaction monitoring and staff training and awareness.

The Group also implemented EU Regulation 1781/2006, which aims to ensure thorough and robust audit trails concerning electronic transfers. This assists the Group in monitoring its AML and terrorist financing and improves the information available to law enforcement authorities.

Barclays continues to upgrade its sanctions screening capabilities, in line with best international practice and changing regulatory requirements. The Group has invested substantial resources to further enhance its monitoring capabilities in this area and will continue to do so.

In 2008, the Group will review procedures to ensure compliance with forthcoming legislation concerning the Single European Payments Area (SEPA). Should the US enact current draft legislation outlawing the use of the international payments and clearing systems for perceived illegal US internet gaming transactions, further enhancements to payments activity monitoring will follow.

Risk management
Financial crime risk management

Fraud risk

The Group establishes and operates a fraud risk control framework which measures overall fraud risk exposure and controls. Together with Group-wide policies, this directs how fraud is managed.

The Group Financial Crime Management team (GFCM) is responsible for delivering the overall fraud strategy and providing oversight to Group and Business Units in order to manage fraud risk. The strategy is designed to:

– Identify emerging threats in order that effective controls are embedded across the Group and build up capability to manage risk.

– Identify and manage fraud incidents, ensuring regulatory and legal conformance, appropriate escalation and control issues are addressed to prevent further loss.

– Work proactively to highlight areas of concern in order that remediation can take place.

GFCM assesses the fraud risk of existing and emerging products, services, processes and jurisdictions to drive down fraud losses as turnover/growth increases. It also represents Barclays at trade, industry and Government bodies providing a conduit to maximise the flow of information and intelligence. GFCM also provides technical expertise to business areas whether to drive through Group solutions or provide assistance with specific incidents and investigations.

Business Units, together with product holders and channels identify their appetite for fraud loss which informs and determines the overall fraud plan. Objectives are then set around these plans.

At a business level, fraud risk/loss committees track fraud (and in some cases operational) loss. The Barclays Group Fraud Risk profile is exercised regularly through the review and challenge of the net losses and key risk metrics; these are then viewed against the overall Fraud Risk Profile (Fraud Oversight Committee).

Fraud is reported monthly to senior management both within the Business Units and to Group who provide a global oversight of fraud loss. Fraud is measured against plan for both net and gross losses and in line with the Principal Risk Policy; Key Risk Indicators (KRIs) are embedded in order that overall exposure can be established.

As a result of this process, fraud performance both at Business Unit and Group level can be measured and appropriate action taken to minimise or track significant issues.

Externally there are ‘in country’ industry-wide forums to which Barclays contributes and in some cases can benchmark performance, controls and current and emerging issues.

Barclays overall reported fraud losses fell in 2007, with most of the reduction coming from significant falls in internet banking fraud. As part of its efforts to enhance security, Barclays offers all its personal customers complimentary internet security software to reduce phishing attacks. The Group has also rolled out two-factor authentication technology using the new PINsentry device to make online transactions more secure. Enhanced transaction profiling has further improved our ability to identify where customer accounts have been targeted by fraudsters and take preventative action to protect funds.

Following the loss of personal data, including bank details, by both Government agencies and other third parties, data protection and security was a prominent theme in 2007. Barclays treats any incident of this nature with the utmost importance and has worked closely with industry and the Government to take steps to:

– Reassure customers and provide points of contact for help and guidance.

– Protect any customer accounts, whose details may have been compromised.

– Develop a standard approach for dealing with accounts that may be impacted by data security breaches.

Security risk

Group Financial Crime Management (GFCM) also manages security risk. Its fundamental objective is to allow Barclays to operate in a safe and secure manner in all existing and potential future markets.

In pursuit of this objective, the Security Risk team gathers and shares current threat assessments across business areas, using intelligence from Security and Government Agencies and ‘in country’ teams. It ensures that suitable policies and control systems are in place to protect Group business and that plans to protect high-risk personnel are fit for purpose and in line with accepted best practice.

Barclays has developed and continues to improve a robust people screening process to protect the bank from those people who want to harm the organisation, by either joining as staff members or becoming involved with its operations.

Security Risk is regularly reported by the businesses and reviewed via the Security Risk Management Committee, whose objectives are to:

– Consider the latest management information and security threat assessments.

– Drive forward mitigating action to protect the Group from potential threats.

– Provide guidance to the design and effectiveness of the overall Barclays Security Risk framework.

– Ensure all Security Risk workstreams have been effectively integrated and implemented.

– Monitor corporate security profiles against the agreed plan, tracking issues in order that remedial action can be taken.

Risk management
Statistical information

Statistical and other risk information

This section of the report contains supplementary information that is more detailed or contains longer histories than the data presented in the discussion. For commentary on this information, please refer to the preceding text (pages 74 to 85).

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

Credit risk management

Table 1: Risk Tendency by business (page 78)

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

Table 2: Loans and advances

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

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

Risk management
Statistical information

Table 3: Maturity analysis of loans and advances to banks

At 31st December 2007	On demand £m	Not more than three months £m	Over three months but not more than six months £m	Over six months but not more than one year £m	Over one year but not more than three years £m	Over three years but not more than five years £m	Over five years but not more than ten years £m	Over ten years £m	Total £m
United Kingdom	796	4,069	56	92	114	20	1	370	5,518
Other European Union	2,977	7,745	74	88	95	116	7	–	11,102
United States	321	5,736	95	1,255	343	98	5,498	97	13,443
Africa	283	1,260	131	114	196	439	158	–	2,581
Rest of the World	1,505	3,336	90	1,640	512	362	15	19	7,479
Loans and advances to banks	5,882	22,146	446	3,189	1,260	1,035	5,679	486	40,123

At 31st December 2006	On demand £m	Not more than three months £m	Over three months but not more than six months £m	Over six months but not more than one year £m	Over one year but not more than three years £m	Over three years but not more than five years £m	Over five years but not more than ten years £m	Over ten years £m	Total £m
United Kingdom	524	5,211	110	18	43	10	–	313	6,229
Other European Union	619	7,514	90	130	81	78	1	–	8,513
United States	431	2,592	363	2,634	5	809	923	1,299	9,056
Africa	701	1,027	83	91	188	85	44	–	2,219
Rest of the World	612	2,465	154	191	1,278	148	44	21	4,913
Loans and advances to banks	2,887	18,809	800	3,064	1,595	1,130	1,012	1,633	30,930

Table 4: Interest rate sensitivity of loans and advances

	2007			2006		
At 31st December	Fixed rate £m	Variable rate £m	Total £m	Fixed rate £m	Variable rate £m	Total £m
Banks	16,447	23,676	40,123	12,176	18,754	30,930
Customers	77,861	271,306	349,167	66,000	219,631	285,631

Table 5: Loans and advances to customers by industry

	IFRS				UK GAAP
At 31st December	2007 £m	2006 £m	2005 £m	2004[a] £m	2003 £m
Financial services	71,160	45,954	43,102	25,132	9,872
Agriculture, forestry and fishing	3,319	3,997	3,785	2,345	2,115
Manufacturing	16,974	15,451	13,779	9,044	7,844
Construction	5,423	4,056	5,020	3,278	2,534
Property	17,018	16,528	16,325	8,992	6,728
Government	2,036	2,426	1,718	–	–
Energy and water	8,632	6,810	6,891	3,709	3,150
Wholesale and retail, distribution and leisure	17,768	15,490	17,760	11,099	9,628
Transport	6,258	5,586	5,960	3,742	3,654
Postal and communication	5,404	2,180	1,313	834	698
Business and other services	30,363	26,999	22,529	23,223	13,913
Home loans [b]	112,087	94,635	87,003	79,164	72,318
Other personal	41,535	35,377	38,069	29,293	23,922
Overseas customers [c]	–	–	–	–	8,666
Finance lease receivables	11,190	10,142	9,088	6,938	5,877
Loans and advances to customers excluding reverse repurchase agreements	349,167	285,631	272,342	206,793	170,919
Reverse repurchase agreements	n/a	n/a	n/a	58,304	n/a
Trading business	n/a	n/a	n/a	n/a	58,961
Loans and advances to customers	349,167	285,631	272,342	265,097	229,880

Notes

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

b Excludes commercial property mortgages.

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

Table 6: Loans and advances to customers in the UK

At 31st December	IFRS 2007 £m	IFRS 2006 £m	IFRS 2005 £m	IFRS 2004[a] £m	UK GAAP 2003 £m
Financial services	**21,131**	14,011	11,958	8,774	7,721
Agriculture, forestry and fishing	**2,220**	2,307	2,409	1,963	1,766
Manufacturing	**9,388**	9,047	8,469	5,684	5,967
Construction	**3,542**	2,761	3,090	2,285	1,883
Property	**10,203**	10,010	10,547	7,912	6,341
Government	**201**	6	6	–	–
Energy and water	**2,203**	2,360	2,701	802	1,286
Wholesale and retail distribution and leisure	**13,800**	12,951	12,747	9,356	8,886
Transport	**3,185**	2,745	2,797	1,822	2,579
Postal and communication	**1,416**	899	455	440	476
Business and other services	**20,485**	19,260	15,397	13,439	12,030
Home loans[b]	**71,755**	64,150	58,730	61,348	61,905
Other personal	**26,810**	26,088	29,250	26,872	21,905
Overseas customers[c]	**–**	–	–	–	5,477
Finance lease receivables	**4,008**	3,923	5,203	5,551	5,587
Loans and advances to customers in the UK	**190,347**	170,518	163,759	146,248	143,809

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

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

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

At 31st December	IFRS 2007 £m	IFRS 2006 £m	IFRS 2005 £m	IFRS 2004[a] £m	UK GAAP 2003 £m
Financial services	**7,585**	5,629	3,982	2,419	1,205
Agriculture, forestry and fishing	**141**	786	155	280	147
Manufacturing	**4,175**	3,147	2,254	2,021	1,275
Construction	**1,159**	639	803	716	609
Property	**2,510**	2,162	3,299	344	346
Government	**–**	6	–	–	–
Energy and water	**2,425**	2,050	1,490	940	409
Wholesale and retail distribution and leisure	**1,719**	776	952	810	426
Transport	**1,933**	1,465	1,695	640	566
Postal and communication	**662**	580	432	111	40
Business and other services	**3,801**	2,343	3,594	3,795	1,251
Home loans[b]	**24,115**	18,616	16,488	11,828	10,334
Other personal	**3,905**	3,672	1,909	1,369	1,769
Overseas customers[c]	**–**	–	–	–	438
Finance lease receivables	**2,403**	1,559	1,870	937	212
Loans and advances to customers in other European Union countries	**56,533**	43,430	38,923	26,210	19,027

See note under Table 6.

Notes

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

b Excludes commercial property mortgages.

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

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

	IFRS				UK GAAP
At 31st December	**2007 £m**	2006 £m	2005 £m	2004[a] £m	2003 £m
Financial services	**29,342**	17,516	16,229	9,942	919
Agriculture, forestry and fishing	**2**	2	1	–	1
Manufacturing	**818**	519	937	388	341
Construction	**18**	13	32	139	2
Property	**568**	1,714	329	394	1
Government	**221**	153	300	–	–
Energy and water	**1,279**	1,078	1,261	891	1,358
Wholesale and retail distribution and leisure	**398**	403	794	466	77
Transport	**137**	128	148	186	468
Postal and communication	**2,446**	36	236	63	153
Business and other services	**1,053**	1,432	885	1,565	220
Home loans[b]	**458**	349	2	5,768	–
Other personal	**3,256**	2,022	1,443	845	–
Finance lease receivables	**304**	312	328	335	33
Loans and advances to customers in the United States	**40,300**	25,677	22,925	20,982	3,573

See note under Table 6.

Table 9: Loans and advances to customers in Africa

	IFRS				UK GAAP
At 31st December	**2007 £m**	2006 £m	2005 £m	2004[a] £m	2003 £m
Financial services	**3,472**	2,821	4,350	186	27
Agriculture, forestry and fishing	**956**	889	1,193	102	201
Manufacturing	**1,351**	1,747	1,501	313	261
Construction	**637**	591	1,068	76	40
Property	**2,433**	1,987	1,673	87	40
Government	**967**	785	625	–	–
Energy and water	**356**	156	193	184	97
Wholesale and retail distribution and leisure	**1,326**	1,050	2,774	165	239
Transport	**116**	354	394	137	41
Postal and communication	**231**	241	27	52	29
Business and other services	**1,285**	2,631	1,258	1,012	412
Home loans[b]	**15,314**	11,223	11,630	214	79
Other personal	**6,366**	2,976	4,955	190	248
Finance lease receivables	**4,357**	4,240	1,580	41	45
Loans and advances to customers in Africa	**39,167**	31,691	33,221	2,759	1,759

See note under Table 6.

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

	IFRS				UK GAAP
At 31st December	**2007 £m**	2006 £m	2005 £m	2004[a] £m	2003 £m
Loans and advances	**22,702**	14,207	13,407	10,520	2,751
Finance lease receivables	**118**	108	107	74	–
Loans and advances to customers in the Rest of the World	**22,820**	14,315	13,514	10,594	2,751

Notes

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

b Excludes commercial property mortgages.

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Table 11: Maturity analysis of loans and advances to customers

At 31st December 2007	On demand £m	Not more than three months £m	Over three months but not more than six months £m	Over six months but not more than one year £m	Over one year but not more than three years £m	Over three years but not more than five years £m	Over five years but not more than ten years £m	Over ten years £m	Total £m
United Kingdom									
Corporate lending[a]	26,557	15,737	2,453	3,834	8,474	8,358	10,718	11,643	87,774
Other lending to customers in the United Kingdom	4,384	4,717	2,106	3,597	11,517	8,699	19,325	48,228	102,573
Total United Kingdom	30,941	20,454	4,559	7,431	19,991	17,057	30,043	59,871	190,347
Other European Union	4,016	7,665	2,229	3,284	5,842	4,883	8,842	19,772	56,533
United States	3,053	20,205	3,430	5,938	1,904	2,498	2,658	614	40,300
Africa	6,806	4,243	881	1,969	5,568	4,124	2,285	13,291	39,167
Rest of the World	1,085	9,733	1,695	859	2,223	2,586	3,685	954	22,820
Loans and advances to customers	45,901	62,300	12,794	19,481	35,528	31,148	47,513	94,502	349,167

At 31st December 2006	On demand £m	Not more than three months £m	Over three months but not more than six months £m	Over six months but not more than one year £m	Over one year but not more than three years £m	Over three years but not more than five years £m	Over five years but not more than ten years £m	Over ten years £m	Total £m
United Kingdom									
Corporate lending[a]	22,923	13,569	2,262	2,850	7,562	8,499	8,349	10,342	76,356
Other lending to customers in the United Kingdom	3,784	4,427	2,110	3,586	11,937	7,459	16,358	44,501	94,162
Total United Kingdom	26,707	17,996	4,372	6,436	19,499	15,958	24,707	54,843	170,518
Other European Union	2,137	6,254	1,744	2,869	4,783	4,397	6,565	14,681	43,430
United States	2,489	11,630	1,689	3,402	1,949	1,871	1,464	1,183	25,677
Africa	2,575	2,471	1,272	2,177	5,212	4,177	3,555	10,252	31,691
Rest of the World	86	6,377	1,015	1,020	1,116	1,465	1,800	1,436	14,315
Loans and advances to customers	33,994	44,728	10,092	15,904	32,559	27,868	38,091	82,395	285,631

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

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

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

Note

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

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

	2007 £m	2006 £m	2005 £m
Off-balance sheet exposures			
Contingent liabilities	45,774	39,419	47,143
Commitments	192,639	205,504	203,785
On-balance sheet exposures			
Trading portfolio assets	193,691	177,867	155,723
Financial assets designated at fair value held on own account	56,629	31,799	12,904
Derivative financial instruments	248,088	138,353	136,823
Available for sale financial investments	43,072	51,703	53,497

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

	2007 £m	2006 £m	2005 £m
Credit derivatives held or issued for trading purposes[a]	2,472,249	1,224,548	609,381
Total	2,472,249	1,224,548	609,381

Table 15: Credit risk loans summary

	IFRS				UK GAAP
At 31st December	2007 £m	2006 £m	2005 £m	2004[b] £m	2003 £m
Impaired loans[c]	8,574	4,444	4,550	n/a	n/a
Non-accruing loans	n/a	n/a	n/a	2,115	2,261
Accruing loans where interest is being suspended with or without provisions	n/a	n/a	n/a	492	629
Other accruing loans against which provisions have been made	n/a	n/a	n/a	943	821
Subtotal	8,574	4,444	4,550	3,550	3,711
Accruing loans which are contractually overdue 90 days or more as to principal or interest	794	598	609	550	590
Impaired and restructured loans	273	46	51	15	4
Credit risk loans	9,641	5,088	5,210	4,115	4,305

Notes

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

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

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

Table 16: Credit risk loans

At 31st December	IFRS 2007 £m	IFRS 2006 £m	IFRS 2005 £m	IFRS 2004[a] £m	UK GAAP 2003 £m
Impaired loans: [b]					
United Kingdom	**3,605**	3,340	2,965	n/a	n/a
Other European Union	**472**	410	345	n/a	n/a
United States	**3,703**	129	230	n/a	n/a
Africa	**757**	535	831	n/a	n/a
Rest of the World	**37**	30	179	n/a	n/a
Total	**8,574**	4,444	4,550	n/a	n/a
Non-accrual loans:					
United Kingdom	**n/a**	n/a	n/a	1,509	1,572
Other European Union	**n/a**	n/a	n/a	243	143
United States	**n/a**	n/a	n/a	258	383
Africa	**n/a**	n/a	n/a	74	86
Rest of the World	**n/a**	n/a	n/a	31	77
Total	**n/a**	n/a	n/a	2,115	2,261
Accruing loans where interest is being suspended with or without provisions:					
United Kingdom	**n/a**	n/a	n/a	323	559
Other European Union	**n/a**	n/a	n/a	31	29
Africa	**n/a**	n/a	n/a	21	37
Rest of the World	**n/a**	n/a	n/a	117	4
Total	**n/a**	n/a	n/a	492	629
Other accruing loans against which provisions have been made:					
United Kingdom	**n/a**	n/a	n/a	865	760
Other European Union	**n/a**	n/a	n/a	27	35
United States	**n/a**	n/a	n/a	26	–
Africa	**n/a**	n/a	n/a	21	22
Rest of the World	**n/a**	n/a	n/a	4	4
Total	**n/a**	n/a	n/a	943	821
Accruing loans which are contractually overdue 90 days or more as to principal or interest:					
United Kingdom	**676**	516	539	513	566
Other European Union	**79**	58	53	34	24
United States	**10**	3	–	1	–
Africa	**29**	21	17	1	–
Rest of the World	**–**	–	–	1	–
Total	**794**	598	609	550	590
Impaired and restructured loans:					
United Kingdom	**179**	–	5	2	4
Other European Union	**14**	10	7	–	–
United States	**38**	22	16	13	–
Africa	**42**	14	23	–	–
Total	**273**	46	51	15	4
Total credit risk loans:					
United Kingdom	**4,460**	3,856	3,509	3,212	3,461
Other European Union	**565**	478	405	335	231
United States	**3,751**	154	246	298	383
Africa	**828**	570	871	117	145
Rest of the World	**37**	30	179	153	85
Credit risk loans	**9,641**	5,088	5,210	4,115	4,305

Notes

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

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

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Table 17: Potential problem loans

At 31st December	IFRS 2007 £m	IFRS 2006 £m	IFRS 2005 £m	IFRS 2004[a] £m	UK GAAP 2003 £m
United Kingdom	419	465	640	658	989
Other European Union	59	32	26	32	23
United States	964	21	12	27	259
Africa	355	240	248	67	53
Rest of the World	–	3	3	14	3
Potential problem loans[b]	1,797	761	929	798	1,327

Table 18: Interest foregone on credit risk loans

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

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

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

Table 19: Analysis of impairment/provision charges

At 31st December	IFRS 2007 £m	IFRS 2006 £m	IFRS 2005 £m	IFRS 2004[a] £m	UK GAAP 2003 £m
Impairment charge/net specific provisions charge					
United Kingdom	1,593	1,880	1,382	1,021	1,132
Other European Union	123	92	75	102	37
United States	374	12	76	57	84
Africa	214	143	37	27	21
Rest of the World	2	(53)	4	103	46
Impairment on loans and advances	2,306	2,074	1,574	n/a	n/a
Impairment on available for sale assets	13	86	4	n/a	n/a
Impairment charge	2,319	2,160	1,578	n/a	n/a
Total net specific provisions charge	n/a	n/a	n/a	1,310	1,320
General provisions (release)/charge	n/a	n/a	n/a	(206)	27
Other credit provisions charge/(release)	476	(6)	(7)	(11)	–
Impairment/provision charges	2,795	2,154	1,571	1,093	1,347

Notes

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

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

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

	IFRS				UK GAAP
	2007	2006	2005	2004 [a]	2003
	%	%	%	%	%
Impairment/provisions charges as a percentage of average loans and advances for the year:					
Specific provisions charge	n/a	n/a	n/a	0.40	0.46
General provisions charge	n/a	n/a	n/a	(0.07)	0.01
Impairment charge	0.64	0.66	0.58	n/a	n/a
Total	0.64	0.66	0.58	0.33	0.47
Amounts written off (net of recoveries)	0.49	0.61	0.50	0.40	0.48

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

	IFRS				UK GAAP
	2007	2006	2005	2004 [a]	2003
	£m	£m	£m	£m	£m
Impairment allowance/Specific provisions					
United Kingdom	2,526	2,477	2,266	1,683	1,856
Other European Union	344	311	284	149	97
United States	356	100	130	155	121
Africa	514	417	647	70	79
Rest of the World	32	30	123	90	80
Specific provision balances	n/a	n/a	n/a	2,147	2,233
General provision balances	n/a	n/a	n/a	564	795
Allowance for impairment provision balances	3,772	3,335	3,450	2,711	3,028
Average loans and advances for the year	357,853	313,614	271,421	328,134	285,963

Table 22: Allowance for impairment/provision balance ratios

	IFRS				UK GAAP
	2007	2006	2005	2004 [a]	2003
	%	%	%	%	%
Allowance for impairment/provision balance at end of year as a percentage of loans and advances at end of year:					
Specific provision balances	n/a	n/a	n/a	0.62	0.77
General provision balances	n/a	n/a	n/a	0.16	0.27
Impairment balance	0.97	1.05	1.14	n/a	n/a
Total	0.97	1.05	1.14	0.78	1.04

Notes

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

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

	IFRS				UK GAAP
	2007 £m	2006 £m	2005 £m	2004 [a] £m	2003 £m
Allowance for impairment/provision balance at beginning of year	3,335	3,450	2,637	2,946	2,998
Acquisitions and disposals	(73)	(23)	555	21	62
Unwind of discount	(113)	(98)	(76)	n/a	n/a
Exchange and other adjustments	53	(153)	125	(33)	(18)
Amounts written off	(1,963)	(2,174)	(1,587)	(1,582)	(1,474)
Recoveries	227	259	222	255	113
Impairment/provision charged against profit [b]	2,306	2,074	1,574	1,104	1,347
Allowance for impairment/provision balance at end of year	3,772	3,335	3,450	2,711	3,028

Table 24: Amounts written off

	IFRS				UK GAAP
	2007 £m	2006 £m	2005 £m	2004 [a] £m	2003 £m
United Kingdom	(1,530)	(1,746)	(1,302)	(1,280)	(1,175)
Other European Union	(143)	(74)	(56)	(63)	(54)
United States	(145)	(46)	(143)	(50)	(215)
Africa	(145)	(264)	(81)	(15)	(13)
Rest of the World	–	(44)	(5)	(174)	(17)
Amounts written off	(1,963)	(2,174)	(1,587)	(1,582)	(1,474)

Table 25: Recoveries

	IFRS				UK GAAP
	2007 £m	2006 £m	2005 £m	2004 [a] £m	2003 £m
United Kingdom	154	178	160	217	95
Other European Union	32	18	13	9	7
United States	7	22	15	14	10
Africa	34	33	16	4	1
Rest of the World	–	8	18	11	–
Recoveries	227	259	222	255	113

Notes

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

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

Table 26: Impairment allowances/provision charged against profit

	IFRS 2007 £m	IFRS 2006 £m	IFRS 2005 £m	IFRS 2004 [a] £m	UK GAAP 2003 £m
New and increased impairment allowance/specific provision charge:					
United Kingdom	**1,960**	2,253	1,763	1,358	1,373
Other European Union	**192**	182	113	131	57
United States	**431**	60	105	85	118
Africa	**268**	209	109	47	33
Rest of the World	**20**	18	39	134	47
	2,871	2,722	2,129	1,755	1,628
Reversals of impairment allowance/specific provision charge:					
United Kingdom	**(213)**	(195)	(221)	(120)	(146)
Other European Union	**(37)**	(72)	(25)	(20)	(13)
United States	**(50)**	(26)	(14)	(14)	(24)
Africa	**(20)**	(33)	(56)	(16)	(10)
Rest of the World	**(18)**	(63)	(17)	(20)	(2)
	(338)	(389)	(333)	(190)	(195)
Recoveries	**(227)**	(259)	(222)	(255)	(113)
Net impairment allowance/specific provision charge [b]	**2,306**	2,074	1,574	1,310	1,320
General provision (release)/charge	**n/a**	n/a	n/a	(206)	27
Net charge to profit	**2,306**	2,074	1,574	1,104	1,347

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

	IFRS 2007 £m	IFRS 2006 £m	IFRS 2005 £m	IFRS 2004 [a] £m	UK GAAP 2003 £m
United Kingdom:					
Financial services	**32**	64	22	(1)	13
Agriculture, forestry and fishing	**–**	5	9	–	(3)
Manufacturing	**72**	1	120	28	79
Construction	**14**	17	14	10	(23)
Property	**36**	15	18	(42)	(3)
Energy and water	**1**	(7)	1	3	13
Wholesale and retail distribution and leisure	**118**	88	39	66	38
Transport	**3**	19	(27)	(19)	100
Postal and communication	**15**	15	3	(1)	1
Business and other services	**81**	133	45	64	76
Home loans	**1**	4	(7)	17	9
Other personal	**1,187**	1,526	1,142	894	757
Overseas customers [c]	**–**	–	–	–	66
Finance lease receivables	**33**	–	3	2	9
	1,593	1,880	1,382	1,021	1,132
Overseas	**713**	194	192	289	188
Impairment/specific provision charges [c]	**2,306**	2,074	1,574	1,310	1,320

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

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

Notes

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

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

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

Risk management
Statistical information

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

	IFRS								UK GAAP	
	2007		2006		2005		2004[a]		2003	
	£m	%	£m	%	£m	%	£m	%	£m	%
United Kingdom:										
Financial services	103	2.7	67	2.0	26	0.8	7	0.3	12	0.5
Agriculture, forestry and fishing	5	0.1	17	0.5	12	0.3	4	0.2	5	0.2
Manufacturing	65	1.7	85	2.5	181	5.2	37	1.7	58	2.6
Construction	16	0.4	16	0.5	13	0.4	6	0.3	7	0.3
Property	54	1.4	26	0.8	24	0.7	26	1.2	3	0.1
Energy and water	1	–	–	–	18	0.5	23	1.0	27	1.2
Wholesale and retail distribution and leisure	102	2.7	81	2.4	99	2.9	70	3.3	52	2.3
Transport	11	0.3	24	0.7	32	0.9	55	2.6	103	4.6
Postal and communication	25	0.7	12	0.4	2	0.1	13	0.6	15	0.7
Business and other services	158	4.2	186	5.6	102	3.0	105	4.9	121	5.4
Home loans	15	0.4	10	0.3	50	1.4	58	2.7	55	2.5
Other personal [b]	1,915	50.8	1,953	58.6	1,696	49.2	1,265	58.9	1,359	60.9
Overseas customers [c]	–	–	–	–	–	–	–	–	24	1.1
Finance lease receivables	56	1.5	–	–	11	0.3	14	0.7	15	0.7
	2,526	67.0	2,477	74.3	2,266	65.7	1,683	78.4	1,856	83.1
Overseas	1,246	33.0	858	25.7	1,184	34.3	464	21.6	377	16.9
Total	3,772	100.0	3,335	100.0	3,450	100.0	2,147	100.0	2,233	100.0

See note under Table 27.

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

	Amounts written off for the year					Recoveries of amounts previously written off				
	IFRS				UK GAAP	IFRS				UK GAAP
	2007	2006	2005	2004[a]	2003	2007	2006	2005	2004[a]	2003
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
United Kingdom:										
Financial services	6	13	2	7	14	1	–	1	3	12
Agriculture, forestry and fishing	5	8	3	2	–	2	1	–	1	1
Manufacturing	83	73	47	79	126	7	21	11	30	8
Construction	23	17	15	13	19	3	2	1	2	14
Property	16	23	4	2	5	10	6	1	69	1
Energy and water	–	1	22	9	15	–	2	–	2	–
Wholesale and retail distribution and leisure	109	120	85	55	45	12	14	25	7	5
Transport	13	11	29	44	5		1	10	15	1
Postal and communication	3	5	15	2	1	–	–	–	1	–
Business and other services	83	124	83	96	58	22	17	14	16	11
Home loans	1	–	2	19	11	1	7	4	5	3
Other personal	1,164	1,351	992	948	790	96	107	92	65	38
Overseas customers [b]	–	–	–	–	82	–	–	–	–	–
Finance lease receivables	24	–	3	4	4	–	–	1	1	1
	1,530	1,746	1,302	1,280	1,175	154	178	160	217	95
Overseas	433	428	285	302	299	73	81	62	38	18
Total	1,963	2,174	1,587	1,582	1,474	227	259	222	255	113

See note under Table 27.

Notes

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

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

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

	IFRS				UK GAAP
	2007	2006	2005	2004[a]	2003
	%	%	%	%	%
United Kingdom	56.6	64.2	64.6	68.1	74.2
Other European Union	60.9	65.1	70.1	60.9	71.4
United States	9.5	64.9	52.8	57.0	39.2
Africa	62.1	73.2	74.3	68.4	54.5
Rest of the World	86.5	100.0	68.7	71.9	94.1
Total coverage of credit risk loans	39.1	65.6	66.2	66.9	71.5
Total coverage of credit risk loans excluding ABS CDO Super Senior exposure	55.6	65.6	66.2	66.9	71.5

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

	IFRS				UK GAAP
	2007	2006	2005	2004[a]	2003
	%	%	%	%	%
United Kingdom	51.8	57.3	54.6	56.5	57.7
Other European Union	55.1	61.0	65.9	55.6	65.0
United States	7.6	57.1	50.4	52.3	23.4
Africa	43.4	51.5	57.8	43.5	39.9
Rest of the World	86.5	91.0	67.6	65.9	90.9
Total coverage of potential credit risk lending	33.0	57.0	56.2	56.0	54.6
Total coverage of potential credit risk lenders excluding ABS CDO Super Senior exposure	49.0	57.0	56.2	56.0	54.6

Allowance coverage of credit risk loans and potential credit risk loans excluding the drawn ABS CDO Super Senior exposure decreased to 55.6% (31st December 2006: 65.6%) and 49.0% (31st December 2006: 57.0%), respectively. The decrease in these ratios reflected a change in the mix of credit risk loans and potential credit risk loans: unsecured retail exposures, where the recovery outlook is relatively low, decreased as a proportion of the total as the collections and underwriting processes were improved. Secured retail and wholesale and corporate exposures, where the recovery outlook is relatively high, increased as a proportion of credit risk loans and potential credit risk loans.

Allowance coverage of ABS CDO Super Senior credit risk loans was low relative to allowance coverage of other credit risk loans since substantial protection against loss is also provided by subordination and hedges. On ABS CDO Super Senior exposures, the combination of subordination, hedging and writedowns provide protection against loss levels to 72% on US sub-prime collateral as at 31st December 2007.

Note

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

Risk management
Supervision and regulation

Supervision and regulation

The Group's operations, including its overseas offices, subsidiaries and associates, are subject to rules and regulations, including reserve and reporting requirements and conduct of business requirements, imposed by the relevant central banks and regulatory authorities.

In the UK, the FSA is the independent body responsible for the regulation of deposit taking, life insurance, home mortgages, general insurance and investment business. The FSA was established by the Government and it exercises statutory powers under the Financial Services and Markets Act 2000.

Barclays Bank PLC is authorised by the FSA to carry on a range of regulated activities within the UK and is subject to consolidated supervision. In its role as supervisor, the FSA seeks to ensure the safety and soundness of financial institutions with the aim of strengthening, but not guaranteeing, the protection of customers. The FSA's continuing supervision of financial institutions authorised by it is conducted through a variety of regulatory tools, including the collection of information from statistical and prudential returns, reports obtained from skilled persons, visits to firms and regular meetings with management to discuss issues such as performance, risk management and strategy.

The FSA adopts a risk-based approach to supervision. The starting point for supervision of all financial institutions is a systematic analysis of the risk profile for each authorised firm. The FSA has adopted a homogeneous risk, processes and resourcing model in its approach to its supervisory responsibilities (known as the ARROW model) and the results of the risk assessment are used by the FSA to develop a risk mitigation programme for a firm. The FSA also promulgates requirements that banks and other financial institutions are required to meet on matters such as capital adequacy, limits on large exposures to individual entities and groups of closely connected entities, liquidity and rules of business conduct. Certain of these requirements derive from EU directives as described below.

Banks, insurance companies and other financial institutions in the UK are subject to a single financial services compensation scheme (the Financial Services Compensation Scheme) where an authorised firm is unable or is likely to be unable to meet claims made against it because of its financial circumstances. Different levels of compensation are available to eligible claimants depending upon whether the protected claim is in relation to a deposit, a contract of insurance or protected investment business and certain types of claims are subject to maximum levels of compensation. Most deposits made with branches of Barclays Bank PLC within the European Economic Area (EEA) which are denominated in Sterling or other EEA currencies (including the euro) are covered by the Scheme. Most claims made in respect of designated investment business will also be protected claims if the business was carried on from the UK or from a branch of the bank or investment firm in another EEA member state. The arrangements for compensating depositors and for dealing with failed banks are currently subject to consultation by the UK Tripartite Authorities – HM Treasury, the FSA and the Bank of England. The Government has committed to presenting proposals for legislation to Parliament on these matters in the course of 2008.

Outside the UK, the Group has operations (and main regulators) located in continental Europe, in particular France, Germany, Spain, Switzerland, Portugal and Italy (local central banks and other regulatory authorities); Asia Pacific (various regulatory authorities including the Hong Kong Monetary Authority, the Financial Services Agency of Japan, the Australian Securities and Investments Commission , the Monetary Authority of Singapore, the China Banking Regulatory Commission and the Reserve Bank of India); Africa and the Middle East (various regulatory authorities including the South African Reserve Bank and the Financial Services Board and the regulatory authorities of the United Arab Emirates) and the United States of America (the Board of Governors of the Federal Reserve System (FRB), the Office of the Comptroller of the Currency (OCC) and the Securities and Exchange Commission).

In Europe, the UK regulatory agenda is considerably shaped and influenced by the directives emanating from the EU. A number of EU directives have recently been implemented, for example the Capital Requirements Directive and the Markets in Financial Instruments Directive ('MiFID'). These form part of the European Single Market programme, an important feature of which is the framework for the regulation of authorised firms. This framework, which continues to evolve, is designed to enable a credit institution or investment firm authorised in one EU member state to

Barclays operations in South Africa, including Absa Group Limited, are supervised and regulated by the South African Reserve Bank (SARB) and the Financial Services Board (FSB). SARB oversees the banking industry and follows a risk-based approach to supervision whilst the FSB oversees the non-banking financial services industry and focuses on enhancing consumer protection and regulating market conduct.

In the United States, Barclays PLC, Barclays Bank PLC, and certain US subsidiaries and branches of the Bank are subject to a comprehensive regulatory structure involving numerous statutes, rules and regulations. Barclays branch operations in New York and Florida are licensed by, and subject to regulation and examination by, their respective licensing authorities, the New York State Banking Department and the Florida Office of Financial Regulation. Barclays Global Investors, NA is a federally-chartered trust company subject to regulation and examination by the OCC. Barclays Bank Delaware is subject to regulation and examination by the Federal Deposit Insurance Corporation and the Delaware State Banking Commissioner. In addition, the FRB is the primary US federal regulator for the New York and Florida branch operations and also exercises regulatory authority over Barclays other US operations. The regulation of Barclays US branches and subsidiaries imposes restrictions on the activities of those branches and subsidiaries.

In addition to the direct regulation of Barclays US banking offices, Barclays US operations subject Barclays to regulation by the FRB under various laws, including the International Banking Act of 1978 and the Bank Holding Company Act of 1956 (BHC Act). Barclays PLC, Barclays Bank PLC and Barclays Group US Inc. are bank holding companies registered with the FRB as well as financial holding companies under the BHC Act. Financial holding companies may engage in a broader range of financial and related activities than are permitted to banking organizations that do not maintain financial holding company status, including underwriting and dealing in all types of securities. To maintain the financial holding company status of each of Barclays PLC, Barclays Bank PLC and Barclays Group US Inc., Barclays Bank PLC is required to meet or exceed certain capital ratios and to be deemed to be "well managed". Barclays Bank Delaware must also meet certain capital requirements, be deemed to be "well managed" and must have at least a "satisfactory" rating under the Community Reinvestment Act of 1977.

A major focus of US governmental policy relating to financial institutions in recent years has been combating money laundering and terrorist financing and enforcing compliance with US economic sanctions. Regulations applicable to US operations of Barclays Bank PLC and its subsidiaries impose obligations to maintain appropriate policies, procedures and controls to detect, prevent and report money laundering and terrorist financing and to ensure compliance with US economic sanctions against designated foreign countries, nationals and others. Failure of a financial institution to maintain and implement adequate programmes to combat money laundering and terrorist financing or to ensure economic sanction compliance could have serious legal and reputational consequences for the institution. See Financial Statement Note 36 for further discussion of competition and regulatory matters.

Another recent focus of US governmental policy relating to the financial services sector generally has been on disclosure and sales practices relating to the sector's subprime mortgage and other lending.

Barclays investment banking operations are subject to regulations that cover all aspects of the securities business, including:

– Trade practices among broker-dealers

– Capital structure

– Record-keeping

– The financing of customers' purchases

– Procedures for compliance with US securities law

Barclays Capital Inc. and the other subsidiaries that conduct these operations are regulated by a number of different government agencies and self-regulatory organizations, including the Securities and Exchange Commission and the Financial Institution Regulatory Authority or FINRA. These regulators have available a variety of sanctions, including the authority to conduct administrative proceedings that can result in censure, fines, the issuance of cease-and-desist orders or the suspension or expulsion of the entity or its directors, officers or employees.

Barclays subsidiaries in the US are also subject to regulation by applicable conduct banking or investment business through the establishment of branches or by the provision of services on a cross-border basis in other member states without the need for local authorisation. Barclays operations in Europe are authorised and regulated by a combination of both home (the FSA) and host regulators.

federal and state regulators of their activities in the asset management, investment advisory, mutual fund and mortgage lending businesses.

Governance

Board and Executive Committee

1.Marcus Agius
Group Chairman (*Age 61*)
Marcus joined the Board on 1st September 2006 and succeeded Matthew Barrett as Chairman from 1st January 2007. Marcus is the senior non-executive Director of the BBC and was Chairman of Lazard in London and a Deputy Chairman of Lazard LLC until 31st December 2006. He was formerly Chairman of BAA PLC, a position he held from 2002 until December 2006. Marcus is Trustee to the Board of the Royal Botanic Gardens, Kew and Chairman of The Foundation and Friends of the Royal Botanic Gardens, Kew. Marcus is Chairman of the Board Corporate Governance and Nominations Committee and a member of the Board HR and Remuneration Committee.

2.David Booth
Non-executive Director (*Age 53*)
David joined the Board on 1st May 2007. He became a member of the Board Risk Committee on 1st January 2008. He currently manages his own venture capital investments, having retired from the Management Committee of Morgan Stanley in 1997. David was employed by Morgan Stanley from 1982 to 1992 and again from 1995 to 1997. He held various positions there, including Head of Government Bond Trading, Head of Mortgage Trading, Sales and Finance and Head of Global Operations and Technology. In 1992-93, he was President and a Director of Discount Corporation of New York. In 1994-95, he was a consultant to Morgan Stanley regarding the relocation of its New York City headquarters. David is also a Trustee of the Brooklyn Botanic Garden and Chair of its Investment Committee.

3.Sir Richard Broadbent
Senior Independent Director (*Age 54*)
Sir Richard joined the Board in September 2003. He was appointed Senior Independent Director on 1st September 2004. Sir Richard is Chairman of Arriva PLC and was previously the Executive Chairman of HM Customs and Excise from 2000 to 2003. He was formerly a member of the Group Executive Committee of Schroders PLC and a non-executive Director of the Securities Institute. Sir Richard is Chairman of the Board Risk Committee and the Board HR and Remuneration Committee. He is also a member of the Board Corporate Governance and Nominations Committee.

4.Leigh Clifford, AO
Non-executive Director (*Age 60*)
Leigh joined the Board on 1st October 2004. He joined Rio Tinto in 1970 and was a Director of Rio Tinto PLC from 1994 and Rio Tinto Limited from 1995 and was Chief Executive of the Rio Tinto Group from 2000 until May 2007. Leigh was appointed to the Bechtel Board of Counsellors in May 2007 and as a non-executive Director of Qantas Airways in September 2007. He became Chairman of Qantas in November 2007. He is a member of the Board HR and Remuneration Committee and a member of the Barclays Asia Pacific Advisory Committee.

5.Fulvio Conti
Non-executive Director (*Age 60*)
Fulvio joined the Board on 1st April 2006. Fulvio is Chief Executive Officer and General Manager of Enel SpA, the Italian energy group, a position he has held since May 2005. He became Chief Financial Officer of Enel SpA in 1999. Fulvio was formerly Chief Financial Officer and General Manager of Telecom Italia and between 1996 and 1998 was General Manager and Chief Financial Officer of Ferrovie dello Stato, the Italian national railway. From 1991 to 1993 he was head of the accounting, finance, and control department of Montecatini and was subsequently in charge of finance at Montedison-Compart, overseeing the financial restructuring of the group. He has been a non-executive Director of AON Corporation since January 2008. Fulvio is a member of the Board Audit Committee.

6.Dr Daniël Cronjé
Non-executive Director (*Age 61*)
Daniël joined the Board on 1st September 2005 following the acquisition by Barclays of a majority stake in Absa, where he was Chairman. Daniël joined Absa in 1987 and was formerly Deputy Chief Executive and Group Chief Executive until 1997. He joined Volkskas in 1975 and held various positions in Volkskas Merchant Bank and Volkskas Group. Daniël retired as Chairman of Absa on 1st July 2007 and from the Absa Board on 31st July 2007. He is currently a Director of TSB Sugar RSA Limited and Sappi Limited. He is a member of the Board Risk Committee. Daniël does not intend to seek re-election at the 2008 Annual General Meeting and will therefore leave the Board at the conclusion of the Annual General Meeting in April 2008.

7.Professor Dame Sandra Dawson
Non-executive Director (*Age 61*)
Sandra joined the Board in March 2003. She is currently KPMG Professor of Management Studies at the University of Cambridge and has been Master of Sidney Sussex College, Cambridge since1999. She is also a Trustee and Director of Oxfam, and is a member of the UK-India Round Table, the Advisory Board of UK India Business Council and Chair of the Executive Steering Committee of the Advanced Institute of Management. Until September 2006, Sandra was Director of the Judge Business School at Cambridge, a position she had held since 1995. Sandra has held a range of non-executive posts in organisations including Rand Europe (UK), JP Morgan Fleming Claverhouse Investment Trust, and Riverside Mental Health Trust. She was also a member of the Senior Salaries Review Board. She is a member of the Board Audit Committee.

8.Sir Andrew Likierman
Non-executive Director (*Age 64*)
Sir Andrew joined the Board on 1st September 2004. He was previously Managing Director, Financial Management, Reporting and Audit and Head of the Government Accountancy Service at HM Treasury. He is Professor of Management Practice in Accounting at the London Business School and a non-executive Director of the Bank of England. Sir Andrew was formerly a non-executive Director and Chairman of MORI Group Limited. He is also a non-executive Director and Vice-Chairman of the Tavistock and Portman NHS Trust and non-executive Chairman of Applied Intellectual Capital PLC. Sir Andrew is a member of the Board Audit and Board Risk Committees.

9.Sir Michael Rake
Non-executive Director (*Age 60*)
Sir Michael was appointed to the Board with effect from 1st January 2008. He also became a member of the Board Audit Committee. Sir Michael is a former Chairman of KPMG International and is currently Chairman of BT Group plc and Chairman of the UK Commission for Employment and Skills. He is also a Director of The McGraw-Hill Companies and the Financial Reporting Council. Sir Michael was Chairman of Business in the Community from 2004 to 2007.


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10.Sir Nigel Rudd, DL
Deputy Chairman
Non-executive Director *(Age 61)*
Sir Nigel joined the Board in February 1996 and was appointed Deputy Chairman on 1st September 2004. He is non-executive Chairman of Pendragon PLC and BAA Limited. He is also a non-executive Director of BAE Systems PLC and Sappi Limited. He was formerly Chairman of Alliance Boots PLC, a position he held until June 2007. He is a member of the Board Corporate Governance and Nominations Committee and also chairs the Group's Brand and Reputation Committee.

11.Stephen Russell
Non-executive Director *(Age 62)*
Stephen joined the Board in October 2000 on completion of the acquisition of Woolwich PLC. He was Chief Executive of Boots Group PLC from 2000 until 2003, having worked for Boots since 1967. Stephen is a trustee of St. John's Ambulance and Tommy's the Baby Charity and is on the Council of Nottingham University. He joined the Board of Network Rail as a non-executive Director in September 2007 and became Chairman of Business Control Solutions Group in October 2007. Stephen is Chairman of the Board Audit Committee and is a member of the Board Risk and Board Corporate Governance and Nominations Committees.

12.Sir John Sunderland
Non-executive Director *(Age 62)*
Sir John joined the Board on 1st June 2005. He has been Chairman of Cadbury Schweppes PLC since May 2003. Sir John joined Cadbury Schweppes in 1968 and was appointed Chief Executive in September 1996. He is President of the Chartered Management Institute and Deputy President of the CBI, having retired as President on 31st December 2006. He is a former President of both ISBA (the Incorporated Society of British Advertisers) and the Food and Drink Federation. Sir John is a Director of the Financial Reporting Council, an Adviser to CVC Capital Partners, an Advisory Board Member of Trinsum Group and an Association Member of BUPA. He is a member of the Board HR and Remuneration and Board Corporate Governance and Nominations Committees.

13.Patience Wheatcroft
Non-executive Director *(Age 56)*
Patience was appointed to the Board on 1st January 2008. An established financial journalist and national newspaper editor, Patience is a former Editor of *The Sunday Telegraph* and was Business and City Editor of *The Times* between 1997 and 2006. She is a non-executive Director of Shaftesbury PLC, a member of the UK/India Round Table and a member of the British Olympic Association Advisory Board.

14.John Varley
Group Chief Executive
Executive Director and Chairman of Executive Committee *(Age 51)*
John was appointed as Group Chief Executive on 1st September 2004, prior to which he had been Group Deputy Chief Executive from 1st January 2004. He held the position of Group Finance Director from 2000 until the end of 2003. John joined the Executive Committee in September 1996 and was appointed to the Board in June 1998. He was Chief Executive of Retail Financial Services from 1998 to 2000 and Chairman of the Asset Management Division from 1995 to 1998. He is Chairman of Business Action on Homelessness, President of the Employer's Forum on Disability and a member of the International Advisory Panel of the Monetary Authority of Singapore. John is also a non-executive Director of AstraZeneca PLC.

15.Robert E Diamond Jr
President, Barclays PLC and CEO, Investment Banking and Investment Management
Executive Director and member of Executive Committee *(Age 56)*
Bob was appointed President of Barclays and became an executive Director on 1st June 2005. He is responsible for the Investment Banking and Investment Management business of the Barclays Group. He has been a member of the Executive Committee since September 1997. He joined Barclays in July 1996 from CSFB, where he was Vice-Chairman and Head of Global Fixed Income and Foreign Exchange. Bob is Chairman of Old Vic Productions PLC.

16.Gary Hoffman
Group Vice-Chairman
Executive Director *(Age 47)*
Gary was appointed as Group Vice-Chairman in July 2006. He was formerly Chairman of UK Banking and of Barclaycard and prior to that was Chief Executive of Barclaycard. He joined the Board on 1st January 2004. As Group Vice-Chairman, Gary is accountable on the Board for a range of responsibilities including Corporate Sustainability, Public Policy, Equality and Diversity, leading the Group's response to the FSA's Treating Customers Fairly initiative, chairing the Group's Governance and Control Committee and franchise health with customers, employees and communities. Gary joined the Group in 1982. Gary is also a non-executive Director of Trinity Mirror PLC.

17.Christopher Lucas
Group Finance Director
Executive Director and member of Executive Committee *(Age 47)*
Chris joined the Board on 1st April 2007. Chris came from PricewaterhouseCoopers LLP, where he was UK Head of Financial Services and Global Head of Banking and Capital Markets. He was Global Relationship Partner for Barclays for the 1999-2004 financial years and subsequently held similar roles for other global financial services organisations. Chris has worked across financial services for most of his career, including three years in New York as Head of the US Banking Audit Practice of PricewaterhouseCoopers LLP.

18.Frederik (Frits) Seegers
Chief Executive, Global Retail and Commercial Banking
Executive Director and member of Executive Committee *(Age 49)*
Frits was appointed as Chief Executive of Global Retail and Commercial Banking and became an executive Director on 10th July 2006. He is responsible for all Barclays retail and commercial banking operations globally, including UK Retail Banking, Barclays Commercial Bank, International Retail and Commercial Banking and Barclaycard. He is also a non-executive Director of Absa Group Limited. Frits joined the Board from Citigroup, where he previously held a number of senior positions, latterly CEO Global Consumer Group with a remit covering all retail operations in Europe, Middle East and Africa. He was also a member of the Citigroup Operating Committee and the Citigroup Management Committee.

19.Paul Idzik
Chief Operating Officer
Member of Executive Committee *(Age 47)*
Paul joined the Executive Committee and became Chief Operating Officer in November 2004. He is also Chairman of the Group Operating Committee. Paul was formerly Chief Operating Officer of Barclays Capital. He joined Barclays Capital in August 1999 following a career with Booz Allen & Hamilton, where he was a partner and senior member of the Financial Institutions Practice.


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Directors' report

Directors' report

Profit Attributable

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

Dividends

The final dividends for the year ended 31st December 2007 of 22.5p per ordinary share of 25p each and 10p per staff share of £1 each have been agreed by the Directors. The final dividends will be paid on 25th April 2008 in respect of the ordinary shares registered at the close of business on 7th March 2008 and in respect of the staff shares so registered on 31st December 2007. With the interim dividends of 11.5p per ordinary share and of 10p per staff share that were paid on 1st October 2007, the total distribution for 2007 is 34.0p (2006: 31.0p) per ordinary share and 20p (2006: 20p) per staff share. The dividends for the year absorb a total of £2,253m (2006: £1,973m).

Dividend Reinvestment Plan

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

Share Capital

During the year Barclays PLC purchased in the market for cancellation 299,547,510 of its ordinary shares of 25p each, at a total cost of £1,802,173,355, in order to minimise the dilutive effect on existing shareholders of the issuance of a total of 336,805,556 Barclays ordinary shares to Temasek Holdings and China Development Bank. These transactions represent 4.5% of the issued share capital at 31st December 2007. As at 27th February 2008 (the latest practicable date for inclusion in this report), the Company had an unexpired authority to repurchase shares up to a maximum of 645.1 million ordinary shares.

The issued ordinary share capital was increased by 65.5m ordinary shares during the year as a result of the exercise of options under the Sharesave and Executive Share Option Schemes. At 31st December 2007 the issued ordinary share capital totalled 6,600,181,801 shares. Ordinary shares represent 99.99% of the total issued share capital and Staff shares represent the remaining 0.01% as at 31st December 2007.

The Barclays PLC Memorandum and Articles of Association, a summary of which can be found in the Shareholder Information section on pages 269-270, contain the following details, which are incorporated into this report by reference:

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

Employee Benefit Trusts ('EBTs') operate in connection with certain of the Group's Employee Share Plans ('Plans'). The Trustees of the EBTs may exercise all rights attached to the shares in accordance with their fiduciary duties other than as specifically restricted in the relevant Plan governing documents. Further information on the EBTs' voting policy can be found on page 132.

Substantial Shareholdings

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

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

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

Board Membership

The membership of the Boards of Directors of Barclays PLC and Barclays Bank PLC is identical and biographical details of the Board members are set out on pages 112 and 113.

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

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

Retirement and Re-election of Directors

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

The Directors retiring by rotation at the 2008 AGM and offering themselves for re-election are Fulvio Conti, Gary Hoffman and Sir John Sunderland. Sir Nigel Rudd retires annually as recommended by the Code and is offering himself for re-election. In addition, David Booth, Sir Michael Rake and Patience Wheatcroft, who were appointed as Directors since the last AGM, will be offering themselves for re-election at the 2008 AGM. Danie Cronjé is retiring at the AGM and is not offering himself for re-election.

Directors' Interests

Directors' interests in the shares of the Group on 31st December 2007 are shown on page 142.

Directors' Emoluments

Information on emoluments of Directors of Barclays PLC, in accordance with the Companies Act 1985 and the Listing Rules of the United Kingdom Listing Authority, is given in the Remuneration report on pages 128 to 142 and in Note 42 to the accounts.

Directors' Indemnities

The Board believes that it is in the best interests of the Group to attract and retain the services of the most able and experienced Directors by offering competitive terms of engagement, including the granting of indemnities on terms consistent with the applicable statutory provisions. Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were accordingly in force during the course of the financial year ended 31st December 2007 for the benefit of the then Directors and, at the date of this report, are in force for the benefit of the Directors in relation to certain losses and liabilities which they may incur (or have incurred) in connection with their duties, powers or office.

Activities

Barclays PLC Group is a major global financial services provider engaged in retail and commercial banking, credit cards, investment banking, wealth management and investment management services. The Group operates through branches, offices and subsidiaries in the UK and overseas.

Community Involvement

Barclays has an extensive community programme covering many countries around the world. The Group provides funding and support to over 7,140 charities and voluntary organisations, ranging from small, local charities, like Passage (UK), to international organisations like the Red Cross. We also have a very successful employee programme which in 2007 saw more than 43,700 employees and pensioners worldwide taking part in Barclays-supported volunteering, giving and fundraising activities. Further information on our community involvement is given on pages 58 and 60.

The total commitment for 2007 was £52.4m (2006: £46.5m). The Group committed £38.9m in support of the community in the UK (2006: £39.6m) and £13.5m was committed in international support (2006: £6.9m). The UK commitment includes £30.4m of charitable donations (2006: £35.2m).

Political Donations

The Group did not give any money for political purposes in the UK nor did it make any donations to EU political organisations or incur any EU political expenditure during the year. Absa Group Limited, in which the Group acquired a majority stake in 2005, made donations totalling £170,142 in 2007 (2006: £212,729) in accordance with its policy of making political donations to the major South African political parties to support the development of democracy in South Africa. The Group made no other political donations in 2007.

At the AGM in 2007, shareholders gave a limited authority for Barclays Bank PLC to make political donations and incur political expenditure, within an agreed limit, as a precautionary measure in light of the wide definitions in The Political Parties, Elections and Referendums Act 2000. This was similar to an authority given by shareholders in 2006. This authority, which has not been used, expires at the conclusion of the AGM held this year, or, if earlier, 26th July 2008. The Companies Act 2006 largely restates the provisions of The Political Parties, Elections and Referendums Act 2000. The risk of inadvertently breaching the Companies Act 2006 remains and the Directors consider it prudent to seek a similar authority from shareholders. A resolution to authorise Barclays PLC and its subsidiaries to make EU political donations and incur EU political expenditure up to a maximum aggregate sum of £125,000 is therefore being proposed at the Barclays PLC 2008 AGM.

Employee Involvement

Barclays is committed to ensuring that employees share in the success of the Group. Staff are encouraged to participate in share option and share purchase schemes and have a substantial sum invested in Barclays shares.

Employees are kept informed of matters of concern to them in a variety of ways, including the corporate news magazines, intranets, briefings and mobile phone SMS messaging. These communications help achieve a common awareness among employees of the financial and economic factors affecting the performance of Barclays.

Barclays is also committed to providing employees with opportunities to share their views and provide feedback on issues that are important to them. An annual Employee Opinion Survey is undertaken with results being reported to the Board HR and Remuneration Committee, all employees and to Unite (Amicus section), our recognised union in the UK. Roadshows and employee forums also take place.

In addition, Barclays undertakes regular and formal Group, business unit and project specific consultations with Unite (Amicus section).

Diversity and Inclusion

The diversity agenda at Barclays seeks to include customers, colleagues and suppliers. Our objective is to recruit and retain the best people, regardless of (but not limited to) race, religion, age, gender, sexual orientation or disability. We strive to ensure our workforce reflects the communities in which we operate and the international nature of the organisation. We recognise that diversity is a key part of responsible business strategy in support of our increasingly global business.

Barclays is committed to providing additional support to employees with disabilities and making it easier for them to inform us of their specific requirements, including the introduction of a dedicated intranet site and disability helpline. Through our Reasonable Adjustments Scheme, appropriate assistance can be given, including both physical workplace adjustments, and relevant training and access to trained mentors is also provided for disabled employees. A wide range of recruitment initiatives have been taken to increase the number of people with disabilities working in Barclays.

Health and Safety

Barclays is committed to ensuring the health, safety and welfare of our employees and to providing and maintaining safe working conditions. Barclays regards legislative compliance as a minimum and, where appropriate, we seek to implement higher standards. Barclays also recognises its responsibilities towards all persons on its premises, such as contractors, visitors and members of the public, and ensures, so far as is reasonably practicable, that they are not exposed to significant risks to their health and safety.

Barclays regularly reviews its Statement of Health and Safety Commitment, issued with the authority of the Board and which applies to all business areas in which Barclays has operational control. In this statement Barclays commits to:

- demonstrate personal leadership that is consistent with this commitment;
- provide the appropriate resources to fulfil this commitment;
- carry out risk assessments and take appropriate actions to mitigate the risks identified;
- consult with our employees on matters affecting their health and safety;
- ensure that appropriate information, instruction, training and supervision are provided;
- appoint competent persons to provide specialist advice; and
- review Barclays Health and Safety Group Process and the Statement of Commitment, at regular intervals.

Directors' report

Barclays monitors its health and safety performance using a variety of measurements on a monthly basis and the Board HR and Remuneration Committee receives annual reports on health and safety performance from the Human Resource Director. As part of its Partnership Agreement with Unite (Amicus section), Barclays currently funds full time Health and Safety Representatives.

Creditors' Payment Policy

Barclays values its suppliers and acknowledges the importance of paying invoices, especially those of small businesses, in a timely manner. It is the Group's practice to agree terms with suppliers when entering into contracts. We negotiate with suppliers on an individual basis and meet our obligations accordingly. The Group does not follow any specific published code or standard on payment practice.

Paragraph 12(3) of Schedule 7 of the Companies Act 1985 requires disclosure of trade creditor payment days. Disclosure is required by the Company, rather than the Group. The Group's principal trading subsidiary in the UK is Barclays Bank PLC, the accounts for which are prepared in accordance with International Financial Reporting Standards. The components for the trade creditor calculation are not easily identified. However, by identifying as closely as possible the components that would be required if Schedule 4 of the Companies Act 1985 applied, the trade creditor payment days for Barclays Bank PLC for 2007 were 27 days (2006: 28 days). This is an arithmetical calculation and does not necessarily reflect our practice, which is described above, nor the experience of any individual creditor.

Financial Instruments

The Group's financial risk management objectives and policies, including the policy for hedging each major type of forecasted transaction for which hedge accounting is used, and the exposure to market risk, credit risk and liquidity risk are set out in pages 61 to 92 under the headings, 'Barclays approach to risk management', 'Credit Risk Management', 'Market risk management', 'Liquidity Management' and 'Derivatives' and in Note 14 and Notes 45 to 48 to the accounts.

Events after the Balance Sheet Date

On 3rd March 2008, Barclays entered into an agreement with Petropavlovsk Finance (Limited Liability Society) to acquire 100% of the Russian bank, Expobank, for a consideration of approximately $745m (£373m). The transaction is expected to close in summer 2008 after the receipt of appropriate regulatory approvals. Expobank focuses principally on Western Russia, with a substantial presence in Moscow and St Petersburg. Founded in 1994, it has grown rapidly and comprises a blend of retail and commercial banking, operating 32 branches and dealing with a range of corporate and wholesale clients. As at 31st December 2007, Expobank had net assets of $186m (£93m).

The Auditors

The Board Audit Committee reviews the appointment of the external auditors, as well as their relationship with the Group, including monitoring the Group's use of the auditors for non-audit services and the balance of audit and non-audit fees paid to the auditors. More details on this can be found on pages 122 and 123 and Note 9 to the accounts. Having reviewed the independence and effectiveness of the external auditors, the Committee has recommended to the Board that the existing auditors, PricewaterhouseCoopers LLP, be reappointed. PricewaterhouseCoopers LLP have signified their willingness to continue in office and ordinary resolutions reappointing them as auditors and authorising the Directors to set their remuneration will be proposed at the 2008 AGM.

So far as each of the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware. Each of the Directors has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information. For these purposes, 'relevant audit information' means information needed by the Company's auditors in connection with preparing their report.

The Annual General Meeting and
Class Meeting of Ordinary Shareholders

The Barclays PLC AGM will be held at The Queen Elizabeth II Conference Centre on Thursday 24th April 2008. The Notice of AGM is included in a separate document sent to shareholders with this report. A summary of the resolutions being proposed at the 2008 AGM is set out below:

Ordinary Resolutions

- To receive the Directors' and Auditors' Reports and the audited accounts for the year ended 31st December 2007.
- To approve the Directors' Remuneration Report for the year ended 31st December 2007.
- To re-elect the following Directors:
  - David Booth;
  - Sir Michael Rake;
  - Patience Wheatcroft;
  - Fulvio Conti;
  - Gary Hoffman;
  - Sir John Sunderland; and
  - Sir Nigel Rudd.
- To reappoint PricewaterhouseCoopers LLP as auditors of the Company.
- To authorise the Directors to set the remuneration of the Auditors.
- To authorise Barclays PLC and its subsidiaries to make EU political donations and incur EU political expenditure.
- To renew the authority given to the Directors to allot securities.

Special Resolutions

- To renew the authority given to the Directors to allot securities for cash other than on a pro-rata basis to shareholders and to sell treasury shares.
- To renew the Company's authority to purchase its own shares.

– To authorise the purchase of staff shares.
– To create preference shares.
– To adopt new Articles of Association.

A Class Meeting of ordinary shareholders will be held at the conclusion of the AGM to consider an extraordinary resolution approving the creation of preference shares.

This is only a summary of the business to be transacted at the meetings and you should refer to the Notice of Shareholder Meetings for full details.

By order of the Board

Lawrence Dickinson
Company Secretary
7th March 2008

Corporate governance

Corporate governance report

Group Chairman's Introduction

I am pleased to report to you on the activities of the Board and its Committees over the past 12 months, my first year as Group Chairman. It has been an eventful and busy year but we have continued to apply the high standards of corporate governance that we set both for ourselves as a Board and for our Company.

Since I last reported to you, there have been a number of changes to the Board. Chris Lucas succeeded Naguib Kheraj as Group Finance Director in April 2007 and we have significantly strengthened the independent non-executive presence on the Board with the appointments of David Booth, Sir Michael Rake and Patience Wheatcroft.

We report below on how we have complied in 2007 with the UK Combined Code on Corporate Governance (the Code). We are committed to promoting good corporate governance. We seek to be at the forefront of global best practice and to respond, in a timely fashion, to corporate governance developments. To gain a greater understanding of the corporate governance framework within Barclays I encourage you to read 'Corporate Governance in Barclays', which is available from our website.

Marcus Agius
Group Chairman
7th March 2008

Statements of Compliance

UK Combined Code on Corporate Governance

As Barclays is listed on the London Stock Exchange we comply with the UK Combined Code on Corporate Governance (the Code). The Code was revised in June 2006 and the revised Code applied to Barclays with effect from 1st January 2007. For the year ended 31st December 2007, we have complied with the relevant provisions set out in section 1 of the Code and applied the principles of the Code as described in this report.

NYSE Corporate Governance Rules

Barclays has American Depositary Receipts listed on the New York Stock Exchange (NYSE) and is therefore subject to the NYSE's Corporate Governance rules (NYSE Rules). As a non-US company listed on the NYSE, we are exempt from most of the NYSE Rules, which domestic US companies must follow. We are required to provide an Annual Written Affirmation to the NYSE of our compliance with the applicable NYSE Rules and also to disclose any significant ways in which our corporate governance practices differ from those followed by domestic US companies listed on the NYSE. As our main listing is on the London Stock Exchange, we follow the UK's Combined Code. Key differences between the NYSE Rules and the Code are set out later in this report.

Corporate Governance Framework

The overall governance framework within which the Group operates is set out above. Details of the Group's risk management framework can be found on pages 65 to 96.

The Board manages the Company on behalf of the shareholders. In order to run the business effectively, the Board delegates responsibility for the day-to-day management of the Company to the Group Chief Executive, who is supported by the Executive Committee, which he chairs. The Executive Committee is supported by various management committees, including the Disclosure Committee. Details of the Disclosure Committee are set out on page 125. The rest of this report describes the way in which the Board and its Committees operate within the governance framework.

The terms of reference for each of the principal Board Committees are available from the Corporate Governance section at: *http://www.aboutbarclays.com*

There are eight scheduled Board meetings each year. One of these meetings is a day and a half off-site meeting for the purposes of considering and approving the Group's strategy. The Group Chairman meets privately with the non-executive Directors before each scheduled Board meeting in order to brief them on the business of the meeting and identify any shared areas of concern. In addition to the scheduled Board meetings in 2007, there were a further 13 Board meetings held in relation to the proposed merger with ABN AMRO and ten meetings of a specially appointed Committee of the Board (the 'Transaction Committee'), comprising the Group Chairman, Group Chief Executive, Deputy Chairman and Senior Independent Director, which was established for the purpose of overseeing the proposed merger with ABN AMRO and considering various aspects of the proposed transaction. Attendance at the additional Board meetings, which were often called at short notice, was 88.1%. Attendance at the Transaction Committee was 100%.

Scheduled Board and Committee meetings are arranged well in advance to ensure, as far as possible, that Directors can manage their time commitments. All Directors are provided with supporting papers and relevant information for each meeting and are expected to attend, unless there are exceptional circumstances that prevent them from doing so. Attendance at the scheduled Board meetings is set out on page 121. Reasons for non-attendance are generally prior business or personal commitments. In the event that a Director is unable to attend a meeting, they will still receive the papers for the meeting and will normally discuss any matters they wish to raise with the Chairman of the meeting to ensure their views are taken into account. In addition, all Directors are able to discuss any issues with the Group Chairman and Group Chief Executive at any time. In the case of Leigh Clifford, who was unable to attend two meetings of the Board HR and Remuneration Committee in 2007 because of other commitments, including his relocation to Australia following his retirement as Chief Executive of Rio Tinto, he received the papers for the meetings he was unable to attend and provided comments to the Committee Chairman ahead of both meetings. In 2007, all Directors contributed the time necessary to discharge their responsibilities to the Board.

The Group Chairman works closely with the Company Secretary to ensure that accurate, timely and clear information flows to the Board. Supporting papers for scheduled meetings are distributed the week before each meeting. Directors may also access electronic copies of meeting papers and other key documents quickly and securely via a dedicated Directors' Intranet. Examples include past and current Board and Committee papers, reports, minutes, press coverage, analyst reports and material from training sessions. All Directors have access to the services of the Company Secretary and his team, and can take independent professional advice on request, at the Company's expense.

The Board

Role of the Board

Under UK company law, Directors must act in a way they consider, in good faith, would be most likely to promote the success of Barclays for the benefit of the shareholders as a whole. In doing so, the Directors must have regard (amongst other matters) to:

- the likely consequences of any decision in the long-term;
- the interests of Barclays employees;
- the need to foster Barclays business relationships with suppliers, customers and others;
- the impact of Barclays operations on the community and the environment;
- the desirability of Barclays maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between shareholders of Barclays.

The role and responsibilities of the Barclays Board, which encompass the duties of Directors described above, are set out in Corporate Governance in Barclays. The Board is responsible to shareholders for creating and delivering sustainable shareholder value through the management of the Group's businesses. It therefore determines the goals and policies of the Group to deliver such long-term value, providing overall strategic direction within a framework of rewards, incentives and controls. The Board aims to ensure that management strikes an appropriate balance between promoting long-term growth and delivering short-term objectives.

The Board is also responsible for ensuring that management maintains a system of internal control that provides assurance of effective and efficient operations, internal financial controls and compliance with law and regulation. In carrying out this responsibility, the Board has regard to what is appropriate for the Group's business and reputation, the materiality of the financial and other risks inherent in the business and the relative costs and benefits of implementing specific controls.

The Board is also the decision-making body for all other matters of such importance as to be of significance to the Group as a whole because of their strategic, financial or reputational implications or consequences. There is a formal schedule of matters reserved for the Board's decision, which is summarised in the panel above right.

The chart below left illustrates how the Board allocated its time at its eight scheduled meetings during 2007. If the additional meetings relating to the proposed merger with ABN AMRO are taken into account, 49% of the Board's time in 2007 was spent on M&A. A typical Board meeting receives reports from the Group Chief Executive and Group Finance Director and will also be presented with an update on the execution of strategy in one or two of the main businesses and functions. It will also receive reports from each of the principal Board Committees and may also receive a report from the Company Secretary on any relevant corporate governance matters.

Summary of matters reserved for the Board

- Approval of interim and final financial statements, dividends and any significant change in accounting policies or practices.
- Approval of strategy.
- Major acquisitions, mergers or disposals.
- Major capital investments and projects.
- Board appointments and removals.
- Role profiles of key positions on the Board.
- Terms of reference and membership of Board Committees.
- Remuneration of auditors and recommendations for appointment or removal of auditors.
- Changes relating to capital structure or status as a PLC.
- Approval of all circulars, prospectuses and significant press releases.
- Principal regulatory filings with stock exchanges.
- Rules and procedures for dealing in Barclays securities.
- Any share dividend alternative.
- Major changes in employee share schemes.
- Appointment (or removal) of company secretary.

Board structure and composition

The roles of the Group Chairman and Group Chief Executive are separate. The Group Chairman's main responsibility is to lead and manage the work of the Board to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities. The Board has delegated the responsibility for the day-to-day management of the Group to the Group Chief Executive, who is responsible for recommending strategy to the Board, leading the executive Directors and for making and implementing operational decisions.

The Board of Directors has collective responsibility for the success of the Group. However, executive Directors have direct responsibility for business operations, whereas non-executive Directors are responsible for bringing independent judgement and scrutiny to decisions taken by the Board, providing objective challenge to management. The Board can draw on the wide range of skills, knowledge and experience they have built up as Directors of other companies, as business leaders, in government or in academia. It is the intention to have a broad spread of geographical experience represented on the Board. The chart below right illustrates the geographical experience of the current non-executive Directors.

Barclays has adopted a Charter of Expectations, which sets out, in detail, the roles of each of the main positions on the Board including that of the Group Chairman, Deputy Chairman, Senior Independent Director and both non-executive and executive Directors. Sir Richard Broadbent continued in the role of Senior Independent Director in 2007. The Senior Independent Director is an additional contact point for shareholders and also monitors the performance of the Group Chairman on behalf of the Board. Sir Nigel Rudd continued in the role of Deputy Chairman during 2007.

The Charter of Expectations, including role profiles for key Board positions, is available from: *http://www.aboutbarclays.com*

Board allocation of time

Geographical mix (main experience) of non-executive Directors

Corporate governance report

There is a strong independent element on the Board and, in line with the recommendations of the Code, at least half the Board are independent non-executive Directors. At the date of this report, the Board is comprised of the Group Chairman, five executive Directors and 12 non-executive Directors. The balance of the Board is illustrated by the chart below left.

The Board Corporate Governance and Nominations Committee is responsible for reviewing the composition and balance of the Board and its principal Committees and for recommending to the Board the appointment of new Directors. These regular reviews aim to ensure that there is an appropriate mix of skills and experience on the Board, taking into account the need to progressively refresh the Board. Details of the experience and skills of each of the current Directors are set out in their biographies on pages 111 to 113. The length of tenure of the current non-executive Directors is illustrated by the chart below right.

All Directors are required to seek re-election every three years and any Directors appointed during the year seek re-election at the next annual general meeting (AGM). Sir Nigel Rudd, who has served on the Board since 1996, seeks re-election annually. These periods are in line with the recommendations of the Code. Details of Directors proposed for re-election are given in the Notice of Shareholder Meetings, which is enclosed separately with this Report.

Executive Directors are allowed to serve on one other listed company board, in addition to their role at Barclays.

Independence of non-executive Directors

The Code sets out circumstances which the Board may find relevant when determining the independence of a non-executive Director. The Board considers that the following behaviours, as set out in our Charter of Expectations, are essential for the Board to conclude an individual is independent:

– provides objective challenge to management;

– is prepared to challenge others' assumptions, beliefs or viewpoints as necessary for the good of the organisation;

– questions intelligently, debates constructively, challenges rigorously and decides dispassionately;

– is willing to stand up and defend their own beliefs and viewpoints in order to support the ultimate good of the organisation; and

– has a good understanding of the organisation's business and affairs to enable them properly to evaluate the information and responses provided by management.

The Board considers non-executive Director independence on an annual basis, as part of each Director's performance review.

The Corporate Governance and Nominations Committee and subsequently the Board reviewed the independence of non-executive Directors in early 2008 and concluded that each of them continues to demonstrate these essential behaviours. In determining that each of the non-executive Directors remains independent, the Board considered in particular the following:

– Sir Nigel Rudd has served as a non-executive Director since 1996. The Code suggests that length of tenure is a factor to consider when determining independence. As recommended by the Code, it is our policy that any Director who serves for more than nine years should seek annual re-election by shareholders and that all Directors subject to re-election should undergo a rigorous performance evaluation.

– At the time of his appointment to the Board, Dr Danie Cronjé was Chairman of Absa. The Code suggests that such a business relationship is a factor to be considered by the Board when determining independence. The Code further suggests that cross-directorships may affect independence. Sir Nigel Rudd and Dr Cronjé are both non-executive Directors of Sappi Limited. Dr Cronjé retired as Chairman of Absa and left the Absa Board in 2007 and will not submit himself for re-election as a Director of Barclays when he retires at the 2008 AGM.

As a result of the annual performance review, the Board concluded that Sir Nigel Rudd and Dr Cronjé both continue to demonstrate the essential characteristics of independence expected by the Board. Sir Nigel's length of service, and his resulting experience and knowledge of Barclays, is viewed by the Board as being especially valuable, particularly as only one other non-executive Director has served for more than six years and the Board continues to be regularly refreshed.

All Directors must report any changes in their circumstances to the Board and the Board reserves the right to terminate the appointment of a non-executive Director if there are any material changes in their circumstances that may conflict with their commitments as a Barclays Director or that may impact on their independence.

Balance of non-executive and executive Directors

Length of tenure of non-executive Directors

Board and Committee Membership and Attendance

The table below sets out attendance of Directors at scheduled Board and Committee meetings in 2007.

	Independent	Board	Board Audit Committee	Board HR & Remuneration Committee	Board Corporate Governance & Nominations Committee	Board Risk Committee
Number of scheduled meetings		8	8	4	2	4
Group Chairman						
Marcus Agius	OA	8	–	4	2	–
Executive Directors						
John Varley (Group Chief Executive)	ED	8	–	–	–	–
Robert E Diamond Jr	ED	8	–	–	–	–
Gary Hoffman	ED	8	–	–	–	–
Chris Lucas (joined the Board 1st April 2007)	ED	6	–	–	–	–
Frits Seegers	ED	8	–	–	–	–
Naguib Kheraj (left the Board 31st March 2007)	ED	2	–	–	–	–
Non-executive Directors						
David Booth (joined the Board 1st May 2007)	I	5	–	–	–	–
Sir Richard Broadbent (Senior Independent Director)	I	8	–	4	2	4
Leigh Clifford	I	7	–	2	–	–
Fulvio Conti	I	7	6	–	–	–
Dr Danie Cronjé	I	8	–	–	–	4
Professor Dame Sandra Dawson	I	8	8	–	–	–
Sir Andrew Likierman	I	8	8	–	–	4
Sir Nigel Rudd (Deputy Chairman)	I	8	–	–	2	–
Stephen Russell	I	8	8	–	2	4
Sir John Sunderland	I	8	–	4	2	–

Key

OA Independent on appointment

ED Executive Director

I Independent non-executive Director

Board Committees

In order for the Board to carry out its functions, and to ensure independent oversight of internal control and risk management, certain aspects of its role are delegated to Board Committees, whose members are non-executive Directors. The specific matters for which delegated authority has been given are set out in each Board Committee's terms of reference, which are reviewed annually.

The Board has delegated authority to four principal Board Committees:

– Board Audit Committee

– Board Risk Committee

– Board Corporate Governance and Nominations Committee

– Board HR and Remuneration Committee

The Board appoints Committee members on the recommendation of the Board Corporate Governance and Nominations Committee, which regularly reviews Committee composition and balance and the need for refreshment. The number of scheduled meetings held and attendance at the Committee meetings is set out above in 'Board and Committee Membership and Attendance'. The Board Committees report on their activities on the following pages.

Board Audit Committee

Stephen Russell (Chairman)
Fulvio Conti
Professor Dame Sandra Dawson
Sir Andrew Likierman
Sir Michael Rake (from 1st January 2008)

Secretary: Lawrence Dickinson

The Board Audit Committee terms of reference are available from the Corporate Governance section at: *http://www.aboutbarclays.com*

There are a number of regular attendees at each meeting, including the Group Chief Executive, Group Finance Director, Barclays Internal Audit Director, Barclays Risk Director, Barclays General Counsel and the lead external audit partner. The Board Audit Committee members meet with the external auditors and the Barclays Internal Audit Director, without management present, as part of most Committee meetings. Sir Andrew Likierman continued in his role as 'financial expert' as defined by the US Sarbanes-Oxley Act of 2002 and has 'recent and relevant financial experience' as recommended by the Code, as a result of his accountancy background and his career with HM Treasury. Since the year end, Sir Michael Rake, a former Chairman of KPMG International, has been appointed a member of the Committee.

Activities in 2007

The chart below illustrates how the Committee spent its time in 2007. During 2007, the Committee:

– considered control issues of Group level significance for different areas of the business;

– received reports on the control environment in each of the following areas: Barclaycard, BGI, Barclays Commercial Bank, Western Europe, Emerging Markets, GRCB IT, UK Retail Banking and Barclays Capital;

– reviewed the effectiveness and independence of the Group statutory auditor;

– monitored the performance of the Internal Audit function;

– reviewed internal control and risk management systems;

– considered the provision of non-audit services by the Group statutory auditor – more details can be found in the panel opposite;

– approved the re-appointment, remuneration and engagement letter of the Group statutory auditor;

– reviewed the Annual Report and Accounts and Preliminary and Interim Results;

– considered the effectiveness of internal controls over financial reporting;

– received reports from the external and internal auditors;

– reviewed the Global Internal Audit Plan;

– received regular reports on concerns raised by employees (whistleblowing – more details can be found on page 123); and

– considered the Fraud Risk Control Framework.

Board Audit Committee allocation of time

The Committee also received regular updates during 2007 on:

– Basel II;

– MiFID;

– Sarbanes-Oxley compliance; and

– Sanctions compliance.

In February 2008, the Committee reviewed its activities in 2007 against its terms of reference and concluded that it had discharged the responsibilities delegated to it under those terms of reference.

Non-audit services policy

The Committee takes seriously its responsibility to put in place safeguards to auditor objectivity and independence. It has therefore established a policy on the provision of services by the Group's statutory auditor. The Policy describes the circumstances in which the Auditor may be permitted to undertake non-audit work for the Group. The Committee oversees compliance with the Policy and considers and approves requests to use the Auditor for non-audit work. Allowable non-audit services require pre-approval before they can be carried out. For allowable services, the Committee has pre-approved all assignments where the expected fee does not exceed £100,000, or £10,000 in the case of certain taxation services. Any assignment where the expected fee is above the relevant threshold requires specific approval from the Committee or a member of the Committee. The Company Secretary and his team deal with day-to-day administration of the Policy, facilitating requests for approval by the Committee. The Committee receives a report at each meeting on the non-audit services provided by the Auditor and the Policy is reviewed by the Committee annually. Details of the services that are prohibited and allowed are set out below.

Services that are prohibited include:

– bookkeeping

– design and implementation of financial information systems

– appraisal or valuation services

– actuarial services

– internal audit outsourcing

– management and Human Resource functions

– broker or dealer, investment advisor or investment banking services

– legal, expert and tax services involving advocacy

Allowable services that may be approved include:

– statutory and regulatory audit services and regulatory non-audit services

– other attest and assurance services

– accountancy advice and training

– risk management and controls advice

– transaction support

– taxation services

– business support and recoveries

– translation services

Approval of financial statements

Barclays has in place a strong governance process to support its framework of disclosure controls and procedures. That process, in which the Board Audit Committee plays a key role, is illustrated below.

Legal and Technical Review Committee	Disclosure Committee	Executive Committee	Board Audit Committee	Board
– Reviews the annual results announcement and Annual Report for technical accounting, legal and regulatory compliance – Reports its conclusions to the Disclosure Committee	– Reviews and agrees the Group's disclosures to ensure they are appropriate and correct – Reviews and evaluates the Group's disclosure controls and procedures – Reports conclusions to Executive Committee and Board Audit Committee	– Reviews Disclosure Committee conclusions and provides further challenge as needed – Agrees annual results announcement and Annual Report subject to Board and Board Audit Committee approval – CEO and FD take opportunity to challenge Executive Committee members	– Receives a report on the review of Group internal controls – Reviews the financial statements prior to approval by the Board – Reviews Disclosure Committee conclusions and provides further challenge as necessary	– Approves the results announcement and Annual Report for publication and ensures relevant disclosures have been made

The membership of the Disclosure Committee and its role is set out on page 125. The Legal and Technical Review Committee is an accounting, legal and regulatory compliance committee, which is responsible for reviewing the Group's financial reports and disclosures and for ensuring they have been subject to adequate verification. Meetings are attended by the Group's external US lawyers and auditors. This governance process ensures that there is sufficient opportunity for both management and the Board to review and challenge the Group's financial statements and other significant disclosures before publication. It also provides assurance for the certifications made by the Group Chief Executive and Group Finance Director as required under the Sarbanes-Oxley Act 2002 and recommended by the Turnbull Guidance on Internal Control. Further details of the Group's system of internal control and an assessment of its effectiveness may be found on page 143.

Whistleblowing

Barclays takes any concerns of employees about the integrity and honesty of other employees very seriously and will investigate where appropriate. Information leaflets are distributed encouraging employees to report any behaviours or actions that they reasonably believe might be against accounting or regulatory requirements, as well as our internal policies. Dedicated whistleblowing hotlines and email addresses are in place so employees can talk about what has happened, or is happening, directly and in confidence. The Board Audit Committee receives reports of instances of whistleblowing and any resulting investigations.

Board Audit Committee Chairman's Statement

We had eight scheduled meetings in 2007 and the report set out above describes in some detail how we used our meetings. Our reviews of the control environment in each of our businesses in 2007 had a particular focus on those areas where the Group's business is expanding or which are deemed to be higher risk. We also continued to review the controls around our key regulatory programmes, in particular, Sarbanes-Oxley and Basel II. The second half of the year saw significant disruption to the credit markets and we held two additional meetings to review and consider the statements made by the Group on its exposures to the sub-prime market. The Committee discussed the timing and content of the statements and the process that had been followed to prepare the statements, including the internal reviews conducted. We also reviewed Barclays Capital's control environment and how effectively it had operated during the difficult market conditions.

In light of market events in 2007, in February 2008 we held a separate session for Committee members on accounting for and valuation of derivatives and complex investment banking instruments and subsequently considered a report reviewing the loan impairment and mark-to-market valuations ahead of the Group's 2007 preliminary results.

Stephen Russell
Chairman of the Board Audit Committee
7th March 2008

Board Risk Committee

Sir Richard Broadbent (Chairman)
David Booth (from 1st January 2008)
Dr Danie Cronjé
Sir Andrew Likierman
Stephen Russell

Secretary: Lawrence Dickinson

Risk is a key parameter of Barclays business. Accordingly, the Board has established a Board Risk Committee to provide Board level monitoring and oversight of all Barclays risk activities.

The Board Risk Committee's terms of reference are available from the Corporate Governance section at: *http://www.aboutbarclays.com*. In addition to its members, all meetings are attended by the Group Finance Director and the Barclays Risk Director. Attendees at meetings may also include Barclays Internal Audit Director, Barclays General Counsel and the Barclays external auditor, as well as other senior executives, who join for specific topics.

Approach

The Committee approaches its task primarily by:

– receiving from the Barclays Risk Director and discussing a detailed risk report at every meeting;

– reviewing in depth specific topics or areas of risk that the Committee identifies as meriting detailed analysis;

– reviewing stress scenarios;

– reviewing historic risk tendencies and experiences;

– monitoring risk appetite and the Group's risk profile. The Committee recommends to the Board each year an appropriate level and composition of risk for the coming year.

In addition, the Committee:

– reviews the internal control framework;

– examines the risk control framework, and approves Group policies including the trading book policy, liquidity policy, credit impairment policy and principal risks policy; and

– receives updates on risk measurement methodologies.

Activities in 2007

The Committee requested at the end of 2006 that the US mortgage business be reviewed early in the year as one of the key risk issues. This was presented in March 2007 and included an analysis of stress loss scenarios under adverse market conditions. Management took decisions during the first half of 2007 to reduce limits in this business and, given the volatility in the credit markets during 2007, the Committee subsequently received regular reports on market conditions.

During 2007, the Committee also reviewed, in depth, leveraged credit and asset backed securities markets, including the Group's counterparty exposures. It considered whether there were any signs of material contagion in other markets in which the Group operates. The Committee examined how the Group's risk controls and stress limits had operated in the prevailing market conditions and was satisfied that risk controls had operated as anticipated. The Committee reviewed the impact on impairment and mark-to-market positions and the impact on the Group's balance sheet of the market conditions. The Committee also monitored progress in meeting the new capital regime introduced under Basel II and continued to review the retail credit experience.

The chart below left shows how the Committee allocated its time at its meetings in 2007.

In March 2008, the Committee will review its activities in 2007 against its terms of reference.

More information on risk management and the internal control framework can be found in the Risk management report on pages 65 to 73.

Board Corporate Governance and Nominations Committee

Marcus Agius (Chairman)
Sir Richard Broadbent
Sir Nigel Rudd
Stephen Russell
Sir John Sunderland

Secretary: Lawrence Dickinson

The Board Corporate Governance and Nominations Committee terms of reference are available from the Corporate Governance section at: *http://www.aboutbarclays.com*

The meetings are also attended by the Group Chief Executive.

Activities in 2007

The chart below right shows how the Committee allocated its time at its meetings in 2007. During 2007, the Committee:

– regularly reviewed Board and Board Committee composition to ensure the right mix of skills and experience are present;

– recommended the appointment of David Booth, Sir Michael Rake and Patience Wheatcroft as non-executive Directors;

– monitored the progress of the action plan arising from the 2006 Board Effectiveness Review and oversaw the conduct of the 2007 Board Effectiveness Review;

– reviewed the corporate governance disclosures for the 2006 Annual Report and considered the proposed disclosures for 2007;

– reviewed and updated Corporate Governance in Barclays and the Charter of Expectations; and

– reviewed succession plans for the Executive Committee and the position of Group Chief Executive.

Board Risk Committee allocation of time

Board Corporate Governance and Nominations Committee allocation of time

The Committee received updates on:

– the status of the Companies Act 2006 and, in particular, the new statutory statement of Directors' Duties; and

– the FRC's review of the Combined Code.

During 2007, the Committee reviewed the composition of the Board and its principal Committees at each of its meetings. Following those deliberations the Committee recommended to the Board the appointments of David Booth (May 2007), Sir Michael Rake and Patience Wheatcroft (January 2008) as non-executive Directors. In the case of David Booth, the Committee had concluded that a non-executive Director with US banking experience would bring the skills and experience to the Board that had been lost on the retirement of Robert Steel as a non-executive Director in late 2006. In the case of Sir Michael Rake, the Committee sought a non-executive Director with a financial and auditing background. Patience Wheatcroft has extensive experience of the highest levels of business and politics, which will bring additional valuable skills and a wider perspective to the Board. When considering appointments, the Committee typically engages external search consultants, who are provided with a specification of the skills and experience required, to assist with identifying potential candidates, although candidates may be recommended to the Committee from other sources. Each of David Booth, Sir Michael Rake and Patience Wheatcroft met with members of the Committee prior to the Committee considering their appointments and recommendations being made to the Board.

In January 2008, the Committee reviewed its activities in 2007 against its terms of reference and concluded that it had discharged the responsibilities delegated to it under those terms of reference.

Board HR and Remuneration Committee

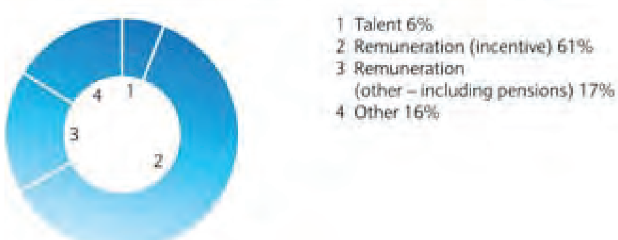
Sir Richard Broadbent (Chairman)
Marcus Agius
Leigh Clifford
Sir John Sunderland

Secretary: Patrick Gonsalves

The Board HR and Remuneration Committee terms of reference are available from the Corporate Governance section at: *http://www.aboutbarclays.com*

The Committee's independent advisers, from Towers Perrin MGMC and Kepler Associates, attended 2 meetings and 1 meeting of the Committee respectively in 2007.

Board HR and Remuneration Committee allocation of time



Activities in 2007

The chart below shows how the Committee allocated its time at its meetings in 2007. During 2007, the Committee:

– held discussions with external advisers to the Committee;

– reviewed executive compensation;

– considered resourcing, compensation and incentives for staff;

– considered pensions, mobility and relocation matters; and

– reviewed the compensation frameworks and overall level of bonus pools for each of the Group's principal businesses.

The Committee received updates on:

– revised ABI Guidelines on Executive Remuneration;

– talent;

– health and safety; and

– equality and diversity.

In February 2008, the Committee reviewed its activities in 2007 against its terms of reference and concluded that it had discharged the responsibilities delegated to it under those terms of reference.

Detailed information on the role and activities of the Committee can be found in the Remuneration Report on pages 128 to 142.

Management

Executive Committee

The executive Directors bear the responsibility (under the leadership of the Group Chief Executive) for making and implementing operational decisions and running the Group's business. The Executive Committee supports the Group Chief Executive. It meets fortnightly to develop strategies and policies to recommend to the Board and to implement approved strategy. The Executive Committee is supported by other Committees, including the Disclosure Committee.

Executive Committee

– John Varley (Chairman)

– Bob Diamond

– Chris Lucas

– Frits Seegers

– Paul Idzik

Disclosure Committee

The Disclosure Committee is chaired by Chris Lucas, the Group Finance Director. Members include the Company Secretary, Barclays General Counsel, Head of Investor Relations, Barclays Risk Director, Head of Corporate Affairs, Financial Controller and Treasurer. The Committee:

– considers and reviews the preliminary and interim results, Annual Report/Annual Report on Form 20F and the Annual Review;

– considers Interim Management Statements released to the Stock Exchange; and

– considers the content, accuracy and tone of any other announcement that is proposed to be made in accordance with the FSA's Disclosure and Transparency Rules.

The Committee reports to the Executive Committee and the Board Audit Committee.

Board Effectiveness

Performance Review

An annual evaluation of Board and Committee effectiveness is conducted, as recommended by the Code. The evaluation in 2006 was independently facilitated by Egon Zehnder International and comprised a questionnaire, supplemented by individual interviews and peer reviews. The following actions were set for 2007:

– provision of additional training on risk issues for non-executive Directors, including specific awareness of risk management and measurement methodologies for Board Risk Committee members; and

– continued work on Board meeting agenda management to ensure there is time for rigorous debate and exchange of ideas.

Training on risk issues was provided in April 2007 and feedback sought from the participants. The time allocated to Board meetings has been increased to allow for extended debate and discussion. The Board Corporate Governance and Nominations Committee monitored the progress of the action plan during 2007 and are satisfied with the steps taken to tackle the issues highlighted by the evaluation.

The 2007 evaluation was again independently facilitated by Egon Zehnder International. The evaluation took the form of detailed questionnaires completed by each Director, individual interviews and peer evaluation of fellow Directors. The results of the evaluation were presented to the Board in February 2008 and continued to demonstrate the improving trend since the current process of evaluation was adopted in 2004. The Board concluded that the Board and the principal Board Committees continue to operate effectively. Minor enhancements were recommended around:

– the form and content of Board papers and presentations; and

– refinement to the Board calendar of business, particularly in respect of the timing and content of presentations on stakeholder management.

The Board Corporate Governance and Nominations Committee will recommend an action plan to the Board to deliver these improvements in 2008.

The Group Chairman will hold private meetings with each Director to discuss the results and to agree areas for development relating to their own individual performance. Feedback on the Group Chairman's performance was provided to the Senior Independent Director, who discussed the results privately with the other non-executive Directors and the Group Chief Executive before meeting with the Group Chairman.

Training and Business Awareness

A three part training programme is in place for Directors. This comprises:

– induction training, when they join the Board;

– training and awareness of the business of Barclays; and

– training and awareness of external technical matters.

Induction

All new Directors receive an information pack that explains those disclosures they are obliged to make to the Company to comply with various laws and regulations. A presentation is given to all new Directors, which outlines their responsibilities as a Director of a global, listed company and provides an overview of the Group and its businesses. Each new Director then has a tailored induction programme to further familiarise themselves with the Group and its businesses. This takes the form of sessions with each of the executive Directors and the heads of the main Group functions and includes opportunities to visit operational sites to meet with senior management and employees. Once they have completed the first part of their induction, and have a good overview of the Group, they then have further sessions with the executive Directors and senior managers from each of the principal business units to gain a detailed and in depth understanding of their business, which includes the challenges, opportunities and risks that are faced by each. Marcus Agius and David Booth undertook their induction training in 2007. A report on the Group Chairman's induction programme is set out in the panel above.

Group Chairman's Induction

Since joining the Barclays Board in September 2006 and becoming Group Chairman in January 2007, I have been involved in a wide-ranging programme of meetings and familiarisation visits to help me get to know Barclays, our colleagues and customers.

The programme began in 2006, when I met with each member of the Executive Committee and senior management across each of the business areas and head office functions of Barclays. To broaden my understanding of the Barclays businesses, I have this year visited Retail Banking branches in the UK and Africa, Barclays Commercial Bank services in Stratford and Gadbrook Park, Barclaycard in Northampton, Barclays Capital in New York, Barclays Global Investors in San Francisco, Barclays France, Barclays Spain and the Barclays operations in Tokyo and Singapore.

As well as the induction meetings with senior management, I have met with shareholders and analysts and other stakeholders to gauge their views of Barclays and assess market opinion.

I am also Chairman of the Board Corporate Governance and Nominations Committee, a member of the Board HR and Remuneration Committee and I have attended meetings of both the Board Audit and Board Risk Committees during the year to observe at first hand how these Committees operate and the key issues they examine.

Marcus Agius

Barclays businesses and operations

During 2007, two off-site Board meetings were held. In March, the Board met at the New York offices of Barclays Capital, where Directors were given a tour of the site, including the trading floor, and had the opportunity to meet with staff, senior management and major clients. In September, the Board met at the London office of Barclays Wealth.

National Branch Week was held in September, where over 300 senior executives from the Group went back to the floor to find out what successes and challenges employees in the branches are facing at the sharp end of the business. A number of Directors participated and worked alongside cashiers, personal bankers and co-ordinators for the day. To keep them informed of issues relevant to front line employees and up to date with news around the Group, Directors receive copies of The Globe, the magazine for employees.

External matters

Directors are regularly briefed on market opinion and receive copies of analyst research and press commentary. Attendance at results presentations, analyst rehearsals and corporate governance receptions enables Directors to meet with analysts and investors to enhance their awareness of market sentiment and the views of major shareholders.

External speakers were invited to brief the Board in 2007 on the global economic outlook. All Directors were made aware in 2007 of their responsibilities under the FSA's Prospectus Rules in connection with the proposed merger with ABN AMRO. A number of briefings were given to the Board on the changes being introduced by the Companies Act 2006 and, in particular, the new statutory statement of Directors' Duties, to ensure that Directors are aware of their responsibilities. Guidance was provided to management and to the Board on the desired content of supporting Board and Committee papers, to ensure that Directors are provided with sufficient information to allow them to have regard to (amongst others) the stakeholders of the Group and the long term consequences of any decisions they make.

Statement on US Corporate Governance Standards

The statement required by NYSE is set out below.

Director independence

Under the NYSE Rules the majority of the Board should be independent. Under the Code, at least half of the Board (excluding the Chairman) is required to be independent. The NYSE Rules contain detailed tests for determining Director independence, whereas the Code requires the Board to determine whether each Director is independent in character and judgement and sets out criteria that may be relevant to that determination. We follow the Code's recommendations as well as developing best practices among other UK public companies. Our Board annually reviews the independence of our non-executive Directors, taking into account the guidance in the Code and the criteria we have established for determining independence, which are described on page 120.

Board Committees

We have a Board Corporate Governance and Nominations Committee and a Board HR and Remuneration (rather than Compensation) Committee, both of which are broadly comparable in purpose and constitution to those required by the NYSE Rules and whose terms of reference comply with the Code's requirements. Beyond the fact that the Board Corporate Governance and Nominations Committee is chaired by the Chairman of the Board and that the Chairman is a member of the Board HR and Remuneration Committee, both of which are permitted by the Code, both Committees are composed solely of non-executive Directors whom the Board has determined to be independent. We follow the Code recommendation that a majority of the Nominations Committee should be independent non-executive Directors, whereas the NYSE Rules state that the Committee must be composed entirely of independent Directors. We comply with the NYSE Rules regarding the obligation to have a Board Audit Committee that meets the requirements of Rule 10A-3 of the US Securities Exchange Act, including the requirements relating to the independence of Committee members. In April 2007, we made an Annual Written Affirmation of our compliance with these requirements to the NYSE. The Code also requires us to have a Board Audit Committee comprised solely of independent non-executive Directors. We follow the Code recommendations, rather than the NYSE Rules, however, regarding the responsibilities of the Board Audit Committee, although both are broadly comparable. We also have a Board Risk Committee, comprised of independent non-executive Directors, which considers and discusses policies with respect to risk assessment and risk management.

Corporate Governance Guidelines

The NYSE Rules require domestic US companies to adopt and disclose corporate governance guidelines. There is no equivalent recommendation in the Code. The Board Corporate Governance and Nominations Committee has, however, developed corporate governance guidelines, entitled Corporate Governance in Barclays, which have been approved and adopted by the Board.

Code of Ethics

The NYSE Rules require that domestic US companies adopt and disclose a code of business conduct and ethics for Directors, officers and employees. Rather than a single consolidated code as envisaged in the NYSE Rules, we have a number of 'values based' business conduct and ethics policies, which apply to all employees. In addition, we have adopted a Code of Ethics for the Group Chief Executive and senior financial officers as required by the US Securities and Exchange Commission.

Shareholder approval of equity-compensation plans

The NYSE listing standards require that shareholders must be given the opportunity to vote on all equity-compensation plans and material revisions to those plans. We comply with UK requirements, which are similar to the NYSE standards. The Board, however, does not explicitly take into consideration the NYSE's detailed definition of what are considered 'material revisions'.

Relations with Shareholders

Institutional investors

The Board's priorities include communicating with shareholders, to keep them well informed about the Company's prospects and strategy, and staying abreast of the views of major shareholders. To achieve this, executive Directors and senior executives hold group and one to one meetings with major investors. Analyst research notes are distributed to Directors and our corporate brokers provide annual feedback to the Board. The Investor Relations team organise roadshows, seminars, conferences, presentations and other activities that enable the Directors to interact with investors. Prior to each AGM, the Group Chairman, Senior Independent Director and Company Secretary have a series of meetings with the corporate governance representatives of our major institutional shareholders.

Private shareholders

A change in the law now allows us to communicate electronically with our shareholders, unless they advise us that they prefer to receive paper. We have given shareholders a choice of how to receive shareholder communications going forward and those that receive documents electronically will have access to shareholder documents as soon as they are published. These new arrangements will enable us to use less paper, which benefits the environment and lowers distribution costs for the Group. This year we will continue to post the Annual Review, Notice of Shareholder Meetings and proxy forms to all shareholders.

We encourage shareholders to hold their shares in Barclays Sharestore, where shares are held electronically in a cost-effective environment. Our e-view service enables shareholders to receive their shareholder documents electronically. It also gives shareholders immediate access to information relating to their personal shareholding and dividend history. Participants can also change their details and dividend mandates online and receive dividend tax vouchers electronically.

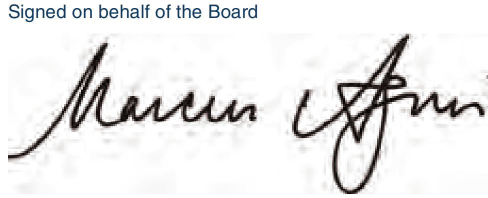
Shareholder Meetings

The 2007 AGM was held on 26th April 2007 at the Queen Elizabeth II Conference Centre in London. In accordance with best practice, all resolutions were considered on a poll and the results were made available on our website the same day. 54 percent of the shares in issue were voted and all resolutions were approved. All Directors are encouraged to attend the AGM and are available to answer shareholder questions. All Directors attended the 2007 AGM, with the exception of Leigh Clifford, who, as Chief Executive of Rio Tinto, was attending that company's AGM and Board meeting in Australia on that day.

An extraordinary general meeting (EGM) was held on 14th September 2007, at our head office in London, where shareholders were asked to approve resolutions in connection with the proposed merger with ABN AMRO. 58 percent of the shares in issue were voted on a poll and all resolutions were approved. The Group Chairman, Senior Independent Director and a majority of the executive Directors attended the EGM. The EGM was followed by a Class Meeting of ordinary shareholders, at which 57 percent of the ordinary shares in issue were voted on a poll and the resolution was approved.

The 2008 AGM will be held on 24th April 2008 at the Queen Elizabeth II Conference Centre in London. The AGM will be followed by a Class Meeting of ordinary shareholders. The Notice of Shareholder Meetings is enclosed with this Annual Report as a separate document. The resolutions will be considered on a poll and the results will be available on our website on 24th April 2008.

Signed on behalf of the Board



Marcus Agius
Group Chairman
7th March 2008

Corporate governance

Remuneration report

Statement from the Chairman of the Board HR and Remuneration Committee (the Committee)

The Committee provides governance and strategic oversight of remuneration, Barclays Human Resource activities and senior management development. The Committee's terms of reference are available in the Corporate Governance section of the Barclays Investor Relations website (www.aboutbarclays.com).

The Committee meets a minimum of four times a year. Marcus Agius became a member of the Committee on 1st January 2007. Marcus Agius was considered independent (for the purposes of the Combined Code) on his appointment as Chairman of the Board. All other Committee members are independent non-executive Directors.

The Committee's objective in relation to remuneration is to ensure that it incentivises excellence in business and personal performance and enables the Group to attract and retain employees of ability and experience.

The Committee aims to achieve this by:

- ensuring clear and quantified individual and Group performance goals are in place supported by rigorous performance appraisal systems;
- creating externally benchmarked remuneration frameworks for each major business that provide an evidence based approach to decisions;
- reviewing past remuneration decisions against objectives; and
- approving the specific remuneration packages of executive Directors and other senior executives.

The Committee's work is supported by independent professional advice from Kepler Associates, who were re-appointed in 2007, and Towers Perrin MGMC who were appointed in 2007.

In relation to HR and senior management development, the Committee's objective is to ensure that the Group's people resources are managed to maximise business performance, support the long-term success and growth of the business and protect the welfare of all employees.

The Committee aims to achieve this by:

- ensuring there are appropriate succession and talent management plans in place;
- providing oversight of Group level policy on HR matters including those related to the mobility of employees within the Group; and
- monitoring health and safety and equality and diversity issues across the Group.

Barclays employee remuneration is performance based. Important context to this report and the disclosures that follow is provided below:

- Group profit before tax was £7.1bn, broadly in line with the prior year;
- Group profit before business disposals increased by 3%; and
- careful management of performance related remuneration has resulted in a reduction in key remuneration ratios relative to 2006, including the absorption of 2007 headcount investment.

The Committee takes seriously its commitment to clear and comprehensive disclosure. This report details the remuneration of the individual Directors who served Barclays in 2007. Barclays Remuneration Policy remains unchanged, including the commitment to transparency and to policies and programmes that serve well the interests of shareholders.

The Committee unanimously recommends that you vote to approve the report at the 2008 AGM.

Signed on behalf of the Board

Sir Richard Broadbent
Chairman, Board HR and Remuneration Committee
7th March 2008

Board HR and Remuneration Committee Members

During 2007, the Committee comprised both independent non-executive Directors and the Chairman of the Board. Membership of the Committee was as follows:

Sir Richard Broadbent (Chairman)
Marcus Agius
Leigh Clifford
Sir John Sunderland

The non-executive Directors who were Committee members were considered by the Board to be independent of management and free from any business or other relationship that could materially affect the exercise of their independent judgement. The constitution and operation of the Committee complies with the Provisions on the Design of Performance Related Remuneration in the Combined Code adopted by the Financial Reporting Council.

Marcus Agius was appointed as a member of the Committee with effect from 1st January 2007.

The Chairman of the Committee presents a report of each meeting to the full Board.

Advisers to the Committee

The Committee has access to independent consultants to ensure that it receives independent advice. Advisers are appointed by the Committee for specific work, as necessary, and are required to disclose to the Committee any potential conflict of interest.

In 2007, Kepler Associates [a] were re-appointed by the Committee to provide independent advice to Committee members on remuneration matters. Towers Perrin MGMC [a] were appointed to provide advice to the Committee in 2007, primarily in relation to the provision of remuneration for employees below Board level and in the global financial services industry.

The Group Chief Executive, the Human Resources Director and, as necessary, members of the Executive Committee, also advise the Committee, supported by their teams. They are not permitted to participate in discussions or decisions relating to their own remuneration. The Human Resources Director is responsible for providing professional support to line management in HR policy and operations and for monitoring compliance with prescribed policy and programmes across Barclays. The Human Resources Director is not a Board Director and is not appointed by the Committee.

Notes

a Kepler Associates and Towers Perrin MGMC have given and not withdrawn their written consent to the inclusion of references to their name in the form and context in which it appears. Towers Perrin MGMC also provided remuneration benchmarking data to Barclays Group companies during the year.

b Barclays Guiding Principles were introduced during 2005 and provide all parts of the Group with a unifying set of values. They are: Winning Together, Best People, Client/Customer Focused, Pioneering and Trusted.

Remuneration Policy

Barclays policy is to use remuneration to drive a high-performance culture. Executive Directors can expect outstanding remuneration if performance is outstanding and below median remuneration for below median performance. This philosophy applies to remuneration policies and practices for all employees in the Group. The Committee considers remuneration levels across the Group when determining remuneration for executive Directors.

The aims of the Barclays Remuneration Policy are to:

– incentivise excellence in and balance between both short-term (one year) and longer-term (three years plus) performance such that Group financial goals and the goal of achieving top quartile total shareholder return (TSR) are met and sustained;

– enable the Group to attract and retain people of proven ability, experience and skills in the pools in which it competes for talent;

– encourage behaviour consistent with Barclays Guiding Principles [b] which leads to excellence and the appropriate balance in financial performance, governance, controls, risk management, customer service, people management, brand and reputation management;

– promote attention to maximising personal contribution, contribution to the business in which the individual works and contribution to the Group overall; and

– ensure, both internally and externally, that remuneration policies and programmes are transparent, well communicated, easily understood and aligned with the interests of shareholders.

The graph below shows the value, at 31st December 2007, of £100 invested in Barclays on 31st December 2002 compared with the value of £100 invested in the FTSE 100 Index. The other points plotted are the values at intervening financial year ends. The FTSE 100 Index is the index of the 100 largest UK quoted companies by market capitalisation. It is a widely recognised performance comparison for large UK companies such as Barclays and this is why it has been chosen as a comparator to illustrate Barclays TSR. The graph shows that, at the end of 2007, a hypothetical £100 invested in Barclays on 31st December 2002 would have generated a total return of £63, compared with a gain of £95 if invested in the FTSE 100 Index.

Remuneration for executive Directors

Remuneration for the executive Directors comprises:

– base salary;

– annual bonus including mandatory deferral into Barclays shares through the Executive Share Award Scheme (ESAS);

– long-term incentives through the Performance Share Plan (PSP); and

– pension and other benefits.

Total Shareholder Return £

Schedule 7A of the Companies Act 1985 requires that the graph shows

TSR for the five years ending with the relevant financial year.

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

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

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

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

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

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

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

Changes to Group Chairman and executive Directors

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

Marcus Agius receives a fee of £750,000 (inclusive of Director's fees). He is also eligible for private health insurance. The minimum time commitment is equivalent to 60% of a full time role. Marcus Agius is not eligible to participate in Barclays bonus and share incentive plans, nor will he participate in Barclays pension plans or receive any pension contributions. The letter of appointment provides for a notice period of 12 months from Barclays and six months from Marcus Agius.

Naguib Kheraj ceased to be an executive Director on 31st March 2007. Naguib Kheraj was succeeded by Chris Lucas, who was appointed to the position of Group Finance Director with effect from 1st April 2007. The key terms of executive Directors' service contracts are on page 133.

Base Salary

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

	As at 31st Dec 2007	As at 1st April 2008	Date of previous increase
John Varley	£1,000,000	£1,100,000	1st Apr 2007
Robert E Diamond Jr	£250,000	£250,000	1st Mar 1999
Gary Hoffman	£625,000	£625,000	1st Apr 2006
Frits Seegers	£700,000	£700,000	n/a
Chris Lucas	£600,000	£650,000	n/a

In respect of John Varley and Chris Lucas, having regard to the levels of salary and total compensation in comparable organisations, the Committee approved an increase to base salary effective from 1st April 2008.

Notes

a Eligible executives may request that all or part of the cash bonus to which they would otherwise become entitled, be granted in the form of an additional award under ESAS or as a pension contribution by way of Special Company Contribution (Bonus Sacrifice). For 2007 Robert E Diamond Jr received 43% of his annual bonus in cash and 57% as a recommendation for an award of Barclays shares under Mandatory ESAS.

b Please refer to Note 44 to the accounts for further information on PSP.

c Please refer to Note 30 to the accounts for further information on the Group's pension plans.

Annual Bonus and ESAS

The maximum bonus opportunity for executive Directors is tailored to the relevant market; this is typically 250% of base salary. The annual bonus is based on a qualitative and quantitative assessment of performance (including EP and PBT results) with the quantitative assessment comprising the majority. EP and PBT are considered to be good measures of value creation for shareholders.

ESAS is a deferred share award plan which operates in conjunction with the annual Barclays Group cash bonus plans (and various other cash long-term incentive plans operated by Barclays Group companies). Currently, for executive Directors, typically 75% of the annual bonus is delivered as cash. A recommendation may be made to the ESAS trustee that the remaining 25% is delivered as an award under ESAS ('Mandatory ESAS award').

In addition, executive Directors may request that any cash bonus, to which they may have otherwise become entitled, be granted as an additional award under ESAS ('Voluntary ESAS award').

Both Mandatory and Voluntary ESAS awards will normally include additional shares called bonus shares with a value of up to 30% of the bonus amount awarded in shares. The ESAS trustee may apply dividends it receives on shares held in trust in purchasing additional Barclays shares which may also be released to participants.

A Mandatory ESAS award is a provisional allocation of Barclays shares which does not give rise to any right or interest in those shares. Normally, under a Mandatory ESAS award, the ESAS trustee grants participants the right to call for the shares plus two-thirds of any bonus shares, in the form of a nil-cost option following the third anniversary of the award date. If this right is not exercised, the ESAS trustee may, following the fifth anniversary, release all the Barclays shares including all bonus shares and dividend shares to the participant.

Awards under Voluntary ESAS are granted in the form of a nil-cost option which is a right to acquire Barclays shares which will become fully exercisable after five years.

Neither the exercise of nil-cost options granted under Mandatory or Voluntary ESAS nor the release of Barclays shares under award is subject to performance conditions. As ESAS is a deferred share award plan, it would not be appropriate to attach a performance condition to options or awards.

If an executive ceases to be employed he may forfeit his award depending on why he leaves.

PSP

The PSP was approved by shareholders at the 2005 AGM and replaced the ISOP as the main performance linked share incentive plan. PSP awards to date have been granted in the form of provisional allocations of Barclays shares which do not give a participant any right to acquire, or an interest in, shares until such time as the PSP trustee decides to release the shares to the participant (i.e. when the PSP awards vest). Participants do not pay to receive an award or to receive a release of shares. Performance share awards are communicated to participants as an initial allocation. Normally, the maximum expected value of an award at the date of grant will be the higher of 150% of base salary or 75% of base salary and target bonus. 'Expected value' is a single value for the award at grant which takes account of the various possible performance and vesting outcomes, although it is Barclays performance over a three-year period which determines the final number of shares that may be released to participants. Dividend shares may also be released in respect of the vested shares.

Awards normally vest on the third anniversary of the date of grant, if and to the extent that the performance conditions are satisfied. Note that:

– relative TSR and EP are both considered to be good measures of value creation to shareholders;

– before any shares are released, Barclays cumulative EP over the performance period must normally be greater than the total for the previous three-year period;

– for PSP awards made in 2005, the award depended on Barclays TSR relative to a peer group of 11 other international banks. These awards are due to lapse in 2008 as the TSR performance condition was not satisfied;

– the performance conditions for PSP awards made in 2006 and 2007 will be measured over the three-year performance period (2006 to 2008 and 2007 to 2009 respectively);

– for PSP awards made in 2006 and 2007, 50% of the award depends on Barclays EP and 50% of the award depends on Barclays TSR relative to a peer group of 11 other international banks;

– for awards made in 2005, 2006 and 2007 in relation to the TSR element of the award, there is no vesting unless Barclays is ranked above median on relative TSR.

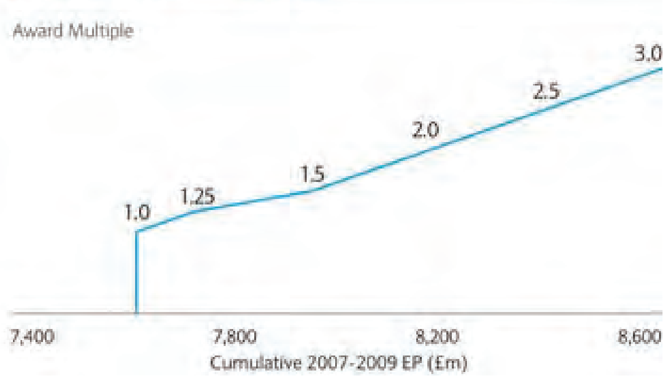
The peer group for the TSR element of the 2007 award, as for the 2006 award, is [a]:

UK	Mainland Europe	US
HBOS	Banco Santander [b]	Citigroup
HSBC	BBVA	JP Morgan Chase
Lloyds TSB	BNP Paribas	
Royal Bank of Scotland	Deutsche Bank	
	UBS	

The performance scales for the TSR and EP elements of the 2007 award are as shown in the two charts below:

PSP 2007: Total Shareholder Return Performance Scale

PSP 2007: EP Performance Scale



Notes

a The reserve companies for the 2006 and 2007 awards are UniCredit, Morgan Stanley, Bank of America and Wachovia.

b The Committee has approved the substitution of Banco Santander for ABN AMRO in the TSR peer group for awards granted under the PSP in 2005, 2006 and 2007, in accordance with the Committee's agreed peer group adjustment principles. This adjustment was made in anticipation of the takeover of ABN AMRO. Following a review of the peer group reserve banks, it was decided that Banco Santander was the most suitable substitute based on both competitive position relative to Barclays and similarity to ABN AMRO.

EP comprises profit after tax and minority interests less a capital charge.

Independent confirmation is provided to the Committee as to whether a performance condition has been met.

Each year a review of the Group's share-based long-term incentives (currently the PSP) is undertaken to check that the structure and performance conditions remain appropriate in respect of the Group's business objectives and best market practice. The 2007 review included consideration of eligibility criteria. The outcome of the review was that participation in the PSP should be restricted to executive Directors, members of the Executive Committee, Executive Committee direct reports and other key senior positions. Developing a link to Barclays share price is important and therefore, as individuals below these levels become more highly remunerated, some of their remuneration may be delivered as an award of Barclays shares (to be known as Incentive Shares). Participants would not be eligible for a release of shares until the third anniversary and the release of Incentive Shares would not be subject to performance conditions. It is intended that a new employee share plan will be established under which Incentive Shares will be granted. No Board Directors will be eligible to participate in this plan and awards will be settled using only existing Barclays shares.

ISOP

ISOP (Incentive Share Option Plan) has not been used for awards to executive Directors since 2004. Details of ISOP awards held by executive Directors can be found on page 141. Awards in 2003 and 2004 under ISOP include financial metrics or thresholds which were adjusted where necessary to neutralise the effect of the introduction of IFRS.

The main performance condition was TSR relative to a peer group of 11 other major international banks, combined with an EP threshold. Awards have now vested, as set out in the table on page 141.

Retained Incentive Opportunity

Robert E Diamond Jr received an award in February 2008 under the Retained Incentive Opportunity. This award was subject to performance criteria based on the delivery of EP at Barclays Capital over the period 2005 to 2007. The performance measure applied was cumulative EP performance of Barclays Capital during the period 1st January 2005 to 31st December 2007. In order to achieve the maximum value award under the Retained Incentive Opportunity, Barclays Capital had to successfully generate a cumulative EP of £2bn over the performance period. EP was chosen as this is an appropriate measure to align the interests of the participant with those of shareholders and is a good measure of value creation for shareholders.

Details of the award which was made to Robert E Diamond Jr are on page 139.

Sharesave

All eligible employees including executive Directors may participate in Sharesave. Sharesave is an HMRC (Her Majesty's Revenue and Customs) approved all-employee share option plan. HMRC does not permit performance conditions to be attached to the exercise of Sharesave options. Under Sharesave, participants are granted options over Barclays shares. Each participant may save up to £250 per month to purchase Barclays shares at a discount. For the 2007 grant, the discount was 20% of the market value of a share at the time the option was granted. Sharesave is also offered to employees in Spain and Ireland. Following the 2007 invitation, a total of 40,621 employees in the UK, Spain and Ireland were participants in Sharesave with 72.4 million shares under option. Details of options held by executive Directors are on page 140.

Sharepurchase

Sharepurchase was introduced in January 2002. It is an HMRC approved all-employee share plan. Sharepurchase is open to all eligible employees including executive Directors. Under Sharepurchase, participants are able to purchase up to £1,500 worth of Barclays shares each year, which, if kept in trust for five years, can be withdrawn from Sharepurchase tax-free. Any shares in Sharepurchase will earn dividends in the form of additional shares, which must normally be held by the trustee on behalf of the participant for no less than three years.

To encourage employee ownership of Barclays shares, Barclays matches, share for share, up to the first £600 each participant invests in Sharepurchase in each tax year. Matching shares must normally be held by the trustee on behalf of the participant for no less than three years.

At 31st December 2007, 23,097 employees were participants in Sharepurchase, with a total of 12.9 million shares held on their behalf by the Sharepurchase trustee.

Dilution Limits

The outstanding awards under ISOP and Sharesave are intended to be satisfied by the issue of new Barclays shares or through treasury shares within the limits agreed by shareholders when these plans were approved. These limits comply with the Association of British Insurers' guidelines restricting dilution from employee share plans. The overall limits under the guidelines are that no more than 10% of a company's issued share capital may be used in any ten-year period. Up to 5% may be used for executive share plans. Shares in Barclays Global Investors UK Holdings Limited issued as a result of option exercises under the BGI EOP also count towards these limits. As at 31st December 2007, Barclays headroom under these limits, i.e. the amount remaining available for issue, was 4.2% and 1.5% respectively.

Employees' Benefit Trusts (EBTs)

The trustees of the Barclays EBTs grant awards under ESAS and PSP over existing Barclays shares which they have purchased in the market. The trustees of the Barclays EBTs have informed the Bank that their normal policy is to abstain from voting in respect of the Barclays shares held in trust.

The trustees of the Sharepurchase EBT may vote in respect of Barclays shares held in the Sharepurchase EBT, but only at the direction of the participants. The trustees will not otherwise vote in respect of shares held in the Sharepurchase EBT.

Pensions

All Group pension arrangements are managed in accordance with the Global Retirement Fund Governance Framework to ensure best practice in respect of regulatory compliance, governance, investment and administration. The framework is overseen by the Committee.

Pension benefits for executive Directors are provided through defined benefit plans, defined contribution plans, unfunded unapproved retirement benefit arrangements, cash or a combination of these. The pension benefit applicable will depend on the date an executive Director was appointed and their individual situation. Annual performance related bonuses are not included in pensionable salary.

The Group's closed UK defined benefit pension arrangement, of which John Varley and Gary Hoffman are members, is a non-contributory scheme. Benefits are provided on leaving service at normal pension age (60) by reference to the executive Director's length of service, normally by reference to 1/60th of pensionable salary for each year of pensionable service (John Varley's pension accrual is provided through the scheme in accordance with his service contract as set out in the notes to the pensions table on page 136).

The Group's closed UK defined benefit pension arrangement also provides that, in the event of death before retirement, a cash lump sum of up to four times salary is paid together with a dependant's pension of 50% of the pension that would have been payable had the member remained in active service until their normal pension age. For death in retirement, a dependant's pension is payable of approximately 50% of the member's pension at the date of death, not taking into account commutation of any cash lump sum at the time of the member's retirement. If a member is granted a deferred pension that has not yet come into payment, the widow/widower receives a pension of 50% of the deferred pension payable. Where applicable, children's pensions are payable, usually up to the age of 18. Enhanced benefits may be payable if it is determined that a member is unable to work as a result of serious ill-health.

The Group's US non-contributory defined benefit arrangement, of which Robert E Diamond Jr is a member, provides a benefit at age 65 of 1/60th of final average pensionable pay plus 0.3% of final average pensionable pay in excess of the US Internal Revenue Service's covered compensation limit

for each year of pensionable service (up to a maximum of 30 years). In line with current market practice, final average pay in the US includes an element of bonus subject to overall plan limits. In the event of a member's death before retirement, a spouse's pension of approximately 50% of the member's pension had the member taken early retirement on the date of death, is payable. On death after retirement, a spouse's pension of 50% of the pension in payment is payable. In addition, enhanced benefits are payable if the member qualifies for disability benefits.

The US Restoration Plan, of which Robert E Diamond Jr is also a member, is an unfunded unapproved arrangement which restores reductions in the benefits provided through the approved US plan resulting from the application of relevant compensation and benefit limitations under the US Internal Revenue Code. Robert E Diamond Jr participates in this plan on similar terms to other Barclays senior executives participating in US benefit plans.

Robert E Diamond Jr also participates in the Barclays Bank PLC 401K Thrift Savings Plan and Thrift Restoration Plan on similar terms to other Barclays senior executives in the US.

Where appropriate, cash allowances are provided to executive Directors in lieu of being able to join a Group pension arrangement. Chris Lucas, Naguib Kheraj and Frits Seegers received such cash allowances in 2007.

In the event that an executive Director builds up pension benefits close to, or in excess of, the HMRC Lifetime Allowance, the executive Director is eligible to opt for a cash allowance instead of continued pension accrual. The allowance given is no more than the cost of funding the existing pension benefit.

Service Contracts

The Group has service contracts with its executive Directors. The effective dates of the contracts for the executive Directors who served during 2007 are shown in the table below. The service contracts do not have a fixed term but provide for a notice period from the Group of one year and normally for retirement at age 65, except for Naguib Kheraj who has left the Group. The Committee's policy is that executive Directors' contracts should allow for termination with contractual notice from the Group or, in the alternative, termination by way of payment in lieu of notice (in phased instalments). In the event of gross misconduct, neither notice nor a payment in lieu of notice will be given. Payments in lieu of notice are subject to contractual mitigation.

The Committee's approach when considering payments in the event of termination is to take account of the individual circumstances including the reason for termination, contractual obligations and share and pension plan rules.

Directors [a]	Effective date of contract	Notice period [b]	Potential compensation for loss of office
John Varley	1st Sept 2004	1 year	1 year's contractual remuneration [c]
Robert E Diamond Jr	1st Jun 2005	1 year	"
Gary Hoffman	1st Jan 2004	1 year	"
Naguib Kheraj [d]	1st Jan 2004	1 year	"
Chris Lucas [e]	1st Apr 2007	1 year	"
Frits Seegers	7th Jun 2006	1 year	"

Notes

a Details of executive Directors standing for re-election at the 2008 AGM are set out on page 114.

b Notice period from Barclays to executive Director.

c One year's contractual remuneration is calculated as follows: 12 months' base salary, bonus, if eligible (being the average of the previous three years' bonus awards, in some cases (Gary Hoffman, Chris Lucas and Naguib Kheraj) capped at 100% of base salary), medical benefit (while an employee) and continuation of pension benefits. Payments in lieu of notice are subject to mitigation if alternative employment is found during any period in which pay in lieu of notice is paid.

d Naguib Kheraj ceased to be an executive Director on 31st March 2007.

e Chris Lucas was appointed as an executive Director with effect from 1st April 2007.

Barclays Capital, BGI, Barclays Wealth and GRCB

The Committee has established frameworks for the governance of remuneration in these businesses. Ranges have been set for key financial and remuneration ratios. The Committee approves aggregate bonus and long-term incentive expenditure, and strategic investment for new hires. The Committee also approves individual remuneration for the members of the management teams, and any employee with total remuneration in excess of £750,000.

The BGI EOP

BGI is Barclays asset management business headquartered in San Francisco. The BGI EOP (BGI Equity Ownership Plan) was approved by shareholders at Barclays 2000 AGM to provide the employee share incentive arrangements required to recruit and retain the quality of senior management and investment talent appropriate for building a global investment management business. The BGI EOP was designed to provide participants with a long-term equity interest in BGI to meet the expectations of, in particular, BGI's key investment talent in the United States, who could expect to participate in the equity of their employer. Under the terms of the BGI EOP, options are granted at fair value to key BGI employees over shares in Barclays Global Investors UK Holdings Limited (BGI Holdings) within an overall cap of 20% of the issued ordinary share capital of BGI Holdings.

All grants of options are approved by the Committee. The Committee is also advised of option exercises and share sales by employees. Directors of Barclays PLC are not eligible to receive options under the BGI EOP.

In summary the BGI EOP operates as follows:

– certain key BGI employees are granted options over shares in BGI Holdings;

– the option exercise price is based on the fair value of a BGI Holdings share at the date of grant determined by an independent appraiser;

– the options generally vest evenly over a three-year period and can normally be exercised in two annual exercise windows;

– option holders are required to fund the exercise without any financial support from any member of the Barclays Group.

Once employees become shareholders, they are subject to the Articles of BGI Holdings under which:

– shareholders are required to hold the shares for a minimum of 355 days. As shareholders, employees derive the full risks and rewards of ownership, including voting rights and entitlement to any ordinary dividends paid by BGI Holdings;

– on expiry of the minimum holding period, shareholders may, but are not obliged to, offer their shares for sale usually during two annual sales windows;

– Barclays Bank PLC, at its discretion, has a right to purchase shares so offered, but is not obliged to do so.

The table below contains information on the number of shares in BGI Holdings over which options were granted, outstanding and exercised in 2006 and 2007:

Year	Number granted during year (000s)	Number outstanding at year end (000s)	Number exercised (000s)
2006	3,973	6,929	2,188
2007	2,599	7,502	1,632

In 2007 BGI employees exercised options over 1.6m (2006: 2.2m) shares for consideration of £57m (2006: £44m); Barclays Bank PLC purchased 4.9m (2006: 4.9m) shares offered for sale by shareholders for consideration of £488m (2006: £410m). As at 31st December 2007, employees own 5.9% of BGI Holdings (2006: 9.4%).

BGI EOP – Accounting and disclosure

The BGI EOP is accounted for as an equity settled share-based payment in accordance with IFRS 2 'Share-based Payment'. The fair value of the services received from the employees is measured by reference to the fair value of the share options granted on the date of the grant. The cost of the employee services received in respect of the share options granted is recognised in the income statement over the period that the services are received. The cost for 2007 of £54.8m (2006: £37.4m, 2005: £14.9m) is included in staff costs in Note 8 to the accounts. In accordance with IFRS 2, details of share options granted and exercised, together with weighted average fair values at grant date and weighted average exercise prices are set out in Note 44 to the accounts. In accordance with IAS 33 'Earnings per Share', unexercised options are taken into account in the calculation of diluted earnings per share as set out in Note 11 to the accounts.

For Group reporting, the exercise of options by employees is treated as a deemed disposal of interests in a subsidiary, as its holding in the subsidiary has been reduced for the consideration represented by the exercise price. Any subsequent purchase of shares offered for sale by employees is treated as a purchase of an additional investment in a subsidiary entity. The cash flows relating to these capital transactions are included in the consolidated cash flow statement and disclosed, along with other disposals and acquisitions, in Note 38 to the accounts and related movements in goodwill and minority interests are included in Notes 21 and 33 to the accounts respectively.

Replacement of the BGI EOP

The Group will introduce a new BGI employee share plan in 2008, under which awards will be made using Barclays PLC shares purchased in the market. The quantum of awards will be linked to BGI business performance. Executive Directors will not be eligible to participate in the new BGI plan.

It is intended that no further options will be granted under the BGI EOP and that the BGI EOP will not be renewed in 2010 when it comes to the end of its life.

Non-executive Directors

The Board determines the fees of non-executive Directors and the fees are reviewed annually. The fee structure as at 31st December 2007 is shown below.

Base fee Plus:	£65,000
Chairman of Board Audit Committee	£50,000
Chairman of the Board HR and Remuneration Committee	£40,000
Chairman of Board Risk Committee	£30,000
Members of the Board Audit Committee	£20,000
Members of the following Board Committees: Risk, HR and Remuneration and Corporate Governance and Nominations	£15,000

As Deputy Chairman, Sir Nigel Rudd receives £200,000. Sir Nigel Rudd did not receive any additional fees for serving as a member of the Board Corporate Governance and Nominations Committee. Sir Richard Broadbent receives an additional £30,000 in respect of his role as Senior Independent Director. Marcus Agius serves as a member of the Board HR and Remuneration Committee and is Chairman of the Corporate Governance and Nominations Board Committee. He does not receive any fees in relation to these appointments.

David Booth was appointed as non-executive Director with effect from 1st May 2007.

The Board's policy is that fees should reflect individual responsibilities and membership of Board Committees. Barclays encourages its non-executive Directors to build up a holding in Barclays shares. £20,000 of each Director's base fee of £65,000 is used to buy Barclays shares. These shares, together with reinvested dividends, are retained on behalf of the non-executive Directors until they retire from the Board. They are included in the table of Directors' interests in Barclays shares on page 142. Non-executive Directors do not receive awards under share plans for employees, nor do they accrue pension benefits from Barclays for their non-executive services.

Non-executive Directors do not have service contracts but each has a letter of appointment. For each non-executive Director who served during 2007, the effective date of their appointment, notice period and the Group's liability in the event of early termination are shown in the following table.

Non-executive Directors [a]	Effective date of letter of appointment	Notice period	Group liability in the event of early termination
David Booth	1st May 2007	6 months	6 months' fees
Sir Richard Broadbent	1st Sep 2003	"	"
Leigh Clifford	1st Oct 2004	"	"
Fulvio Conti	1st Apr 2006	"	"
Dr Danie Cronjé	1st Sep 2005	"	"
Professor Dame Sandra Dawson	1st Mar 2003	"	"
Sir Andrew Likierman	1st Sep 2004	"	"
Sir Nigel Rudd	1st Feb 1996	"	"
Stephen Russell	25th Oct 2000	"	"
Sir John Sunderland	1st Jun 2005	"	"

Sir Michael Rake and Patience Wheatcroft were appointed as non-executive Directors with effect from 1st January 2008.

Each appointment is for an initial six-year term, renewable for a single term of three years thereafter, with the exception of Sir Nigel Rudd, whose appointment as Deputy Chairman is reviewed annually. Details of non-executive Directors standing for re-election at the 2008 AGM are set out on page 114.

Future Policy

The Committee will keep the existing remuneration arrangements, as detailed in this Report, under review during 2008 and ensure that Barclays programmes remain competitive and provide appropriate incentive for performance. As usual, there will be individual reviews of base salary, annual bonus (including ESAS) and awards under the long-term incentive plans.

Audited Information

As required by Part 3 of Schedule 7A of the Companies Act 1985, the Group's auditors, PricewaterhouseCoopers LLP, have audited the information contained on pages 135 to 141.

Note
a Marcus Agius was a non-executive Director during 2006 and became Group Chairman on 1st January 2007. Details of his letter of appointment are set out on page 130.

2007 Annual Remuneration[a]

	Salary and fees £000	Benefits[b] £000	Annual cash bonus £000	2007 Total £000	2006 Total £000
Group Chairman					
Marcus Agius[c]	750	1	–	751	22
Executive Directors					
John Varley[d]	975	18	1,425	2,418	2,516
Robert E Diamond Jr[d,e]	250	14	6,500	6,764	10,692
Gary Hoffman[d]	625	15	506	1,146	1,108
Chris Lucas[f]	450	135	450	1,035	–
Frits Seegers[d,g]	700	199	1,313	2,212	1,630
Non-executive Directors[h]					
David Booth[i]	43	–	–	43	–
Sir Richard Broadbent	180	–	–	180	147
Leigh Clifford	80	–	–	80	76
Fulvio Conti	85	–	–	85	54
Dr Danie Cronjé	217	–	–	217	326
Professor Dame Sandra Dawson	85	–	–	85	81
Sir Andrew Likierman	100	–	–	100	96
Sir Nigel Rudd	200	–	–	200	200
Stephen Russell	145	–	–	145	137
Sir John Sunderland	95	–	–	95	81
Former Director					
Naguib Kheraj[d,j]	175	44	438	657	2,565

Forthcoming ESAS and PSP awards[k]

	Mandatory ESAS – 2007 results £000	March 2008 PSP – value of shares under initial allocation £000	Mandatory ESAS – 2006 results £000	March 2007 PSP – value of shares under initial allocation £000
Executive Directors				
John Varley	618	1,200	699	1,200
Robert E Diamond Jr[l]	11,375	3,000	4,518	6,850
Gary Hoffman	219	625	203	625
Chris Lucas	195	800	–	600
Frits Seegers	569	1,600	520	1,000

Notes

a Emoluments include amounts, if any, payable by subsidiary undertakings. Amounts payable to Dr Danie Cronjé include an amount of ZAR1,926,400 (£136,774) in respect of his Chairmanship of Absa Group Limited from which he retired on 31st July 2007 (2006: ZAR3,114,800 (£249,829)).

b The Group Chairman and executive Directors receive benefits in kind, which may include life and disability cover, the use of a Company owned vehicle or cash equivalent, medical insurance and tax advice. Benefits are provided on similar terms to other senior executives. No Director has an expense allowance.

c Marcus Agius was appointed as a non-executive Director on 1st September 2006 and as Group Chairman from 1st January 2007.

d In 2007 John Varley was a Director of Ascot Authority (Holdings) Limited (Directorship ceased on 31st December 2007) and British Grolux Investments Limited for which he received fees of £20,085 and £7,613 respectively (2006: £26,000 and £7,500 respectively). John Varley is a non-executive Director of AstraZeneca plc for which he received fees of £56,486 in 2007 (2006: £21,075). John Varley is also a member of the International Advisory Panel of the Monetary Authority of Singapore for which he received fees of US$10,000 in 2007 (2006: US$10,000). John Varley is Chairman of Business Action on Homelessness and President of the Employers' Forum on Disability for which he receives no fees. Robert E Diamond Jr is Chairman of Old Vic Productions plc for which he received no fees in 2007. Gary Hoffman is a Director of Visa (Europe) Limited and Visa (International) Limited for which he receives no fees. Gary Hoffman is also a Director of Trinity Mirror plc for which he received fees of £62,754 in 2007 (2006: £50,000). During the course of his Directorship Naguib Kheraj was a member of the Board of Governors of the Institute of Ismaili Studies and Chairman of the National Committee of the Aga Khan Foundation for which he received no fees in 2007. Naguib Kheraj (up to 31st March 2007) and Frits Seegers are non-executive Directors of Absa Group Limited and Absa Bank Limited. They have both waived their fees, which were paid to Barclays. Their respective fees in 2007 were ZAR136,533 (£9,694) and ZAR469,900 (£33,363) (2006: ZAR425,100 (£34,096) and ZAR75,400 (£6,048) respectively).

e The remuneration for 2007 for Robert E Diamond Jr was based on the performance of Barclays Group, Barclays Capital, Barclays Global Investors and Barclays Wealth, both on an absolute and industry relative basis. The composition of this package continues to be heavily weighted towards elements that are 'at risk' and reflects practice in the investment banking and investment management industry.

f Chris Lucas was appointed as an executive Director with effect from 1st April 2007. In addition to the amount shown in the 'Salary and fees' column above, Chris Lucas received an award under ESAS in recognition of forfeited compensation from his previous employment. Bonus shares are not applicable to this award. Details of this ESAS award are shown in the table on page 137 and the first table on page 138, and are not included in the table above. In addition, Chris Lucas received an award under the PSP which is shown in the table above (footnote k on this page provides further information). Chris Lucas received an allowance of 25% of base salary (£112,500) in lieu of pension contributions. This amount is included in the column for 'Benefits' in the table above.

g Frits Seegers received an allowance of 25% of base salary (£175,000) in lieu of pension contributions (pro-rata 2006: £84,028). This amount is included in the column for 'Benefits' in the table above.

h £20,000 of each non-executive Director's base fee of £65,000 is used, after tax, to buy Barclays shares. Further details are provided on page 142.

i David Booth was appointed as a non-executive Director on 1st May 2007.

j Naguib Kheraj ceased to be an executive Director on 31st March 2007. The amounts shown in the table above are in respect of the period from 1st January 2007 to 31st March 2007. During this period Naguib Kheraj received an allowance of 23% of base salary (£40,250) in lieu of pension contributions (2006: £149,500). This amount has been included in the column for 'Benefits' above. In order to effect a successful handover to his successor, from 1st April 2007 to 30th April 2007, Naguib Kheraj was paid in accordance with the terms of his service contract (being a total amount of £218,343 which included a discretionary bonus of £145,833). Following the termination of his service contract and taking into consideration the duty to mitigate his loss, no payments were made to Naguib Kheraj in relation to the termination of his contract. Naguib Kheraj was retained by Barclays in a corporate finance advisory role for an eight month period from 1st May 2007 to 31st December 2007. Naguib Kheraj received a payment of £600,000 per month for this period, as well as a payment of £14,178 per month for contractual benefits (including an allowance in lieu of pensions contributions). Naguib Kheraj's corporate finance role was terminated on 31st December 2007 and no payments were made to Naguib Kheraj on termination of this arrangement.

k The amounts shown for Mandatory ESAS represent the value of Barclays shares to be recommended for an award under Mandatory ESAS for the 2007 results and, recommended for an award under Mandatory ESAS for the 2006 results, including a maximum 30% bonus share element. The Mandatory ESAS awards for the 2006 results are included in the table on page 137 and the first table on page 138. The amounts shown for PSP represent the value of Barclays shares under initial allocation to be recommended for an award under PSP in March 2008 and recommended for an award under PSP in March 2007 (May 2007 for Chris Lucas). The PSP awards granted in 2007 are included in the table on page 137 and the first table on page 139. Please refer to page 131 for further details on ESAS and PSP.

l In addition to the Mandatory ESAS award shown for the 2007 results, Robert E Diamond Jr will receive a separate award under ESAS in respect of the Retained Incentive Opportunity as described in footnote f to the table on page 139. Bonus shares do not apply to the ESAS award in respect of the Retained Incentive Opportunity.

EXHIBIT 1B

Executive Directors: illustration of change in value of Barclays PLC shares owned beneficially, or held under option or awarded under employee share plans as at 31st December 2007[a]

	Number at 31st December 2007							Notional value based on share price of £7.30[f] £000	Notional value based on share price of £5.04[g] £000	Change in notional value £000
	Shares owned beneficially[b]	ESAS[c]	PSP[d]	Executive Share Option Scheme (ESOS)[e]	ISOP[e]	Sharesave	Total			
Executive Directors										
John Varley	470,650	344,711	459,503	–	920,000	3,638	2,198,502	11,976	7,056	(4,920)
Robert E Diamond Jr	3,402,192	4,863,749	1,755,335	100,000	560,000	–	10,681,276	75,033	50,942	(24,091)
Gary Hoffman	431,761	274,402	257,116	–	540,000	6,150	1,509,429	8,555	5,187	(3,368)
Chris Lucas	38,003	69,091	82,910	–	–	3,638	193,642	1,382	958	(424)
Frits Seegers	699,870	231,383	294,154	–	–	3,390	1,228,797	8,954	6,177	(2,777)

Notes

a Under PSP, ESAS, ISOP, ESOS and Sharesave, nothing was paid by the participants on the grant of options or awards.

b The number shown includes shares held under Sharepurchase.

c ESAS includes the maximum potential 30% bonus share element where applicable, and any voluntary ESAS awards.

d The number of shares shown represents the initial allocation of shares.

e The number of shares shown represents the vested shares under option.

f With the exception of Chris Lucas, the notional value is based on the share price as at 31st December 2006. The notional value for Chris Lucas is based on a share price of £7.23, which was the share price as at 2nd April 2007, the first working day after he was appointed executive Director.

g The notional value is based on the share price as at 31st December 2007. The highest and lowest market prices per share during the year were £7.90 and £4.775 respectively.

Executive Directors: shares provisionally allocated and shares under option under ESAS[a,h,i,j]

	Number at 1st January 2007	During 2007: Awarded in respect of the results for 2006	Released[c]	Market price on Release date £	Exercised	Market price on Exercise date £	Bonus shares lapsed	Number at 31st December 2007
Executive Directors								
John Varley	278,211	95,328	28,828	7.15	–	–	–	344,711
Robert E Diamond Jr[d]	5,282,875	616,303	1,035,429	7.15	–	–	–	4,863,749
Gary Hoffman	166,526	27,712	16,924	7.15	–	–	–	177,314
Chris Lucas[b]	–	–	–	–	–	–	–	69,091
Frits Seegers	802,208	70,941	641,766	6.84	–	–	–	231,383
Former Director								
Naguib Kheraj	790,317	–	230,560	7.15	–	–	–	559,757

Shares under option under ESAS and voluntary ESAS as at 31st December 2007 (with the exception of voluntary ESAS, shares under option are included in aggregate figures above)

	Nil cost option granted at 3rd anniversary[e]	Nil cost option under voluntary ESAS at 1st January 2007[f]	During 2007: Voluntary ESAS option granted	Voluntary ESAS option exercised[g]	Market price on exercise date of voluntary ESAS option £	Bonus shares lapsed on exercise of voluntary ESAS option	Number under Voluntary ESAS at 31st December 2007	Date from which exercisable	Latest expiry date
Executive Directors									
John Varley	56,037	–	–	–	–	–	–	28/02/06	05/03/09
Robert E Diamond Jr	–	–	–	–	–	–	–	–	–
Gary Hoffman	47,663	136,584	–	39,496	7.17	–	97,088	05/03/04	05/03/14
Chris Lucas	–	–	–	–	–	–	–	–	–
Frits Seegers	–	–	–	–	–	–	–	–	–
Former Director									
Naguib Kheraj	402,509	–	–	–	–	–	–	28/02/06	30/06/08

Notes

a The number of shares shown in the table includes the maximum potential 30% bonus element where applicable.

b Figures shown in the column 'Number at 1st January 2007' for Chris Lucas are as at date of joining. An award of 69,091 Barclays shares was granted to Chris Lucas on 1st May 2007, following his appointment as an executive Director on 1st April 2007, in recognition of forfeited compensation from his previous employment. Bonus shares are not applicable to the award.

c The trustees may release additional shares to participants which represent accumulated dividends (net of withholding) in respect of shares under award. During 2007, the trustees released the following accumulated dividend shares: 6,865 to John Varley, 100,645 to Robert E Diamond Jr, 4,030 to Gary Hoffman and 54,899 to Naguib Kheraj. These are not awarded as part of the original award and consequently are not included in the 'Released' column.

d The number shown in the column headed 'Number at 1st January 2007' includes shares held by Robert E Diamond Jr which reflect interests built up over the course of successive years' service with Barclays. The awards were related to Robert E Diamond Jr's contribution to the performance of Investment Banking, Investment Management and the Barclays Group as a whole.

e The shares under option shown in this column are already included in the numbers shown at 1st January 2007 in the first table on this page, and relate to provisional allocations made in 2003 and 2004 except that the figures do not include accumulated dividend shares under option as follows: 7,410 shares for John Varley, 6,303 shares for Gary Hoffman and 53,059 shares for Naguib Kheraj.

f The shares under option in this column are not included in the numbers shown at 1st January 2007 or 31st December 2007 in the first table on this page.

g These figures do not include 9,624 accumulated dividend shares released on exercise of voluntary ESAS options.

h Awards in respect of 2007 will be made in March 2008. Including the maximum potential 30% bonus element, awards will total £617,500 to John Varley, £11,375,000 to Robert E Diamond Jr, £219,375 to Gary Hoffman, £568,750 to Frits Seegers and £195,000 to Chris Lucas.

i Nothing was paid by the participants on the grant of options or awards.

j Please refer to page 131 for further details on ESAS and voluntary ESAS.

Executive Directors: awards under PSP[a,e]

	Shares under initial allocation at 1st January 2007	Shares under initial allocation granted during 2007[b]	Maximum number of shares granted during 2007	Market price on award date £[c]	Performance period[d]	Scheduled vesting date	Shares under initial allocation at 31st December 2007	Maximum number of shares under award at 31st December 2007	Lapses due in 2008 based on maximum number of shares under award
Executive Directors									
John Varley									
2005	142,045	–	–	–	01/01/05 - 31/12/07	16/06/08	142,045	426,135	426,135
2006	153,748	–	–	–	01/01/06 - 31/12/08	23/03/09	153,748	461,244	–
2007	–	163,710	491,130	7.08	01/01/07 - 31/12/09	22/03/10	163,710	491,130	–
Total							459,503	1,378,509	
Robert E Diamond Jr									
2005	52,083	–	–	–	01/01/05 - 31/12/07	16/06/08	52,083	156,249	156,249
2006	768,736	–	–	–	01/01/06 - 31/12/08	23/03/09	768,736	2,306,208	–
2007	–	934,516	2,803,548	7.08	01/01/07 - 31/12/09	22/03/10	934,516	2,803,548	–
Total							1,755,335	5,266,005	
Gary Hoffman									
2005	75,758	–	–	–	01/01/05 - 31/12/07	16/06/08	75,758	227,274	227,274
2006	96,092	–	–	–	01/01/06 - 31/12/08	23/03/09	96,092	288,276	–
2007	–	85,266	255,798	7.08	01/01/07 - 31/12/09	22/03/10	85,266	255,798	–
Total							257,116	771,348	
Chris Lucas									
2007	–	82,910	248,730	7.23	01/01/07 - 31/12/09	22/03/10	82,910	248,730	–
Total							82,910	248,730	
Frits Seegers									
2006	157,728	–	–	–	01/01/06 - 31/12/08	04/08/09	157,728	473,184	–
2007	–	136,426	409,278	7.08	01/01/07 - 31/12/09	22/03/10	136,426	409,278	–
Total							294,154	882,462	
Former Director									
Naguib Kheraj									
2005	87,121	–	–	–	01/01/05 - 31/12/07	16/06/08	87,121	261,363	261,363
2006	107,624	–	–	–	01/01/06 - 31/12/08	23/03/09	107,624	322,872	–
Total							194,745	584,235	

Executive Directors: Retained Incentive Opportunity[f]

	Date of award	Maximum potential value £000s	Performance period	Vesting date
Robert E Diamond Jr	25/05/05	14,850	01/01/05 - 31/12/07	No later than 15/03/08

Notes

a The performance conditions for the 2005 awards were not met and all awards are due to lapse in 2008.

b In respect of John Varley, Robert E Diamond Jr, Gary Hoffman and Frits Seegers, the price used to convert the present fair value of the award to a number of shares was £7.33. This was the average over the period 20th February 2007 to 13th March 2007. In respect of Chris Lucas, the price used to convert the present fair value of the award to a number of shares was £7.23, which was the price at which shares were purchased in the market to fund the award.

c The price shown is the mid-market closing price on the date of the award.

d The details of the performance conditions for PSP are included on page 131.

e Figures shown in the column 'Shares under initial allocation at 1st January 2007' for Chris Lucas are as at date of joining. Nothing was paid by the participants on the grant of awards.

f Robert E Diamond Jr's award under the Retained Incentive Opportunity reached the end of its performance period on 31st December 2007. Barclays Capital's cumulative EP over the three-year performance period, which started on 1st January 2005, exceeded the £2bn threshold for the maximum potential value to vest in accordance with the terms of the award. This resulted in a vesting in February 2008 to the value of £14,850,000 with 50% payable in cash and the remaining 50% as a recommendation to the trustee of ESAS for an award of Barclays shares in the form of a provisional allocation. Any shares under the ESAS award would be releasable after 12 months from the award date. Bonus shares are not applicable to this award.

Executive Directors: shares under option under Sharesave[a]

	Number held at 1st January 2007	During 2007: Granted	During 2007: Exercised	Exercise price per share £	Market price on date of exercise £	Information as at 31st December 2007: Number of shares held under option	Weighted average exercise price of outstanding options £	Date from which exercisable	Latest expiry date
Executive Directors									
John Varley	4,096	3,638	4,096	4.11	7.89	3,638	4.83	01/11/14	30/04/15
Robert E Diamond Jr	–	–	–	–	–	–	–	–	–
Gary Hoffman	6,474	–	324	3.16	5.09	6,150	4.35	01/11/08	30/04/14
Chris Lucas	–	3,638	–	–	–	3,638	4.83	01/11/14	30/04/15
Frits Seegers	–	3,390	–	–	–	3,390	4.83	01/11/12	30/04/13
Former Director									
Naguib Kheraj	4,007	–	–	–	–	4,007	4.08	01/01/08	30/06/08

Note

a Figures shown in the column 'Number held at 1st January 2007' for Chris Lucas are as at date of joining. Nothing was paid by the participants on the grant of options.

Executive Directors: plans used in previous years (ESOS, ISOP and the BGI EOP)

The executive Directors continue to have interests in Barclays PLC ordinary shares under ESOS[a] and ISOP[b], and in BGI Holdings under the BGI EOP[c] (as indicated in the table below). No awards were made to Directors under these plans during 2007.

Executive Directors: awards under plans used in previous years[e]

	Maximum number of shares under option at 1st January 2007	During 2007 Exercised	During 2007 Lapsed	Market price on exercise date £	Maximum number of shares under option at 31st December 2007	Weighted average exercise price of outstanding options £	Date from which exercisable	Latest expiry date	Vested number of shares at 31st December 2007
Executive Directors									
John Varley									
ISOP	2,060,000	–	1,140,000	–	920,000	4.41	18/05/03	22/03/14	920,000
Robert E Diamond Jr									
ESOS	100,000	–	–	–	100,000	3.97	14/08/01	13/08/08	100,000
ISOP	1,340,000	–	780,000	–	560,000	4.54	12/03/04	22/03/14	560,000
BGI EOP	100,000	–	–	–	100,000	20.11	26/03/07	26/03/14	100,000
Gary Hoffman									
ISOP	1,320,000	–	780,000	–	540,000	4.51	12/03/04	22/03/14	540,000
Chris Lucas[d]									
–	–	–	–	–	–	–	–	–	–
Frits Seegers[d]									
–	–	–	–	–	–	–	–	–	–
Former Director									
Naguib Kheraj									
ESOS	60,000	–	–	–	60,000	3.97	14/08/01	13/08/08	60,000
ISOP	1,360,000	–	840,000	–	520,000	4.47	12/03/04	31/12/08	520,000

Notes

a Under ESOS, options granted (at market value) to executives were exercisable only if the growth in Barclays earnings per share over the three-year period was at least equal to the percentage increase in the UK Retail Prices Index plus 6% over the same period. The performance condition for the 1999 ESOS grant was met.

b Under ISOP, executives were awarded options (at market value) over Barclays shares which are normally exercisable after three years. The number of shares over which options can be exercised depends upon performance against specific performance conditions. For ISOP awards granted in 2000 to 2003, the first 40,000 target shares under option for each award was subject to an EP performance condition, tested over a period of three years. Any amount over 40,000 target shares was subject to a relative TSR performance condition, to be tested initially over three years. Because the TSR performance condition was not met over three years in relation to the awards in 2003, the TSR condition was tested over a period of four years from the original start date. Awards in 2004 were subject to a relative TSR performance condition. For the 2003 and 2004 grants under ISOP, which became exercisable in 2007, Barclays was ranked 6th in the peer group under the TSR performance condition. This was sufficient for only 25% of the maximum number of shares under the TSR condition to vest. The remaining 75% lapsed.

c Robert E Diamond Jr received a grant under the BGI EOP in March 2004. He was not a Director of Barclays PLC at that time. The BGI EOP is an option plan, approved by shareholders in 2000 and offered predominantly to participants in the US. Under the BGI EOP, participants receive an option to purchase shares in Barclays Global Investors UK Holdings Limited. The exercise price is based on the fair value at the time of grant. The option normally vests in three equal tranches on the first, second, and third anniversary of the date of grant. Participants must, in accordance with the Articles of Association of Barclays Global Investors UK Holdings Limited, keep their shares for 355 days after the date of exercise, before they may be offered for sale. In line with market practice, the options were not subject to performance conditions. Robert E Diamond Jr is not eligible to receive further awards under the BGI EOP. The shares shown in respect of the BGI EOP in the above table are shares in Barclays Global Investors UK Holdings Limited.

d Frits Seegers was appointed as an executive Director on 10th July 2006, and Chris Lucas on 1st April 2007, and therefore no participation in the above plans has been offered to them.

e Nothing was paid by the participants on the grant of options.

Directors: interests in ordinary shares of Barclays PLC[a]

	At 1st January 2007[b]		At 31st December 2007	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial
Group Chairman				
Marcus Agius	15,000	–	86,136	–
Executive Directors				
John Varley	375,053	–	470,650	–
Robert E Diamond Jr[e]	2,531,582	–	3,402,192	–
Gary Hoffman	319,186	–	431,761	–
Chris Lucas[f]	–	–	38,003	–
Frits Seegers[d]	4,319	–	699,870	–
Non-executive Directors[c]				
David Booth[g]	–	–	50,374	–
Sir Richard Broadbent	8,092	–	14,026	–
Leigh Clifford	5,219	–	18,872	–
Fulvio Conti	2,538	–	10,067	–
Dr Danie Cronjé[d]	3,547	–	5,146	–
Professor Dame Sandra Dawson	9,953	–	12,040	–
Sir Andrew Likierman	5,441	–	8,137	–
Sir Nigel Rudd	51,117	–	84,843	–
Stephen Russell	18,661	–	21,054	–
Sir John Sunderland	10,054	–	31,658	–

Notes

a Beneficial interests in the table above represent shares held by Directors who were on the Board as at 31st December 2007, either directly or through a nominee, their spouse and children under 18. They include any interests held through Sharepurchase, but do not include any awards under ESAS, ISOP, PSP, ESOS and Sharesave. The beneficial interests in ordinary shares of Barclays PLC held by all Directors as shown in the table above amounted in aggregate to 5,384,829 ordinary shares of Barclays PLC as at 31st December 2007 and 5,398,797 ordinary shares of Barclays PLC as at 27th February 2008 (which amounted to less than 1% of Barclays PLC ordinary share capital outstanding as at 31st December 2007 and 27th February 2008 respectively). Note 42 provides further information on Directors' and Officers' shareholdings. As at 31st December 2007, the executive Directors, together with other senior executives, were potential beneficiaries in respect of a total of 207,685,698 Barclays PLC ordinary shares (1st January 2007: 165,645,889) held by the trustees of the Barclays EBTs. As at 27th February 2008, a total of 218,235,925 shares were held by the trustees.

b Or date appointed to the Board if later.

c On 19th February 2008, the non-executive Directors acquired ordinary shares pursuant to arrangements under which part of each non-executive Director's fee is used to buy shares in Barclays. Barclays shares were acquired by each non-executive Director as follows: David Booth – 1,183; Sir Richard Broadbent – 1,487; Leigh Clifford – 1,312; Fulvio Conti – 1,401; Dr Danie Cronjé – 1,270; Professor Dame Sandra Dawson – 1,485; Sir Andrew Likierman – 1,353; Sir Michael Rake – 204; Sir Nigel Rudd – 1,646; Stephen Russell – 1,600; Sir John Sunderland – 1,231; Patience Wheatcroft – 169. On 19th February 2008, Sir Michael Rake also acquired 1,100 ordinary shares in Barclays. On 26th February 2008, Patience Wheatcroft acquired 1,200 ordinary shares in Barclays and Sir Nigel Rudd sold 28,000 ordinary shares in Barclays and acquired 28,000 ordinary shares in Barclays in PEP and ISA accounts. Except as described in this note, there were no changes to the beneficial or non-beneficial interests of Directors in the period 31st December 2007 to 27th February 2008.

d As at 1st January 2007, Frits Seegers and Dr Danie Cronjé held 1,000 and 101,577 shares in Absa Group Limited respectively. As at 31st December 2007, Frits Seegers and Dr Danie Cronjé held 1,000 and 101,577 shares in Absa Group Limited respectively. Dr Danie Cronjé also held 7,500 non-cumulative, non-redeemable preference shares in Absa Bank Limited as at 1st January 2007 and 11,700 such shares as at 31st December 2007.

e As at 1st January 2007 and 31st December 2007, Robert E Diamond Jr held 200,000 'A' ordinary shares in Barclays Global Investors UK Holdings Limited.

f Appointed as an executive Director on 1st April 2007.

g Appointed as a non-executive Director on 1st May 2007.

Corporate governance

Accountability and audit

Going concern

The Directors confirm they are satisfied that the Company and the Group have adequate resources to continue in business for the foreseeable future. For this reason, they continue to adopt the 'going concern' basis for preparing the accounts.

Internal control

The Directors have responsibility for ensuring that management maintain an effective system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Throughout the year ended 31st December 2007, and to date, the Group has operated a system of internal control which provides reasonable assurance of effective and efficient operations covering all controls, including financial and operational controls and compliance with laws and regulations. Processes are in place for identifying, evaluating and managing the significant risks facing the Group in accordance with the guidance 'Internal Control: Guidance for Directors on the Combined Code' published by the Financial Reporting Council. The Board regularly reviews these processes through the Board Committees.

The Directors review the effectiveness of the system of internal control semi-annually. An internal control compliance certification process is conducted throughout the Group in support of this review. The effectiveness of controls is periodically reviewed within the business areas. Regular reports are made to the Board Audit Committee by management, Internal Audit and the compliance and legal functions covering particularly financial controls, compliance and operational controls. The Board Audit Committee monitors resolution of any identified control issues of Group level significance through to a satisfactory conclusion.

The Group Internal Control and Assurance Framework (GICAF) describes the Group's approach to internal control and details Group policies and processes. The GICAF is reviewed and approved on behalf of the Group Chief Executive by the Group Governance and Control Committee.

Quarterly risk reports are made to the Board covering risks of Group significance including credit risk, market risk and operational risk, including legal and compliance risk. Reports covering risk measurement standards and risk appetite are made to the Board Risk Committee. Further details of risk management procedures are given in the Risk management section on pages 65 to 96.

Management's report on internal control over financial reporting

The management of Barclays PLC is responsible for establishing and maintaining adequate internal control over financial reporting. Barclays PLC's internal control over financial reporting is a process designed under the supervision of Barclays PLC's principal executive and principal financial officers to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and published by the International Accounting Standards Board.

Barclays PLC's internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets; provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRSs and that receipts and expenditures are being made only in accordance with authorisations of management and the Directors of Barclays PLC; and provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of Barclays PLC's assets that could have a material effect on Barclays PLC's financial statements.

Internal control systems, no matter how well designed, have inherent limitations and may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that internal controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management has assessed the effectiveness of Barclays PLC's internal control over financial reporting as of 31st December 2007. In making its assessment, management has utilised the criteria set forth by the Committee of Sponsoring Organisations of the Treadway Commission in Internal Control – Integrated Framework. Management concluded that based on its assessment, Barclays PLC's internal control over financial reporting was effective as of 31st December 2007.

The system of internal financial and operational controls is also subject to regulatory oversight in the United Kingdom and overseas. Further information on supervision by the financial services regulators is provided under Supervision and Regulation in the Risk management section on page 110.

Statement of Directors' responsibilities for accounts

The following statement, which should be read in conjunction with the Auditors' report set out on page 147, is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and of the auditors in relation to the accounts.

The Directors are required by the Companies Act 1985 to prepare accounts for each financial year and, with regards to Group accounts, in accordance with Article 4 of the IAS Regulation. The Directors have prepared individual accounts in accordance with IFRSs as adopted by the European Union. The accounts are required by law and IFRSs to present fairly the financial position of the Company and the Group and the performance for that period; the Companies Act 1985 provides, in relation to such accounts, that references in the relevant part of the law to accounts giving a true and fair view are references, to their achieving fair presentation.

The Directors consider that, in preparing the accounts on pages 149 to 249, and the additional information contained on pages 250 to 274, the Group has used appropriate accounting policies, supported by reasonable judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The Directors have responsibility for ensuring that the Company and the Group keep accounting records which disclose with reasonable accuracy the financial position of the Company and the Group and which enable them to ensure that the accounts comply with the Companies Act 1985.

Accountability and audit

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Disclosure controls and procedures

The Group Chief Executive, John Varley, and the Group Finance Director, Chris Lucas, conducted with Group Management an evaluation of the effectiveness of the design and operation of the Group's disclosure controls and procedures as at 31st December 2007, which are defined as those controls and procedures designed to ensure that information required to be disclosed in reports filed or submitted under the US Securities Exchange Act of 1934 is recorded, processed, summarised and reported within the time periods specified in the US Securities and Exchange Commission's rules and forms. As of the date of the evaluation, the Group Chief Executive and Group Finance Director concluded that the design and operation of these disclosure controls and procedures were effective. The Group Chief Executive and Group Finance Director also concluded that no significant changes were made in our internal controls or in other factors that could significantly affect these controls subsequent to their evaluation.

Signed on behalf of the Board

Marcus Agius
Group Chairman
7th March 2008

Financial statements

Presentation of information

Presentation of Information

Barclays PLC is a public limited company registered in England under company number 48839. The Company, originally named Barclay & Company Limited, was incorporated in England and Wales on 20th July 1896 under the Companies Acts 1862 to 1890 as a company limited by shares. The company name was changed to Barclays Bank Limited on 17th February 1917 and it was reregistered in 1982 as a public limited company under the Companies Acts 1948 to 1980. On 1st January 1985, the company changed its name to Barclays PLC.

Barclays Bank PLC is a public limited company registered in England under company number 1026167. The Bank was incorporated on 7th August 1925 under the Colonial Bank Act 1925 and on 4th October 1971 was registered as a company limited by shares under the Companies Acts 1948 to 1967. Pursuant to The Barclays Bank Act 1984, on 1st January 1985 the Bank was reregistered as a public limited company and its name was changed from Barclays Bank International Limited to Barclays Bank PLC.

All of the issued ordinary share capital of Barclays Bank PLC is owned by Barclays PLC. The Annual Report for Barclays PLC also contains the consolidated accounts of, and other information relating to, Barclays Bank PLC. Except where otherwise indicated, the information given is identical with respect to both Barclays PLC and Barclays Bank PLC.

The term 'Companies Act 1985' means the company law provisions of the Companies Act 1985 (as amended) that remain in force. The term 'Companies Act 2006' means the operative company law provisions of the Companies Act 2006.

The accounts of Barclays Bank PLC included in this document do not comprise statutory accounts within the meaning of Section 240 of the Companies Act 1985. The statutory accounts of Barclays Bank PLC, which contain an unqualified audit report and do not contain any statement under Section 237(2) or (3) of that Act, will be delivered to the Registrar of Companies in accordance with Section 242 of that Act and are published as a separate document.

The term 'Barclays PLC Group' means Barclays PLC together with its subsidiaries and the term 'Barclays Bank PLC Group' means Barclays Bank PLC together with its subsidiaries. 'Barclays' and 'Group' are terms which are used to refer to either of the preceding groups when the subject matter is identical. The term 'Company' or 'parent Company' refers to Barclays PLC and the term 'Bank' refers to Barclays Bank PLC. The term 'Absa Group Limited' is used to refer to Absa Group Limited and its subsidiaries and the term 'Absa' is used to refer to the component of the International Retail and Commercial Banking segment represented by this business. In this report, the abbreviations '£m' and '£bn' represent millions and thousands of millions of pounds sterling respectively; the abbreviations 'US$m' and 'US$bn' represent millions and thousands of millions of US Dollars respectively and '€m' and '€bn' represent millions and thousands of millions of euros respectively.

Statutory Accounts

The consolidated accounts of Barclays PLC and its subsidiaries are set out on pages 149 to 249 along with the accounts of Barclays PLC itself on page 164. The consolidated accounts of Barclays Bank PLC and its subsidiaries are set out on pages 250 to 262. The accounting policies on pages 149 to 157 and the Notes commencing on page 166 apply equally to both sets of accounts unless otherwise stated.

Adoption of IFRS and 2004 comparatives

The Group adopted the requirements of International Financial Reporting Standards and International Accounting Standards (collectively IFRSs) as adopted by the European Union in 2005. As permitted by IFRS 1, the accounting standards relating to financial instruments and insurance contracts have not been applied to 2004. Therefore, the 2004 comparatives are significantly different from the numbers reported in later years. n/a has been included in tables where, as a result of the application of IAS 32, IAS 39 and IFRS 4 in later years and UK GAAP in 2004, the disclosure is not applicable.

Independent Registered Public Accounting Firm's report

Report of Independent Registered Public Accounting Firm to the Board of Directors and Shareholders of Barclays PLC

In our opinion, the accompanying Consolidated income statements and the related Consolidated balance sheets, Consolidated statements of recognised income and expense and, Consolidated statements of cash flows present fairly, in all material respects, the financial position of Barclays PLC (the 'Company') and its subsidiaries at 31st December 2007 and 31st December 2006 and the results of their operations and cash flows for each of the three years in the period ended 31st December 2007, in conformity with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board. Also, in our opinion the Company maintained, in all material respects, effective internal control over financial reporting as of 31st December 2007, based on criteria established in Internal Control – Integrated Framework issued by the COSO. The Company's management are responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in 'Management's report on internal control over financial reporting' in the section headed Accountability and audit. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our audits which were integrated in 2007 and 2006. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London, United Kingdom
7th March 2008

Report of Independent Registered Public Accounting Firm

Report of Independent Registered Public Accounting Firm
To the Board of Directors and Shareholders of Barclays Bank PLC:

In our opinion, the accompanying Consolidated income statements and the related Consolidated balance sheets, Consolidated statements of recognised income and expense and, Consolidated statements of cash flows present fairly, in all material respects, the financial position of Barclays Bank PLC and its subsidiaries at 31st December 2007 and 31st December 2006, and the results of their operations and cash flows for each of the three years in the period ended 31st December 2007 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London, United Kingdom
10th March 2008

Consolidated Accounts Barclays PLC
Accounting Policies

Significant Accounting Policies

1. Reporting entity

These financial statements are prepared for the Barclays PLC Group ('Barclays' or 'the Group') under Section 227(2) of the Companies Act 1985. The Group is a major global financial services provider engaged in retail and commercial banking, credit cards, investment banking, wealth management and investment management services. In addition, individual financial statements have been prepared for the holding company, Barclays PLC ('the Company'), under Section 226(2)(b) of the Companies Act 1985.

Barclays PLC is a public limited company, incorporated in Great Britain and having a registered office in England.

2. Compliance with International Financial Reporting Standards

The consolidated financial statements of the Barclays PLC Group, and the individual financial statements of Barclays PLC, have been prepared in accordance with International Financial Reporting Standards (IFRSs) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), as published by the International Accounting Standards Board (IASB). They are also in accordance with IFRSs and IFRIC interpretations as adopted by the European Union.

IFRS 7 'Financial Instrument Disclosures' and an amendment to IAS 1 'Presentation of Financial Statements' on capital disclosures were implemented in 2007, resulting in new or revised disclosures.

The principal accounting policies applied in the preparation of the consolidated and individual financial statements are set out below. These policies have been consistently applied.

3. Basis of preparation

The consolidated and individual financial statements have been prepared under the historical cost convention modified to include the fair valuation of certain financial instruments and contracts to buy or sell non-financial items and trading inventories to the extent required or permitted under accounting standards and as set out in the relevant accounting polices. They are stated in millions of pounds Sterling (£m), the currency of the country in which Barclays PLC is incorporated.

Critical accounting estimates

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the accounting policies. The notes to the financial statements set out areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the consolidated and individual financial statements such as fair value of financial instruments (Note 49), allowance for impairment (Note 47), goodwill (Note 21), intangible assets (Note 22), and retirement benefit obligations (Note 30).

4. Consolidation

Subsidiaries

The consolidated financial statements combine the financial statements of Barclays PLC and all its subsidiaries, including certain special purpose entities (SPEs) where appropriate, made up to 31st December. Entities qualify as subsidiaries where the Group has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered in assessing whether the Group controls another entity. Details of the principal subsidiaries are given in Note 40.

SPEs are consolidated when the substance of the relationship between the Group and that entity indicates control. Potential indicators of control, as set out in SIC 12 'Consideration – Special Purpose Entities', include, amongst others, an assessment of the Group's exposure to the risks and benefits of the SPE.

The acquisition method of accounting is used to account for the purchase of subsidiaries. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed, plus any costs directly related to the acquisition. The excess of the cost of an acquisition over the Group's share of the fair value of the identifiable net assets acquired is recorded as goodwill. See accounting policy 14 for the accounting policy for goodwill. Intra-group transactions and balances are eliminated on consolidation and consistent accounting policies are used throughout the Group for the purposes of the consolidation.

As the consolidated financial statements include partnerships where a Group member is a partner, advantage has been taken of the exemption of Regulation 7 of the Partnerships and Unlimited Companies (Accounts) Regulations 1993 with regard to the preparation and filing of individual partnership financial statements.

Associates and joint ventures

An associate is an entity in which the Group has significant influence, but not control, over the operating and financial management policy decisions. This is generally demonstrated by the Group holding in excess of 20%, but no more than 50%, of the voting rights.

A joint venture exists where the Group has a contractual arrangement with one or more parties to undertake activities typically, though not necessarily, through entities which are subject to joint control.

Unless designated as at fair value through profit and loss as set out in policy 7, the Group's investments in associates and joint ventures are initially recorded at cost and increased (or decreased) each year by the Group's share of the post-acquisition profit (or loss), or other movements reflected directly in the equity of the associated or jointly controlled entity. Goodwill arising on the acquisition of an associate or joint venture is included in the carrying amount of the investment (net of any accumulated impairment loss). When the Group's share of losses in an associate or joint venture equals or exceeds the recorded interest, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the entity.

The Group's share of the results of associates and joint ventures is based on financial statements made up to a date not earlier than three months before the balance sheet date, adjusted to conform with the accounting polices of the Group. Unrealised gains on transactions are eliminated to the extent of the Group's interest in the investee. Unrealised losses are also eliminated unless the transaction provides evidence of impairment in the asset transferred.

In the individual financial statements, investments in subsidiaries, associates and joint ventures are stated at cost less impairment, if any.

5. Foreign currency translation

The consolidated and individual financial statements are presented in Sterling, which is the functional currency of the parent company. Items included in the financial statements of each of the Group's entities are measured using their functional currency, being the currency of the primary economic environment in which the entity operates.

Foreign currency transactions are translated into the appropriate functional currency using the exchange rates prevailing at the dates of the transactions. Monetary items denominated in foreign currencies are retranslated at the rate prevailing at the period end. Foreign exchange gains and losses resulting from the retranslation and settlement of these items are recognised in the income statement except for qualifying cash flow hedges or hedges of net investments. See policy 12 for the policies on hedge accounting.

Non-monetary assets that are measured at fair value are translated using the exchange rate at the date that the fair value was determined. Exchange differences on equities and similar non-monetary items held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on equities classified as available for sale financial assets and non-monetary items are included directly in equity.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date that control ceases.

Accounting policies

For the purposes of translation into the presentational currency, assets, liabilities and equity of foreign operations are translated at the closing rate, and items of income and expense are translated into Sterling at the rates prevailing on the dates of the transactions, or average rates of exchange where these approximate to actual rates.

The exchange differences arising on the translation of a foreign operation are included in cumulative translation reserves within shareholders' equity and included in the profit or loss on disposal or partial disposal of the operation.

Goodwill and fair value adjustments arising on the acquisition of foreign subsidiaries are maintained in the functional currency of the foreign operation, translated at the closing rate and are included in hedges of net investments where appropriate.

On transition to IFRS, the Group brought forward a nil opening balance on the cumulative foreign currency translation adjustment arising from the retranslation of foreign operations, which is shown as a separate item in shareholders' equity.

6. Interest, fees and commissions

Interest

Interest is recognised in interest income and interest expense in the income statement for all interest bearing financial instruments classified as held to maturity, available for sale or other loans and receivables using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or liability (or group of assets and liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts the expected future cash payments or receipts through the expected life of the financial instrument, or when appropriate, a shorter period, to the net carrying amount of the instrument. The application of the method has the effect of recognising income (and expense) receivable (or payable) on the instrument evenly in proportion to the amount outstanding over the period to maturity or repayment.

In calculating effective interest, the Group estimates cash flows (using projections based on its experience of customers' behaviour) considering all contractual terms of the financial instrument but excluding future credit losses. Fees, including those for early redemption, are included in the calculation to the extent that they can be measured and are considered to be an integral part of the effective interest rate. Cash flows arising from the direct and incremental costs of issuing financial instruments are also taken into account in the calculation. Where it is not possible to otherwise estimate reliably the cash flows or the expected life of a financial instrument, effective interest is calculated by reference to the payments or receipts specified in the contract, and the full contractual term.

Fees and commissions

Unless included in the effective interest calculation, fees and commissions are recognised on an accruals basis as the service is provided. Fees and commissions not integral to effective interest arising from negotiating, or participating in the negotiation of a transaction from a third party, such as the acquisition of loans, shares or other securities or the purchase or sale of businesses, are recognised on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognised based on the applicable service contracts. Asset management fees related to investment funds are recognised over the period the service is provided. The same principle is applied to the recognition of income from wealth management, financial planning and custody services that are continuously provided over an extended period of time.

Commitment fees, together with related direct costs, for loan facilities where draw down is probable are deferred and recognised as an adjustment to the effective interest on the loan once drawn. Commitment fees in relation to facilities where draw down is not probable are recognised over the term of the commitment.

Insurance premiums

Insurance premiums are recognised in the period earned.

Net trading income

Income arises from the margins which are achieved through market-making and customer business and from changes in market value caused by movements in interest and exchange rates, equity prices and other market variables. Trading positions are held at fair value and the resulting gains and losses are included in the income statement, together with interest and dividends arising from long and short positions and funding costs relating to trading activities.

Dividends from subsidiaries

In the individual financial statements of Barclays PLC, dividends from subsidiaries are accounted for on the basis of dividends received in the accounting period.

7. Financial assets and liabilities

Financial assets

The Group classifies its financial assets in the following categories: financial instruments at fair value through profit or loss; loans and receivables; held to maturity investments and available for sale financial assets. Management determines the classification of financial assets and liabilities at initial recognition.

Financial instruments at fair value through profit or loss

Financial instruments are classified in this category if they are held for trading, or if they are designated by management under the fair value option. Instruments are classified as held for trading if they are:

(i) acquired principally for the purposes of selling or repurchasing in the near term;

(ii) part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or

(iii) a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

Financial instruments cannot be transferred into or out of this category after inception. Financial instruments included in this category are recognised initially at fair value and transaction costs are taken directly to the income statement. Gains and losses arising from changes in fair value are included directly in the income statement. The instruments are derecognised when the rights to receive cash flows have expired or the Group has transferred substantially all the risks and rewards of ownership and the transfer qualifies for derecognition.

Regular way purchases and sales of financial instruments held for trading or designated under the fair value option are recognised on trade date, being the date on which the Group commits to purchase or sell the asset.

The fair value option is used in the following circumstances:

(i) financial assets backing insurance contracts and financial assets backing investment contracts are designated at fair value through profit or loss because the related liabilities have cash flows that are contractually based on the performance of the assets or the related liabilities are insurance contracts whose measurement incorporates current information. Fair valuing the assets through profit and loss significantly reduces the recognition inconsistencies that would arise if the financial assets were classified as available for sale;

(ii) financial assets, loans to customers, financial liabilities, financial guarantees and structured notes may be designated at fair value through profit or loss if they contain substantive embedded derivatives;

(iii) financial assets, loans to customers, financial liabilities, financial guarantees and structured notes may be designated at fair value through profit or loss where doing so significantly reduces measurement inconsistencies that would arise if the related derivatives were treated as held for trading and the underlying financial instruments were carried at amortised cost; and

(iv) certain private equity and other investments that are managed, and evaluated on a fair value basis in accordance with a documented risk management or investment strategy and reported to key management personnel on that basis.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which are not classified as available for sale. Loans and receivables are initially recognised at fair value including direct and incremental transaction costs. They are subsequently valued at amortised cost, using the effective interest method (see accounting policy 6). They are derecognised when the rights to receive cash flows have expired or the Group has transferred substantially all the risks and rewards of ownership.

Regular way purchases and sales of loans and receivables are recognised on contractual settlement.

Held to maturity

Held to maturity investments are non-derivative financial assets with fixed or determinable payments that the Group's management has the intention and ability to hold to maturity. They are initially recognised at fair value including direct and incremental transaction costs. They are subsequently valued at amortised cost, using the effective interest method (see accounting policy 6). They are derecognised when the rights to receive cash flows have expired.

Regular way purchases of held to maturity financial assets are recognised on trade date, being the date on which the Group commits to purchase the asset.

Available for sale

Available for sale assets are non-derivative financial assets that are designated as available for sale and are not categorised into any of the other categories described above. They are initially recognised at fair value including direct and incremental transaction costs. They are subsequently held at fair value. Gains and losses arising from changes in fair value are included as a separate component of equity until sale when the cumulative gain or loss is transferred to the income statement. Interest determined using the effective interest method (see accounting policy 6), impairment losses and translation differences on monetary items are recognised in the income statement. The assets are derecognised when the rights to receive cash flows have expired or the Group has transferred substantially all the risks and rewards of ownership.

Regular way purchases and sales of available for sale financial instruments are recognised on trade date, being the date on which the Group commits to purchase or sell the asset.

Embedded derivatives

Some hybrid contracts contain both a derivative and a non-derivative component. In such cases, the derivative component is termed an embedded derivative. Where the economic characteristics and risks of the embedded derivatives are not closely related to those of the host contract, and the host contract itself is not carried at fair value through profit or loss, the embedded derivative is bifurcated and reported at fair value with gains and losses being recognised in the income statement.

Profits or losses cannot be recognised on the initial recognition of embedded derivatives unless the host contract is also carried at fair value.

Financial liabilities

Financial liabilities are measured at amortised cost, except for trading liabilities and liabilities designated at fair value, which are held at fair value through profit or loss. Financial liabilities are derecognised when extinguished.

Determining fair value

Where the classification of a financial instrument requires it to be stated at fair value, fair value is determined by reference to a quoted market price for that instrument or by using a valuation model. Where the fair value is calculated using financial markets pricing models, the methodology is to calculate the expected cash flows under the terms of each specific contract and then discount these values back to a present value. These models use as their basis independently sourced market parameters including, for example, interest rate yield curves, equities and commodities prices, option volatilities and currency rates. For financial liabilities measured at fair value, the carrying amount is adjusted to reflect the effect on fair value of changes in own credit spreads. Most market parameters are either directly observable or are implied from instrument prices. The model may perform numerical procedures in the pricing such as interpolation when input values do not directly correspond to the most actively traded market trade parameters. However, where valuations include significant unobservable inputs, the transaction price is deemed to provide the best evidence of initial fair value for accounting purposes. As such, profits or losses are recognised upon trade inception only when such profits can be measured solely by reference to observable market data. The difference between the model valuation and the initial transaction price is recognised in profit or loss:

a) on a straight-line basis over the term of the transaction, or over the period until all model inputs will become observable where appropriate, or;

b) released in full where previously unobservable inputs become observable.

Various factors influence the availability of observable inputs and these may vary from product to product and change over time. Factors include for example, the depth of activity in the relevant market, the type of product, whether the product is new and not widely traded in the market place, the maturity of market modelling, the nature of the transaction (bespoke or generic). To the extent that valuation is based on models or inputs that are not observable in the market, the determination of fair value can be more subjective, dependant on the significance of the unobservable input to the overall valuation. Unobservable inputs are determined based on the best information available, for example by reference to similar assets, similar maturities or other analytical techniques.

8. Impairment of financial assets

The Group assesses at each balance sheet date whether there is objective evidence that loans and receivables or available for sale financial investments are impaired. These are impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the asset and prior to the balance sheet date ('a loss event') and that loss event or events has had an impact on the estimated future cash flows of the financial asset or the portfolio that can be reliably estimated. The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

a) significant financial difficulty of the issuer or obligor;

b) a breach of contract, such as a default or delinquency in interest or principal payments;

c) the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;

d) it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;

e) the disappearance of an active market for that financial asset because of financial difficulties; or

Consolidated accounts Barclays PLC
Accounting policies

f) observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

   (i) adverse changes in the payment status of borrowers in the portfolio;

   (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

For loans and receivables the Group first assesses whether objective evidence of impairment exists individually for loans and receivables that are individually significant, and individually or collectively for loans and receivables that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed loan and receivable, whether significant or not, it includes the asset in a group of loans and receivables with similar credit risk characteristics and collectively assesses them for impairment. Loans and receivables that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

The amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The amount of the loss is recognised using an allowance account and recognised in the income statement.

The calculation of the present value of the estimated future cash flows of a collateralised loan and receivable asset reflect the cash flows that may result from foreclosure costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purposes of a collective evaluation of impairment, loans and receivables are grouped on the basis of similar risk characteristics, taking into account asset type, industry, geographical location, collateral type, past-due status and other relevant factors. These characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the counterparty's ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of loans and receivables that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted based on current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Following impairment, interest income is recognised using the original effective rate of interest which was used to discount the future cash flows for the purpose of measuring the impairment loss.

When a loan is uncollectable, it is written off against the related allowance for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are credited to the income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

Equity securities acquired in exchange for loans in order to achieve an orderly realisation are accounted for as a disposal of the loan and an acquisition of equity securities. Where control is obtained over an entity as a result of the transaction, the entity is consolidated. Any further impairment of the assets or business acquired is treated as an impairment of the relevant asset or business and not as an impairment of the original instrument.

In the case of available for sale financial investments, a significant or prolonged decline in the fair value of the security below its cost is also considered in determining whether impairment exists. Where such evidence exists, the cumulative net loss that has been previously recognised directly in equity is removed from equity and recognised in the income statement. In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as all other financial assets. Reversals of impairment of debt instruments are recognised in the income statement. Reversals of impairment of equity shares are not recognised in the income statement, increases in the fair value of equity shares after impairment are recognised directly in equity.

9. Sale and repurchase agreements (including stock borrowing and lending)

Securities may be lent or sold subject to a commitment to repurchase them (a 'repo'). Such securities are retained on the balance sheet when substantially all the risks and rewards of ownership remain with the Group, and the counterparty liability is included separately on the balance sheet as appropriate.

Similarly, where the Group borrows or purchases securities subject to a commitment to resell them (a 'reverse repo') but does not acquire the risks and rewards of ownership, the transactions are treated as collateralised loans, and the securities are not included in the balance sheet.

The difference between sale and repurchase price is accrued over the life of the agreements using the effective interest method. Securities lent to counterparties are also retained in the financial statements. Securities borrowed are not recognised in the financial statements, unless these are sold to third parties, at which point the obligation to repurchase the securities is recorded as a trading liability at fair value and any subsequent gain or loss included in net trading income.

10. Securitisation transactions

Certain Group undertakings have issued debt securities or have entered into funding arrangements with lenders in order to finance specific loans and advances to customers.

All financial assets continue to be held on the Group balance sheet, and a liability recognised for the proceeds of the funding transaction, unless:

(i) substantially all the risks and rewards associated with the financial instruments have been transferred, in which case, the assets are derecognised in full; or

(ii) if a significant portion, but not all, of the risks and rewards have been transferred, the asset is derecognised entirely if the transferee has the ability to sell the financial asset, otherwise the asset continues to be recognised only to the extent of the Group's continuing involvement.

Where (i) or (ii) above applies to a fully proportionate share of all or specifically identified cash flows, the relevant accounting treatment is applied to that proportion of the asset.

11. Collateral and netting

The Group enters into master agreements with counterparties whenever possible and, when appropriate, obtains collateral. Master agreements provide that, if an event of default occurs, all outstanding transactions with the counterparty will fall due and all amounts outstanding will be settled on a net basis.

Collateral

The Group obtains collateral in respect of customer liabilities where this is considered appropriate. The collateral normally takes the form of a lien over the customer's assets and gives the Group a claim on these assets for both existing and future liabilities.

The Group also receives collateral in the form of cash or securities in respect of other credit instruments, such as stock borrowing contracts, and derivative contracts in order to reduce credit risk. Collateral received in the form of securities is not recorded on the balance sheet. Collateral received in the form of cash is recorded on the balance sheet with a corresponding liability. These items are assigned to deposits received from bank or other counterparties. Any interest payable or receivable arising is recorded as interest expense or interest income respectively except for funding costs relating to trading activities which are recorded in net trading income.

Netting

Financial assets and liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise an asset and settle the liability simultaneously. In many cases, even though master netting agreements are in place, the lack of an intention to settle on a net basis results in the related assets and liabilities being presented gross in the balance sheet.

12. Hedge accounting

Derivatives are used to hedge interest rate, exchange rate, commodity, and equity exposures and exposures to certain indices such as house price indices and retail price indices related to non-trading positions.

Where derivatives are held for risk management purposes, and when transactions meet the criteria specified in IAS 39, the Group applies fair value hedge accounting, cash flow hedge accounting, or hedging of a net investment in a foreign operation as appropriate to the risks being hedged.

When a financial instrument is designated as a hedge, the Group formally documents the relationship between the hedging instrument and hedged item as well as its risk management objectives and its strategy for undertaking the various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The Group discontinues hedge accounting when:

(i) It is determined that a derivative is not, or has ceased to be, highly effective as a hedge;

(ii) the derivative expires, or is sold, terminated, or exercised;

(iii) the hedged item matures or is sold or repaid; or

(iv) a forecast transaction is no longer deemed highly probable.

In certain circumstances, the Group may decide to cease hedge accounting even though the hedge relationship continues to be highly effective by no longer designating the financial instrument as a hedging instrument. To the extent that the changes in the fair value of the hedging derivative differ from changes in the fair value of the hedged risk in the hedged item; or the cumulative change in the fair value of the hedging derivative differs from the cumulative change in the fair value of expected future cash flows of the hedged item, the hedge is deemed to include ineffectiveness. The amount of ineffectiveness, provided it is not so great as to disqualify the entire hedge for hedge accounting, is recorded in the income statement.

Fair value hedge accounting

Changes in fair value of derivatives that qualify and are designated as fair value hedges are recorded in the income statement, together with changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedge relationship no longer meets the criteria for hedge accounting, it is discontinued. For fair value hedges of interest rate risk, the fair value adjustment to the hedged item is amortised to the income statement over the period to maturity of the previously designated hedge relationship using the effective interest method.

If the hedged item is sold or repaid, the unamortised fair value adjustment is recognised immediately in the income statement.

Cash flow hedges

For qualifying cash flow hedges, the fair value gain or loss associated with the effective portion of the cash flow hedge is recognised initially in shareholders' equity, and recycled to the income statement in the periods when the hedged item will affect profit or loss. Any ineffective portion of the gain or loss on the hedging instrument is recognised in the income statement immediately.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the hedged item is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognised in equity is immediately transferred to the income statement.

Hedges of net investments

Hedges of net investments in foreign operations, including monetary items that are accounted for as part of the net investment, are accounted for similarly to cash flow hedges; the effective portion of the gain or loss on the hedging instrument is recognised directly in equity and the ineffective portion is recognised immediately in the income statement. The cumulative gain or loss previously recognised in equity is recognised in the income statement on the disposal or partial disposal of the foreign operation.

Hedges of net investments may include non-derivative liabilities as well as derivative financial instruments although for a non-derivative liability only the foreign exchange risk is designated as a hedge.

Derivatives that do not qualify for hedge accounting

Derivative contracts entered into as economic hedges that do not qualify for hedge accounting are held at fair value through profit or loss.

13. Property, plant and equipment

Property and equipment is stated at cost less accumulated depreciation and provisions for impairment, if any. Additions and subsequent expenditures are capitalised only to the extent that they enhance the future economic benefits expected to be derived from the assets.

Depreciation is provided on the depreciable amount of items of property and equipment on a straight-line basis over their estimated useful economic lives. The depreciable amount is the gross carrying amount, less the estimated residual value at the end of its useful economic life.

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The Group uses the following annual rates in calculating depreciation:

Freehold buildings and long-leasehold property (more than 50 years to run)	2-3.3%
Leasehold property (less than 50 years to run)	Over the remaining life of the lease
Costs of adaptation of freehold and leasehold property [a]	7-10%
Equipment installed in freehold and leasehold property [a]	7-10%
Computers and similar equipment	20-33%
Fixtures and fittings and other equipment	10-20%

Depreciation rates, methods and the residual values underlying the calculation of depreciation of items of property, plant and equipment are kept under review to take account of any change in circumstances.

When deciding on depreciation rates and methods, the principal factors the Group takes into account are the expected rate of technological developments and expected market requirements for, and the expected pattern of usage of, the assets. When reviewing residual values, the Group estimates the amount that it would currently obtain for the disposal of the asset after deducting the estimated cost of disposal if the asset were already of the age and condition expected at the end of its useful economic life.

No depreciation is provided on freehold land, although, in common with all long-lived assets, it is subject to impairment testing, if deemed appropriate.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

14. Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiary and associated entities and joint ventures, and represents the excess of the fair value of the purchase consideration and direct costs of making the acquisition, over the fair value of the Group's share of the assets acquired, and the liabilities and contingent liabilities assumed on the date of the acquisition.

For the purpose of calculating goodwill, fair values of acquired assets, liabilities and contingent liabilities are determined by reference to market values or by discounting expected future cash flows to present value. This discounting is either performed using market rates or by using risk-free rates and risk-adjusted expected future cash flows. Goodwill is capitalised and reviewed annually for impairment, or more frequently when there are indications that impairment may have occurred. Goodwill is allocated to cash-generating units for the purpose of impairment testing. Goodwill on acquisitions of associates and joint ventures is included in the amount of the investment. Gains and losses on the disposal of an entity include the carrying amount of the goodwill relating to the entity sold.

The carrying amount of goodwill in the UK GAAP balance sheet as at 31st December 2003 has been brought forward without adjustment on transition to IFRSs.

Computer software

Computer software is stated at cost, less amortisation and provisions for impairment, if any.

The identifiable and directly associated external and internal costs of acquiring and developing software are capitalised where the software is controlled by the Group, and where it is probable that future economic benefits that exceed its cost will flow from its use over more than one year. Costs associated with maintaining software are recognised as an expense when incurred.

Capitalised computer software is amortised over three to five years.

Note

a Where leasehold property has a remaining useful life of less than 15 years, costs of adaptation and installed equipment are depreciated over

Other intangible assets

Other intangible assets consist of brands, customer lists, licences and other contracts, core deposit intangibles, mortgage servicing rights and customer relationships. Other intangible assets are initially recognised when they are separable or arise from contractual or other legal rights, the cost can be measured reliably and, in the case of intangible assets not acquired in a business combination, where it is probable that future economic benefits attributable to the assets will flow from their use. The value of intangible assets which are acquired in a business combination is generally determined using income approach methodologies such as the discounted cash flow method and the relief from royalty method that estimate net cash flows attributable to an asset over its economic life and discount to present value using an appropriate rate of return based on the cost of equity adjusted for risk.

Other intangible assets are stated at cost less amortisation and provisions for impairment, if any, and are amortised over their useful lives in a manner that reflects the pattern to which they contribute to future cash flows, generally over 4-25 years.

15. Impairment of property, plant and equipment and intangible assets

At each balance sheet date, or more frequently where events or changes in circumstances dictate, property, plant and equipment and intangible assets, are assessed for indications of impairment. If indications are present, these assets are subject to an impairment review. Goodwill is subject to an impairment review as at the balance sheet date each year. The impairment review comprises a comparison of the carrying amount of the asset with its recoverable amount: the higher of the asset's or the cash-generating unit's net selling price and its value in use. Net selling price is calculated by reference to the amount at which the asset could be disposed of in a binding sale agreement in an arms-length transaction evidenced by an active market or recent transactions for similar assets. Value in use is calculated by discounting the expected future cash flows obtainable as a result of the asset's continued use, including those resulting from its ultimate disposal, at a market-based discount rate on a pre-tax basis.

The carrying values of fixed assets and goodwill are written down by the amount of any impairment and this loss is recognised in the income statement in the period in which it occurs. A previously recognised impairment loss relating to a fixed asset may be reversed in part or in full when a change in circumstances leads to a change in the estimates used to determine the fixed asset's recoverable amount. The carrying amount of the fixed asset will only be increased up to the amount that it would have been had the original impairment not been recognised. Impairment losses on goodwill are not reversed. For the purpose of conducting impairment reviews, cash-generating units are the lowest level at which management monitors the return on investment on assets.

16. Financial guarantees

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantees are initially recognised in the financial statements at fair value on the date that the guarantee was given. Other than where the fair value option is applied, subsequent to initial recognition, the bank's liabilities under such guarantees are measured at the higher of the initial measurement, less amortisation calculated to recognise in the income statement any fee income earned over the period, and the best estimate of the expenditure required to settle any financial obligation arising as a result of the guarantees at the balance sheet date, in accordance with policy 23.

Any increase in the liability relating to guarantees is taken to the income statement in Provisions for undrawn contractually committed facilities and guarantees provided. Any liability remaining is recognised in the income statement when the guarantee is discharged, cancelled or expires.

the remaining life of the lease.

17.Issued debt and equity securities

Issued financial instruments or their components are classified as liabilities where the contractual arrangement results in the Group having a present obligation to either deliver cash or another financial asset to the holder, to exchange financial instruments on terms that are potentially unfavourable or to satisfy the obligation otherwise than by the exchange of a fixed amount of cash or another financial asset for a fixed number of equity shares. Issued financial instruments, or their components, are classified as equity where they meet the definition of equity and confer on the holder a residual interest in the assets of the Company. The components of issued financial instruments that contain both liability and equity elements are accounted for separately with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component.

Financial liabilities, other than trading liabilities and financial liabilities designated at fair value, are carried at amortised cost using the effective interest method as set out in policy 6. Derivatives embedded in financial liabilities that are not designated at fair value are accounted for as set out in policy 7. Equity instruments, including share capital, are initially recognised at net proceeds, after deducting transaction costs and any related income tax. Dividend and other payments to equity holders are deducted from equity, net of any related tax.

18.Share capital

Share issue costs

Incremental costs directly attributable to the issue of new shares or options including those issued on the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by the Barclays PLC (the Company) shareholders.

Treasury shares

Where the Company or any member of the Group purchases the Company's share capital, the consideration paid is deducted from shareholders' equity as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

19.Insurance contracts and investment contracts

The Group offers wealth management, term assurance, annuity, property and payment protection insurance products to customers that take the form of long- and short-term insurance contracts.

The Group classifies its wealth management and other products as insurance contracts where these transfer significant insurance risk, generally where the benefits payable on the occurrence of an insured event are at least 5% more than the benefits that would be payable if the insured event does not occur.

Contracts that do not contain significant insurance risk or discretionary participation features are classified as investment contracts. Financial assets and liabilities relating to investment contracts, and assets backing insurance contracts are classified and measured as appropriate under IAS 39, 'Financial Instruments: Recognition and Measurement'.

Long-term Insurance contracts

These contracts, insure events associated with human life (for example, death or survival) over a long duration. Premiums are recognised as revenue when they become payable by the contract holder. Claims and surrenders are accounted for when notified. Maturities on the policy maturity date and regular withdrawals are accounted for when due.

A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognised, based on the expected discounted value of the benefit payments and directly related administration costs, less the expected discounted value of the future premiums that would be required to meet the benefits and other expenses. The calculation of the liability contains assumptions regarding mortality, maintenance expenses and investment income.

Liabilities under unit-linked life insurance contracts (such as endowment policies) in addition reflect the value of assets held within unitised investment pools.

Short-term insurance contracts

Under its payment protection insurance products the Group is committed to paying benefits to the policyholder rather than forgiving interest or principal on the occurrence of an insured event, such as unemployment, sickness, or injury. Property insurance contracts mainly compensate the policyholders for damage to their property or for the value of property lost.

Premiums are recognised as revenue proportionally over the period of the coverage. Claims and claims handling costs are charged to income as incurred, based on the estimated liability for compensation owed to policyholders arising from events that have occurred up to the balance sheet date even if they have not yet been reported to the Group, based on assessments of individual cases reported to the Group and statistical analyses for the claims incurred but not reported.

Deferred acquisition costs (DAC)

Commissions and other costs that are related to securing new insurance and investment contracts are capitalised and amortised over the estimated lives of the relevant contracts.

Deferred income liability

Fees that are designed to recover commissions and other costs related to either securing new insurance and investment contracts or renewing existing investment contracts are included as a liability and amortised over the estimated life of the contract.

Value of business acquired

On acquisition of a portfolio of contracts, such as through the acquisition of a subsidiary, the Group recognises an intangible asset representing the value of business acquired (VOBA), representing the future profits embedded in acquired insurance contracts and investment contracts with a discretionary participation feature. The asset is amortised over the remaining terms of the acquired contracts.

Liability adequacy test

Liability adequacy tests are performed at each balance sheet date to ensure the adequacy of contract liabilities net of DAC and VOBA assets. Current best estimates of future contractual cash flows, claims handling and administration costs, and investment returns from the assets backing the liabilities are taken into account in the tests. Where a deficiency is highlighted by the test, DAC and VOBA assets are written off first, and insurance liabilities increased when these are written off in full. Any deficiency is immediately recognised in the income statement.

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Reinsurance

Short- and long-term insurance business is ceded to reinsurers under contracts to transfer part or all of one or more of the following risks: mortality, investment and expenses. All such contracts are dealt with as insurance contracts. The benefits to which the Group is entitled under its reinsurance contracts are recognised as reinsurance assets. The Group assesses reinsurance assets at each balance sheet date. If there is objective evidence of impairment, the carrying amount of the reinsurance asset is reduced accordingly resulting in a charge to the income statement.

20. Leases

Lessor

Assets leased to customers under agreements, which transfer substantially all the risks and rewards of ownership, with or without ultimate legal title, are classified as finance leases. When assets are held subject to a finance lease, the present value of the lease payments, discounted at the rate of interest implicit in the lease, is recognised as a receivable. The difference between the total payments receivable under the lease and the present value of the receivable is recognised as unearned finance income, which is allocated to accounting periods under the pre-tax net investment method to reflect a constant periodic rate of return.

Assets leased to customers under agreements which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. The leased assets are included within property, plant and equipment on the Group's balance sheet and depreciation is provided on the depreciable amount of these assets on a systematic basis over their estimated useful lives. Lease income is recognised on a straight-line basis over the period of the lease unless another systematic basis is more appropriate.

Lessee

The leases entered into by the Group are primarily operating leases. Operating lease rentals payable are recognised as an expense in the income statement on a straight-line basis over the lease term unless another systematic basis is more appropriate.

21. Employee benefits

The Group provides employees worldwide with post-retirement benefits mainly in the form of pensions. The Group operates a number of pension schemes which may be funded or unfunded and of a defined contribution or defined benefit nature. In addition, the Group contributes, according to local law in the various countries in which it operates, to Governmental and other plans which have the characteristics of defined contribution plans.

For defined benefit schemes, actuarial valuation of each of the scheme's obligations using the projected unit credit method and the fair valuation of each of the scheme's assets are performed annually, using the assumptions set out in Note 30. The difference between the fair value of the plan assets and the present value of the defined benefit obligation at the balance sheet date, adjusted for any historic unrecognised actuarial gains or losses and past service cost, is recognised as a liability in the balance sheet. An asset, arising for example, as a result of past over funding or the performance of the plan investments, is recognised to the extent that it does not exceed the present value of future contribution holidays or refunds of contributions.

Cumulative actuarial gains and losses in excess of the greater of 10% of the assets or 10% of the obligations of the plan are recognised in the income statement over the remaining average service lives of the employees of the related plan, on a straight-line basis.

For defined contribution schemes, the Group recognises contributions due in respect of the accounting period in the income statement. Any contributions unpaid at the balance sheet date are included as a liability.

The Group also provides health care to certain retired employees, which are accrued as a liability in the financial statements over the period of employment, using a methodology similar to that for defined benefit pensions plans.

Short-term employee benefits, such as salaries, paid absences, and other benefits, are accounted for on an accruals basis over the period which employees have provided services in the year. Bonuses are recognised to the extent that the Group has a present obligation to its employees that can be measured reliably.

All expenses related to employee benefits are recognised in the income statement in staff costs, which is included within operating expenses.

22. Share-based payments to employees

The Group engages in equity settled share-based payment transactions in respect of services received from certain of its employees. The fair value of the services received is measured by reference to the fair value of the shares or share options granted on the date of the grant. The cost of the employee services received in respect of the shares or share options granted is recognised in the income statement over the period that the services are received, which is the vesting period. The fair value of the options granted is determined using option pricing models, which take into account the exercise price of the option, the current share price, the risk free interest rate, the expected volatility of the share price over the life of the option and other relevant factors. Except for those which include terms related to market conditions, vesting conditions included in the terms of the grant are not taken into account in estimating fair value. Non-market vesting conditions are taken into account by adjusting the number of shares or share options included in the measurement of the cost of employee services so that ultimately, the amount recognised in the income statement reflects the number of vested shares or share options. Where vesting conditions are related to market conditions, the charges for the services received are recognised regardless of whether or not the market related vesting condition is met, provided that the non-market vesting conditions are met.

23. Provisions

Provisions are recognised for present obligations arising as consequences of past events where it is more likely than not that a transfer of economic benefit will be necessary to settle the obligation, and it can be reliably estimated.

When a leasehold property ceases to be used in the business or a demonstrable commitment has been made to cease to use a property where the costs exceed the benefits of the property, provision is made, where the unavoidable costs of the future obligations relating to the lease are expected to exceed anticipated rental income and other benefits. The net costs are discounted using market rates of interest to reflect the long-term nature of the cash flows.

Provision is made for the anticipated cost of restructuring, including redundancy costs when an obligation exists. An obligation exists when the Group has a detailed formal plan for restructuring a business and has raised valid expectations in those affected by the restructuring by starting to implement the plan or announcing its main features. The provision raised is normally utilised within nine months.

Provision is made for undrawn loan commitments and similar facilities if it is probable that the facility will be drawn and result in the recognition of an asset at an amount less than the amount advanced.

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is uncertain or cannot be reliably measured. Contingent liabilities are not recognised but are disclosed unless they are remote.

24. Taxes, including deferred taxes

Income tax payable on taxable profits ('current tax'), is recognised as an expense in the period in which the profits arise. Income tax recoverable on tax allowable losses is recognised as an asset only to the extent that it is regarded as recoverable by offset against current or future taxable profits.

Deferred income tax is provided in full, using the liability method, on temporary differences arising from the differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates and legislation enacted or substantially enacted by the balance sheet date and is expected to apply when the deferred tax asset is realised or the deferred tax liability is settled. Deferred and current tax assets and liabilities are only offset when they arise in the same tax reporting group and where there is both the legal right and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

25. Segment reporting

Business segments are distinguishable components of the Group that provide products or services that are subject to risks and rewards that are different to those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and rewards that are different to those of components operating in other economic environments. Business segments are the primary reporting segments. Group costs are allocated to segments on a reasonable and consistent basis. Transactions between segments are generally accounted for in accordance with Group policies as if the segment were a stand-alone business with intra-segment revenue and costs being eliminated in Head office.

The analyses by geographical segment are based on the location of the customer.

26. Cash and cash equivalents

For the purposes of the cash flow statement, cash comprises cash on hand and demand deposits, and cash equivalents comprise highly liquid investments that are convertible into cash with an insignificant risk of changes in value with original maturities of less than three months. Repos and reverse repos are not considered to be part of cash equivalents.

27. Trust activities

The Group commonly acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Group.

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Future Accounting Developments

Consideration will be given during 2008 to the implications, if any, of the following new and revised standards and International Financial Reporting Interpretations Committee (IFRIC) interpretations as follows:

– IFRS 3 – Business Combinations and IAS 27 – Consolidated and Separate Financial Statements are revised standards issued in January 2008. The revised IFRS 3 applies prospectively to business combinations first accounted for in accounting periods beginning on or after 1st July 2009 and the amendments to IAS 27 apply retrospectively to periods beginning on or after 1st July 2009. The main changes in existing practice resulting from the revision to IFRS 3 affect acquisitions that are achieved in stages and acquisitions where less than 100% of the equity is acquired. In addition, acquisition related costs – such as fees paid to advisers – must be accounted for separately from the business combination, which means that they will be recognised as expenses unless they are directly connected with the issue of debt or equity securities. The revisions to IAS 27 specify that changes in a parent's ownership interest in a subsidiary that do not result in the loss of control must be accounted for as equity transactions. Until future acquisitions take place that are accounted for in accordance with the revised IFRS 3, the main impact on Barclays will be that, from 2010, gains and losses on transactions with non-controlling interests that do not result in loss of control will no longer be recognised in the income statement but directly in equity. In 2007, gains of £23m and losses of £6m were recognised in income relating to such transactions.

– IFRIC 13 – Customer Loyalty Programs addresses accounting by entities that grant loyalty award credits (such as 'points' or travel miles) to customers who buy other goods or services. It requires entities to allocate some of the proceeds of the initial sale to the award credits and recognise these proceeds as revenue only when they have fulfilled their obligations. The Group is considering the implications of this interpretation and any resulting change in accounting policy would be accounted for in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors in 2009.

– IFRS 8 – Operating Segments was issued in November 2006 and would first be required to be applied to the Group accounting period beginning on 1st January 2009. The standard replaces IAS 14 –Segmental Reporting and would align operating segmental reporting with segments reported to senior management as well as requiring amendments and additions to the existing segmental reporting disclosures. The standard does not change the recognition, measurement or disclosure of specific transactions in the consolidated financial statements. The Group is considering the enhancements that permitted early adoption in 2008 may make to the transparency of the segmental disclosures.

– IAS 1 – Presentation of Financial Statements is a revised standard applicable to annual periods beginning on 1st January 2009. The amendments affect the presentation of owner changes in equity and of comprehensive income. They do not change the recognition, measurement or disclosure of specific transactions and events required by other standards.

– IAS 23 – Borrowing Costs is a revised standard applicable to annual periods beginning on 1st January 2009. The revision does not impact Barclays. The revision removes the option not to capitalise borrowing costs on qualifying assets, which are assets that take a substantial period of time to get ready for their intended use or sale.

– An amendment to IFRS 2 Share-based Payment was issued in January 2008 that clarifies that vesting conditions are service conditions and performance conditions only. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment, which results in the acceleration of charge. The Group is considering the implications of the amendment, particularly to the Sharesave scheme, and any resulting change in accounting policy would be accounted for in accordance with IAS 8 Accounting policies, changes in accounting estimates and errors in 2009.

– Amendments to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements were issued in February 2008 that require some puttable financial instruments and some financial instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation to be classified as equity. The amendments, which are applicable to annual periods beginning on 1st January 2009, do not impact Barclays.

The following IFRIC interpretations issued during 2006 and 2007 which first apply to accounting periods beginning on or after 1st January 2008 are not expected to result in any changes to the Group's accounting policies:

– IFRIC 11 IFRS 2 – Group and Treasury Share Transactions;

– IFRIC 12 – Service Concession Arrangements;

– IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

Acquisitions

2007: On 8th February 2007, Barclays completed the acquisition of Indexchange Investment AG. Indexchange is based in Munich and offers exchange traded fund products.

On 28th February 2007, Barclays completed the acquisition of Nile Bank Limited. Nile Bank is based in Uganda with 18 branches and 228 employees.

On 30th March 2007, Barclays completed the acquisition of EquiFirst.

EquiFirst is a non-prime wholesale mortgage originator in the United States.

On 18th May 2007, Barclays completed the acquisition of Walbrook Group Limited. Walbrook is based in Jersey, Guernsey, Isle of Man and Hong Kong where it serves high net worth private clients and corporate customers.

2006: On 1st November 2006, Barclays Bank PLC acquired the US mortgage servicing business of HomEq Servicing Corporation from Wachovia Corporation.

2005: On 1st June 2005, Barclays Asset and Sales Finance (BASF) acquired a 51% share and controlling stake in Fiat's Iveco Vehicle Finance Business. The transaction will expand BASF's commercial vehicle expertise.

On 30th June 2005, EnterCard, the joint venture between Barclays Bank PLC and FöreningsSparbanken (also known as Swedbank), which was announced on 4th February 2005, began operations. Barclays Bank PLC has a 50% economic interest in the joint venture. EnterCard provides credit cards in the Nordic market, initially in Sweden and Norway.

On 1st July 2005, Barclays acquired the wealth business of ING Securities Bank (France) consisting of ING Ferri and ING Private Banking.

On 9th May 2005, Barclays announced the terms of a recommended acquisition of a majority stake in Absa Group Limited ('Absa'). Barclays consolidated Absa from 27th July 2005.

Disposals

2007: On 4th April 2007, Barclays completed the sale of part of Monument, a credit card business.

On 24th September 2007, Barclays completed the sale of a 50% shareholding in Intelenet Global Services Pvt Ltd.

2006: On 1st January 2006, Barclays completed the sale of the Barclays South African branch business to Absa Group Limited. This consists of the Barclays Capital South African operations and Corporate and Business Banking activities previously carried out by the South African branch of International Retail and Commercial Banking – excluding Absa, together with the associated assets and liabilities.

On 25th July 2006, Barclays Asset & Sales Finance (BASF) disposed of its interest in its motor vehicle contract hire business, Appleyard Finance Holdings Limited.

On 31st August 2006, Barclays disposed of Bankhaus Wolbern which was formerly part of Absa.

On 22nd December 2006 Barclays disposed of its interest in FirstCaribbean International Bank to Canadian Imperial Bank of Commerce.

On 31st December 2006, BA&SF disposed of its European Vendor Finance business, including Barclays Industrie Bank GmbH and Barclays Technology Finance Ltd, to CIT Group.

Recent developments

On 16th April 2007, Barclays announced the sale of Barclays Global Investors Japan Trust & Banking Co., Ltd, a Japanese trust administration and custody operation. The sale completed on 31st January 2008.

On 5th October 2007, Barclays announced that as at 4th October 2007 not all of the conditions relating to its offer for ABN AMRO Holding N.V. were fulfilled and as a result Barclays was withdrawing its offer with immediate effect. Barclays also announced that it was restarting the Barclays PLC share buy-back programme to minimise the dilutive effect of the issuance of shares to China Development Bank and Temasek Holdings (Private) Limited on existing Barclays PLC shareholders. This programme was intended to run until 31st December 2007, but was subsequently extended to 31st January 2008.

On 7th February 2008, Barclays announced the purchase of Discover's UK credit card business for a consideration of approximately £35m. The consideration is subject to an adjustment mechanism based on the net asset value of the business at completion. Completion is subject to various conditions, including competition clearance, and is expected to occur during the first half of 2008.

On 3rd March 2008, Barclays entered into an agreement with Petropavlousk Finance (limited liability society) to acquire 100% of the Russian Bank, Expobank, for a consideration of approximately $745m (£373m). The transaction is expected to close in summer 2008 after receipt of appropriate regulatory approvals. Expobank focuses principally on Western Russia, with a substantial presence in Moscow and St Petersburg. Founded in 1994 it has grown rapidly and comprises a blend of retail and commercial banking, operating 32 branches and dealing with a range of corporate and wholesale clients. As at 31st December 2007, Expobank had net assets of $186m (£93m).

Consolidated accounts Barclays PLC
Consolidated income statement

Consolidated income statement
For the year ended 31st December

	Notes	2007 £m	2006 £m	2005 £m
Continuing operations				
Interest income	2	**25,308**	21,805	17,232
Interest expense	2	**(15,698)**	(12,662)	(9,157)
Net interest income		**9,610**	9,143	8,075
Fee and commission income	3	**8,678**	8,005	6,430
Fee and commission expense	3	**(970)**	(828)	(725)
Net fee and commission income		**7,708**	7,177	5,705
Net trading income	4	**3,759**	3,614	2,321
Net investment income	4	**1,216**	962	858
Principal transactions		**4,975**	4,576	3,179
Net premiums from insurance contracts	5	**1,011**	1,060	872
Other income	6	**188**	214	147
Total income		**23,492**	22,170	17,978
Net claims and benefits incurred on insurance contracts	5	**(492)**	(575)	(645)
Total income net of insurance claims		**23,000**	21,595	17,333
Impairment charges and other credit risk provisions	7	**(2,795)**	(2,154)	(1,571)
Net income		**20,205**	19,441	15,762
Staff costs	8	**(8,405)**	(8,169)	(6,318)
Administration and general expenses	9	**(4,141)**	(3,914)	(3,768)
Depreciation of property, plant and equipment	23	**(467)**	(455)	(362)
Amortisation of intangible assets	22	**(186)**	(136)	(79)
Operating expenses		**(13,199)**	(12,674)	(10,527)
Share of post-tax results of associates and joint ventures	20	**42**	46	45
Profit on disposal of subsidiaries, associates and joint ventures		**28**	323	–
Profit before tax		**7,076**	7,136	5,280
Tax	10	**(1,981)**	(1,941)	(1,439)
Profit after tax		**5,095**	5,195	3,841
Profit attributable to minority interests	33	**678**	624	394
Profit attributable to equity holders of the parent		**4,417**	4,571	3,447
		5,095	5,195	3,841
		p	p	p
Earnings per share				
Basic earnings per share	11	**68.9**	71.9	54.4
Diluted earnings per share	11	**66.7**	69.8	52.6
Interim dividend per ordinary share		**11.50**	10.50	9.20
Proposed final dividend per ordinary share	1	**22.50**	20.50	17.40
		£m	£m	£m
Interim dividend paid		**768**	666	582
Proposed final dividend	1	**1,485**	1,307	1,105

The Board of Directors approved the accounts set out on pages 149 to 249 on 7th March 2008.

The accompanying notes form an integral part of the Consolidated accounts.

Consolidated Accounts Barclays PLC
Consolidated balance sheet

Consolidated balance sheet
As at 31st December

	Notes	2007 £m	2006 £m
Assets			
Cash and balances at central banks		5,801	7,345
Items in the course of collection from other banks		1,836	2,408
Trading portfolio assets	12	193,691	177,867
Financial assets designated at fair value:			
– held on own account	13	56,629	31,799
– held in respect of linked liabilities to customers under investment contracts	13	90,851	82,798
Derivative financial instruments	14	248,088	138,353
Loans and advances to banks	15	40,120	30,926
Loans and advances to customers	15	345,398	282,300
Available for sale financial investments	16	43,072	51,703
Reverse repurchase agreements and cash collateral on securities borrowed	17	183,075	174,090
Other assets	18	5,150	5,850
Current tax assets	19	518	557
Investments in associates and joint ventures	20	377	228
Goodwill	21	7,014	6,092
Intangible assets	22	1,282	1,215
Property, plant and equipment	23	2,996	2,492
Deferred tax assets	19	1,463	764
Total assets		1,227,361	996,787
Liabilities			
Deposits from banks		90,546	79,562
Items in the course of collection due to other banks		1,792	2,221
Customer accounts		294,987	256,754
Trading portfolio liabilities	12	65,402	71,874
Financial liabilities designated at fair value	24	74,489	53,987
Liabilities to customers under investment contracts	13	92,639	84,637
Derivative financial instruments	14	248,288	140,697
Debt securities in issue		120,228	111,137
Repurchase agreements and cash collateral on securities lent	17	169,429	136,956
Other liabilities	25	10,499	10,337
Current tax liabilities	19	1,311	1,020
Insurance contract liabilities, including unit-linked liabilities	26	3,903	3,878
Subordinated liabilities	27	18,150	13,786
Deferred tax liabilities	19	855	282
Provisions	28	830	462
Retirement benefit liabilities	30	1,537	1,807
Total liabilities		1,194,885	969,397
Shareholders' equity			
Called up share capital	31	1,651	1,634
Share premium account	31	56	5,818
Other reserves	32	874	390
Retained earnings	32	20,970	12,169
Less: treasury shares	32	(260)	(212)
Shareholders' equity excluding minority interests		23,291	19,799
Minority interests	33	9,185	7,591
Total shareholders' equity		32,476	27,390
Total liabilities and shareholders' equity		1,227,361	996,787

The accompanying notes form an integral part of the Consolidated accounts.

Marcus Agius
Chairman

John Varley
Group Chief Executive

Christopher Lucas
Group Finance Director

Consolidated accounts Barclays PLC
Consolidated statement of recognised income and expense

Consolidated statement of recognised income and expense
For the year ended 31st December

	2007 £m	2006 £m	2005 £m
Available for sale reserve:			
– Net gains/(losses) from changes in fair value	484	87	(249)
– Losses transferred to net profit due to impairment	13	86	–
– Net gains transferred to net profit on disposal	(563)	(327)	(120)
– Net losses transferred to net profit due to fair value hedging	68	14	260
Cash flow hedging reserve:			
– Net gains/(losses) from changes in fair value	106	(437)	(50)
– Net losses/(gains) transferred to net profit	253	(50)	(69)
Currency translation differences	54	(781)	300
Tax	54	253	50
Other	22	25	(102)
Amounts included directly in equity	491	(1,130)	20
Profit after tax	5,095	5,195	3,841
Total recognised income and expense for the year	5,586	4,065	3,861
Attributable to:			
Equity holders of the parent	4,854	3,682	3,379
Minority interests	732	383	482
	5,586	4, 065	3,861

The accompanying notes form an integral part of the Consolidated accounts.

Consolidated accounts Barclays PLC
Consolidated cash flow statement

Consolidated cash flow statement
For the year ended 31st December

	2007 £m	2006 £m	2005 £m
Reconciliation of profit before tax to net cash flows from operating activities:			
Profit before tax	7,076	7,136	5,280
Adjustment for non-cash items:			
Allowance for impairment	2,795	2,154	1,571
Depreciation, amortisation and impairment of property, plant, equipment and intangibles	669	612	450
Other provisions, including pensions	753	558	654
Net profit from associates and joint ventures	(42)	(46)	(45)
Net profit on disposal of investments and property, plant and equipment	(862)	(778)	(530)
Net profit from disposal of associates and joint ventures	(26)	(263)	–
Net profit from disposal of subsidiaries	(2)	(60)	–
Other non-cash movements	(1,133)	1,702	1,475
Changes in operating assets and liabilities:			
Net increase in loans and advances to banks and customers	(77,987)	(27,385)	(63,177)
Net increase in deposits and debt securities in issue	90,589	46,944	67,012
Net (increase)/decrease in derivative financial instruments	(2,144)	1,196	841
Net increase in trading portfolio assets	(18,227)	(18,323)	(42,589)
Net (decrease)/increase in trading liabilities	(6,472)	310	9,888
Net (increase)/decrease in financial investments	(4,379)	1,538	27,129
Net (increase)/decrease in other assets	1,299	(1,527)	(410)
Net decrease in other liabilities	(1,071)	(1,580)	(2,818)
Tax paid	(1,583)	(2,141)	(1,082)
Net cash (used in)/from operating activities	(10,747)	10,047	3,649
Purchase of available for sale investments	(26,899)	(47,086)	(53,483)
Proceeds from sale or redemption of available for sale investments	38,423	46,069	51,111
Purchase of intangible assets	(263)	(212)	(91)
Purchase of property, plant and equipment	(1,241)	(654)	(588)
Proceeds from sale of property, plant and equipment	617	786	98
Acquisitions of subsidiaries, net of cash acquired	(270)	(248)	(2,115)
Disposal of subsidiaries, net of cash disposed	383	(15)	–
Increase in investment in subsidiaries	(668)	(432)	(160)
Decrease in investment in subsidiaries	57	44	49
Acquisition of associates and joint ventures	(220)	(162)	(176)
Disposal of associates and joint ventures	145	739	40
Other cash flows associated with investing activities	–	17	23
Net cash from/(used in) investing activities	10,064	(1,154)	(5,292)
Dividends paid	(2,559)	(2,215)	(1,894)
Proceeds of borrowings and issuance of debt securities	4,625	2,493	1,179
Repayments of borrowings and redemption of debt securities	(683)	(366)	(464)
Issue of shares and other equity instruments	2,494	179	135
Repurchase of shares and other equity instruments	(1,802)	–	–
Net purchase of treasury shares	(48)	(31)	(140)
Net issue of shares to minority interests	1,331	632	2,267
Net cash from financing activities	3,358	692	1,083
Exchange (loss)/gain on foreign currency cash and cash equivalents	(550)	562	(237)
Net increase/(decrease) in cash and cash equivalents	2,125	10,147	(797)
Cash and cash equivalents at beginning of year	30,952	20,805	21,602
Cash and cash equivalents at end of year	33,077	30,952	20,805
Cash and cash equivalents comprise:			
Cash and balances at central banks	5,801	7,345	3,906
Loans and advances to banks	40,120	30,926	31,105
Less: amounts with original maturity greater than three months	(19,377)	(15,892)	(17,987)
	20,743	15,034	13,118
Available for sale treasury and other eligible bills	43,072	51,703	53,497
Less: non-cash and amounts with original maturity greater than three months	(41,688)	(50,684)	(53,281)
	1,384	1,019	216
Trading portfolio assets	193,691	177,867	155,723
Less: non-cash and amounts with original maturity greater than three months	(188,556)	(170,329)	(152,183)
	5,135	7,538	3,540
Other	14	16	25
	33,077	30,952	20,805

In 2005 the opening cash and cash equivalents balance was adjusted to reflect the adoption of IAS 32 and IAS 39. The accompanying notes form an integral part of the Consolidated accounts.

Interest received in 2007 was £49,441m (2006: £38,544m, 2005: £32,124m) and interest paid in 2007 was £37,821m (2006: £29,372m, 2005: £23,319m).

The Group is required to maintain balances with central banks and other regulatory authorities and these amounted to £1,037m at 31st December 2007 (2006: £1,262m).

Accounts of Barclays PLC
Parent company accounts

Income statement
For the year ended 31st December

	2007 £m	2006 £m	2005 £m
Dividends received from subsidiary	3,287	1,964	2,012
Interest income	4	4	4
Trading loss	(13)	–	–
Other income	15	–	–
Management charge from subsidiary	(4)	(4)	(4)
Profit before tax	3,289	1,964	2,012
Tax	–	–	–
Profit after tax	3,289	1,964	2,012

The Company had no staff during the year (2006: nil, 2005: nil).

Balance sheet
As at 31st December

	Notes	2007 £m	2006 £m
Assets			
Non-current assets			
Investment in subsidiaries	39	10,391	8,641
Current assets			
Cash and balances at central banks		671	575
Other current assets		20	17
Total assets		11,082	9,233
Liabilities			
Current liabilities			
Amounts payable within one year		1	4
Shareholders' equity			
Called up share capital	31	1,651	1,634
Share premium account	31	56	5,818
Capital redemption reserve	32	384	309
Retained earnings	32	8,990	1,468
Total shareholders' equity		11,081	9,229
Total liabilities and shareholders' equity		11,082	9,233

The accompanying notes form an integral part of the accounts.

Marcus Agius
Chairman

John Varley
Group Chief Executive

Christopher Lucas
Group Finance Director

Statement of recognised income and expense
For the year ended 31st December

	2007 £m	2006 £m	2005 £m
Profit after tax	3,289	1,964	2,012
Total recognised income and expense for the year	3,289	1,964	2,012

Cash flow statement
For the year ended 31st December

	2007 £m	2006 £m	2005 £m
Reconciliation of profit before tax to net cash flows from operating activities:			
Profit before tax	3,289	1,964	2,012
Changes in operating assets and liabilities:			
Net (increase) in other assets	(3)	(13)	(1)
Net (decrease)/increase in other liabilities	(3)	–	1
Net cash from operating activities	3,283	1,951	2,012
Capital contribution to subsidiaries	(1,434)	–	–
Purchase of shares in subsidiaries	(316)	(179)	(135)
Net cash used in investing activities	(1,750)	(179)	(135)
Proceeds from issue of shares	2,494	179	135
Dividends paid	(2,129)	(1,814)	(1,612)
Repurchase of ordinary shares	(1,802)	–	–
Net cash used in financing activities	(1,437)	(1,635)	(1,477)
Net increase in cash and cash equivalents	96	137	400
Cash and cash equivalents at beginning of year	575	438	38
Cash and cash equivalents at end of year	671	575	438
Cash and cash equivalents comprise:			
Cash and balances at central banks	671	575	438
Net cash from operating activities includes:			
Dividends received	3,287	1,964	2,012
Interest received	4	4	4

The parent company's sole activity is to hold the investment in its wholly-owned subsidiaries, Barclays Bank PLC, Barclays Investment (Netherlands) N.V. and Odysseus Jersey (No. 1) Limited.

The Company was not exposed at 31st December 2007 or 2006 to significant risks arising from the financial instruments it holds; which mainly comprised cash and balances with central banks.

Dividends received are treated as operating income.

The accompanying notes form an integral part of the accounts.

Notes to the accounts
For the year ended 31st December 2007

1 Dividends per share

The Directors have recommended the final dividends in respect of 2007 of 22.5p per ordinary share of 25p each and 10p per staff share of £1 each, amounting to a total of £1,485m, which will be paid on 25th April 2008. The financial statements for the year ended 31st December 2007 do not reflect these dividends, which will be accounted for in shareholders' equity as an appropriation of retained profits in the year ending 31st December 2008. The financial statements to 31st December 2007 include the 2006 final dividend of £1,307m.

2 Net interest income

	2007 £m	2006 £m	2005 £m
Cash and balances with central banks	145	91	9
Available for sale investments	2,580	2,811	2,272
Loans and advances to banks	1,416	903	690
Loans and advances to customers	19,559	16,290	12,944
Other	1,608	1,710	1,317
Interest income	25,308	21,805	17,232
Deposits from banks	(2,720)	(2,819)	(2,056)
Customer accounts	(4,110)	(3,076)	(2,715)
Debt securities in issue	(6,651)	(5,282)	(3,268)
Subordinated liabilities	(878)	(777)	(605)
Other	(1,339)	(708)	(513)
Interest expense	(15,698)	(12,662)	(9,157)
Net interest income	9,610	9,143	8,075

Interest income includes £113m (2006: £98m, 2005: £76m) accrued on impaired loans.

Other interest income principally includes interest income relating to reverse repurchase agreements. Similarly, other interest expense principally includes interest expense relating to repurchase agreements and hedging activity.

Included in net interest income is hedge ineffectiveness as detailed in Note 14.

3 Net fee and commission income

	2007 £m	2006 £m	2005 £m
Fee and commission income			
Brokerage fees	109	70	64
Investment management fees	1,787	1,535	1,250
Securities lending	241	185	151
Banking and credit related fees and commissions	6,363	6,031	4,805
Foreign exchange commissions	178	184	160
Fee and commission income	8,678	8,005	6,430
Brokerage fees paid	(970)	(828)	(725)
Fee and commission expense	(970)	(828)	(725)
Net fee and commission income	7,708	7,177	5,705

4 Principal transactions

	2007 £m	2006 £m	2005 £m
Rates related business	4,162	2,848	1,732
Credit related business	(403)	766	589
Net trading income	3,759	3,614	2,321
Net gain from disposal of available for sale assets	560	307	120
Dividend income	26	15	22
Net gain from financial instruments designated at fair value	293	447	389
Other investment income	337	193	327
Net investment income	1,216	962	858
Principal transactions	4,975	4,576	3,179

Net trading income includes the profits and losses arising both on the purchase and sale of trading instruments and from the revaluation to market value, together with the interest income and expense from these instruments and the related funding cost.

Of the total net trading income, a £756m loss (2006: £947m gain, 2005: £498m gain) was made on securities and £640m gain (2006: £480m, 2005: £340m) was earned in foreign exchange dealings.

The net gain on financial assets designated at fair value included within principal transactions was £78m (2006: £489m, 2005: £391m) of which losses of £215m (2006: £42m gain, 2005: £2m gain) were included in net trading income and gains of £293m (2006: £447m, 2005: £389m) were included in net investment income.

The net loss on financial liabilities designated at fair value included within principal transactions was £231m (2006: £920m, 2005: £666m) all of which was included within net trading income.

The net gain from widening of credit spreads relating to Barclays Capital issued notes held at fair value was £658m (2006: £nil, 2005: £nil).

5 Insurance premiums and insurance claims and benefits

	2007 £m	2006 £m	2005 £m
Gross premiums from insurance contracts	1,062	1,108	909
Premiums ceded to reinsurers	(51)	(48)	(37)
Net premiums from insurance contracts	1,011	1,060	872

	2007 £m	2006 £m	2005 £m
Gross claims and benefits incurred on insurance contracts	520	588	694
Reinsurers' share of claims incurred	(28)	(13)	(49)
Net claims and benefits incurred on insurance contracts	492	575	645

6 Other income

	2007 £m	2006 £m	2005 £m
Increase in fair value of assets held in respect of linked liabilities to customers under investment contracts	5,592	7,417	9,234
Increase in liabilities to customers under investment contracts	(5,592)	(7,417)	(9,234)
Property rentals	53	55	54
Other income	135	159	93
Other income	188	214	147

Included in other income are sub-lease receipts of £18m (2006: £18m, 2005: £18m).

Included in other income in 2007 is a loss on the part disposal of Monument credit card portfolio and gains on reinsurance transactions in 2007 and 2006.

Notes to the accounts
For the year ended 31st December 2007

7 Impairment charges and other credit provisions

	2007 £m	2006 £m	2005 £m
Impairment charges on loans and advances			
– New and increased impairment allowances	2,871	2,722	2,129
– Releases	(338)	(389)	(333)
– Recoveries	(227)	(259)	(222)
Impairment charges on loans and advances	2,306	2,074	1,574
Other credit provisions			
Charge/(release) in respect of provision for undrawn contractually committed facilities and guarantees provided	476	(6)	(7)
Impairment charges on loans and advances and other credit provisions	2,782	2,068	1,567
Impairment on available for sale assets	13	86	4
Impairment charges and other credit provisions	2,795	2,154	1,571

An analysis of the impairment charges by class of financial instrument is included in Note 47 'Credit risk'.

8 Staff costs

	2007 £m	2006 £m	2005 £m
Salaries and accrued incentive payments	6,993	6,635	5,036
Social security costs	508	502	412
Pension costs – defined contribution plans	141	128	76
Pension costs – defined benefit plans (Note 30)	150	282	271
Other post-retirement benefits (Note 30)	10	30	27
Other	603	592	496
Staff costs	8,405	8,169	6,318

Included in salaries and incentive payments is £551m (2006: £640m, 2005: £338m) arising from equity settled share-based payments, of which £60m (2006: £78m, 2005: £44m) is a charge related to options-based schemes. Also included is £8m (2006: £6m, 2005: £nil) arising from cash settled share-based payments.

The average number of persons employed by the Group worldwide during the year was 128,900 (2006: 118,600, 2005: 92,800).

9 Administration and general expenses

	2007 £m	2006 £m	2005 £m
Administrative expenses	3,978	3,980	3,443
Impairment charges			
– property and equipment (Note 23)	2	14	–
– intangible assets (Note 22)	14	7	9
Operating lease rentals	414	345	316
Gain on property disposals	(267)	(432)	–
Administration and general expenses	4,141	3,914	3,768

Auditors' remuneration

	2007				
	Audit £m	Audit related £m	Taxation services £m	Other services £m	Total £m
Audit of the Group's annual accounts	7	–	–	–	7
Other services:					
Fees payable for the audit of the Company's associates pursuant to legislation	12	–	–	–	12
Other services supplied pursuant to such legislation	6	2	–	–	8
Other services relating to taxation	–	–	8	–	8
Services relating to corporate finance transactions entered into or proposed to be entered into by or on behalf of the Company or any of its associates	–	–	–	5	5
Other	–	2	–	2	4
Total auditors' remuneration	25	4	8	7	44

9 Administration and general expenses (continued)

Auditors' remuneration (continued).

	2006				
	Audit £m	Audit related £m	Taxation services £m	Other services £m	Total £m
Audit of the Group's annual accounts	7	–	–	–	7
Other services:					
Fees payable for the audit of the Company's associates pursuant to legislation	11	–	–	–	11
Other services supplied pursuant to such legislation	10	1	–	–	11
Other services relating to taxation	–	–	6	–	6
Services relating to corporate finance transactions entered into or proposed to be entered into by or on behalf of the Company or any of its associates	–	–	–	4	4
Other	–	4	–	1	5
Total auditors' remuneration	28	5	6	5	44

	2005				
	Audit £m	Audit related £m	Taxation services £m	Other services £m	Total £m
Audit of the Group's annual accounts	6	–	–	–	6
Other services:					
Fees payable for the audit of the Company's associates pursuant to legislation	8	–	–	–	8
Other services supplied pursuant to such legislation	1	–	–	–	1
Other services relating to taxation	–	–	4	–	4
Services relating to corporate finance transactions entered into or proposed to be entered into by or on behalf of the Company or any of its associates	–	–	–	3	3
Other	–	7	–	–	7
Total auditors' remuneration	15	7	4	3	29

The figures shown in the above table relate to fees paid to PricewaterhouseCoopers LLP and its associates. Fees paid to other auditors not associated with PricewaterhouseCoopers LLP in respect of the audit of the Company's subsidiaries were £2m (2006: £2m, 2005: £3m).

Fees payable for the audit of the Company's associates pursuant to legislation comprise the fees for the statutory audit of the subsidiaries and associated pension schemes both inside and outside Great Britain and fees for the work performed by the associates of PricewaterhouseCoopers LLP in respect of the consolidated financial statements of the Company. The fees relating to the audit of the associated pension schemes were £0.3m (2006: £0.3m, 2005: £0.3m).

Other services supplied pursuant to such legislation comprise services in relation to statutory and regulatory filings. These includes audit services for the review of the interim financial information under the Listing Rules of the UK listing authority and fees paid for reporting under Section 404 of the US Sarbanes-Oxley Act (Section 404). In addition, other services include Section 404 advisory, IFRS advisory, securitisations and services relating to acquisition activities.

Taxation services include compliance services such as tax return preparation and advisory services such as consultation on tax matters, tax advice relating to transactions and other tax planning and advice.

Services relating to corporate finance transactions comprise due diligence related to transactions and accounting consultations and audits in connection with such transactions.

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10 Tax

The charge for tax is based upon the standard UK corporation tax rate of 30% (2006: 30%, 2005: 30%) and comprises:

	2007 £m	2006 £m	2005 £m
Current tax charge			
Current year	2,385	1,929	1,583
Adjustment for prior years	(11)	8	(59)
Total	2,374	1,937	1,524
Deferred tax (credit)/charge			
Current year	(367)	(16)	(14)
Adjustment for prior years	(26)	20	(71)
Total	(393)	4	(85)
Tax charge	1,981	1,941	1,439

The effective tax rate for the years 2007, 2006 and 2005 is lower than the standard rate of corporation tax in the UK of 30% (2006: 30%, 2005: 30%). The differences are set out below:

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

11 Earnings per share

	2007 £m	2006 £m	2005 £m
Profit attributable to equity holders of parent	4,417	4,571	3,447
Dilutive impact of convertible options	(25)	(30)	(38)
Profit attributable to equity holders of parent including dilutive impact of convertible options	4,392	4,541	3,409

	2007 million	2006 million	2005 million
Basic weighted average number of shares in issue	6,410	6,357	6,337
Number of potential ordinary shares	177	150	149
Diluted weighted average number of shares	6,587	6,507	6,486
	p	p	p
Basic earnings per share	68.9	71.9	54.4
Diluted earnings per share	66.7	69.8	52.6

The calculation of basic earnings per share is based on the profit attributable to equity holders of the parent and the number of basic weighted average number of shares excluding own shares held in employee benefits trusts and shares held for trading.

When calculating the diluted earnings per share, the profit attributable to equity holders of the parent is adjusted for the conversion of outstanding options into shares within Absa Group Limited and Barclays Global Investors UK Holdings Limited. The weighted average number of ordinary shares excluding own shares held in employee benefit trusts and shares held for trading, is adjusted for the effects of all dilutive potential ordinary shares, totalling 177 million (2006: 150 million, 2005: 149 million).

Of the total number of employee share options and share awards at 31st December 2007, none were anti-dilutive (2006: 5 million, 2005: nil).

Subsequent to the balance sheet date, the Group continued to make on-market purchases of treasury shares under its various employee share schemes. No adjustment has been made to earnings per share in respect of these purchases.

12 Trading portfolio

	2007 £m	2006 £m
Trading portfolio assets		
Treasury and other eligible bills	2,094	2,960
Debt securities	152,778	140,576
Equity securities	36,307	31,548
Traded loans	1,780	1,843
Commodities	732	940
Trading portfolio assets	193,691	177,867
Trading portfolio liabilities		
Treasury and other eligible bills	(486)	(608)
Debt securities	(50,506)	(58,142)
Equity securities	(13,702)	(12,697)
Commodities	(708)	(427)
Trading portfolio liabilities	(65,402)	(71,874)

13 Financial assets designated at fair value

Held on own account

	2007 £m	2006 £m
Loans and advances	23,491	13,196
Debt securities	24,217	12,100
Equity securities	5,376	3,711
Other financial assets	3,545	2,792
Financial assets designated at fair value – held on own account	56,629	31,799

The maximum exposure to credit risk on loans and advances designated at fair value at 31st December 2007 was £23,491m (2006: £13,196m). The amount by which related credit derivatives and similar instruments mitigate the exposure to credit risk at 31st December was £2,605m (2006: £28m).

The net loss attributable to changes in credit risk for loans and advances designated at fair value was £401m in 2007 (2006: £nil; 2005; £nil). The gains or losses on related credit derivatives was £4m for the year (2006: £nil; 2005; £nil).

The cumulative net loss attributable to changes in credit risk for loans and advances designated at fair value since initial recognition is £401m at 31st December 2007 (2006: £3m; 2005: £3m). The cumulative change in fair value of related credit derivatives at 31st December 2007 is £4m (2006: £nil; 2005; £nil).

Held in respect of linked liabilities to customers under investment contracts/liabilities arising from investment contracts

	2007 £m	2006 £m
Financial assets designated at fair value held in respect of linked liabilities to customers under investment contracts	90,851	82,798
Cash and bank balances within the portfolio	1,788	1,839
Assets held in respect of linked liabilities to customers under investment contracts	92,639	84,637
Liabilities to customers under investment contracts	(92,639)	(84,637)

A portion of the Group's fund management business takes the legal form of investment contracts, under which legal title to the underlying investment is held by the Group, but the inherent risks and rewards in the investments are borne by the investors. In the normal course of business, the Group's financial interest in such investments is restricted to fees for investment management services.

Due to the nature of these contracts, the carrying value of the assets is always the same as the value of the liabilities and any change in the value of the assets results in an equal but opposite change in the value of the amounts due to the policyholders.

The Group is therefore not exposed to the financial risks – market risk, credit risk and liquidity risk inherent in the investments and they are omitted from the disclosures on financial risks in Notes 46 to 48.

In the balance sheet, the assets are included as 'Financial assets designated at fair value – held in respect of linked liabilities to customers under investment contracts'. Cash balances within the portfolio have been included in the Group's cash balances. The associated obligation to deliver the value of the investments to customers at their fair value on balance sheet date is included as 'Liabilities to customers under investment contracts'.

The increase/decrease in the value arising from the return on the investments and the corresponding increase/decrease in linked liabilities to customers is included in the Other income note in Note 6.

Notes to the accounts
For the year ended 31st December 2007

14 Derivative financial instruments

Financial instruments

The Group's objectives and policies on managing the risks that arise in connection with derivatives, including the policies for hedging, are included in Note 45 to Note 48 under the headings 'Financial Risks', 'Market Risk', 'Credit Risk' and 'Liquidity Risk'.

The notional amounts of certain types of financial instruments provide a basis for comparison with instruments recognised on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Group's exposure to credit or price risks. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market rates or prices relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favourable or unfavourable and, thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly.

The fair value of a derivative contract represents the amount at which that contract could be exchanged in an arms-length transaction, calculated at market rates current at the balance sheet date.

The fair values and notional amounts of derivative instruments held for trading are set out in the following table:

	2007			2006		
	Notional contract amount	Fair value		Notional contract amount	Fair value	
Year ended 31st December Derivatives held for trading		**Assets £m**	**Liabilities £m**		Assets £m	Liabilities £m
	£m			£m		
Foreign exchange derivatives						
Forward foreign exchange	**1,041,781**	**11,381**	**(11,629)**	767,734	8,074	(7,808)
Currency swaps	**562,682**	**15,617**	**(14,676)**	411,889	10,029	(10,088)
OTC options bought and sold	**464,575**	**3,350**	**(3,995)**	320,184	3,923	(3,849)
OTC derivatives	**2,069,038**	**30,348**	**(30,300)**	1,499,807	22,026	(21,745)
Exchange traded futures – bought and sold	**139,199**	**–**	**–**	852	–	–
Exchange traded options – bought and sold	**132**	**–**	**–**	115	–	–
Foreign exchange derivatives	**2,208,369**	**30,348**	**(30,300)**	1,500,774	22,026	(21,745)
Interest rate derivatives						
Interest rate swaps	**11,758,215**	**111,746**	**(110,680)**	8,718,015	61,267	(61,510)
Forward rate agreements	**1,960,106**	**755**	**(738)**	1,335,594	337	(374)
OTC options bought and sold	**3,776,600**	**27,337**	**(26,944)**	2,301,239	13,977	(13,558)
OTC derivatives	**17,494,921**	**139,838**	**(138,362)**	12,354,848	75,581	(75,442)
Exchange traded futures – bought and sold	**903,516**	**–**	**–**	1,057,767	188	(256)
Exchange traded options – bought and sold	**269,095**	**102**	**(64)**	848,629	241	(156)
Exchange traded swaps	**4,941,417**	**–**	**–**	3,405,109	–	–
Interest rate derivatives	**23,608,949**	**139,940**	**(138,426)**	17,666,353	76,010	(75,854)
Credit derivatives						
Swaps	**2,472,249**	**38,696**	**(35,814)**	1,224,548	9,275	(8,894)
Equity and stock index derivatives						
OTC options bought and sold	**145,399**	**11,293**	**(15,743)**	114,227	11,171	(15,613)
Equity swaps and forwards	**36,149**	**1,057**	**(1,193)**	24,580	656	(846)
OTC derivatives	**181,548**	**12,350**	**(16,936)**	138,807	11,827	(16,459)
Exchange traded futures – bought and sold	**31,519**	**–**	**–**	30,159	154	(176)
Exchange traded options – bought and sold	**30,930**	**848**	**(2,200)**	30,473	161	(171)
Equity and stock index derivatives	**243,997**	**13,198**	**(19,136)**	199,439	12,142	(16,806)
Commodity derivatives						
OTC options bought and sold	**95,032**	**4,496**	**(4,720)**	52,899	2,568	(2,443)
Commodity swaps and forwards	**276,102**	**19,075**	**(18,039)**	164,863	14,933	(13,497)
OTC derivatives	**371,134**	**23,571**	**(22,759)**	217,762	17,501	(15,940)
Exchange traded futures – bought and sold	**228,465**	**–**	**–**	68,710	13	(33)
Exchange traded options – bought and sold	**66,732**	**1,197**	**(943)**	9,169	306	(474)
Commodity derivatives	**666,331**	**24,768**	**(23,702)**	295,641	17,820	(16,447)
Derivative assets/(liabilities) held for trading	**29,199,895**	**246,950**	**(247,378)**	20,886,755	137,273	(139,746)

14 Derivative financial instruments (continued)

The fair values and notional amounts of derivative instruments held for risk management are set out in the following table:

	2007			2006		
	Notional contract amount	Fair value		Notional contract amount	Fair value	
Year ended 31st December	£m	Assets £m	Liabilities £m	£m	Assets £m	Liabilities £m
Derivatives designated as cash flow hedges						
Interest rate swaps	38,453	239	(437)	51,614	132	(312)
Equity options	54	41	–	–	–	–
Forward foreign exchange	2,256	178	–	–	–	–
Exchange traded interest rate swaps	14,529	–	–	12,077	–	–
Commodity swaps and forwards	–	–	–	204	–	(89)
Derivatives designated as cash flow hedges	55,292	458	(437)	63,895	132	(401)
Derivatives designated as fair value hedges						
Currency swaps	4,299	81	(75)	1,454	–	(233)
Interest rate swaps	18,450	323	(195)	16,940	240	(152)
Equity options	1,203	58	(58)	1,029	58	(56)
Forward foreign exchange	–	–	–	66	–	–
Derivatives designated as fair value hedges	23,952	462	(328)	19,489	298	(441)
Derivatives designated as hedges of net investments						
Forward foreign exchange	4,223	31	(57)	2,730	–	(78)
Currency swaps	8,397	187	(88)	9,320	650	(31)
Derivatives designated as hedges of net investment	12,620	218	(145)	12,050	650	(109)
Derivative assets/(liabilities) held for risk management	91,864	1,138	(910)	95,434	1,080	(951)

Interest rate derivatives, designated as cash flow hedges, primarily hedge the exposure to cash flow variability from interest rates of variable rate loans to banks and customers, variable rate debt securities held and highly probable forecast financing transactions and reinvestments.

Interest rate derivatives designated as fair value hedges primarily hedge the interest rate risk of fixed rate borrowings in issue, fixed rate loans to banks and customers and investments in fixed rate debt securities held.

Currency derivatives are primarily designated as hedges of the foreign currency risk of net investments in foreign operations.

The Group's total derivative asset and liability position as reported on the balance sheet is as follows:

	2007			2006		
	Notional contract amount	Fair value		Notional contract amount	Fair value	
Year ended 31st December	£m	Assets £m	Liabilities £m	£m	Assets £m	Liabilities £m
Total derivative assets/(liabilities) held for trading	29,199,895	246,950	(247,378)	20,886,755	137,273	(139,746)
Total derivative assets/(liabilities) held for risk management	91,864	1,138	(910)	95,434	1,080	(951)
Derivative assets/(liabilities)	29,291,759	248,088	(248,288)	20,982,189	138,353	(140,697)

Derivative assets and liabilities subject to counterparty netting agreements amounted to £199bn (2006: £102bn). Additionally, we held £17bn (2006: £8bn) of collateral against the net derivative assets exposure.

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14 Derivative financial instruments (continued)

The Group has hedged the following forecast cash flows, which primarily vary with interest rates. These cash flows are expected to impact the income statement in the following periods, excluding any hedge adjustments that may be applied:

	2007						
	Total £m	Up to one year £m	Between one to two years £m	Between two to three years £m	Between three to four years £m	Between four to five years £m	More than five years £m
Forecast receivable cash flows	4,329	1,593	987	903	535	254	57
Forecast payable cash flows	2,121	394	369	335	283	244	496

	2006						
	Total £m	Up to one year £m	Between one to two years £m	Between two to three years £m	Between three to four years £m	Between four to five years £m	More than five years £m
Forecast receivable cash flows	5,111	1,500	1,452	954	689	410	106
Forecast payable cash flows	1,280	704	349	121	73	30	3

The maximum length of time over which the Group hedges exposure to the variability in future cash flows for forecast transactions, excluding those forecast transactions related to the payment of variable interest on existing financial instruments, is 10 years (2006: 8 years).

All gains or losses on hedging derivatives relating to forecast transactions, which are no longer expected to occur, have been recycled to the income statement.

A loss of £66m on hedging instruments was recognised in relation to fair value hedges in net interest income (2006: £460m). A gain of £70m on the hedged items was recognised in relation to fair value hedges in net interest income (2006: £465m).

Ineffectiveness recognised in relation to cash flow hedges in net interest income was a gain of £21m (2006: loss of £23m). Ineffectiveness recognised in relation to hedges of net investment was a gain of £4m (2006: £13m).

15 Loans and advances to banks and customers

	2007 £m	2006 £m
Loans and advances to banks	40,123	30,930
Less: Allowance for impairment	(3)	(4)
Loans and advances to banks	40,120	30,926
Loans and advances to customers	349,167	285,631
Less: Allowance for impairment	(3,769)	(3,331)
Loans and advances to customers	345,398	282,300

16 Available for sale financial investments

	2007 £m	2006 £m
Debt securities	38,673	47,912
Treasury bills and other eligible bills	2,723	2,420
Equity securities	1,676	1,371
Available for sale financial investments	43,072	51,703

Movement in available for sale financial investments	2007 £m	2006 £m
At beginning of year	51,703	53,497
Exchange and other adjustments	1,499	(3,999)
Acquisitions and transfers	26,920	47,086
Disposals (through sale and redemption)	(37,498)	(44,959)
Gains from changes in fair value recognised in equity	486	162
Impairment	(13)	(86)
Amortisation of discounts/premium	(25)	2
At end of year	43,072	51,703

17 Securities borrowing, securities lending, repurchase and reverse repurchase agreements

Amounts included in the balance sheet and reported on a net basis where the Group has the intention and the legal ability to settle net or realise simultaneously were as follows:

Amounts advanced to counterparties under reverse repurchase agreements and cash collateral provided under stock borrowing agreements are treated as collateralised loans receivable. The related securities purchased or borrowed subject to an agreement with the counterparty to repurchase them are not recognised on balance sheet where the risks and rewards of ownership remain with the counterparty.

(a) Reverse repurchase agreements and cash collateral on securities borrowed

	2007 £m	2006 £m
Banks	86,710	85,336
Customers	96,365	88,754
Reverse repurchase agreements and cash collateral held on securities borrowed	183,075	174,090

(b) Repurchase agreements and cash collateral on securities lent

Securities that are not recorded on the balance sheet (for example, securities that have been obtained as a result of reverse repurchase and stock borrow transactions) may also be lent or sold subject to a commitment to repurchase – such securities remain off balance sheet. In both instances, amounts received from counterparty are treated as liabilities, which at 31st December were as follows:

	2007 £m	2006 £m
Banks	97,297	79,833
Customers	72,132	57,123
Repurchase agreements and cash collateral on securities lent	169,429	136,956

18 Other assets

	2007 £m	2006 £m
Sundry debtors	4,042	4,298
Prepayments	551	658
Accrued income	400	722
Reinsurance assets	157	172
Other assets	5,150	5,850

Included in the above are balances of £3,859m (2006: £5,065m) expected to be recovered within no more than 12 months after the balance sheet date; and balances of £1,291m (2006: £785m) expected to be recovered more than 12 months after the balance sheet date.

Other assets comprise £3,966m (2006: £4,097m) of receivables which meet the definition of financial assets.

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19 Current and deferred tax

The components of taxes are as follows:

	2007		2006	
	Assets £m	Liabilities £m	Assets £m	Liabilities £m
Current tax	518	1,311	557	1,020
Deferred tax	2,334	1,726	2,005	1,523

Deferred taxes are calculated on all temporary differences under the liability method. The movement on the deferred tax account is as follows:

	2007 £m	2006 £m
At beginning of year	482	(14)
Income statement credit/(charge)	393	(4)
Equity		
Available for sale investments	13	4
Cash flow hedges	(132)	128
Share-based payments	(63)	24
Other equity movements	(125)	48
Acquisitions and disposals	33	264
Exchange and other adjustments	7	32
At end of year	608	482

Deferred tax assets and liabilities are attributable to the following items:

	2007 £m	2006 £m
Deferred tax liabilities		
Accelerated tax depreciation	803	705
Available for sale investments	101	116
Cash flow hedges	51	–
Other	771	702
Deferred tax liabilities	1,726	1,523
Deferred tax assets		
Pensions and other retirement benefits	491	622
Allowance for impairment on loans	108	69
Other provisions	377	436
Cash flow hedges	44	91
Tax losses carried forward	215	1
Share-based payments	428	380
Other	671	406
Deferred tax assets	2,334	2,005
Net deferred tax asset	608	482
Disclosed as deferred tax liabilities	855	282
Disclosed as deferred tax assets	1,463	764
Net deferred tax asset	608	482

19 Current and deferred tax (continued)

Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to set off and the balances relate to income tax payable to the same taxation authority on either the same taxable entity or different taxable entities within the same tax group where there is the intention and ability to settle on a net basis or realise the assets and liabilities simultaneously.

The amount of deferred tax liability expected to be settled after more than 12 months is £1,468m (2006: £1,046m).

The amount of deferred tax asset expected to be recovered after more than 12 months is £1,950m (2006: £1,582m).

The deferred tax assets balance includes £450m (2006: £106m) which is the excess deferred tax assets over deferred tax liabilities in entities which have suffered a loss in either the current or prior year. This is based on management assessment that it is probable that the relevant entities will have taxable profits against which the temporary differences can be utilised.

The deferred tax (credit)/charge in the income statement comprises the following temporary differences:

	2007 £m	2006 £m
Accelerated tax depreciation	**118**	120
Pensions and other retirement benefits	**96**	(24)
Allowance for impairment on loans	**(28)**	(30)
Other provisions	**(165)**	(105)
Tax losses carry forward	**(214)**	25
Available for sale investments	**(1)**	8
Cash flow hedges	**–**	(14)
Share-based payments	**(100)**	(77)
Other	**(99)**	101
Total	**(393)**	4

Deferred tax assets have not been recognised in respect of the following items:

	2007 £m	2006 £m
Deductible temporary differences (gross)	**247**	395
Unused tax losses (gross)	**1,683**	190
Unused tax credits	**126**	98

The following tax losses expire: £9m in 2008 to 2011, £9m in 2011, £9m in 2012 and £1,201m in 2027. The other tax losses, tax credits and temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits. The unused tax losses include amounts relating to non-UK branches of Barclays Bank PLC where the future tax benefit might be restricted to the amount in excess of the UK rate.

The amount of temporary differences associated with investments in subsidiaries, branches, associates and joint ventures for which deferred tax liabilities have not been recognised is £5,722m (2006: £3,387m).

The tax charge for the period was based on a UK corporation tax rate of 30% (2006: 30%). The effective rate of tax for 2007, based on profit before tax, was 28% (2006: 27.2%). The effective tax rate differed from 30% as it took account of the different tax rate applied to profits earned outside the UK, non-taxable gains and income and adjustments to prior year tax provisions. The forthcoming change in the UK rate of corporation tax from 30% to 28% on 1st April 2008 led to an additional tax charge in 2007 as a result of its effect on the Group’s net deferred tax asset.

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20 Investment in associates and joint ventures

Share of net assets

	Associates		Joint ventures		Total	
	2007 £m	2006 £m	2007 £m	2006 £m	2007 £m	2006 £m
At beginning of year	74	427	154	119	228	546
Share of results before tax	35	63	10	(6)	45	57
Share of tax	(2)	(10)	(1)	(1)	(3)	(11)
Share of post-tax results	33	53	9	(7)	42	46
Dividends paid	–	(17)	–	–	–	(17)
New investments	7	2	8	7	15	9
Acquisitions	56	51	150	102	206	153
Disposals	(47)	(404)	(72)	(72)	(119)	(476)
Exchange and other adjustments	(33)	(38)	38	5	5	(33)
At end of year	90	74	287	154	377	228

Goodwill included above:

	Associates		Joint ventures		Total	
	2007 £m	2006 £m	2007 £m	2006 £m	2007 £m	2006 £m
Cost						
At beginning of year	1	122	40	83	41	205
Acquisitions	–	–	–	–	–	–
Disposals	(1)	(121)	(16)	–	(17)	(121)
Transfer	–	–	3	(43)	3	(43)
At end of year	–	1	27	40	27	41

The fair value of the Group's investment in Ambit Properties Limited, an associate listed on the Johannesburg Stock Exchange, is £42m.

Disposal of associates and joint ventures

On 29th June 2007 and 2nd July 2007, the Group disposed of its investment in Gabetti Property Solutions for cash consideration, net of transaction costs of £13m, which after deducting the Group's share of its net assets on the dates of disposal, resulted in a profit of £8m.

On 24th September 2007, the Group disposed of its investment in Intelenet Global Services for a cash consideration, net of transaction costs of £22m, which, after deducting the Group's share of its net assets on the date of disposal, resulted in a profit of £13m.

Summarised financial information for the Group's associates and joint ventures is set out below:

	2007		2006	
	Associates £m	Joint ventures £m	Associates £m	Joint ventures £m
Property, plant and equipment	588	632	599	142
Financial investments	239	8	4	2
Trading portfolio assets	–	–	1	–
Loans to banks and customers	516	2,372	1,378	797
Other assets	1,387	314	541	199
Total assets	2,730	3,326	2,523	1,140
Deposits from banks and customers	1,515	2,189	1,421	769
Trading portfolio liabilities	–	–	1	–
Other liabilities	902	458	887	187
Shareholders' equity	313	679	214	184
Total liabilities	2,730	3,326	2,523	1,140
Net income	528	340	538	178
Operating expenses	(404)	(292)	(334)	(178)
Profit before tax	124	48	204	–
Profit after tax	104	40	186	(2)

The amounts included above, which include the entire assets, liabilities and net income of the investees, not just the Group's share, are based on accounts made up to 31st December 2007 with the exception of certain undertakings for which the amounts are based on accounts made up to dates not earlier than three months before the balance sheet date.

Associates and joint ventures in 2007 includes £1,728m (2006: £1,525m) of assets, £1,537m (2006: £1,380m) of liabilities and £18m (2006: £25m) of profit after tax in associates and joint ventures within the Absa Group.

The Group's share of commitments and contingencies of its associates and joint ventures is £6m (2006: £nil).

21 Goodwill

	2007 £m	2006 £m
Net book value		
At beginning of year	**6,092**	6,022
Acquisitions	**879**	390
Disposals	**(17)**	(14)
Exchange and other adjustments	**60**	(306)
At end of year	**7,014**	6,092

Goodwill is allocated to business operations according to business segments identified by the Group under IAS 14, as follows:

	2007 £m	2006 £m
UK Banking	**3,131**	3,132
Barclaycard	**400**	403
International Retail and Commercial Banking	**1,682**	1,481
Barclays Capital	**147**	86
Barclays Global Investors	**1,261**	673
Barclays Wealth	**393**	317
Goodwill	**7,014**	6,092

The Barclays Financial Planning business previously managed and reported within Barclays Wealth, is now managed and reported within UK Banking. Goodwill of £312m relating to this business has been transferred to UK Banking and the comparative figures restated.

Goodwill is reviewed annually for impairment, or more frequently when there are indications that impairment may have occurred by comparing the carrying value to its recoverable amount.

Impairment testing of goodwill

The recoverable amount of each operation's goodwill is based on value-in-use calculations. The calculation is based upon discounting expected pre-tax cash flows at a risk adjusted interest rate appropriate to the cash generating unit, the determination of both of which requires the exercise of judgement. The estimation of pre-tax cash flows is sensitive to the periods for which forecasts are available and to assumptions regarding the long-term sustainable cash flows. While forecasts are compared with actual performance and external economic data, expected cash flows naturally reflect management's view of future performance.

At 31st December 2007, the goodwill allocated to UK Banking of £3,131m (2006: £3,132m) included £3,130m (2006: £3,130m) relating to Woolwich, and the amount allocated to International Retail and Commercial Banking of £1,682m (2006: £1,481m) included £1,054m (2006: £953m) relating to Absa.

The remaining aggregate goodwill of £2,830m (2006: £2,009m) comprised of balances not considered individually significant.

Key assumptions used in value in use calculations for significant goodwill

The values assigned to key assumptions reflect past experience and management judgement. The recoverable amount calculations performed for the significant amounts of goodwill are sensitive to changes in the following key assumptions:

Term of cash flow forecasts and growth rates

Cash flows are based on internal management information for a period of up to three years, after which a growth factor suitable for the business is applied. Growth rates are based on the projected local inflation rates over the term of estimated cash flows.

The business operation containing Woolwich has applied a growth factor of 2% (proxy for inflation) to cash flows for the period 2011 to 2016. Absa has applied a growth rate of 8% to cash flows for the three years 2011 to 2013, and a rate of 4% for the years 2014 to 2021. The use of longer cash flow projections is justified by the long-term nature of these businesses within the Barclays Group.

Discount rates

The business operation containing Woolwich has applied a discount factor of 15%, and Absa has applied 13.62% to forecast cash flows used in the impairment testing.

Management believes that reasonable changes in key assumptions used to determine the recoverable amounts of Absa and Woolwich goodwill will not result in impairment.

No impairment was identified in 2007 or 2006.

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22 Intangible assets

2007	Internally generated software £m	Other software £m	Core deposit intangibles £m	Brands £m	Customer lists £m	Mortgage servicing rights £m	Licences and other £m	Total £m
Cost								
At 1st January 2007	267	123	242	145	467	122	140	1,506
Acquisitions	–	–	–	–	54	–	23	77
Additions	118	56	–	3	–	4	–	181
Exchange and other adjustments	3	9	2	1	3	–	(2)	16
At 31st December 2007	388	188	244	149	524	126	161	1,780
Accumulated amortisation and impairment								
At 1st January 2007	(116)	(29)	(24)	(22)	(64)	(10)	(26)	(291)
Amortisation charge	(45)	(13)	(11)	(15)	(36)	(54)	(12)	(186)
Impairment charge	–	(14)	–	–	–	–	–	(14)
Exchange and other adjustments	(2)	(1)	(2)	(1)	(1)	–	–	(7)
At 31st December 2007	(163)	(57)	(37)	(38)	(101)	(64)	(38)	(498)
Net book value	225	131	207	111	423	62	123	1,282

2006	Internally generated software £m	Other software £m	Core deposit intangibles £m	Brands £m	Customer lists £m	Mortgage servicing rights £m	Licences and other £m	Total £m
Cost								
At 1st January 2006	188	43	306	183	582	–	139	1,441
Acquisitions	–	–	–	–	–	114	2	116
Additions	95	86	–	–	–	16	13	210
Exchange and other adjustments	(16)	(6)	(64)	(38)	(115)	(8)	(14)	(261)
At 31st December 2006	267	123	242	145	467	122	140	1,506
Accumulated amortisation and impairment								
At 1st January 2006	(90)	(18)	(7)	(9)	(29)	–	(19)	(172)
Amortisation charge	(29)	(7)	(20)	(16)	(44)	(11)	(9)	(136)
Impairment charge	(2)	(5)	–	–	–	–	–	(7)
Exchange and other adjustments	5	1	3	3	9	1	2	24
At 31st December 2006	(116)	(29)	(24)	(22)	(64)	(10)	(26)	(291)
Net book value	151	94	218	123	403	112	114	1,215

Impairment charges reflect the impairment of certain IT assets where the future economic benefit did not exceed the carrying value.

Impairment charges detailed above have been included within other operating expenses.

23 Property, plant and equipment

	2007				2006			
	Property £m	Equipment £m	Operating leased assets £m	Total £m	Property £m	Equipment £m	Operating leased assets £m	Total £m
Cost								
At 1st January	2,154	2,429	365	4,948	2,450	2,541	365	5,356
Acquisitions and disposals	5	13	–	18	–	–	–	–
Additions	506	638	105	1,249	180	475	–	655
Disposals	(241)	(112)	(57)	(410)	(422)	(382)	–	(804)
Fully depreciated assets written off	(1)	(8)	–	(9)	(1)	(89)	–	(90)
Exchange and other adjustments	28	35	–	63	(53)	(116)	–	(169)
At 31st December	2,451	2,995	413	5,859	2,154	2,429	365	4,948
Accumulated depreciation and impairment								
At 1st January	(993)	(1,454)	(9)	(2,456)	(1,022)	(1,575)	(5)	(2,602)
Acquisitions and disposals	(1)	(7)	–	(8)	–	–	–	–
Depreciation charge	(91)	(370)	(6)	(467)	(118)	(335)	(2)	(455)
Impairment charge	(2)	–	–	(2)	(14)	–	–	(14)
Disposals	58	37	–	95	148	341	–	489
Fully depreciated assets written off	1	8	–	9	1	89	–	90
Exchange and other adjustments	(16)	(18)	–	(34)	12	26	(2)	36
At 31st December	(1,044)	(1,804)	(15)	(2,863)	(993)	(1,454)	(9)	(2,456)
Net book value	1,407	1,191	398	2,996	1,161	975	356	2,492

Operating leased assets represent assets such as plant and equipment leased to customers under operating leases.

Certain of the Group's equipment is held on finance leases. See Note 37.

In 2007 the value of an existing office building in the UK property portfolio was impaired by £2m reflecting local market conditions that had prevented its disposal in the year. In 2008 the freehold of the building will be disposed of by a short- or long-term leaseback. Consequently the value has been written down to fair value, less cost of sale.

24 Financial liabilities designated at fair value

	2007		2006	
	Fair value £m	Contractual amount due on maturity £m	Fair value £m	Contractual amount due on maturity £m
Debt securities	52,320	62,167	32,261	37,393
Deposits	17,319	18,140	19,990	20,465
Other	4,850	6,239	1,736	2,913
Financial liabilities designated at fair value	74,489	86,546	53,987	60,771

The amount of change in the fair value of financial liabilities attributable to changes in own credit risk of these liabilities in 2007 is £658m.

There were no significant gains or losses attributable to changes in own credit risk for financial liabilities in 2006.

25 Other liabilities

	2007 £m	2006 £m
Accruals and deferred income	6,075	6,127
Sundry creditors	4,341	4,118
Obligations under finance leases (Note 37)	83	92
Other liabilities	10,499	10,337

Included in the above are balances of £9,043m (2006: £9,265m) expected to be settled within no more than 12 months after the balance sheet date; and balances of £1,456m (2006: £1,072m) expected to be settled more than 12 months after the balance sheet date.

Accruals and deferred income included £102m (2006: £107m) in relation to deferred income from investment contracts and £677m (2006: £822m) in relation to deferred income from insurance contracts.

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26 Insurance assets and liabilities

Insurance assets

Reinsurance assets are £157m (2006: £172m) and relate principally to the Group's long-term business. Reinsurers' share of provisions relating to the Group's short-term business are £94m (2006: £82m). The reinsurance assets expected to be recovered after more than one year are £63m (2006: £92m).

Insurance contract liabilities including unit-linked liabilities

Insurance liabilities comprise the following:

	2007 £m	2006 £m
Insurance contract liabilities:		
– linked liabilities	1,398	1,591
– non-linked liabilities	2,347	2,121
Provision for claims	158	166
Insurance contract liabilities including unit-linked liabilities	3,903	3,878

Insurance contract liabilities relate principally to the Group's long-term business. Insurance contract liabilities associated with the Group's short-term non-life business are £174m (2006: £198m).

Movements in insurance liabilities and reinsurance assets

Movements in insurance assets and insurance contract liabilities were as follows:

	2007			2006		
	Gross £m	Reinsurance £m	Net £m	Gross £m	Reinsurance £m	Net £m
At beginning of year	3,878	(172)	3,706	3,767	(114)	3,653
Change in year	25	15	40	111	(58)	53
At end of year	3,903	(157)	3,746	3,878	(172)	3,706

Assumptions used to measure insurance liabilities

The assumptions that have the greatest effect on the measurement of the amounts recognised above, and the processes used to determine them were as follows:

Long-term business – linked and non-linked

Mortality – mortality estimates are based on standard industry and national mortality tables, adjusted where appropriate to reflect the Group's own experience. A margin is added to ensure prudence – for example, future mortality improvements for annuity business.

Renewal expenses level and inflation – expense reserves are a small part of overall insurance liabilities, however, increases in expenses caused by unanticipated inflation or other unforeseen factors could lead to expense reserve increases. Expenses are therefore set using prudent assumptions. Initial renewal expense levels are set by considering expense forecasts for the business and, where appropriate, building in a margin to allow for the increasing burden of fixed costs on the UK closed life book of business. The inflation assumption is set by adding a margin to the market rate of inflation implied by index-linked gilt yields.

Short-term business

Short-term business – for single premium policies the proportion of unearned premiums is calculated based on estimates of the frequency and severity of incidents.

Changes in assumptions

There have been no changes in assumptions in 2007 that have had a material effect on the financial statements.

Uncertainties associated with cash flows related to insurance contracts and risk management activities

Long-term insurance contracts (linked and non-linked)

For long-term insurance contracts where death is the insured risk, the most significant factors that could detrimentally affect the frequency and severity of claims are the incidence of disease, such as AIDS, or general changes in lifestyle, such as in eating, exercise and smoking. Where survival is the insured risk, advances in medical care and social conditions are the key factors that increase longevity.

The Group manages its exposure to risk by operating in part as a unit-linked business, prudent product design, applying strict underwriting criteria, transferring risk to reinsurers, managing claims and establishing prudent reserves.

Short-term insurance contracts

For payment protection contracts where inability to make payments under a loan contract is the insured risk, the most significant factors are the health of the policyholder and the possibility of unemployment which depends upon, among other things, long-term and short-term economic factors. The Group manages its exposure to such risks through prudent product design, efficient claims management, prudent reserving methodologies and bases, regular product, economic and market reviews and regular adequacy tests on the size of the reserves.

Absa insures property and motor vehicles, for which the most significant factors that could effect the frequency and severity of claims are climatic change and crime. Absa manages its exposure to risk by diversifying insurance risks accepted and transferring risk to reinsurers.

26 Insurance assets and liabilities (continued)

Sensitivity analysis

The following table presents the sensitivity of the level of insurance contract liabilities disclosed in this note to movements in the actuarial assumptions used to calculate them. The percentage change in variable is applied to a range of existing actuarial modelling assumptions to derive the possible impact on net profit after tax. The disclosure is not intended to explain the impact of a percentage change in the insurance assets and liabilities disclosed above.

	2007		2006	
	Change in variable %	Net profit after tax impact £m	Change in variable %	Net profit after tax impact £m
Long-term insurance contracts:				
Improving mortality (annuitants only)	10	21	10	23
Worsening of mortality (assured lives only)	10	29	10	25
Worsening of base renewal expense level	20	43	20	23
Worsening of expense inflation rate	10	10	10	9
Short-term insurance contracts:				
Worsening of claim expense assumptions	10	3	10	9

Any change in net profit after tax would result in a corresponding increase or decrease in shareholders' equity.

The above analyses are based on a change in a single assumption while holding all other assumptions constant. In practice this is unlikely to occur.

Options and guarantees

The Group's contracts do not contain options or guarantees that could confer material risk.

Concentration of insurance risk

The Group considers that the concentration of insurance risk that is most relevant to the Group financial statements is according to the type of cover offered and the location of insured risk. The following table shows the maximum amounts payable under all of the Group's insurance products. It ignores the probability of insured events occurring and the contribution from investments backing the insurance policies. The table shows the broad product types and the location of the insured risk, before and after the impact of reinsurance that represents the risk that is passed to other insurers.

	2007			2006		
	Before Reinsurance £m	Reinsurance £m	After Reinsurance £m	Before Reinsurance £m	Reinsurance £m	After Reinsurance £m
Total benefits insured by product type						
Long-term insurance contracts	31,205	(10,497)	20,708	24,934	(9,445)	15,489
Short-term insurance contracts	31,464	(1,139)	30,325	39,870	(901)	38,969
Total benefits insured	62,669	(11,636)	51,033	64,804	(10,346)	54,458

	2007			2006		
	Before Reinsurance £m	Reinsurance £m	After Reinsurance £m	Before Reinsurance £m	Reinsurance £m	After Reinsurance £m
Total benefits insured by geographic location						
United Kingdom	22,538	(7,473)	15,065	25,403	(8,010)	17,393
Other European Union	4,304	(2,479)	1,825	3,317	(1,802)	1,515
Africa	35,827	(1,684)	34,143	36,084	(534)	35,550
Total benefits insured	62,669	(11,636)	51,033	64,804	(10,346)	54,458

Reinsurer credit risk

For the long-term business, reinsurance programmes are in place to restrict the amount of cover to any single life. The reinsurance cover is spread across highly rated companies to diversify the risk of reinsurer solvency. Net insurance reserves include a margin to reflect reinsurer credit risk.

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27 Subordinated liabilities

Subordinated liabilities comprise dated and undated loan capital as follows:

		2007 £m	2006 £m
Undated loan capital	(a)	6,631	5,422
Dated loan capital	(b)	11,519	8,364
		18,150	13,786

(a) Undated loan capital

	Notes	2007 £m	2006 £m
Non-convertible			
The Bank			
6% Callable Perpetual Core Tier One Notes	a,p	392	404
6.86% Callable Perpetual Core Tier One Notes (US$1,000m)	a,p	624	571
5.3304% Step-up Callable Perpetual Reserve Capital Instruments	b,q	520	501
5.926% Step-up Callable Perpetual Reserve Capital Instruments (US$1,350m)	c,r	708	690
6.3688% Step-up Callable Perpetual Reserve Capital Instruments	n,ad	526	–
7.434% Step-up Callable Perpetual Reserve Capital Instruments (US$1,250m)	o,ae	660	–
Junior Undated Floating Rate Notes (US$121m)	d,s	61	62
Undated Floating Rate Primary Capital Notes Series 3	d,t	147	146
9.875% Undated Subordinated Notes	e,u	319	319
9.25% Perpetual Subordinated Bonds (ex-Woolwich plc)	f,v	171	178
9% Permanent Interest Bearing Capital Bonds	g,w	102	102
7.125% Undated Subordinated Notes	h,x	535	550
6.875% Undated Subordinated Notes	i,y	657	656
6.375% Undated Subordinated Notes	j,z	482	481
6.125% Undated Subordinated Notes	k,aa	560	571
6.5% Undated Subordinated Notes (FFr 1,000m)	l,ab	115	105
5.03% Reverse Dual Currency Undated Subordinated Loan (Yen 8,000m)	m,ac	21	34
5% Reverse Dual Currency Undated Subordinated Loan (Yen 12,000m)	m,ac	31	52
Undated loan capital – non-convertible		6,631	5,422

Security and subordination

None of the undated loan capital of the Bank is secured.

The Junior Undated Floating Rate Notes (the 'Junior Notes') rank behind the claims against the Bank of depositors and other unsecured unsubordinated creditors and holders of dated loan capital.

All other issues of the Bank's undated loan capital rank pari passu with each other and behind the claims of the holders of the Junior Notes, except for the 6% and 6.86% Callable Perpetual Core Tier One Notes (the 'TONs') and the 5.3304%, 5.926%, 6.3688% and 7.434% Step-up Callable Perpetual Reserve Capital Instruments (the 'RCIs') (such issues, excluding the TONs and the RCIs, being the 'Undated Notes and Loans').

The TONs and the RCIs rank pari passu with each other and behind the claims of the holders of the Undated Notes and Loans.

Interest
Notes

a These TONs bear a fixed rate of interest until 2032. After that date, in the event that the TONs are not redeemed, the TONs will bear interest at rates fixed periodically in advance, based on London interbank rates.

b These RCIs bear a fixed rate of interest until 2036. After that date, in the event that the RCIs are not redeemed, the RCIs will bear interest at rates fixed periodically in advance, based on London interbank rates.

c These RCIs bear a fixed rate of interest until 2016. After that date, in the event that the RCIs are not redeemed, the RCIs will bear interest at rates fixed periodically in advance, based on London interbank rates.

d These Notes bear interest at rates fixed periodically in advance, based on London interbank rates.

e These Notes bear a fixed rate of interest until 2008. After that date, in the event that the Notes are not redeemed, the coupon will be reset to a fixed margin over a reference gilt rate for a further period of five years.

f These Bonds bear a fixed rate of interest until 2021. After that date, in the event that the Bonds are not redeemed, the coupon will be reset to a fixed margin over a reference gilt rate for a further period of five years.

g The interest rate on these Bonds is fixed for the life of this issue.

h These Notes bear a fixed rate of interest until 2020. After that date, in the event that the Notes are not redeemed, the coupon will be reset to a fixed margin over a reference gilt rate for a further period of five years.

i These Notes bear a fixed rate of interest until 2015. After that date, in the event that the Notes are not redeemed, the coupon will be reset to a fixed margin over a reference gilt rate for a further period of five years.

27 Subordinated liabilities (continued)

j These Notes bear a fixed rate of interest until 2017. After that date, in the event that the Notes are not redeemed, the coupon will be reset to a fixed margin over a reference gilt rate for a further period of five years.

k These Notes bear a fixed rate of interest until 2027. After that date, in the event that the Notes are not redeemed, the coupon will be reset to a fixed margin over a reference gilt rate for a further period of five years.

l These Notes bear a fixed rate of interest until 2009. After that date, in the event that the Notes are not redeemed, the Notes will bear interest at rates fixed periodically in advance based on European interbank rates.

m These Loans bear a fixed rate of interest until 2028 based on a US Dollar principal amount, but the interest payments have been swapped, resulting in a Yen interest rate payable, which is fixed periodically in advance based on London interbank rates. After that date, in the event that the Loans are not redeemed, the Loans will bear Yen interest rates fixed periodically in advance, based on London interbank rates.

n These RCIs bear a fixed rate of interest until 2019. After that date, in the event that the RCIs are not redeemed, the RCIs will bear interest at rates fixed periodically in advance, based on London interbank rates.

o These RCIs bear a fixed rate of interest until 2017. After that date, in the event that the RCIs are not redeemed, the RCIs will bear interest at rates fixed periodically in advance, based on London interbank rates.

The Bank is not obliged to make a payment of interest on its Undated Notes and Loans excluding the 9.25% Perpetual Subordinated Bonds if, in the preceding six months, a dividend has not been declared or paid on any class of shares of Barclays PLC or, in certain cases, any class of preference shares of the Bank. The Bank is not obliged to make a payment of interest on its 9.25% Perpetual Subordinated Bonds if, in the immediately preceding 12 months interest period, a dividend has not been paid on any class of its share capital. Interest not so paid becomes payable in each case if such a dividend is subsequently paid or in certain other circumstances. During the year, the Bank declared and paid dividends on its ordinary shares and on all classes of preference shares.

No payment of principal or any interest may be made unless the Bank satisfies a specified solvency test.

The Bank may elect to defer any payment of interest on the RCIs (b, c, n and o above). Any such deferred payment of interest must be paid on the earlier of (i) the date of redemption of the RCIs, and (ii) the coupon payment date falling on or nearest to the tenth anniversary of the date of deferral of such payment. Whilst such deferral is continuing, neither the Bank nor Barclays PLC may declare or pay a dividend, subject to certain exceptions, on any of its ordinary shares or Preference Shares.

The Bank may elect to defer any payment of interest on the TONs if it determines that it is, or such payment would result in it being, in non-compliance with capital adequacy requirements and policies of the FSA. Any such deferred payment of interest will only be payable on a redemption of the TONs. Until such time as the Bank next makes a payment of interest on the TONs, neither the Bank nor Barclays PLC may (i) declare or pay a dividend, subject to certain exceptions, on any of their respective ordinary shares or Preference Shares, or make payments of interest in respect of the Bank's Reserve Capital Instruments and (ii) certain restrictions on the redemption, purchase or reduction of their respective share capital and certain other securities also apply.

Repayment

Notes

p These TONs are repayable, at the option of the Bank, in whole on any coupon payment date falling in or after June 2032.

q These RCIs are repayable, at the option of the Bank, in whole on any coupon payment date falling in or after December 2036.

r These RCIs are repayable, at the option of the Bank, in whole on any coupon payment date falling in or after December 2016.

s These Notes are repayable, at the option of the Bank, in whole or in part on any interest payment date.

t These Notes are repayable, at the option of the Bank, in whole on any interest payment date.

u These Notes are repayable, at the option of the Bank, in whole in 2008, or on any fifth anniversary thereafter.

v These Bonds are repayable, at the option of the Bank, in whole in 2021, or on any fifth anniversary thereafter.

w These Bonds are repayable, at the option of the Bank, in whole at any time.

x These Notes are repayable, at the option of the Bank, in whole in 2020, or on any fifth anniversary thereafter.

y These Notes are repayable, at the option of the Bank, in whole in 2015, or on any fifth anniversary thereafter.

z These Notes are repayable, at the option of the Bank, in whole in 2017, or on any fifth anniversary thereafter.

aa These Notes are repayable at the option of the Bank, in whole in 2027, or on any fifth anniversary thereafter.

ab These Notes are repayable, at the option of the Bank, in whole in 2009, or on any fifth anniversary thereafter.

ac These Loans are repayable, at the option of the Bank, in whole in 2028, or on any fifth anniversary thereafter.

ad These RCIs are repayable at the option of the Bank, in whole on any coupon payment date falling in or after December 2019.

ae These RCIs are repayable at the option of the Bank, in whole on any coupon payment date falling in or after December 2017.

In addition, each issue of undated loan capital is repayable, at the option of the Bank, in whole for certain tax reasons, either at any time, or on an interest payment date. There are no events of default except non-payment of principal or mandatory interest.

Any repayments require the prior notification to the FSA.

All issues of undated loan capital have been made in the eurocurrency market and/or under Rule 144A, and no issues have been registered under the US Securities Act of 1933.

27 Subordinated liabilities (continued)

(b) Dated loan capital

Dated loan capital, issued by the Bank for the development and expansion of the Group's business and to strengthen its capital base, by Barclays Bank Spain SA (Barclays Spain), Barclays Bank of Botswana Ltd (BBB), Barclays Bank Zambia PLC (Barclays Zambia) and Barclays Bank of Kenya (Barclays Kenya) to enhance their respective capital bases and by Absa and Barclays Bank of Ghana Ltd (BBG) for general corporate purposes, comprise:

	Notes	2007 £m	2006 £m
Non-convertible			
The Bank			
7.4% Subordinated Notes 2009 (US$400m)	a	200	204
Subordinated Fixed to CMS-Linked Notes 2009 (€31m)	b	23	21
12% Unsecured Capital Loan Stock 2010	a	27	27
5.75% Subordinated Notes 2011 (€1,000m)	a	724	676
5.25% Subordinated Notes 2011 (€250m) (ex-Woolwich plc)	a	200	186
Floating Rate Subordinated Notes 2012		–	301
Callable Subordinated Floating Rate Notes 2012		–	44
Step-up Callable Floating Rate Subordinated Bonds 2012 (ex-Woolwich plc)		–	151
Callable Subordinated Floating Rate Notes 2012 (US$150m)		–	77
Floating Rate Subordinated Notes 2012 (US$100m)		–	51
Capped Floating Rate Subordinated Notes 2012 (US$100m)		–	51
Floating Rate Subordinated Notes 2013 (US$1,000m)	b,n	501	513
5.015% Subordinated Notes 2013 (US $ 150m)	a	77	77
4.875% Subordinated Notes 2013 (€750m)	a	583	540
5.5% Subordinated Notes 2013 (DM 500m)	d,n	196	179
Floating Rate Subordinated Step-up Callable Notes 2013 (Yen 5,500m)	b,n	25	24
Floating Rate Subordinated Notes 2013 (AU$150m)	c,n	67	61
5.93% Subordinated Notes 2013 (AU $100m)	e,n	44	41
Callable Floating Rate Subordinated Notes 2015 (US$1,500m)	b,n	753	767
4.38% Fixed Rate Subordinated Notes 2015 (US$75m)	a	30	37
4.75% Fixed Rate Subordinated Notes 2015 (US$150m)	a	85	76
Floating Rate Subordinated Step-up Callable Notes 2016 (US$750m)	b,n	375	382
Callable Floating Rate Subordinated Notes 2016 (€1,250m)	b,n	927	844
Callable Floating Rate Subordinated Notes 2017 (US$500m)	b,n	250	255
10.125% Subordinated Notes 2017 (ex-Woolwich plc)	k,n	111	113
Floating Rate Subordinated Step-up Callable Notes 2017 (US$1,500m)	b,n	749	–
Floating Rate Subordinated Step-up Callable Notes 2017 (€1,500m)	b,n	1,106	–
6.05% Fixed Rate Subordinated Notes 2017 (US$2,250m)	a	1,125	–
Floating Rate Subordinated Notes 2018 (€40m)	b	29	27
Floating Rate Subordinated Notes 2019 (€50m)	b	36	32
Callable Fixed/Floating Rate Subordinated Notes 2019 (€1,000m)	l	761	696
9.5% Subordinated Bonds 2021 (ex-Woolwich plc)	a	282	290
Subordinated Floating Rate Notes 2021 (€100m)	b	72	66
Subordinated Floating Rate Notes 2022 (€50m)	b	37	34
Subordinated Floating Rate Notes 2023 (€50m)	b	37	34
Fixed/Floating Rate Subordinated Callable Notes 2023	r,n	505	–
5.75% Fixed Rate Subordinated Notes 2026	a	600	608
5.4% Reverse Dual Currency Subordinated Loan 2027 (Yen 15,000m)	m	71	66
6.33% Subordinated Notes 2032	a	49	50
Subordinated Floating Rate Notes 2040 (€100m)	b	73	67
Barclays Bank SA, Spain (Barclays Spain)			
Subordinated Floating Rate Capital Notes 2011 (€30m)	b	10	22
Absa			
14.25% Subordinated Callable Notes 2014 (ZAR 3,100m)	f,n	253	269
10.75% Subordinated Callable Notes 2015 (ZAR 1,100m)	g,n	87	89
Subordinated Callable Notes 2015 (ZAR 400m)	h,n	29	29
8.75% Subordinated Callable Notes 2017 (ZAR 1,500m)	i,n	111	113
8.8% Subordinated Fixed Rate Callable Notes 2019 (ZAR 1,725m)	s,n	123	–
8.1% Subordinated Callable Notes 2020 (ZAR 2,000m)	j,n	138	143
Barclays Bank of Ghana Ltd (BBG)			
14% Fixed Rate BBG Subordinated Callable Notes 2016 (GHC 100,000m)	a,n	5	6
Barclays Bank of Kenya (Barclays Kenya)			
Floating Rate Subordinated Notes 2014 (KES 1,000m)	t	8	–
Dated loan capital – non-convertible		11,494	8,339

27 Subordinated liabilities (continued)

	Notes	2007 £m	2006 £m
Convertible			
Barclays Bank of Botswana (BBB)			
Subordinated Unsecured Floating Rate Capital Notes 2014 (BWP 100m)	n,o	8	9
Barclays Bank Zambia PLC (Barclays Zambia)			
Subordinated Unsecured Floating Rate Capital Notes 2015 (ZMK 40,000m)	n,p	6	5
Absa			
Redeemable cumulative option-holding preference shares (ZAR 147m)	q	11	11
Total convertible		25	25

None of the Group's dated loan capital is secured. The debt obligations of the Bank, Barclays Spain, BBG, BBB, Barclays Zambia, Barclays Kenya and Absa rank ahead of the interests of holders of their equity. Dated loan capital of the Bank, Barclays Spain, BBG, BBB, Barclays Zambia, Barclays Kenya and Absa has been issued on the basis that the claims there under are subordinated to the respective claims of their depositors and other unsecured unsubordinated creditors.

Interest
Notes

a The interest rates on these Notes are fixed for the life of those issues.

b These Notes bear interest at rates fixed periodically in advance based on London or European interbank rates.

c These Notes bear interest at rates fixed periodically in advance based on Sydney Bill of exchange rates.

d These Notes bear a fixed rate of interest until 2008. After that date, in the event that the Notes are not redeemed, the Notes will bear interest at rates fixed periodically in advance based on London interbank rates.

e These Notes bear a fixed rate of interest until 2008. After that date, in the event that the Notes are not redeemed, the Notes will bear interest at rates fixed periodically in advance based on Sydney Bill of exchange rates.

f These Notes bear a fixed rate of interest until 2009. After that date, in the event that the Notes are not redeemed, the coupon will be reset to a fixed margin over a reference rate for a further period of five years.

g These Notes bear a fixed rate of interest until 2010. After that date, in the event that the Notes are not redeemed, the Notes will bear interest at rates fixed periodically in advance based on Johannesburg interbank acceptance rates.

h These Notes bear interest at rates fixed periodically in advance based on Johannesburg interbank acceptance rates.

i These Notes bear a fixed rate of interest until 2012. After that date, in the event that the Notes are not redeemed, the Notes will bear interest at rates fixed periodically in advance based on Johannesburg interbank acceptance rates.

j These Notes bear a fixed rate of interest until 2015. After that date, in the event that the Notes are not redeemed, the Notes will bear interest at rates fixed periodically in advance based on Johannesburg interbank acceptance rates.

k These Notes bear a fixed rate of interest until 2012. After that date, in the event that the Notes are not redeemed, the coupon will be reset to a fixed margin over a reference gilt rate for a further period of five years.

l These Notes bear a fixed rate of interest until 2014. After that date, in the event that the Notes are not redeemed, the Notes will bear interest at rates fixed periodically in advance based on European interbank rates.

m This Loan bears a fixed rate of interest based on a US Dollar principal amount, but the interest payments have been swapped, resulting in a Yen interest rate payable which is fixed periodically in advance based on London interbank rates.

n Repayable at the option of the issuer, prior to maturity, on conditions governing the respective debt obligations, some in whole or in part, and some only in whole.

o These Notes bear interest at rates fixed periodically in advance based on the Bank of Botswana Certificate Rate. All of these Notes will be compulsorily converted to Preference Shares of BBB, having a total par value equal in sum to the principal amount of Notes outstanding at the time of conversion, should BBB experience pre-tax losses in excess of its retained earnings and other capital surplus accounts.

p These Notes bear interest at rates fixed periodically in advance based on the Bank of Zambia Treasury Bill rate. All of these Notes will be compulsorily converted to Preference Shares of Barclays Zambia, having a total par value equal in sum to the principal amount of Notes outstanding at the time of conversion, should Barclays Zambia experience pre-tax losses in excess of its retained earnings and other capital surplus accounts.

q The dividends are compounded and payable semi-annually in arrears on 30th September and 31st March of each year. The shares were issued by Absa Group Limited on 1st July 2004 and the redemption dates commence on the first business day after the third anniversary of the date of issue of the redeemable preference shares and ending on the fifth anniversary of the date of issue. Such exercise and notice will be deemed to be effective only on the option exercise dates, being 1st March, 1st June, 1st September or 1st December of each year. The shares are convertible into ordinary shares at the option of the preference shareholders on the redemption dates in lots of 100.

r These Notes bear a fixed rate of interest until 2018. After that date in the event that the Notes are not redeemed, the Notes will bear interest at rates fixed periodically in advance based on London interbank rates.

s These Notes bear a fixed rate of interest until 2014. After that date, in the event that the Notes are not redeemed, the Notes will bear interest at rates fixed periodically in advance based on Johannesburg interbank acceptance rates.

t These Notes bear interest at rates fixed periodically in advance based on the Central Bank of Kenya Treasury Bill rates.

27 Subordinated liabilities (continued)

The 7.4% Subordinated Notes 2009 (the '7.4% Notes') issued by the Bank have been registered under the US Securities Act of 1933. All other issues of dated loan capital by the Bank, Barclays Spain, BBG, BBB, Barclays Zambia, Barclays Kenya and Absa, which were made in non-US markets, have not been so registered. With respect to the 7.4% Notes, the Bank is not obliged to make (i) a payment of interest on any interest payment date unless a dividend is paid on any class of share capital and (ii) a payment of principal until six months after the respective maturity date with respect to such Notes.

Repayment terms

Unless otherwise indicated, the Group's dated loan capital outstanding at 31st December 2007 is redeemable only on maturity, subject in particular cases, to provisions allowing an early redemption in the event of certain changes in tax law or, in the case of BBB and Barclays Zambia to certain changes in legislation or regulations.

Any repayments prior to maturity require in the case of the Bank, the prior notification to the FSA, in the case of BBB, the prior approval of the Bank of Botswana, in the case of Barclays Zambia, the prior approval of the Bank of Zambia, and in the case of Absa, the prior approval of the South African Registrar of Banks.

There are no committed facilities in existence at the balance sheet date which permit the refinancing of debt beyond the date of maturity.

28 Provisions

	Onerous contracts £m	Redundancy and restructuring £m	Undrawn contractually committed facilities and guarantees provided £m	Sundry provisions £m	Total £m
At 1st January 2007	71	102	46	243	462
Acquisitions and disposals of subsidiaries	1	(2)	–	74	73
Exchange	–	–	8	5	13
Additions	18	117	560	121	816
Amounts used	(25)	(117)	(113)	(60)	(315)
Unused amounts reversed	(5)	(18)	(26)	(174)	(223)
Amortisation of discount	4	–	–	–	4
At 31st December 2007	64	82	475	209	830
At 1st January 2006	79	74	55	309	517
Exchange	(2)	2	–	(16)	(16)
Additions	45	180	35	159	419
Amounts used	(53)	(133)	(9)	(94)	(289)
Unused amounts reversed	(2)	(21)	(35)	(115)	(173)
Amortisation of discount	4	–	–	–	4
At 31st December 2006	71	102	46	243	462

Provisions expected to be recovered or settled within no more than 12 months after 31st December 2007 were £645m (2006: £388m).

Sundry provisions are made with respect to commission clawbacks, warranties and litigation claims.

Undrawn contractually committed facilities and guarantees provided includes £360m (2006: £nil) provision against undrawn facilities on ABS CDO Super Senior positions.

29 Securitisations

The Group was party to securitisation transactions involving Barclays residential mortgage loans, business loans and credit card balances. In addition, the Group acts as a conduit for commercial paper, whereby it acquires static pools of residential mortgage loans from other lending institutions for securitisation transactions.

In these transactions, the assets, or interests in the assets, or beneficial interests in the cash flows arising from the assets, are transferred to a special purpose entity, or to a trust which then transfers its beneficial interests to a special purpose entity, which then issues floating rate debt securities to third-party investors.

Securitisations may, depending on the individual arrangement result in continued recognition of the securitised assets and the recognition of the debt securities issued in the transaction; lead to partial continued recognition of the assets to the extent of the Group's continuing involvement in those assets or to derecognition of the assets and the separate recognition, as assets or liabilities, of any rights and obligations created or retained in the transfer. Full derecognition only occurs when the Group transfers both its contractual right to receive cash flows from the financial assets, or retains the contractual rights to receive the cash flows, but assumes a contractual obligation to pay the cash flows to another party without material delay or reinvestment, and also transfers substantially all the risks and rewards of ownership, including credit risk, prepayment risk and interest rate risk.

The following table shows the carrying amount of securitised assets, stated at the amount of the Group's continuing involvement where appropriate, together with the associated liabilities, for each category of asset in the balance sheet:

	2007		2006	
	Carrying amount of assets £m	**Associated liabilities £m**	Carrying amount of assets £m	Associated liabilities £m
Loans and advances to customers				
Residential mortgage loans	**16,000**	**(16,786)**	12,577	(13,271)
Credit card receivables	**4,217**	**(3,895)**	5,700	(5,195)
Other personal lending	**422**	**(485)**	229	(255)
Wholesale and corporate loans and advances	**8,493**	**(8,070)**	5,852	(5,303)
Total	**29,132**	**(29,236)**	24,358	(24,024)
Assets designated at fair value through profit or loss				
Retained interest in residential mortgage loans	**895**	**–**	628	–

Retained interests in residential mortgage loans are interest only strips which represent a continuing exposure to the prepayment and credit risk in the underlying securitised assets, the total amount of which was £23,097m (2006: £15,063m). These are initially recorded as an allocation of the original carrying amount based on the relative fair values of the portion derecognised and the portion retained.

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For the year ended 31st December 2007

30 Retirement benefit obligations

Pension schemes

The UK Retirement Fund (UKRF), which is the main scheme of the Group, amounting to 94% of all the Group's schemes in terms of benefit obligations, comprises ten sections.

The 1964 Pension Scheme

Most employees recruited before July 1997 are members of this non-contributory defined benefit scheme. Pensions are calculated by reference to service and pensionable salary and are normally subject to a deduction from State pension age.

The Retirement Investment Scheme (RIS)

A defined contribution plan for most joiners between July 1997 and 1st October 2003. This was closed to new entrants on 1st October 2003 and the large majority of existing members of the RIS transferred to **after**work in respect of future benefit accrual with effect from 1st January 2004. There are now no longer any active members of the RIS.

The Pension Investment Plan (PIP)

A defined contribution plan created from 1st July 2001 to provide benefits for certain employees of Barclays Capital.

afterwork

Combines a contributory cash balance element with a voluntary defined contribution element. New employees since 1st October 2003 are eligible to join **after**work. In addition, the large majority of active members of the RIS (now closed) were transferred to **after**work in respect of future benefit accrual after 1st January 2004.

Career Average Section

The Career Average Section was established in the UKRF with effect from 1st May 2004 following the transfer of members from the Woolwich Pension Fund. The Career Average Section is a non-contributory career average scheme and was closed to new entrants on 1st December 2006.

1951 Fund Section, AP89 Section, BCPS Section, CCS Section and Mercantile Section

Five new sections were established in the UKRF with effect from 31st March 2007 following the merger of the UKRF with five smaller schemes sponsored from within the Group. All five sections are closed to new members.

The 1951 Fund Section, AP89 Section and Mercantile Section provide final salary benefits calculated by reference to service and pensionable salary.

The BCPS and CCS Sections provide defined contribution benefits. The benefits built up in these sections in relation to service before 6th April 1997 are subject to a defined benefit minimum.

In addition, the costs of ill-health retirements and death in service benefits are generally borne by the UKRF for each of the ten sections.

Governance

The assets of the UKRF are held separately from the assets of the Group and are administered by trustees.

Barclays Pension Fund Trustees Ltd (BPFTL) acts as corporate trustee for the UKRF. BPFTL is a private limited company, incorporated on 20th December 1990, and is a subsidiary of Barclays Bank PLC.

As the corporate trustee for the UKRF, BPFTL is the legal owner of the assets of the UKRF and BPFTL holds these assets in trust for the beneficiaries of the scheme.

BPFTL comprises nine Directors, of which six are Employer Directors selected by the Bank and three are Employee Directors nominated by the Pension Fund Advisory Committee (PFAC). Employee Directors are selected from those eligible active employees and pensioner members who apply to be considered for the role.

Employee Director vacancies are advertised to all eligible active and pensioner members. This enables any eligible member with an interest in becoming an Employee Director to express that interest and be considered for the role. The PFAC provides the mechanism through which Employee Directors are selected. The PFAC will accept nominations from eligible members and select from amongst all properly nominated candidates.

There are also three Alternate Employer Directors and three Alternate Employee Directors. The selection process for these appointments are as detailed above. The role of alternate directors is to provide cover for individual directors, should they not be available for meetings.

Currently, the Bank decides the funding rate after consulting with the trustees. Under the Pensions Act 2004, which has practical impact for the UKRF for the triennial valuation currently in progress with an effective date of 30th September 2007, the Bank and the trustee must agree the funding rate (including a recovery plan to fund any deficit against the scheme specific statutory funding objective).

In addition to the UKRF, there are other defined benefit and defined contribution schemes in the UK and overseas. The same approach to pensions governance applies to the other schemes in the UK but different legislation covers schemes outside of the UK where in most cases the Bank has the power to determine the funding rate.

30 Retirement benefit obligations (continued)

The following tables present an analysis of defined benefit obligation and fair value of plan assets for all the Group's pension schemes and post-retirement benefits (the latter are unfunded) and present the amounts recognised in the income statement including those related to post-retirement health care.

Income statement charge

	2007			2006			2005		
	Pensions £m	Other post-retirement benefits £m	Total £m	Pensions £m	Other post-retirement benefits £m	Total £m	Pensions £m	Other post-retirement benefits £m	Total £m
Staff cost charge									
Current service cost	332	2	334	378	21	399	348	22	370
Interest cost	905	8	913	900	8	908	853	4	857
Expected return on scheme assets	(1,074)	–	(1,074)	(999)	–	(999)	(898)	–	(898)
Recognised actuarial loss	(1)	–	(1)	3	1	4	4	–	4
Past service cost	20	–	20	29	–	29	13	1	14
Curtailment or settlements	(32)	–	(32)	(29)	–	(29)	(49)	–	(49)
Total included in staff costs	150	10	160	282	30	312	271	27	298

Staff costs are included in other operating expenses.

Change in benefit obligation

	2007					2006				
	Pensions		Post-retirement benefits		Total	Pensions		Post-retirement benefits		Total
	UK £m	Overseas £m	UK £m	Overseas £m	£m	UK £m	Overseas £m	UK £m	Overseas £m	£m
Benefit obligation at beginning of the year	(17,256)	(894)	(97)	(76)	(18,323)	(18,149)	(938)	(103)	(79)	(19,269)
Current service cost	(317)	(15)	(1)	(1)	(334)	(358)	(20)	(20)	(1)	(399)
Interest cost	(869)	(36)	(4)	(4)	(913)	(863)	(37)	(4)	(4)	(908)
Past service cost	(20)	–	–	–	(20)	(4)	(25)	–	–	(29)
Curtailments or settlements	35	1	–	–	36	43	2	–	–	45
Actuarial gain/(loss)	1,292	25	19	1	1,337	1,566	15	11	(3)	1,589
Contributions by plan participants	(19)	(2)	–	–	(21)	(15)	(2)	–	–	(17)
Benefits paid	589	31	2	15	637	536	40	19	4	599
Business combinations	–	–	–	–	–	–	11	–	–	11
Exchange and other adjustments	2	(23)	21	(33)	(33)	(12)	60	–	7	55
Benefit obligation at end of the year	(16,563)	(913)	(60)	(98)	(17,634)	(17,256)	(894)	(97)	(76)	(18,323)

The benefit obligation arises from plans that are wholly unfunded and wholly or partly funded as follows:

	2007 £m	2006 £m
Unfunded obligations	(248)	(237)
Wholly or partly funded obligations	(17,386)	(18,086)
Total	(17,634)	(18,323)

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30 Retirement benefit obligations (continued)

Change in plan assets

	2007					2006				
	Pensions		Post-retirement benefits		Total	Pensions		Post-retirement benefits		Total
	UK £m	Overseas £m	UK £m	Overseas £m	£m	UK £m	Overseas £m	UK £m	Overseas £m	£m
Fair value of plan assets at beginning of the year	16,761	745	–	–	17,506	15,571	819	–	–	16,390
Expected return on plan assets	1,041	33	–	–	1,074	965	34	–	–	999
Employer contribution	355	34	2	15	406	357	26	2	4	389
Settlements	–	(1)	–	–	(1)	(11)	(2)	–	–	(13)
Contributions by plan participants	19	2	–	–	21	15	2	–	–	17
Actuarial (loss)/gain	(332)	(11)	–	–	(343)	423	25	–	–	448
Benefits paid	(589)	(31)	(2)	(15)	(637)	(536)	(30)	(2)	(4)	(572)
Business combinations	–	–	–	–	–	–	–	–	–	–
Exchange and other adjustments	(24)	25	–	–	1	(23)	(129)	–	–	(152)
Fair value of plan assets at the end of the year	17,231	796	–	–	18,027	16,761	745	–	–	17,506

Amounts recognised on balance sheet

The pension and post-retirement benefit assets and liabilities recognised on the balance sheet are as follows:

	2007					2006				
	Pensions		Post-retirement benefits		Total	Pensions		Post-retirement benefits		Total
	UK £m	Overseas £m	UK £m	Overseas £m	£m	UK £m	Overseas £m	UK £m	Overseas £m	£m
Benefit obligation at end of period	(16,563)	(913)	(60)	(98)	(17,634)	(17,256)	(894)	(97)	(76)	(18,323)
Fair value of plan assets at end of period	17,231	796	–	–	18,027	16,761	745	–	–	17,506
Net asset/(deficit)	668	(117)	(60)	(98)	393	(495)	(149)	(97)	(76)	(817)
Unrecognised actuarial (gains)/losses	(1,912)	7	(3)	14	(1,894)	(953)	20	17	14	(902)
Net recognised liability	(1,244)	(110)	(63)	(84)	(1,501)	(1,448)	(129)	(80)	(62)	(1,719)
Recognised assets	–	36	–	–	36	53	35	–	–	88
Recognised liability	(1,244)	(146)	(63)	(84)	(1,537)	(1,501)	(164)	(80)	(62)	(1,807)
Net recognised liability	(1,244)	(110)	(63)	(84)	(1,501)	(1,448)	(129)	(80)	(62)	(1,719)

The UKRF measured using the IAS 19 assumptions, has moved over the year from a £0.5bn deficit at 31st December 2006 to a surplus of £0.7bn at 31st December 2007.

The assumptions used for the current year and prior year are detailed on the next page. Among the reasons for this change were the increase in AA long-term corporate bond yields which resulted in a higher discount rate of 5.82% (31st December 2006: 5.12%), partially offset by lower than expected returns, and an increase in the inflation assumption to 3.45% (31st December 2006: 3.08%). A number of additional changes were made to the assumptions used in valuing the liabilities, including a decrease in the assumed rate of real salary increases to 0.5% (31st December 2006: 1%). Mortality assumptions changed from those in force at 31st December 2006.

30 Retirement benefit obligations (continued)

Assumptions

Obligations arising under defined benefit schemes are actuarially valued using the projected unit credit method. Under this method, where a defined benefit scheme is closed to new members, such as in the case of the 1964 Pension Scheme, the current service cost expressed as a percentage of salary is expected to increase in the future, although this higher rate will be applied to a decreasing payroll. The latest actuarial IAS valuations were carried out as at 31st December using the following assumptions:

	UK schemes		Overseas schemes	
	2007 % p.a.	2006 % p.a.	**2007 % p.a.**	2006 % p.a.
Discount rate	**5.82**	5.12	**7.51**	6.94
Rate of increase in salaries	**3.95**	4.08	**5.60**	5.66
Inflation rate	**3.45**	3.08	**4.13**	3.94
Rate of increase for pensions in payment	**3.45**	2.88	**3.55**	3.58
Rate of increase for pensions in deferment	**3.30**	3.08	**2.50**	2.24
Initial health care inflation	**8.00**	8.93	**10.00**	9.93
Long-term health care inflation	**5.00**	5.00	**5.01**	5.00
Expected return on plan assets	**6.70**	6.32	**7.84**	7.89

The expected return on plan assets assumption is weighted on the basis of the fair value of these assets. Health care inflation assumptions are weighted on the basis of the health care cost for the period. All other assumptions are weighted on the basis of the defined benefit obligation at the end of the period.

The UK Schemes discount rate assumption is based on the yield on the iBoxx (over 15 year) AA corporate bond index.

The overseas health care inflation assumptions relate to the US and Mauritius.

Mortality assumptions

The post-retirement mortality assumptions used in valuing the liabilities of the UKRF were based on the standard 2000 series tables as published by the Institute and Faculty of Actuaries. These tables are considered to be most relevant to the population of the UKRF based on their mortality history. These were then adjusted in line with the actual experience of the UKRF's own pensioners relative to the standard table. An allowance has been made for future mortality improvements based on the medium cohort projections published by the CMIB. On this basis the post-retirement mortality assumptions for the UKRF includes:

	2007	2006	2005	2004	2003
Longevity at 60 for current pensioners (years)					
– Males	**26.7**	25.8	25.8	25.7	23.3
– Females	**27.9**	29.5	29.5	29.4	26.4
Longevity at 60 for future pensioners currently aged 40 (years)					
– Males	**28.0**	27.1	27.1	27.0	24.9
– Females	**29.1**	30.7	30.6	30.6	27.9

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30 Retirement benefit obligations (continued)

Assumptions (continued)

Sensitivity analysis

Sensitivity analysis for each of the principal assumptions used to measure the benefit obligation of the UKRF are as follows:

	Impact on UKRF benefit obligation	
	(Decrease) /Increase %	(Decrease)/ Increase £bn
0.5% increase to:		
– Discount rate	(8.5)	(1.4)
– Rate of inflation	8.8	1.4
– Rate of salary growth	1.3	0.2
1 year increase to longevity at 60	2.5	0.4

Post-retirement health care

A one percentage point change in assumed health care trend rates, assuming all other assumptions remain constant would have the following effects for 2007:

	1% increase £m	1% decrease £m
Effect on total of service and interest cost components	1.9	(1.3)
Effect on post-retirement benefit obligation	19.9	(14.6)

Assets

A long-term strategy has been set for the asset allocation of the UKRF which comprises a mixture of equities, bonds, property and other appropriate assets. This recognises that different asset classes are likely to produce different long-term returns and some asset classes may be more volatile than others.

The long-term strategy ensures that investments are adequately diversified. Asset managers are permitted some flexibility to vary the asset allocation from the long-term strategy within control ranges agreed with the trustee from time to time.

The UKRF also employs derivative instruments, where appropriate, to achieve a desired exposure or return, or to match assets more closely to liabilities. The value of assets shown below reflects the actual physical assets held by the scheme, with any derivative holdings reflected on a mark to market basis. The expected return on asset assumptions, both for individual asset classes and overall, have been based on the portfolio of assets created after allowing for the net impact of the derivatives on the risk and return profile of the holdings.

The value of the assets of the schemes, their percentage in relation to total scheme assets, and their expected rate of return at 31st December 2007 and 31st December 2006 were as follows:

	2007								
	UK schemes			Overseas schemes			Total		
	Value £m	% of total fair value of scheme assets	Expected rate of return %	Value £m	% of total fair value of scheme assets	Expected rate of return %	Value £m	% of total fair value of scheme assets	Expected rate of return %
Equities	7,467	43	8.3	441	55	8.4	7,908	44	8.3
Bonds	7,445	43	5.1	300	38	7.6	7,745	43	5.2
Property	1,712	10	7.0	16	2	11.5	1,728	10	7.0
Derivatives	(12)	–	0.0	–	–	–	(12)	–	–
Cash	284	2	5.1	42	5	5.6	326	1	5.2
Other	335	2	5.3	(3)	–	–	332	2	5.4
Fair value of plan assets [a]	17,231	100	6.7	796	100	7.8	18,027	100	6.8

Note
a Excludes £782m (2006: £613m) representing the money purchase assets of the UKRF.

30 Retirement benefit obligations (continued)

Assets (continued)

	2006								
	UK schemes			Overseas schemes			Total		
	Value £m	% of total fair value of scheme assets	Expected rate of return %	Value £m	% of total fair value of scheme assets	Expected rate of return %	Value £m	% of total fair value of scheme assets	Expected rate of return%
Equities	7,285	43	7.9	337	45	9.4	7,622	44	8.0
Bonds	6.930	41	4.7	300	40	6.2	7,230	41	4.7
Property	1,995	12	6.4	15	2	13.4	2,010	11	6.6
Derivatives	21	–	n/a	–	–	–	21	–	n/a
Cash	293	2	4.6	37	5	5.9	330	2	4.8
Other	237	2	5.9	56	8	9.4	293	2	6.6
Fair value of plan asset [a]	16,761	100	6.3	745	100	7.9	17,506	100	6.4

The UKRF plan assets include £39m relating to UK private equity investments (2006: £27m) and £664m relating to overseas private equity investments (2006: £447m). These are disclosed within Equities.

Amounts included in the fair value of plan assets include £6m (2006: £7m) relating to shares in Barclays Group, £6m (2006: £10m) relating to bonds issued by the Barclays Group, £nil (2006: £1m) relating to other investments in the Barclays Group, and £10m (2006: £8m) relating to property occupied by Group companies.

The expected return on assets is determined by calculating a total return estimate based on weighted average estimated returns for each asset class. Asset class returns are estimated using current and projected economic and market factors such as inflation, credit spreads and equity risk premiums.

The actual return on plan assets was £731m (2006: £1,447m).

Actuarial gains and losses

The actuarial gains and losses arising on plan liabilities and plan assets are as follows:

	UK schemes				Overseas schemes				Total			
	2007 £m	2006 £m	2005 £m	2004 £m	**2007 £m**	2006 £m	2005 £m	2004 £m	**2007 £m**	2006 £m	2005 £m	2004 £m
Present value of obligations	**(16,623)**	(17,353)	(18,252)	(15,574)	**(1,011)**	(970)	(1,017)	(587)	**(17,634)**	(18,323)	(19,269)	(16,161)
Fair value of plan assets	**17,231**	16,761	15,571	13,261	**796**	745	819	436	**18,027**	17,506	16,390	13,697
Net surplus/(deficit) in the plans	**608**	(592)	(2,681)	(2,313)	**(215)**	(225)	(198)	(151)	**393**	(817)	(2,879)	(2,464)
Experience gains and losses on plan liabilities												
– amount	**(297)**	48	(2)	16	**(79)**	(54)	(2)	(31)	**(376)**	(6)	(4)	(15)
– as percentage of plan liabilities	**(2%)**	–	–	–	**(8%)**	(6%)	–	(5%)	**(2%)**	–	–	–
Difference between actual and expected return on net assets												
– amount	**(332)**	423	1,599	570	**(11)**	25	2	9	**(343)**	448	1,601	579
– as percentage of plan assets	**(2%)**	3%	10%	4%	**–**	3%	–	2%	**(2%)**	3%	10%	4%

Note

a Excludes £782m (2006: £613m) representing the money purchase assets of the UKRF.

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30 Retirement benefit obligations (continued)

Funding

The most recent triennial funding valuation of the UK Retirement Fund was performed in September 2004 and forms the basis of the Group's commitment that the fund has sufficient assets to make payments to members in respect of their accrued benefits as and when they fall due. This funding valuation uses a discount rate that reflects the assumed future return from the actual asset allocation at that date, and takes into account projected future salary increases when assessing liabilities arising from accrued service. The funding valuation is updated annually on the basis of interim assumptions. The UK Retirement Fund recorded a funding surplus of £1.2bn as at 31st December 2007 (2006: £1.3bn).

The Group has agreed funding contributions which, in aggregate, are no less than those which are sufficient to meet the Group's share of the cost of benefits accruing over each year. The Group has, in the recent past, chosen to make funding contributions in excess of this, more consistent with the IAS service cost.

Defined benefit contributions paid with respect to the UKRF were as follows:

	£m
Contributions paid	
2007	**355**
2006	351
2005	354

There is a triennial valuation currently in progress with an effective date of 30th September 2007. To comply with the requirements of the Pensions Act 2004, the Group and trustees plan to agree a scheme specific funding target, statement of funding principles, and a schedule of contributions which in 2008 will supersede those in place under the current actuarial funding valuation.

Excluding the UKRF, the Group is expected to pay contributions of approximately £2m to UK schemes and £41m to overseas schemes in 2008.

The total contribution to be paid in 2008 to the UKRF is not expected to be significantly different than in previous years.

31 Ordinary shares and share premium

	Number of shares m	Ordinary shares £m	Share premium £m	Total £m
At 1st January 2007	6,535	1,634	5,818	7,452
Issued to staff under the Sharesave Share Option Scheme	19	6	62	68
Issued under the Incentive Share Option Plan	10	2	40	42
Issued under the Executive Share Option Scheme [a]	–	–	1	1
Issued under the Woolwich Executive Share Option Plan [a]	–	–	1	1
Transfer to retained earnings	–	–	(7,223)	(7,223)
Issue of new ordinary shares	337	84	1,357	1,441
Repurchase of shares	(300)	(75)	–	(75)
At 31st December 2007	**6,601**	**1,651**	**56**	**1,707**
At 1st January 2006	6,490	1,623	5,650	7,273
Issued to staff under the Sharesave Share Option Scheme	18	5	67	72
Issued under the Incentive Share Option Plan	25	6	96	102
Issued under the Executive Share Option Scheme [a]	1	–	3	3
Issued under the Woolwich Executive Share Option Plan [a]	1	–	2	2
At 31st December 2006	6,535	1,634	5,818	7,452

The authorised share capital of Barclays PLC is £2,500m (2006: £2,500m), comprising 9,996 million (2006: 9,996 million) ordinary shares of 25p each and 1 million (2006: 1 million) staff shares of £1 each. All issued shares are fully paid.

Called up share capital, allotted and fully paid	2007 £m	2006 £m
Ordinary shares:		
At beginning of year	**1,633**	1,622
Issued to staff under the Sharesave Share Option Scheme	**6**	5
Issued under Incentive Share Option Plan	**2**	6
Issue of new ordinary shares	**84**	–
Repurchase of shares	**(75)**	–
At end of year	**1,650**	1,633
Staff shares	**1**	1
Total	**1,651**	1,634

Note

a The nominal value for share options issued during 2007 and 2006 for the Executive Share Option Scheme and Woolwich ESOP was less than £500,000 in each case.

31 Ordinary shares and share premium (continued)

Issue of new ordinary shares

On 14th August 2007, 336.8 million ordinary shares with an aggregate nominal value of £84 million were issued for a cash consideration, before issue costs, of £2,425m. The shares were issued to Temasek and China Development Bank at a market price of £7.20 per share. The proceeds of the Temasek issuance in excess of nominal value and issue costs of £941m were credited to retained earnings. This resulted from the operation of section 131 of the Companies Act 1985 with regard to the issue of shares by Barclays PLC in exchange for shares in Odysseus Jersey (No1) Limited and the subsequent redemption of the no par value redeemable preference shares of that company for cash.

Share repurchase

During the year Barclays PLC purchased in the market 300 million of its own ordinary shares of 25p each at a total cost of £1,802m in order to minimise the dilutive effect of the issuance of Barclays shares to Temasek and China Development Bank on existing shareholders. These transactions represent 4.54% of the issued share capital at 31st December 2007. All shares purchased during the period were open market transactions.

At the 2007 AGM on 26th April, Barclays PLC was authorised to repurchase 980,840,000 of its ordinary shares of 25p. The authorisation is effective until the AGM in 2008.

Cancellation of share premium account

On 11th October 2007, the order of the High Court confirming the cancellation of £7,223m of the share premium account was registered with the Registrar of Companies. This created £7,223m of additional distributable reserves in Barclays PLC. The purpose of the cancellation of the share premium account was to create distributable profits in order to allow the payment of dividends following the completion of the share buy-back programme, the redemption of the preference shares which were to have been issued in connection with the proposed merger with ABN AMRO, and to provide maximum flexibility to manage the Group’s capital resources.

Shares under option

The Group has four schemes that give employees rights to subscribe for new shares in Barclays PLC. A summary of the key terms of each scheme are included in Note 44.

At 31st December 2007, 74.0 million (2006: 78.9 million) options were outstanding under the terms of the Sharesave Share Option Scheme (Sharesave), 1.4 million (2006: 1.7 million) options were outstanding under the terms of the Executive Share Option Scheme (ESOS), 0.5 million (2006: 0.7 million) options were outstanding under the terms of the Woolwich Executive Share Option Plan (Woolwich ESOP) and 20.5 million (2006: 77.5 million) options were outstanding under the terms of the Incentive Share Option Plan (ISOP), enabling certain Directors and members of staff to subscribe for ordinary shares between 2007 and 2016 at prices ranging from 176p to 562p.

Options and awards arising under the Executive Share Award Scheme, Performance Share Plan and Sharepurchase Scheme, which are described in Note 44 are not settled by the issuance of new shares but from shares held in employee benefit trusts. Details concerning the shares held in such trusts are provided in Note 32.

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32 Reserves
Other reserves – Barclays PLC Group

	Capital redemption reserve £m	Other capital reserve £m	Available for sale reserve £m	Cash flow hedging reserve £m	Currency translation reserve £m	Total £m
At 1st January 2007	309	617	132	(230)	(438)	390
Net gains from changes in fair value	–	–	480	182	–	662
Net (gains)/losses transferred to net profit	–	–	(560)	198	–	(362)
Currency translation differences	–	–	–	–	29	29
Losses transferred to net profit due to impairment	–	–	13	–	–	13
Changes in insurance liabilities	–	–	22	–	–	22
Net losses transferred to net profit due to fair value hedging	–	–	68	–	–	68
Tax	–	–	(1)	(124)	102	(23)
Repurchase of shares	75	–	–	–	–	75
At 31st December 2007	384	617	154	26	(307)	874

	Capital redemption reserve £m	Other capital reserve £m	Available for sale reserve £m	Cash flow hedging reserve £m	Currency translation reserve £m	Total £m
At 1st January 2006	309	617	225	70	156	1,377
Net gains/(losses) from changes in fair value	–	–	71	(421)	–	(350)
Net gains transferred to net profit	–	–	(308)	(51)	–	(359)
Currency translation differences	–	–	–	–	(464)	(464)
Losses transferred to net profit due to impairment	–	–	86	–	–	86
Changes in insurance liabilities	–	–	23	–	–	23
Net losses transferred to net profit due to fair value hedging	–	–	13	–	–	13
Tax	–	–	22	172	(130)	64
At 31st December 2006	309	617	132	(230)	(438)	390

The capital redemption reserve and other capital reserve represent transfers from retained earnings in accordance with relevant legislation. These reserves are not distributable.

The available for sale reserve represents the unrealised change in the fair value of available for sale investments since initial recognition.

The cash flow hedging reserve represents the cumulative gains and losses on effective cash flow hedging instruments that will be recycled to the income statement when the hedged transactions affect profit or loss.

The currency translation reserve represents the cumulative gains and losses on the retranslation of the Group's net investment in foreign operations, net of the effects of hedging.

Transfers from cash flow hedging reserve

Gains and losses transferred from the cash flow hedging reserve were to: interest income: £93m loss (2006: £7m loss), interest expense: £11m gain (2006: £73m gain), net trading income: £100m loss (2006: £15m loss), and administration and general expenses: £16m loss (2006: £nil).

32 Reserves (continued)

Retained earnings and treasury shares – Barclays PLC Group

	Retained earnings £m	Treasury shares £m	Total £m
At 1st January 2007	**12,169**	**(212)**	**11,957**
Profit attributable to equity holders of the parent	**4,417**	**–**	**4,417**
Equity-settled share schemes	**567**	**–**	**567**
Tax on equity-settled share schemes	**28**	**–**	**28**
Net purchases of treasury shares	**–**	**(572)**	**(572)**
Transfer	**(524)**	**524**	**–**
Dividends paid	**(2,079)**	**–**	**(2,079)**
Repurchase of shares	**(1,802)**	**–**	**(1,802)**
Transfer from share premium account	**7,223**	**–**	**7,223**
Arising on share issue	**941**	**–**	**941**
Other	**30**	**–**	**30**
At 31st December 2007	**20,970**	**(260)**	**20,710**
At 1st January 2006	8,957	(181)	8,776
Profit attributable to equity holders of the parent	4,571	–	4,571
Equity-settled share schemes	663	–	663
Tax on equity-settled share schemes	96	–	96
Net purchases of treasury shares	–	(425)	(425)
Transfer	(394)	394	–
Dividends paid	(1,771)	–	(1,771)
Other	47	–	47
At 31st December 2006	12,169	(212)	11,957

The Treasury shares primarily relate to Barclays PLC shares held by employee benefit trusts in relation to the Executive Share Award Scheme, Performance Share Plan and Sharepurchase Scheme, to the extent that such shares have not been allocated to employees. These schemes are described in Note 44.

The total number of Barclays shares held in Group employee benefit trusts at 31st December 2007 was 211.4 million (2006: 168 million). Dividend rights have been waived on nil (2006: nil) of these shares. The total market value of the shares held in trust based on the year-end share price of £5.04 (2006: £7.30) was £1,065m (2006: £1,227m). As at 31st December 2007, options over 16.6 million (2006: 9.6 million) of the total shares held in the trusts were exercisable.

The Group operates in a number of countries subject to regulations under which a local subsidiary has to maintain a minimum level of capital. The current policy of the Group is that local capital requirements are met, as far as possible, by the retention of profit. Certain countries operate exchange control regulations which limit the amount of dividends that can be remitted to non-resident shareholders. It is not possible to determine the amount of profit retained and other reserves that are restricted by these regulations, but the net profit retained of overseas subsidiaries, associates and joint ventures at 31st December 2007 totalled £7,311m (2006: £5,667m). If such overseas reserves were to be remitted, other tax liabilities, which have not been provided for in the accounts, might arise.

Retained earnings – Barclays PLC (Parent company)

	Retained earnings £m	Capital redemption reserve £m	Total £m
At 1st January 2007	**1,468**	**309**	**1,777**
Profit after tax	**3,289**	**–**	**3,289**
Dividends paid	**(2,129)**	**–**	**(2,129)**
Transfer from share premium account	**7,223**	**–**	**7,223**
Arising on share issue	**941**	**–**	**941**
Repurchase of shares	**(1,802)**	**75**	**(1,727)**
At 31st December 2007	**8,990**	**384**	**9,374**
At 1st January 2006	**1,318**	**309**	**1,627**
Profit after tax	**1,964**	**–**	**1,964**
Dividends paid	**(1,814)**	**–**	**(1,814)**
At 31st December 2006	**1,468**	**309**	**1,777**

Details of principal subsidiaries held through Barclays Bank PLC are shown in Note 40.

The operation of section 131 of the Companies Act 1985 with regard to the issue of shares by Barclays PLC in exchange for shares in Odysseus Jersey (No 1) Limited and the subsequent redemption of the no par value redeemable preference shares of that company for cash, has resulted in additional distributable profits of £941m.

On 11th October 2007, the order of the High Court confirming the cancellation of £7,223m of the share premium account was registered with the Registrar of Companies. This created £7,223m additional distributable reserves in Barclays PLC. The purpose of the cancellation of the share premium account was to create distributable profits in order to allow the payment of dividends following the completion of the share buy-back programme, the redemption of the preference shares which were to have been issued in connection with the proposed merger with ABN AMRO, and to provide maximum flexibility to manage the company's capital resources.

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33 Minority interests

	2007 £m	2006 £m
At beginning of year	7,591	7,004
Share of profit after tax	678	624
Dividend and other payments	(480)	(452)
Equity issued by subsidiaries	1,381	639
Available for sale reserve: net gain/(loss) from changes in fair value	1	(2)
Cash flow hedges: net loss from changes in fair value	(16)	(9)
Currency translation differences	25	(317)
Additions	142	51
Disposals	(111)	(34)
Other	(26)	87
At end of year	9,185	7,591

During the year, subsidiaries issued the following Preference Shares:

- 1.9 million Preference Shares of nominal ZAR0.01 each (Principal amount: ZAR1,652m; £118m) with a variable dividend issued in 2007
- 55 million Preference Shares of nominal US$0.25 each (Principal amount: US$1,375m; £677m) with a 7.1% dividend issued on 13th September 2007
- 46 million Preference Shares of nominal US$0.25 each (Principal amount: US$1,150m; £567m) with a 7.75% dividend issued on 7th December 2007

34 Contingent liabilities and commitments

Contingent liabilities and commitments

The following table summarises the nominal principal amount of contingent liabilities and commitments with off-balance sheet risk:

	2007 £m	2006 £m
Acceptances and endorsements	365	287
Guarantees and letters of credit pledged as collateral security	35,692	31,252
Other contingent liabilities	9,717	7,880
Contingent liabilities	45,774	39,419
Documentary credits and other short-term trade related transactions	522	414
Undrawn note issuance and revolving underwriting facilities:		
Forward asset purchases and forward deposits placed	283	360
Standby facilities, credit lines and other	191,834	204,730
Commitments	192,639	205,504

Nature of instruments

In common with other banks, the Group conducts business involving acceptances, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties.

An acceptance is an undertaking by a bank to pay a bill of exchange drawn on a customer. The Group expects most acceptances to be presented, but reimbursement by the customer is normally immediate. Endorsements are residual liabilities of the Group in respect of bills of exchange, which have been paid and subsequently rediscounted.

34 Contingent liabilities and commitments (continued)

Guarantees and letters of credit are given as security to support the performance of a customer to third parties. As the Group will only be required to meet these obligations in the event of the customer's default, the cash requirements of these instruments are expected to be considerably below their nominal amounts.

Other contingent liabilities include transaction related customs and performance bonds and are, generally, short-term commitments to third parties which are not directly dependent on the customer's creditworthiness.

Commitments to lend are agreements to lend to a customer in the future, subject to certain conditions. Such commitments are either made for a fixed period, or have no specific maturity but are cancellable by the lender subject to notice requirements.

Documentary credits commit the Group to make payments to third parties, on production of documents, which are usually reimbursed immediately by customers.

Capital commitments

At 31st December 2007 the commitments for capital expenditure under contract amounted to £6m (2006: £9m).

Assets pledged

Assets are pledged as collateral to secure liabilities under repurchase agreements, securitisations and stock lending agreements or as security deposits relating to futures and options. The disclosure includes any asset transfers associated with liabilities under repurchase agreements and securities lending transactions.

The following table summarises the nature and carrying amount of the assets pledged as security against these liabilities:

	2007 £m	2006 £m
Trading portfolio assets	76,226	77,255
Loans and advances	32,846	23,715
Available for sale investments	16,378	20,495
Other	580	4
Assets pledged	**126,030**	121,469

Collateral held as security for assets

Under certain transactions, including reverse repurchase agreements and stock borrowing transactions, the Group is allowed to resell or repledge the collateral held. The fair value at the balance sheet date of collateral accepted and repledged to others was as follows:

	2007 £m	2006 £m
Fair value of securities accepted as collateral	343,986	279,591
Of which fair value of securities repledged / transferred to others	269,157	210,182

35 Legal proceedings

Barclays has for some time been party to proceedings, including a class action, in the United States against a number of defendants following the collapse of Enron; the class action claim is commonly known as the Newby litigation. On 20th July 2006, Barclays received an Order from the United States District Court for the Southern District of Texas Houston Division which dismissed the claims against Barclays PLC, Barclays Bank PLC and Barclays Capital Inc. in the Newby litigation. On 4th December 2006 the Court stayed Barclays dismissal from the proceedings and allowed the plaintiffs to file a supplemental complaint. On 19th March 2007 the United States Court of Appeals for the Fifth Circuit issued its decision on an appeal by Barclays and two other financial institutions contesting a ruling by the District Court allowing the Newby litigation to proceed as a class action. The Court of Appeals held that because no proper claim against Barclays and the other financial institutions had been alleged by the plaintiffs, the case could not proceed against them. The plaintiffs applied to the United States Supreme Court for a review of this decision. On 22nd January 2008, the United States Supreme Court denied the plaintiffs' request for review. Following the Supreme Court's decision, the District Court ordered a further briefing concerning the status of the plaintiffs' claims. Barclays plans to seek the dismissal of the plaintiffs' claims.

Barclays considers that the Enron related claims against it are without merit and is defending them vigorously. It is not possible to estimate Barclays possible loss in relation to these matters, nor the effect that they might have upon operating results in any particular financial period.

Barclays has been in negotiations with the staff of the US Securities and Exchange Commission with respect to a settlement of the Commission's investigations of transactions between Barclays and Enron. Barclays does not expect that the amount of any settlement with the Commission would have a significant adverse effect on its financial position or operating results.

Like other UK financial services institutions, Barclays faces numerous County Court claims and complaints by customers who allege that its unauthorised overdraft charges either contravene the Unfair Terms in Consumer Contracts Regulations 1999 or are unenforceable penalties or both. Pending resolution of the test case referred to below (the 'test case'), existing and new claims in the County Courts are stayed, and there is an FSA waiver of the complaints handling process and a standstill of Financial Ombudsman Service decisions. In July 2007, and by agreement with all parties, the OFT launched the test case by commencing proceedings against seven banks and one building society including Barclays, the first stage of which seeks declarations on two issues of legal principle. The hearing commenced on 17th January 2008. Barclays is defending the test case vigorously. It is not practicable to estimate Barclays possible loss in relation to these matters, nor the effect that they may have upon operating results in any particular financial period.

Barclays is engaged in various other litigation proceedings both in the United Kingdom and a number of overseas jurisdictions, including the United States, involving claims by and against it which arise in the ordinary course of business. Barclays does not expect the ultimate resolution of any of the proceedings to which Barclays is party to have a significant adverse effect on the financial position of the Group and Barclays has not disclosed the contingent liabilities associated with these claims either because they cannot reasonably be estimated or because such disclosure could be prejudicial to the conduct of the claims.

36 Competition and regulatory matters

The scale of regulatory change remains challenging, arising in part from the implementation of some key European Union (EU) directives. Many changes to financial services legislation and regulation have come into force in recent years and further changes will take place in the near future. Concurrently, there is continuing political and regulatory scrutiny of the operation of the retail banking and consumer credit industries in the UK and elsewhere. The nature and impact of future changes in policies and regulatory action are not predictable and beyond the Group's control but could have an impact on the Group's businesses and earnings. In June 2005 an inquiry into retail banking in all of the then 25 Member States was launched by the European Commission's Directorate General for Competition. The inquiry looked at retail banking in Europe generally. In January 2007 the European Commission announced that the inquiry had identified barriers to competition in certain areas of retail banking, payment cards and payment systems in the EU. The Commission indicated it will use its powers to address these barriers, and will encourage national competition authorities to enforce European and national competition laws where appropriate. Any action taken by the Commission and national competition authorities could have an impact on the payment cards and payment systems businesses of Barclays and on its retail banking activities in the EU countries in which it operates.

In September 2005 the UK Office of Fair Trading (OFT) received a super-complaint from the Citizens Advice Bureau relating to payment protection insurance (PPI). As a result, the OFT commenced a market study on PPI in April 2006. In October 2006, the OFT announced the outcome of the market study and, following a period of consultation, the OFT referred the PPI market to the UK Competition Commission for an in-depth inquiry in February 2007. This inquiry could last for up to two years. Also in October 2006, the UK Financial Services Authority (FSA) published the outcome of its broad industry thematic review of PPI sales practices in which it concluded that some firms fail to treat customers fairly. Barclays has cooperated fully with these investigations and will continue to do so.

In April 2006, the OFT commenced a review of the undertakings given following the conclusion of the Competition Commission inquiry in 2002 into the supply of banking services to small and medium enterprises. Based on the OFT's report, the Competition Commission issued its final decision on 21st December 2007 and decided to release the UK's four largest clearing banks (including Barclays) from most of the transitional undertakings given by them in 2002.

The OFT has carried out investigations into Visa and MasterCard credit card interchange rates. The decision by the OFT in the MasterCard interchange case was set aside by the Competition Appeals Tribunal in June 2006. The OFT's investigation in the Visa interchange case is at an earlier stage and a second MasterCard interchange case is ongoing. The outcome is not known but these investigations may have an impact on the consumer credit industry in general and therefore on Barclays business in this sector. In February 2007 the OFT announced that it was expanding its investigation into interchange rates to include debit cards.

In April 2007, the UK consumer interest association known as Which? submitted a super-complaint to the OFT pursuant to the Enterprise Act 2002. The super-complaint criticises the various ways in which credit card companies calculate interest charges on credit card accounts. In June 2007, the OFT announced a new programme of work with the credit card industry and consumer bodies in order to make the costs of credit cards easier for consumers to understand. This OFT decision follows the receipt by the OFT of the super-complaint from Which? This new work will explore the issues surrounding the costs of credit for credit cards including purchases, cash advances, introductory offers and payment allocation. The OFT's programme of work is expected to take six months.

On 11th February 2008, the OFT announced its recommendations, which include the introduction of an FSA price comparison website, improvements to customer information in summary boxes and the use of standard terminology.

In September 2006, the OFT announced that it had decided to undertake a fact find on the application of its statement on credit card fees made in April 2006 to current account unauthorised overdraft fees. The fact find was completed in March 2007. On 29th March 2007, the OFT announced its decision to conduct a formal investigation into the fairness of bank current account charges. The OFT announced a market study into personal current accounts (PCAs) in the UK on 26th April 2007. The market study will look at: (i) whether the provision of 'free if in credit' PCAs delivers sufficiently high levels of transparency and value for customers; (ii) the implications for competition and consumers if there were to be a shift away from 'free if in credit' PCAs; (iii) the fairness and impact on consumers generally of the incidence, level and consequences of account charges; and (iv) what steps could be taken to improve customers' ability to secure better value for money, in particular to help customers make more informed current account choices and drive competition. The study will focus on PCAs but will include an examination of other retail banking products, in particular savings accounts, credit cards, personal loans and mortgages in order to take into account the competitive dynamics of UK retail banking. The OFT will publish its interim findings after the test case (see below).

In July 2007, the OFT commenced a test case in the High Court by agreement with Barclays and seven other financial institutions in which the parties seek declarations on two legal issues arising from the banks' terms and conditions relating to overdraft charges. The test case does not encompass claims from local, medium or larger business customers. The proceedings will run in parallel with the ongoing OFT dual inquiry into unauthorised overdraft charges and PCAs. Please also refer to Note 35.

In January 2007, the FSA issued a statement of good practice relating to mortgage exit administration fees. Barclays agreed to charge the fee applicable at the time the customer took out the mortgage, which was one of the options recommended by the FSA.

US laws and regulations require compliance with US economic sanctions, administered by the Office of Foreign Assets Control, against designated foreign countries, nationals and others. HM Treasury regulations similarly require compliance with sanctions adopted by the UK government. Barclays has been conducting an internal review of its conduct with respect to US dollar payments involving countries, persons or entities subject to these sanctions and has been reporting to governmental agencies about the results of that review. Barclays received inquiries relating to these sanctions and certain US dollar payments processed by its New York branch from the New York County District Attorney's Office and the US Department of Justice, which, along with other authorities, has been reported to be conducting investigations of sanctions compliance by non-US financial institutions. Barclays has responded to those inquiries and is cooperating with regulators, the Department of Justice and the District Attorney's Office in connection with their investigations of Barclays conduct with respect to sanctions compliance. Barclays has also been keeping the FSA informed of the progress of these investigations and Barclays internal review. Barclays review is ongoing. It is currently not possible to predict the ultimate resolution of the issues covered by Barclays review and the investigations, including the timing and potential financial effect of any resolution, which could be substantial. Barclays does not expect these matters to have a material adverse effect on the financial position of the Group, but it is not possible to estimate the effect they might have upon operating results in any particular financial period.

37 Leasing

The Group is both lessor and lessee under finance and operating leases, providing asset financing for its customers and leasing assets for its own use. In addition, assets leased by the Group may be sublet to other parties. An analysis of the impact of these transactions on the Group balance sheet and income statement is as follows:

(a) As Lessor

Finance lease receivables

The Group specialises in asset-based lending and works with a broad range of international technology, industrial equipment and commercial companies to provide customised finance programmes to assist manufacturers, dealers and distributors of assets.

Finance lease receivables are included within loans and advances to customers.

The Group's net investment in finance lease receivables was as follows:

	2007				2006			
	Gross investment in finance lease receivables £m	Future finance income £m	Present value of minimum lease payments receivable £m	Unguaranteed residual values £m	Gross investment in finance lease receivables £m	Future finance income £m	Present value of minimum lease payments receivable £m	Unguaranteed residual values £m
Not more than one year	3,657	(780)	2,877	213	3,650	(734)	2,916	166
Over one year but not more than five years	7,385	(1,613)	5,772	374	5,824	(1,490)	4,334	334
Over five years	3,476	(935)	2,541	14	3,790	(898)	2,892	15
Total	14,518	(3,328)	11,190	601	13,264	(3,122)	10,142	515

The allowance for uncollectable finance lease receivables included in the allowance for impairment amounted to £113m at 31st December 2007 (2006: £99m).

Operating lease receivables

The Group acts as lessor, whereby items of plant and equipment are purchased and then leased to third parties under arrangements qualifying as operating leases. The items purchased to satisfy these leases are treated as plant and equipment in the Group's financial statements and are generally disposed of at the end of the lease term (see Note 23).

The future minimum lease payments expected to be received under non-cancellable operating leases at 31st December 2007 were as follows:

	2007 Plant and equipment £m	2006 Plant and equipment £m
Not more than one year	29	18
Over one year but not more than two years	24	5
Over two years but not more than three years	22	3
Over three years but not more than four years	20	3
Over four years but not more than five years	11	3
Over five years	10	7
Total	116	39

(b) As Lessee

Finance lease commitments

The Group leases items of property, plant and equipment on terms that meet the definition of finance leases. Finance lease commitments are included within other liabilities (see Note 25).

Obligations under finance leases were as follows:

	2007 Total future minimum payments £m	2006 Total future minimum payments £m
Not more than one year	12	6
Over one year but not more than two years	14	21
Over two years but not more than three years	13	11
Over three years but not more than four years	12	14
Over four years but not more than five years	15	9
Over five years	17	31
Net obligations under finance leases	83	92

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37 Leasing (continued)

(b) As Lessee (continued)

The carrying amount of assets held under finance leases at the balance sheet date was:

	2007 £m	2006 £m
Cost	94	44
Accumulated depreciation	(24)	(25)
Net book value	70	19

Operating lease commitments

The Group leases various offices, branches and other premises under non-cancellable operating lease arrangements. The leases have various terms, escalation and renewal rights. There are no contingent rents payable. The Group also leases equipment under non-cancellable lease arrangements.

Where the Group is the lessee the future minimum lease payment under non-cancellable operating leases are as follows:

	2007		2006	
	Property £m	Equipment £m	Property £m	Equipment £m
Not more than one year	191	6	335	9
Over one year but not more than two years	396	1	337	9
Over two years but not more than three years	357	1	311	2
Over three years but not more than four years	323	–	268	–
Over four years but not more than five years	287	–	223	–
Over five years	2,225	–	2,057	–
Total	3,779	8	3,531	20

The total of future minimum sublease payments to be received under non-cancellable subleases at the balance sheet date is £167m (2006: £251m).

38 Acquisitions

The Group made the following material acquisitions in 2007:

(a) Indexchange Investment AG

On 8th February 2007, the Group acquired 100% of the ordinary shares of Indexchange Investment AG, based in Munich offering exchange traded fund products.

(b) Equifirst Corporation

On 30th March 2007, the Group acquired 100% of the ordinary shares of Equifirst Corporation, a sub-prime mortgage origination business.

(c) Walbrook Group Limited

On 18th May 2007, the Group acquired 100% of the ordinary shares of Walbrook Group Limited. The business serves high net worth private clients and corporate customers.

38 Acquisitions (continued)

Details of the net assets of material companies acquired and consideration paid were as follows:

	Carrying value pre-acquisition £m	Fair value adjustments £m	2007 £m
Assets			
Cash and balances at central banks	51	–	51
Assets designated at fair value	133	–	133
Goodwill	41	(41)	–
Property, plant and equipment	7	–	7
Other assets	19	–	19
Intangible assets	–	53	53
Deferred tax assets	10	–	10
Total assets	261	12	273
Liabilities			
Deposits from banks	162	–	162
Deferred tax liabilities	–	4	4
Other liabilities	98	(38)	60
Total liabilities	260	(34)	226
Net assets acquired			47
Goodwill			267
Total			314

The excess of proceeds over the net assets acquired has generated goodwill of £267m, based on the exchange rate at the date of acquisition and is attributable to the operational synergies and earnings potential expected to be realised over the longer term.

In aggregate, the acquired businesses generated a loss of (£15m) to consolidated profit before tax for the period from acquisition date to 31st December 2007.

If all of the above acquisitions had occurred on 1st January 2007 the impact on total Group income and net profit for the year would have been immaterial.

	2007 £m
Acquisition cost	
Cash paid	297
Deferred consideration	11
Attributable costs	6
Total consideration	314

Cash outflows in respect of acquisitions

The aggregate net outflow of cash from the acquisition of the above Group entities was as follows:

	2007 £m
Cash paid	297
Cash and cash equivalents acquired	(51)
Net cash outflow on acquisition	246
Cash paid in respect of acquisition of shares in Barclays Global Investors UK Holdings Limited	488
Cash paid in respect of acquisition of shares in Absa Bank Limited	180
Increase in investment in subsidiaries	668

39 Investment in subsidiaries

The investment in Barclays Bank PLC is stated in the balance sheet of Barclays PLC at a cost of £10,186m (2006: £8,641m). The increase of £1,545m (2006: £179m) during the year represents the cost of additional shares of £111m (2006: £179m) and a capital contribution of £1,434m (2006: £nil).

The investment in Barclays Investments (Netherlands) N.V. is stated in the balance sheet of Barclays PLC at a cost of £205m (2006: £nil). The increase of £205m (2006: £nil) during the year represents the cost of the initial share issue.

The investment in Odysseus Jersey (No. 1) Limited is stated in the balance sheet of Barclays PLC at a cost of £0.1m (2006: £nil). The increase of £0.1m (2006: £nil) during the year represents the cost of the initial share issue.

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40 Principal subsidiaries

Country of registration or incorporation	Company name	Nature of business	Percentage of equity capital held %
Botswana	Barclays Bank of Botswana Limited	Banking	74.9
Egypt	Barclays Bank Egypt SAE	Banking	100
England	Barclays Bank PLC	Banking, holding company	100*
England	Barclays Mercantile Business Finance Limited	Loans and advances including leases to customers	100*
England	Barclays Global Investors UK Holdings Limited	Holding company	94.1
England	Barclays Global Investors Limited	Investment management	94.1*
England	Barclays Life Assurance Company Limited	Life assurance	100
England	Barclays Bank Trust Company Limited	Banking, securities industries and trust services	100
England	Barclays Stockbrokers Limited	Stockbroking	100
England	Barclays Capital Securities Limited	Securities dealing	100
England	Barclays Global Investors Pensions Management Limited	Investment management	94.1*
England	FIRSTPLUS Financial Group PLC	Secured loan provider	100
England	Gerrard Investment Management Limited	Investment management	100*
Ghana	Barclays Bank of Ghana Limited	Banking	100
Ireland	Barclays Insurance (Dublin) Limited	Insurance provider	100*
Ireland	Barclays Assurance (Dublin) Limited	Insurance provider	100*
Isle of Man	Barclays Private Clients International Limited [a]	Banking	100*
Japan	Barclays Capital Japan Limited	Securities dealing	100*
Jersey	Barclays Private Bank & Trust Limited	Banking, trust company	100*
Kenya	Barclays Bank of Kenya Limited	Banking	68.5
South Africa	Absa Group Limited	Banking	58.8
Spain	Barclays Bank SA	Banking	99.7
Switzerland	Barclays Bank (Suisse) S.A.	Banking and trust services	100*
USA	Barclays Capital Inc.	Securities dealing	100*
USA	Barclays Financial Corporation	Holding company for US credit card issuer	100*
USA	Barclays Global Investors, National Association	Investment management and securities industry	94.1*
Zimbabwe	Barclays Bank of Zimbabwe Limited	Banking	67.8*

In accordance with Section 231(5) of the Companies Act 1985, the above information is provided solely in relation to principal subsidiaries.

The country of registration or incorporation is also the principal area of operation of each of the above subsidiaries. Investments in these subsidiaries are held directly by Barclays Bank PLC except where marked *.

Full information of all subsidiaries will be included in the Annual Return to be filed at Companies House.

Note
a BBPLC is the beneficial owner of 38.1% of shares and Barclays Holdings (Isle of Man) Limited is the beneficial owner of 61.9% of shares.

41 Other entities

There are a number of entities that do not qualify as subsidiaries under UK Law but which are consolidated when the substance of the relationship between the Group and the entity (usually a Special Purpose Entity (SPE)) indicates that the entity is controlled by the Group. Such entities are deemed to be controlled by the Group when relationships with such entities gives rise to benefits that are in substance no different from those that would arise were the entity a subsidiary.

The consolidation of such entities may be appropriate in a number of situations, but primarily when:

- the operating and financial polices of the entity are closely defined from the outset (i.e. it operates on an 'autopilot' basis) with such policies being largely determined by the Group;
- the Group has rights to obtain the majority of the benefits of the entity and/or retains the majority of the residual or ownership risks related to the entity; or
- the activities of the entity are being conducted largely on behalf of the Group according to its specific business objectives.

Such entities are created for a variety of purposes including securitisation, structuring, asset realisation, intermediation and management.

Entities may have a different reporting date from that of the parent of 31st December. Dates may differ for a variety of reasons including local reporting regulations or tax laws. In accordance with our accounting policies, for the purpose of inclusion in the consolidated financial statements of Barclays PLC, entities with different reporting dates are made up until 31st December.

Entities may have restrictions placed on their ability to transfer funds, including payment of dividends and repayment of loans, to their parent entity. Reasons for the restrictions include:

- Central bank restrictions relating to local exchange control laws.
- Central bank capital adequacy requirements.
- Company law restrictions relating to treatment of the entities as going concerns.

Although the Group's interest in the equity voting rights in certain entities exceeds 50%, or it may have the power to appoint a majority of their Boards of Directors, they are excluded from consolidation because the Group either does not direct the financial and operating policies of these entities, or on the grounds that another entity has a superior economic interest in them. Consequently, these entities are not deemed to be controlled by Barclays.

The table below includes information in relation to such entities as required by the Companies Act 1985, Section 231(5).

Country of registration or incorporation	Name	Percentage of ordinary share capital held %	Equity share-holders' funds £m	Retained profit for the year £m
UK	Oak Dedicated Limited	100	(3)	4
UK	Oak Dedicated Two Limited	100	(3)	2
UK	Oak Dedicated Three Limited	100	1	1
UK	Fitzroy Finance Limited	100	–	–
Cayman Islands	St James Fleet Investments Two Limited	100	2	–
Cayman Islands	BNY BT NewCo Limited	–	–	–

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For the year ended 31st December 2007

42 Related party transactions and Directors' remuneration

(a) Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operation decisions, or one other party controls both. The definition includes subsidiaries, associates, joint ventures and the Group's pension schemes, as well as other persons.

Subsidiaries

Transactions between Barclays PLC and subsidiaries also meet the definition of related party transactions. Where these are eliminated on consolidation, they are not disclosed in the Group financial statements. Transactions between Barclays PLC and its subsidiary, Barclays Bank PLC are fully disclosed directly in its balance sheet and income statement. A list of the Group's principal subsidiaries is shown in Note 40.

Associates, joint ventures and other entities

The Group provides banking services to its associates, joint ventures and the Group pension funds (principally the UK Retirement Fund), providing loans, overdrafts, interest and non-interest bearing deposits and current accounts to these entities as well as other services. Group companies, principally within Barclays Global Investors, also provide investment management and custodian services to the Group pension schemes. The Group also provides banking services for unit trusts and investment funds managed by Group companies and are not individually material. All of these transactions are conducted on the same terms as third-party transactions.

Amounts included in the accounts, in aggregate, by category of related party entity are as follows:

	For the year ended and as at 31st December 2007				
	Associates £m	Joint ventures £m	Entities under common directorships £m	Pension funds unit trusts and investment funds £m	Total £m
Income statement:					
Interest received	5	75	1	–	81
Interest paid	(1)	(58)	(1)	–	(60)
Fees received for services rendered (including investment management and custody and commissions)	1	34	–	26	61
Fees paid for services provided	(52)	(78)	–	–	(130)
Principal transactions	(24)	47	(16)	–	7
Assets:					
Loans and advances to banks and customers	142	886	40	–	1,068
Derivative transactions	–	4	36	–	40
Other assets	19	18	–	14	51
Liabilities:					
Deposits from banks	11	–	–	–	11
Customer accounts	–	61	33	12	106
Derivative transactions	–	10	50	–	60
Other liabilities	4	125	–	–	129

42 Related party transactions and Directors' remuneration (continued)

For the year ended and as at 31st December 2006	Associates £m	Joint ventures £m	Entities under common directorships £m	Pension funds unit trusts and investment funds £m	Total £m
Income statement:					
Interest received	45	38	–	2	85
Interest paid	(31)	(57)	–	–	(88)
Fees received for services rendered (including investment management and custody and commissions)	14	7	–	28	49
Fees paid for services provided	(115)	(51)	–	(1)	(167)
Principal transactions	3	–	(2)	–	1
Assets:					
Loans and advances to banks and customers	784	146	65	–	995
Derivative transactions	–	–	–	–	–
Other assets	19	3	–	17	39
Liabilities:					
Deposits from banks	9	–	–	3	12
Customer accounts	19	18	5	34	76
Derivative transactions	–	–	2	–	2
Other liabilities	13	8	–	–	21

For the year ended and as at 31st December 2005	Associates £m	Joint ventures £m	Entities under common directorships £m	Pension funds unit trusts and investment funds £m	Total £m
Income statement:					
Interest received	23	14	–	–	37
Interest paid	(37)	(45)	–	–	(82)
Fees received for services rendered (including investment management and custody and commissions)	5	7	–	17	29
Fees paid for services provided	(120)	(34)	–	–	(154)
Principal transactions	33	–	–	1	34
Assets:					
Loans and advances to banks and customers	632	19	–	–	651
Derivative transactions	36	–	–	–	36
Other assets	26	1	–	19	46
Liabilities:					
Deposits from banks	827	–	–	–	827
Customer accounts	13	22	–	501	536
Derivative transactions	1	–	–	–	1
Other liabilities	22	6	–	–	28

No guarantees, pledges or commitments have been given or received in respect of these transactions in 2007, 2006 or 2005.

There are no leasing transactions between related parties for 2007, 2006 or 2005.

Derivatives transacted on behalf of the Pensions Funds Unit Trusts and Investment Funds amounted to £22m (2006: £1,209m, 2005: £280m).

In 2007 Barclays paid £18m (2006: £19m) of its charitable donations through the Charities Aid Foundation, a registered charitable organisation, in which a Director of the Company is a Trustee.

42 Related party transactions and Directors' remuneration (continued)

Key Management Personnel

The Group's Key Management Personnel, and persons connected with them, are also considered to be related parties for disclosure purposes. Key Management Personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of Barclays PLC (directly or indirectly) and comprise the Directors of Barclays PLC and the Officers of the Group, certain direct reports of the Group Chief Executive and the heads of major business units.

In the ordinary course of business, the Bank makes loans to companies where a Director or other member of Key Management Personnel (or any connected person) is also a Director or other member of Key Management Personnel (or any connected person) of Barclays. These loans are made on substantially the same criteria and terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons and did not involve more than the normal risk of collectability or present other unfavourable features.

There were no material related party transactions with companies where a Director or other member of Key Management Personnel (or any connected person) is also a Director or other member of Key Management Personnel (or any connected person) of Barclays.

The Group provides banking services to Directors and other Key Management Personnel and persons connected to them. Transactions during the year and the balances outstanding at 31st December 2007 were as follows:

	Directors, other Key Management Personnel and connected persons		
	2007 £m	2006 £m	2005 £m
Loans outstanding at 1st January	**7.8**	7.4	7.8
Loans issued during the year	**2.7**	2.7	3.4
Loan repayments during the year	**(3.2)**	(2.3)	(3.2)
Loans outstanding at 31st December	**7.3**	7.8	8.0
Interest income earned	**0.4**	0.3	0.4

No allowances for impairment were recognised in respect of loans to Directors or other members of Key Management Personnel (or any connected person) in 2007, 2006 or 2005.

	2007 £m	2006 £m	2005 £m
Deposits outstanding at 1st January	**15.0**	4.7	2.5
Deposits received during the year	**114.4**	105.2	20.4
Deposits repaid during the year	**(115.0)**	(94.8)	(18.2)
Deposits outstanding at 31st December	**14.4**	15.1	4.7
Interest expense on deposits	**0.6**	0.2	0.1

Of the loans outstanding above, £nil (2006: £nil, 2005: £0.7m) relates to Directors and other Key Management Personnel (and persons connected to them) that left the Group during the year. Of the deposits outstanding above, £2.8m (2006: £0.1m, 2005: £nil) related to Directors and other Key Management Personnel (and persons connected to them) that left the Group during the year.

All loans are provided on normal commercial terms to Directors and other Key Management Personnel (and persons connected to them), with the exception of £1,540 of loans which are provided to non-Director members of Key Management Personnel on staff preferential interest rates (5%) and £665 of loans which are provided on an interest free basis.

The loans of £1,540 provided at staff preferential rates of interest reflects the amortized principal amount of a home mortgage loan that was provided by Barclays to a non-Director member of key management personnel. The home mortgage loan was granted at a time when Barclays had in place a corporate policy of providing home mortgage loans at preferential rates of interest to all staff members. This policy has since been discontinued by Barclays. These home mortgage loans were made on substantially the same terms, including interest rates and collateral, to all staff members, who applied for such loans. The loans of £665 provided on an interest free basis relate to the granting of loans to one non-Director member of Barclays key management to purchase commuter rail tickets. The commuter rail ticket loans are still provided to all Barclays staff members upon request on the same terms.

42 Related party transactions and Directors' remuneration (continued)

Remuneration of Directors and other Key Management Personnel

	Directors, other Key Management Personnel and connected persons		
	2007 £m	2006 £m	2005 £m
Salaries and other short-term benefits	23.7	34.2	32.9
Pension costs	1.1	0.8	1.1
Other long-term benefits	9.2	9.3	21.5
Termination benefits	–	1.4	1.5
Share-based payments	31.7	27.2	25.3
Employer social security charges on emoluments	7.8	10.0	10.4
	73.5	82.9	92.7

(b) Disclosure required by the Companies Act 1985

The following information is presented in accordance with the Companies Act 1985:

Directors' remuneration

	2007 £m	2006 £m
Aggregate emoluments	29.2	32.0
Gains made on the exercise of share options	0.3	5.5
Amounts paid under long-term incentive schemes	–	–
Actual pension contributions to money purchase scheme (2007: one Director, £10,233 and 2006: one Director, £11,414)	–	–
Notional pension contributions to money purchase scheme (2007: no Directors and 2006: no Directors)	–	–
	29.5	37.5

As at 31st December 2007, three Directors were accruing retirement benefits under a defined benefit scheme (2006: four Directors).

Two Directors (Naguib Kheraj and Frits Seegers) agreed to waive their fees as non-executive Directors of Absa Group Limited and Absa Bank Limited. The respective fees for 2007 were ZAR 0.1m (£0.01m) and ZAR 0.5m (£0.03m). The fees for 2006 were ZAR 0.4m (£ 0.03m) for Naguib Kheraj and ZAR 0.1m (£ 0.01m) for Frits Seegers. In both 2006 and 2007 the fees were paid to Barclays.

Directors' and Officers' shareholdings and options

The beneficial ownership of the ordinary share capital of Barclays PLC by all Directors and Officers of Barclays PLC (involving 21 persons) and Barclays Bank PLC (involving 22 persons) at 31st December 2007 amounted to 5,774,219 ordinary shares of 25p each (0.09% of the ordinary share capital outstanding) and 5,776,370 ordinary shares of 25p each (0.09% of the ordinary share capital outstanding), respectively.

Executive Directors and Officers of Barclays PLC as a group (involving 10 persons) held, at 31st December 2007, options to purchase 3,097,762 Barclays PLC ordinary shares of 25p each at prices ranging from 373p to 510p under Sharesave and at 397p under the Executive Share Option Scheme and ranging from 326p to 534p under the Incentive Share Option Plan, respectively.

Contracts with Directors (and their connected persons) and Managers

The aggregate amounts outstanding at 31st December 2007 under transactions, arrangements and agreements made by banking companies within the Group for persons who are, or were during the year, Directors of Barclays PLC and persons connected with them, as defined in the Companies Act 2006, and for Managers, within the meaning of the Financial Services and Markets Act 2000, of Barclays Bank PLC were:

	Number of Directors or Managers	Number of connected persons	Amount £m
Directors			
Loans	2	5	2.1
Quasi-loans and credit card accounts	12	18	–
Managers			
Loans	12	n/a	13.2
Quasi-loans and credit card accounts	11	n/a	–

(c) US disclosures

For US disclosure purposes, the aggregate emoluments of all Directors and Officers of Barclays PLC who held office during the year (2007: 22 persons, 2006: 24 persons, 2005: 25 persons) for the year ended 31st December 2007 amounted to £64.6m (2006: £72.1m, 2005: £75.2m). In addition, the aggregate amount set aside for the year ended 31st December 2007, to provide pension benefits for the Directors and Officers amounted to £1.1m (2006: £0.8m, 2005: £0.2m). The aggregate emoluments of all Directors and Officers of Barclays Bank PLC who held office during the year (2007: 23 persons, 2006: 25 persons, 2005: 26 persons) for the year ended 31st December 2007 amounted to £64.9m (2006: £72.2m, 2005: £75.4m). In addition, the aggregate amount set aside by the Bank and its subsidiaries for the year ended 31st December 2007, to provide pension benefits for the Directors and Officers amounted to £1.1m (2006: £0.8m, 2005: £0.2m).

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43 Events after the balance sheet date

On 3rd March 2008, Barclays entered into an agreement with Petropavlovsk Finance (Limited Liability Society) to acquire 100% of the Russian Bank, Expobank, for a consideration of approximately $745m (£373m). The transaction is expected to close in summer 2008 after receipt of appropriate regulatory approvals. Expobank focuses principally on Western Russia, with a substantial presence in Moscow and St Petersburg. Founded in 1994, it has grown rapidly and comprises a blend of retail and commercial banking, operating 32 branches and dealing with a range of corporate and wholesale clients. As at 31st December 2007, Expobank had net assets of $186m (£93m).

44 Share-based payments

The Group operates share schemes for employees throughout the world. The main current schemes are:

Sharesave

Eligible employees in the UK, Spain and Ireland may participate in the Barclays Sharesave scheme. Under this scheme, employees may enter into contracts to save up to £250 per month (Ireland: €320, Spain: €90) and, at the expiry of a fixed term of three, five or seven years (Spain: three years), have the option to use these savings to acquire shares in the Company at a discount, calculated in accordance with the rules of the scheme. The discount is currently 20% of the market price at the date the options are granted. Participants in the scheme have six months from the date of vest in which the option can be exercised.

Sharepurchase

Sharepurchase was introduced in January 2002. It is an HM Revenue & Customs approved all-employee share plan. The plan is open to all eligible UK employees, including executive Directors. Under the plan, participants are able to purchase up to £1,500 worth of Barclays PLC ordinary shares per tax year, which, if kept in trust for five years, can be withdrawn from the plan tax-free. Matching shares were introduced to the scheme during 2005 where the purchase of Barclays shares by the participant are matched equally by the Company up to a value of £600 per tax year. Any shares in the plan will earn dividends in the form of additional shares, which must normally be held by the trustee for three years before being eligible for release.

Executive Share Award Scheme (ESAS)

For certain employees of the Group an element of their annual bonus is in the form of a deferred award of a provisional allocation of Barclays PLC shares under ESAS. The total value of the bonus made to the employee of which ESAS is an element is dependent upon the business unit, Group and individual employee performance. The ESAS element of the annual bonus must normally be held for at least three years. Additional bonus shares are subsequently awarded to recipients of the provisional allocation and vest upon achieving continued service for three and five years from the date of award. ESAS awards are also made to eligible employees for recruitment purposes. All awards are subject to potential forfeit if the individual resigns and commences work with a competitor business.

Performance Share Plan (PSP)

The Performance Share Plan (PSP) was approved by shareholders at the 2005 AGM to replace the ISOP scheme. Performance shares are 'free' Barclays shares for which no exercise price is payable and which qualify for dividends. Performance share awards are communicated to participants as an initial allocation. Barclays performance over a three-year period determines the final number of shares that may be released to participants.

Options granted under the following schemes are over subsidiaries of Barclays PLC:

Barclays Global Investors Equity Ownership Plan (BGI EOP)

The Equity Ownership Plan extends to key employees of BGI. The exercise price of the options is determined by the Remuneration Committee of Barclays PLC based on the fair value of BGI as determined by an independent appraiser. The options are granted over shares in Barclays Global Investors UK Holdings Limited, a subsidiary of Barclays Bank PLC. Options are not exercisable until vesting, with a third of the options held generally becoming exercisable at each anniversary of grant. The shareholder has the right to offer to sell the shares to Barclays Bank PLC 355 days following the exercise of the option. Barclays Bank PLC may accept the offer and purchase the shares at the most recently agreed valuation but is under no obligation to do so. Options lapse ten years after grant. The most recently agreed valuation was £106.03 at 30th June 2007.

Absa Group Limited Black Economic Empowerment (BEE) Transaction

On 25th June 2004, Absa shareholders approved the allocation of 73,152,300, redeemable cumulative option-holding Absa preference shares to Batho Bonke Capital Limited. Each redeemable preference share carries the option to acquire one Absa ordinary share. The shares carry the same rights as ordinary shares including voting rights, and receive dividends which are payable semi-annually. Options vest after three years and lapse after five years from the date of issue. Exercise may only occur in lots of 100 and within a price range varying from ZAR48 to ZAR69 (£3.40-£4.89) dependent on the 30-day volume weighted trading price on the JSE Limited. Options are redeemed by Absa on the final exercise date.

44 Share-based payments (continued)

Absa Group Limited Share Incentive Trust (AGLSIT)

In terms of the rules of Absa Group Limited Share Incentive Trust the maximum number of shares which may be issued or transferred and/or in respect of which options may be granted to the participants shall be limited to shares representing 10% of the total number of issued shares. Options are allocated to Absa employees according to the normal Human Resources talent management process. The options issued up to August 2005 had no performance criteria linked to them and vested in equal tranches after three, four and five years respectively. No dividends accrue to the option holder over the period. The options expire after a period of ten years from the issuing date. Options issued since August 2005 have vesting performance criteria associated with them, which require headline earnings per share to exceed an agreed benchmark over a three-year period from July 2005 for the options to vest

Absa Group Limited Share Ownership Trust (AGLSOT)

The Absa Group Limited Share Ownership Trust (AGLSOT) enabled all Absa employees to participate in a one-off offer to purchase 200 redeemable cumulative option-holding preference shares. Each redeemable preference share carries the option to acquire one Absa ordinary share. Options vest after three years and lapse after five years from the date of issue. Exercise may only occur in lots of 100 and within a price range varying from ZAR48 to ZAR69 (£3.40-£4.89) dependent on the 30-day volume weighted trading price on the JSE Limited. Options are redeemed by Absa on the final exercise date.

Absa Group Limited Executive Share Award Scheme (AGLESAS)

For certain employees of Absa an element of their annual bonus is in the form of a deferred award of a provisional allocation of Absa Group Limited shares under Absa ESAS. The total value of the bonus made to the employee of which ESAS is an element is dependent upon the business unit and individual employee performance. The ESAS element of the annual bonus must be held for at least three years. Additional bonus shares are subsequently awarded to recipients of the provisional allocation and vest upon achieving continued service for three and five years from the date of award. All awards are subject to potential forfeit if the individual resigns.

In addition, options remain outstanding under the following closed schemes:

Incentive Share Option Plan (ISOP)

The ISOP was open by invitation to the employees and Directors of Barclays PLC. Options were granted at the market price at the date of grant calculated in accordance with the rules of the plan, and are normally exercisable between three and ten years from that date. The final number of shares over which the option may be exercised is determined by reference to set performance criteria. The number of shares under option represents the maximum possible number that may be exercised. No awards were made under ISOP during 2006 or 2007.

Executive Share Option Scheme (ESOS)

The ESOS is a long-term incentive scheme and was available by invitation to certain senior executives of the Group with grants usually made annually. Options were issued with an exercise price equivalent to the market price at the date of the grant without any discount, calculated in accordance with the rules of the scheme, and are normally exercisable between three and ten years from that date. No further awards are made under ESOS.

Woolwich Executive Share Option Plan (Woolwich ESOP)

Options originally granted over Woolwich PLC shares at market value were exercised in 2001 or exchanged, in accordance with the proposals made under the offer to acquire the Woolwich, for options over Barclays PLC shares. Under the rules of ESOP, the performance conditions attached to the exercise of options were disapplied on acquisition of Woolwich PLC by Barclays. Options lapse ten years after grant.

At the balance sheet date, no options remained outstanding or exercisable in respect of the following closed scheme:

Woolwich Save as You Earn (Woolwich SAYE)

Under this scheme, employees entered into contracts to save up to £250 per month and, at the expiry of a fixed term of three, five, or seven years, have the option to use these savings to acquire the shares in the Company at a discount calculated in accordance with the rules of the scheme. The discount was 20% of the market price at the date the options were granted.

At the balance sheet date the following cash settled schemes operated within the group:

Barclays Africa Share Plan

The Barclays Africa Share Plan grants a number of notional shares and settles in a cash award linked to the Barclays PLC share price. The exercise price of options is equal to the increment of the market price of Barclays shares over the original price on the date of grant. The final number of notional shares over which the option may be exercised is determined by reference to set performance criteria. Awards vest three years from grant and expire four years from that date.

Absa Group Phantom Performance Share Plan (Absa Phantom PSP)

The Absa Phantom PSP was implemented during 2006 to replace the Absa Group Limited Share Incentive Trust (AGLSIT) scheme. Shares are awarded at no cost to participants and the cash paid is equal to the market value of ordinary shares of Absa Group Limited. The performance of Absa over a three-year period determines the final number of notional shares that any cash payment would be based on. Awards vest after three years to the extent that the performance conditions are satisfied.

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44 Share-based payments (continued)

The weighted average fair value per option granted during the year is as follows:

	2007 £	2006 £
Sharesave	1.25	1.88
Sharepurchase	6.84	6.55
ESAS	6.96	6.73
PSP	8.03	7.53
BGI EOP	22.18	21.18
AGLSIT	3.18	2.70
AGLESAS	n/a	8.42

Fair values for Sharesave, PSP , BGI EOP and AGLSIT are calculated at the date of grant using either a Black-Scholes model or Monte Carlo simulation. Sharepurchase, ESAS and AGLESAS are nil cost awards on which the performance conditions are substantially completed at the date of grant. Consequently the fair value of these awards is based on the market value at that date.

As described above, the terms of the ESAS scheme require shares to be held for a set number of years from the date of vest. The calculation of the vest date fair value of such awards includes a reduction for this post-vesting restriction. This discount is determined by calculating how much a willing market participant would rationally pay to remove the restriction using a Black-Scholes option pricing model. The total discount required in 2007 is £66m (2006: £62m, 2005: £36m).

The significant weighted average assumptions used to estimate the fair value of the options granted in 2007 are as follows:

	2007			
	Sharesave	PSP	BGI EOP	AGLSIT
Weighted average share price	5.82	7.07	95.33	9.18
Weighted average exercise price	4.81	–	95.33	7.62
Expected volatility	25%	25%	20%	30%
Expected option life	4 years	3 years	4 years	5 years

The significant weighted average assumptions used to estimate the fair value of the options granted in 2006 are as follows:

	2006			
	Sharesave	PSP	BGI EOP	AGLSIT
Weighted average share price	6.20	6.74	81.12	8.92
Weighted average exercise price	5.11	–	81.12	6.57
Expected volatility	25%	25%	24%	29%
Expected option life	4 years	3 years	4 years	5 years

The significant weighted average assumptions used to estimate the fair value of the options granted in 2005 are as follows:

	2005				
	Sharesave	PSP	BGI EOP	AGLSIT	ISOP
Weighted average share price	5.71	5.33	39.09	8.25	5.73
Weighted average exercise price	4.44	n/a	39.09	8.41	5.66
Expected volatility	24%	20%	25%	n/a	34%
Option life	4 years	3 years	4 years	5-8 years	5 years

Expected volatility and dividend yield on the date of grant have been used as inputs into the respective valuation models for Sharesave and PSP. Expected volatility has been determined using historical volatility of its peers over the expected life of the options for BGI EOP and AGLSIT applies a five-year rolling period.

The yield on UK government bonds with a commensurate life has been used to determine the risk-free discount rate of 5% for all schemes other than AGLSIT. Option life is estimated based upon historical data for the holding period of options between grant and exercise dates. The risk-free rate on the AGLSIT scheme represents the yield, recorded on date of option grant, on South African government zero coupon bond of a term commensurate to the expected life of the option.

44 Share-based payments (continued)

For the purposes of determining the expected life and number of options to vest, historical exercise patterns have been used, together with an assumption that a certain percentage of options will lapse due to leavers.

The assumed dividend yield for Barclays PLC is the average annual dividend yield on the date of grant of 4%. Dividend yield for AGLSIT of 3.5% was based on the average 12-month trailing yield over the year to grant date.

Analysis of the movement in the number and weighted average exercise price of options is set out below:

	Sharesave [a]				Sharepurchase [a, d]			
	Number (000s)		Weighted average ex. price (£)		Number (000s)		Weighted average ex. price (£)	
	2007	2006	2007	2006	2007	2006	2007	2006
Outstanding at beginning of year	78,929	85,686	4.22	3.95	2,472	1,126	–	–
Granted in the year	18,748	17,449	4.81	5.11	1,852	1,561	–	–
Exercised/released in the year	(18,018)	(18,727)	3.70	3.84	(256)	(113)	–	–
Less: forfeited in the year	(5,632)	(5,479)	4.53	4.11	(244)	(102)	–	–
Less: expired in the year	–	–	–	–	–	–	–	–
Outstanding at end of year	74,027	78,929	4.48	4.22	3,824	2,472	–	–
Of which exercisable:	2,324	915	3.69	3.87	–	–	–	–

	ESAS [a, d]				PSP [a, d]			
	Number (000s)		Weighted average ex. price (£)		Number (000s)		Weighted average ex. price (£)	
	2007	2006	2007	2006	2007	2006	2007	2006
Outstanding at beginning of year	142,359	121,515	–	–	42,832	20,269	–	–
Granted in the year	76,064	59,758	–	–	20,331	22,563	–	–
Exercised/released in the year	(31,036)	(33,663)	–	–	–	–	–	–
Less: forfeited in the year	(5,187)	(5,251)	–	–	–	–	–	–
Less: expired in the year	–	–	–	–	–	–	–	–
Outstanding at end of year	182,200	142,359	–	–	63,163	42,832	–	–
Of which exercisable:	16,587	9,607	–	–	–	–	–	–

	BGI EOP [b]				Absa BEE [c]			
	Number (000s)		Weighted average ex. price (£)		Number (000s)		Weighted average ex. price (£)	
	2007	2006	2007	2006	2007	2006	2007	2006
Outstanding at beginning of year/acquisition date	6,929	5,442	57.79	25.26	73,152	73,152	3.50-5.03	4.41-6.35
Granted in the year	2,599	3,973	95.33	81.12	–	–	–	–
Exercised/released in the year	(1,632)	(2,188)	34.99	19.92	–	–	–	–
Less: forfeited in the year	(394)	(298)	59.63	52.66	–	–	–	–
Less: expired in the year	–	–	–	–	–	–	–	–
Outstanding at end of year	7,502	6,929	75.66	57.79	73,152	73,152	3.40-3.89	3.50-5.03
Of which exercisable:	1,556	1,050	47.00	18.99	73,152	–	3.40-3.89	–

	AGLSIT [c]				AGLSOT [c]			
	Number (000s)		Weighted average ex. price (£)		Number (000s)		Weighted average ex. price (£)	
	2007	2006	2007	2006	2007	2006	2007	2006
Outstanding at beginning of year/acquisition date	18,778	25,126	3.87	4.38	4,847	5,359	3.50-5.03	4.41-6.35
Granted in the year	260	586	7.62	6.57	–	–	–	–
Exercised/released in the year	(4,668)	(6,137)	3.60	2.86	(3,592)	–	–	–
Less: forfeited in the year	(752)	(797)	5.22	4.12	(309)	(512)	3.40-3.89	3.85-5.53
Less: expired in the year	–	–	–	–	–	–	–	–
Outstanding at end of year	13,618	18,778	4.81	3.87	946	4,847	3.40-3.89	3.50-5.03
Of which exercisable:	5,603	5,305	3.25	2.43	946	–	3.40-3.89	–

Notes

a Options/award granted over Barclays PLC shares.

b Options/award granted over Barclays Global Investors UK Holdings Limited shares.

c Options/award granted over Absa Group Limited shares.

d Nil cost award.

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44 Share-based payments (continued)

	AGLESAS [c, d]			
	Number (000s)		Weighted average ex. price (£)	
	2007	2006	2007	2006
Outstanding at beginning of year/acquisition date	37	–	–	–
Granted in the year	–	37	–	–
Exercised/released in the year	–	–	–	–
Less: forfeited in the year	–	–	–	–
Less: expired in the year	–	–	–	–
Outstanding at end of year	37	37	–	–
Of which exercisable:	–	–	–	–

	ISOP [a]				ESOS [a]			
	Number (000s)		Weighted average ex. price (£)		Number (000s)		Weighted average ex. price (£)	
	2007	2006	2007	2006	2007	2006	2007	2006
Outstanding at beginning of year	77,507	105,081	4.59	4.46	1,748	2,552	4.14	4.16
Granted in the year	–	–	–	–	–	–	–	–
Exercised/released in the year	(9,718)	(25,122)	4.35	4.04	(325)	(768)	4.20	4.20
Less: forfeited in the year	(47,240)	(2,452)	4.66	4.75	–	(36)	–	4.71
Less: expired in the year	–	–	–	–	–	–	–	–
Outstanding at end of year	20,549	77,507	4.56	4.59	1,423	1,748	4.13	4.14
Of which exercisable:	20,238	14,544	4.54	4.29	1,423	1,748	4.13	4.14

	Woolwich ESOP [a]				Woolwich SAYE [a]			
	Number (000s)		Weighted average ex. price (£)		Number (000s)		Weighted average ex. price (£)	
	2007	2006	2007	2006	2007	2006	2007	2006
Outstanding at beginning of year	700	1,260	3.81	3.80	–	3	–	3.32
Granted in the year	–	–	–	–	–	–	–	–
Exercised/released in the year	(160)	(560)	3.84	3.79	–	(1)	–	3.32
Less: forfeited in the year	–	–	–	–	–	(2)	–	3.32
Less: expired in the year	–	–	–	–	–	–	–	–
Outstanding at end of year	540	700	3.81	3.81	–	–	–	–
Of which exercisable:	540	700	3.81	3.81	–	–	–	–

The table below shows the weighted average share price at the date of exercise/release of shares:

	2007 £	2006 £
Sharesave [a]	5.72	6.95
Sharepurchase [a, d]	6.74	6.59
ESAS [a, d]	6.71	6.78
BGI EOP [b]	97.06	81.08
AGLSIT [c]	9.52	8.81
ISOP [a]	7.31	6.75
ESOS [a]	7.26	6.64
Woolwich ESOP [a]	7.24	6.65
Woolwich SAYE [a]	n/a	6.09

The exercise price range, the weighted average contractual remaining life and number of options outstanding (including those exercisable) at the balance sheet date are as follows:

Notes

a Options/award granted over Barclays PLC shares.

b Options/award granted over Barclays Global Investors UK Holdings Limited shares.

c Options/award granted over Absa Group Limited shares.

d Nil cost award.

44 Share-based payments (continued)

Exercise Price Range	2007 Weighted average remaining contractual life in years	2007 Number of options outstanding	2006 Weighted average remaining contractual life in years	2006 Number of options outstanding
Sharesave [a]				
£2.50-£3.49	–	328,822	1	2,177,121
£3.50-£4.49	2	40,371,606	2	59,531,668
£4.50-£5.49	4	33,327,119	4	17,220,043
Sharepurchase [a, d]	2	3,824,021	3	2,472,304
ESAS [a, d]	3	182,200,170	3	142,359,494
PSP [a, d]	1	63,162,894	2	42,832,026
BGI EOP [b]				
£6.11-£13.99	4	239,717	5	602,914
£14.00-£20.11	6	285,671	7	771,553
£20.12-£56.94	7	1,059,430	8	1,716,714
£56.95-£95.33	9	5,916,863	9	3,838,000
Absa BEE [c]				
£3.40-£4.89	2	73,152,300	3	73,152,300
AGLSIT [c]				
£3.60-£7.62	7	13,618,000	7	18,778,473
AGLSOT [c]				
£3.40-£4.89	2	946,000	3	4,847,400
AGLESAS [c, d]	3	37,059	3	37,059
ISOP [a]				
£2.50-£3.49	5	3,965,300	6	11,055,352
£3.50-£4.49	3	1,409,828	4	2,411,828
£4.50-£5.49	5	14,896,227	7	63,746,456
£5.50-£6.49	7	277,096	8	293,096
ESOS [a]				
£2.50-£3.49	–	4,000	1	45,288
£3.50-£4.49	1	1,418,818	2	1,702,612
Woolwich ESOP [a]				
£2.50-£3.49	2	110,616	3	128,624
£3.50-£4.49	2	429,584	3	571,836

There were no modifications to the share-based payment arrangements in the years 2007, 2006 and 2005. As at 31st December 2007, the total liability arising from cash-settled share-based payment transactions was £16m (2006: £7m).

At 31st December 2007, 7.5 million (2006: 6.9 million) options were outstanding under the terms of the BGI EOP (which would represent a 8.1% interest if exercised). Employees in BGI own 5.9% of the shares in Barclays Global Investors UK Holdings Limited (2006: 9.4%). If all the current options were exercised, £567.6m (2006: £400.5m) would be subscribed. Since the scheme was introduced, options over 20.9 million (2006: 19.3 million) shares have been exercised, of which 5.0 million are still held by employees and represent a minority interest in the Group.

At 31st December 2007, there were 73.2 million, 13.6 million and 0.9 million options granted over Absa Group Limited shares under the Absa Group Limited Black Economic Empowerment Transaction, Absa Group Limited Share Incentive Trust and Absa Group Limited Share Ownership Trust respectively. In aggregate, these options would represent a 13.1% interest in Absa Group Limited if exercised.

Notes

a Options/award granted over Barclays PLC shares.

b Options/award granted over Barclays Global Investors UK Holdings Limited shares.

c Options/award granted over Absa Group Limited shares.

d Nil cost award.

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45 Financial risks

Financial risk management

Barclays PLC is a major global financial services provider engaged in retail and commercial banking, credit cards, investment banking, wealth management and investment management services. Financial instruments are fundamental to the Group's business and managing financial risks, especially credit risk, is a fundamental part of its business activity. Barclays achieves its risk management goals by keeping risk management at the centre of the executive agenda and by building a culture where risk management is part of everyday business decision-making. Barclays ensures that it has the capacity to manage the risk in its established businesses as well as new and growing ones, and that its business plans are consistent with risk appetite, that is, the level of risk Barclays is willing to accept in fulfilling its business objectives.

Barclays risk management policies and processes are designed to identify and analyse risk, to set appropriate risk appetite, limits, and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date data. Risk management policies, models and systems are regularly reviewed to reflect changes to markets, products and best market practice. Individual responsibility and accountability, instilled through training, are designed to deliver a disciplined, conservative and constructive culture of risk management and control.

Risk responsibilities

The Board approves risk appetite and the Board Risk Committee monitors the Group's risk profile against this appetite:

– The Group Risk Director, under delegated authority from the Group Chief Executive and Group Finance Director, has responsibility for ensuring effective risk management and control;

– Business Heads are responsible for the identification and management of risk in their businesses;

– Business risk teams, each under the management of a Business Risk Director, are responsible for assisting Business Heads in the identification and management of their business risk profiles for implementing appropriate controls. These risk management teams also assist Group Risk in the formulation of Group Risk policy and the implementation of it across the businesses;

– Within Group risk, Risk-Type Heads and their teams are responsible for establishing a risk control framework and risk oversight; and

– Internal Audit is responsible for the independent review of risk management and the control environment.

Oversight of risk management is exercised by the Risk Oversight Committee which is chaired by the Group Risk Director under authority delegated by the Group Finance Director. The Risk Oversight Committee oversees management of the Group's risk profile, exercised through the setting, review and challenge of the size and constitution of the profile when viewed against the Group risk appetite.

The Group Executive Committee monitors and manages risk-adjusted performance of businesses and receives a regularly quarterly risk update including a copy of the Group Risk Profile Report.

The Board Risk Committee (BRC) reviews the Group risk profile, approves the Group Control Framework and approves minimum control requirements for principal risks.

The Board Audit Committee (BAC) considers the adequacy and effectiveness of the Group Control Framework and receives quarterly reports on control issues of significance and half-yearly reports on impairment allowances and regulatory reports.

Both BRC and BAC also receive reports dealing in more depth with specific issues relevant at the time. The proceedings of both Committees are reported to the full Board. The Board approves the overall Group risk appetite.

The Risk Oversight Committee is chaired by the Group Risk Director and oversees the management of the Group's risk profile and all of its significant risks. Oversight is exercised through the setting, review and challenge of the size and constitution of the profile when viewed against the Group's risk appetite. It has delegated and apportioned responsibility for credit risk management to the Retail and Wholesale Credit Risk Management Committees.

The main financial risks affecting the Group are discussed in Notes 46 to 48.

46 Market risk

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

Most market risk arises from trading activities. Barclays is also exposed to interest rate and potential foreign exchange risks arising from financial assets and liabilities not held for trading.

Market risk management and control responsibilities

The Board approves the overall market risk appetite. The Market Risk Director is responsible for the market risk control framework and, under delegated authority from the Group Risk Director, sets a limit framework within the context of the approved market risk appetite.

The head of each business, assisted by the business risk management team, is accountable for identifying, measuring and managing all market risks associated with the business' activities. Oversight and support is provided by the Market Risk Director, assisted by the central market risk team.

Market risk measurement

The measurement techniques used to measure and control market risk include:

– Daily Value at Risk;

– Stress Tests; and

– Annual Earnings at Risk.

Daily Value at Risk (DVaR)

DVaR is an estimate of the potential loss which might arise from unfavourable market movements, if the current positions were to be held unchanged for one business day, measured to a confidence level of 98%. Daily losses exceeding the DVaR figure are likely to occur, on average, twice in every 100 business days.

In Barclays Capital, DVaR is an important market risk measurement and control tool. DVaR is calculated using the historical simulation method with a historical sample of two years.

46 Market risk (continued)

DVaR Back-testing

The DVaR model is regularly assessed. The main approach employed is the technique known as back-testing which counts the number of days when trading losses exceed the corresponding DVaR estimate.

On the basis of DVaR estimated to a 98% confidence level, on average there would be five days each year when trading losses would be expected to exceed DVaR and would therefore be reflected as back-testing exceptions. For Barclays Capital's trading book, there were seven instances of a daily trading loss exceeding the corresponding 98% back-testing DVaR. These back-testing exceptions in 2007 reflected the increased volatility across a number of markets in which Barclays Capital operates. There were no instances of back-testing exceptions on a similar basis in 2006.

Annual Earnings at Risk (AEaR)

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

AEaR is used primarily to measure interest rate risk arising on non-trading assets and liabilities.

Traded market risk

Traded market risk management

Barclays policy is to concentrate trading activities in Barclays Capital. This includes transactions where Barclays Capital acts as principal with clients or with the market. For maximum efficiency, client and market activities are managed together.

In Barclays Capital, the Head of Market Risk is responsible for implementing the market risk control framework. Day to day responsibility for market risk lies with the senior management of Barclays Capital, supported by the Market Risk Management team that operates independently of the trading areas. Daily market risk reports are produced for the main Barclays Capital business areas covering the different risk categories including: interest rate, credit spread, commodity, equity and foreign exchange. A more detailed trading market risk presentation is produced fortnightly and discussed at Barclays Capital's Traded Products Risk Review meeting. This meeting is attended by the senior managers from Barclays Capital and the central market risk team.

Analysis of trading market risk exposures

The table below shows the DVaR statistics for Barclays Capital's trading and non-trading activities. DVaR is the main measure for internal risk management within Barclays Capital.

Barclays Capital's market risk exposure, as measured by average total Daily Value at Risk (DVaR), increased by 13% to £42.0m (2006: £37.1m). Interest rate and credit spread risks were broadly unchanged while commodity DVaR and equity DVaR increased by £8.9m and £3.4m respectively. The growth in both these risks is consistent with Barclays Capital's business plan. Diversification across risk types remained significant, reflecting the broad product mix. Total DVaR as at 31st December 2007 was £53.9m (31st December 2006 £41.9m). This growth reflected the increased market volatility in the second half of the year.

Barclays Capital DVaR: Summary table for 2007 and 2006

	12 months to 31st December 2007		
	Average £m	High £m	Low £m
Interest rate risk	**20.0**	**33.3**	**12.6**
Credit spread risk	**24.9**	**43.3**	**14.6**
Commodities risk	**20.2**	**27.2**	**14.8**
Equities risk	**11.2**	**17.6**	**7.3**
Foreign exchange risk	**4.9**	**9.6**	**2.9**
Diversification effect [a]	**(39.2)**	**n/a**	**n/a**
Total DVaR	**42.0**	**59.3**	**33.1**

	12 months to 31st December 2006		
	Average £m	High £m	Low £m
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
Foreign exchange risk	4.0	7.7	1.8
Diversification effect [a]	(30.4)	n/a	n/a
Total DVaR	37.1	43.2	31.3

Note

a The high (and low) DVaR figures reported for each category did not necessarily occur on the same day as the high (and low) DVaR reported as a whole. Consequently, a diversification effect number for the high (and low) DVaR figures would not be meaningful and it is therefore omitted from the above table.

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46 Market risk (continued)

Non-trading interest rate risk

Asset and liability market risk

Interest rate risk arises from the provision of retail and wholesale (non-trading) banking products and services, as well as foreign currency translational exposures within the Group's balance sheet.

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

Sensitivity analysis

Set out below are the impacts on net interest income and equity of a reasonably possible change in market rates of interest, based on the AEaR model described above.

(a) Impact on net interest income

The sensitivity of the income statement is the effect of the assumed changes in interest rates on the net interest income for one year, based on the non-trading financial assets and financial liabilities held at 31st December 2007, including the effect of hedging instruments.

The effect on net interest income, and therefore profit before tax, of a 50 basis points change would be as follows:

	+50 basis points 2007 £m	–50 basis points 2007 £m	+50 basis points 2006 £m	–50 basis points 2006 £m
GBP	19	(19)	11	(11)
USD	(1)	1	(4)	4
EUR	(11)	11	(9)	9
ZAR	9	(9)	12	(12)
Others	2	(2)	1	(1)
Total	18	(18)	11	(11)
As percentage of net interest income	0.19%	(0.19%)	0.12%	(0.12%)

Note: This table excludes exposures held or issued by Barclays Capital as these are measured and managed using DVaR.

(b) Impact on equity

Interest rate changes affect equity in the following three ways:

- Higher or lower profit after tax resulting from higher or lower net interest income
- Higher or lower available for sale reserves reflecting higher or lower fair values of available for sale financial instruments
- Higher or lower values of derivatives held in the cash flow hedging reserves

The sensitivities of equity shown below are based on scenarios constructed from actual exposures and consider the impact on the cash flow hedging reserve and the available for sale reserve only. They are calculated by revaluing fixed rate available-for-sale financial assets, including the effect of any associated hedges, and derivatives designated as cash flow hedges, for the effect of the assumed changes in interest rates. They are based on the assumption that there are parallel shifts in the yield curve. The effects of taxation have been estimated using the Group's effective tax rate of 28% (2006: 27%).

	+50 basis points 2007 £m	–50 basis points 2007 £m	+50 basis points 2006 £m	–50 basis points 2006 £m
Net interest income	18	(18)	11	(11)
Taxation effects on the above	(5)	5	(3)	3
Effect on profit for the year	13	(13)	8	(8)
As percentage of net profit after tax	0.26%	(0.26%)	0.15%	(0.15%)
Effect on profit for year (per above)	13	(13)	8	(8)
Available for sale reserve	(150)	150	(185)	185
Cashflow hedging reserve	(225)	225	(304)	304
Taxation effects on the above	105	(105)	132	(132)
Effect on equity	(257)	257	(349)	349

As a percentage of equity	**(0.79%)**	**0.79%**	(1.28%)	1.28%

46 Market risk (continued)

Concentrations of interest rate risk

The table below summarises the repricing profiles of the Group's financial instruments and other assets and liabilities at their carrying value on 31st December 2007. Items are allocated to time periods by reference to the earlier of the next contractual interest rate repricing date and the maturity date.

As at 31st December 2007

	Not more than three months £m	Over three months but not more than six months £m	Over six months but not more than one year £m	Over one year but not more than three years £m	Over three years but not more than five years £m	Over five years but not more than ten years £m	Over ten years £m	Trading portfolio and derivatives £m	Non-interest bearing £m	Total £m
Assets										
Cash and balances at central banks	4,370	–	–	–	–	–	–	–	1,431	5,801
Items in course of collection from other banks	194	–	–	–	–	–	–	–	1,642	1,836
Trading portfolio assets	–	–	–	–	–	–	–	193,691	–	193,691
Financial assets designated at fair value:										
Held on own account	21,436	12,587	9,208	3,526	2,706	1,339	2,753	–	3,074	56,629
Derivative financial instruments	–	–	–	–	–	–		248,088	–	248,088
Loans and advances to banks	33,770	501	500	164	181	158	–	–	4,846	40,120
Loans and advances to customers	246,776	20,481	14,452	20,312	10,864	10,082	5,193	–	17,238	345,398
Available for sale financial instruments	25,989	2,370	2,223	3,632	1,466	4,414	2,057	–	921	43,072
Reverse repurchase agreements and cash collateral on securities borrowed	175,679	3,307	2,032	802	191	118	946	–	–	183,075
Total financial assets	508,214	39,246	28,415	28,436	15,408	16,111	10,949	441,779	29,152	1,117,710
Other assets	–	–	–	–	–	–	–	–	109,651	109,651
Total assets	508,214	39,246	28,415	28,436	15,408	16,111	10,949	441,779	138,803	1,227,361
Liabilities										
Deposits from other banks	81,802	2,244	907	235	1	21	181	–	5,155	90,546
Items in course of collection due to other banks	76	–	–	–	–	–	–	–	1,716	1,792
Customer accounts	233,474	8,812	3,844	2,511	377	59	1,217	–	44,693	294,987
Trading portfolio liabilities	–	–	–	–	–	–	–	65,402	–	65,402
Financial liabilities designated at fair value:										
Held on own account	27,030	7,993	3,874	3,122	2,323	724	766	–	28,657	74,489
Derivative financial instruments	–	–	–	–	–	–	–	248,288	–	248,288
Debt securities in issue	102,883	10,034	4,529	1,821	632	209	120	–	–	120,228
Repurchase agreements and cash collateral on securities lent	163,112	1,789	2,085	37	92	4	–	–	2,310	169,429
Subordinated liabilities	5,735	695	59	650	1,134	5,465	4,410	–	2	18,150
Total financial liabilities	614,112	31,567	15,298	8,376	4,559	6,482	6,694	313,690	82,533	1,083,311
Other liabilities	–	–	–	–	–	–	–	–	111,574	111,574
Total liabilities	614,112	31,567	15,298	8,376	4,559	6,482	6,694	313,690	194,107	1,194,885
Interest rate repricing gap	(105,898)	7,679	13,117	20,060	10,849	9,629	4,255			
Cumulative gap	(105,898)	(98,219)	(85,102)	(65,042)	(54,193)	(44,564)	(40,309)			

Financial assets designated at fair value held in respect of linked liabilities to customers under investment contracts, and the related liabilities, have been omitted from the above analysis as the Group is not exposed to the interest rate risk inherent in these assets or liabilities.

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46 Market risk (continued)

As at 31st December 2006

	Not more than three months £m	Over three months but not more than six months £m	Over six months but not more than one year £m	Over one year but not more than three years £m	Over three years but not more than five years £m	Over five years but not more than ten years £m	Over ten years £m	Trading portfolio and derivatives £m	Non-interest bearing £m	Total £m
Assets										
Cash and balances at central banks	7,012	–	–	–	–	–	–	–	333	7,345
Items in course of collection from other banks	654	–	–	–	–	–	–	–	1,754	2,408
Trading portfolio assets	–	–	–	–	–	–	–	177,867	–	177,867
Financial assets designated at fair value:										
Held on own account	17,831	834	387	1,121	2,544	1,131	6,231	–	1,720	31,799
Derivative financial instruments	–	–	–	–	–	–	–	138,353	–	138,353
Loans and advances to banks	25,012	483	233	211	69	36	1	–	4,881	30,926
Loans and advances to customers	195,500	15,048	14,225	24,850	9,485	6,399	7,699	–	9,094	282,300
Available for sale financial instruments	25,899	2,427	7,780	3,737	3,234	6,701	1,091	–	834	51,703
Reverse repurchase agreements and cash collateral on securities borrowed	157,592	4,721	8,338	–	3,431	–	–	–	8	174,090
Total financial assets	429,500	23,513	30,963	29,919	18,763	14,267	15,022	316,220	18,624	896,791
Other assets	–	–	–	–	–	–	–	–	99,996	99,996
Total assets	429,500	23,513	30,963	29,919	18,763	14,267	15,022	316,220	118,620	996,787
Liabilities										
Deposits from other banks	72,353	1,377	763	351	–	7	199	–	4,512	79,562
Items in course of collection due to other banks	20	–	–	–	–	–	–	–	2,201	2,221
Customer accounts	207,023	3,965	3,963	2,371	506	43	216	–	38,667	256,754
Trading portfolio liabilities	–	–	–	–	–	–	–	71,874	–	71,874
Financial liabilities designated at fair value:										
Held on own account	20,186	5,635	3,800	1,538	1,607	1,843	774	–	18,604	53,987
Derivative financial instruments	–	–	–	–	–	–	–	140,697	–	140,697
Debt securities in issue	92,649	5,624	2,430	4,020	1,630	3,249	1,535	–	–	111,137
Repurchase agreements and cash collateral on securities lent	122,612	6,132	2,348	1,662	–	–	2,818	–	1,384	136,956
Subordinated liabilities	3,192	377	21	1,074	783	3,475	4,842	–	22	13,786
Total financial liabilities	518,035	23,110	13,325	11,016	4,526	8,617	10,384	212,571	65,390	866,974
Other liabilities	–	–	–	–	–	–	–	–	102,423	102,423
Total liabilities	518,035	23,110	13,325	11,016	4,526	8,617	10,384	212,571	167,813	969,397
Interest rate repricing gap	(88,535)	403	17,638	18,903	14,237	5,650	4,638			
Cumulative gap	(88,535)	(88,132)	(70,494)	(51,591)	(37,354)	(31,704)	(27,066)			

Financial assets designated at fair value held in respect of linked liabilities to customers under investment contracts, and the related liabilities, have been omitted from the above analysis as the Group is not exposed to the interest rate risk inherent in these assets or liabilities.

46 Market risk (continued)

Effective interest rates

Weighted average effective interest rates were as follows:

	2007 %	2006 %
As at 31st December		
Assets		
Cash and balances at central banks	4.2	4.1
Loans and advances to banks	4.5	4.1
Loans and advances to customers	7.1	6.5
Available for sale financial instruments	5.0	4.6
Reverse repurchase agreements and cash collateral on securities borrowed	4.2	4.2
Liabilities		
Deposits from other banks	4.2	4.3
Customer accounts	3.8	3.4
Debt securities in issue	5.3	5.0
Repurchase agreements and cash collateral on securities lent	3.9	4.2
Subordinated liabilities	5.9	5.9

Foreign exchange risk

The group is exposed to two sources of foreign exchange risk.

(a) Transactional foreign currency exposure

Transactional foreign exchange exposures represent exposure on banking assets and liabilities, denominated in currencies other than the functional currency of the transacting entity.

The Group's risk management policies prevent the holding of significant open positions in foreign currencies outside the trading portfolio managed by Barclays Capital which is monitored through DVaR.

There were no material net transactional foreign currency exposures outside the trading portfolio at either 31st December 2007 or 2006. Due to the low level of non-trading exposures no reasonably possible change in foreign exchange rates would have a material effect on either the Group's profit or movements in equity for the year ended 31st December 2007 or 2006.

(b) Translational foreign exchange exposure

The Group operates in a number of economic environments resulting in structural foreign exchange exposures on net investments in branches, subsidiaries or associated undertakings, the functional currencies of which are currencies other than Sterling.

Exchange differences are created by the translation of these net assets measured in their functional currencies to Sterling, the Group's presentational currency. These exchange differences are recorded in the consolidated translation reserve and reflected in the statement of recognised income and expense. Additionally the Group's regulatory capital ratios are sensitive to foreign exchange movements in reserves, goodwill, minority interests and other non-Sterling debt capital as well as non sterling risk weighted assets.

The Group's policy is to economically hedge foreign currency net investments, where practical, after taking consideration of available markets to conduct hedging, the size of the investment and the cost of hedging; unless doing so would result in capital ratios which are overly sensitive to foreign exchange movements.

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46 Market risk (continued)

The Group uses foreign currency borrowings and derivatives to hedge its foreign currency net investments. There was no ineffectiveness arising from these hedges in the year ended 31st December 2007. The carrying value of the Group's foreign currency net investments and the foreign currency borrowings and derivatives used to hedge them as at 31st December 2007 were as follows:

At 31st December 2007 **Functional currency of the operation involved**	**Foreign currency net investments £m**	**Borrowings which hedge the net investments £m**	**Derivatives which hedge the net investments £m**	**Structural currency exposures pre economic hedges £m**	**Economic hedges £m**	**Remaining structural currency exposures £m**
United States Dollar	**3,273**	**1,000**	**–**	**2,273**	**3,575**	**(1,302)**
Euro	**3,690**	**1,506**	**–**	**2,184**	**2,387**	**(203)**
Rand	**3,205**	**–**	**2,599**	**606**	**165**	**441**
Japanese Yen	**2,986**	**180**	**2,773**	**33**	**–**	**33**
Swiss Franc	**2,140**	**–**	**2,131**	**9**	**–**	**9**
Other	**1,847**	**53**	**465**	**1,329**	**–**	**1,329**
Total	**17,141**	**2,739**	**7,968**	**6,434**	**6,127**	**307**

At 31st December 2006 **Functional currency of the operation involved**	Foreign currency net investments £m	Borrowings which hedge the net investments £m	Derivatives which hedge the net investments £m	Structural currency exposures pre economic hedges £m	Economic hedges £m	Remaining structural currency exposures £m
United States Dollar	4,462	2,141	–	2,321	2,361	(40)
Euro	3,409	1,185	–	2,224	2,180	44
Rand	2,849	–	2,665	184	165	19
Japanese Yen	2,754	202	2,527	25	–	25
Swiss Franc	2,071	158	1,900	13	–	13
Other	2,069	205	410	1,454	742	712
Total	17,614	3,891	7,502	6,221	5,448	773

The economic hedges represent the US Dollar and Euro Preference Shares and Reserve Capital Instruments in issue that are treated as equity under IFRS, and do not qualify as hedges for accounting purposes.

The impact of a change in the exchange rate between Sterling and any of the major currencies would be:

– A higher or lower profit after tax, arising from changes in the exchange rates used to translate items in the consolidated income statement

– A higher or lower currency translation reserve within equity, representing the retranslation of non Sterling subsidiaries, branches and associated undertakings net of the revaluation of the hedges of net investments.

– A higher or lower value of available for sale investments denominated in foreign currencies, impacting the available for sale reserve.

The impact of foreign exchange rate changes on derivatives and borrowings designated as IFRS net investment hedges would be fully offset by the impact on the hedged net investments, resulting in no impact on the Group profit or equity.

47 Credit risk

Credit risk is the risk of suffering financial loss, should any of the Group's customers, clients or market counterparties fail to fulfil their contractual obligations to the Group. Credit risk arises mainly from commercial and consumer loans and advances, credit cards, and loan commitments arising from such lending activities, but can also arise from credit enhancement provided, such as financial guarantees, letters of credit, endorsements and acceptances.

Barclays is also exposed to other credit risks arising from investments in debt securities and other exposures arising from its trading activities ('trading exposures') including, non-equity trading portfolio assets, derivatives as well as settlement balances with market counterparties and reverse repo loans.

Losses arising from exposures held for trading (derivatives, debt securities) are accounted for as trading losses, rather than impairment charges, even though the fall in value causing the loss may be attributable to credit deterioration.

Credit risk management and control responsibilities

The granting of credit is one of the Group's major sources of income and is therefore one of its most significant risks, and the Group dedicates considerable resources to controlling it effectively.

The credit risk management teams in each business are accountable to the Business Risk Directors in those businesses who, in turn, report to the heads of their businesses and also to the Group Risk Director.

The Credit Risk function provides Group-wide direction of credit risk-taking. The teams within this function manage the resolution of all significant credit policy issues and run the Credit Committee, which approves major credit decisions.

Each business segment has an embedded credit risk management team. These teams assist Group Risk in the formulation of Group Risk policy and the implementation of it across the businesses. Examples include ensuring that:

– Maximum exposure guidelines are in place relating to the exposures to any individual customer or counterparty;

– Country risk policy specifies risk appetite by country and avoids excessive concentration of credit risk by country; and

– Policies are in place to monitor exposures to individual industrial sectors.

The principal committees that review credit risk management, formulate overall Group credit policy and resolve all significant credit policy issues are the Wholesale Credit Risk Management Committee, the Retail Credit Risk Management Committee, the Risk Oversight Committee and the Board Risk Committee. All these Committees receive regular and comprehensive reports on risk issues.

The Retail Credit Risk Management Committee (RCRMC) oversees exposures, which comprise unsecured personal lending (including small businesses), mortgages and credit cards. The RCRMC monitors the risk profile and performance of the retail portfolios by receipt of key risk measures and indicators at an individual portfolio level, ensuring mitigating actions taken to address performance are appropriate and timely. Metrics reviewed will consider portfolio composition and both an overall stock and new flow level.

The Wholesale Credit Risk Management Committee (WCRMC) oversees wholesale exposures, comprising lending to businesses, banks and other financial institutions. The WCRMC monitors exposure by country, industry sector, individual large exposures and exposures to sub-investment grade countries.

The monthly Wholesale and Retail Credit Risk Management Committees exercise oversight through review and challenge of the size and constitution of the portfolios when viewed against Group risk appetite for wholesale and retail credit risks. They are chaired by the Group Wholesale and Retail Credit Risk Directors.

Corporate and commercial lending

Corporate accounts which are deemed to contain heightened levels of risk are recorded on graded problem loan lists known as early-warning or watch lists. These are updated monthly and circulated to the relevant risk control points. Once listing has taken place, exposures are closely monitored and, where appropriate, reduced.

These lists are graded in line with the perceived severity of the risk attached to the lending, and its probability of default. Businesses with exposure to corporate customers all work to three categories of increasing concern. By the time an account becomes impaired it will normally have passed through all three categories, which reflect the need for ever-increasing caution and control.

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

Retail lending

Within the retail portfolios, which tend to comprise homogeneous assets, statistical techniques more readily allow the risk of impairment to be monitored on a portfolio basis. This applies to UK Retail Banking, Barclays Wealth, International Retail and Commercial Banking and Barclaycard.

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

Debt securities

Managing credit risk associated with debt securities differs in important respects from the process for loans originated by the Group. Firstly, market prices are generally available for listed bonds and securities and these prices are a good indicator of the credit standing of the issuer. Secondly, most listed and some unlisted securities are rated by external rating agencies which is another strong indicator of overall credit quality. Where such ratings are not available or are not current, the Group will have regard to its own internal ratings for the securities.

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47 Credit risk (continued)

Settlement risk

The Group is exposed to settlement risk in its dealings with market counterparties (predominantly other financial institutions). These risks arise, for example, in foreign exchange transactions when Barclays pays away its side of the transaction to another bank or other counterparty before receiving payment from the other side. The risk is that the counterparty may not meet its obligation. It also arises on derivative contracts where the carrying value of the financial asset is related to the credit condition of the counterparty.

Settlement risk also arises through the operation of a number of systems through which Barclays makes and receives payments on behalf of its customers.

While these exposures are of short duration, they can be large. In recent years, settlement risk has been reduced by several industry initiatives that have enabled simultaneous and final settlement of transactions to be made (such as payment-versus-payment through Continuous Linked Settlement and delivery-versus-payment in central bank money).

Barclays has worked with its peers in the development of these arrangements. Increasingly the majority of high value transactions are settled by such mechanisms. Where these mechanisms are not available, the risk is further reduced by dealing predominantly with highly-rated counterparties, holding collateral and limiting the size of the exposures according to the rating of the counterparty, with smaller exposures to those of higher risk.

Country risk

Credit risk is manifested as country risk where difficulties may arise in the country in which the exposure is domiciled, thus impeding or reducing the value of the asset, or where the counterparty is the country itself.

Barclays manages country risk by setting a country risk appetite, which is known as the Country Guideline and agreed at the Group Credit Committee. All cross-border or domestic foreign currency transactions are aggregated to give the current utilisation, in terms of country loss given default (CLGD), against country appetite. The level of CLGD incurred by a counterparty transaction will largely depend on three main factors: the country severity, the product severity and counterparty grade. The calculation and loss given default is described under 'Credit Risk measurement' below.

CLGD is incurred in the country of direct risk, defined as where the majority of operating assets are held. This may differ from the country of incorporation. However, where transactions are secured with collateral, the country risk can be transferred from the country of the borrower to the country of the collateral provider. This is only permitted where the collateral definitely covers the borrowing and is not expected to decrease over time.

Credit risk measurement

Barclays uses statistical modelling techniques throughout its business in its credit rating systems. These systems assist the Bank in frontline credit decisions on new commitments and in managing the portfolio of existing exposures. They enable a coherent approach to risk measurement across all credit exposures, retail and wholesale. The key building blocks in the measurement system are the probability of customer default (PD), exposure in the event of default (EAD), and severity of loss-given-default (LGD). Using these, Barclays builds the analyses that lead to its decision support systems in the Risk Appetite context described previously.

Where financial models are used to monitor credit risk, they are based upon customers' personal and financial performance information over recent periods as a predictor for future performance. The models are reviewed regularly to monitor their robustness relative to actual performance and amended as necessary to optimise their effectiveness.

For corporate and wholesale customers, Barclays also assesses the credit quality of borrowers and other counterparties and assigns them an internal risk rating. There are two different categories of default rating used. The first reflects the statistical probability of a customer in a rating class defaulting within the next 12-month period, and is referred to as a point in time rating (PIT). The second also reflects the statistical probability of a customer in a rating class defaulting, but the period of assessment is 12 months of average credit conditions for the customer type. This type of rating therefore provides a measure of risk that is independent of the current credit conditions for a particular customer type, is much more stable over time than a PIT rating and is referred to as a through the cycle (TTC) rating.

Country risk grades are assigned to all countries where the Group has, or is likely to have, exposure and are reviewed every quarter to ensure they remain appropriate. Country grades, which are derived from long-term sovereign foreign currency ratings, range from 1 (lowest probability of default) to 21 (highest probability of default). A ceiling is applied where a country is graded 12 or lower so that the counterparty cannot be graded higher than the country, unless some form of protection is available in the event of a cross-border event, such as a significant portion of a counterparty's assets or income being held or generated in a convertible currency.

As noted above, for listed debt securities, the Group has regard to both external credit ratings and internal default grades where such ratings are not available or current.

Multiple rating methodologies may be used to inform the rating decision on individual large credits, such as internal and external models, rating agency grades and, for wholesale assets, market information such as credit spreads. For smaller credits, a single source may suffice, such as the result from a rating model.

For debt securities and counterparties where third party ratings are used to inform credit decisions, the Group mainly uses those provided by Standards and Poors' or Moody's.

Barclays wholesale credit rating contains 21 grades, representing the Group's best estimate of credit risk for a counterparty based on current economic conditions.

Retail customers are not assigned internal risk ratings in this way for account management purposes, although a mapping of the PIT probability of default to one of eight Barclays Retail Grades (BRG) is used for some internal reporting purposes.

The tables below detail how external rating grades, Default Grades and Barclays Retail Grades relate to the categories of credit quality selected for the financial statements. Where applicable, the internal measure of probability of default has been presented for indicative purposes.

47 Credit risk (continued)

Listed and unlisted debt securities and market counterparties where external ratings are available

External ratings	Financial statements description
AAA, AA+, AA, AA-, A+, A, A-,BBB+, BBB, BBB-	Strong
BB+, BB, BB-, B+, B	Satisfactory
B-, CCC+, CCC and lower	Weak / Substandard

Wholesale lending

Default Grade	Financial statements description	Probability of default
1-3 4-5 6-8 9-11	Strong	0.0-0.05% 0.05-0.15% 0.15-0.30% 0.30-0.60%
12-14 15-19	Satisfactory	0.60-2.15% 2.15-11.35%
20-21	Weak / Substandard	11.35% +

Retail lending

Barclays Retail Grade	Financial statements description	Probability of default
1 2 3	Strong	0.0-0.15% 0.15-0.30% 0.30-0.60%
4-5 5-7	Satisfactory	0.60-2.50% 2.50-10.00%
8	Weak / Substandard	10.00% +

Financial statement descriptions can be summarised as follows:

Strong – there is a very high likelihood of the asset being recovered in full. If it is a debt security, then it will be investment grade.

Satisfactory – whilst there is a high likelihood that the asset will be recovered and therefore, of no cause for concern to the Group, the asset may not be collateralised, or may relate to retail facilities, such as credit card balances and unsecured loans, which have been conservatively classified as satisfactory, regardless of the fact that the output of internal grading models may have indicated a higher classification. At the lower end of this grade there are customers that are being more carefully monitored, for example corporate customers which are indicating some evidence of some deterioration, mortgages with a high loan to value ratio, and unsecured retail loans operating outside normal product guidelines.

Weak/Sub-standard – there is concern over the obligor's ability to make payments when due. However, these have not yet converted to actual delinquency. There may also be doubts over the value of collateral or security provided. However, the borrower or counterparty is continuing to make payments when due and is expected to settle all outstanding amounts of principal and interest.

Credit risk mitigation, collateral, security, and other credit enhancements

The Group uses a wide variety of techniques to reduce credit risk on its lending. The most important of these is performing an assessment of the ability of a borrower to service the proposed level of borrowing. Barclays policy is to establish that loans are within the customer's capacity to repay, rather than to rely excessively on security. As a result no security is required for a wide range of lending products.

Credit risk mitigation

Barclays actively manages its credit exposures. When weaknesses in exposures are detected – either in individual exposures or in groups of exposures –the Group takes action to mitigate the risks. Such actions may, for example, include; reducing the amounts outstanding (in discussion with the customers, clients or counterparties if appropriate); using credit derivatives securitising the assets; and, on occasion, selling them.

Barclays maintains the diversification of its portfolio to avoid unwanted credit risk concentrations. Maximum exposure guidelines are in place relating to the exposures to any individual counterparty. These permit higher exposures to higher-rated borrowers than to lower-rated borrowers. They also distinguish between types of counterparty, for example, between sovereign governments, banks and corporations. Excesses are considered individually at the time of credit sanctioning, are reviewed regularly, and are reported to the Risk Oversight Committee and the Board Risk Committee.

Similarly, country risk policy specifies risk appetite by country and avoids excessive concentrations of credits in individual countries, whilst other policies limit lending to certain industries.

A further protection against undesirable concentration of risk is the mandate and scale framework. Mandate and scale limits, which can also be set at Group level to reflect overall risk appetite, can relate either to the stock of current exposures in the relevant portfolio or to the flow of new exposures into that portfolio. Typical limits include the proportion of lending with maturity in excess of seven years and the proportion of new mortgage business that is buy-to-let.

47 Credit risk (continued)

Businesses may put in place other forms of credit risk mitigation, such as credit derivatives or other forms of credit protection in accordance with their procedures or policies. Hedges and mitigants are monitored and risk appetite reviewed to ensure that credit risk is kept to acceptable levels.

Collateral and security

Collateral and security can be an important mitigant of credit risk.

The Group routinely obtains collateral and security, such as in the case of a residential or commercial mortgage, a reverse repurchase agreement, or a commercial loan with a floating charge over book debts and inventories.

The Group ensures that any collateral held is sufficiently liquid, legally effective, enforceable and regularly reassessed. Before attaching value to collateral, businesses holding specific, agreed classes of collateral must ensure that they are holding a correctly perfected charge.

The principal collateral and security types are as follows:

– Personal lending – mortgages over residential properties;

– Commercial and industrial sector – charges over business assets such as premises, stock and debtors, and third party credit protection (i.e. guarantees);

– Commercial real estate sector – charges over the properties being financed; and,

– Over-The-Counter (OTC) trading exposures – cash; direct debt obligation government (G14+) bonds denominated in the domestic currency of the issuing country, debt issued by supranationals and letters of credit issued by an institution with a long-term unsecured debt rating of A+/A3 or better.

Valuation of the collateral and security taken is within agreed parameters.

Before reliance is placed on third party protection in the form of bank, government or corporate guarantees or credit derivative protection from financial intermediary counterparties, a credit assessment is undertaken. Eligibility parameters for guarantees and credit derivative are similar to those applied to collateral held against OTC traded exposures.

Any collateral taken in respect of OTC trading exposures will be subject to a ‘haircut’ which is negotiated at the time of signing the collateral agreement. A haircut is the valuation percentage applicable to each type of collateral and will be largely based on liquidity and price volatility of the underlying security.

The Group also uses various forms of specialised legal agreements to reduce risk, including entering into master netting agreement with counterparties, which the Group uses to restrict its exposure to credit losses. Group policy requires all netting arrangements to be legally documented. The ISDA Master Agreement is the Group’s preferred agreement for documenting OTC activity. It provides the contractual framework within which dealing activities across a full range of OTC products are conducted and contractually binds both parties to apply close-out netting across all outstanding transactions covered by an agreement if either party defaults or other pre-determined events occur. In the normal course of events, where the master agreement is ISDA, the collateral document will be the ISDA Credit Support Annex (CSA). The collateral document must give Barclays the power to realise any collateral placed with it in the event of the failure of the counterparty, and to place further collateral when requested or in the event of insolvency, administration or similar processes, as well as in the case of early termination.

Security structures and legal covenants are subject to regular review, at least annually, to ensure that they remain fit for purpose and remain consistent with accepted local market practice.

Any properties repossessed are made available for sale in an orderly and timely fashion, with any proceeds realised being used to reduce or repay the outstanding loan. For business customers, in some circumstances, where excess funds are available after repayment in full of the outstanding loan, they are offered to any other, lower ranked, secured lenders. Any additional funds are returned to the customer. Barclays does not, as a rule, occupy repossessed properties for its business use.

Maximum exposure to credit risk before collateral held or other credit enhancements

For financial assets recognised on the balance sheet, the exposure to credit risk equals their carrying amount. For financial guarantees granted, the maximum exposure to credit risk is the maximum amount that Barclays would have to pay if the guarantees were to be called upon. For loan commitments and other credit related commitments that are irrevocable over the life of the respective facilities, the maximum exposure to credit risk is the full amount of the committed facilities.

The following table presents the maximum exposure at 31 December 2007 and 2006 to credit risk of balance sheet and off balance sheet financial instruments, before taking account of any collateral held or other credit enhancements and after allowance for impairment and netting where appropriate.

47 Credit risk (continued)

This analysis and all subsequent analyses of credit risk include financial assets subject to credit risk only. They exclude other financial assets, mainly equity securities held in trading portfolio or available for sale as well as non-financial assets. The nominal value of off-balance sheet credit related instruments are also shown, where appropriate.

Financial assets designated at fair value held in respect of linked liabilities to customers under investment contracts have not been included as the Group is not exposed to credit risk on these assets. Credit losses in these portfolios, if any, would lead to a reduction in the linked liabilities and result in no direct loss to the Group.

	2007 £m	2006 £m
On balance sheet:		
Cash and balances at central banks	5,801	7,345
Items in course of collection from other banks	1,836	2,408
Trading portfolio:		
Treasury and other eligible bills	2,094	2,960
Debt securities	152,778	140,576
Traded Loans	1,780	1,843
Total trading portfolio	156,652	145,379
Financial assets designated at fair value held on own account:		
Loans and advances	23,491	13,196
Debt securities	24,217	12,100
Other financial assets	3,545	2,792
Total financial assets designated at fair value held on own account	51,253	28,088
Derivative financial investments	248,088	138,353
Loans and advances to banks	40,120	30,926
Loans and advances to customers:		
Residential mortgage loans	111,955	94,511
Credit card receivables	14,289	13,399
Other personal lending	24,968	20,511
Wholesale and corporate loans and advances	183,109	143,836
Finance lease receivables	11,077	10,043
Total loans and advances to customers	345,398	282,300
Available for sale financial investments:		
Treasury and other eligible bills	2,723	2,420
Debt securities	38,673	47,912
Total available for sale financial investments:	41,396	50,332
Reverse repurchase agreements	183,075	174,090
Other assets	3,966	4,097
Total on balance sheet	1,077,585	863,318
Off balance sheet:		
Acceptances and endorsements	365	287
Guarantees and letters of credit pledged as collateral security	35,692	31,252
Commitments	192,639	205,504
Total off balance sheet	228,696	237,043
Total maximum exposure at 31st December	1,306,281	1,100,361

47 Credit risk (continued)

Whilst the Group's maximum exposure to credit risk is the carrying value of the assets, or, in the case of off-balance sheet items the amount guaranteed, committed, accepted or endorsed, in most cases the likely exposure is far less due to collateral, credit enhancements and other actions taken to mitigate the Group's exposure, described below for each class of financial instrument:

Asset	Nature of collateral obtained or other credit risk mitigation
Cash with central banks, items in the course of collection, and loans and advances to banks	Due to the nature of the counterparties, collateral is generally not sought on these balances which are considered to be low risk.
Trading portfolio	The credit risk of these assets is reflected in their fair values. No collateral or enhancements are obtained directly from the issuer or counterparty but may be implicit in the terms of the instrument.
Financial assets designated at fair value held on own account	The credit risk of these assets is reflected in their fair values. Debt securities may be collateralised, according to their terms. Loans and advances included in this category may be collateralised.
Derivatives	Credit risk is also minimised where possible through netting agreements whereby derivative assets and liabilities with the same counterparty can be offset. Collateral will also be sought, depending on the creditworthiness of the counterparty and/or nature of the transaction.
Loans and advances to customers	
– Residential mortgage loans	These are secured by a fixed charge over the property. In addition, portfolios may be securitised.
– Credit card receivables	This lending is generally unsecured. Balances may be securitised.
– Other personal lending	In general this is unsecured. For certain personal lending, a charge over the borrower's property or other assets may be sought.
– Wholesale and corporate loans and advances	Various forms of collateral may be sought for these loans, often in the form of a fixed charge over the borrower's property and a floating charge over the current assets of a corporate borrower. Loan covenants may be put in place to safeguard the bank's financial position. If the exposure is sufficiently large, either individually or at the portfolio level, credit protection in the form of guarantees, credit derivatives or insurance may be taken out.
– Finance lease receivables	The net investment in the lease is secured through retention of legal title to the leased assets.
Available for sale assets	No collateral or enhancements are obtained although collateral may be inherent in the structure of the asset.
Reverse repurchase agreements and cash collateral on securities borrowed	These loans are fully collateralised with the securities legally transferred to the Group. The level of collateral is monitored daily and further collateral calls made when required.
Off balance sheet	The Group applies the same risk management policies for off balance sheet risks as it does for its on balance sheet risks. Collateral may be sought, depending on the strength of the counterparty and/or nature of the transaction.
Acceptances and endorsements	Amounts paid are normally repaid by the customer on presentation.
Guarantees and letters of credit pledged as security	The Group is only required to meet its obligations should the customer default, in which case the Group will generally have recourse to the customer.
Commitments	These are commitments to future lending and are subject to the Group's normal lending policies including taking collateral depending on the customers' circumstances.

Financial assets that would be past due or impaired had their terms not been renegotiated

Financial assets are generally renegotiated either as part of an ongoing customer relationship or in response to an adverse change in the circumstances of the borrower. In the latter case renegotiation can result in an extension of the due date of payment or repayment plans under which the Group offers a concessionary rate of interest to genuinely distressed borrowers. This will result in the asset continuing to be overdue (delinquent) and will be individually impaired where the renegotiated payments of interest and principal will not recover the original carrying amount of the asset. In other cases, renegotiation will lead to a new agreement, which is treated as a new loan.

Credit risk concentrations

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

The analyses of credit risk concentrations presented below are based on the location of the counterparty or customer or the industry in which they are engaged, otherwise, the product type in accordance with the manner in which the Group manages credit risk.

47 Credit risk (continued)

Analyses of the Group's credit exposure are set out below:

Credit risk concentrations by geographical sector

	2007					
	United Kingdom £m	Other European Union £m	United States £m	Africa £m	Rest of the World £m	Total £m
On balance sheet:						
Cash and balances at central banks	1,458	2,170	206	1,406	561	5,801
Items in the course of collection from other banks	1,638	75	–	110	13	1,836
Trading portfolio	28,959	41,675	53,208	877	31,933	156,652
Financial assets designated at fair value held on own account	15,713	5,907	20,396	958	8,279	51,253
Derivative financial instruments	60,534	75,017	82,975	2,229	27,333	248,088
Loans and advances to banks	5,515	11,102	13,443	2,581	7,479	40,120
Loans and advances to customers	187,824	56,189	39,944	38,653	22,788	345,398
Available for sale financial investments	5,934	18,354	7,818	2,944	6,346	41,396
Reverse repurchase agreements	42,160	51,734	67,018	2,156	20,007	183,075
Other assets	1,813	617	424	698	414	3,966
Total on balance sheet	351,548	262,840	285,432	52,612	125,153	1,077,585
Off balance sheet:						
Acceptances and endorsements	227	5	5	34	94	365
Guarantees and letters of credit pledged as collateral security	7,377	1,468	23,696	1,286	1,865	35,692
Commitments	90,964	23,946	48,657	20,471	8,601	192,639
Total off balance sheet	98,568	25,419	72,358	21,791	10,560	228,696
Total	450,116	288,259	357,790	74,403	135,713	1,306,281

Credit risk concentrations by geographical sector

	2006					
	United Kingdom £m	Other European Union £m	United States £m	Africa £m	Rest of the World £m	Total £m
On balance sheet:						
Cash and balances at central banks	4,367	2,275	109	515	79	7,345
Items in the course of collection from other banks	2,296	21	–	82	9	2,408
Trading portfolio assets	27,900	30,508	55,674	762	30,535	145,379
Financial assets designated at fair value held on own account	9,969	4,559	10,951	244	2,365	28,088
Derivative financial instruments	44,022	41,424	35,485	1,639	15,783	138,353
Loans and advances to banks	6,227	8,511	9,056	2,219	4,913	30,926
Loans and advances to customers	168,043	43,121	25,577	31,274	14,285	282,300
Available for sale financial investments	9,262	22,288	9,132	2,287	7,363	50,332
Reverse repurchase agreements	33,544	41,725	73,415	1,147	24,259	174,090
Other assets	1,288	1,433	237	982	157	4,097
Total on balance sheet	306,918	195,865	219,636	41,151	99,748	863,318
Off balance sheet:						
Acceptances and endorsements	220	6	–	47	14	287
Guarantees and letters of credit pledged as collateral security	5,210	3,489	19,682	1,196	1,675	31,252
Commitments	88,731	27,355	56,546	20,880	11,992	205,504
Total off balance sheet	94,161	30,850	76,228	22,123	13,681	237,043
Total	401,079	226,715	295,864	63,274	113,429	1,100,361

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47 Credit risk (continued)

Credit risk concentrations by industrial sector

	2007									
	Government and Central Banks £m	Financial Services £m	Transport, Postal and communication and Business and other services £m	Agriculture, Manufacturing and Wholesale and retail trade £m	Construction and Property £m	Energy and water £m	Residential mortgage loans £m	Other personal lending £m	Finance lease receivables £m	Total £m
On balance sheet:										
Cash and balances at central banks	5,801	–	–	–	–	–	–	–	–	5,801
Items in the course of collection from other banks	8	1,828	–	–	–	–	–	–	–	1,836
Trading portfolio assets	58,608	83,790	4,434	3,928	924	4,072	895	1	–	156,652
Financial assets designated at fair value held on own account	10,914	23,742	570	699	11,325	396	3,509	98	–	51,253
Derivative financial instruments	2,886	227,609	2,771	5,567	1,106	8,031	87	31	–	248,088
Loans and advances to banks	7,881	32,239	–	–	–	–	–	–	–	40,120
Loans and advances to customers	2,036	70,699	41,678	37,722	22,288	8,623	111,955	39,320	11,077	345,398
Available for sale financial investments	8,880	29,693	2,142	249	167	246	–	19	–	41,396
Reverse repurchase agreements	1,713	179,459	416	735	752	–	–	–	–	183,075
Other assets	270	1,506	542	307	168	5	112	1,056	–	3,966
Total on balance sheet	98,997	650,565	52,553	49,207	36,730	21,373	116,558	40,525	11,077	1,077,585
Off balance sheet:										
Acceptances and endorsements	–	125	111	91	21	4	–	13	–	365
Guarantees and letters of credit pledged as collateral security	51	17,021	12,847	1,867	538	2,687	1	680	–	35,692
Commitments	4,511	30,492	26,370	32,388	11, 282	9,961	10,969	66,666	–	192,639
Total off balance sheet	4,562	47,638	39,328	34,346	11,841	12,652	10,970	67,359	–	228,696
Total	103,559	698,203	91,881	83,553	48,571	34,025	127,528	107,884	11,077	1,306,281

47 Credit risk (continued)

Credit risk concentrations by industrial sector

	2006									
	Government and Central Banks £m	Financial Services £m	Transport, Postal and communication and Business and other services £m	Agriculture, Manufacturing and Wholesale and retail trade £m	Construction and Property £m	Energy and water £m	Residential mortgage loans £m	Other personal lending £m	Finance lease receivables £m	Total £m
On balance sheet:										
Cash and balances at central banks	7,345	–	–	–	–	–	–	–	–	7,345
Items in the course of collection from other banks	5	2,403	–	–	–	–	–	–	–	2,408
Trading portfolio assets	56,222	78,322	2,793	3,333	792	3,043	871	3	–	145,379
Financial assets designated at fair value held on own account	6,412	12,101	269	325	6,797	162	2,022	–	–	28,088
Derivative financial instruments	1,701	119,812	2,496	5,945	642	7,681	53	23	–	138,353
Loans and advances to banks	2,221	28,705	–	–	–	–	–	–	–	30,926
Loans and advances to customers	2,426	45,033	34,543	34,755	20,542	6,810	94,511	33,538	10,142	282,300
Available for sale financial investments	10,055	39,105	733	9	141	257	31	1	–	50,332
Reverse repurchase agreements	1,205	171,146	107	435	918	20	–	259	–	174,090
Other assets	43	2,637	469	78	97	5	–	768	–	4,097
Total on balance sheet	87,635	499,264	41,410	44,880	29,929	17,978	97,488	34,592	10,142	863,318
Off balance sheet:										
Acceptances and endorsements	11	99	38	114	21	1	1	2	–	287
Guarantees and letters of credit pledged as collateral security	12	20,999	4,313	1,915	907	2,900	9	197	–	31,252
Commitments	4,914	49,917	23,807	29,164	15,263	12,401	19,375	50,663	–	205,504
Total off balance sheet	4,937	71,015	28,158	31,193	16,191	15,302	19,385	50,862	–	237,043
Total	92,572	570,279	69,568	76,073	46,120	33,280	116,873	85,454	10,142	1,100,361

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47 Credit risk (continued)

Financial assets subject to credit risk

For the purposes of the Group's disclosures regarding credit quality, its financial assets have been analysed as follows:

	As at 31st December 2007					
	Neither past due nor individually impaired £m	Past due but not individually impaired £m	Individually impaired £m	Total £m	Impairment allowance £m	Total carrying value £m
Cash and balances at central banks	5,801	–	–	5,801	–	5,801
Items in the course of collection from other banks	1,836	–	–	1,836	–	1,836
Trading portfolio	156,652	–	–	156,652	–	156,652
Financial assets designated at fair value held on own account	50,896	357	–	51,253	–	51,253
Derivatives	248,088	–	–	248,088	–	248,088
Loans and advances to banks	37,601	2,522	–	40,123	(3)	40,120
Loans and advances to customers	324,318	16,005	8,844	349,167	(3,769)	345,398
Available for sale financial investments	41,304	92	–	41,396	–	41,396
Reverse repurchase agreements	183,075	–	–	183,075	–	183,075
Other assets	3,966	–	–	3,966	–	3,966
Total	**1,053,537**	**18,976**	**8,844**	**1,081,357**	**(3,772)**	**1,077,585**

	As at 31st December 2006					
	Neither past due nor individually impaired £m	Past due but not individually impaired £m	Individually impaired £m	Total £m	Impairment allowance £m	Total carrying value £m
Cash and balances at central banks	7,345	–	–	7,345	–	7,345
Items in the course of collection from other banks	2,408	–	–	2,408	–	2,408
Trading portfolio	145,379	–	–	145,379	–	145,379
Financial assets designated at fair value held on own account	28,088	–	–	28,088	–	28,088
Derivatives	138,353	–	–	138,353	–	138,353
Loans and advances to banks	29,355	1,575	–	30,930	(4)	30,926
Loans and advances to customers	270,321	10,989	4,321	285,631	(3,331)	282,300
Available for sale financial investments	50,156	176	–	50,332	–	50,332
Reverse repurchase agreements	174,090	–	–	174,090	–	174,090
Other assets	4,097	–	–	4,097	–	4,097
Total	849,592	12,740	4,321	866,653	(3,335)	863,318

Financial assets designated at fair value, derivatives, and trading portfolios are not subject to impairment allowances as credit losses are fully reflected in their fair values.

The impairment allowance above includes allowances against financial assets that have been individually impaired and those subject to collective impairment. Assets subject to a collective impairment allowance are included in financial assets neither past due nor individually impaired or financial assets past due but not individually impaired, as appropriate.

47 Credit risk (continued)

(a) Credit quality of financial assets neither past due nor individually impaired

The credit quality of financial assets subject to credit risk, that were neither past due nor impaired, based on the credit ratings on page 227, was as follows:

	2007			
	Strong £m	Satisfactory £m	Weak/sub-standard £m	Total £m
Cash and balances at central banks	5,801	–	–	5,801
Items in the course of collection from other banks	1,713	123	–	1,836
Trading portfolio:				
Treasury bills and other eligible bills	1,984	110	–	2,094
Debt securities	143,161	8,958	659	152,778
Traded loans	223	1,228	329	1,780
Total trading portfolio	145,368	10,296	988	156,652
Financial assets designated at fair value held on own account				
Loans and advances	13,844	6,186	3,104	23,134
Debt securities	10,010	14,207	–	24,217
Other financial assets	3,541	4	–	3,545
Total financial assets designated at fair value held on own account	27,395	20,397	3,104	50,896
Derivative financial instruments	243,491	3,630	967	248,088
Loans and advances to banks	35,635	1,955	11	37,601
Loans and advances to customers:				
Residential mortgage loans	62,748	41,144	1,761	105,653
Credit card receivables	–	12,582	5	12,587
Other personal lending	2,882	19,915	889	23,686
Wholesale and corporate loans and advances	114,695	54,380	2,427	171,502
Finance lease receivables	4,586	6,036	268	10,890
Total loans and advances to customers	184,911	134,057	5,350	324,318
Available for sale financial investments:				
Debt securities	36,623	1,528	430	38,581
Treasury bills and other eligible bills	2,130	593	–	2,723
Total available for sale financial investments:	38,753	2,121	430	41,304
Reverse repurchase agreements	180,637	2,391	47	183,075
Other assets	2,410	1,452	104	3,966
Total financial assets neither past due nor individually impaired	866,114	176,422	11,001	1,053,537

47 Credit risk (continued)

(a) Credit quality of financial assets neither past due nor individually impaired (continued)

	2006			
	Strong £m	Satisfactory £m	Weak/sub-standard £m	Total £m
Cash and balances at central banks	7,345	–	–	7,345
Items in the course of collection from other banks	1,814	594	–	2,408
Trading portfolio:				
Treasury bills and other eligible bills	2,947	13	–	2,960
Debt securities	133,230	5,907	1,439	140,576
Traded loans	405	1,425	13	1,843
Total trading portfolio	136,582	7,345	1,452	145,379
Financial assets designated at fair value:				
Loans and advances	10,586	2,228	382	13,196
Debt securities	5,307	6,793	–	12,100
Other financial assets	2,637	155	–	2,792
Total financial assets designated at fair value	18,530	9,176	382	28,088
Derivative financial instruments held on own account	133,980	4,194	179	138,353
Loans and advances to banks	29,008	336	11	29,355
Loans and advances to customers:				
Residential mortgage loans	53,760	34,019	1,316	89,095
Credit card receivables	–	11,858	49	11,907
Other personal lending	2,832	16,652	110	19,594
Wholesale and corporate loans and advances	92,912	44,583	2,295	139,790
Finance lease receivables	4,481	5,349	105	9,935
Total loans and advances to customers	153,985	112,461	3,875	270,321
Available for sale financial investments:				
Debt securities	47,687	49	–	47,736
Treasury bills and other eligible bills	2,313	107	–	2,420
Total available for sale financial investments:	50,000	156	–	50,156
Reverse repurchase agreements	171,725	856	1,509	174,090
Other assets	2,548	1,546	3	4,097
Total financial assets neither past due nor individually impaired	705,517	136,664	7,411	849,592

47 Credit risk (continued)

(b) Financial assets that are past due but not individually impaired
An age analysis of financial assets that are past due but not individually impaired is set out below.

For the purposes of this analysis an asset is considered past due and included below when any payment due under the strict contractual terms is received late or missed. The amount included is the entire financial asset, not just the payment, of principal or interest or both, overdue.

The Group expends considerable effort in monitoring overdue assets. Assets may be overdue for a number of reasons, including late processing of payments or documentation, for example, over weekends and holiday periods. Where assets are considered to be uncollectable they are subject to individual impairment.

Trading portfolio and derivative assets are measured on a fair value basis such that their carrying amount reflects expected defaults. Amounts that are past due as a result of counterparty credit issues are not significant.

	2007					
	Past due up to 1 month £m	Past due 1-2 months £m	Past due 2-3 months £m	Past due 3-6 months £m	Past due 6 months and over £m	Total £m
Financial assets designated at fair value held on own account						
Loans and advances	261	4	1	24	67	357
Total financial assets designated at fair value held on own account	261	4	1	24	67	357
Loans and advances to banks	2,031	305	186	–	–	2,522
Loans and advances to customers:						
Residential mortgage loans	3,609	1,349	456	215	184	5,813
Credit card receivables	558	155	107	205	1	1,026
Other personal lending	271	199	193	152	205	1,020
Wholesale and corporate loans and advances	6,970	622	267	62	66	7,987
Finance lease receivables	75	28	18	38	–	159
Total loans and advances to customers	11,483	2,353	1,041	672	456	16,005
Available for sale financial investments:						
Debt securities	92	–	–	–	–	92
Total available for sale financial investments:	92	–	–	–	–	92
Total financial assets past due but not individually impaired	13,867	2,662	1,228	696	523	18,976

	2006					
	Past due up to 1 month £m	Past due 1-2 months £m	Past due 2-3 months £m	Past due 3-6 months £m	Past due 6 months and over £m	Total £m
Financial assets designated at fair value held on own account						
Loans and advances	–	–	–	–	–	–
Total financial assets designated at fair value held on own account	–	–	–	–	–	–
Loans and advances to banks	1,004	234	337	–	–	1,575
Loans and advances to customers:						
Residential mortgage loans	3,394	1,124	280	208	150	5,156
Credit card receivables	622	202	144	304	–	1,272
Other personal lending	276	118	119	253	1	767
Wholesale and corporate loans and advances	3,322	130	180	20	53	3,705
Finance lease receivables	35	10	22	22	–	89
Total loans and advances to customers	7,649	1,584	745	807	204	10,989
Available for sale financial investments:						
Debt securities	131	22	–	23	–	176
Total available for sale financial investments:	131	22	–	23	–	176

Total financial assets past due but not individually impaired	8,784	1,840	1,082	830	204	12,740

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47 Credit risk (continued)

(c) Impaired financial assets
Financial assets individually assessed as impaired

An analysis of financial assets individually assessed as impaired is as follows:

	2007			2006		
	Original carrying amount £m	Impairment allowance £m	Revised carrying amount £m	Original carrying amount £m	Impairment allowance £m	Revised carrying amount £m
Loans and advances to customers:						
Residential mortgage loans	621	(88)	533	384	(75)	309
Credit card receivables	1,517	(725)	792	1,250	(839)	411
Other personal lending	1,635	(1,030)	605	1,289	(954)	335
Wholesale and corporate loans and advances	4,930	(944)	3,986	1,280	(589)	691
Finance lease receivables	141	(102)	39	118	(79)	39
Total loans and advances to customers individually impaired	8,844	(2,889)	5,955	4,321	(2,536)	1,785
Collective impairment allowance		(883)			(799)	
Total impairment allowance		(3,772)			(3,335)	

In addition to the above, there are impaired available for sale debt securities with a carrying value at 31st December 2007 of £432m, after a write-down of £13m. In 2006, all impaired available for sale debt securities had been disposed of prior to 31st December.

The movements on the impairment allowance during the year were as follows:

	2007							
	At beginning of year £m	Acquisitions and disposals £m	Unwind of discount £m	Exchange and other adjustments £m	Amounts written off £m	Recoveries £m	Amounts charged to income statement £m	Balance at 31st December £m
Loans and advances to banks	4	–	–	–	(1)	13	(13)	3
Loans and advances to customers:								
Residential mortgage loans	124	–	–	2	(5)	5	6	132
Credit card receivables	1,030	(75)	(60)	4	(819)	103	658	841
Other personal lending	1,139	–	(53)	10	(668)	54	891	1,373
Wholesale and corporate loans and advances	939	1	–	37	(440)	46	727	1,310
Finance lease receivables	99	1	–	–	(30)	6	37	113
Total loans and advances to customers	3,331	(73)	(113)	53	(1,962)	214	2,319	3,769
Total impairment allowance	3,335	(73)	(113)	53	(1,963)	227	2,306	3,772

	2006							
	At beginning of year £m	Acquisitions and disposals £m	Unwind of discount £m	Exchange and other adjustments £m	Amounts written off £m	Recoveries £m	Amounts charged to income statement £m	Balance at 31st December £m
Loans and advances to banks	4	–	–	–	–	33	(33)	4
Loans and advances to customers:								
Residential mortgage loans	139	–	(8)	(8)	(51)	14	38	124
Credit card receivables	978	–	(66)	(21)	(887)	101	925	1,030
Other personal lending	975	–	(22)	(42)	(557)	63	722	1,139
Wholesale and corporate loans and advances	1,253	(12)	(2)	(69)	(626)	41	354	939
Finance lease receivables	101	(11)	–	(13)	(53)	7	68	99
Total loans and advances to customers	3,446	(23)	(98)	(153)	(2,174)	226	2,107	3,331
Total impairment allowance	3,450	(23)	(98)	(153)	(2,174)	259	2,074	3,335

47 Credit risk (continued)

Collateral and other credit enhancements held

Financial assets that are past due or individually assessed as impaired may be partially or fully collateralised or subject to other forms of credit enhancement.

Assets in these categories subject to collateralisation are mainly corporate and residential mortgage loans.

For corporate loans, security may be in the form of floating charges where the value of the collateral varies with the level of assets such as inventory and receivables held by the customer. For these and other reasons collateral given is only accurately valued on origination of the loan or in the course of enforcement actions and as a result it is not practicable to estimate the fair value of the collateral held.

A description and the estimated fair value of collateral held in respect of residential mortgage loans that are past due or individually assessed as impaired was as follows:

	2007 Fair value £m	2006 Fair value £m
Nature of assets		
– Residential Property	6,488	6,183
Total	6,488	6,183

Collateral included in the above table reflects the Group's interest in the property in the event of default.That held in the form of charges against residential property in the UK is restricted to the outstanding loan balance. In other territories, where the Group is not obliged to return any sale proceeds to the mortgagee, the full estimated fair value has been included.

Collateral and other credit enhancements obtained

The carrying value of assets held by the Group as at 31st December 2007 as a result of the enforcement of collateral was as follows:

	2007 Carrying Amount £m	2006 Carrying Amount £m
Nature of assets		
– Residential Property	34	12
– Commercial and industrial property	1	2
– Other credit enhancements	–	–
Total	35	14

The Group does not use assets obtained in its operations. Assets obtained are normally sold, generally at auction, or realised in an orderly manner for the maximum benefit of the Group, the borrower and the borrower's other creditors in accordance with the relevant insolvency regulations.

48 Liquidity risk

Liquidity risk management and measurement

This is the risk that the Group is unable to meet its obligations when they fall due and to replace funds when they are withdrawn, with consequent failure to repay depositors and fulfil commitments to lend. The risk that it will be unable to meet its obligations is inherent in all banking operations and can be impacted by a range of institution specific and market-wide events including, but not limited to, credit events, merger and acquisition activity, systemic shocks and natural disasters.

Intraday liquidity

The need to monitor, manage and control intraday liquidity in real time is recognised by the Group as a mission critical process: any failure to meet specific intraday commitments would have significant consequences.

The Group policy is that each operation must ensure that it has access to sufficient intraday liquidity to meet any obligations it may have to clearing and settlement systems. Major currency payment flows and payment system collateral are monitored and managed in real time to ensure that at all times there is sufficient collateral to make payments.

Day to day funding

Day to day funding is managed by short-term mismatch limits for the next day, week and month which control cash flows to ensure that requirements can be met. These requirements include replenishment of funds as they mature or are borrowed by customers. The Group maintains an active presence in global money markets and monitors and manages the wholesale money market capacity for the Group's name to enable that to happen.

In addition to cash flow management, Barclays Treasury also monitors unmatched medium-term assets and the level and type of undrawn lending commitments, the usage of overdraft facilities and the impact of contingent liabilities such as standby letters of credit and guarantees.

Liquid Assets

The Group maintains a portfolio of highly marketable assets including UK, US and Euro-area government bonds that can be sold or funded on a secured basis as protection against any unforeseen interruption to cash flow. The Group accesses secured funding markets in these assets on a regular basis to ensure market access. The Group does not rely on committed funding lines for protection against unforeseen interruption to cash flow.

Diversification of liquidity sources

Sources of liquidity are regularly reviewed to maintain a wide diversification by currency, geography, provider, product and term. In addition, to avoid reliance on a particular group of customers or market sectors, the distribution of sources and the maturity profile of deposits are also carefully managed. Important factors in assuring liquidity are competitive rates and the maintenance of depositors' confidence. Such confidence is based on a number of factors including the Group's reputation and relationship with those clients, the strength of earnings and the Group's financial position.

Structural liquidity

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

The Group policy is to fund the balance sheet of the retail and commercial bank on a global basis with customer deposits without recourse to the wholesale markets. This provides protection from the liquidity risk of wholesale market funding. The exception to this policy is ABSA, which has a large portion of wholesale funding due to the structural nature of the South African financial sector.

Stress tests

Stress testing is undertaken to assess and plan for the impact of various scenarios which may put the Group's liquidity at risk.

Treasury develops and monitors a range of stress tests on the Group's projected cash flows. These stress scenarios include Barclays-specific scenarios such an unexpected rating downgrade and operational problems, and external scenarios such as Emerging Market crises, payment system disruption and macroeconomic shocks. The output informs both the liquidity mismatch limits and the Group's contingency funding plan. This is maintained by Treasury and is aligned with the Group and country business resumption plans to encompass decision-making authorities, internal and external communication and, in the event of a systems failure, the restoration of liquidity management and payment systems.

The ability to raise funds is in part dependent on maintaining the Bank's credit rating. The funding impact of a credit downgrade is regularly estimated. Whilst the impact of a single downgrade may affect the price at which funding is available, the effect on liquidity is not considered significant in overall Group terms.

48 Liquidity risk (continued)

Contractual maturity of financial assets and liabilities

The table below provides detail on the contractual maturity of all financial instruments and other assets and liabilities. Derivatives (other than those designated in a hedging relationship) and trading portfolio assets and liabilities which are included in the on demand column at their fair value. Liquidity risk on these items is not managed on the basis of contractual maturity since they are not held for settlement according to such maturity and will frequently be settled before contractual maturity at fair value. Derivatives designated in a hedging relationship are included according to their contractual maturity.

Financial assets designated at fair value in respect of linked liabilities to customers under investment contracts have been included in Other assets and Other liabilities as the Group is not exposed to liquidity risk arising from them; any request for funds from creditors would be met by simultaneously liquidating or transferring the related investment.

At 31st December 2007	On demand £m	Not more than three months £m	Over three months but not more than six months £m	Over six months but not more than one year £m	Over one year but not more than three years £m	Over three years but not more than five years £m	Over five years but not more than ten years £m	Over ten years £m	Total £m
Assets									
Cash and balances at central banks	4,785	1,016	–	–	–	–	–	–	5,801
Items in course of collection from other banks	1,651	185	–	–	–	–	–	–	1,836
Trading portfolio assets	193,691	–	–	–	–	–	–	–	193,691
Financial assets designated at fair value:									
– held on own account	1,901	3,202	657	3,029	13,882	7,022	10,637	16,299	56,629
Derivative financial instruments:									
– held for trading	246,950	–	–	–	–	–	–	–	246,950
– designated for risk management	–	76	92	39	260	105	317	249	1,138
Loans and advances to banks	5,882	22,143	446	3,189	1,259	1,035	5,680	486	40,120
Loans and advances to customers	43,469	62,294	12,793	19,307	35,195	30,926	47,297	94,117	345,398
Available for sale financial instruments	994	9,009	4,544	2,377	10,831	6,466	5,268	3,583	43,072
Reverse repurchase agreements and cash collateral on securities borrowed	–	158,475	7,369	7,835	4,921	4,348	127	–	183,075
Total financial assets	499,323	256,400	25,901	35,776	66,348	49,902	69,326	114,734	1,117,710
Other assets	–	–	–	–	–	–	–	109,651	109,651
Total assets	499,323	256,400	25,901	35,776	66,348	49,902	69,326	224,385	1,227,361
Liabilities									
Deposits from other banks	16,288	69,049	1,977	991	651	1,171	231	188	90,546
Items in the course of collection due to other banks	1,781	11	–	–	–	–	–	–	1,792
Customer accounts	174,269	101,667	5,692	4,097	1,656	1,240	993	5,373	294,987
Trading portfolio liabilities	65,402	–	–	–	–	–	–	–	65,402
Financial liabilities designated at fair value:									
– held on own account	655	18,022	8,331	6,933	10,830	11,601	12,625	5,492	74,489
Derivative financial instruments:									
– held for trading	247,378	–	–	–	–	–	–	–	247,378
– designated for risk management	–	51	43	82	310	150	215	59	910
Debt securities in issue	698	70,760	11,798	6,945	13,308	7,696	3,123	5,900	120,228
Repurchase agreements and cash collateral on securities lent	–	160,822	2,906	5,547	40	92	22	–	169,429
Subordinated liabilities	–	–	–	–	250	934	7,511	9,455	18,150
Total financial liabilities	506,471	420,382	30,747	24,595	27,045	22,884	24,720	26,467	1,083,311
Other liabilities	–	–	–	–	–	–	–	111,574	111,574
Total liabilities	506,471	420,382	30,747	24,595	27,045	22,884	24,720	138,041	1,194,885
Cumulative liquidity gap	(7,148)	(171,130)	(175,976)	(164,795)	(125,492)	(98,474)	(53,868)	32,476	32,476

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48 Liquidity risk (continued)

At 31st December 2006	On demand £m	Not more than three months £m	Over three months but not more than six months £m	Over six months but not more than one year £m	Over one year but not more than three years £m	Over three years but not more than five years £m	Over five years but not more than ten years £m	Over ten years £m	Total £m
Assets									
Cash and balances at central banks	7,050	295	–	–	–	–	–	–	7,345
Items in course of collection from other banks	1,782	626	–	–	–	–	–	–	2,408
Trading portfolio assets	177,867	–	–	–	–	–	–	–	177,867
Financial assets designated at fair value:									
– held on own account	1,899	1,975	295	942	5,692	5,239	4,018	11,739	31,799
Derivative financial instruments:									
– held for trading	137,273	–	–	–	–	–	–	–	137,273
– designated for risk management	–	72	88	37	249	100	296	238	1,080
Loans and advances to banks	2,887	18,806	800	3,063	1,595	1,130	1,012	1,633	30,926
Loans and advances to customers	32,492	44,424	9,901	15,508	31,986	27,668	38,036	82,285	282,300
Available for sale financial instruments	564	9,084	2,516	8,733	13,854	4,621	6,999	5,332	51,703
Reverse repurchase agreements and cash collateral on securities borrowed	–	149,872	4,670	11,025	1,375	6,939	168	41	174,090
Total financial assets	361,814	225,154	18,270	39,308	54,751	45,697	50,529	101,268	896,791
Other assets	–	–	–	–	–	–	–	99,996	99,996
Total assets	361,814	225,154	18,270	39,308	54,751	45,697	50,529	201,264	996,787
Liabilities									
Deposits from other banks	19,163	55,534	1,418	891	593	1,406	367	190	79,562
Items in the course of collection due to other banks	2,154	67	–	–	–	–	–	–	2,221
Customer accounts	153,642	89,079	5,594	3,604	1,655	1,436	807	937	256,754
Trading portfolio liabilities	71,874	–	–	–	–	–	–	–	71,874
Financial liabilities designated at fair value:									
– held on own account	6	13,958	6,297	5,143	7,090	8,447	10,978	2,068	53,987
Derivative financial instruments:									
– held for trading	139,746	–	–	–	–	–	–	–	139,746
– designated for risk management	–	306	13	59	230	284	51	8	951
Debt securities in issue	17	70,805	8,669	5,311	10,408	3,798	4,017	8,112	111,137
Repurchase agreements and cash collateral on securities lent	–	121,278	6,362	2,659	2,305	–	–	4,352	136,956
Subordinated liabilities	–	–	–	–	236	911	4,623	8,016	13,786
Total financial liabilities	386,602	351,027	28,353	17,667	22,517	16,282	20,843	23,683	866,974
Other liabilities	–	–	–	–	–	–	–	102,423	102,423
Total liabilities	386,602	351,027	28,353	17,667	22,517	16,282	20,843	126,106	969,397
Cumulative liquidity gap	(24,788)	(150,661)	(160,744)	(139,103)	(106,869)	(77,454)	(47,768)	27,390	27,390

48 Liquidity risk (continued)

Contractual maturity of financial liabilities on an undiscounted basis

The table below presents the cash flows payable by the Group under financial liabilities by remaining contractual maturities at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows of all financial liabilities (i.e nominal values), whereas the Group manages the inherent liquidity risk based on discounted expected cash inflows. Derivative financial instruments held for trading and trading portfolio liabilities are included in the on demand column at their fair value.

At 31st December 2007	On demand £m	Within one year £m	Over one year but less than five years £m	Over five years £m	Total £m
Deposits from other banks	16,288	72,533	2,099	275	91,195
Items in the course of collection due to other banks	1,781	11	–	–	1,792
Customer accounts	174,269	112,875	3,739	10,280	301,163
Trading portfolio liabilities	65,402	–	–	–	65,402
Financial liabilities designated at fair value:					
– held on own account	655	34,008	25,870	31,868	92,401
Derivative financial instruments:					
– held for trading	247,378	–	–	–	247,378
– designated for risk management	–	226	479	186	891
Debt securities in issue	698	91,201	22,926	15,020	129,845
Repurchase agreements and cash collateral on securities lent	–	169,725	146	23	169,894
Subordinated liabilities	–	463	4,964	17,875	23,302
Other financial liabilities	–	2,968	1,456	–	4,424
Total financial liabilities	506,471	484,010	61,679	75,527	1,127,687
Off balance sheet items					
Loan commitments	183,784	3,111	4,513	963	192,371
Other commitments	453	200	145	12	810
Total off balance sheet items	184,237	3,311	4,658	975	193,181
Total financial liabilities and off balance sheet items	690,708	487,321	66,337	76,502	1,320,868

At 31st December 2006	On demand £m	Within one year £m	Over one year but not more than five years £m	Over five years £m	Total £m
Deposits from other banks	19,163	58,101	2,317	590	80,171
Items in the course of collection due to other banks	2,154	68	–	–	2,222
Customer accounts	153,642	99,165	3,593	2,836	259,236
Trading portfolio liabilities	71,874	–	–	–	71,874
Financial liabilities designated at fair value:					
– held on own account	6	27,539	13,861	19,827	61,233
Derivative financial instruments:					
– held for trading	139,746	–	–	–	139,746
– designated for risk management	–	378	584	199	1,161
Debt securities in issue	17	89,222	13,932	15,668	118,839
Repurchase agreements and cash collateral on securities lent	–	137,040	366	–	137,406
Subordinated liabilities	–	837	7,487	9,411	17,735
Other financial liabilities	–	3,138	1,072	–	4,210
Total financial liabilities	386,602	415,488	43,212	48,531	893,833
Off balance sheet items					
Loan commitments	192,293	10,939	1,255	624	205,111
Other commitments	313	370	38	56	777
Total off balance sheet items	192,606	11,309	1,293	680	205,888
Total financial liabilities and off balance sheet items	579,208	426,797	44,505	49,211	1,099,721

Financial liabilities designated at fair value in respect of linked liabilities under investment contracts have been excluded from this analysis as the Group is not exposed to liquidity risk arising from them. Any request for funds from investors would be met simultaneously from the linked assets.

The balances in the above table will not agree directly to the balances in the consolidated balance sheet as the table incorporates all cash flows, on an undiscounted basis, related to both principal as well as those associated with all future coupon payments.

The principal due under perpetual subordinated liability instruments has been included in the over five years category. Further interest payments have not been included on this amount, which according to their strict contractual terms, could carry on indefinitely.

49 Fair value of financial instruments

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, in an arms-length transaction between knowledgeable willing parties.

The following table summarises the carrying amounts of financial assets and financial liabilities presented on the Group's balance sheet, and their fair values:

		2007		2006	
	Notes	Carrying amount £m	Fair value £m	Carrying amount £m	Fair value £m
Financial assets:					
Cash and balances at central banks	a	5,801	5,801	7,345	7,345
Items in the course of collection from other banks	a	1,836	1,836	2,408	2,408
Trading portfolio assets					
– Treasury and other eligible bills	b	2,094	2,094	2,960	2,960
– Debt securities	b	152,778	152,778	140,576	140,576
– Equity securities	b	36,307	36,307	31,548	31,548
– Traded Loans	b	1,780	1,780	1,843	1,843
– Commodities	b	732	732	940	940
Financial assets designated at fair value:					
held in respect of linked liabilities under investment contracts	b	90,851	90,851	82,798	82,798
held under own account:					
– Equity securities	b	5,376	5,376	3,711	3,711
– Loans and advances	b	23,491	23,491	13,196	13,196
– Debt securities	b	24,217	24,217	12,100	12,100
– Other financial assets designated at fair value	b	3,545	3,545	2,793	2,793
Derivative financial instruments	b	248,088	248,088	138,353	138,353
Loans and advances to banks	c	40,120	40,106	30,926	30,895
Loans and advances to customers:					
– Residential mortgage loans	c	111,955	111,951	94,511	94,511
– Credit card receivables	c	14,289	14,289	13,399	13,399
– Other personal lending	c	24,968	24,968	20,511	20,488
– Wholesale and corporate loans and advances	c	183,109	181,589	143,835	143,621
– Finance lease receivables	c	11,077	11,066	10,044	10,042
Available for sale financial instruments					
– Treasury and other eligible bills	b	2,723	2,723	2,420	2,420
– Debt securities	b	38,673	38,673	47,912	47,912
– Equity securities	b	1,676	1,676	1,371	1,371
Reverse repurchase agreements and cash collateral on securities borrowed	c	183,075	183,075	174,090	174,090
Financial liabilities:					
Deposits from banks	d	90,546	90,508	79,562	79,436
Items in the course of collection due to other banks	a	1,792	1,792	2,221	2,221
Customer accounts:					
– Current and demand accounts	d	80,006	80,006	77,216	77,216
– Savings accounts	d	74,599	74,599	65,784	65,792
– Other time deposits	d	140,382	141,917	113,754	113,653
Trading portfolio liabilities:					
– Treasury and other eligible bills	b	486	486	608	608
– Debt securities	b	50,506	50,506	58,142	58,142
– Equity securities	b	13,702	13,702	12,697	12,697
– Commodities	b	708	708	427	427
Financial liabilities designated at fair value:					
– Liabilities to customers under investment contracts	b	92,639	92,639	84,637	84,637
– Held on own account	b	74,489	74,489	53,987	53,987
Derivative financial instruments	b	248,288	248,288	140,697	140,697
Debt securities in issue	e	120,228	120,176	111,137	111,131
Repurchase agreements and cash collateral on securities lent	d	169,429	169,429	136,956	136,956
Subordinated liabilities	f	18,150	17,410	13,786	13,976

49 Fair value of financial instruments (continued)

Notes

a Fair value approximates carrying value due to the short-term nature of these financial assets and liabilities.

b Financial instruments at fair value (including those held for trading, designated at fair value, derivatives and available for sale) are either priced with reference to a quoted market price for that instrument or by using a valuation model. Where the fair value is calculated using a valuation model, the methodology is to calculate the expected cash flows under the terms of each specific contract and then discount these values back to a present value.

The expected cash flows for each contract are determined either directly by reference to actual cash flows implicit in observable market prices or through modelling cash flows using appropriate financial-markets pricing models. Wherever possible these models use as their basis observable market prices and rates including, for example, interest rate yield curves, equities and commodities prices, option volatilities and currency rates. The process of calculating fair value on illiquid instruments or from a valuation model may require estimation of certain pricing parameters, assumptions or model characteristics. These estimates are calibrated against industry standards, economic models and observed transaction prices. Changes to assumptions or estimated levels can potentially impact the fair value of an instrument as reported. The effect of changing these assumptions, for those financial instruments for which the fair values were measured using valuation techniques that are determined in full or in part on assumptions that are not supported by observable market prices, to a range of reasonably possible alternative assumptions, would be to increase the fair value by up to £1.5bn (2006: £0.1bn) or to decrease the fair value by up to £1.2bn (2006: £0.1bn).

These variations in the assumptions have been estimated on a product by product basis and form part of the Bank’s internal control processes over the determination of fair value.

The valuation model used for a particular instrument, the quality and liquidity of market data used for pricing, other fair value adjustments not specifically captured by the model, market data and assumptions or estimates in these are all subject to internal review and approval procedures and consistent application between accounting periods.

The amount that has yet to be recognised in income that relates to the difference between the transaction price (the fair value at initial recognition) and the amount that would have arisen had valuation models using unobservable inputs been used on initial recognition, less amounts subsequently recognised, was as follows:

At 31st December	2007 £m	2006 £m
At 1st January	534	260
New transactions	134	359
Amounts recognised in profit or loss during the year	(514)	(85)
At 31st December	154	534

The net asset fair value position of the related financial instruments increased by £2,842m for the year ended 31st December 2007 (31st December 2006: £2,814m). In many cases these changes in fair values were offset by changes in fair values of other financial instruments, which were priced in active markets or valued by using a valuation technique which is supported by observable market prices or rates, or by transactions which have been realised.

c The fair value for loans and advances, and other lending (including reverse repurchase agreements and cash collateral on securities borrowed) is calculated using discounted cash flows, applying either market rates where practicable or, where the counterparty is a bank, rates currently offered by other financial institutions for placings with similar characteristics. In many cases the fair value approximates carrying value because the instruments are short term in nature or have interest rates that reprice frequently.

d The fair value of customer accounts other deposits and other borrowings (including repurchase agreements and cash collateral on securities lent) is estimated using market rates at the balance sheet date. The fair value of these instruments approximate to carrying amount in most cases because, in general, they are short term in nature and reprice frequently.

e Fair values of short-term debt securities in issue are approximately equal to their carrying amount. Fair values of other debt securities in issue are based on quoted prices where available, or where these are unavailable, are estimated using other valuation techniques.

f The calculated fair values for dated and undated convertible and non-convertible loan capital were based upon quoted market rates for the issue concerned or equivalent issues with similar terms and conditions.

The Group considers that, given the lack of an established market, the diversity of fee structures and the difficulty of separating the value of the instruments from the value of the overall transaction, it is not meaningful to provide an estimate of the fair value of financial commitments and contingent liabilities.

Notes to the accounts
For the year ended 31st December 2007

50 Capital Management

Barclays operates a centralised capital management model, considering both regulatory and economic capital. The capital management strategy is to continue to maximise shareholder value through optimising both the level and mix of capital resources. Decisions on the allocation of capital resources are conducted as part of the strategic planning review.

The Group's capital management objectives are to:

– Support the Group's AA credit rating.

– Maintain sufficient capital resources to support the Group's risk appetite and economic capital requirements.

– Maintain sufficient capital resources to meet the FSA's minimum regulatory capital requirements and the US Federal Reserve Bank's requirements that a financial holding company be well capitalised.

– Ensure locally regulated subsidiaries can meet their minimum capital requirements.

External Regulatory Capital Requirements

The Group is subject to minimum capital requirements imposed by the Financial Services Authority (FSA), following guidelines developed by the Basel Committee on Banking Supervision (the Basel Committee) and implemented in the UK via European Union Directives.

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

Under Basel II, effective from 1st January 2008, the Group has been granted approval by the FSA to adopt the advanced approaches to credit and operational risk management. Pillar 1 risk weighted assets will be generated using the Group's risk models. Pillar 1 minimum capital requirements under Basel II are Pillar 1 risk weighted assets multiplied by 8%, the internationally agreed minimum ratio.

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

Outside the UK, the Group has operations (and main regulators) located in continental Europe, in particular France, Germany, Spain, Portugal and Italy (local central banks and other regulatory authorities); Asia Pacific (various regulatory authorities including the Hong Kong Monetary Authority, the Japanese FSA and the Monetary Authority of Singapore); Africa, where the Group's operations are headquartered in Johannesburg, South Africa (The South African Reserve Bank and the Financial Services Board (FSB)) and the United States of America (the Board of Governors of the Federal Reserve System (FRB) and the Securities and Exchange Commission).

The Group manages its capital resources to ensure that those Group entities that are subject to local capital adequacy regulation in individual countries meet their minimum capital requirements. Local management manages compliance with subsidiary entity minimum regulatory capital requirements with reporting to local Asset and Liability Committees and to Treasury Committee, as required.

Regulatory Capital Ratios

The table below provides details under Basel I of the Group's capital ratios and risk weighted assets at 31st December 2007 and 2006.

	2007 %	2006 %
Capital Ratios		
Tier 1 ratio	7.8	7.7
Risk asset ratio	12.1	11.7
	£m	£m
Total risk weighted assets	353,476	297,833

The table below provides details of the regulatory capital resources managed by the Group.

	2007 £m	2006 £m
Total qualifying Tier 1 capital	27,408	23,005
Total qualifying Tier 2 capital	17,123	14,036
Total deductions	(1,889)	(2,330)
Total net capital resources	42,642	34,711

Insurance businesses

Insurance businesses are subject to separate regulation regarding Capital management and have constraints on the transfer of capital. Capital resource requirements are assessed at company level in accordance with local laws and regulations. However, the requirement is that each life fund should be able to meet its own liabilities. In the event that this should not be the case, shareholders' equity would be required to meet its liabilities to the extent that they could not otherwise be met.

The capital resource requirement of the insurance businesses at 31st December 2007 was £216m (31st December 2006: £225m).

51 Segmental reporting

Business segments

The Group reports the results of its operations through seven business segments: UK Banking, Barclaycard, International Retail and Commercial Banking, Barclays Capital, Barclays Global Investors, Barclays Wealth, and Head Office and other operations.

UK Banking provides banking solutions to Barclays UK retail and commercial banking customers. Barclaycard provides credit card services across Europe and the United States. International Retail and Commercial Banking provides banking services to personal and corporate customers in Europe, Africa and the Middle East. Barclays Capital conducts the Group's investment banking business providing corporate, institutional and government clients with financing and risk management products. Barclays Global Investors provides investment management products and services to international institutional clients. Barclays Wealth provides banking and asset management services to affluent and high net worth clients. Head Office functions and other operations comprise all the Group's central function costs and other central items including businesses in transition.

During 2007 Barclays realigned a number of reportable business segments to better reflect the type of client served, the nature of the products offered and the associated risks and rewards. The changes have no impact on the Group Income Statement or Balance Sheet, and are summarised as follows:

UK Retail Banking. The unsecured lending business, previously managed and reported within Barclaycard and the Barclays Financial Planning business, previously managed and reported within Barclays Wealth are now managed and reported within UK Retail Banking. The changes combine these products with related products already offered by UK Retail Banking. In the UK certain UK Premier customers are now managed and reported within Barclays Wealth.

Barclaycard. The unsecured lending portfolio, previously managed and reported within Barclaycard, is now managed and reported within UK Retail Banking.

International Retail and Commercial Banking – excluding Absa. A number of high net worth customers are now managed and reported within Barclays Wealth in order to better match client profiles to wealth services.

Barclays Wealth. In the UK and Western Europe certain Premier and high net worth customers are now managed and reported within Barclays Wealth having been previously reported within UK Retail Banking and International Retail and Commercial Banking – excluding Absa.

The Barclays Financial Planning business previously managed and reported within Barclays Wealth, is now managed and reported within UK Retail Banking. Finally with effect from 1st January 2007 Barclays Wealth – closed life assurance activities continues to be managed within Barclays Wealth and for reporting purposes has been combined rather than being reported separately.

The structure and reporting remains unchanged for Barclays Commercial Bank, International Retail and Commercial Banking – Absa, Barclays Capital and Barclays Global Investors.

All transactions between business segments are conducted on an arms length basis. Internal charges and transfer pricing adjustments are reflected in the performance of each business. Head office functions and other operations contains a centralised treasury function, which deals with the Group's funding requirements. The funding requirements of each business segment reflects funding at market rates and not internally generated transfer prices and is therefore not separately disclosed within inter-segment net income.

Notes to the accounts
For the year ended 31st December 2007

51 Segmental reporting (continued)

As at 31st December 2007	UK Banking £m	Barclaycard £m	International Retail and Commercial Banking £m	Barclays Capital £m	Barclays Global Investors £m	Barclays Wealth £m	Head office functions and other operations £m	Total £m
Income from external customers, net of insurance claims	6,913	2,340	3,510	6,934	1,915	1,343	45	23,000
Inter-segment income	(62)	146	13	185	11	(56)	(237)	–
Total income net of insurance claims	6,851	2,486	3,523	7,119	1,926	1,287	(192)	23,000
Impairment charge and other credit provisions	(849)	(838)	(252)	(846)	–	(7)	(3)	(2,795)
Segment expenses – external	(2,521)	(909)	(3,494)	(3,989)	(1,180)	(829)	(277)	(13,199)
Inter-segment expenses	(849)	(192)	1,138	16	(12)	(144)	43	–
Total expenses	(3,370)	(1,101)	(2,356)	(3,973)	(1,192)	(973)	(234)	(13,199)
Share of post-tax results of associates and joint ventures	7	(7)	7	35	–	–	–	42
Profit on disposal of subsidiaries, associates and joint ventures	14	–	13	–	–	–	1	28
Business segment performance before tax	2,653	540	935	2,335	734	307	(428)	7,076
Additional information								
Depreciation and amortisation	107	57	242	181	22	18	26	653
Impairment loss – intangible assets	13	–	1	–	–	–	–	14
Capital expenditure [a]	393	105	456	407	687	196	55	2,299
Investments in associates and joint ventures	(6)	19	108	171	–	–	85	377
Total assets	161,777	22,164	89,457	839,662	89,224	18,024	7,053	1,227,361
Total liabilities	166,988	1,559	48,809	811,516	87,101	43,988	34,924	1,194,885

As at 31st December 2006	UK Banking £m	Barclaycard £m	International Retail and Commercial Banking £m	Barclays Capital £m	Barclays Global Investors £m	Barclays Wealth £m	Head office functions and other operations £m	Total £m
Income from external customers, net of insurance claims	6,804	2,355	3,220	6,206	1,670	1,198	142	21,595
Inter-segment income	(63)	159	29	61	(5)	(38)	(143)	–
Total income net of insurance claims	6,741	2,514	3,249	6,267	1,665	1,160	(1)	21,595
Impairment charge and other credit provisions	(887)	(1,067)	(167)	(42)	–	(2)	11	(2,154)
Segment expenses – external	(2,626)	(712)	(2,177)	(3,988)	(940)	(772)	(1,459)	(12,674)
Inter-segment expenses	(763)	(269)	15	(21)	(11)	(141)	1,190	–
Total expenses	(3,389)	(981)	(2,162)	(4,009)	(951)	(913)	(269)	(12,674)
Share of post-tax results of associates and joint ventures	5	(8)	49	–	–	–	–	46
Profit on disposal of subsidiaries, associates and joint ventures	76	–	247	–	–	–	–	323
Business segment performance before tax	2,546	458	1,216	2,216	714	245	(259)	7,136
Additional information								
Depreciation and amortisation	96	45	180	132	13	10	115	591
Impairment loss – intangible assets	–	–	7	–	–	–	–	7
Capital expenditure [a]	232	84	206	246	406	45	152	1,371
Investments in associates and joint ventures	12	89	56	71	–	–	–	228
Total assets	147,576	20,082	68,588	657,922	80,515	15,022	7,082	996,787
Total liabilities	156,906	1,812	37,031	632,208	79,366	37,652	24,422	969,397

Note

a Capital expenditure comprises purchased goodwill, intangible assets and property, plant and equipment acquired during the year.

51 Segmental reporting (continued)

As at 31st December 2005	UK Banking £m	Barclaycard £m	International Retail and Commercial Banking £m	Barclays Capital £m	Barclays Global Investors £m	Barclays Wealth £m	Head office functions and other operations £m	Total £m
Income from external customers, net of insurance claims	6,240	2,138	1,904	4,388	1,318	1,051	294	17,333
Inter-segment income	(4)	161	12	117	–	(17)	(269)	–
Total income net of insurance claims	6,236	2,299	1,916	4,505	1,318	1,034	25	17,333
Impairment charge and other credit provisions	(671)	(753)	(33)	(111)	–	(2)	(1)	(1,571)
Segment expenses – external	(2,663)	(736)	(1,338)	(2,952)	(769)	(765)	(1,304)	(10,527)
Inter-segment expenses	(663)	(172)	2	(11)	(10)	(103)	957	–
Total expenses	(3,326)	(908)	(1,336)	(2,963)	(779)	(868)	(347)	(10,527)
Share of post-tax results of associates and joint ventures	(3)	1	46	–	1	–	–	45
Business segment performance before tax	2,236	639	593	1,431	540	164	(323)	5,280
Additional information								
Depreciation and amortisation	54	40	111	99	10	8	119	441
Impairment loss – intangible assets	–	6	3	–	–	–	–	9
Capital expenditure [a]	78	153	2,580	294	155	14	192	3,466
Investments in associates and joint ventures	31	80	415	20	–	–	–	546
Total assets	137,981	18,236	63,383	601,193	80,900	13,401	9,263	924,357
Total liabilities	140,658	1,561	34,458	576,350	80,115	34,802	31,983	899,927

Geographic segments

Year ended 31st December 2007	United Kingdom £m	Other European Union £m	United States £m	Africa £m	Rest of the World £m	Total £m
Total income net of insurance claims	**13,127**	**3,374**	**2,209**	**3,188**	**1,102**	**23,000**
Total assets (by location of asset)	**429,443**	**285,719**	**301,973**	**56,117**	**154,109**	**1,227,361**
Capital expenditure (by location of asset) [a]	**894**	**303**	**789**	**225**	**88**	**2,299**

Year ended 31st December 2006	United Kingdom £m	Other European Union £m	United States £m	Africa £m	Rest of the World £m	Total £m
Total income net of insurance claims	12,154	2,882	2,840	2,791	928	21,595
Total assets (by location of asset)	406,328	203,929	229,779	44,696	112,055	996,787
Capital expenditure (by location of asset) [a]	569	62	565	136	39	1,371

Year ended 31st December 2005	United Kingdom £m	Other European Union £m	United States £m	Africa £m	Rest of the World £m	Total £m
Total income net of insurance claims	10,697	1,995	2,421	1,445	775	17,333
Total assets (by location of asset)	348,703	196,965	230,200	48,803	99,686	924,357
Capital expenditure (by location of asset) [a]	449	119	276	2,586	36	3,466

Note

a Capital expenditure comprises purchased goodwill, intangible assets and property, plant and equipment acquired during the year.

Barclays Bank PLC data
Consolidated income statement

Consolidated income statement
For the year ended 31st December

	Notes	2007 £m	2006 £m	2005 £m
Continuing operations				
Interest income	a	25,308	21,805	17,232
Interest expense	a	(15,707)	(12,662)	(9,157)
Net interest income		9,601	9,143	8,075
Fee and commission income	b	8,682	8,005	6,430
Fee and commission expense	b	(970)	(828)	(725)
Net fee and commission income		7,712	7,177	5,705
Net trading income	c	3,759	3,632	2,321
Net investment income	c	1,216	962	858
Principal transactions		4,975	4,594	3,179
Net premiums from insurance contracts	5	1,011	1,060	872
Other income	d	224	257	178
Total income		23,523	22,231	18,009
Net claims and benefits incurred on insurance contracts	5	(492)	(575)	(645)
Total income net of insurance claims		23,031	21,656	17,364
Impairment charges	7	(2,795)	(2,154)	(1,571)
Net income		20,236	19,502	15,793
Staff costs	8	(8,405)	(8,169)	(6,318)
Administration and general expenses	9	(4,141)	(3,914)	(3,768)
Depreciation of property, plant and equipment	23	(467)	(455)	(362)
Amortisation of intangible assets	22	(186)	(136)	(79)
Operating expenses		(13,199)	(12,674)	(10,527)
Share of post-tax results of associates and joint ventures	20	42	46	45
Profit on disposal of subsidiaries, associates and joint ventures		28	323	–
Profit before tax		7,107	7,197	5,311
Tax	10	(1,981)	(1,941)	(1,439)
Profit after tax		5,126	5,256	3,872
Profit attributable to minority interests		377	342	177
Profit attributable to equity holders		4,749	4,914	3,695
		5,126	5,256	3,872

The note numbers refer to the notes on pages 166 to 249, whereas the note letters refer to those on pages 254 to 262.

Barclays Bank PLC data
Consolidated balance sheet

Consolidated balance sheet
As at 31st December

	Notes	2007 £m	2006 £m
Assets			
Cash and balances at central banks		5,801	6,795
Items in the course of collection from other banks		1,836	2,408
Trading portfolio assets	e	193,726	177,884
Financial assets designated at fair value:			
– held on own account	13	56,629	31,799
– held in respect of linked liabilities to customers under investment contracts	13	90,851	82,798
Derivative financial instruments	14	248,088	138,353
Loans and advances to banks	15	40,120	30,926
Loans and advances to customers	15	345,398	282,300
Available for sale financial investments	f	43,256	51,952
Reverse repurchase agreements and cash collateral on securities borrowed	17	183,075	174,090
Other assets	g	5,153	5,850
Current tax assets	19	518	557
Investments in associates and joint ventures	20	377	228
Goodwill	21	7,014	6,092
Intangible assets	22	1,282	1,215
Property, plant and equipment	23	2,996	2,492
Deferred tax assets	19	1,463	764
Total assets		1,227,583	996,503
Liabilities			
Deposits from banks		90,546	79,562
Items in the course of collection due to other banks		1,792	2,221
Customer accounts		295,849	256,754
Trading portfolio liabilities	e	65,402	71,874
Financial liabilities designated at fair value	24	74,489	53,987
Liabilities to customers under investment contracts	13	92,639	84,637
Derivative financial instruments	14	248,288	140,697
Debt securities in issue		120,228	111,137
Repurchase agreements and cash collateral on securities lent	17	169,429	136,956
Other liabilities	h	10,514	10,337
Current tax liabilities	19	1,311	1,020
Insurance contract liabilities, including unit-linked liabilities	26	3,903	3,878
Subordinated liabilities	27	18,150	13,786
Deferred tax liabilities	19	855	282
Provisions	28	830	462
Retirement benefit liabilities	30	1,537	1,807
Total liabilities		1,195,762	969,397
Shareholders' equity			
Called up share capital	i	2,382	2,363
Share premium account	i	10,751	9,452
Other reserves	j	(170)	(484)
Other shareholders' equity	k	2,687	2,534
Retained earnings	j	14,222	11,556
Shareholders' equity excluding minority interests		29,872	25,421
Minority interests	l	1,949	1,685
Total shareholders' equity		31,821	27,106
Total liabilities and shareholders' equity		1,227,583	996,503

The note numbers refer to the notes on pages 166 to 249, whereas the note letters refer to those on pages 254 to 262.

These financial statements have been approved for issue by the Board of Directors on 7th March 2008.

Barclays Bank PLC data
Consolidated statement of recognised income and expense

Consolidated statement of recognised income and expense
For the year ended 31st December

	2007 £m	2006 £m	2005 £m
Available for sale reserve:			
– Net gains/(losses) from changes in fair value	389	107	(217)
– Losses transferred to net profit due to impairment	13	86	–
– Net gains transferred to net profit on disposal	(563)	(327)	(120)
– Net losses transferred to net profit due to fair value hedging	68	14	260
Cash flow hedging reserve:			
– Net gains/(losses) from changes in fair value	106	(437)	(50)
– Net losses/(gains) transferred to net profit	253	(50)	(69)
Currency translation differences	54	(781)	300
Tax	54	253	50
Other	22	25	(102)
Amounts included directly in equity	396	(1,110)	52
Profit after tax	5,126	5,256	3,872
Total recognised income and expense for the year	5,522	4,146	3,924
Attributable to:			
Equity holders	5,135	4,132	3,659
Minority interests	387	14	265
	5,522	4,146	3,924

Barclays Bank PLC data
Consolidated cash flow statement

Consolidated cash flow statement
For the year ended 31st December

	2007 £m	2006 £m	2005 £m
Reconciliation of profit before tax to net cash flows from operating activities:			
Profit before tax	7,107	7,197	5,311
Adjustment for non-cash items:			
Allowance for impairment	2,795	2,154	1,571
Depreciation and amortisation and impairment of property, plant, equipment and intangibles	669	612	450
Other provisions, including pensions	753	558	654
Net profit from associates and joint ventures	(42)	(46)	(45)
Net profit on disposal of investments and property, plant and equipment	(862)	(778)	(530)
Net profit from disposal of associates and joint ventures	(26)	(263)	–
Net profit from disposal of subsidiaries	(2)	(60)	–
Other non-cash movements	(1,471)	1,661	1,505
Changes in operating assets and liabilities:			
Net (increase) in loans and advances to banks and customers	(77,987)	(27,385)	(63,177)
Net increase in deposits and debt securities in issue	91,451	46,944	67,012
Net (increase)/decrease in derivative financial instruments	(2,144)	1,196	841
Net (increase) in trading portfolio assets	(18,245)	(18,333)	(42,585)
Net (decrease)/increase in trading liabilities	(6,472)	310	9,888
Net (increase)/decrease in financial investments	(4,379)	1,538	27,129
Net (increase)/decrease in other assets	1,296	(1,527)	(411)
Net (decrease) in other liabilities	(1,056)	(1,580)	(2,852)
Tax paid	(1,583)	(2,141)	(1,082)
Net cash from operating activities	(10,198)	10,057	3,679
Purchase of available for sale investments	(26,947)	(47,109)	(53,626)
Proceeds from sale or redemption of available for sale investments	38,423	46,069	51,114
Purchase of intangible assets	(263)	(212)	(91)
Purchase of property, plant and equipment	(1,241)	(654)	(588)
Proceeds from sale of property, plant and equipment	617	786	98
Acquisition of subsidiaries, net of cash acquired	(270)	(248)	(2,115)
Disposal of subsidiaries, net of cash disposed	383	(15)	–
Increase in investment in subsidiaries	(668)	(432)	(160)
Decrease in investment in subsidiaries	57	44	49
Acquisition of associates and joint ventures	(220)	(162)	(176)
Disposal of associates and joint ventures	145	739	40
Other cash flows associated with investing activities	–	17	23
Net cash used in investing activities	10,016	(1,177)	(5,432)
Dividends paid	(3,418)	(2,373)	(2,325)
Proceeds from borrowings and issuance of debt securities	4,625	2,493	1,179
Repayments of borrowings and redemption of debt securities	(683)	(366)	(464)
Issue of shares and other equity instruments	1,355	585	2,383
Capital injection from Barclays PLC	1,434	–	–
Net issues of shares to minority interests	199	226	20
Net cash from financing activities	3,512	565	793
Exchange (loss)/gain on foreign currency cash and cash equivalents	(654)	552	(237)
Net increase/(decrease) in cash and cash equivalents	2,676	9,997	(1,197)
Cash and cash equivalents at beginning of year	30,402	20,405	21,602
Cash and cash equivalents at end of year	33,078	30,402	20,405
Cash and cash equivalents comprise:			
Cash in hand	5,801	6,795	3,506
Loans and advances to banks	40,120	30,926	31,105
Less: amounts with original maturity greater than three months	(19,376)	(15,892)	(17,987)
	20,744	15,034	13,118
Available for sale financial investments	43,256	51,952	53,703
Less: non-cash and amounts with original maturity greater than three months	(41,872)	(50,933)	(53,487)
	1,384	1,019	216

Trading portfolio assets	**193,726**	177,884	155,730
Less: non-cash and amounts with maturity greater than three months	**(188,591)**	(170,346)	(152,190)
	5,135	7,538	3,540
Other	**14**	16	25
	33,078	30,402	20,405

In 2005, the opening cash and cash equivalents balance was adjusted to reflect the adoption of IAS 32 and IAS 39.

Barclays Bank PLC data
Notes to the accounts

a Net interest income

	2007 £m	2006 £m	2005 £m
Cash and balances with central banks	145	91	9
Available for sale investments	2,580	2,811	2,272
Loans and advances to banks	1,416	903	690
Loans and advances to customers	19,559	16,290	12,944
Other	1,608	1,710	1,317
Interest income	25,308	21,805	17,232
Deposits from banks	(2,720)	(2,819)	(2,056)
Customer accounts	(4,110)	(3,076)	(2,715)
Debt securities in issue	(6,651)	(5,282)	(3,268)
Subordinated liabilities	(878)	(777)	(605)
Other	(1,348)	(708)	(513)
Interest expense	(15,707)	(12,662)	(9,157)
Net interest income	9,601	9,143	8,075

Interest income includes £113m (2006: £98m, 2005: £76m) accrued on impaired loans.

Other interest income principally includes interest income relating to reverse repurchase agreements. Similarly, other interest expense principally includes interest expense relating to repurchase agreements and hedging activity.

Included in net interest income is hedge ineffectiveness as detailed in Note 14.

b Net fee and commission income

	2007 £m	2006 £m	2005 £m
Fee and commission income			
Brokerage fees	109	70	64
Investment management fees	1,787	1,535	1,250
Securities lending	241	185	151
Banking and credit related fees and commissions	6,367	6,031	4,805
Foreign exchange commissions	178	184	160
Fee and commission income	8,682	8,005	6,430
Brokerage fees paid	(970)	(828)	(725)
Fee and commission expense	(970)	(828)	(725)
Net fee and commission income	7,712	7,177	5,705

c Principal transactions

	2007 £m	2006 £m	2005 £m
Rates related business	4,162	2,866	1,732
Credit related business	(403)	766	589
Net trading income	**3,759**	3,632	2,321
Gain from disposal of available for sale assets/investment securities	560	307	120
Dividend income on equity investments	26	15	22
Net gain from financial instruments designated at fair value	293	447	389
Other investment income	337	193	327
Net investment income	**1,216**	962	858
Principal transactions	**4,975**	4,594	3,179

Net trading income includes the profits and losses arising both on the purchase and sale of trading instruments and from the revaluation to market value, together with the interest income and expense from these instruments and the related funding cost.

Of the total net trading income, a £756m loss (2006: £947m gain, 2005: £498m gain) was made on securities and £640m gain (2006: £480m, 2005: £340m) was earned in foreign exchange dealings.

The net gain on financial assets designated at fair value included within principal transactions was £78m (2006: £489m, 2005: £391m) of which losses of £215m (2006: £42m gain, 2005: £2m gain) were included in net trading income and gains of £293m (2006: £447m, 2005: £389m) were included in net investment income.

The net loss on financial liabilities designated at fair value included within principal transactions was £231m (2006: £920m, 2005: £666m) all of which was included within net trading income.

The net gain from widening of credit spreads relating to Barclays Capital issued notes held at fair value was £658m (2006: £nil, 2005: £nil).

d Other income

	2007 £m	2006 £m	2005 £m
Increase in fair value of assets held in respect of linked liabilities to customers under investment contracts	5,592	7,417	9,234
Increase in liabilities to customers under investment contracts	(5,592)	(7,417)	(9,234)
Property rentals	53	55	54
Other income	171	202	124
Other income	**224**	257	178

Included in other income are sub-lease receipts of £18m (2006: £18m, 2005: £18m).

Included in other income in 2007 is a loss on the part disposal of Monument credit card portfolio and gains on reinsurance transactions in 2007 and 2006.

e Trading portfolio assets

	2007 £m	2006 £m
Trading portfolio assets		
Treasury and other eligible bills	2,094	2,960
Debt securities	152,778	140,576
Equity securities	36,342	31,565
Traded loans	1,780	1,843
Commodities	732	940
Trading portfolio assets	**193,726**	177,884

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f Available for sale financial investments

	2007 £m	2006 £m
Debt securities	38,673	47,912
Treasury bills and other eligible bills	2,723	2,420
Equity securities	1,860	1,620
Available for sale financial investments	43,256	51,952

Movement in available for sale financial investments	2007 £m	2006 £m
At beginning of year	51,952	53,703
Exchange and other adjustments	1,499	(3,999)
Acquisitions and transfers	26,950	47,109
Disposals (sale and redemption)	(37,498)	(44,959)
Gains from changes in fair value recognised in equity	391	182
Impairment	(13)	(86)
Amortisation of discounts/premium	(25)	2
At end of year	43,256	51,952

g Other assets

	2007 £m	2006 £m
Sundry debtors	4,045	4,298
Prepayments	551	658
Accrued income	400	722
Reinsurance assets	157	172
Other assets	5,153	5,850

Included in the above Group balances are £4,541m (2006: £5,065m) expected to be recovered within no more than 12 months after the balance sheet date; and balances of £612m (2006: £785m) expected to be recovered more than 12 months after the balance sheet date.

Other assets comprise £3,966m (2006: £4,097m) of receivables which meet the definition of financial assets.

h Other liabilities

	2007 £m	2006 £m
Accruals and deferred income	6,075	6,127
Sundry creditors	4,356	4,118
Obligations under finance leases	83	92
Other liabilities	10,514	10,337

Included in the above are balances of £9,058m (2006: £9,265m) expected to be settled within no more than 12 months after the balance sheet date; and balances of £1,456m (2006: £1,072m) expected to be settled more than 12 months after the balance sheet date.

Accruals and deferred income included £102m (2006: £107m) in relation to deferred income from investment contracts and £677m (2006: £822m) in relation to deferred income from insurance contracts for the Group.

i Called up share capital

Ordinary Shares

The authorised ordinary share capital of the Bank, as at 31st December 2007, was 3,000 million (2006: 3,000 million) ordinary shares of £1 each.

During the year, the Bank issued 7 million ordinary shares with an aggregate nominal value of £7m, for cash consideration of £111m.

Preference Shares

The authorised preference share capital of Barclays Bank PLC, as at 31st December 2007, was 1,000 Preference Shares (2006: 1,000) of £1; 400,000 Preference Shares of €100 each (2006: 400,000); 400,000 Preference Shares of £100 each (2006: 400,000); 400,000 Preference Shares of US$100 each (2006: 400,000); 150 million Preference Shares of US$0.25 each (2006: 80 million).

The issued preference share capital of Barclays Bank PLC, as at 31st December 2007, comprised 1,000 (2006: 1,000) Sterling Preference Shares of £1 each; 240,000 (2006: 240,000) Euro Preference Shares of €100 each; 75,000 (2006: 75,000) Sterling Preference Shares of £100 each; 100,000 (2006: 100,000) US Dollar Preference Shares of US$100 each; 131 million (2006: 30 million) US Dollar Preference Shares of US$0.25 each.

	2007 £m	2006 £m
Called up share capital, allotted and fully paid		
At beginning of year	2,329	2,318
Issued for cash	7	11
At end of year	**2,336**	**2,329**
Called up preference share capital, allotted and fully paid		
At beginning of year	34	30
Issued for cash	12	4
At end of year	**46**	**34**
Called up share capital	**2,382**	**2,363**

Share premium

	2007 £m	2006 £m
At beginning of year	**9,452**	**8,882**
Ordinary shares issued for cash	104	168
Preference shares issued for cash	1,195	402
At end of year	**10,751**	**9,452**

Sterling £1 Preference Shares
1,000 Sterling cumulative callable preference shares of £1 each (the '£1 Preference Shares') were issued on 31st December 2004 at nil premium.

The £1 Preference Shares entitle the holders thereof to receive sterling cumulative cash dividends out of distributable profits of Barclays Bank PLC, semi-annually at a rate reset semi-annually equal to the sterling interbank offered rate for six-month sterling deposits.

Barclays Bank PLC shall be obliged to pay such dividends if (1) it has profits available for the purpose of distribution under the Companies Act 1985 as at each dividend payment date and (2) it is solvent on the relevant dividend payment date, provided that a capital regulations condition is satisfied on such dividend payment date. The dividends shall not be due and payable on the relevant dividend payment date except to the extent that Barclays Bank PLC could make such payment and still be solvent immediately thereafter. Barclays Bank PLC shall be considered solvent on any date if (1) it is able to pay its debts to senior creditors as they fall due and (2) its auditors have reported within the previous six months that its assets exceed its liabilities.

If Barclays Bank PLC shall not pay, or shall pay only in part, a dividend for a period of seven days or more after the due date for payment, the holders of the £1 Preference Shares may institute proceedings for the winding-up of Barclays Bank PLC. No remedy against Barclays Bank PLC shall be available to the holder of any £1 Preference Shares for the recovery of amounts owing in respect of £1 Preference Shares other than the institution of proceedings for the winding-up of Barclays Bank PLC and/or proving in such winding-up.

On a winding-up or other return of capital (other than a redemption or purchase by Barclays Bank PLC of any of its issued shares, or a reduction of share capital, permitted by the Articles of Barclays Bank PLC and under applicable law), the assets of Barclays Bank PLC available to shareholders shall be applied in priority to any payment to the holders of ordinary shares and any other class of shares in the capital of Barclays Bank PLC then in issue ranking junior to the £1 Preference Shares on such a return of capital and pari passu on such a return of capital with the holders of any other class of shares in the capital of Barclays Bank PLC then in issue (other than any class of shares in the capital of Barclays Bank PLC then in issue ranking in priority to the £1 Preference Shares on a winding-up or other such return of capital), in payment to the holders of the £1 Preference Shares of a sum equal to the aggregate of: (1) an amount equal to the dividends accrued thereon for the then current dividend period (and any accumulated arrears thereof) to the date of the commencement of the winding-up or other such return of capital; and (2) an amount equal to £1 per £1 Preference Share.

After payment of the full amount of the liquidating distributions to which they are entitled, the holders of the £1 Preference Shares will have no right or claim to any of the remaining assets of Barclays Bank PLC and will not be entitled to any further participation in such return of capital. The £1 Preference Shares are redeemable at the option of Barclays Bank PLC, in whole but not in part only, subject to the Companies Act and its Articles. Holders of the £1 Preference Shares are not entitled to receive notice of, or to attend, or vote at, any general meeting of Barclays Bank PLC.

i Called up share capital (continued)

Euro Preference Shares
100,000 Euro 4.875% non-cumulative callable preference shares of €100 each (the '4.875% Preference Shares') were issued on 8th December 2004 for a consideration of €993.6m (£688.4m), of which the nominal value was €10m and the balance was share premium. The 4.875% Preference Shares entitle the holders thereof to receive Euro non-cumulative cash dividends out of distributable profits of Barclays Bank PLC, annually at a fixed rate of 4.875% per annum on the amount of €10,000 per preference share until 15th December 2014, and thereafter quarterly at a rate reset quarterly equal to 1.05% per annum above the Euro interbank offered rate for three-month Euro deposits.

The 4.875% Preference Shares are redeemable at the option of Barclays Bank PLC, in whole but not in part only, on 15th December 2014, and on each dividend payment date thereafter at €10,000 per share plus any dividends accrued for the then current dividend period to the date fixed for redemption.

140,000 Euro 4.75% non-cumulative callable preference shares of €100 each (the '4.75% Preference Shares') were issued on 15th March 2005 for a consideration of €1,383.3m (£966.7m), of which the nominal value was €14m and the balance was share premium. The 4.75% Preference Shares entitle the holders thereof to receive Euro non-cumulative cash dividends out of distributable profits of Barclays Bank PLC, annually at a fixed rate of 4.75% per annum on the amount of €10,000 per preference share until 15th March 2020, and thereafter quarterly at a rate reset quarterly equal to 0.71% per annum above the Euro interbank offered rate for three-month Euro deposits.

The 4.75% Preference Shares are redeemable at the option of Barclays Bank PLC, in whole but not in part only, on 15th March 2020, and on each dividend payment date thereafter at €10,000 per share plus any dividends accrued for the then current dividend period to the date fixed for redemption.

Sterling Preference Shares
75,000 Sterling 6.0% non-cumulative callable preference shares of £100 each (the '6.0% Preference Shares') were issued on 22nd June 2005 for a consideration of £732.6m, of which the nominal value was £7.5m and the balance was share premium. The 6.0% Preference Shares entitle the holders thereof to receive Sterling non-cumulative cash dividends out of distributable profits of Barclays Bank PLC, annually at a fixed rate of 6.0% per annum on the amount of £10,000 per preference share until 15th December 2017, and thereafter quarterly at a rate reset quarterly equal to 1.42% per annum above the London interbank offered rate for three-month Sterling deposits.

The 6.0% Preference Shares are redeemable at the option of Barclays Bank PLC, in whole but not in part only, on 15th December 2017, and on each dividend payment date thereafter at £10,000 per share plus any dividends accrued for the then current dividend period to the date fixed for redemption.

US Dollar Preference Shares
100,000 US Dollar 6.278% non-cumulative callable preference shares of US$100 each (the '6.278% Preference Shares'), represented by 100,000 American Depositary Shares, Series 1, were issued on 8th June 2005 for a consideration of US$995.4m (£548.1m), of which the nominal value was US$10m and the balance was share premium. The 6.278% Preference Shares entitle the holders thereof to receive US Dollar non-cumulative cash dividends out of distributable profits of Barclays Bank PLC, semi-annually at a fixed rate of 6.278% per annum on the amount of US$10,000 per preference share until 15th December 2034, and thereafter quarterly at a rate reset quarterly equal to 1.55% per annum above the London interbank offered rate for three-month US Dollar deposits.

The 6.278% Preference Shares are redeemable at the option of Barclays Bank PLC, in whole but not in part only, on 15th December 2034, and on each dividend payment date thereafter at US$10,000 per share plus any dividends accrued for the then current dividend period to the date fixed for redemption.

30 million US Dollar 6.625% non-cumulative callable preference shares of US$0.25 each (the '6.625% Preference Shares'), represented by 30 million American Depositary Shares, Series 2, were issued on 25th and 28th April 2006 for a consideration of US$727m (£406m), of which the nominal value was US$7.5m and the balance was share premium. The 6.625% Preference Shares entitle the holders thereof to receive US Dollar non-cumulative cash dividends out of distributable profits of Barclays Bank PLC, quarterly at a fixed rate of 6.625% per annum on the amount of US$25 per preference share.

The 6.625% Preference Shares are redeemable at the option of Barclays Bank PLC, in whole but not in part only, on 15th September 2011, and on each dividend payment date thereafter at US$25 per share plus any dividends accrued for the then current dividend period to the date fixed for redemption.

55 million US Dollar 7.1% non-cumulative callable preference shares of US$0.25 each (the '7.1% Preference Shares'), represented by 55 million American Depositary Shares, Series 3, were issued on 13th September 2007 for a consideration of US$1,335m (£657m), of which the nominal value was US$13.75m and the balance was share premium. The 7.1% Preference Shares entitle the holders thereof to receive US Dollar non-cumulative cash dividends out of distributable profits of Barclays Bank PLC, quarterly at a fixed rate of 7.1% per annum on the amount of US$25 per preference share.

The 7.1% Preference Shares are redeemable at the option of Barclays Bank PLC, in whole or in part, on 15th December 2012, and on each dividend payment date thereafter at US$25 per share plus any dividends accrued for the then current dividend period to the date fixed for redemption.

46 million US Dollar 7.75% non-cumulative callable preference shares of US$0.25 each (the '7.75% Preference Shares'), represented by 46 million American Depositary Shares, Series 4, were issued on 7th December 2007 for a consideration of US$1,116m (£550m), of which the nominal value was US$11.5m and the balance was share premium. The 7.75% Preference Shares entitle the holders thereof to receive US Dollar non-cumulative cash dividends out of distributable profits of Barclays Bank PLC, quarterly at a fixed rate of 7.75% per annum on the amount of US$25 per preference share.

The 7.75% Preference Shares are redeemable at the option of Barclays Bank PLC, in whole or in part, on 15th December 2013, and on each dividend payment date thereafter at US$25 per share plus any dividends accrued for the then current dividend period to the date fixed for redemption.

i Called up share capital (continued)

No redemption or purchase of any 4.875% Preference Shares, the 4.75% Preference Shares, the 6.0% Preference Shares, the 6.278% Preference Shares, the 6.625% Preference Shares, the 7.1% Preference Shares and the 7.75% Preference Shares (together the 'Preference Shares') may be made by Barclays Bank PLC without the prior notification to the UK FSA and any such redemption will be subject to the Companies Act and the Articles of Barclays Bank PLC.

On a winding-up of Barclays Bank PLC or other return of capital (other than a redemption or purchase of shares of Barclays Bank PLC, or a reduction of share capital), a holder of Preference Shares will rank in the application of assets of Barclays Bank PLC available to shareholders (1) junior to the holder of any shares of Barclays Bank PLC in issue ranking in priority to the Preference Shares, (2) equally in all respects with holders of other preference shares and any other shares of Barclays Bank PLC in issue ranking pari passu with the Preference Shares and (3) in priority to the holders of ordinary shares and any other shares of Barclays Bank PLC in issue ranking junior to the Preference Shares.

The holders of the £400m 6% Callable Perpetual Core Tier One Notes and the US$1,000m 6.86% Callable Perpetual Core Tier One Notes of Barclays Bank PLC (together, the 'TONs') and the holders of the US$1,250m 8.55% Step-up Callable Perpetual Reserve Capital Instruments, the US$750m 7.375% Step-up Callable Perpetual Reserve Capital Instruments, the €850m 7.50% Step-up Callable Perpetual Reserve Capital Instruments, the £500m 5.3304% Step-up Callable Perpetual Reserve Capital Instruments, the US$1,350m 5.926% Step-up Callable Perpetual Reserve Capital Instruments, the £500m 6.3688% Step-up Callable Perpetual Reserve Capital Instruments and the US$1,250m 7.434% Step-up Callable Perpetual Reserve Capital Instruments of Barclays Bank PLC (together, the 'RCIs') would, for the purposes only of calculating the amounts payable in respect of such securities on a winding-up of Barclays Bank PLC, subject to limited exceptions and to the extent that the TONs and the RCIs are then in issue, rank pari passu with the holders of the most senior class or classes of preference shares then in issue in the capital of Barclays Bank PLC. Accordingly, the holders of the preference shares would rank equally with the holders of such TONs and RCIs on such a winding-up of Barclays Bank PLC (unless one or more classes of shares of Barclays Bank PLC ranking in priority to the preference shares are in issue at the time of such winding-up, in which event the holders of such TONs and RCIs would rank equally with the holders of such shares and in priority to the holders of the preference shares).

Subject to such ranking, in such event, holders of the preference shares will be entitled to receive out of assets of Barclays Bank PLC available for distributions to shareholders, liquidating distributions in the amount of €10,000 per 4.875% Preference Share, €10,000 per 4.75% Preference Share, £10,000 per 6.0% Preference Share, US$10,000 per 6.278% Preference Share, US$25 per 6.625% Preference Share, US$25 per 7.1% Preference Share and US$25 per 7.75% Preference Share, plus, in each case, an amount equal to the accrued dividend for the then current dividend period to the date of the commencement of the winding-up or other such return of capital. If a dividend is not paid in full on any preference shares on any dividend payment date, then a dividend restriction shall apply.

This dividend restriction will mean that neither Barclays Bank PLC nor Barclays PLC may (a) declare or pay a dividend (other than payment by Barclays PLC of a final dividend declared by its shareholders prior to the relevant dividend payment date, or a dividend paid by Barclays Bank PLC to Barclays PLC or to a wholly owned subsidiary) on any of their respective ordinary shares, other preference shares or other share capital or (b) redeem, purchase, reduce or otherwise acquire any of their respective share capital, other than shares of Barclays Bank PLC held by Barclays PLC or a wholly owned subsidiary, until the earlier of (1) the date on which Barclays Bank PLC next declares and pays in full a preference dividend and (2) the date on or by which all the preference shares are redeemed in full or purchased by Barclays Bank PLC.

Holders of the preference shares are not entitled to receive notice of, or to attend, or vote at, any general meeting of Barclays Bank PLC. Barclays Bank PLC is not permitted to create a class of shares ranking as regards participation in the profits or assets of Barclays Bank PLC in priority to the preference shares, save with the sanction of a special resolution of a separate general meeting of the holders of the preference shares (requiring a majority of not less than three-fourths of the holders of the preference shares voting at the separate general meeting), or with the consent in writing of the holders of three-fourths of the preference shares.

Except as described above, the holders of the preference shares have no right to participate in the surplus assets of Barclays Bank PLC.

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j Reserves

Other reserves

	Available for sale reserve £m	Cash flow hedging reserve £m	Translation reserve £m	Total £m
At 1st January 2007	184	(230)	(438)	(484)
Net gains from changes in fair value	385	182	–	567
Net (gains)/losses transferred to net profit	(560)	198	–	(362)
Currency translation differences	–	–	29	29
Losses transferred to net profit due to impairment	13	–	–	13
Changes in insurance liabilities	22	–	–	22
Net losses transferred to net profit due to fair value hedging	68	–	–	68
Tax	(1)	(124)	102	(23)
At 31st December 2007	111	26	(307)	(170)

Retained earnings

	Retained earnings £m
At 1st January 2007	11,556
Profit attributable to equity holders	4,749
Equity-settled share schemes	567
Tax on equity-settled shares schemes	28
Vesting of Barclays PLC shares under share-based payment schemes	(524)
Dividends paid	(3,287)
Dividends on preference shares and other shareholders' equity	(345)
Capital injection from Barclays PLC	1,434
Other movements	44
At 31st December 2007	14,222
At 1st January 2006	8,462
Profit attributable to equity holders	4,914
Equity-settled share schemes	663
Tax on equity-settled shares schemes	96
Vesting of Barclays PLC shares under share-based payment schemes	(394)
Dividends paid	(1,964)
Dividends on preference shares and other shareholders' equity	(329)
Other movements	108
At 31st December 2006	11,556

Transfers from the cashflow hedging reserve to the income statement were: interest income £93m loss (2006: £7m loss), interest expense £11m gain (2006: £73m gain), net trading income £100m loss (2006: £15m loss) and administration and general expenses of £16m loss (2006: £nil).

k Other shareholders' equity

	2007 £m	2006 £m
At 1st January	2,534	2,490
Appropriations	8	44
Other movements	145	–
At 31st December	2,687	2,534

Included in other shareholders' equity are:

Issuances of reserve capital instruments which bear a fixed rate of interest ranging between 7.375%-8.55% until 2010 or 2011. After these dates, in the event that the reserve capital instruments are not redeemed, they will bear interest at rates fixed periodically in advance, based on London or European interbank rates. These instruments are repayable, at the option of the Bank, in whole on any coupon payment date falling in or after June or December 2010 or 2011. The Bank may elect to defer any payment of interest on the reserve capital instruments for any period of time. Whilst such deferral is continuing, neither the Bank nor Barclays PLC may declare or pay a dividend, subject to certain exceptions, on any of its ordinary shares or preference shares.

Issuance of capital notes which bear interest at rates fixed periodically in advance, based on London interbank rates. These notes are repayable in each case, at the option of the Bank, in whole on any interest payment date. The Bank is not obliged to make a payment of interest on its capital notes if, in the preceding six months, a dividend has not been declared or paid on any class of shares of Barclays PLC.

l Minority interests

	2007 £m	2006 £m
At beginning of year	1,685	1,578
Share of profit after tax	377	342
Dividend and other payments	(131)	(127)
Equity issued by subsidiaries	137	233
Available for sale reserve: net gain/(loss) from changes in fair value	1	(2)
Cash flow hedges: net loss from changes in fair value	(16)	(9)
Currency translation differences	16	(316)
Additions	27	20
Disposals	(111)	(34)
Other	(36)	–
At end of year	1,949	1,685

m Dividends

	2007 £m	2006 £m
On ordinary shares		
Final dividend	791	730
Interim dividends	2,496	1,234
Dividends	3,287	1,964

These dividends are paid to enable Barclays PLC to fund its dividends to its shareholders and in 2007, to fund the repurchase by Barclays PLC of ordinary share capital.

Dividends paid on preference shares amounted to £193m (2006: £174m). Dividends paid on other equity instruments as detailed in Note k amounted to £152m (2006: £151m).

n Financial risks

The only significant financial instruments that are held by Barclays Bank PLC and not Barclays PLC are investments in Barclays PLC ordinary shares, dealt with as trading portfolio equity assets and available for sale financial investments as appropriate.

There consequently are no significant differences in exposures to market risk, credit risk, liquidity risk and the fair value of financial instruments between Barclays PLC and Barclays Bank PLC, and no differences in the manner in which these financial risks are managed. Therefore the disclosures regarding financial risks appearing in Notes 45 to 48 are in all material respects the same for Barclays Bank PLC and Barclays PLC.

o Capital

The Barclays Bank PLC Group's policies and objectives for managing capital are the same as those for the Barclays PLC Group, disclosed in Note 50.

The table below provides details under Basel I of the Barclays Bank PLC Group capital ratios and risk weighted assets at 31st December 2007 and 2006.

	2007 %	2006 %
Capital Ratios		
Tier 1 ratio	7.5	7.5
Risk asset ratio	11.8	11.5

	2007 £m	2006 £m
Total risk weighted assets	353,471	297,833

The table below provides details of the regulatory capital resources of Barclays Bank PLC Group.

	2007 £m	2006 £m
Total qualifying Tier 1 capital	26,534	22,455
Total qualifying Tier 2 capital	17,123	14,036
Total deductions	(1,889)	(2,330)
Total net capital resources	41,768	34,161

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p Segmental analysis

Year ended 31st December 2007	United Kingdom £m	Other European Union £m	United States £m	Africa £m	Rest of the World £m	Total £m
Total income	13,310	3,600	2,209	3,302	1,102	23,523
Insurance claims and benefits	(152)	(226)	–	(114)	–	(492)
Total income net of insurance claims	13,158	3,374	2,209	3,188	1,102	23,031
Percentage of total income net of insurance claims (%)	57%	15%	9%	14%	5%	100%
Total assets (by location of asset)	429,665	285,719	301,973	56,117	154,109	1,227,583
Percentage of total assets (%)	35%	23%	25%	4%	13%	100%
Capital expenditure (by location of asset) [a]	894	303	789	225	88	2,299

Year ended 31st December 2006	United Kingdom £m	Other European Union £m	United States £m	Africa £m	Rest of the World £m	Total £m
Total income	12,503	3,063	2,840	2,897	928	22,231
Insurance claims and benefits	(288)	(181)	–	(106)	–	(575)
Total income net of insurance claims	12,215	2,882	2,840	2,791	928	21,656
Percentage of total income net of insurance claims (%)	57%	13%	13%	13%	4%	100%
Total assets (by location of asset)	406,044	203,929	229,779	44,696	112,055	996,503
Percentage of total assets (%)	41%	20%	23%	5%	11%	100%
Capital expenditure (by location of asset) [a]	569	62	565	136	39	1,371

Note
a Capital expenditure comprises purchased goodwill, intangible assets and property, plant and equipment acquired during the year.

Barclays Bank PLC
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	IFRS			
	2007	2006	2005	2004 [a]
Selected financial statistics	%	%	%	%
Attributable profit as a percentage of:				
– average total assets	**0.4**	0.4	0.4	0.5
– average shareholders' equity	**16.3**	20.2	17.4	21.3
Average shareholders' equity as a percentage of average total assets	**2.2**	2.2	2.2	2.4
Selected income statement data	**£m**	£m	£m	£m
Interest income	**25,308**	21,805	17,232	13,880
Interest expense	**(15,707)**	(12,662)	(9,157)	(7,047)
Non-interest income	**13,922**	13,088	9,934	8,543
Operating expenses	**(13,199)**	(12,674)	(10,527)	(8,536)
Provisions – bad and doubtful debts	**n/a**	n/a	n/a	n/a
– contingent liabilities and commitments	**n/a**	n/a	n/a	n/a
Impairment charges	**(2,795)**	(2,154)	(1,571)	(1,093)
Share of post-tax results of associates and joint ventures	**42**	46	45	56
Profit on disposal of subsidiaries, associates and joint ventures	**28**	323	–	45
Exceptional items	**n/a**	n/a	n/a	n/a
Profit before tax	**7,107**	7,197	5,311	4,589
Attributable profit	**4,749**	4,914	3,695	3,263
Selected balance sheet data	**£m**	£m	£m	£m
Total shareholders' equity	**31,821**	27,106	24,243	16,849
Subordinated liabilities	**18,150**	13,786	12,463	12,277
Deposits from banks, customer accounts and debt securities in issue	**506,623**	447,453	417,139	412,358
Loans and advances to banks and customers	**385,518**	313,226	300,001	343,041
Total assets	**1,227,583**	996,503	924,170	538,300

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

Barclays Bank PLC
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Ratio of earnings to fixed charges – Barclays Bank PLC

	2007	2006	2005	2004[a]
	(in £m except for ratios)			
Ratio of earnings to fixed charges				
IFRS:				
Fixed charges				
Interest expense	37,903	30,385	20,965	14,464
Rental expense	161	137	126	93
Total fixed charges	38,064	30,522	21,091	14,557
Earnings				
Income before taxes and minority interests	7,107	7,197	5,311	4,589
Less: Unremitted pre-tax income of associated companies and joint ventures	(45)	(41)	(28)	(51)
	7,062	7,156	5,283	4,538
Fixed charges	38,064	30,522	21,091	14,557
Total earnings including fixed charges	45,126	37,678	26,374	19,095
Ratio of earnings to fixed charges	1.19	1.23	1.25	1.31

Ratio of earnings to fixed charges and preference shares – Barclays Bank PLC

	2007	2006	2005	2004[a]
	(in £m except for ratios)			
Combined fixed charges, preference share dividends and similar appropriations				
IFRS:				
Interest expense	37,903	30,385	20,965	14,464
Rental expense	161	137	126	93
Fixed charges	38,064	30,522	21,091	14,557
Preference share dividends and similar appropriations	345	395	304	3
Total fixed charges	38,409	30,917	21,395	14,560
Earnings				
Income before taxes and minority interests	7,107	7,197	5,311	4,589
Less: Unremitted pre-tax (income)/loss of associated companies and joint ventures	(45)	(41)	(28)	(51)
	7,062	7,156	5,283	4,538
Fixed charges	38,409	30,917	21,091	14,557
Total earnings including fixed charges	45,471	38,073	26,374	19,095
Ratio of earnings to combined fixed charges, preference share dividends and similar appropriations	1.18	1.23	1.23	1.31

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

Currency of presentation

In this report, unless otherwise specified, all amounts are expressed in Pounds Sterling. For the months indicated, the high and low noon buying rates in New York City for cable transfers in Pounds Sterling, as certified for customs purposes by the Federal Reserve Bank of New York (the noon buying rate), were:

	(US Dollars per Pound Sterling)					
	February	January 2008	December	November	October 2007	September
High	1.9923	1.9895	2.0658	2.1104	2.0777	2.0389
Low	1.9404	1.9515	1.9774	2.0478	2.0279	1.992

For the years indicated, the average of the noon buying rates on the last day of each month were:

	(US Dollars per Pound Sterling)				
	2007	2006	2005	2004	2003
Average	2.00	1.86	1.81	1.84	1.64

On March 18, 2008, the noon buying rate in New York City for cable transfers in Pound Sterling was $2.0216.

No representation is made that Pounds Sterling amounts have been, or could have been, or could be, converted into US Dollars at any of the above rates. For the purpose of presenting financial information in this report, exchange rates other than those shown above may have been used.

Glossary

Term used in Annual Report	US equivalent or brief description
Accounts	Financial statements
Allotted	Issued
Attributable profit	Net income
Called up share capital	Ordinary shares, issued and fully paid
Capital allowances	Tax term equivalent to US tax depreciation allowances
Cash at bank and in hand	Cash
Class of business	Industry segment
Finance lease	Capital lease
Freehold	Ownership with absolute rights in perpetuity
Loans and advances	Lendings
Loan capital	Long-term debt
Net asset value	Book value
Profit	Income
Share capital	Ordinary shares, capital stock or common stock issued and fully paid
Share premium account	Additional paid-up capital or paid-in surplus (not distributable)
Shares in issue	Shares outstanding
Write-offs	Charge-offs

Shareholder information

Dividends on the ordinary shares of Barclays PLC
Barclays PLC has paid dividends on its ordinary shares every year without interruption since its incorporation in 1896.
The dividends declared for each of the last five years were:

Pence per 25p ordinary share

	2007	2006	2005	2004	2003
Interim	11.50	10.50	9.20	8.25	7.05
Final	22.50	20.50	17.40	15.75	13.45
Total	34.00	31.00	26.60	24.00	20.50

US Dollars per 25p ordinary share

	2007	2006	2005	2004	2003
Interim	0.23	0.20	0.16	0.15	0.12
Final	0.45	0.41	0.31	0.30	0.24
Total	0.68	0.61	0.47	0.45	0.36

The gross dividends applicable to an American Depositary Share (ADS) representing four ordinary shares, before deduction of withholding tax, are as follows:

US Dollars per American Depositary Share

	2007	2006	2005	2004	2003
Interim	0.93	0.80	0.65	0.60	0.48
Final	1.79	1.64	1.24	1.20	0.95
Total	2.72	2.44	1.89	1.80	1.43

Dividends expressed in Dollars are translated at the Noon Buying Rates in New York City for cable transfers in Pounds Sterling as certified for customs purposes by the Federal Reserve Bank of New York (the 'Noon Buying Rate') for the days on which dividends are paid, except for the 2007 final dividend, payable in the UK on 25th April 2008, which is translated at the Noon Buying Rate applicable on 27th February 2008. No representation is made that Pounds Sterling amounts have been, or could have been, or could be, converted into Dollars at these rates.

Trading market for ordinary shares of Barclays PLC
The nominal capital of Barclays PLC is divided into 9,996,000,000 ordinary shares of 25p each (ordinary shares) and 1,000,000 staff shares of £1 each (staff shares). At the close of business on 31st December 2007, 6,600,181,801 ordinary shares and 875,000 staff shares were outstanding.

The principal trading market for Barclays PLC ordinary shares is the London Stock Exchange. Ordinary share listings were also obtained on the Tokyo Stock Exchange with effect from 1st August 1986 and the New York Stock Exchange (NYSE) with effect from 9th September 1986.

Trading on the NYSE is in the form of ADSs under the symbol 'BCS'. Each ADS represents four ordinary shares and is evidenced by an American Depositary Receipt (ADR). The ADR depositary is The Bank of New York. Details of trading activity are published in the stock tables of leading daily newspapers in the US.

There were 838 ADR holders and 1,434 recorded holders of ordinary shares with US addresses at 31st December 2007, whose shareholdings represented approximately 3.94% of total outstanding ordinary shares on that date. Since certain of the ordinary shares and ADRs were held by brokers or other nominees, the number of recorded holders in the US may not be representative of the number of beneficial holders or of their country of residence.

The following table shows the high and low sales price for the ordinary shares during the periods indicated, based on mid-market prices at close of business on the London Stock Exchange and the high and low sale price for ADSs as reported on the NYSE composite tape.

	25p ordinary shares		American Depositary Shares	
	High p	Low p	High US$	Low US$
2008				
By month:				
January	**508.5**	**420.75**	**41.37**	**33.75**
February	**520.0**	**427.5**	**41.58**	**33.23**
2007				
By month:				
July	**738.5**	**681.0**	**60.35**	**54.93**
August	**712.5**	**589.0**	**57.75**	**46.61**
September	**639.0**	**580.0**	**51.47**	**47.10**
October	**665.5**	**580.0**	**54.48**	**47.30**
November	**571.5**	**474.5**	**47.23**	**39.86**
December	**569.0**	**499.0**	**46.90**	**39.90**
By quarter:				
First quarter	**790.0**	**673.5**	**62.46**	**53.35**
Second quarter	**756.0**	**696.0**	**60.37**	**55.79**
Third quarter	**738.5**	**580.0**	**60.35**	**46.61**
Fourth quarter	**665.5**	**474.5**	**54.48**	**39.86**
2006				
Fourth quarter	737	676	61.52	51.02
Third quarter	680	586	51.75	42.90
Second quarter	701	588	51.03	43.20
First quarter	684	587.5	48.00	41.80
2007	790	474.5	62.46	39.86
2006	737	586	61.52	41.80
2005	615	520	47.00	37.16
2004	586	443	45.99	32.78
2003	527	311	36.57	20.30

This section incorporates information on the prices at which securities of Barclays PLC have traded. It is emphasised that past performance cannot be relied upon as a guide to future performance.

Shareholdings at 31st December 2007 [a]

	Shareholders			Shares held as a percentage of issued ordinary shares
	Number	Percentage of total holders	Number of shares held (millions)	
Classification of shareholders				
Personal holders	**724,760**	**97.3**	**462.0**	**7.0**
Banks and nominees	**18,232**	**2.45**	**5,993.6**	**90.8**
Other companies	**1,810**	**0.25**	**144.19**	**2.18**
Insurance companies	**14**	**0.0**	**0.2**	**0.02**
Pensions funds	**16**	**0.0**	**0.019**	**0.0**
Totals	**744,832**	**100**	**6,600**	**100**
Shareholding range				
1-100	**28,398**	**3.81**	**0.69**	**0.01**
101-250	**273,942**	**36.78**	**19.8**	**0.3**
251-500	**212,358**	**28.51**	**28.3**	**0.43**
501-1,000	**108,967**	**14.63**	**36.9**	**0.56**
1,001-5,000	**92,200**	**12.38**	**134.5**	**2.01**
5,001-10,000	**15,350**	**2.06**	**89.7**	**1.36**
10,001-25,000	**9,253**	**1.24**	**119.5**	**1.81**
25,001-50,000	**2,231**	**0.30**	**67.0**	**1.02**
50,001 and over	**2,133**	**0.29**	**6,104**	**92.5**
Totals	**744,832**	**100**	**6,600**	**100**

United States holdings	**1,434**	**0.16**	**2.27**	**0.034**

Note
a These figures include Barclays Sharestore members.

Shareholder information

Memorandum and Articles of Association

The Company was incorporated in England on 20th July 1896 under the Companies Acts 1862 to 1890 as a company limited by shares and was reregistered in 1982 as a public limited company under the Companies Acts 1948 to 1980. The Company is registered under company number 48839. The Company was reregistered as Barclays PLC on 1st January 1985.

The objects of the Company are set out in full in clause 4 of its Memorandum of Association which provides, among other things, that the Company's objects are to carry on business as an investment and holding company in all its aspects.

The Company may, by special resolution, amend its Articles of Association. The Company is proposing to adopt new Articles of Association at its annual general meeting in 2008, to update its Articles of Association for the operative provisions of the Companies Act 2006. A summary of the proposed changes may be found in the notice of annual general meeting that accompanies this report.

Directors

(i) The minimum number of Directors (excluding alternate Directors) is five. There is no maximum limit. There is no age limit for Directors.

(ii) Excluding executive remuneration and any other entitlement to remuneration for extra services (including service on board committees) under the Articles, a Director is entitled to a fee at a rate determined by the Board but the aggregate fees paid to all Directors shall not exceed £1,000,000 per annum or such higher amount as may be approved by an ordinary resolution of the Company. Each Director is entitled to reimbursement for all travelling, hotel and other expenses properly incurred by him/her in or about the performance of his/her duties.

(iii) No auditor or member of a firm of auditors of the Group of companies may be appointed a Director. A Director may hold any other office of the Company on such terms as the Board shall determine.

(iv) At each annual general meeting ('AGM') of the Company, one third of the Directors (rounded down) are required to retire from office by rotation and may offer themselves for re-election. The Directors so retiring are those who have been longest in office (and in the case of equality of service length are selected by lot). Other than a retiring Director, no person shall (unless recommended by the Board) be eligible for election unless a member notifies the Company Secretary in advance of his/her intention to propose a person for election.

(v) The Board has the power to appoint additional Directors or to fill a casual vacancy amongst the Directors. Any Director so appointed holds office until the next AGM, when he/she may offer himself/herself for re-election. He/she is not taken into account in determining the number of Directors retiring by rotation.

(vi) The Board may appoint any Director to any executive position or employment in the Company on such terms as they determine.

(vii) A Director may appoint either another Director or some other person approved by the Board to act as his/her alternate with power to attend Board meetings and generally to exercise the functions of the appointing Director in his/her absence (other than the power to appoint an alternate).

(viii) A Director may hold positions with or be interested in other companies and, subject to legislation applicable to the Company and the FSA's requirements, may contract with the Company or any other company in which the Company is interested. A Director may not vote or count towards the quorum on any resolution concerning any proposal in which he/she (or any person connected with him/her) has a material interest (other than by virtue of his/her interest in securities of the Company) or if he/she has a duty which conflicts or may conflict with the interests of the Company, unless the resolution relates to any proposal:

(a) to indemnify a Director or provide him/her with a guarantee or security in respect of money lent by him/her to, or any obligation incurred by him/her or any other person for the benefit of (or at the request of), the Company (or any other member of the Group);

(b) to indemnify or give security or a guarantee to a third party in respect of a debt or obligation of the Company (or any other member of the Group) for which the Director has personally assumed responsibility;

(c) to indemnify a Director or provide him/her with a guarantee or security for any liability which he/she may incur in the performance of his/her duties or to obtain insurance against such a liability;

(d) involving the acquisition by a Director of any securities of the Company pursuant to an offer to existing holders of securities or to the public;

(e) that the Director underwrite any issue of securities of the Company (or any of its subsidiaries);

(f) concerning any other company in which the Director is interested as an officer or creditor or shareholder but, broadly, only if he/she (together with his/her connected persons) is directly or indirectly interested in less than 1% of either any class of the issued equity share capital or of the voting rights of that company;

(g) concerning any superannuation fund or retirement, death or disability benefits scheme under which a Director may benefit or any employees' share scheme, so long as any such fund or scheme does not give additional advantages to the Director which are not granted to the employees who are in the fund or scheme; and

(h) concerning any other arrangement for the benefit of employees of the Company (or any other member of the Group) under which the Director benefits or stands to benefit in a similar manner to the employees concerned and which does not give the Director any advantage which the employees to whom the arrangement relates would not receive.

(ix) A Director may not vote or be counted in the quorum on any resolution which concerns his/her own employment or appointment to any office of the Company or any other company in which the Company is interested.

(x) Subject to applicable legislation, the provisions described in sub-paragraphs (viii) and (ix) may be relaxed or suspended by an ordinary resolution of the Company.

(xi) A Director is required to hold an interest in ordinary shares having a nominal value of at least £500, which currently equates to 2,000 Ordinary Shares. A Director may act before acquiring those Ordinary Shares but must acquire the qualification Ordinary Shares within two months from his or her appointment. Where a Director is unable to acquire the requisite number of Ordinary Shares within that time owing to legislative, regulatory or share-dealing restrictions, he/she must acquire the Ordinary Shares as soon as reasonably practicable once the restriction(s) end.

(xii) The Board may exercise all of the powers of the Company to borrow money, to mortgage or charge its undertaking, property and uncalled capital and to issue debentures and other securities.

Classes of share

The Company has two classes of shares, Ordinary Shares and Staff Shares, to which the provisions set out below apply:

(i) Dividends

Subject to the provisions of the Articles and applicable legislation, the Company in general meeting may declare dividends by ordinary resolution, but such dividend may not exceed the amount recommended by the Board. The Board may also pay interim or final dividends if it appears they are justified by the Company's financial position.

The profits which are resolved to be distributed in respect of any period are applied first in payment of a fixed dividend of 20% per annum on the Staff Shares and then in payment of dividends on the Ordinary Shares. No dividend will be declared on the Staff Shares unless a dividend is also paid on the Ordinary Shares in respect of that period. Any Staff Share held by anyone not an employee of Barclays or Barclays Bank (an 'Employee') will be treated as a Ordinary Share in respect of dividends, up to a maximum dividend of 6% for the year upon the amount paid up on that share.

All unclaimed dividends payable in respect of a share may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. If a dividend is not claimed after 12 years of it becoming payable, it is forfeited and reverts to the Company.

The Board may (although it currently does not), with the approval of an ordinary resolution of the Company, offer shareholders the right to choose to receive an allotment of additional fully paid Ordinary Shares instead of cash in respect of all or part of any dividend.

(ii) Voting
Every member who is present in person or represented at any general meeting of the Company and who is entitled to vote has one vote on a show of hands. On a poll, every member who is present or represented has one vote for every share held. Any joint holder may vote in respect of jointly owned shares, but the vote of the senior holder (as determined by order in the share register) shall take precedence. If any sum payable remains unpaid in relation to a member's shareholding, that member is not entitled to vote that share or exercise any other right in relation to a meeting of the Company unless the Board otherwise determine.

If any member, or any other person appearing to be interested in any of the Company's Ordinary Shares, is served with a notice under Section 793 of the Companies Act 2006 and does not supply the Company with the information required in the notice, then the Board, in its absolute discretion, may direct that member shall not be entitled to attend or vote at any meeting of the Company.

The Board may further direct that if the shares of the defaulting member represent 0.25% or more of the issued shares of the relevant class, that dividends or other monies payable on those shares shall be retained by the Company until the direction ceases to have effect and that no transfer of those shares shall be registered (other than certain specified 'approved transfers'). A direction ceases to have effect seven days after the Company has received the information requested, or when the Company is notified that an 'approved transfer' to a third party has occurred, or as the Board otherwise determines.

(iii) Transfers
Certificated shares shall be transferred in writing in any usual or other form approved by the Board and executed by or on behalf of the transferor. Transfers of uncertificated shares shall be made in accordance with the applicable regulations. The Board may make any arrangements to regulate and evidence the transfer of shares as they consider fit in accordance with applicable legislation and the rules of the FSA.

In order to transfer a Staff Share, the transferor must serve a notice on the Company (a 'Transfer Notice') indicating his/her wish to transfer such share at such sum as he/she specifies as the fair value (subject to a maximum amount determined in accordance with the Articles). The Staff Shares must be transferred at the specified fair value to such Employee as is willing to purchase it and who has been identified by the Board within 60 days of the Transfer Notice. If the Company has not found a person willing to purchase the share within 60 days of the Transfer Notice, the Staff Share may be freely transferred at any price (although the Board may decline to prepare or register the transfer). Such a procedure may also be initiated by the Board if a Staff Share is held by a non-Employee.

Registration of shares may be suspended, subject to applicable legislation, for such periods as the Board may determine (but for not more than 30 days in any calendar year).

The Board is not bound to register a transfer of partly paid shares, or fully paid shares in exceptional circumstances approved by the FSA. The Board may also decline to register an instrument of transfer of certificated shares unless it is duly stamped and deposited at the prescribed place and accompanied by the share certificate(s) and such other evidence as reasonably required by the Board to evidence right to transfer, it is in respect of one class of shares only, and it is in favour of not more than four transferees (except in the case of executors or trustees of a member).

(iv) Return of Capital and Liquidation

In the event of any return of capital by reduction of capital or on liquidation, the Ordinary Shares and the Staff Shares rank equally in proportion to the amounts paid up or credited as paid up on the shares of each class, except that in the event of a winding up of the Company the holders of the Staff Shares are only entitled to participate in the surplus assets available for distribution up to the amount paid up on the Staff Shares plus 10% of such amount.

(v) Redemption and Purchase
Subject to applicable legislation and the rights of the other shareholders, any share may be issued on terms that it is, at the option of the Company or the holder of such share, redeemable. The Company currently has no redeemable shares in issue.

The Company may purchase its own shares subject to the provisions of applicable legislation, the Articles and the approval of any class of convertible shares in issue (by extraordinary resolution or written consent of 75% of such class).

(vi) Calls on capital
The Directors may make calls upon the members in respect of any monies unpaid on their shares. A person upon whom a call is made remains liable even if the shares in respect of which the call is made have been transferred. Interest will be chargeable on any unpaid amount called at a rate determined by the Board (of not more than 20%).

If a member fails to pay any call in full (following notice from the Board that such failure will result in forfeiture of the relevant shares), such shares (including any dividends declared but not paid) may be forfeited by a resolution of the Board, and will become the property of the Company. Forfeiture shall not absolve a previous member for amounts payable by him/her (which may continue to accrue interest).

The Company also has a lien over all partly paid shares of the Company for all monies payable or called on that share and over the debts and liabilities of a member to the Company. If any monies which are the subject of the lien remain unpaid after a notice from the Board demanding payment, Barclays may sell such shares.

(vii) Variation of Rights
The rights attached to any class of shares may be varied with the sanction of an extraordinary resolution passed at a separate meeting of the holders of the shares of that class.

The rights of shares shall not (unless expressly provided by the rights attached to such shares) be deemed varied by the creation of further shares ranking equally with them.

Annual and extraordinary general meetings
The Company is required to hold a general meeting each year as its AGM in addition to other meetings (called extraordinary general meetings) as the Directors think fit. The type of the meeting will be specified in the notice calling it. Under the Companies Act 1985, not more than 15 months may elapse between the date of one AGM and the next. Under the Companies Act 2006, the AGM must be held within six months of the financial year end. An extraordinary general meeting may be convened by the Board on requisition in accordance with the applicable legislation.

In the case of an AGM or a meeting for the passing of a special resolution (i.e. requiring the consent of a 75% majority) 21 clear days' notice is required. In other cases 14 clear days' notice is required. The notice must be in writing and must specify the place, the day and the hour of the meeting, and the general nature of the business to be transacted. A notice convening a meeting to pass an extraordinary or special resolution shall specify the intention to propose the resolution as such. The accidental omission to give notice of a general meeting or the non-receipt of such notice will not invalidate the proceedings at such meeting.

Subject as noted above, all shareholders are entitled to attend and vote at general meetings. The Articles do, however, provide that arrangements may be made for simultaneous attendance at a general meeting at a place other than that specified in the notice of meeting, in which case shareholders may be excluded from the specified place.

Shareholder information

Limitations on foreign shareholders
There are no restrictions imposed by the Company's Memorandum or Articles or (subject to the effect of any economic sanctions that may be in force from time to time) by English law which relate only to non-residents of the UK and which limit the rights of such non-residents to hold or vote the Company's Ordinary Shares.

Notices
A document or information may be sent by the Company in hard copy form, electronic form, by being made available on a website, or by another means agreed with the recipient. A document or information may only be sent in electronic form to a person who has agreed to receive it in that form or, in the case of a company, who has been deemed to have so agreed pursuant to applicable legislation. A document or information may only be sent by being made available on a website if the recipient has agreed to receive it in that form or has been deemed to have so agreed pursuant to applicable legislation, and has not revoked that agreement.

In respect of joint holdings, documents or information shall be sent to the joint holder whose name stands first in the register.

A member who (having no registered address within the UK) has not supplied an address in the UK at which documents or information may be sent is not entitled to have documents or information sent to him/her.

Alteration of share capital
The Company may, by way of ordinary resolution:

- increase its share capital by a sum to be divided into shares of an amount prescribed by the resolution;
- consolidate and divide all or any of its share capital into shares of a larger nominal amount;
- subject to legislation, sub-divide all or part of its shares into shares of a smaller nominal amount and may decide by that resolution that the resulting shares have preference or other advantage or restrictions; and
- cancel any shares which, at the date of the resolution, have not been subscribed or agreed to have been subscribed for and diminish the amount of its share capital by the amount of the shares so cancelled.

The Company may also, by special resolution, reduce its share capital or capital redemption reserve or any share premium account or other undistributable reserve in any manner authorised by legislation.

The Company may, by ordinary resolution, upon the recommendation of the Board capitalise all or any part of an amount standing to the credit of a reserve or fund to be set free for distribution provided that amounts from the share premium account, capital redemption reserve or any profits not available for distribution should be applied only in paying up unissued shares issued to members and no unrealised profits shall be applied in paying up debentures of the Company or any amount unpaid on any share in the capital of the Company.

Indemnity
Subject to applicable legislation, every current and former Barclays Director, other officer and auditor of Barclays shall be indemnified by Barclays against any liability incurred by him/her in the actual or purported exercise of, or in connection with, his/her duties and powers.

Taxation

The following is a summary of the principal tax consequences for holders of Ordinary Shares of Barclays PLC, Preference Shares of the Bank, or ADSs representing such Ordinary Shares or Preference Shares, and who are citizens or residents of the UK or US, or otherwise who are subject to UK tax or US federal income tax on a net income basis in respect of such securities, that own the shares or ADSs as capital assets for tax purposes. It is not, however, a comprehensive analysis of all the potential tax consequences for such holders, and it does not discuss the tax consequences of members of special classes of holders subject to special rules or holders that, directly or indirectly, hold 10% or more of Barclays voting stock. Investors are advised to consult their tax advisers regarding the tax implications of their particular holdings, including the consequences under applicable state and local law, and in particular whether they are eligible for the benefits of the Treaty, as defined below.

A US holder is a beneficial owner of shares or ADSs that is, for US federal income tax purposes, (i) a citizen or resident of the US, (ii) a US domestic corporation, (iii) an estate whose income is subject to US federal income tax regardless of its source, or (iv) a trust if a US court can exercise primary supervision over the trust's administration and one or more US persons are authorised to control all substantial decisions of the trust.

Unless otherwise noted, the statements of tax laws set out below are based on the tax laws of the UK in force as at 27th February 2008 and are subject to any subsequent changes in UK law, in particular any announcements made in the Chancellor's expected UK Budget in March 2008.

This section is also based on the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations, published rulings and court decisions (the Code), and on the Double Taxation Convention between the UK and the US as entered into force in March 2003 (the Treaty), all of which are subject to change, possibly on a retroactive basis.

This section is based in part upon the representations of the ADR Depositary and the assumption that each obligation of the Deposit Agreement and any related agreement will be performed in accordance with its terms.

For purposes of the Treaty, the Estate and Gift Tax Convention between the United Kingdom and the United States, and the Code, the holders of ADRs evidencing ADSs will be treated as owners of the underlying ordinary shares or preference shares, as the case may be. Generally, exchanges of shares for ADRs and ADRs for shares will not be subject to US federal income tax or to UK capital gains tax.

Taxation of UK holders

Taxation of dividends

In accordance with UK law, Barclays PLC and the Bank pay dividends on ordinary shares and preference shares without any deduction or withholding tax in respect of any taxes imposed by the UK government or any UK taxing authority.

If the shareholder is a UK resident individual liable to income tax only at the basic rate or the lower rate, then there will be no further tax liability in respect of the dividend received. If, however, the individual shareholder is subject to income tax at the higher rate (currently 40%), there will be a further liability to tax. Higher rate taxpayers are taxable on dividend income at a special rate (currently 32.5%) against which can be offset a tax credit of one-ninth of the cash dividend received. Tax credits are not repayable to shareholders with no tax liability.

Taxation of shares under the Dividend Reinvestment Plan

Where a shareholder elects to purchase shares using their cash dividend, the individual will be liable for income tax on dividends reinvested in the Plan on the same basis as if they had received the cash and arranged the investment themselves. They should accordingly include the dividend received in their annual tax return in the normal way. The tax consequences for a UK individual are the same as described in 'Taxation of dividends' above.

Taxation of capital gains

Where shares are disposed of by open market sale, a capital gain may result if the disposal proceeds exceed the sum of the base cost of the shares sold and any other allowable deductions such as share dealing costs, indexation relief (up to 5th April 1998) and taper relief (expected to be withdrawn for disposals after 5th April 2008). To arrive at the total base cost of any Barclays PLC shares held, the amount subscribed for rights taken up in 1985 and 1988 must be added to the cost of all other shares held. For this purpose, current legislation permits the market valuation at 31st March 1982 to be substituted for the original cost of shares purchased before that date.

The calculations required to compute chargeable capital gains, particularly taper and indexation reliefs, may be complex. Capital gains may also arise from the gifting of shares to connected parties such as relatives (although not spouses or civil partners) and family trusts. Shareholders are advised to consult their personal financial adviser if further information regarding a possible tax liability in respect of their holdings of Barclays PLC shares is required.

Stamp duty

Stamp duty or stamp duty reserve tax at the rate of 0.5% is normally payable on the purchase price of shares acquired.

Inheritance tax

An individual may be liable to inheritance tax on the transfer of ordinary shares or preference shares. Where an individual is liable, inheritance tax may be charged on the amount by which the value of his or her estate is reduced as a result of any transfer by way of gift or other gratuitous transaction made by them or treated as made by them.

Taxation of US holders

Taxation of dividends

A US holder is subject to US federal income taxation on the gross amount of any dividend paid by Barclays PLC or the Bank, as applicable, out of its current or accumulated earnings and profits (as determined for US federal income tax purposes). Dividends paid to a non-corporate US holder in taxable years beginning before 1st January 2011 that constitute qualified dividend income will be taxable to the holder at a maximum tax rate of 15%, provided that the holder has a holding period of the shares or ADSs of more than 60 days during the 121-day period beginning 60 days before the ex-dividend date (or, in the case of preference shares or ADSs relating thereto, if the dividend is attributable to a period or periods aggregating over 366 days, provided that the holder holds the shares or ADSs for more than 90 days during the 181-day period beginning 90 days before the ex-dividend date) and meets certain other holding period requirements. Dividends paid by Barclays or the Bank, as applicable, with respect to the ordinary or preference shares or ADSs will generally be qualified dividend income.

A US holder will not be subject to UK withholding tax. The US holder will include in gross income for US federal income tax purposes the amount of the dividend actually received from Barclays or the Bank. Dividends must be included in income when the US holder, in the case of shares, or the Depositary, in the case of ADSs, actually or constructively receives the dividend, and will not be eligible for the dividends-received deduction generally allowed to US corporations in respect of dividends received from other US corporations. For foreign tax credit purposes, dividends will generally be income from sources outside the United States and will, depending on a US holder's circumstances, be either 'passive' or 'general' income for purposes of computing the foreign tax credit allowable to a US holder.

The amount of the dividend distribution includable in income will be the US Dollar value of the pound Sterling payments made, determined at the spot Pound Sterling/US Dollar rate on the date the dividend distribution is includable in income, regardless of whether the payment is in fact converted into US Dollars. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date the dividend payment is includable in income to the date the payment is converted into US Dollars will be treated as ordinary income or loss and, for foreign tax credit limitation purposes, from sources within the US and will not be eligible for the special tax rate applicable to qualified dividend income.

Distributions in excess of current or accumulated earnings and profits, as determined for US federal income tax purposes, will be treated as a return of capital to the extent of the US holder's basis in the shares or ADSs and thereafter as capital gain.

Shareholder information

Taxation of capital gains
Generally, US holders will not be subject to UK tax, but will be subject to US tax on capital gains realised on the sale or other disposition of ordinary shares, preference shares or ADSs. Capital gain of a noncorporate US holder that is recognised in taxable years beginning before 1st January 2011 is generally taxed at a maximum rate of 15% where the holder has a holding period of greater than one year. The gain or loss will generally be income or loss from sources within the United States for foreign tax credit limitation purposes.

Taxation of premium on redemption or purchase of shares
No refund of tax will be available under the Treaty in respect of any premium paid on a redemption of preference shares by the Bank or on a purchase by Barclays PLC of its own shares. For US tax purposes, redemption premium generally will be treated as an additional amount realised in the calculation of gain or loss.

Stamp duty
No UK stamp duty is payable on the transfer of an ADS, provided that the separate instrument of transfer is not executed in, and remains at all times outside, the UK.

Estate and gift tax
Under the Estate and Gift Tax Convention between the United Kingdom and the United States, a US holder generally is not subject to UK inheritance tax.

Exchange controls and other limitations affecting security holders
Other than certain economic sanctions which may be in force from time to time, there are currently no UK laws, decrees or regulations which would affect the transfer of capital or remittance of dividends, interest and other payments to holders of Barclays securities who are not residents of the UK. There are also no restrictions under the Articles of Association of either Barclays PLC or the Bank, or (subject to the effect of any such economic sanctions) under current UK laws, which relate only to non-residents of the UK, and which limit the right of such non-residents to hold Barclays securities or, when entitled to vote, to do so.

Documents on display
It is possible to read and copy documents that have been filed by Barclays PLC and Barclays Bank PLC with the US Securities and Exchange Commission at the US Securities and Exchange Commission's office of Investor Education and Assistance located at 100 F Street, NE, Washington DC 20549-0213. Please call the US Securities and Exchange Commission at 1-800-SEC-0330 for further information on the public reference rooms and their copy charges. Filings with the US Securities and Exchange Commission are also available to the public from commercial document retrieval services, and from the website maintained by the US Securities and Exchange Commission at www.sec.gov.

Shareholders enquiries

Investors who have any questions about their investment in Barclays, or about Barclays in general, may write to the Director, Investor Relations at our head office as follows:

Director, Investor Relations
Barclays PLC
1 Churchill Place
London
E14 5HP

or, in the United States of America,

The Corporate Communications Department
Barclays Bank PLC
200 Park Avenue
New York, NY 10166, USA

Registered and Head office:
1 Churchill Place
London
E14 5HP
Tel: +44 (0) 20 7116 1000

Registrar:
The Registrar to Barclays PLC
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA
Tel: 0871 384 2055*
Email: questions@share-registers.co.uk

ADR Depositary:
The Bank of New York
PO Box 11258
Church Street Station
New York
NY 10286-1258
Tel: 1-888-BNY-ADRS (toll-free for US domestic callers)
or +1 212 815 3700
Email: shareowners@bankofny.com

* Calls to this number are charged at 8p per minute if using a BT landline. Call charges may vary if using other telephone providers.

Annual report 2007 index

Signatures

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorised the undersigned to sign this annual report on its behalf.

Date March 26, 2008

Barclays PLC
(Registrant)

By /s/ Chris Lucas
Chris Lucas, Group Finance Director

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorised the undersigned to sign this annual report on its behalf.

Date March 26, 2008

Barclays Bank PLC
(Registrant)

By /s/ Chris Lucas
Chris Lucas, Group Finance Director

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION
1.1	Memorandum and Articles of Association of Barclays PLC
1.2	Memorandum and Articles of Association of Barclays Bank PLC
2.1	Long term debt instruments
4.1	Rules of the Barclays Group Performance Share Plan (2005) (incorporated by reference to the 2006 Form 20-F filed on March 26th, 2007)
4.2	Rules of the Barclays PLC Renewed 1986 Executive Share Option Scheme (incorporated by reference to the 2000 Form 20-F filed on April 16th, 2001)
4.3	Rules of the Barclays PLC Approved Incentive Share Option Plans and Appendix relating to eligible employees resident in France (incorporated by reference to the 2004 Form 20-F filed on March 24th, 2005)
4.4	Service Contract – John Varley (incorporated by reference to the 2003 Form 20-F filed on March 26th, 2004)
4.5	Service Contract – Naguib Kheraj (incorporated by reference to the 2003 Form 20-F filed on March 26th, 2004)
4.6	Service Contract and Subsequent Side Letter to Service Contract – Gary Hoffman (incorporated by reference to the 2005 Form 20-F filed on March 29th, 2006)
4.7	Service Contract – Robert E. Diamond Jr (incorporated by reference to the 2005 Form 20-F filed on March 29th, 2006)
4.8	Appointment Letter and Subsequent Amendment to appoint as Senior Independent Director – Sir Richard Broadbent (incorporated by reference to the 2004 Form 20-F filed on March 24th, 2005)
4.9	Appointment Letter – Professor Dame Sandra Dawson (incorporated by reference to the 2004 Form 20-F filed on March 24th, 2005)
4.10	Appointment Letter and Subsequent Amendment to appoint as Deputy Chairman – Sir Nigel Rudd (incorporated by reference to the 2004 Form 20-F filed on March 24th, 2005)
4.11	Appointment Letter – Stephen Russell (incorporated by reference to the 2004 Form 20-F filed on March 24th, 2005)
4.12	Appointment Letter – Leigh Clifford (incorporated by reference to the 2004 Form 20-F filed on March 24th, 2005)

4.13 Appointment Letter – Sir Andrew Likierman (incorporated by reference to the 2004 Form 20-F filed on March 24th, 2005)

4.14 Appointment Letter – Dr Daniël Cronjé (incorporated by reference to the 2005 Form 20-F filed on March 29th, 2006)

4.15 Appointment Letter – John Sunderland (incorporated by reference to the 2005 Form 20-F filed on March 29th, 2006)

4.16 Indemnity Letter – Matthew Barrett (incorporated by reference to the 2005 Form 20-F filed on March 29th, 2006)

4.17 Indemnity Letter – John Varley (incorporated by reference to the 2005 Form 20-F filed on March 29th, 2006)

4.18 Indemnity Letter – Naguib Kheraj (incorporated by reference to the 2005 Form 20-F filed on March 29th, 2006)

4.19 Indemnity Letter – Gary Hoffman (incorporated by reference to the 2005 Form 20-F filed on March 29th, 2006)

4.20 Indemnity Letter – David Roberts (incorporated by reference to the 2005 Form 20-F filed on March 29th, 2006)

4.21 Indemnity Letter – Robert E. Diamond Jr (incorporated by reference to the 2005 Form 20-F filed on March 29th, 2006)

4.22 Indemnity Letter – Sir Richard Broadbent (incorporated by reference to the 2005 Form 20-F filed on March 29th, 2006)

4.23 Indemnity Letter – Professor Dame Sandra Dawson (incorporated by reference to the 2005 Form 20-F filed on March 29th, 2006)

4.24 Indemnity Letter – Sir Nigel Rudd (incorporated by reference to the 2005 Form 20-F filed on March 29th, 2006)

4.25 Indemnity Letter – Stephen Russell (incorporated by reference to the 2005 Form 20-F filed on March 29th, 2006)

4.26 Indemnity Letter – Leigh Clifford (incorporated by reference to the 2005 Form 20-F filed on March 29th, 2006)

4.27 Indemnity Letter – Sir Andrew Likierman (incorporated by reference to the 2005 Form 20-F filed on March 29th, 2006)

4.28 Indemnity Letter – Dr Daniël Cronjé (incorporated by reference to the 2005 Form 20-F filed on March 29th, 2006)

4.29	Indemnity Letter – Robert Steel (incorporated by reference to the 2005 Form 20-F filed on March 29th, 2006)
4.30	Indemnity Letter – John Sunderland (incorporated by reference to the 2005 Form 20-F filed on March 29th, 2006)
4.31	Indemnity Letter – Sir David Arculus (incorporated by reference to the 2005 Form 20-F filed on March 29th, 2006)
4.32	Employment Contract and Assignment Agreement – Frederik Seegers (incorporated by reference to the 2006 Form 20-F filed on March 26th, 2007)
4.33	Appointment Letter – Marcus Agius (incorporated by reference to the 2006 Form 20-F filed on March 26th, 2007)
4.34	Contract of Employment – Christopher Lucas (incorporated by reference to the 2006 Form 20-F filed on March 26th, 2007)
4.35	Appointment Letter – Fulvio Conti (incorporated by reference to the 2006 Form 20-F filed on March 26th, 2007)
4.36	Addendum to contract of employment between Barclays Bank plc and Gary Hoffman (incorporated by reference to the 2006 Form 20-F filed on March 26th, 2007)
4.37	Addendum to contract of employment between Barclays Bank plc and John Varley (incorporated by reference to the 2006 Form 20-F filed on March 26th, 2007)
4.38	Appointment Letter – David Booth
4.39	Appointment Letter – Sir Michael Rake
4.40	Appointment Letter – Patience Wheatcroft
4.41	Rules of the Barclays PLC Executive Share Award Scheme
4.42	Rules of Barclays Bank PLC 1999 Directors Deferred Compensation Plan (amended and restated, effective January 1, 2008) (incorporated by reference to Barclays Bank PLC's Registration Statement on Form S-8 (File no. 333-149301) filed on February 19, 2008)
4.43	Rules of Barclays Bank PLC Senior Management Deferred Compensation Plan (amended and restated, effective January 1, 2008) (incorporated by reference to Barclays Bank PLC's Registration Statement on Form S-8 (File no. 333-149302) filed on February 19, 2008)
7.1	Ratios of earnings under IFRS to fixed charges
7.2	Ratios of earnings under IFRS to combined fixed charges, preference share dividends and similar appropriations
8.1	List of subsidiaries
11.1	Code of Ethics (incorporated by reference to the 2003 Form 20-F filed on March 26th, 2004)

12.1	Certifications filed pursuant to 17 CFR 240. 13(a)-14(a)
13.1	Certifications filed pursuant to 17 CFR 240. 13(a) and 18 U.S.C 1350(a) and 1350(b)
15.1	Consent of PricewaterhouseCoopers LLP for incorporation by reference of reports in certain securities registration statements of Barclays PLC and Barclays Bank PLC.

EXHIBIT 2

BARCLAYS BANK PLC /ENG/ (AYT)

1 CHURCHILL PLACE
E14 5HP
LONDON ENGLAND, X0 E14 5HP
212. 412.4000

F−3ASR

FORM F−3ASR
Filed on 08/31/2007
File Number 333−145845

Registration No. 333−[•]

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM F−3

REGISTRATION STATEMENT UNDER
THE SECURITIES ACT OF 1933

BARCLAYS BANK PLC

(Exact Name of Registrant as Specified in Its Charter)

N/A
(Translation of registrant's name into English)

England	**None**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**

1 Churchill Place
London E14 5HP, England
Tel. No: 011−44−20−7116−1000
(Address and Telephone Number of Registrant's Principal Executive Offices)

James Walker
Barclays Bank PLC
200 Park Avenue, New York, New York 10166
Tel. No: 212−412−4000
(Name, Address and Telephone Number of Agent for Service)

Copies to:
George H. White
Sullivan & Cromwell LLP
1 New Fetter Lane
London EC4A 1AN England
Tel. No: 011−44−20−7959−8900

Approximate date of commencement of proposed sale to the public:
From time to time after the effective date of this Registration Statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. ☐

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. ☒

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post−effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a registration statement pursuant to General Instruction I.C. or a post−effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box. ☒

If this Form is a post−effective amendment to a registration statement filed pursuant to General Instruction I.C. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box. ☐

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered / Proposed Maximum Aggregate Offering Price per Unit / Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Senior Debt Securities Dated Subordinated Debt Securities Undated Subordinated Debt Securities Preference Shares American Depositary Shares (2)	(1)	$0 (1)

(1) An indeterminate aggregate initial offering price or number of the securities of each identified class is being registered as may from time to time be offered at indeterminate prices. Separate consideration may or may not be received for securities that are issuable on exercise, conversion or exchange of other securities or that are issued in units or represented by depositary shares. In accordance with Rules 456(b) and 457(r), the Registrant is deferring payment of all of the registration fee, except for $306,796.33 that has already been paid with respect to $2,606,618,000 aggregate initial offering price of securities that were previously registered pursuant to Registration Statement No. 333−126811, which was initially filed on July 22, 2005 and amended on September 14, 2005, and were not sold thereunder. Pursuant to Rule 457(r) under the Securities Act, such unutilized filing fee may be applied to the filing fee payable pursuant to this Registration Statement.

(2) The Preference Shares may be represented by American Depositary Shares. American Depositary Receipts evidencing American Depositary Shares issuable on deposit of Preference Shares will be registered pursuant to a separate Registration Statement on Form F−6.

Pursuant to Rule 429 under the Securities Act of 1933, the Prospectus contained in this Registration Statement and supplements to such Prospectus will also be used in connection with the offering of securities previously registered pursuant to the Registrants' Registration Statement (File No. 333−126811) and not issued.

Explanatory Note

This registration statement contains a prospectus relating to both of the following:

- the initial offering of newly−issued Senior Debt Securities, Dated Subordinated Debt Securities, Undated Subordinated Debt Securities, Preference Shares and American Depositary Shares of Barclays Bank PLC on a delayed or continuous basis, all at an indeterminate aggregate initial public offering price; and
- market−making transactions that may occur on a delayed or continuous basis in the Senior Debt Securities, Dated Subordinated Debt Securities, Undated Subordinated Debt Securities, Preference Shares and American Depositary Shares described above, after they are initially offered and sold.

When the prospectus is delivered to an investor in the initial offering described above, the investor will be informed of that fact in the confirmation of sale. When the prospectus is delivered to an investor who is not so informed, it is delivered in a market−making transaction.

BARCLAYS BANK PLC

Debt Securities
Preference Shares
American Depositary Shares

This prospectus describes some of the general terms that may apply to these securities and the general manner in which they may be offered.

We will give you the specific terms of the securities, and the manner in which they are offered, in supplements to this prospectus. You should read this prospectus and the prospectus supplements carefully before you invest. We may offer and sell these securities to or through one or more underwriters, dealers and agents, including Barclays Capital Inc., or directly to purchasers, on a delayed or continuous basis. We will indicate the names of any underwriters in the applicable prospectus supplement.

We may use this prospectus to offer and sell debt securities or preference shares from time to time. In addition, Barclays Capital Inc. or another of our affiliates may use this prospectus in a market−making transaction in any of these securities after their initial sale. ***Unless we or our agent informs you otherwise in the confirmation of sale, this prospectus is being used in a market−making transaction.***

The securities are not deposit liabilities of Barclays Bank PLC and are not insured by the United States Federal Deposit Insurance Corporation or any other governmental agency of the United States, the United Kingdom or any other jurisdiction. Unless otherwise indicated in the applicable prospectus supplement, Barclays PLC, our parent, has not guaranteed or assumed any other obligations in respect of our securities.

This prospectus may not be used to sell securities unless it is accompanied by a prospectus supplement.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

Barclays Capital

The date of this prospectus is August 31, 2007

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FORWARD−LOOKING STATEMENTS

This document contains certain forward−looking statements within the meaning of Section 21E of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 27A of the U.S. Securities Act of 1933, as amended (the "Securities Act"), with respect to certain of our plans and current goals and expectations relating to our 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 our 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 U.K. domestic and global economic and business conditions, market related risks such as changes in interest rates and exchange rates, recent volatility in the global financial markets, the policies and actions of governmental and regulatory authorities, changes in legislation, 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 our control. As a result, our actual future results may differ materially from the plans, goals, and expectations set forth in such forward−looking statements. Any forward−looking statements made by or on our behalf speak only as of the date they are made. We do not undertake to update forward−looking statements to reflect any changes in our 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 we have made or may make in documents we have filed or may file with the Securities and Exchange Commission (the "SEC").

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows us to "incorporate by reference" the information we file with them, which means we can disclose important information to you by referring you to those documents. The most recent information that we file with the SEC automatically updates and supersedes earlier information.

We have filed with the SEC a registration statement on Form F−3 relating to the securities covered by this prospectus. This prospectus is a part of the registration statement and does not contain all the information in the registration statement. Whenever a reference is made in this prospectus to a contract or other document of the company, the reference is only a summary and you should refer to the exhibits that are a part of the registration statement for a copy of the contract or other document. You may review a copy of the registration statement at the SEC's public reference room in Washington, D.C., as well as through the SEC's internet site, as discussed below.

We filed our annual report on Form 20−F for the fiscal year ended December 31, 2006 (the "2006 Form 20−F") with the SEC on March 26, 2007. We are incorporating the 2006 Form 20−F by reference into this prospectus. We are further incorporating by reference our Current Reports on Form 6−K furnished to the SEC on April 23, 2007, April 27, 2007, May 8, 2007, May 31, 2007, June 19, 2007, July 23, 2007, July 30, 2007, August 2, 2007 and August 13, 2007, in each case to the same extent as such report was designated on the cover thereof for incorporation by reference into our Registration Statements on Form F−3 (Nos. 333−126811, 333−85646 and 333−12384).

In addition, we will incorporate by reference into this prospectus all documents that we file with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act and, to the extent, if any, we designate therein, reports on Form 6−K we furnish to the SEC after the date of this prospectus and prior to the termination of any offering contemplated in this prospectus.

We will provide to you, upon your written or oral request, without charge, a copy of any or all of the documents we referred to above which we have incorporated in this prospectus by reference. You should direct your requests to Barclays Bank PLC, 200 Park Avenue, New York, New York 10166, Attention: General Counsel (telephone: 212−412−4000).

You may read and copy any document that we file with or furnish to the SEC at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the public reference room by calling the SEC at 1−800−SEC−0330. The SEC maintains an internet site that contains reports and other information regarding issuers that file electronically with the SEC at www.sec.gov. We maintain an internet site at www.barclays.com.

THE BARCLAYS BANK GROUP

Barclays Bank PLC and its subsidiary undertakings (taken together, the "Group") is a major global financial services provider engaged in retail and commercial banking, credit cards, investment banking, wealth management and investment management services. It is one of the largest financial services companies in the world by market capitalization. Together with the predecessor companies, the Group has over 300 years of history and expertise in banking, and today the Group operates in over 50 countries and employs approximately 127,700 people. The Group moves, lends, invests and protects money for over 27 million customers and clients worldwide. The whole of the issued ordinary share capital of Barclays Bank PLC is beneficially owned by Barclays PLC, which is the ultimate holding company of the Group and one of the largest financial services companies in the world by market capitalization.

USE OF PROCEEDS

Unless otherwise indicated in the accompanying prospectus supplement, the net proceeds from the offering of the securities will be used to support the development and expansion of our business and to strengthen further our capital base. That development and expansion may occur through the development of existing operations, the establishment of new subsidiaries or acquisitions if suitable opportunities should arise.

DESCRIPTION OF DEBT SECURITIES

The following is a summary of the general terms of the debt securities. It sets forth possible terms and provisions for each series of debt securities. Each time that we offer debt securities, we will prepare and file a prospectus supplement with the SEC, which you should read carefully. The prospectus supplement may contain additional terms and provisions of those securities. If there is any inconsistency between the terms and provisions presented here and those in the prospectus supplement, those in the prospectus supplement will apply and will replace those presented here.

The debt securities of any series will be either our senior obligations (the "Senior Debt Securities") or our subordinated obligations (the "Subordinated Debt Securities"). Neither the Senior Debt Securities nor the Subordinated Debt Securities will be secured by any assets or property of Barclays Bank PLC or any of its subsidiaries or affiliates (including Barclays PLC, its parent). The Subordinated Debt Securities will either have a stated maturity (the "Dated Subordinated Debt Securities") or will not have a stated maturity (the "Undated Subordinated Debt Securities"). Some Undated Subordinated Debt Securities may be entirely or partially convertible into our preference shares, at our option.

We will issue Senior Debt Securities, Dated Subordinated Debt Securities and Undated Subordinated Debt Securities under indentures (respectively the "Senior Debt Indenture", "Dated Debt Indenture" and "Undated Debt Indenture") between us and The Bank of New York, as trustee. The terms of the debt securities include those stated in the relevant indenture and any supplements thereto, and those made part of the indenture by reference to the Trust Indenture Act. The Senior, Dated and Undated Debt Indentures are sometimes referred to in this prospectus individually as an "indenture" and collectively as the "indentures". We have filed or incorporated by reference a copy of, or the forms of, each indenture as exhibits to the registration statement, of which this prospectus is a part.

Because this section is a summary, it does not describe every aspect of the debt securities in detail. This summary is subject to, and qualified by reference to, all of the definitions and provisions of the relevant indenture, any supplement to the relevant indenture and each series of debt securities. Certain terms, unless otherwise defined here, have the meaning given to them in the relevant indenture.

General

The debt securities are not deposits and are not insured by any regulatory body of the United States or the United Kingdom. Unless otherwise indicated in a prospectus supplement, Barclays PLC, our parent, has not guaranteed or assumed any other obligations in respect of our debt securities.

Because we are a holding company as well as an operating company, our rights to participate in the assets of any of our subsidiaries upon its liquidation will be subject to the prior claims of the subsidiaries' creditors, including, in the case of our bank subsidiaries, their respective depositors, except, in our case, to the extent that we may ourselves be a creditor with recognized claims against the relevant subsidiary.

The indentures do not limit the amount of debt securities that we may issue. We may issue the debt securities in one or more series, or as units comprised of two or more related series. The prospectus supplement will indicate for each series or of two or more related series of debt securities:

- whether the debt securities have a maturity date and if so, what that date is;
- the specific designation and aggregate principal amount of the debt securities;
- the prices at which we will issue the debt securities;
- if interest is payable, the interest rate or rates, or how to calculate the interest rate or rates;
- whether we will issue the Senior Debt Securities or Dated Subordinated Debt Securities as Discount Securities, as explained below, and the amount of the discount;

- provisions, if any, for the discharge and defeasance of Senior Debt Securities or Dated Subordinated Debt Securities of any series;
- any condition applicable to payment of any principal, premium or interest on Senior Debt Securities or Dated Subordinated Debt Securities of any series;
- the dates and places at which any payments are payable;
- the terms of any mandatory or optional redemption;
- the denominations in which the debt securities will be issued, which may be an integral multiple of either $1,000, $25 or any other specified amount;
- the amount, or how to calculate the amount, that we will pay the Senior Debt Security holder or Dated Subordinated Debt Security holder, if the Senior Debt Security or Dated Subordinated Debt Security is redeemed before its stated maturity or accelerated, or for which the trustee shall be entitled to file and prove a claim;
- whether and how the debt securities may or must be converted into any other type of securities, or their cash value, or a combination of these;
- the currency or currencies in which the debt securities are denominated, and in which we make any payments;
- whether we will issue the debt securities wholly or partially as one or more global debt securities;
- what conditions must be satisfied before we will issue the debt securities in definitive form ("definitive debt securities");
- any reference asset we will use to determine the amount of any payments on the debt securities;
- any other or different Senior Events of Default, in the case of Senior Debt Securities, or any other or different Subordinated Events of Default, Dated Debt Defaults or Undated Debt Defaults, in the case of Subordinated Debt Securities, or covenants applicable to any of the debt securities, and the relevant terms if they are different from the terms in the applicable indenture;
- any restrictions applicable to the offer, sale and delivery of the debt securities;
- if we will pay Additional Amounts, as explained below, on the debt securities;
- whether we will issue the debt securities in registered form ("registered securities") or in bearer form ("bearer securities") or both;
- whether and how bearer securities may be exchanged for registered securities;
- for registered securities, the record date for any payment of principal, interest or premium;
- any listing of the debt securities on a securities exchange;
- any other or different terms of the debt securities; and
- what we believe are any additional material U.S. federal and U.K. tax considerations.

Debt securities may bear interest at a fixed rate or a floating rate or we may sell Senior Debt Securities or Dated Subordinated Debt Securities that bear no interest or that bear interest at a rate below the prevailing market interest rate or at a discount to their stated principal amount ("Discount Securities"). The relevant prospectus supplement will describe special U.S. federal income tax considerations applicable to Discount Securities or to debt securities issued at par that are treated for U.S. federal income tax purposes as having been issued at a discount.

Holders of debt securities have no voting rights except as explained below under " – Modification and Waiver" and "Senior Events of Default;

Subordinated Event of Default and Defaults; Limitation of Remedies".

Market−Making Transactions. If you purchase your debt security and/or any of our other securities we describe in this prospectus in a market−making transaction, you will receive information about the price you pay and your trade and settlement dates in a separate confirmation of sale. A market−making transaction is one in which Barclays Capital Inc. or another of our affiliates resells a security that it has previously acquired from another holder. A market−making transaction in a particular debt security occurs after the original issuance and sale of the debt security.

Legal Ownership; Form of Debt Securities

Street Name and Other Indirect Holders. Investors who hold debt securities in accounts at banks or brokers will generally not be recognized by us as legal holders of debt securities. This is called holding in street name.

Instead, we would recognize only the bank or broker, or the financial institution the bank or broker uses to hold its debt securities. These intermediary banks, brokers and other financial institutions pass along principal, interest and other payments on the debt securities, either because they agree to do so in their customer agreements or because they are legally required. An investor who holds debt securities in street name should check with the investor's own intermediary institution to find out:

- how it handles debt securities payments and notices;
- whether it imposes fees or charges;
- how it would handle voting if it were ever required;
- whether and how the investor can instruct it to send the investor's debt securities, registered in the investor's own name so the investor can be a direct holder as described below; and
- how it would pursue rights under the debt securities if there were a default or other event triggering the need for holders to act to protect their interests.

Direct Holders. Our obligations, as well as the obligations of the trustee and those of any third parties employed by us or the trustee, run only to persons who are registered as holders of debt securities. As noted above, we do not have obligations to an investor who holds in street name or other indirect means, either because the investor chooses to hold debt securities in that manner or because the debt securities are issued in the form of global securities as described below. For example, once we make payment to the registered holder, we have no further responsibility for the payment even if that holder is legally required to pass the payment along to the investor as a street name customer but does not do so.

Global Securities. A global security is a special type of indirectly held security, as described above under " – Legal Ownership; Form of Debt Securities – Street Name and Other Indirect Holders". If we issue debt securities in the form of global securities, the ultimate beneficial owners can only be indirect holders.

We require that the global security be registered in the name of a financial institution we select. In addition, we require that the debt securities included in the global security not be transferred to the name of any other direct holder unless the special circumstances described below occur. The financial institution that acts as the sole direct holder of the global security is called the depositary. Any person wishing to own a security must do so indirectly by virtue of an account with a broker, bank or other financial institution that in turn has an account with the depositary. Unless the applicable prospectus supplement indicates otherwise, each series of debt securities will be issued only in the form of global securities.

Special Investor Considerations for Global Securities. As an indirect holder, an investor's rights relating to a global security will be governed by the account rules of the investor's financial institution and of the depositary, as well as general laws relating to securities transfers. We do not recognize this type of investor as a holder of debt securities and instead deal only with the depositary that holds the global security.

Investors in debt securities that are issued only in the form of global debt securities should be aware that:

- They cannot get debt securities registered in their own name.
- They cannot receive physical certificates for their interest in debt securities.
- They will be a street name holder and must look to their own bank or broker for payments on the debt securities and protection of their legal rights relating to the debt securities, as explained earlier under " – Legal Ownership; Form of Debt Securities – Street Name and Other Indirect Holders".
- They may not be able to sell interests in the debt securities to some insurance companies and other institutions that are required by law to own their debt securities in the form of physical certificates.
- The depositary's policies will govern payments, transfers, exchange and other matters relating to their interest in the global security. We and the trustee have no responsibility for any aspect of the depositary's actions or for its records of ownership interests in the global security. We and the trustee also do not supervise the depositary in any way.
- The depositary will require that interests in a global security be purchased or sold within its system using same−day funds.

Special Situations When a Global Security Will Be Terminated. In a few special situations described below, the global security will terminate and interests in it will be exchanged for physical certificates representing debt securities. After that exchange, the choice of whether to hold debt securities directly or in street name will be up to the investor. Investors must consult their own bank or brokers to find out how to have their interests in debt securities transferred to their own name so that they will be direct holders. The rights of street name investors and direct holders in the debt securities have been previously described in the subsections entitled " – Legal Ownership; Form of Debt Securities – Street Name and Other Indirect Holders" and " – Legal Ownership; Form of Debt Securities – Direct Holders".

The special situations for termination of a global security are:

- When the depositary notifies us that it is unwilling, unable or no longer qualified to continue as depositary.
- When a Senior Event of Default, in the case of Senior Debt Securities, or a Subordinated Event of Default, Dated Debt Default or Undated Debt Default, in the case of Subordinated Debt Securities, has occurred and has not been cured. Defaults are discussed below under " – Senior Events of Default; Subordinated Event of Default and Defaults; Limitation of Remedies".

The prospectus supplement may also list additional situations for terminating a global security that would apply only to the particular series of debt securities covered by the prospectus supplement. When a global security terminates, the depositary (and not we or the trustee) is responsible for deciding the names of the institutions that will be the initial direct holders.

In the remainder of this description "holder" means direct holders and not street name or other indirect holders of debt securities. Indirect holders should read the subsection entitled " – Legal Ownership; Form of Debt Securities – Street Name and Other Indirect Holders".

Payment and Paying Agents. We will pay interest to direct holders listed in the trustee's records at the close of business on a particular day in advance of each due date for interest, even if the direct holder no longer owns the security on the interest due date. That particular day, usually about one business day in advance of the interest due date, is called the regular record date and is stated in the prospectus supplement.

We will pay interest, principal and any other money due on the debt securities at the corporate trust office of the trustee in New York City. Investors must make arrangements to have their payments picked up at or wired from that office. We may also choose to pay interest by mailing checks.

Street name and other indirect holders should consult their banks or brokers for information on how they will receive payments.

We may also arrange for additional payment offices, and may cancel or change these offices, including our use of the trustee's corporate trust office. These offices are called paying agents. We may also choose to act as our own paying agent. We must notify the trustee of changes in the paying agents for any particular series of debt securities.

Payments; Deferred Payments; Missed Payments

The relevant prospectus supplement will specify the date on which we will pay interest, if any, and, in the case of Senior Debt Securities or Dated Subordinated Debt Securities, the date for payments of principal and any premium, on any particular series of debt securities. The prospectus supplement will also specify the interest rate or rates, if any, or how the rate or rates will be calculated.

Dated Subordinated Debt Securities

Unless the relevant prospectus supplement provides otherwise, and subject also to the following paragraph, if we do not make a payment on a series of Dated Subordinated Debt Securities on any payment date, our obligation to make that payment shall be deferred (a "Deferred Payment"), until:

- if it is an interest payment, the date we pay a dividend on any class of our share capital; and
- if it is a payment of principal, the first business day after the date that falls six months after the original payment date.

Each of the above dates is a "deferred payment date". Our failure to make a payment on or before the deferred payment date is not a Dated Debt Default nor will it allow any holder to sue us or take any other action for the payment. Each Deferred Payment will accrue interest at the rate which prevailed for that series of Dated Subordinated Debt Securities immediately before the payment's original payment date. Any such Deferred Payment shall not be treated as due for any purpose, including for the purpose of determining whether a default has occurred, until the deferred payment date. The term "business day" means any weekday, other than one on which banking institutions are authorized or obligated by law or executive order to close in London, England, or in any jurisdiction where payments on the debt security are payable.

In the case of Dated Subordinated Debt Securities that qualify as "Upper Tier 3 Capital", we will by notice in writing to the trustee (a "deferral notice"), defer the due date for payment of any principal, premium or interest in respect of that series of Dated Subordinated Debt Securities where our "capital resources" would be less than our "capital resources requirement" after payment of any such principal or interest in whole or in part. In addition, we will be entitled to give a deferral notice when the U.K. Financial Services Authority (the "FSA") has requested or required us to make that deferral. Accordingly, on providing a deferral notice, the payment due date of the principal, premium or interest (the "Tier 3 Deferred Payment") shall be deferred. As a result, we will not have to make that payment on the date that it would otherwise have become due and payable.

Interest will continue to accrue on the deferred principal at the rate prevailing immediately before the due date of that principal amount, unless the relevant prospectus supplement otherwise specifies. This interest, however, shall only become due and payable according to this paragraph. In the case of a Tier 3 Deferred Payment that was deferred because our capital resources would have been less than our capital resources requirement if such payment had been made when due, we will give notice to the trustee in writing of our intention to make such Tier 3 Deferred Payment promptly upon being satisfied that our capital resources would not be less than our capital resources requirement after payment of the whole or of any part of such payment (unless such payment is also a "Deferred Payment" as described above). In the case of a Tier 3 Deferred Payment that was deferred because of a request or requirement of the FSA, we will give notice to the trustee of our intention to make such Tier 3 Deferred Payment promptly upon being satisfied that the FSA would no longer object to our payment of the whole or any part of such payment (unless such payment is also a "Deferred Payment" as described above). The relevant Tier 3 Deferred Payment, or the appropriate part of it, and any accrued interest shall become due and payable on the seventh day after the date of the payment notice, the "Tier 3 Deferred Payment Date". In addition, if a Subordinated Event of Default occurs, all unpaid Tier 3 Deferred Payments in respect of Dated Subordinated Debt Securities of a series shall become due and payable in full upon acceleration of payment of the Dated Subordinated Debt Securities of that relevant series. In case of acceleration, if more than one Tier 3 Deferred Payment remains unpaid in respect of Dated Subordinated Debt Securities of any series, payment shall be made pro rata according to the amounts of the unpaid Tier 3 Deferred Payments and the interest accrued at the time a Subordinated Event of Default has occurred.

Our failure to make any payment prior to a Tier 3 Deferred Payment Date to the extent permitted by the provisions we have just described shall not constitute a Dated Debt Default by us or otherwise allow any holder to sue or take any action for that payment. Any Tier 3 Deferred Payment deferred according to these provisions shall not be treated as due for any purpose, including for the purpose of ascertaining whether a Dated Debt Default has occurred, until the Tier 3 Deferred Payment Date.

We are currently obliged to notify the FSA if our capital for regulatory capital adequacy purposes falls below its target capital requirement, as set by the FSA.

Undated Subordinated Debt Securities

We are not required to make payments on any series of Undated Subordinated Debt Securities on any payment date except as we discuss in the following paragraph. Our failure to make a payment (unless the payment is required as we describe in the following two paragraphs) shall not constitute an Undated Debt Default by us for any purpose. Any payment that we do not make in respect of any series of Undated Subordinated Debt Securities on any applicable payment date, together with any other unpaid payments, shall, so long as they remain unpaid, constitute "Missed Payments". Missed Payments will accumulate until paid, but will not bear interest.

We may choose to pay any Missed Payments in whole or in part at any time on not less than 14 days' notice to the trustee. However, all outstanding Missed Payments in respect of all Undated Subordinated Debt Securities of a particular series shall, subject to the solvency condition as explained below, become due and payable in full on whichever is the earlier of:

- the date on which a dividend is next paid on any class of share capital of Barclays PLC, or any other ultimate holding company of us, or if there is no holding company, ourselves, or on any class of our preference share capital;

- the date fixed for any redemption of the Undated Subordinated Debt Securities; and

- the commencement of our winding−up in England.

If we give notice of our intention to pay the whole or part of the Missed Payments on the Undated Subordinated Debt Securities of any series, we shall be obliged, subject to the solvency condition, to do so at the time specified in our notice. When Missed Payments in respect of Undated Subordinated Debt Securities of any series are paid in part, each part payment shall be in respect of the full amount of Missed Payments accrued on the payment date or consecutive payment dates furthest from the date of payment.

All payments of principal, premium and interest, including any Missed Payments, on or with respect to the Undated Subordinated Debt Securities of any series will be conditional upon our being solvent at the time of our payment, and remaining solvent immediately after our payment. This is called the "solvency condition". The solvency condition must also be satisfied when, and immediately after, we or any of our subsidiaries repurchase Undated Subordinated Debt Securities, except a purchase in the ordinary course of a business dealing in securities. For the purposes of the solvency condition, we shall be solvent if:

- we are able to pay our debts as they fall due; and

- our total unconsolidated gross tangible assets exceed our total unconsolidated gross liabilities, subject to certain adjustments specified in the indenture; provided, that as to any event conditional on the solvency condition other than an optional redemption or repurchase, liabilities shall exclude those to persons who are not Undated Debt Senior Creditors (as defined below).

A report as to our solvency by one Director or a senior executive or, in certain circumstances as provided in the indenture, our Auditors, or, if we are in winding−up in England, our liquidator, shall, absent proven error, be treated and accepted by us, the trustee and the holders of Undated Subordinated Debt Securities and the Coupons (if any) appertaining thereto, as correct and sufficient evidence of solvency or insolvency.

If we are unable to make any payment on or with respect to the Undated Subordinated Debt Securities of any series because we are unable to satisfy the solvency condition, the amount of any such payment which we would otherwise make will be available to meet our losses. If we are wound−up, applicable insolvency law may limit the right to claim for any amount payable, including interest and Missed Payments, on the Undated Subordinated Debt Securities.

Ranking

Senior Debt Securities. Senior Debt Securities and the Coupons (if any) appertaining thereto constitute our direct, unconditional, unsecured and unsubordinated obligations ranking pari passu, without any preference among themselves, with all our other outstanding unsecured and unsubordinated obligations, present and future, except such obligations as are preferred by operation of law.

Dated Subordinated Debt Securities. Dated Subordinated Debt Securities and the Coupons (if any) appertaining thereto constitute our direct and unsecured obligations ranking pari passu without any preference among themselves. In the event of our winding−up in England (liquidation), the claims of the trustee, the holders of the Dated Subordinated Debt Securities and the holders of the Coupons (if any) appertaining thereto, will be postponed to the claims of all of our other creditors, including any claims related to the Senior Debt Securities, except for:

- claims in respect of Existing Senior Subordinated Obligations, Capital Note Claims and Subordinated Guarantee Claims (each as defined in the Dated Debt Indenture) and any other claims ranking or expressed to rank equally with them and/or with claims in respect of the Dated Subordinated Debt Securities ("Dated Debt Other Pari Passu Claims"); and

- any other claims ranking junior to the excepted claims referred to above and/or to claims in respect of Dated Subordinated Debt Securities.

The claims of such other creditors, with the foregoing exceptions, are referred to in this document as "Dated Debt Senior Claims". Accordingly, no amount will be payable in our winding−up in respect of claims in relation to the Dated Subordinated Debt Securities or the Coupons (if any) appertaining thereto until all Dated Debt Senior Claims admitted in our winding−up have been satisfied.

Any amounts in respect of the Dated Subordinated Debt Securities and the Coupons (if any) appertaining thereto paid to the holders of such Dated Subordinated Debt Securities, the holders of the Coupons appertaining thereto (if any) or to the trustee pari passu with the amounts payable to other creditors admitted in such winding up will be held by such holders or the trustee upon trust to be applied in the following order: (i) to the amounts due to the trustee in or about the execution of the trusts of the Dated Debt Indenture; (ii) in payment of all Dated Debt Senior Claims outstanding at the commencement of, or arising solely by virtue of, our winding up to the extent that such claims shall be admitted in the winding up and shall not be satisfied out of our other resources; and (iii) in payment of the Dated Subordinated Debt Securities and the Coupons (if any) appertaining thereto. By accepting the Dated Subordinated Debt Securities or the Coupons (if any) appertaining thereto, each holder agrees to be bound by the Dated Debt Indenture's subordination provisions and irrevocably authorizes our liquidator to perform on behalf of the holder the above subordination trust.

Because of subordination, in the event of our winding−up in England, our creditors who hold Dated Debt Senior Claims may recover more, ratably, than the holders of the Dated Subordinated Debt Securities or the Coupons (if any) appertaining thereto and Dated Debt Other Pari Passu Claims. At June 30, 2007, the amount of outstanding Dated Debt Senior Claims on a consolidated basis was approximately £1,114.707 billion (including £380.079 billion of deposits and £118.745 billion of debt securities in issue). Currently we have no limitations on issuing indebtedness which would constitute Dated Debt Senior Claims. At December 31, 2006, Dated Debt Other Pari Passu Claims on a consolidated basis were approximately £7.989 billion, consisting of debt securities we issued, our guarantees in respect of outstanding debt securities issued by our subsidiaries and intra−group loans to us. The amounts of all securities, guarantees or intra−group loans denominated in a currency other than pounds sterling included in the above totals have been converted at the exchange rates prevailing on June 30, 2007 or December 31, 2006, as applicable.

Undated Subordinated Debt Securities. The Undated Subordinated Debt Securities of each series will be our unsecured obligations, subject to the solvency condition and the subordination provisions described here. They will rank equally without any preference among themselves and will also rank equally as to subordination with our Undated Debt Other Pari Passu Claims (as defined in the Undated Debt Indenture).

The rights of the trustee and the holders of Undated Subordinated Debt Securities and the Coupons (if any) appertaining thereto will be subordinated to the claims of our creditors:

- who are our depositors and/or other unsubordinated creditors; or
- whose claims are, or are expressed to be, subordinated to the claims of depositors and other unsubordinated creditors (whether only in our winding up or otherwise) but not to other claims; or
- who are subordinated creditors (whether as above or otherwise) other than creditors whose claims constitute Undated Debt Other Pari Passu Claims and creditors whose claims are expressed to rank pari passu with or junior to the claims of the holders of the Undated Subordinated Debt Securities.

These creditors, with the foregoing exceptions, are referred to in this document as "Undated Debt Senior Creditors" and the claims of Undated Debt Senior Creditors are referred to in this document as "Undated Debt Senior Claims". In the event of our winding−up in England (liquidation) there shall be payable in respect of the Undated Subordinated Debt Securities and the Coupons (if any) appertaining thereto, in lieu of any other payment but subject to the solvency condition, those amounts (if any) as would have been payable as if on the day immediately before the commencement of our winding−up and thereafter, the holders of Undated Subordinated Debt Securities were the holders of a class of preference shares in our capital having a preferential right to a return of assets over the holders of all other classes of shares in our capital issued and outstanding. As a result the holders of the Undated Subordinated Debt Securities would therefore be treated as entitled, to the exclusion of any other rights or privileges, to receive as a return of capital in the winding−up an amount equal to the principal amount of the Undated Subordinated Debt Securities then outstanding, together with any premium and interest accrued to the date of repayment and any Missed Payments. Accordingly, no amount will be payable in our winding−up in England in respect of claims under any Undated Subordinated Debt Securities and the Coupons (if any) appertaining thereto, until all Undated Debt Senior Claims admitted in such winding−up have been satisfied.

Because of the subordination, in the event of our winding−up in England, holders of Undated Debt Senior Claims may recover more, ratably, than holders of the Undated Subordinated Debt Securities, the Coupons (if any) appertaining thereto and Undated Debt Other Pari Passu Claims. In this context, the claims of holders of any Senior Debt Securities, Dated Subordinated Debt Securities then outstanding, the Coupons (if any) appertaining thereto and Dated Debt Other Pari Passu Claims then outstanding, would be included in Undated Debt Senior Claims.

On June 30, 2007, the amount of outstanding Undated Debt Senior Claims on a consolidated basis was approximately £1,124.114 billion (including £380.079 billion of deposits and £118.745 billion of debt securities in issue). On December 31, 2006, an aggregate of approximately £3.78 billion of Undated Debt Other Pari Passu Claims on a consolidated basis were outstanding. Currently there is no limitation on our issuing indebtedness which would constitute Undated Debt Senior Claims. If, in our winding−up, the amounts payable with respect to the Undated Subordinated Debt Securities and any Undated Debt Other Pari Passu Claims are not paid in full, the holders will share ratably in any distribution of our assets in proportion to the respective amounts to which they are entitled. The amounts of all securities, guarantees or intra−group loans denominated in a currency other than pounds sterling included in the above totals have been converted at the exchange rates prevailing on June 30, 2007 or December 31, 2006, as applicable.

Additional Amounts

Unless the relevant prospectus supplement provides otherwise, we will pay any amounts to be paid by us on any series of debt securities without deduction or withholding for, or on account of, any and all present or future income, stamp and other taxes, levies, imposts, duties, charges, fees, deductions or withholdings ("taxes") now or hereafter imposed, levied, collected, withheld or assessed by or on behalf of the United Kingdom or any U.K. political subdivision or authority that has the power to tax, unless the deduction or withholding is required by law. Unless the relevant prospectus supplement provides otherwise, at any time a U.K. taxing jurisdiction requires us to deduct or withhold taxes, we will pay the additional amounts of, or in respect of, the principal of, any premium, and any interest, Deferred Payments, Tier 3 Deferred Payments and Missed Payments on the debt securities ("Additional Amounts") that are necessary so that the net amounts paid to the holders, after the deduction or withholding, shall equal the amounts which would have been payable had no such deduction or withholding been required. However, we will not pay Additional Amounts for taxes that are payable because:

- the holder or the beneficial owner of the debt securities is a domiciliary, national or resident of, or engages in business or maintains a permanent establishment or is physically present in, a U.K. taxing jurisdiction requiring that deduction or withholding, or otherwise has some connection with the U.K. taxing jurisdiction other than the holding or ownership of the debt security, or the collection of any payment of, or in respect of, principal of, any premium, or any interest, Deferred Payments, Tier 3 Deferred Payments and Missed Payments on, any debt securities of the relevant series;
- except in the case of our winding−up in England, the relevant debt security is presented for payment in the United Kingdom;
- the relevant debt security is presented for payment more than 30 days after the date payment became due or was provided for, whichever is later, except to the extent that the holder would have been entitled to the Additional Amounts on presenting the debt security for payment at the close of such 30−day period;
- such deduction or withholding is imposed on a payment to an individual and is made pursuant to the Directive on the Taxation of Savings 2003/48/EC (the "Directive") adopted by the Council of the European Union (the "Council") on June 3, 2003 or any law implementing or complying with, or introduced in order to conform to, such Directive;
- the relevant debt security is presented for payment by or on behalf of a holder who would have been able to avoid such deduction or withholding by presenting the relevant debt security to another paying agent in a member state of the European Union (the "EU") or elsewhere;
- the holder or the beneficial owner of the relevant debt securities or the beneficial owner of any payment of, or in respect of, principal of, any premium, or any interest, Deferred Payments, Tier 3 Deferred Payments or Missed Payments on the debt securities failed to make any necessary claim or to comply with any certification, identification or other requirements concerning the nationality, residence, identity or connection with the taxing jurisdiction of the holder or beneficial owner, if that claim or compliance is required by statute, treaty, regulation or administrative practice of a U.K. taxing jurisdiction as a condition to relief or exemption from the taxes; or
- if the taxes would not have been imposed or would have been excluded under one of the preceding points if the beneficial owner of, or person ultimately entitled to obtain an

interest in, the debt securities had been the holder of the debt securities.

Whenever we refer in this prospectus and any prospectus supplement to the payment of the principal of, any premium, or any interest, Deferred Payments, Tier 3 Deferred Payments or Missed Payments, if any, on, or in respect of, any debt securities of any series, we mean to include the payment of Additional Amounts to the extent that, in context, Additional Amounts are, were or would be payable.

Redemption

Redemption or Conversion for tax reasons. Unless the relevant prospectus supplement provides otherwise, and, in the case of Undated Subordinated Debt Securities, if the solvency condition is satisfied, we will have the option to redeem the debt securities of any series upon not less than 30 nor more than 60 days' notice (or, in the case of Undated Subordinated Debt Securities, if the relevant prospectus supplement so provides, not less than 45 nor more than 60 days' notice) on any dates as are specified in the applicable prospectus supplement, and we will have the option of converting any Undated Subordinated Debt Securities that are convertible into preference shares, if:

- we are required to issue definitive debt securities (see " – Legal Ownership; Form of Debt Securities – Special Situations When a Global Security Will Be Terminated") and, as a result, we are or would be required to pay Additional Amounts with respect to the debt securities; or

- we determine that as a result of a change in or amendment to the laws or regulations of a taxing jurisdiction, including any treaty to which the taxing jurisdiction is a party, or a change in an official application or interpretation of those laws or regulations, including a decision of any court or tribunal, which becomes effective on or after the date of the applicable prospectus supplement (and, in the case of a successor entity, which becomes effective on or after the date of that entity's assumption of our obligations), we (or any successor entity) will or would be required to pay holders Additional Amounts, or we (or any successor entity) would not be entitled to claim a deduction in respect of any payments in computing our (or its) taxation liabilities.

In each case, before we give a notice of redemption or conversion, we shall be required to deliver to the trustee a written legal opinion of independent counsel of recognized standing, chosen by us, in a form satisfactory to the trustee confirming that we are entitled to exercise our right of redemption or conversion. The redemption or conversion must be made in respect of all, but not some, of the debt securities of the relevant series. The redemption price will be equal to 100% of the principal amount of debt securities being redeemed together with any accrued but unpaid interest, Deferred Payments, Tier 3 Deferred Payments and Missed Payments, if any, in respect of such debt securities to the date fixed for redemption or, in the case of Discount Securities, such portion of the principal amount of such Discount Securities as may be specified by their terms.

Optional Redemption. The relevant prospectus supplement will specify whether we may redeem the debt securities of any series, in whole or in part, at our option, in any other circumstances. The prospectus supplement will also specify the notice we will be required to give, what prices and any premium we will pay, and the dates on which we may redeem the debt securities. Any notice of redemption of debt securities will state:

- the date fixed for redemption;

- the amount of debt securities to be redeemed if we are only redeeming a part of the series;

- the redemption price;

- that on the date fixed for redemption the redemption price will become due and payable on each debt security to be redeemed and, if applicable, that any interest will cease to accrue on or after the redemption date;

- the place or places at which each holder may obtain payment of the redemption price; and

- the CUSIP number or numbers, if any, with respect to the debt securities.

In the case of a partial redemption, the trustee shall select the debt securities that we will redeem in any manner it deems fair and appropriate.

We or any of our subsidiaries may at any time purchase debt securities of any series in the open market or by tender (available alike to each holder of debt securities of the relevant series) or by private agreement, if applicable law allows, and, in the case of Undated Subordinated Debt Securities, if the solvency condition is satisfied. We will treat as cancelled and no longer issued and outstanding any debt securities of any series that we purchase beneficially for our own account, other than a purchase in the ordinary course of a business dealing in securities.

We may not redeem at our option any Dated Subordinated Debt Securities nor may we or any of our subsidiaries purchase beneficially or procure others to purchase beneficially for our accounts any Dated Subordinated Debt Securities, other than a purchase in the ordinary course of a business dealing in securities, unless our Auditors shall have reported to the trustee within six months before such redemption or purchase that, in their opinion, based on the most recent published consolidated balance sheet of us and our Subsidiary Undertakings, as defined in the indenture, available at the date of our report, the aggregate book value of the tangible assets of us and our Subsidiary Undertakings exceeds the aggregate book value of the liabilities of us and our Subsidiary Undertakings. We may not redeem any Undated Subordinated Debt Securities unless the solvency condition is satisfied.

In addition, we may not redeem or repurchase any Subordinated Debt Securities, other than a repurchase in the ordinary course of a business dealing in securities, prior to the fifth anniversary of their date of issue (or, in the case of Dated Subordinated Debt Securities qualifying as “Upper Tier 3 capital”, prior to the second anniversary of their date of issue) unless:

- the circumstances that entitles us to exercise that right of redemption is a change in law or regulation in any relevant jurisdiction or in the interpretation of such law or regulation by any court or authority entitled to do so;
- at the time of the exercise of that right of redemption, we comply with the FSA’s main Pillar 1 rules applicable to BIPRU firms (within the meaning of the FSA’s General Prudential Sourcebook) and continue to do so after the redemption of the relevant securities; and
- we have obtained the FSA’s prior consent to the redemption of the relevant securities.

Convertible or Exchangeable Securities

Unless the applicable prospectus supplement specifies otherwise, optionally convertible or exchangeable securities will entitle the holder, during a period, or at specific times, to convert or exchange optionally convertible or exchangeable securities into or for the underlying security, basket or baskets of securities, index or indices of securities, or combination of these, at a specified rate of exchange. Optionally convertible or exchangeable securities will be redeemable at our option prior to maturity, if the applicable prospectus supplement so states. If a holder does not elect to convert or exchange the optionally convertible or exchangeable securities before maturity or any applicable redemption date, the holder will receive the principal amount of the optionally convertible or exchangeable securities.

Unless the applicable prospectus supplement specifies otherwise, the holder is not entitled to convert or exchange mandatorily convertible or exchangeable securities before maturity. At maturity, the holder must convert or exchange the mandatorily convertible or exchangeable securities for the underlying security, basket or baskets of securities or index or indices of securities, or a combination of these, at a specified rate of exchange, and, therefore, the holder may receive less than the principal amount of the mandatorily convertible or exchangeable security. If the applicable prospectus supplement so indicates, the specified rate at which a mandatorily convertible or exchangeable security will be converted or exchanged may vary depending on the value of the underlying securities, basket or baskets of securities, index or indices of securities, or combination of these so that, upon conversion or exchange, the holder participates in a percentage, which may be other than 100%, of the change in value of the underlying securities, basket or baskets, index or indices of securities, or combination of these.

Upon conversion or exchange, at maturity or otherwise, the holder of a convertible or exchangeable security may receive, at the specified exchange rate, either the underlying security or the securities constituting the relevant basket or baskets, index or indices, or combination of these, or the cash value thereof, as the applicable prospectus supplement may specify.

In addition, subject to certain conditions specified in the applicable prospectus supplement and unless it specifies otherwise, we may choose to convert all but not part of the Undated Subordinated Debt Securities into preference shares, on any payment date. You should refer to the applicable prospectus supplement for a description of the terms and conditions of this conversion.

Modification and Waiver

We and the trustee may make certain modifications and amendments to the indenture applicable to each series of debt securities without the consent of the holders of the debt securities. We may make other modifications and amendments with the consent of the holder(s) of not less than, in the case of the Senior Debt Securities, a majority of or, in the case of the Subordinated Debt Securities, 66 2/3% in aggregate principal amount of the debt securities of the series outstanding under the applicable indenture that are affected by the modification or amendment. However, we may not make any modification or amendment without the consent of the holder of each affected debt security that would:

- change the terms of any debt security to include, in the case of an Undated Subordinated Debt Security, a maturity date of its principal amount, or in the case of any other debt security, change the stated maturity date of its principal amount;
- reduce the principal amount of, or any premium, or interest, Deferred Payments, Tier 3 Deferred Payments or Missed Payments, with respect to any debt security;
- reduce the amount of principal on a Discount Security that would be due and payable upon an acceleration of the maturity date of any series of Senior Debt Securities or Dated Subordinated Debt Securities;
- change our obligation, or any successor's, to pay Additional Amounts;
- change the places at which payments are payable or the currency of payment;
- impair the right to sue for the enforcement of any payment due and payable;
- reduce the percentage in aggregate principal amount of outstanding debt securities of the series necessary to modify or amend the indenture or to waive compliance with certain provisions of the indenture and any past Senior Event of Default, Subordinated Event of Default, Dated Debt Default or Undated Debt Default (in each case as defined below);
- change our obligation to maintain an office or agency in the place and for the purposes specified in the indenture;
- change the terms and conditions of the preference shares or other securities into which the Undated Subordinated Debt Securities may be converted;
- modify the subordination provisions, if any, or the terms and conditions of our obligations in respect of the due and punctual payment of the amounts due and payable on the debt securities, in either case in a manner adverse to the holders; or
- modify the foregoing requirements or the provisions of the indenture relating to the waiver of any past Senior Event of Default, Subordinated Event of Default, Dated Debt Default or Undated Debt Default or covenants, except as otherwise specified.

In addition, under the practice of the FSA prevailing as of the date of this prospectus, material variations in the terms and conditions of Subordinated Debt Securities of any series, including modifications relating to the subordination or redemption provisions of such securities, may not be made unless at least one month before the amendment is due to take effect we have given the FSA notice in writing (in the form required by the FSA) of the proposed amendment and the FSA has not objected to such amendment.

Senior Events of Default; Subordinated Event of Default and Defaults; Limitation of Remedies

Senior Events of Default

Unless the relevant prospectus supplement provides otherwise, a "Senior Event of Default" with respect to any series of Senior Debt Securities shall result if:

- we do not pay any principal or interest on any Senior Debt Securities of that series within 14 days from the due date for payment and the principal or interest has not been duly paid within a further 14 days following written notice from the trustee or from holders of 25% in principal amount of the Senior Debt Securities of that series to us requiring the payment to be made. It shall not, however, be a Senior Event of Default if during the 14 days after the notice we satisfy the trustee that such sums ("Withheld Amounts") were not paid in order to comply with a law, regulation or order of any court of competent jurisdiction. Where there is doubt as to the validity or applicability of any such law, regulation or order, it shall not be a Senior Event of Default if we act on the advice given to us during the 14−day period by independent legal advisers approved by the trustee; or

- we breach any covenant or warranty of the Senior Debt Indenture (other than as stated above with respect to payments when due) and that breach has not been remedied within 21 days of receipt of a written notice from the trustee certifying that in its opinion the breach is materially prejudicial to the interests of the holders of the Senior Debt Securities of that series and requiring the breach to be remedied or from holders of at least 25% in principal amount of the Senior Debt Securities of that series requiring the breach to be remedied; or

- either a court of competent jurisdiction issues an order which is not successfully appealed within 30 days, or an effective shareholders' resolution is validly adopted, for our winding−up (other than under or in connection with a scheme of reconstruction, merger or amalgamation not involving bankruptcy or insolvency).

If a Senior Event of Default occurs and is continuing, the trustee or the holders of at least 25% in outstanding principal amount of the Senior Debt Securities of that series may at their discretion declare the Senior Debt Securities of that series to be due and repayable immediately (and the Senior Debt Securities of that series shall thereby become due and repayable) at their outstanding principal amount (or at such other repayment amount as may be specified in or determined in accordance with the relevant prospectus supplement) together with accrued interest, if any, as provided in the prospectus supplement. The trustee may at its discretion and without further notice institute such proceedings as it may think suitable, against us to enforce payment. Subject to the indenture provisions for the indemnification of the trustee, the holder(s) of a majority in aggregate principal amount of the outstanding Senior Debt Securities of any series shall have the right to direct the time, method and place of conducting any proceeding in the name of and on the behalf of the trustee for any remedy available to the trustee or exercising any trust or power conferred on the trustee with respect to the series. However, this direction must not be in conflict with any rule of law or the Senior Debt Indenture, and must not be unjustly prejudicial to the holder(s) of any Senior Debt Securities of that series not taking part in the direction, as determined by the trustee. The trustee may also take any other action, consistent with the direction, that it deems proper.

If lawful, Withheld Amounts or a sum equal to Withheld Amounts shall be placed promptly on interest bearing deposit as described in the Senior Debt Indenture. We will give notice if at any time it is lawful to pay any Withheld Amount to holders of Senior Debt Securities or holders of Coupons or if such payment is possible as soon as any doubt as to the validity or applicability of the law, regulation or order is resolved. The notice will give the date on which the Withheld Amount and the interest accrued on it will be paid. This date will be the earliest day after the day on which it is decided Withheld Amounts can be paid on which the interest bearing deposit falls due for repayment or may be repaid without penalty. On such date, we shall be bound to pay the Withheld Amount together with interest accrued on it. For the purposes of this subsection this date will be the due date for those sums. Our obligations under this paragraph are in lieu of any other remedy against us in respect of Withheld

Amounts. Payment will be subject to applicable laws, regulations or court orders, but in the case of payment of any Withheld Amount, without prejudice to the provisions described under " – Additional Amounts". Interest accrued on any Withheld Amount will be paid net of any taxes required by applicable law to be withheld or deducted and we shall not be obliged to pay any Additional Amount in respect of any such withholding or deduction.

The holder(s) of a majority of the aggregate principal amount of the outstanding Senior Debt Securities of any affected series may waive any past Senior Event of Default with respect to the series, except any default in respect of either:

- the payment of principal of, or any premium, or interest, on any Senior Debt Securities; or
- a covenant or provision of the relevant indenture which cannot be modified or amended without the consent of each holder of Senior Debt Securities of the series.

Subject to exceptions, the trustee may, without the consent of the holders, waive or authorize a Senior Event of Default if, in the opinion of the trustee, that Senior Event of Default would not be materially prejudicial to the interests of the holders.

The trustee will, within 90 days of a default with respect to the Senior Debt Securities of any series, give to each affected holder of the Senior Debt Securities of the affected series notice of any default it knows about, unless the default has been cured or waived. However, except in the case of a default in the payment of the principal of, or premium, if any, or interest, if any, on the Senior Debt Securities, the trustee will be entitled to withhold notice if the board of directors, the executive committee or a trust committee of directors or responsible officers of the trustee determine in good faith that withholding of notice is in the interest of the holder(s).

We are required to furnish to the trustee annually a statement as to our compliance with all conditions and covenants under the Senior Debt Indenture.

Notwithstanding any contrary provisions, nothing shall impair the right of a holder, absent the holder's consent, to sue for any payments due but unpaid with respect to the Senior Debt Securities.

Street name and other indirect holders should consult their banks or brokers for information on how to give notice or direction to or make a request of the trustee and how to waive a Senior Event of Default.

Subordinated Events of Default

If either a court of competent jurisdiction issues an order which is not successfully appealed within 30 days, or an effective shareholders' resolution is validly adopted, for our winding−up, other than under or in connection with a scheme of amalgamation, merger or reconstruction not involving a bankruptcy or insolvency, that order or resolution will constitute a "Subordinated Event of Default" with respect to all of the Subordinated Debt Securities. If a Subordinated Event of Default occurs and is continuing, the trustee or the holder(s) of at least 25% in aggregate principal amount of the outstanding Subordinated Debt Securities of each series may declare any accrued but unpaid payments, or, in the case of Discount Securities, the portion of principal amount specified in its terms, on the debt securities of the series to be due and payable immediately. However, after this declaration but before the trustee obtains a judgment or decree for payment of money due, the holder(s) of a majority in aggregate principal amount of the outstanding Subordinated Debt Securities of the series may rescind the declaration of acceleration and its consequences, but only if the Subordinated Event of Default has been cured or waived and all payments due, other than those due as a result of acceleration, have been made.

Dated Debt Defaults. Unless the relevant prospectus supplement provides otherwise, a "Dated Debt Default" with respect to any series of Dated Subordinated Debt Securities shall result if we do not pay any installment of interest upon, or any part of the principal of, and any premium on, any Dated Subordinated Debt Securities of that series on the date on which the payment is due and payable, whether upon redemption or otherwise, and the failure continues for 14 days in the case of interest and seven days in the case of principal. Current FSA regulations do not permit us to provide for any additional events of default with respect to Dated Subordinated Debt Securities.

If a Dated Debt Default occurs and is continuing, the trustee may pursue all legal remedies available to it, including the institution of proceedings for our winding−up in England (but not elsewhere), but the trustee may not declare the principal amount of any outstanding Dated Subordinated Debt Securities due and payable. However, failure to make any payment in respect of a series of Dated Subordinated Debt Securities shall not be a Dated Debt Default if the payment is withheld or refused either:

- in order to comply with any fiscal or other law or regulation or with the order of any court of competent jurisdiction; or
- in case of doubt as to the validity or applicability of any such law, regulation or order, in accordance with advice given as to such validity or applicability at any time before the expiry of the 14−day period in the case of payment of interest or 7−day period in the case of payment of principal by independent legal advisers acceptable to the trustee.

In the second case, however, the trustee may, by notice to us, require us to take action, including proceedings for a court declaration, to resolve the doubt, if counsel advises it that the action is appropriate and reasonable. In this situation we will take the action promptly and be bound by any final resolution of the doubt. If the action results in a determination that we can make the relevant payment without violating any law, regulation or order then the payment shall become due and payable on the expiration of the 14−day period in the case of payment of interest or seven−day period in the case of payment of principal after the trustee gives us written notice informing us of the determination.

By accepting a Dated Subordinated Debt Security each holder and the trustee will be deemed to have waived any right of set−off or counterclaim that they might otherwise have against us. No holder of Dated Subordinated Debt Securities shall be entitled to proceed directly against us unless the trustee has become bound to proceed but fails to do so within a reasonable period and the failure is continuing.

Undated Debt Defaults. Unless the relevant prospectus supplement provides otherwise, an Undated Debt Default shall result if, with respect to any series of Undated Subordinated Debt Securities, we fail to pay:

- any Missed Payments on or prior to any date upon which a dividend is next paid on any class of share capital of Barclays PLC, or any other ultimate holding company of us, or if there is no holding company, ourselves, or on any class of our preference share capital, and this failure continues for 30 days; or
- the principal amount and any premium, or any accrued but unpaid interest and any Missed Payments on the date fixed for redemption of such Undated Subordinated Debt Securities and this failure continues for seven business days.

If any Undated Debt Default occurs and is continuing, the trustee may pursue all legal remedies available to it, including the institution of proceedings for our winding−up in England (but not elsewhere), but the trustee may not declare the principal amount of any outstanding Undated Subordinated Debt Securities due and payable. For the purposes of determining whether an Undated Debt Default has occurred, a payment shall not be deemed to be due on any date on which the solvency condition is not satisfied, but this does not apply in regard to proceedings by the trustee for our winding−up in England. However, the trustee may not commence proceedings for our winding−up in England for failure to make any payment in respect of a series of Undated Subordinated Debt Securities if the payment is withheld or refused either:

- in order to comply with any fiscal or other law or regulation or with the order of any court of jurisdiction; or
- in case of doubt as to the validity or applicability of any such law, regulation or order, in accordance with advice given as to such validity or applicability at any time before the expiry of the 30−day or seven−business day period, as applicable, by independent legal advisers acceptable to the trustee.

In the second case, however, the trustee may, by notice to us, require us to take action, including proceedings for a court declaration, to resolve the doubt, if counsel advises it that the action is appropriate and reasonable. In this case we shall proceed with the action promptly and be bound by any final resolution of the doubt. If the action results in a determination that we can make the relevant payment without violating any law, regulation or order then the payment shall become due and payable on the expiration of the 30−day or seven−business day period, as applicable, after the trustee gives us written notice informing us of the determination.

By accepting an Undated Subordinated Debt Security, each holder and the trustee will be deemed to have waived any right of set−off or counterclaim that they might otherwise have against us with respect to the Undated Subordinated Debt Security or the applicable indenture. No holder of Undated Subordinated Debt Securities shall be entitled to proceed directly against us unless the trustee has become bound to proceed but fails to do so within a reasonable period, and the failure is continuing.

Waiver; Trustee's Duties – Subordinated Debt Securities. The holder(s) of not less than a majority in aggregate principal amount of the debt securities of any affected series may waive any past Subordinated Event of Default, Dated Debt Default or Undated Debt Default with respect to the series, except any default in respect of either:

- the payment of principal of, or any premium, or interest, Deferred Payments, Tier 3 Deferred Payments or Missed Payments on any Subordinated Debt Securities; or
- a covenant or provision of the relevant indenture which cannot be modified or amended without the consent of each holder of Subordinated Debt Securities of the series.

Subject to the applicable indenture provisions regarding the trustee's duties, in case a Subordinated Event of Default, Dated Debt Default or Undated Debt Default occurs and is continuing with respect to the debt securities of any series, the trustee will have no obligation to any holder(s) of the Subordinated Debt Securities of that series, unless they have offered the trustee reasonable indemnity. Subject to the indenture provisions for the indemnification of the trustee, the holder(s) of a majority in aggregate principal amount of the outstanding Subordinated Debt Securities of any series shall have the right to direct the time, method and place of conducting any proceeding in the name of and on the behalf of the trustee for any remedy available to the trustee or exercising any trust or power conferred on the trustee with respect to the series. However, this direction must not be in conflict with any rule of law or the applicable indenture, and must not be unjustly prejudicial to the holder(s) of any Subordinated Debt Securities of that series not taking part in the direction, as determined by the trustee. The trustee may also take any other action, consistent with the direction, that it deems proper.

The trustee will, within 90 days of a default with respect to the Subordinated Debt Securities of any series, give to each affected holder of the Subordinated Debt Securities of the affected series notice of any default it knows about, unless the default has been cured or waived. However, except in the case of a default in the payment of the principal of, or premium, if any, or interest, if any, on any Subordinated Debt Securities, the trustee will be entitled to withhold notice if the board of directors, the executive committee or a trust committee of directors or responsible officers of the trustee determine in good faith that withholding of notice is in the interest of the holder(s).

We are required to furnish to the trustee annually a statement as to our compliance with all conditions and covenants under each Subordinated Debt Indenture.

Limitations on suits. Before a holder may bypass the trustee and bring its own lawsuit or other formal legal action or take other steps to enforce its rights or protect its interests relating to the debt securities, the following must occur:

- The holder must give the trustee written notice that an event of default has occurred and remains uncured.
- The holders of 25% in principal amount of all outstanding debt securities of the relevant series must make a written request that the trustee take action because of the default, and the holder must offer reasonable

indemnity to the trustee against the cost and other liabilities of taking that action.

- The trustee must not have taken action for 60 days after receipt of the above notice and offer of indemnity, and the trustee must not have received an inconsistent direction from the majority in principal amount of all outstanding debt securities of the relevant series during that period.
- In the case of our winding−up in England, such legal action or proceeding is in the name and on behalf of the trustee to the same extent, but no further, as the trustee would have been entitled to do.

Notwithstanding any contrary provisions, nothing shall impair the right of a holder, absent the holder's consent, to sue for any payments due but unpaid with respect to the Subordinated Debt Securities.

Street name and other indirect holders should consult their banks or brokers for information on how to give notice or direction to or make a request of the trustee and how to waive any past Subordinated Event of Default, Dated Debt Default or Undated Debt Default.

Consolidation, Merger and Sale of Assets; Assumption

We may, without the consent of the holders of any of the debt securities, consolidate with, merge into or transfer or lease our assets substantially as an entirety to, any person of the persons specified in the applicable indenture. However, any successor corporation formed by any consolidation or amalgamation, or any transferee or lessee of our assets, must be a bank organized under the laws of the United Kingdom that assumes our obligations on the debt securities and the applicable indenture, and a number of other conditions must be met.

Subject to applicable law and regulation, any of our wholly−owned subsidiaries may assume our obligations under the debt securities of any series without the consent of any holder. We, however, must irrevocably guarantee, (on a subordinated basis in substantially the manner described under " – Ranking" above, in the case of Subordinated Debt Securities,) the obligations of the subsidiary under the debt securities of that series. If we do, all of our direct obligations under the debt securities of the series and the applicable indenture shall immediately be discharged. Unless the relevant prospectus supplement provides otherwise, any Additional Amounts under the debt securities of the series will be payable in respect of taxes imposed by the jurisdiction in which the successor entity is organized, rather than taxes imposed by a U.K. taxing jurisdiction, subject to exceptions equivalent to those that apply to any obligation to pay Additional Amounts in respect of taxes imposed by a U.K. taxing jurisdiction. However, if we make payment under this guarantee, we shall also be required to pay Additional Amounts related to taxes (subject to the exceptions set forth in " – Additional Amounts" above) imposed by a U.K. taxing jurisdiction due to this guarantee payment. A subsidiary that assumes our obligations will also be entitled to redeem the debt securities of the relevant series in the circumstances described in " – Redemption" above with respect to any change or amendment to, or change in the application or interpretation of the laws or regulations (including any treaty) of the assuming corporation's jurisdiction of incorporation as long as the change or amendment occurs after the date of the subsidiary's assumption of our obligations. However, the determination of whether the applicable solvency condition has been satisfied shall continue to be made with reference to us, unless applicable law requires otherwise.

The U.S. Internal Revenue Service might deem an assumption of our obligations as described above to be an exchange of the existing debt securities for new debt securities, resulting in a recognition of taxable gain or loss and possibly other adverse tax consequences. Investors should consult their tax advisors regarding the tax consequences of such an assumption.

Governing Law

The debt securities and indentures will be governed by and construed in accordance with the laws of the State of New York, except that, as specified in the relevant Subordinated Debt Indenture, the subordination provisions of each series of Subordinated Debt Securities and the related indenture will be governed by and construed in accordance with the laws of England.

Notices

Notices regarding the debt securities will be valid:

- with respect to global debt securities, if in writing and delivered or mailed to each direct holder;
- if registered debt securities are affected, if given in writing and mailed to each direct holder as provided in the applicable indenture; or
- with respect to bearer definitive debt securities, if published at least once in an Authorized Newspaper (as defined in the indentures) in the Borough of Manhattan in New York City and as the applicable prospectus supplement may specify otherwise.

Any notice shall be deemed to have been given on the date of such publication or, if published more than once, on the date of the first publication. If publication is not practicable, notice will be valid if given in any other manner, and deemed to have been given on the date, as we shall determine.

The Trustee

The Bank of New York will be the trustee under the indentures. The trustee has two principal functions:

- First, it can enforce an investor's rights against us if we default on debt securities issued under the indenture. There are some limitations on the extent to which the trustee acts on an investor's behalf, described under "Senior Events of Default; Subordinated Event of Default and Defaults; Limitation of Remedies"; and
- Second, the trustee performs administrative duties for us, such as sending the investor's interest payments, transferring debt securities to a new buyer and sending investors notices.

We and some of our subsidiaries maintain deposit accounts and conduct other banking transactions with the trustee in the ordinary course of our respective businesses.

Consent to Service

The indentures provide that we irrevocably designate Barclays Bank PLC, 200 Park Avenue, New York, New York 10166, Attention: General Counsel as our authorized agent for service of process in any proceeding arising out of or relating to the indentures or debt securities brought in any federal or state court in New York City and we irrevocably submit to the jurisdiction of these courts.

Clearance and Settlement

Debt securities we issue may be held through one or more international and domestic clearing systems. The principal clearing systems we will use are the book−entry systems operated by The Depository Trust Company, or DTC, in the United States, Clearstream Banking, société anonyme, or Clearstream, Luxembourg, in Luxembourg and Euroclear Bank S.A./N.V., or Euroclear, in Brussels, Belgium. These systems have established electronic securities and payment transfer, processing, depositary and custodial links among themselves and others, either directly or through custodians and depositories. These links allow securities to be issued, held and transferred among the clearing systems without the physical transfer of certificates.

Special procedures to facilitate clearance and settlement have been established among these clearing systems to trade securities across borders in the secondary market. Where payments for debt securities we issue in global form will be made in U.S. dollars, these procedures can be used for cross−market transfers and the securities will be cleared and settled on a delivery against payment basis.

Global securities will be registered in the name of a nominee for, and accepted for settlement and clearance by, one or more of Euroclear, Clearstream, Luxembourg, DTC and any other clearing system identified in the applicable prospectus supplement.

Cross−market transfers of debt securities that are not in global form may be cleared and settled in accordance with other procedures that may be established among the clearing systems for these securities.

Euroclear and Clearstream, Luxembourg hold interests on behalf of their participants through customers' securities accounts in the names of Euroclear and Clearstream, Luxembourg on the books of their respective depositories, which, in the case of securities for which a global security in registered form is deposited with the DTC, in turn hold such interests in customers' securities accounts in the depositories' names on the books of the DTC.

The policies of DTC, Clearstream, Luxembourg and Euroclear will govern payments, transfers, exchange and other matters relating to the investors' interest in securities held by them. This is also true for any other clearance system that may be named in a prospectus supplement.

We have no responsibility for any aspect of the actions of DTC, Clearstream, Luxembourg or Euroclear or any of their direct or indirect participants. We have no responsibility for any aspect of the records kept by DTC, Clearstream, Luxembourg or Euroclear or any of their direct or indirect participants. We also do not supervise these systems in any way. This is also true for any other clearing system indicated in a prospectus supplement.

DTC, Clearstream, Luxembourg, Euroclear and their participants perform these clearance and settlement functions under agreements they have made with one another or with their customers. Investors should be aware that they are not obligated to perform these procedures and may modify them or discontinue them at any time.

The description of the clearing systems in this section reflects our understanding of the rules and procedures of DTC, Clearstream, Luxembourg and Euroclear as they are currently in effect. Those systems could change their rules and procedures at any time.

The Clearing Systems

DTC. DTC has advised us as follows:

- DTC is:
  - (1) a limited purpose trust company organized under the laws of the State of New York;
  - (2) a "banking organization" within the meaning of New York Banking Law;
  - (3) a member of the Federal Reserve System;
  - (4) a "clearing corporation" within the meaning of the New York Uniform Commercial Code; and
  - (5) a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act.
- DTC was created to hold securities for its participants and to facilitate the clearance and settlement of securities transactions between participants through electronic book−entry changes to accounts of its participants. This eliminates the need for physical movement of securities.
- Participants in DTC include securities brokers and dealers, banks, trust companies and clearing corporations and may include certain other organizations. DTC is partially owned by some of these participants or their representatives.
- Indirect access to the DTC system is also available to banks, brokers and dealers and trust companies that have custodial relationships with participants.
- The rules applicable to DTC and DTC participants are on file with the SEC.

Clearstream, Luxembourg. Clearstream, Luxembourg has advised us as follows:

- Clearstream, Luxembourg is a duly licensed bank organized as a société anonyme incorporated under the laws of Luxembourg and is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector (Commission de Surveillance du Secteur Financier).
- Clearstream, Luxembourg holds securities for its customers and facilitates the clearance and settlement of securities transactions among them. It does so through electronic book−entry transfers between the accounts of its customers. This eliminates

the need for physical movement of securities.

- Clearstream, Luxembourg provides other services to its customers, including safekeeping, administration, clearance and settlement of internationally traded securities and lending and borrowing of securities.
- Clearstream, Luxembourg's customers include worldwide securities brokers and dealers, banks, trust companies and clearing corporations and may include professional financial intermediaries. Its U.S. customers are limited to securities brokers and dealers and banks.
- Indirect access to the Clearstream, Luxembourg system is also available to others that clear through Clearstream, Luxembourg customers or that have custodial relationships with its customers, such as banks, brokers, dealers and trust companies.

Euroclear. Euroclear has advised us as follows:

- Euroclear is incorporated under the laws of Belgium as a bank and is subject to regulation by the Belgian Banking and Finance Commission (Commission Bancaire et Financière) and the National Bank of Belgium (Banque Nationale de Belgique).
- Euroclear holds securities for its customers and facilitates the clearance and settlement of securities transactions among them. It does so through simultaneous electronic book−entry delivery against payment, thereby eliminating the need for physical movement of certificates.
- Euroclear provides other services to its customers, including credit, custody, lending and borrowing of securities and tri−party collateral management. It interfaces with the domestic markets of several countries.
- Euroclear customers include banks, including central banks, securities brokers and dealers, banks, trust companies and clearing corporations and certain other professional financial intermediaries.
- Indirect access to the Euroclear system is also available to others that clear through Euroclear customers or that have custodial relationships with Euroclear customers.
- All securities in Euroclear are held on a fungible basis. This means that specific certificates are not matched to specific securities clearance accounts.

Other Clearing Systems. We may choose any other clearing system for a particular series of debt securities. The clearance and settlement procedures for the clearing system we choose will be described in the applicable prospectus supplement.

Primary Distribution

The distribution of the debt securities will be cleared through one or more of the clearing systems that we have described above or any other clearing system that is specified in the applicable prospectus supplement. Payment for securities will be made on a delivery versus payment or free delivery basis. These payment procedures will be more fully described in the applicable prospectus supplement.

Clearance and settlement procedures may vary from one series of debt securities to another according to the currency that is chosen for the specific series of securities. Customary clearance and settlement procedures are described below.

We will submit applications to the relevant system or systems for the securities to be accepted for clearance. The clearance numbers that are applicable to each clearance system will be specified in the prospectus supplement.

Clearance and Settlement Procedures – DTC. DTC participants that hold debt securities through DTC on behalf of investors will follow the settlement practices applicable to U.S. corporate debt obligations in DTC's Same−Day Funds Settlement System.

Debt securities will be credited to the securities custody accounts of these DTC participants against payment in same−day funds, for payments in U.S. dollars, on the settlement date. For payments in a currency other than U.S. dollars, securities will be credited free of payment on the settlement date.

Clearance and Settlement Procedures – Euroclear and Clearstream, Luxembourg. We understand that investors that hold their debt securities through Euroclear or Clearstream, Luxembourg accounts will follow the settlement procedures that are applicable to conventional Eurobonds in registered form.

Debt securities will be credited to the securities custody accounts of Euroclear and Clearstream, Luxembourg participants on the business day following the settlement date, for value on the settlement date. They will be credited either free of payment or against payment for value on the settlement date.

Secondary Market Trading

Trading Between DTC Participants. Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC's rules. Secondary market trading will be settled using procedures applicable to U.S. corporate debt obligations in DTC's Same−Day Funds Settlement System.

If payment is made in U.S. dollars, settlement will be in same−day funds. If payment is made in a currency other than U.S. dollars, settlement will be free of payment. If payment is made other than in U.S. Dollars, separate payment arrangements outside of the DTC system must be made between the DTC participants involved.

Trading Between Euroclear and/or Clearstream, Luxembourg Participants. We understand that secondary market trading between Euroclear and/or Clearstream, Luxembourg participants will occur in the ordinary way following the applicable rules and operating procedures of Euroclear and Clearstream, Luxembourg. Secondary market trading will be settled using procedures applicable to conventional Eurobonds in registered form.

Trading Between a DTC Seller and a Euroclear or Clearstream, Luxembourg Purchaser. A purchaser of debt securities that are held in the account of a DTC participant must send instructions to Euroclear or Clearstream, Luxembourg at least one business day prior to settlement. The instructions will provide for the transfer of the securities from the selling DTC participant's account to the account of the purchasing Euroclear or Clearstream, Luxembourg participant. Euroclear or Clearstream, Luxembourg, as the case may be, will then instruct the common depositary for Euroclear and Clearstream, Luxembourg to receive the securities either against payment or free of payment.

The interests in the securities will be credited to the respective clearing system. The clearing system will then credit the account of the participant, following its usual procedures. Credit for the securities will appear on the next day, European time. Cash debit will be back−valued to, and the interest on the securities will accrue from, the value date, which would be the preceding day, when settlement occurs in New York. If the trade fails and settlement is not completed on the intended date, the Euroclear or Clearstream, Luxembourg cash debit will be valued as of the actual settlement date instead.

Euroclear participants or Clearstream, Luxembourg participants will need the funds necessary to process same−day funds settlement. The most direct means of doing this is to preposition funds for settlement, either from cash or from existing lines of credit, as for any settlement occurring within Euroclear or Clearstream, Luxembourg. Under this approach, participants may take on credit exposure to Euroclear or Clearstream, Luxembourg until the securities are credited to their accounts one business day later.

As an alternative, if Euroclear or Clearstream, Luxembourg has extended a line of credit to them, participants can choose not to pre−position funds and will instead allow that credit line to be drawn upon to finance settlement. Under this procedure, Euroclear participants or Clearstream, Luxembourg participants purchasing securities would incur overdraft charges for one business day (assuming they cleared the overdraft as soon as the securities were credited to their accounts). However, interest on the securities would accrue from the value date. Therefore, in many cases, the investment income on securities that is earned during that one−business day period may substantially reduce or offset the amount of the overdraft charges. This result will, however, depend on each participant's particular cost of funds.

Because the settlement will take place during New York business hours, DTC participants will use their usual procedures to deliver securities to the depositary on behalf of Euroclear participants or Clearstream, Luxembourg participants. The sale proceeds will be available to the DTC seller on the settlement date. For the DTC participants, then, a cross−market transaction will settle no differently than a trade between two DTC participants.

Special Timing Considerations

Investors should be aware that they will only be able to make and receive deliveries, payments and other communications involving the debt securities through Clearstream, Luxembourg and Euroclear on days when those systems are open for business. Those systems may not be open for business on days when banks, brokers and other institutions are open for business in the United States.

In addition, because of time−zone differences, there may be problems with completing transactions involving Clearstream, Luxembourg and Euroclear on the same business day as in the United States. U.S. investors who wish to transfer their interests in the debt securities, or to receive or make a payment or delivery of the debt securities, on a particular day, may find that the transactions will not be performed until the next business day in Luxembourg or Brussels, depending on whether Clearstream, Luxembourg or Euroclear is used.

DESCRIPTION OF PREFERENCE SHARES

The following is a summary of the general terms of the preference shares of any series we may issue under this registration statement. Each time we issue preference shares we will prepare a prospectus supplement, which you should read carefully. The prospectus supplement relating to a series of preference shares or to a series of debt securities that are convertible into or exchangeable for the preference shares will summarize the terms of the preference shares of the particular series. Those terms will be set out in the resolutions establishing the series that our Board of Directors or an authorized committee adopt, and may be different from those summarized below. If so, the applicable prospectus supplement will state that, and the description of the preference shares of that series contained in the prospectus supplement will apply.

This summary does not purport to be complete and is subject to, and qualified by, our Articles of Association and the resolutions of the Board of Directors or an authorized committee. You should read our Articles of Association as well as those resolutions, which we have filed or we will file with the SEC as an exhibit to the registration statement, of which this prospectus is a part. You should also read the summary of the general terms of the deposit agreement under which ADRs evidencing ADSs that may represent preference shares may be issued, under the heading "Description of American Depositary Receipts".

General

Under our Articles of Association, our Board of Directors or an authorized committee of the Board is empowered to provide for the issuance of U.S. dollar−denominated preference shares, in one or more series.

The resolutions providing for their issue, adopted by the Board of Directors or the authorized committee, will set forth the dividend rights, liquidation value per share, redemption provisions, voting rights, other rights, preferences, privileges, limitations and restrictions of the preference shares.

As of the date of this prospectus, we have 100,000 issued dollar−denominated preference shares, Series 1 and 30,000,000 issued dollar−denominated preference shares, Series 2.

The preference shares of any series will be U.S. dollar−denominated in terms of nominal value, dividend rights and liquidation value per share. They will, when issued, be fully paid and non−assessable. For each preference share issued, an amount equal to its nominal value will be credited to our issued share capital account and an amount equal to the difference between its issue price and its nominal value will be credited to our share premium account. The applicable prospectus supplement will specify the nominal value of the preference shares. The preference shares of a series deposited under the deposit agreement referred to in the section "Description of American Depositary Receipts" will be represented by ADSs of a corresponding series, evidenced by ADRs of such series. The preference shares of such series may only be withdrawn from deposit in registered form. See "Description of American Depositary Receipts".

Our Board of Directors or the relevant authorized committee of our Board may only provide for the issuance of preference shares of any series if a resolution of our shareholders has authorized the allotment of such preference shares.

The preference shares of any series will have the dividend rights, rights upon liquidation, redemption provisions and voting rights described below, unless the relevant prospectus supplement provides otherwise. You should read the prospectus supplement for the specific terms of any series, including:

- the number of shares offered, the number of shares offered in the form of ADSs and the number of preference shares represented by each ADS;
- the public offering price of the series;
- the liquidation value per share of that series;
- the dividend rate, or the method of calculating it;
- the place where we will pay dividends;
- the dates on which dividends will be payable;
- voting rights of that series of preference shares, if any;
- restrictions applicable to the sale and delivery of the preference shares;
- whether and under what circumstances we will pay additional amounts on the preference shares in the event of certain developments with respect to withholding tax or information reporting laws;
- any redemption, conversion or exchange provisions;
- whether the shares shall be issued as units with shares of a related series;
- any listing on a securities exchange; and
- any other rights, preferences, privileges, limitations and restrictions relating to the series.

The applicable prospectus supplement will also describe material U.S. and U.K. tax considerations that apply to any particular series of preference shares.

Title to preference shares of a series in registered form will pass by transfer and registration on the register that the registrar shall keep at its office in the United Kingdom. For more information on such registration, you should read " – Registrar and Paying Agent". The registrar will not charge for the registration of transfer, but the person requesting it will be liable for any taxes, stamp duties or other governmental charges.

We may issue preference shares in more than one related series if necessary to ensure that we continue to be treated as part of the Barclays PLC Group for U.K. tax purposes. The preference shares of any two or more related series will be issued as preference share units, unless the applicable prospectus supplement specifies otherwise, so that holders of any preference share units will effectively have the same rights, preferences and privileges, and will be subject to the same limitations and restrictions. The following characteristics, however, may differ:

- the aggregate amount of dividends,
- the aggregate amounts which may be payable upon redemption,
- the redemption dates,
- the rights of holders to deposit the preference shares under the deposit agreement, and
- the voting rights of holders.

You should read the applicable prospectus supplement for the characteristics relating to any preference shares issuable in two or more related series as a unit.

Unless the applicable prospectus supplement specifies otherwise, the preference shares of each series will rank equally as to participation in our profits and assets with the preference shares of each other series.

Our affiliates may resell preferred shares after their initial issuance in market−making transactions. We describe these transactions above under "Description of Debt Securities – General – Market−Making Transactions."

Dividend Rights

The holders of the preference shares will be entitled to receive cash dividends on the dates and at the rates as described in the applicable prospectus supplement out of our "distributable profits". Except as provided in this prospectus and in the applicable prospectus supplement, holders of preference shares will have no right to participate in our profits.

For information concerning the declaration of dividends out of our distributable profits, see "Description of Share Capital – Ordinary Shares – Dividend Rights".

We will pay the dividends on the preference shares of a series to the record holders as they appear on the register on the record dates. A record date will be fixed by our Board of Directors or an authorized committee. Subject to applicable fiscal or other laws and regulations, each payment will be made by dollar check drawn on a bank in London or in New York City and mailed to the record holder at the holder's address as it appears on the register for the preference shares. If any date on which dividends are payable on the preference shares is not a "business day", which is a day on which banks are open for business and on which foreign exchange dealings may be conducted in London and in New York City, then payment of the dividend payable on that date will be made on the next business day. There will be no additional interest or other payment due to this type of delay.

Dividends on the preference shares of any series will be non−cumulative. If a dividend on a series is not paid, or is paid only in part, the holders of preference shares of the relevant series will have no claim in respect of such unpaid amount. We will have no obligation to pay the dividend accrued for the relevant dividend period or to pay any interest on the dividend, whether or not dividends on the preference shares of that series or any other series or class of our shares are paid for any subsequent dividend period.

No full dividends will be paid or set apart for payment on any of our preference shares ranking, as to dividends, equally with or below the preference shares of any series for any period unless full dividends have been, or at the same time are, paid, or set aside for payment, on the preference shares of that series for the then−current dividend period. When dividends are not paid in full upon the preference shares of a series and any other of our preference shares ranking equally as to dividends, all dividends upon the preference shares of that series and the other preference shares will be paid pro rata so that dividends paid upon the preference shares of each series are in proportion to dividends accrued on the preference shares of the series.

Except as provided in the preceding sentence, unless full dividends on all outstanding preference shares of a series have been paid for the most recently completed dividend period, no dividends, will be declared or paid or set apart for payment, or other distribution made, upon our ordinary shares or other shares ranking, as to dividends or upon liquidation, equally with or below the preference shares of the series. In addition, we will not redeem, repurchase or otherwise acquire for consideration, or pay any money or make any money available for a sinking fund for the redemption of, any of our ordinary shares or other shares ranking equally with or below the preference shares of the series as to dividends or upon liquidation, except by conversion into or exchange for shares ranking below the preference shares of the series as to dividends and upon liquidation, until we have resumed the payment of full dividends for four consecutive quarterly dividend periods on all outstanding preference shares of the series and those ranking equally as to dividends with the preference shares of the series.

We will compute the amount of dividends payable on the preference shares of any series for each dividend period based upon the liquidation value per share of the preference shares of the series by annualizing the applicable dividend rate and dividing by the number of dividend periods in a year. However, we will compute the amount of dividends payable for any dividend period shorter than a full dividend period on the basis of a 360−day year divided into twelve months of 30 days each and, in the case of an incomplete month, on the basis of the actual number of days elapsed.

Rights Upon Liquidation

If there is a return of capital in respect of our voluntary or involuntary liquidation, dissolution, winding−up or otherwise, other than in respect of any redemption or repurchase of the preference shares of a series in whole or in part permitted by our Articles of Association and under applicable law, the holders of the outstanding preference shares of a series will be entitled to receive liquidating distributions. Liquidating distributions will:

- come from the assets we have available for distribution to shareholders, before any distribution of assets is made to holders of our ordinary shares or any other class of shares ranking below the preference shares upon a return of capital; and
- be in an amount equal to the liquidation value per share of the preference shares, plus an amount equal to accrued and unpaid dividends, whether or not declared or earned, for the then−current dividend period up to and including the date of commencement of our winding−up or the date of any other return of capital, as the case may be.

If, upon a return of capital, the assets available for distribution are insufficient to pay in full the amounts payable on the preference shares and any other of our shares ranking as to any distribution equally with the preference shares, the holders of the preference shares and of the other shares will share pro rata in any distribution of our assets in proportion to the full respective liquidating distributions to which they are entitled. After payment of the full amount of the liquidating distribution to which they are entitled, the holders of the preference shares of that series will have no claim on any of our remaining assets and will not be entitled to any further participation in the return of capital. If there is a sale of all or substantially all of our assets, the distribution to our shareholders of all or substantially all of the consideration for the sale, unless the consideration, apart from assumption of liabilities, or the net proceeds consists entirely of cash, will not be deemed a return of capital in respect of our liquidation, dissolution or winding−up.

Redemption

Unless the relevant prospectus supplement specifies otherwise, we may redeem the preference shares of each series, at our option, in whole or in part, at any time and from time to time on the dates and at the redemption prices and on all other terms and conditions as set forth in the applicable prospectus supplement. Preference shares comprising preference share units will be redeemed only as units.

If fewer than all of the outstanding preference shares of a series are to be redeemed, we will select by lot, in the presence of our independent auditors, which particular preference shares will be redeemed.

If we redeem preference shares of a series, we will mail a redemption notice to each record holder of preference shares to be redeemed between 30 and 60 days before the redemption date. Each redemption notice will specify:

- the redemption date;
- the particular preference shares of the series to be redeemed;
- the redemption price, specifying the included amount of accrued and unpaid dividends;
- that any dividends will cease to accrue upon the redemption of the preference shares; and
- the place or places where holders may surrender documents of title and obtain payment of the redemption price.

No defect in the redemption notice or in the giving of notice will affect the validity of the redemption proceedings.

If we give notice of redemption in respect of the preference shares of a series, then, by 12:00 noon, London time, on the redemption date, we will irrevocably deposit with the paying agent funds sufficient to pay the applicable redemption price, including the amount of accrued and unpaid dividends (if any) for the then−current quarterly dividend period to the date fixed for redemption. We will also give the paying agent irrevocable instructions and authority to pay the redemption price to the holders of those preference shares called for redemption.

If we give notice of redemption, then, when we make the deposit with the paying agent, all rights of holders of the preference shares of the series called for redemption will cease, except the holders' right to receive the redemption price, but without interest, and these preference shares will no longer be outstanding. Subject to any applicable fiscal or other laws and regulations, payments in respect of the redemption of preference shares of a series will be made by dollar check drawn on a bank in London or in New York City against presentation and surrender of the relevant share certificates at the office of the paying agent located in the United Kingdom.

In the event that any date on which a redemption payment on the preference shares is to be made is not a business day, then payment of the redemption price payable on that date will be made on the next business day. There will be no interest or other payment due to the delay. If payment of the redemption price is improperly withheld or refused, dividends on the preference shares will continue to accrue at the then applicable rate, from the redemption date to the date of payment of the redemption price.

Subject to applicable law, including U.S. securities laws, and the consent of, or prior notification to, the FSA, as applicable, we may purchase outstanding preference shares of any series by tender, in the open market or by private agreement. Unless we tell you otherwise in the applicable prospectus supplement, any preference shares of any series that we purchase for our own account, other than in the ordinary course of a business of dealing in securities, will be treated as canceled and will no longer be issued and outstanding.

Under the current practices of the FSA, we may not redeem any preference shares following the fifth anniversary of their date of issue unless the FSA is given one month's prior written notice.

Voting Rights

The holders of the preference shares of any series will not be entitled to receive notice of, attend or vote at any general meeting of our shareholders except as provided below or in the applicable prospectus supplement.

Variation of Rights

If applicable law permits, the rights, preferences and privileges attached to any series of preference shares may be varied or abrogated only with the written consent of the holders of at least three−fourths of the outstanding preference shares of the series or with the sanction of a special resolution passed at a separate general meeting of the holders of the outstanding preference shares of the series. A special resolution will be adopted if passed by a majority of at least three−fourths of those holders voting in person or by proxy at the meeting. The quorum required for this separate general meeting will be persons holding or representing by proxy at least one−third of the outstanding preference shares of the affected series, except that if at any adjourned meeting where this quorum requirement is not met, any two holders present in person or by proxy will constitute a quorum.

In addition to the voting rights referred to above, if any resolution is proposed for our liquidation, dissolution or winding−up, then the holders of the outstanding preference shares of each series, other than any series of preference shares which do not have voting rights, will be entitled to receive notice of and to attend the general meeting of shareholders called for the purpose of adopting the resolution and will be entitled to vote on that resolution, but no other. When entitled to vote, each holder of preference shares of a series present in person or by proxy has one vote for each preference share held.

Notices of Meetings

A notice of any meeting at which holders of preference shares of a particular series are entitled to vote will be mailed to each record holder of preference shares of that series. Each notice will state:

- the date of the meeting;

- a description of any resolution to be proposed for adoption at the meeting on which those holders are entitled to vote; and
- instructions for the delivery of proxies.

A holder of preference shares of any series in registered form who is not registered with an address in the United Kingdom and who has not supplied an address within the United Kingdom to us for the purpose of notices is not entitled to receive notices of meetings from us. For a description of notices that we will give to the ADR depositary and that the ADR depositary will give to ADR holders, you should read "Description of American Depositary Receipts – Reports and Notices" and "Where You Can Find More Information".

Registrar and Paying Agent

Our registrar, presently located at One Canada Square, London E14 5AL, United Kingdom, will act as registrar and paying agent for the preference shares of each series.

DESCRIPTION OF AMERICAN DEPOSITARY RECEIPTS

The following is a summary of the general terms and provisions of the deposit agreement under which the ADR depositary will issue the ADRs. The deposit agreement is among us, The Bank of New York, as ADR depositary, and all holders from time to time of ADRs issued under the deposit agreement. This summary does not purport to be complete. We may amend or supersede all or part of this summary to the extent we tell you in the applicable prospectus supplement. You should read the deposit agreement, which is filed with the SEC as an exhibit to the registration statement, of which this prospectus is a part. You may also read the deposit agreement at the corporate trust office of The Bank of New York in New York City and the office of The Bank of New York in London.

Depositary

The Bank of New York will act as the ADR depositary. The office of The Bank of New York in London will act as custodian. The ADR depositary's principal office in New York City is presently located at 101 Barclay Street, Floor 21 West, New York, New York 10286, and the custodian's office is presently located at One Canada Square, London E14 5AL, United Kingdom.

American Depositary Receipts

An ADR is a certificate evidencing a specific number of ADSs of a specific series, each of which will represent preference shares of a corresponding series. Unless the relevant prospectus supplement specifies otherwise, each ADS will represent one preference share, or evidence of rights to receive one preference share, deposited with the London branch of The Bank of New York, as custodian. An ADR may evidence any number of ADSs in the corresponding series.

Deposit and Issuance of ADRs

When the custodian has received preference shares of a particular series, or evidence of rights to receive preference shares, and applicable fees, charges and taxes, subject to the deposit agreement's terms, the ADR depositary will execute and deliver at its corporate trust office in New York City to the person(s) specified by us in writing, an ADR or ADRs registered in the name of such person(s) evidencing the number of ADSs of that series corresponding to the preference shares of that series.

When the ADR depositary has received preference shares of a particular series, or evidence of rights to receive preference shares, and applicable fees, charges and taxes, subject to the deposit agreement's terms, the ADR depositary will execute and deliver at its principal office to the person(s) specified by us in writing, an ADR or ADRs registered in the name of that person(s) evidencing the number of ADSs of that series corresponding to the preference shares of that series. Preference shares may be deposited under the deposit agreement as units comprising a preference share of a series and a preference share of a related series. The ADR depositary's principal office is presently located at 101 Barclay Street, Floor 22 West, New York, New York 10286.

Withdrawal of Deposited Securities

Upon surrender of ADRs at the ADR depositary's corporate trust office in New York City and upon payment of the taxes, charges and fees provided in the deposit agreement and subject to its terms, an

ADR holder is entitled to delivery, to or upon its order, at the ADR depositary's corporate trust office in New York City or the custodian's office in London, of the amount of preference shares of the relevant series represented by the ADSs evidenced by the surrendered ADRs. The ADR holder will bear the risk and expense for the forwarding of share certificates and other documents of title to the corporate trust office of the ADR depositary.

Holders of preference shares that have been withdrawn from deposit under the deposit agreement will not have the right to redeposit the preference shares.

Dividends and Other Distributions

The ADR depositary will distribute all cash dividends or other cash distributions that it receives in respect of deposited preference shares of a particular series to ADR holders, after payment of any charges and fees provided for in the deposit agreement, in proportion to their holdings of ADSs of the series representing the preference shares. The cash amount distributed will be reduced by any amounts that we or the ADR depositary must withhold on account of taxes.

If we make a non−cash distribution in respect of any deposited preference shares of a particular series, the ADR depositary will distribute the property it receives to ADR holders, after deduction or upon payment of any taxes, charges and fees provided for in the deposit agreement, in proportion to their holdings of ADSs of the series representing the preference shares. If a distribution that we make in respect of deposited preference shares of a particular series consists of a dividend in, or free distribution of, preference shares of that series, the ADR depositary may, if we approve, and will, if we request, distribute to ADR holders, in proportion to their holdings of ADSs of the relevant series, additional ADRs evidencing an aggregate number of ADSs of that series representing the amount of preference shares received as such dividend or free distribution. If the ADR depositary does not distribute additional ADRs, each ADS of that series will from then forward also represent the additional preference shares of the corresponding series distributed in respect of the deposited preference shares before the dividend or free distribution.

If the ADR depositary determines that any distribution of property, other than cash or preference shares of a particular series, cannot be made proportionately among ADR holders or if for any other reason, including any requirement that we or the ADR depositary withhold an amount on account of taxes or other governmental charges, the ADR depositary deems that such a distribution is not feasible, the ADR depositary may dispose of all or part of the property in any manner, including by public or private sale, that it deems equitable and practicable. The ADR depositary will then distribute the net proceeds of any such sale (net of any fees and expenses of the ADR depositary provided for in the deposit agreement) to ADR holders as in the case of a distribution received in cash.

Redemption of ADSs

If we redeem any preference shares of a particular series that are represented by ADSs, the ADR depositary will redeem, from the amounts that it receives from the redemption of deposited preference shares of that series, a number of ADSs of the series representing those preference shares which corresponds to the number of deposited preference shares of that series. The ADS redemption price will correspond to the redemption price per preference share payable with respect to the redeemed preference shares. If we do not redeem all of the outstanding preference shares of a particular series, the ADR depositary will select the ADSs of the corresponding series to be redeemed, either by lot or pro rata to the number of preference shares represented.

We must give notice of redemption in respect of the preference shares of a particular series that are represented by ADSs to the ADR depositary not less than 30 days before the redemption date. The ADR depositary will promptly deliver the notice to all holders of ADRs of the corresponding series.

Record Date

Whenever any dividend or other distribution becomes payable or shall be made in respect of preference shares of a particular series, or any preference shares of a particular series are to be redeemed, or the ADR depositary receives notice of any meeting at which holders of preference shares of a particular series are entitled to vote, the ADR depositary will fix a record date for the determination of the ADR holders who are entitled to receive the dividend, distribution, amount in respect of redemption of ADSs of the corresponding series, or the net proceeds of their sale, or to give instructions for the exercise of voting rights at the meeting, subject to the provisions of the deposit agreement. This record date will be as near as practicable to the corresponding record date for the underlying preference share.

Voting of the Underlying Deposited Securities

When the ADR depositary receives notice of any meeting or solicitation of consents or proxies of holders of preference shares of a particular series, it will, at our written request and as soon as practicable thereafter, mail to the record holders of ADRs a notice including:

- the information contained in the notice of meeting;
- a statement that the record holders of ADRs at the close of business on a specified record date will be entitled, subject to any applicable provision of English law, to instruct the ADR depositary as to the exercise of any voting rights pertaining to the preference shares of the series represented by their ADSs; and
- a brief explanation of how they may give instructions, including an express indication that they may instruct the ADR depositary to give a discretionary proxy to designated member or members of our board of directors if no such instruction is received.

The ADR depositary has agreed that it will endeavor, in so far as practical, to vote or cause to be voted the preference shares in accordance with any written non−discretionary instructions of record holders of ADRs that it receives on or before the record date set by the ADR depositary. The ADR depositary will not vote the preference shares except in accordance with such instructions or deemed instructions.

If the ADR depositary does not receive instructions from any ADR holder on or before the date the ADR depositary establishes for this purpose, the ADR depositary will deem such holder to have directed the ADR depositary to give a discretionary proxy to a designated member or members of our board of directors. However, the ADR depositary will not give a discretionary proxy to a designated member or members of our board of directors with respect to any matter as to which we inform the ADR depositary that:

- we do not wish the proxy to be given;
- substantial opposition exists; or
- the rights of holders of the preference shares may be materially affected.

Holders of ADRs evidencing ADSs will not be entitled to vote shares of the corresponding series of preference shares directly.

Inspection of Transfer Books

The ADR depositary will, at its corporate trust office in New York City, keep books for the registration and transfer of ADRs. These books will be open for inspection by ADR holders at all reasonable times. However, this inspection may not be for the purpose of communicating with ADR holders in the interest of a business or object other than our business or a matter related to the deposit agreement or the ADRs.

Reports and Notices

We will furnish the ADR depositary with our annual reports as described under “Where You Can Find More Information” in this prospectus. The ADR depositary will make available at its corporate trust office in New York City, for any ADR holder to inspect, any reports and communications received from us that are both received by the ADR depositary as holder of preference shares and made generally available by us to the holders of those preference shares. This includes our annual report and accounts. Upon written request, the ADR depositary will mail copies of those reports to ADR holders as provided in the deposit agreement.

On or before the first date on which we give notice, by publication or otherwise, of:

- any meeting of holders of preference shares of a particular series;
- any adjourned meeting of holders of preference shares of a particular series; or
- the taking of any action in respect of any cash or other distributions or the offering of any rights in respect of, preference shares of a particular series

we have agreed to transmit to the ADR depositary and the custodian a copy of the notice in the form given or to be given to holders of the preference shares. If requested in writing by us, the ADR depositary will, at our expense, arrange for the prompt transmittal or mailing of such notices, and any other reports or communications made generally available to holders of the preference shares, to all holders of ADRs evidencing ADSs of the corresponding series.

Amendment and Termination of the Deposit Agreement

The form of the ADRs evidencing ADSs of a particular series and any provisions of the deposit agreement relating to those ADRs may at any time and from time to time be amended by agreement between us and the ADR depositary, without the consent of holders of ADRs, in any respect which we may deem necessary or advisable. Any amendment that imposes or increases any fees or charges, other than taxes and other governmental charges, registration fees, transmission costs, delivery costs or other such expenses, or that otherwise prejudices any substantial existing right of holders of outstanding ADRs evidencing ADSs of a particular series, will not take effect as to any ADRs until 30 days after notice of the amendment has been given to the record holders of those ADRs. Every holder of any ADR at the time an amendment becomes effective, if it has been given notice, will be deemed by continuing to hold the ADR to consent and agree to the amendment and to be bound by the deposit agreement or the ADR as amended. No amendment may impair the right of any holder of ADRs to surrender ADRs and receive in return the preference shares of the corresponding series represented by the ADSs.

Whenever we direct, the ADR depositary has agreed to terminate the deposit agreement as to ADRs evidencing ADSs of a particular series by mailing a termination notice to the record holders of all ADRs then outstanding at least 30 days before the date fixed in the notice of termination. The ADR depositary may likewise terminate the deposit agreement as to ADRs evidencing ADSs of a particular series by mailing a termination notice to us and the record holders of all ADRs then outstanding if at any time 90 days shall have expired since the ADR depositary delivered a written notice to us of its election to resign and a successor ADR depositary shall not have been appointed and accepted its appointment.

If any ADRs evidencing ADSs of a particular series remain outstanding after the date of any termination, the ADR depositary will then:

- discontinue the registration of transfers of those ADRs;
- suspend the distribution of dividends to holders of those ADRs; and
- not give any further notices or perform any further acts under the deposit agreement, except those listed below, with respect to those ADRs.

The ADR depositary will, however, continue to collect dividends and other distributions pertaining to the preference shares of the corresponding series. It will also continue to sell rights and other property as provided in the deposit agreement and deliver preference shares of the corresponding series, together with any dividends or other distributions received with respect to them and the net proceeds of the sale of any rights or other property, in exchange for ADRs surrendered to it.

At any time after the expiration of one year from the date of termination of the deposit agreement as to ADRs evidencing ADSs of a particular series, the ADR depositary may sell the preference shares of the corresponding series then held. The ADR depositary will then hold uninvested the net proceeds of any such sales, together with any other cash then held by it under the deposit agreement in respect of those ADRs, unsegregated and without liability for interest, for the pro rata benefit of the holders of ADRs that have not previously been surrendered.

Charges of ADR Depositary

Unless the applicable prospectus supplement specifies otherwise, the ADR depositary will charge the party to whom it delivers ADRs against deposits, and the party surrendering ADRs for delivery of preference shares of a particular series or other deposited securities, property and cash, $5.00 for each 100, or fraction of 100, ADSs evidenced by the ADRs issued or surrendered. We will pay all other charges of the ADR depositary and those of any registrar, co−transfer agent and co−registrar under the deposit agreement, but unless the applicable prospectus supplement specifies otherwise, we will not pay:

- taxes, including issue or transfer taxes, U.K. stamp duty or U.K. stamp duty reserve tax other than that payable on the issue of preference shares to the custodian, and other governmental charges;
- any applicable share transfer or registration fees on deposits or withdrawals of preference shares;
- cable, telex, facsimile transmission and delivery charges which the deposit agreement provides are at the expense of the holders of ADRs or persons depositing or withdrawing preference shares of any series; or
- expenses incurred or paid by the ADR depositary in conversion of foreign currency into U.S. dollars.

You will be responsible for any taxes or other governmental charges payable on your ADRs or on the preference shares underlying your ADRs. The ADR depositary may refuse to transfer your ADRs or allow you to withdraw the preference shares underlying your ADRs until such taxes or other charges are paid. It may apply payments owed to you or sell deposited preference shares underlying your ADRs to pay any taxes owed and you will remain liable for any deficiency. If the ADR depositary sells deposited preference shares, it will, if appropriate, reduce the number of ADSs to reflect the sale and pay to you any proceeds, or send to you any property, remaining after it has paid the taxes.

General

Neither the ADR depositary nor we will be liable to ADR holders if prevented or forbidden or delayed by any present or future law of any country or by any governmental authority, any present or future provision of our articles of association or of the preference shares, or any act of God or war or other circumstances beyond our control in performing our obligations under the deposit agreement. The obligations of us both under the deposit agreement are expressly limited to performing our duties without gross negligence or bad faith.

If any ADSs of a particular series are listed on one or more stock exchanges in the U.S., the ADR depositary will act as registrar or, at our request or with our approval, appoint a registrar or one or more co−registrars for registration of the ADRs evidencing the ADSs in accordance with any exchange requirements. The ADR depositary may remove the registrars or co−registrars and appoint a substitute(s) if we request it or with our approval.

The ADRs evidencing ADSs of any series are transferable on the books of the ADR depositary or its agent. However, the ADR depositary may close the transfer books as to ADRs evidencing ADSs of a particular series at any time when it deems it expedient to do so in connection with the performance of its duties or at our request. As a condition precedent to the execution and delivery, registration of transfer, split−up, combination or surrender of any ADR or withdrawal of any preference shares of the corresponding series, the ADR depositary or the custodian may require the person presenting the ADR or depositing the preference shares to pay a sum sufficient to reimburse it for any related tax or other governmental charge and any share transfer or registration fee and any applicable fees payable as provided in the deposit agreement. The ADR depositary may withhold any dividends or other distributions, or may sell for the account of the holder any part or all of the preference shares evidenced by the ADR, and may apply those dividends or other distributions or the proceeds of any sale in payment of the tax or other governmental charge. The ADR holder will remain liable for any deficiency.

Any ADR holder may be required from time to time to furnish the ADR depositary or the custodian with proof satisfactory to the ADR depositary of citizenship or residence, exchange control approval, information relating to the registration on our books or those that the registrar maintains for us for the preference shares in registered form of that series, or other information, to execute certificates and to make representations and warranties that the ADR depositary deems necessary or proper. Until those requirements have been satisfied, the ADR depositary may withhold the delivery or registration of transfer of any ADR or the distribution or sale of any dividend or other distribution or proceeds of any sale or distribution or the delivery of any deposited preference shares or other property related to the ADR. The delivery, transfer and surrender of ADRs of any series may be suspended during any period when the transfer books of the ADR depositary are closed or if we or the ADR depositary deem it necessary or advisable.

The deposit agreement and the ADRs are governed by and construed in accordance with the laws of the State of New York.

DESCRIPTION OF SHARE CAPITAL

The following is a summary of general information about our share capital and some provisions of our Articles of Association. This summary does not purport to be complete. It is subject to, and qualified by reference to, our Articles of Association, which you should read. We have included a copy of our Articles of Association with the SEC as an exhibit to the Registration Statement of which this prospectus forms a part.

General

Our authorized share capital as of the date of this prospectus consists of 3,000,000,000 ordinary shares of £1 each, 80,000,000 dollar−denominated preference shares of $0.25 each, 400,000 dollar−denominated preference shares of $100 each, 400,000 euro−denominated preference shares of €100 each, 1,000 sterling−denominated preference shares of £1 each and 400,000 sterling−denominated preference shares of £100 each. As of the date of this prospectus, 2,332,560,515 ordinary shares are issued (all of which are beneficially held by Barclays PLC), 30,000,000 dollar−denominated preference shares of $0.25 each, 100,000 dollar−denominated preference shares of $100 each, 240,000 euro−denominated preference shares of €100 each, 1,000 sterling−denominated preference shares of £1 each all of which are beneficially held by Barclays PLC and 75,000 sterling−denominated preference shares of £100 each, all of which have been issued.

Ordinary Shares

Dividend Rights

Holders of ordinary shares are entitled to receive on a *pro rata* basis, according to the number of paid−up shares held, any dividends that we may declare at a general meeting of shareholders, but no dividends are payable in excess of the amount that our Board of Directors recommends. The Board of Directors may declare and pay to the holders of ordinary shares interim dividends if, in the opinion of our Board, our distributable reserves justify such payment.

Dividends on ordinary shares, as well as on dollar−denominated preference shares of any series, may only be declared and paid out of our "distributable profits". Rules prescribed by the UK Companies Act 1985 determine how much of our funds represent distributable profits. In broad outline, dividend distributions may only be made out of the outstanding balance of accumulated realized profits, less the outstanding balance of any accumulated realized losses, and provided that our net assets are not, or would not be reduced to, less than the total of our paid−up share capital and undistributable reserves.

So long as dollar−denominated preference shares of any series are outstanding and full dividends on them have not been paid (or a sum has not been set aside in full) for any dividend period, no dividends may be declared or paid, or other distribution made, upon our ordinary shares. We may, however, pay dividends on our ordinary shares or other shares ranking below the dollar−denominated preference shares of those series as to dividends upon liquidation. In addition, we may not redeem, repurchase or otherwise acquire for any consideration, or pay or make any moneys available for a sinking fund for the redemption of these shares, except by conversion into or exchange for our shares ranking below the dollar−denominated preference shares as to dividends and upon liquidation, until we have resumed the payment of full dividends (or a sum set aside in full) on all outstanding dollar−denominated preference shares or redeem the relevant preference shares in full.

Rights upon Liquidation

If there is a return of capital on our winding up or otherwise, after payment of all liabilities, and after paying or setting apart for payment the full preferential amounts to which the holders of all outstanding dollar−denominated preference shares of any series and any other of our shares ranking senior to the ordinary shares upon liquidation are entitled, our remaining assets will be divided among the holders of ordinary shares *pro rata* according to the number of ordinary shares held by them.

Voting Rights

Each holder of ordinary shares who is entitled to be present and is present in person or by proxy at a general meeting of shareholders has on a show of hands one vote, and on a poll one vote for each ordinary share held. Voting at any general meeting of shareholders is by show of hands unless a poll is demanded. A poll may be demanded by the chairman of the meeting or by any shareholder present in person or by proxy and entitled to vote.

Miscellaneous

Holders of ordinary shares and dollar−denominated preference shares have no pre−emptive rights under our Articles of Association. However, except in some cases, English law restricts the ability of our Board of Directors, without appropriate authorization from the holders of our ordinary shares at a general meeting, to:

- allot any shares or rights to subscribe for, or to convert any security into, any of our shares under any circumstances; or
- issue for cash ordinary shares or rights to subscribe for, or to convert any security into, ordinary shares other than through rights to existing holders of ordinary shares.

TAX CONSIDERATIONS

U.S. Taxation

This section describes the material U.S. federal income tax consequences of owning preference shares, ADSs or debt securities. It is the opinion of Sullivan & Cromwell LLP, our U.S. tax counsel. It applies to you only if you acquire your preference shares, ADSs or debt securities in an offering and you hold your preference shares, ADSs or debt securities as capital assets for tax purposes. This section does not apply to you if you are a member of a special class of holders subject to special rules, including:

- a dealer in securities;
- a trader in securities that elects to use a mark−to−market method of accounting for your securities holdings;
- a tax−exempt organization;
- a life insurance company;
- a person that holds preference shares, ADSs or debt securities as part of a straddle or a hedging or conversion transaction;
- a person whose functional currency is not the U.S. dollar;
- in the case of debt securities, a bank,
- in the case of preference shares or ADSs, a person liable for alternative minimum tax; or,
- in the case of preference shares or ADSs, a person that actually or constructively owns 10% or more of our voting stock.

This section is based on the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations, published rulings and court decisions, as well as on the income tax convention between the United States of America and the United Kingdom (the “Treaty”). These laws are subject to change, possibly on a retroactive basis. In addition, this section is based in part upon the representations of the ADR depositary. Assuming that each obligation in the deposit agreement and any related agreement will be performed in accordance with its terms, for U.S. federal income tax purposes, if you hold ADRs evidencing ADSs, you will in general be treated as the owner of the preference shares represented by those ADSs. Exchanges of preference shares for ADSs or ADSs for preference shares generally will not be subject to U.S. federal income tax.

If a partnership holds the preference shares, ADSs or debt securities, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership. A partner in a partnership holding the notes should consult its tax advisor with regard to the U.S. federal income tax treatment of an investment in the notes.

You should consult your own tax advisor regarding the U.S. federal, state and local and other tax consequences of owning and disposing of preference shares, ADSs or debt securities in your particular circumstances.

U.S. Holders

This subsection describes the material U.S. federal income tax consequences to a U.S. holder of owning preference shares, ADSs or debt securities. You are a U.S. holder if you are a beneficial owner of preference shares, ADSs or debt securities and you are:

- a citizen or resident of the United States;
- a domestic corporation;

- an estate whose income is subject to U.S. federal income tax regardless of its source; or
- a trust if a U.S. court can exercise primary supervision over the trust's administration and one or more U.S. persons are authorized to control all substantial decisions of the trust.

Taxation of Debt Securities

This subsection deals only with debt securities that are due to mature 30 years or less from the date on which they are issued. The U.S. federal income tax consequences of owning debt securities that are due to mature more than 30 years from their date of issue will be discussed in an applicable prospectus supplement. Undated Subordinated Debt Securities generally will not be treated as debt securities for U.S. federal income tax purposes; the U.S. federal income tax consequences of owning and disposing Undated Subordinated Debt Securities will be discussed in an applicable prospectus supplement.

Payments of Interest

Except as described below in the case of interest on a discount debt security that is not qualified stated interest, each as defined below under " – Original Issue Discount – General", you will be taxed on any interest on your debt securities as ordinary income at the time you receive the interest or when it accrues, depending on your method of accounting for tax purposes.

Original Issue Discount

General. If you own a debt security, other than a short−term debt security with a term of one year or less, it will be treated as a discount debt security issued at an original issue discount if the debt security's stated redemption price at maturity exceeds its issue price by more than a *de minimis* amount. Generally, a debt security's issue price will be the first price at which a substantial amount of debt securities included in the issue of which the debt security is a part is sold to persons other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers. A debt security's stated redemption price at maturity is the total of all payments provided by the debt security that are not payments of qualified stated interest. Generally, an interest payment on a debt security is qualified stated interest if it is one of a series of stated interest payments on a debt security that are unconditionally payable at least annually at a single fixed rate, with certain exceptions for lower rates paid during some periods, applied to the outstanding principal amount of the debt security. There are special rules for variable rate debt securities that are discussed under " – Variable Rate Debt Securities".

In general, your debt security is not a discount debt security if the amount by which its stated redemption price at maturity exceeds its issue price is less than the *de minimis* amount of 1/4 of 1 percent of its stated redemption price at maturity multiplied by the number of complete years to its maturity. Your debt security will have *de minimis* original issue discount if the amount of the excess is less than the *de minimis* amount. If your debt security has *de minimis* original issue discount, you must include the *de minimis* amount in income as stated principal payments are made on the debt security, unless you make the election described below under " – Election to Treat All Interest as Original Issue Discount". You can determine the includible amount with respect to each such payment by multiplying the total amount of your debt security's *de minimis* original issue discount by a fraction equal to:

- the amount of the principal payment made divided by:
- the stated principal amount of the debt security.

Generally, if your discount debt security matures more than one year from its date of issue, you must include original issue discount, or OID in income before you receive cash attributable to that income. The amount of OID that you must include in income is calculated using a constant−yield method, and generally you will include increasingly greater amounts of OID in income over the life of your debt security. More specifically, you can calculate the amount of OID that you must include in income by adding the daily portions of OID with respect to your discount debt security for each day during the taxable year or portion of the taxable year that you hold your discount debt security. You can determine the daily portion by allocating to each day in any accrual period a pro rata portion of the OID allocable to that accrual period. You may select an accrual period of any length with respect to your discount debt security and you may vary the length of each accrual period over the term of your discount debt security. However, no accrual period may be longer than one year and each scheduled payment of interest or principal on the discount debt security must occur on either the first or final day of an accrual period.

You can determine the amount of OID allocable to an accrual period by:

- multiplying your discount debt security's adjusted issue price at the beginning of the accrual period by your debt security's yield to maturity; and then
- subtracting from this figure the sum of the payments of qualified stated interest on your debt security allocable to the accrual period.

You must determine the discount debt security's yield to maturity on the basis of compounding at the close of each accrual period and adjusting for the length of each accrual period. Further, you determine your discount debt security's adjusted issue price at the beginning of any accrual period by:

- adding your discount debt security's issue price and any accrued OID for each prior accrual period; and then
- subtracting any payments previously made on your discount debt security that were not qualified stated interest payments.

If an interval between payments of qualified stated interest on your discount debt security contains more than one accrual period, then, when you determine the amount of OID allocable to an accrual period, you must allocate the amount of qualified stated interest payable at the end of the interval, including any qualified stated interest that is payable on the first day of the accrual period immediately following the interval, pro rata to each accrual period in the interval based on their relative lengths. In addition, you must increase the adjusted issue price at the beginning of each accrual period in the interval by the amount of any qualified stated interest that has accrued prior to the first day of the accrual period but that is not payable until the end of the interval. You may compute the amount of OID allocable to an initial short accrual period by using any reasonable method if all other accrual periods, other than a final short accrual period, are of equal length.

The amount of OID allocable to the final accrual period is equal to the difference between:

- the amount payable at the maturity of your debt security, other than any payment of qualified stated interest; and
- your debt security's adjusted issue price as of the beginning of the final accrual period.

Acquisition Premium. If you purchase your debt security for an amount that is less than or equal to the sum of all amounts, other than qualified stated interest, payable on your debt security after the purchase date but is greater than the amount of your debt security's adjusted issue price, as determined above under " – General", the excess is acquisition premium. If you do not make the election described below under " – Election to Treat All Interest as Original Issue Discount", then you must reduce the daily portions of OID by a fraction equal to:

- the excess of your adjusted basis in the debt security immediately after purchase over the adjusted issue price of the debt security;

divided by:

- the excess of the sum of all amounts payable, other than qualified stated interest, on the debt security after the purchase date over the debt security's adjusted issue price.

Pre−Issuance Accrued Interest. An election may be made to decrease the issue price of your debt security by the amount of pre−issuance accrued interest if:

- a portion of the initial purchase price of your debt security is attributable to pre−issuance accrued interest;
- the first stated interest payment on your debt security is to be made within one year of your debt security's issue date; and
- the payment will equal or exceed the amount of pre−issuance accrued interest.

If this election is made, a portion of the first stated interest payment will be treated as a return of the excluded pre−issuance accrued interest and not as an amount payable on your debt security.

Debt Securities Subject to Contingencies, Including Optional Redemption. Your debt security is subject to a contingency if it provides for an alternative payment schedule or schedules applicable upon the occurrence of a contingency or contingencies, other than a remote or incidental contingency, whether such contingency relates to payments of interest or of principal. In such a case, you must determine the yield and maturity of your debt security by assuming that the payments will be made according to the payment schedule most likely to occur if:

- the timing and amounts of the payments that comprise each payment schedule are known as of the issue date; and
- one of such schedules is significantly more likely than not to occur.

If there is no single payment schedule that is significantly more likely than not to occur, other than because of a mandatory sinking fund, you must include income on your debt security in accordance with the general rules that govern contingent payment obligations. If applicable, these rules will be discussed in the prospectus supplement.

Notwithstanding the general rules for determining yield and maturity, if your debt security is subject to contingencies, and either you or we have an unconditional option or options that, if exercised, would require payments to be made on the debt security under an alternative payment schedule or schedules, then:

- in the case of an option or options that we may exercise, we will be deemed to exercise or not to exercise an option or combination of options in the manner that minimizes the yield on your debt security; and,
- in the case of an option or options that you may exercise, you will be deemed to exercise or not to exercise an option or combination of options in the manner that maximizes the yield on your debt security.

If both you and we hold options described in the preceding sentence, those rules will apply to each option in the order in which they may be exercised. You may determine the yield on your debt security for the purposes of those calculations by using any date on which your debt security may be redeemed or repurchased as the maturity date and the amount payable on the date that you chose in accordance with the terms of your debt security as the principal amount payable at maturity.

If a contingency, including the exercise of an option, actually occurs or does not occur contrary to an assumption made according to the above rules then, except to the extent that a portion of your debt security is repaid as a result of this change in circumstances and solely to determine the amount and accrual of OID, you must redetermine the yield and maturity of your debt security by treating your debt security as having been retired and reissued on the date of the change in circumstances for an amount equal to your debt security's adjusted issue price on that date.

Election to Treat All Interest as Original Issue Discount. You may elect to include in gross income all interest that accrues on your debt security using the constant−yield method described above under " –General", with the modifications described below. For purposes of this election, interest will include stated interest, OID, *de minimis* original issue discount, market discount, *de minimis* market discount and unstated interest, as adjusted by any amortizable bond premium, described below under " – Debt Securities Purchased at a Premium," or acquisition premium.

If you make this election for your debt security, then, when you apply the constant−yield method:

- the issue price of your debt security will equal your cost;
- the issue date of your debt security will be the date you acquired it; and
- no payments on your debt security will be treated as payments of qualified stated interest.

Generally, this election will apply only to the debt security for which you make it; however, if the debt security has amortizable bond premium, you will be deemed to have made an election to apply amortizable bond premium against interest for all debt instruments with amortizable bond premium, other than debt instruments the interest on which is excludible from gross income, that you hold as of the beginning of the taxable year to which the election applies or any taxable year thereafter. Additionally, if you make this election for a market discount note, you will be treated as having made the election discussed below under " – Market Discount" to include market discount in income currently over the life of all debt instruments that you currently own or later acquire. You may not revoke any election to apply the constant−yield method to all interest on a debt security or the deemed elections with respect to amortizable bond premium or market discount debt securities without the consent of the Internal Revenue Service.

Variable Rate Debt Securities. Your debt security will be a variable rate debt security if:

- your debt security's issue price does not exceed the total noncontingent principal payments by more than the lesser of:
  1. 1.5 percent of the product of the total noncontingent principal payments and the number of complete years to maturity from the issue date; or
  2. 15 percent of the total noncontingent principal payments; and
- your debt security provides for stated interest, compounded or paid at least annually, only at:
  1. one or more qualified floating rates;
  2. a single fixed rate and one or more qualified floating rates;
  3. a single objective rate; or
  4. a single fixed rate and a single objective rate that is a qualified inverse floating rate.

Your debt security will have a variable rate that is a qualified floating rate if:

- variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which your debt security is denominated; or
- the rate is equal to such a rate multiplied by either:
  1. a fixed multiple that is greater than 0.65 but not more than 1.35; or
  2. a fixed multiple greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate; and
- the value of the rate on any date during the term of your debt security is set no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day.

If your debt security provides for two or more qualified floating rates that are within 0.25 percentage points of each other on the issue date or can reasonably be expected to have approximately the same values throughout the term of the debt security, the qualified floating rates together constitute a single qualified floating rate.

Your debt security will not have a qualified floating rate, however, if the rate is subject to certain restrictions (including caps, floors, governors, or other similar restrictions) unless such restrictions are fixed throughout the term of the debt security or are not reasonably expected to significantly affect the yield on the debt security.

Your debt security will have a variable rate that is a single objective rate if:

- the rate is not a qualified floating rate;
- the rate is determined using a single, fixed formula that is based on objective financial or economic information that is not within the control of or unique to the circumstances of the issuer or a related party; and

- the value of the rate on any date during the term of your debt security is set no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day.

Your debt security will not have a variable rate that is an objective rate, however, if it is reasonably expected that the average value of the rate during the first half of your debt security's term will be either significantly less than or significantly greater than the average value of the rate during the final half of your debt security's term.

An objective rate as described above is a qualified inverse floating rate if:

- the rate is equal to a fixed rate minus a qualified floating rate; and
- the variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the cost of newly borrowed funds.

Your debt security will also have a single qualified floating rate or an objective rate if interest on your debt security is stated at a fixed rate for an initial period of one year or less followed by either a qualified floating rate or an objective rate for a subsequent period; and either:

- the fixed rate and the qualified floating rate or objective rate have values on the issue date of the debt security that do not differ by more than 0.25 percentage points; or
- the value of the qualified floating rate or objective rate is intended to approximate the fixed rate.

In general, if your variable rate debt security provides for stated interest at a single qualified floating rate or objective rate, or one of those rates after a single fixed rate for an initial period, all stated interest on your debt security is qualified stated interest. In this case, the amount of OID, if any, is determined by using, in the case of a qualified floating rate or qualified inverse floating rate, the value as of the issue date of the qualified floating rate or qualified inverse floating rate, or, for any other objective rate, a fixed rate that reflects the yield reasonably expected for your debt security.

If your variable rate debt security does not provide for stated interest at a single qualified floating rate or a single objective rate, and also does not provide for interest payable at a fixed rate other than a single fixed rate for an initial period, you generally must determine the interest and OID accruals on your debt security by:

- determining a fixed rate substitute for each variable rate provided under your variable rate debt security;
- constructing the equivalent fixed rate debt instrument, using the fixed rate substitute described above;
- determining the amount of qualified stated interest and OID with respect to the equivalent fixed rate debt instrument; and
- adjusting for actual variable rates during the applicable accrual period.

When you determine the fixed rate substitute for each variable rate provided under the variable rate debt security, you generally will use the value of each variable rate as of the issue date or, for an objective rate that is not a qualified inverse floating rate, a rate that reflects the reasonably expected yield on your debt security.

If your variable rate debt security provides for stated interest either at one or more qualified floating rates or at a qualified inverse floating rate, and also provides for stated interest at a single fixed rate other than at a single fixed rate for an initial period, you generally must determine interest and OID accruals by using the method described in the previous paragraph. However, your variable rate debt security will be treated, for purposes of the first three steps of the determination, as if your debt security had provided for a qualified floating rate, or a qualified inverse floating rate, rather than the fixed rate. The qualified floating rate, or qualified inverse floating rate, that replaces the fixed rate must be such that the fair market value of your variable rate debt security as of the issue date approximates the fair market value of an otherwise identical debt instrument that provides for the qualified floating rate, or qualified inverse floating rate, rather than the fixed rate.

Short−Term Debt Securities. In general, if you are an individual or other cash basis U.S. holder of a short−term debt security, you are not required to accrue OID, as specially defined below for the purposes of this paragraph, for U.S. federal income tax purposes unless you elect to do so (although it is possible that you may be required to include any stated interest in income as you receive it). If you are an accrual basis taxpayer, a taxpayer in a special class, including, but not limited to, a regulated investment company, common trust fund, or a certain type of pass−through entity, or a cash basis taxpayer who so elects, you will be required to accrue OID on short−term debt securities on either a straight−line basis or under the constant−yield method, based on daily compounding. If you are not required and do not elect to include OID in income currently, any gain you realize on the sale or retirement of your short−term debt security will be ordinary income to the extent of the accrued OID, which will be determined on a straight−line basis unless you make an election to accrue the OID under the constant−yield method, through the date of sale or retirement. However, if you are not required and do not elect to accrue OID on your short−term debt securities, you will be required to defer deductions for interest on borrowings allocable to your short−term debt securities in an amount not exceeding the deferred income until the deferred income is realized.

When you determine the amount of OID subject to these rules, you must include all interest payments on your short−term debt security, including stated interest, in your short−term debt security's stated redemption price at maturity.

Market Discount

You will be treated as if you purchased your debt security, other than a short−term debt security, at a market discount, and your debt security will be a market discount debt security if:

- you purchase your debt security for less than its issue price as determined above under "Original Issue Discount – General"; and
- the difference between the debt security's stated redemption price at maturity or, in the case of a discount debt security, the debt security's revised issue price, and the price you paid for your debt security is equal to or greater than 1/4 of 1 percent of your debt security's stated redemption price at maturity or revised issue price, respectively, multiplied by the number of complete years to the debt security's maturity. To determine the revised issue price of your debt security for these purposes, you generally add any OID that has accrued on your debt security to its issue price.

If your debt security's stated redemption price at maturity or, in the case of a discount debt security, its revised issue price, exceeds the price you paid for the debt security by less than 1/4 of 1 percent multiplied by the number of complete years to the debt security's maturity, the excess constitutes *de minimis* market discount, and the rules discussed below are not applicable to you.

You must treat any gain you recognize on the maturity or disposition of your market discount debt security as ordinary income to the extent of the accrued market discount on your debt security. Alternatively, you may elect to include market discount in income currently over the life of your debt security. If you make this election, it will apply to all debt instruments with market discount that you acquire on or after the first day of the first taxable year to which the election applies. You may not revoke this election without the consent of the Internal Revenue Service. If you own a market discount debt security and do not make this election, you will generally be required to defer deductions for interest on borrowings allocable to your debt security in an amount not exceeding the accrued market discount on your debt security until the maturity or disposition of your debt security.

You will accrue market discount on your market discount debt security on a straight−line basis unless you elect to accrue market discount using a constant−yield method. If you make this election, it will apply only to the debt security with respect to which it is made and you may not revoke it.

Debt Securities Purchased at a Premium

If you purchase your debt security for an amount in excess of its principal amount, you may elect to treat the excess as amortizable bond premium. If you make this election, you will reduce the amount required to be included in your income each year with respect to interest on your debt security by the amount of amortizable bond premium allocable to that year, based on your debt security's yield to maturity. If you make an election to amortize bond premium, it will apply to all debt instruments, other than debt instruments the interest on which is excludible from gross income, that you hold at the beginning of the first taxable year to which the election applies or that you thereafter acquire, and you may not revoke it without the consent of the Internal Revenue Service. See also "Original Issue Discount – Election to Treat All Interest as Original Issue Discount".

Purchase, Sale and Retirement of the Debt Securities

Your tax basis in your debt security will generally be your cost of your debt security adjusted by:

- adding any OID or market discount, de minimis original issue discount and de minimis market discount previously included in income with respect to your debt security; and then
- subtracting any payments on your debt security that are not qualified stated interest payments and any amortizable bond premium applied to reduce interest on your debt security.

You will generally recognize gain or loss on the sale or retirement of your debt security equal to the difference between the amount you realize on the sale or retirement and your tax basis in your debt security.

You will recognize capital gain or loss when you sell or retire your debt security, except to the extent:

- described above under "Original Issue Discount – Short−Term Debt Securities" or "Market Discount";
- attributable to accrued but unpaid interest; or
- the rules governing contingent payment obligations apply.

Capital gain of a noncorporate U.S. holder that is recognized before January 1, 2011 is generally taxed at a maximum rate of 15% where the holder has a holding period of greater than one year.

Other Debt Securities

The applicable prospectus supplement will discuss any special U.S. federal income tax rules with respect to debt securities the payments on which are determined by reference to any reference asset and other debt securities that are subject to the rules governing contingent payment obligations which are not subject to the rules governing variable rate debt securities.

Taxation of Preference Shares and ADSs

Dividends. Under the U.S. federal income tax laws, if you are a U.S. holder, the gross amount of any dividend paid by us out of our current or accumulated earnings and profits (as determined for U.S. federal income tax purposes) is subject to U.S. federal income taxation. Subject to the discussion below under the heading "Passive Foreign Investment Company Considerations", if you are a noncorporate U.S. holder, dividends paid to you in taxable years beginning before January 1, 2011 that constitute qualified dividend income will be taxable to you at a maximum tax rate of 15% provided that you hold the shares or ADSs for more than 60 days during the 121−day period beginning 60 days before the ex−dividend date. Dividends we pay with respect to the shares or ADSs generally will be qualified dividend income. The dividend is ordinary income that you must include in income when you, in the case of preference shares, or the ADR depositary, in the case of ADSs, receive the dividend, actually or constructively. The dividend will not be eligible for the dividends−received deduction generally allowed to U.S. corporations in respect of dividends received from other U.S. corporations. Distributions in excess of current and accumulated earnings and profits, as determined for U.S. federal income tax purposes, will be treated as a non−taxable return of capital to the extent of your basis in the preference shares or ADSs and thereafter as capital gain.

Capital Gains. Subject to the discussion below under the heading "Passive Foreign Investment Company Considerations", if you are a U.S. holder and you sell or otherwise dispose of your preference shares or ADSs, you will recognize capital gain or loss for U.S. federal income tax purposes equal to the difference between the amount that you realize and your tax basis in your preference shares or ADSs. Capital gain of a noncorporate U.S. holder that is recognized before January 1, 2011 is generally taxed at a maximum rate of 15% where the holder has a holding period of greater than one year. The gain or loss will generally be income or loss from sources within the United States for foreign tax credit limitation purposes.

Passive Foreign Investment Company Considerations

A non−United States corporation will be a passive foreign investment company (a "PFIC") for any taxable year if either (1) 75% or more of its gross income in the taxable year is passive income or (2) 50% or more of the average value of its assets in the taxable year produces, or is held for the production of, passive income. Based upon certain management estimates and proposed Treasury regulations, Barclays believes that it was not a PFIC for the 2006 taxable year and expects that it will not be a PFIC during the current or in subsequent taxable years. However, since Barclays' status as a PFIC for any taxable year depends on the composition of Barclays' income and assets (and the market value of such assets) from time to time, there can be no assurance that Barclays will not be considered a PFIC for any taxable year. If Barclays were considered a PFIC for any taxable year during which you hold preference shares or ADSs, you could be subject to unfavorable tax consequences, including significantly more tax upon a disposition of such preference shares or ADSs or upon receipt of certain dividends from Barclays.

U.S. Alien Holders

This subsection describes the tax consequences to a U.S. alien holder of owning and disposing of debt securities, preference shares or ADSs. Undated Subordinated Debt Securities generally will not be treated as debt securities for U.S. federal income tax purposes; the U.S. federal income tax consequences of owning and disposing Undated Subordinated Debt Securities will be discussed in an applicable prospectus supplement. You are a U.S. alien holder if you are a beneficial owner of a debt security, preference share or ADS and you are, for U.S. federal income tax purposes:

- a nonresident alien individual;
- a foreign corporation; or
- an estate or trust that in either case is not subject to U.S. federal income tax on a net income basis on income or gain from a debt security.

If you are a U.S. holder, this subsection does not apply to you.

Interest on Debt Securities. Under U.S. federal income and estate tax law, and subject to the discussion of backup withholding below, if you are a U.S. alien holder, interest on a debt security paid to you is exempt from U.S. federal income tax, including withholding tax, whether or not you are engaged in a trade or business in the United States, unless:

- you are an insurance company carrying on a U.S. insurance business to which the interest is attributable, within the meaning of the Internal Revenue Code; or
- you have an office or other fixed place of business in the United States to which the interest is attributable and derive the interest in the active conduct of a banking, financing or similar business within the United States.

Dividend on Preference Shares or ADSs. If you are a U.S. alien holder, dividends paid to you in respect of your preference shares or ADSs will not be subject to U.S. federal income tax unless the dividends are "effectively connected" with your conduct of a trade or business within the United States, and, if required by an applicable income tax treaty as a condition for subjecting you to U.S. taxation on a net income basis, the dividends are attributable to a permanent establishment that you maintain in the United States. In such cases you generally will be taxed in the same manner as a U.S. holder. If you are a corporate U.S. alien holder, "effectively connected" dividends may, under certain circumstances, be subject to an additional "branch profits tax" at a rate of 30 percent or a lower rate if you are eligible for the benefits of an income tax treaty that provides for a lower rate.

Disposition of the Debt Securities, Preference Shares or ADSs. If you are a U.S. alien holder, you generally will not be subject to U.S. federal income tax on gain realized on the sale, exchange or retirement of your debt security, preference share or ADS unless:

- the gain is effectively connected with your conduct of a trade or business in the United States, and the gain is attributable to a permanent establishment that you maintain in the United States if that is required by an applicable income tax treaty as a condition for subjecting you to U.S. taxation on a net income basis; or
- you are an individual, you are present in the United States for 183 or more days during the taxable year in which the gain is realized and certain other conditions exist.

If you are a corporate U.S. alien holder, “effectively connected” gains that you recognize may also, under certain circumstances, be subject to an additional “branch profits tax” at a 30 percent rate or at a lower rate if you are eligible for the benefits of an income tax treaty that provides for a lower rate.

Information Reporting and Backup Withholding

If you are a noncorporate U.S. holder, information reporting requirements, on Internal Revenue Service Form 1099, generally will apply to:

- payments of principal and interest on a debt security and dividends or other taxable distributions with respect to a preference share or an ADS within the United States, including payments made by wire transfer from outside the United States to an account you maintain in the United States; and
- the payment of the proceeds from the sale of a debt security, preference share or ADS effected at a U.S. office of a broker.

Additionally, backup withholding will apply to such payments if you are a noncorporate U. S. holder that:

- fails to provide an accurate taxpayer identification number, is notified by the Internal Revenue Service that you have failed to report all interest and dividends required to be shown on your federal income tax returns; or
- in certain circumstances, fails to comply with applicable certification requirements.

If you are a U.S. alien holder, you are generally exempt from backup withholding and information reporting requirements with respect to:

- payments of principal and interest on a debt security or dividends with respect to a preference share or ADS made to you outside the United States by us or another non−U.S. payor; and
- other payments of principal, interest and dividends and the payment of the proceeds from the sale of a debt security, preference share or ADS effected at a U.S. office of a broker, as long as the income associated with such payments is otherwise exempt from U.S. federal income tax; and:
- the payor or broker does not have actual knowledge or reason to know that you are a U.S. person and you have furnished to the payor or broker:
- an Internal Revenue Service Form W−8BEN or an acceptable substitute form upon which you certify, under penalties of perjury, that you are a non−U.S. person; or
- other documentation upon which it may rely to treat the payments as made to a non−U.S. person in accordance with U.S. Treasury regulations; or
- you otherwise establish an exemption.

Payment of the proceeds from the sale of a debt security, preference share or ADS effected at a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, a sale of a debt security, preference share or ADS that is effected at a foreign office of a broker will be subject to information reporting and backup withholding if:

- the proceeds are transferred to an account maintained by you in the United States;

- the payment of proceeds or the confirmation of the sale is mailed to you at a U.S. address; or
- the sale has some other specified connection with the United States as provided in U.S. Treasury regulations;

unless the broker does not have actual knowledge or reason to know that you are a U.S. person and the documentation requirements described above are met or you otherwise establish an exemption.

In addition, a sale of a debt security, preference share or ADS effected at a foreign office of a broker will be subject to information reporting if the broker is:

- a U.S. person;
- a controlled foreign corporation for U.S. tax purposes;
- a foreign person 50% or more of whose gross income is effectively connected with the conduct of a U.S. trade or business for a specified three−year period; or
- a foreign partnership, if at any time during its tax year:
- one or more of its partners are "U.S. persons", as defined in U.S. Treasury regulations, who in the aggregate hold more than 50% of the income or capital interest in the partnership; or
- such foreign partnership is engaged in the conduct of a U.S. trade or business,

unless the broker does not have actual knowledge or reason to know that you are a U.S. person and the documentation requirements described above are met or you otherwise establish an exemption. Backup withholding will apply if the sale is subject to information reporting and the broker has actual knowledge that you are a U.S. person.

You generally may obtain a refund of any amounts withheld under the backup withholding rules that exceed your income tax liability by filing a refund claim with the United States Internal Revenue Service.

United Kingdom Taxation

The following paragraphs summarize certain United Kingdom withholding and other tax considerations with respect to the acquisition, ownership and disposition of the debt securities, preference shares and ADSs described in this prospectus by persons who are the absolute beneficial owners of their debt securities, preference shares or ADSs (as the case may be) and who are neither (a) resident in the United Kingdom for tax purposes nor (b) hold debt securities, preference shares or ADSs in connection with any trade or business carried on in the United Kingdom through any branch, agency or permanent establishment in the United Kingdom. It is based upon the opinion of Clifford Chance LLP, our United Kingdom solicitors. The summary is based on current United Kingdom law and HM Revenue & Customs practice and the provisions of the Double Taxation Treaty between the United Kingdom and the United States (the "Treaty") of July 24, 2001 (as amended), all of which are subject to change at any time, possibly with retrospective effect.

The summary is not comprehensive and does not deal with the position of United Kingdom resident persons or with that of persons who are resident outside the United Kingdom who carry on a trade, profession or vocation in the United Kingdom through a branch, agency or permanent establishment in the United Kingdom through or for the purposes of which their debt securities, preference shares or ADSs are used or held. Additionally the summary may not apply to certain classes of persons, such as dealers in securities. The summary below assumes that holders of ADSs will in practice be treated for the purposes of United Kingdom tax as beneficial owners of the preference shares represented by the ADSs.

You should consult your own tax advisors concerning the consequences of acquiring, owning and disposing of debt securities, preference shares and ADSs in your particular circumstances, including the applicability and effect of the Treaty.

Debt Securities

Payments of Interest. If the interest on the debt securities does not have a United Kingdom source, no withholding or deduction for or on account of United Kingdom tax will be made from payments of interest on the debt securities.

Interest on the debt securities may, however, constitute United Kingdom source income for United Kingdom tax purposes. Even if the interest does have a United Kingdom source, debt securities that carry a right to interest will constitute "quoted Eurobonds" within the meaning of Section 987 of the Income Tax Act 2007 (the "ITA"), provided they are and continue to be listed on a "recognised stock exchange" within the meaning of Section 1005 of the ITA. Accordingly, payments of interest (including payments of premium, if any, to the extent such premium, or any part of such premium, constitutes interest for United Kingdom tax purposes) on the debt securities made by us or any paying agent (or received by any collecting agent) may be made (or received, as the case may be) without withholding or deduction for or on account of United Kingdom income tax provided the debt securities are listed on a recognised stock exchange at the time the interest is paid.

Interest on debt securities having a maturity of less than one year may also be paid without withholding or deduction for or on account of United Kingdom income tax, provided the debt securities are not issued under arrangements the effect of which is to render such debt securities part of a borrowing with a total term of a year or more. In all other cases, unless the interest on the debt securities is paid by a "bank" (as defined in section 991 of the ITA) in the ordinary course of its business, an amount must be withheld on account of income tax at the savings rate (currently 20%), subject to any direction to the contrary by HM Revenue & Customs under an applicable double tax treaty and subject to any entitlement to pay gross to holders of debt securities who are within the charge to United Kingdom corporation tax. In accordance with the published practice of HM Revenue & Customs, interest will be accepted as being paid by a "bank" in the ordinary course of business unless either (i) the borrowing in question conforms to any of the definitions of tier 1, 2 or 3 capital adopted by the FSA, whether or not it actually counts toward tier 1, 2 or 3 capital for regulatory purposes, or (ii) the characteristics of the transaction giving rise to the interest are primarily attributable to an intention to avoid United Kingdom tax. We are currently a "bank" for the purposes of Section 991 of the ITA.

Interest which has a United Kingdom source may be subject to United Kingdom tax by direct assessment even where such interest is paid without withholding. However, as regards a holder of debt securities who is not resident in the United Kingdom for United Kingdom tax purposes, interest paid on the debt securities without withholding will not be subject to United Kingdom tax provided that the relevant holder does not have a "U.K. representative", within the meaning of the Finance Act 1995, through whom the holder carries on a trade, profession or vocation in the United Kingdom and to which the interest is attributable.

Discount. The profit realized on any disposal (which includes redemption) of any Discount Security may attract United Kingdom withholding tax. However, even if it does not, it may be subject to United Kingdom tax by direct assessment to the same extent as interest which has a United Kingdom source and may also be subject to reporting requirements as outlined below under "Provision of Information."

Provision of Information. Persons in the United Kingdom paying interest to or receiving interest on behalf of another person may be required to provide certain information to HM Revenue & Customs regarding the identity of the payee or person entitled to the interest and, in certain circumstances, such information may be exchanged with tax authorities in other countries.

In this respect, on June 3, 2003 the Council adopted EC Council Directive 2003/48/EC (the "Directive"). Under the Directive, each Member State of the EU is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria, Belgium and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35 percent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non−EU countries to the exchange of information relating to such payments.

A number of non−EU countries, and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

Disposal (including Redemption), Accruals and Changes in Value. A holder of debt securities who is neither resident nor (in the case of an individual) ordinarily resident in the United Kingdom will not be liable to United Kingdom taxation in respect of a disposal (including redemption) of a debt security, any gain accrued in respect of a debt security or any change in the value of a debt security unless the holder carries on a trade, profession or vocation in the United Kingdom through a branch or agency or, in the case of a company, through a permanent establishment and the debt security was used in or for the purposes of this trade, profession or vocation or acquired for the use and used by or for the purposes of the branch or agency or permanent establishment.

Inheritance Tax. A holder of debt securities who is an individual domiciled outside the United Kingdom will generally not be liable to United Kingdom inheritance tax in respect of his holding of debt securities. This will be the case if any register of the debt securities is held outside the United Kingdom and the securities are only enforceable outside the United Kingdom. If no register is maintained, there may be a liability to inheritance tax if the debt securities are held or enforceable in the United Kingdom, and this may also be the case if the debt securities are registered and the only register which is maintained is maintained in the United Kingdom. If so, exemption from or reduction in any United Kingdom inheritance tax liability may be available for U.S. holders under the Estate Tax Treaty made between the United Kingdom and the United States. Holders should note that “domicile” has an extended meaning in respect of inheritance tax, so that a person who has been resident for tax purposes in the United Kingdom for 17 of the preceding 20 years will be regarded as domiciled in the United Kingdom.

Stamp Duty and Stamp Duty Reserve Tax. No United Kingdom stamp duty or stamp duty reserve tax will generally be payable by a holder of debt securities on the creation, issue or redemption of debt securities.

Except as set out in the following paragraphs, no liability for United Kingdom *ad valorem* stamp duty or stamp duty reserve tax will arise on a transfer of, or an agreement to transfer, full legal and beneficial ownership of any debt securities.

Subject to any other exemptions that may apply, stamp duty may be chargeable on the transfer of, or any agreement to transfer, any debt security which carries or (in the case of (ii), (iii) and (iv)) has at any time carried any of the following rights: (i) a right of conversion into shares or other securities or to the acquisition of shares or other securities, including loan capital of the same description, (ii) a right to interest the amount of which exceeds a reasonable commercial return on the nominal amount of the capital, (iii) a right to interest the amount of which falls or has fallen to be determined to any extent by reference to the results of, or of any part of, a business or to the value of any property, or (iv) a right on repayment to an amount which exceeds the nominal amount of the capital and is not reasonably comparable with what is generally repayable (in respect of a similar nominal amount of capital) under the terms of issue of loan capital listed in the Official List of the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000. If a transfer of, or an agreement to transfer, debt securities is subject to stamp duty or stamp duty reserve tax, the position will be as summarized below in the case of preference shares.

Preference Shares and ADSs

Dividends. No withholding or deduction for or on account of United Kingdom tax will be made from payments of dividends on the preference shares or ADSs.

Subject to the Finance Act 1996 provisions set out below, holders of preference shares or ADSs who are not resident for tax purposes in the United Kingdom and who receive a dividend from us will not have any further United Kingdom tax to pay in respect of such dividend. Holders of preference shares or ADSs will not normally be able to claim any additional payment in respect of the dividend from HM Revenue & Customs under any applicable double tax treaty; in particular, holders who are resident in the United States for tax purposes will not be able to claim any additional payment in respect of the dividend from HM Revenue & Customs under the Treaty.

Disposals. Subject to the Finance Act 1996 provisions set out below, shareholders or ADS holders who are neither resident nor (in the case of an individual) ordinarily resident in the United Kingdom will not normally be liable for United Kingdom tax on chargeable gains (or for any other United Kingdom tax upon a disposal or deemed disposal of preference shares or ADSs) unless they carry on a trade, profession or vocation in the United Kingdom through a branch or agency or, in the case of a company, through a permanent establishment, and the preference shares or ADSs are or have been used or held by or for the purposes of the branch or agency or permanent establishment, in which case such shareholder or ADS holder might, depending on individual circumstances, be liable to United Kingdom tax on chargeable gains on any disposal (or deemed disposal) of preference shares or ADSs.

Finance Act 1996. Under sections 91A to 91G of the Finance Act 1996, it is possible that a holder of preference shares or ADSs subject to UK corporation tax would be taxed as if its preference shares or ADSs were debt securities and the position outlined above under the sub−headings "Dividends" and "Disposals" would not apply. The Finance Act 1996 sets out certain circumstances in which the provisions would not apply, such as where the preference shares concerned are "qualifying publicly issued shares" or where the holder does not hold its preference shares for a "tax avoidance purpose". There are also certain limited circumstances in which particular holders could fall within the scope of the provisions, even if they held preference shares which were, or would otherwise be, "qualifying publicly issued shares". In the event that holders of preference shares or ADSs are subject to UK corporation tax, they should obtain independent advice as to their tax position.

Inheritance Tax. A holder of ADSs who is an individual domiciled outside the United Kingdom will generally not be liable to United Kingdom inheritance tax in respect of his holding of ADSs. Such an individual may, however, have a liability to inheritance tax in respect of any holding of preference shares. If so, exemption from or reduction in any United Kingdom inheritance tax liability may be available for U.S. holders of preference shares under the Estate Tax Treaty made between the United Kingdom and the United States.

Stamp Duty and Stamp Duty Reserve Tax. Any documentary transfer of, or documentary agreement to transfer, any preference share or any interest in any preference share will generally be liable to United Kingdom *ad valorem* stamp duty, generally at the rate of 0.5% of the amount or value of the consideration for the transfer (rounded up to the next multiple of £5 in the case of stamp duty). Stamp duty is usually the liability of the purchaser or transferee of the shares. An unconditional agreement to transfer such preference shares will also generally be subject to stamp duty reserve tax, generally at the rate of 0.5% of the amount or value of the consideration for the transfer, but such liability will be cancelled, or, if already paid, refunded, if the agreement is completed by a duly stamped transfer within six years of the agreement having become unconditional. Stamp duty reserve tax is normally the liability of the purchaser or transferee of the shares.

Where we issue preference shares, or a holder of preference shares transfers such preference shares, to an ADR issuer, a liability for United Kingdom stamp duty or stamp duty reserve tax at the rate of 1.5% (rounded up to the next multiple of £5 in the case of stamp duty) of either the issue price or, in the case of a transfer, the amount or value of the consideration for the transfer, or the value of the preference shares, may arise. This liability for United Kingdom stamp duty or stamp duty reserve tax will strictly be the liability of the ADR issuer (or their nominee or agent). However, in practice, (i) where preference shares are *issued* to an ADR issuer, we will reimburse the ADR issuer or otherwise bear the cost and (ii) where preference shares are *transferred* to an ADR issuer, the liability for payment of the United Kingdom stamp duty or stamp duty reserve tax will depend on the arrangements in place between the seller, the ADR issuer and the purchaser.

Where we issue preference shares, or a holder of preference shares transfers such preference shares, to a person providing clearance services (or their nominee or agent) and where the person providing clearance services has not made an election under section 97A Finance Act 1986, a liability for United Kingdom stamp duty or stamp duty reserve tax at the rate of 1.5% (rounded up to the next multiple of £5 in the case of stamp duty) of either the issue price or, in the case of a transfer, the amount or value of the consideration for the transfer, or the value of the preference shares, may arise. This liability for United Kingdom stamp duty or stamp duty reserve tax will strictly be the liability of the person providing clearance services (or their nominee or agent). However, in practice, (i) where preference shares are *issued* to a person providing clearance services (or their nominee or agent), we will reimburse the person providing clearing services or otherwise bear the cost and (ii) where preference shares are *transferred* to a person providing clearance services (or their nominee or agent), the liability for payment of the United Kingdom stamp duty or stamp duty reserve tax will depend on the arrangements in place between the seller, the person providing clearance services and the purchaser. Transfers of preference shares within a clearance system are generally outside the scope of stamp duty as long as there is no instrument of transfer, and are exempt from stamp duty reserve tax.

Where we issue preference shares, or a holder of preference shares transfers such preference shares, to a person providing clearance services (or their nominee or agent), and that person has made an election under section 97A Finance Act 1986, there will be no liability for United Kingdom stamp duty or stamp duty reserve tax at the rate of 1.5% of either the issue price or, in the case of a transfer, the amount or value of the consideration for the transfer, or the value of the preference shares. However, in such case, a liability for United Kingdom stamp duty or stamp duty reserve tax may arise on the transfer of, or agreement to transfer, preference shares within the clearance system (as set out in the first paragraph under the heading "Stamp Duty and Stamp Duty Reserve Tax").

Where we issue preference shares in bearer form that are sterling denominated, we may be liable to stamp duty at the rate of 1.5% of the issue price. In the event that we are so liable, we will pay such stamp duty.

If any ADSs are cancelled, with the preference shares that they represent being transferred to the ADS holder, a liability for stamp duty may arise at the fixed rate of £5 on any instrument providing for such transfer of the preference shares.

No liability for stamp duty or stamp duty reserve tax will arise on a transfer of ADSs, provided that any document that effects such transfer is not executed in the United Kingdom and that it remains at all subsequent times outside the United Kingdom. An agreement to transfer ADSs will not give rise to a liability for stamp duty reserve tax.

PLAN OF DISTRIBUTION

Initial Offering and Issue of Securities

We may issue all or part of the securities from time to time, in terms determined at that time, through underwriters, dealers and/or agents, directly to purchasers or through a combination of any of these methods. We will set forth in the applicable prospectus supplement:

- the terms of the offering of the securities;
- the names of any underwriters, dealers or agents involved in the sale of the securities;
- the principal amounts of securities any underwriters will subscribe for;
- any applicable underwriting commissions or discounts which shall be no more than 3% of the proceeds from the offering; and
- our net proceeds.

If we use underwriters in the issue, they will acquire the securities for their own account and they may effect distribution of the securities from time to time in one or more transactions. These transactions may be at a fixed price or prices, which they may change, or at prevailing market prices, or related to prevailing market prices, or at negotiated prices. The securities may be offered to the public either through underwriting syndicates represented by managing underwriters or underwriters without a syndicate. Unless the applicable prospectus supplement specifies otherwise, the underwriters' obligations to subscribe for the securities will depend on certain conditions being satisfied. If the conditions are satisfied the underwriters will be obligated to subscribe for all of the securities of the series, if they subscribe for any of them. The initial public offering price of any securities and any discounts or concessions allowed or reallowed or paid to dealers may change from time to time.

If we use dealers in the issue, unless the applicable prospectus supplement specifies otherwise, we will issue the securities to the dealers as principals. The dealers may then sell the securities to the public at varying prices that the dealers will determine at the time of sale.

We may also issue securities through agents we designate from time to time, or we may issue securities directly. The applicable prospectus supplement will name any agent involved in the offering and issue of the securities, and will also set forth any commissions that we will pay. Unless the applicable prospectus supplement indicates otherwise, any agent will be acting on a best efforts basis for the period of its appointment. Agents through whom we issue securities may enter into arrangements with other institutions with respect to the distribution of the securities, and those institutions may share in the commissions, discounts or other compensation received by our agents, may be compensated separately and may also receive commissions from the purchasers for whom they may act as agents.

In connection with the issue of securities, underwriters may receive compensation from us or from subscribers of securities for whom they may act as agents. Compensation may be in the form of discounts, concessions or commissions. Underwriters may sell securities to or through dealers, and these dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters. Dealers may also receive commissions from the subscribers for whom they may act as agents. Underwriters, dealers and agents that participate in the distribution of securities may be deemed to be underwriters, and any discounts or commissions received by them from us and any profit on the sale of securities by them may be deemed to be underwriting discounts and commissions under the Securities Act. The prospectus supplement will identify any underwriter or agent, and describe any compensation that we provide.

If the applicable prospectus supplement so indicates, we will authorize underwriters, dealers or agents to solicit offers to subscribe the securities from institutional investors. In this case, the prospectus supplement will also indicate on what date payment and delivery will be made. There may be a minimum amount which an institutional investor may subscribe, or a minimum portion of the aggregate principal amount of the securities which may be issued by this type of arrangement. Institutional investors may include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions and any other institutions we may approve. The subscribers' obligations under delayed delivery and payment arrangements will not be subject to any conditions; however, the institutional investors' subscription of particular securities must not at the time of delivery be prohibited under the laws of any relevant jurisdiction in respect, either of the validity of the arrangements, or the performance by us or the institutional investors under the arrangements.

We may enter into agreements with the underwriters, dealers and agents who participate in the distribution of the securities that may fully or partially indemnify them against some civil liabilities, including liabilities under the Securities Act. Underwriters, dealers and agents may be customers of, engage in transactions with, or perform services for, or be affiliates of Barclays PLC and the Barclays Bank Group in the ordinary course of business.

Barclays Capital Inc. is a subsidiary of Barclays PLC and may participate in one or more offerings of our securities. Rule 2720 of the Conduct Rules of the National Association of Securities Dealers, Inc. imposes certain requirements when an NASD member such as Barclays Capital Inc. distributes an affiliated company's securities, such as those of Barclays Bank PLC. Barclays Capital Inc. has advised us that each particular offering of securities in which it participates will comply with the applicable requirements of Rule 2720.

Barclays Capital Inc. will not confirm initial issues to accounts over which it exercises discretionary authority without the prior written approval of the customer.

Selling Restrictions

Unless the applicable prospectus supplement specifies otherwise, we will not offer the securities or any investments representing securities, including ADSs or ADRs, of any series to the public in the United Kingdom or any member state of the European Economic Area ("EEA") which has implemented Directive 2003/71/EC (the "Prospectus Directive").

Selling Restrictions Addressing United Kingdom Securities Laws

Unless otherwise specified in any agreement between us and the underwriters, dealers and/or agents in relation to the distribution of the securities or any investments representing securities, including ADSs or ADRs, of any series and subject to the terms specified in the agreement, any underwriter, dealer or agent in connection with an offering of securities or any investments representing securities, including ADSs or ADRs, of any series will confirm and agree that:

- in relation to any securities having a maturity of less than one year (i) it is a person whose ordinary activities involves it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any securities other than to persons (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses, where the issue of the debt securities would otherwise constitute a contravention of Section 19 of the FSMA by us;
- it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any securities or any investments representing securities, including ADSs or ADRs, in circumstances in which Section 21(1) of the FSMA would not, if we were not an "authorized person" under the FSMA, apply to us; and
- it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the securities, or any investments representing securities, including ADSs and ADRs in, from or otherwise involving the United Kingdom.

Public Offer Selling Restriction Under The Prospectus Directive

Unless otherwise specified in any agreement between us and the underwriters, dealers and/or agents in relation to the distribution of the securities or any investments representing securities, including ADSs or ADRs, of any series and subject to the terms specified in the agreement, any underwriter, dealer or agent in connection with an offering of securities or any investments representing securities, including ADSs or ADRs, of any series will confirm and agree that with effect from and including the date on which the Prospectus Directive is implemented in that relevant member state (the "relevant implementation date") it has not made and will not make an offer of any securities or any investments representing securities which are the subject of the offering contemplated by the prospectus as completed by the prospectus supplement in relation thereto to the public in that relevant member state except that it may, with effect from and including the relevant implementation date, make an offer of the securities to the public in that relevant member state:

- if the relevant prospectus supplement in relation to the securities specifies that an offer of those securities may be made other than pursuant to Article 3(2) of the Prospectus Directive in that relevant member state (a non−exempt offer), following the date of publication of a prospectus in relation to such securities which has been approved by the competent authority in that relevant member state or, where appropriate, approved in another relevant member state and notified to the competent authority in that relevant member state, provided that any such prospectus has subsequently been completed by the prospectus supplement contemplating such non−exempt offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus supplement;
- at any time to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or

regulated, whose corporate purpose is solely to invest in securities;

- at any time to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than €43,000,000 and (iii) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant dealer or dealers nominated by us for any such offer; or
- at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offering of securities referred to in the second to fifth bullet points above shall require us or any dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

The expression an "an offer of any securities or any investments representing securities to the public" in relation to such securities or investments in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the offer and the securities or investments to be offered so as to enable an investor to decide to purchase the securities or investments, as the same may be varied in that member state by any measure implementing the Prospectus Directive in that member state.

Market−Making Resales

This prospectus may be used by Barclays Capital Inc. in connection with offers and sales of the securities in market−making transactions. In a market−making transaction, Barclays Capital Inc. may resell a security it acquires from other holders, after the original offering and sale of the security. Resales of this kind may occur in the open market or may be privately negotiated, at prevailing market prices at the time of resale or at related or negotiated prices. In these transactions, Barclays Capital Inc. may act as principal, or agent, including as agent for the counterparty in a transaction in which Barclays Capital Inc. acts as principal, or as agent for both counterparties in a transaction in which Barclays Capital Inc. does not act as principal. Barclays Capital Inc. may receive compensation in the form of discounts and commissions, including from both counterparties in some cases. Other affiliates of Barclays Bank PLC may also engage in transactions of this kind and may use this prospectus for this purpose.

The indeterminate aggregate initial offering price relates to the initial offering of the securities described in the prospectus supplement. This amount does not include securities sold in market−making transactions. The latter include securities to be issued after the date of this prospectus, as well as securities previously issued.

Barclays Bank PLC may receive, directly or indirectly, all or a portion of the proceeds of any market making transactions by Barclays Capital Inc. and its other affiliates.

Information about the trade and settlement dates, as well as the purchase price, for a market−making transaction will be provided to the purchaser in a separate confirmation of sale.

Unless we or an agent informs you in your confirmation of sale that your security is being purchased in its original offering and sale, you may assume that you are purchasing your security in a market−making transaction.

Matters Relating to Initial Offering and Market−Making Resales

Each series of securities will be a new issue, and there will be no established trading market for any security prior to its original issue date. We may choose not to list a particular series of securities on a securities exchange or quotation system. We have been advised by Barclays Capital Inc. that it intends to make a market in the securities, and any underwriters to whom we sell securities for public offering or broker−dealers may also make a market in those securities. However, neither Barclays Capital Inc. nor any underwriter or broker−dealer that makes a market is obligated to do so, and any of them may stop doing so at any time without notice. We cannot give any assurance as to the liquidity of the trading market for the securities.

Unless otherwise indicated in the applicable prospectus supplement or confirmation of sale, the purchase price of the securities will be required to be paid in immediately available funds in New York City.

In this prospectus or any accompanying prospectus supplement, the terms "this offering" means the initial offering of securities made in connection with their original issuance. This term does not refer to any subsequent resales of securities in market−making transactions.

SERVICE OF PROCESS AND ENFORCEMENT OF LIABILITIES

We are an English public limited company. Substantially all of our directors and executive officers and a number of the experts named in this document are non−residents of the United States. All or a substantial portion of the assets of those persons are located outside the United States. Most of our assets are located outside of the United States. As a result, it may not be possible for you to effect service of process within the United States upon those persons or to enforce against them judgments of U.S. courts based upon the civil liability provisions of the federal securities laws of the United States. We have been advised by our English solicitors, Clifford Chance LLP, that there is doubt as to the enforceability in the United Kingdom, in original actions or in actions for enforcement of judgments of U.S. courts, of liabilities based solely upon the federal securities laws of the United States.

WHERE YOU CAN FIND MORE INFORMATION

We are subject to the information requirements of the Exchange Act. Accordingly, we file jointly with Barclays PLC, reports and other information with the SEC.

The SEC maintains an internet site at *http://www.sec.gov* that contains reports and other information we file electronically with the SEC. You may also inspect and copy reports and other information that we file with the SEC at the public reference facilities maintained at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Copies of such material may be obtained by mail from the Public Reference Section of the SEC at 100 F Street, NE, Room 1580, Washington, D.C. 20549 at prescribed rates. In addition, you may inspect and copy that material at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005, on which some of our securities are listed.

We will furnish to the debt trustee referred to under "Description of Debt Securities" annual reports, which will include a description of operations and annual audited consolidated financial statements prepared in accordance with IFRS, together with a reconciliation of consolidated net income and consolidated ordinary shareholders' equity to estimated amounts in accordance with U.S. GAAP. We will also furnish the debt trustee with interim reports that will include unaudited interim summary consolidated financial information prepared in accordance with IFRS. If we choose to do so, those interim reports may contain a reconciliation of consolidated net income and consolidated ordinary shareholders' equity to estimated amounts in accordance with U.S. GAAP. We will furnish the debt trustee all notices of meetings at which holders of securities are entitled to vote, and all other reports and communications that are made generally available to those holders.

FURTHER INFORMATION

We have filed with the SEC a registration statement on Form F−3 with respect to the securities offered with this prospectus. This prospectus is a part of that registration statement and it omits some information that is contained in the registration statement. You can access the registration statement together with exhibits on the internet site maintained by the SEC at *http://www.sec.gov* or inspect these documents at the offices of the SEC in order to obtain that additional information about us and about the securities offered with this prospectus.

VALIDITY OF SECURITIES

If stated in the prospectus supplement applicable to a specific issuance of debt securities, the validity of the securities under New York law may be passed upon for us by our U.S. counsel, Sullivan & Cromwell LLP. If stated in the prospectus supplement applicable to a specific issuance of debt securities, the validity of the securities under English law may be passed upon by our English solicitors, Clifford Chance LLP. Sullivan & Cromwell LLP may rely on the opinion of Clifford Chance LLP as to all matters of English law and Clifford Chance LLP may rely on the opinion of Sullivan & Cromwell LLP as to all matters of New York law. If this prospectus is delivered in connection with an underwritten offering, the validity of the debt securities may be passed upon for the underwriters by United States and English counsel for the underwriters specified in the related prospectus supplement. If no English counsel is specified, such U.S. counsel to the underwriters may also rely on the opinion of Clifford Chance LLP as to certain matters of English law.

EXPERTS

The financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) incorporated in this Prospectus by reference to the Annual Report of Barclays PLC and Barclays Bank PLC on Form 20−F for the year ended December 31, 2006 have been so incorporated in reliance on the reports of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

The consolidated financial statements of ABN AMRO appearing in the ABN AMRO 2006 Form 20−F, and the ABN AMRO management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2006 included therein, have been audited by Ernst & Young Accountants, independent registered accounting firm, as set forth in their reports thereon, included therein, and incorporated herein by reference. Such consolidated financial statements and management's assessment are incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

EXPENSES OF ISSUANCE AND DISTRIBUTION

The following is a statement of the expenses (all of which are estimated), other than any underwriting discounts and commission and expenses reimbursed by us, to be incurred in connection with a distribution of an assumed amount of $100,000,000 of securities registered under this Registration Statement:

Securities and Exchange Commission registration fee	$ 0*
NASD fee	10,500
Printing and engraving expenses	40,000
Legal fees and expenses	455,000
Accountants' fees and expenses	175,000
Trustee fees and expenses	10,000
ADR Depositary's fees and expenses	15,000
Miscellaneous	20,000
Total	$ 725,500

* Deferred in accordance with Rule 456(b) and 457(r)

PART II OF FORM F−3
INFORMATION NOT REQUIRED IN PROSPECTUS

Item 8. Indemnification of Directors and Officers

Barclays Bank PLC

Article 157 of the Registrant's Articles of Association provides:

(a) Subject to the provisions of the statutes, but without prejudice to any indemnity to which he or she may otherwise be entitled, every director, other officer and auditor of the company and every former director, other former officer and former auditor of the company shall be indemnified out of the assets of the company against any liability, loss or expenditure incurred by him or her in the actual or purported execution and/or discharge of his or her duties and/or the exercise or purported exercise of his or her powers and/or otherwise in relation to or in connection with his or her duties, powers or office including (without prejudice to the foregoing) any liability incurred by him or her in defending any proceedings, whether civil or criminal, which relate to anything done or omitted to be done or alleged to have been done or omitted to be done by him or her as a director, officer or auditor of the company and in which judgment is given in his or her favour or in which he or she is acquitted or which are otherwise disposed of without any finding or admission of guilt or breach of duty on his or her part or incurred in connection with any application in which relief is granted to him or her by the court from liability in respect of any such act or omission or from liability to pay any amount in respect of shares acquired by a nominee of the company.

(b) To the extent permitted by the statutes, the board may arrange and maintain insurance cover at the cost of the company in respect of any liability, loss or expenditure incurred by any director, other officer, or auditor of the company in relation to anything done or alleged to have been done or omitted to be done by him or her as a director, officer or auditor.

On June 22, 2005, the Registrant wrote to each of its directors to confirm, for the avoidance of doubt, that each of its directors has the benefit of and is able to rely upon the indemnity in the Articles of Association set out above, the terms of which are expressly incorporated into their terms of employment or appointment, as appropriate. The Registrant has not provided the indemnity in the Articles of Association set out above to the auditors of the Registrant.

Section 309A of the Companies Act 1985 (as amended by the Companies (Audit, Investigations and Community Enterprise) Act 2004) provides:

(1) This section applies in relation to any liability attaching to a director of a company in connection with any negligence, default, breach of duty or breach of trust by him in relation to the company.

(2) Any provision which purports to exempt (to any extent) a director of a company from any liability within subsection (1) is void.

(3) Any provision by which a company directly or indirectly provides (to any extent) an indemnity for a director of – (a) the company, or (b) an associated company, against any liability within subsection (1) is void. This is subject to subsections (4) and (5).

(4) Subsection (3) does not apply to a qualifying third party indemnity provision (see section 309B(1)).

(5) Subsection (3) does not prevent a company from purchasing and maintaining for a director of – (a) the company, or (b) an associated company, insurance against any liability within subsection (1).

(6) In this section –

“associated company”, in relation to a company (“C”), means a company which is C’s subsidiary, or C’s holding company or a subsidiary of C’s holding company; “provision” means a provision of any nature, whether or not it is contained in a company’s articles or in any contract with a company.

Section 309B of the Companies Act 1985 (as amended by the Companies (Audit, Investigations and Community Enterprise) Act 2004) provides:

(1) For the purposes of Section 309A(4) a provision is a qualifying third party indemnity provision if it is a provision such as is mentioned in Section 309A(3) in relation to which conditions A to C below are satisfied.

(2) Condition A is that the provision does not provide any indemnity against any liability incurred by the director –

(a) to the company, or (b) to any associated company.

(3) Condition B is that the provision does not provide any indemnity against any liability incurred by the director to pay –

(a) a fine imposed in criminal proceedings, or (b) a sum payable to a regulatory authority by way of a penalty in respect of non−compliance with any requirement of a regulatory nature (however arising).

(4) Condition C is that the provision does not provide any indemnity against any liability incurred by the director –

(a) in defending any criminal proceedings in which he is convicted, or (b) in defending any civil proceedings brought by the company, or an associated company, in which judgment is given against him, or (c) in connection with any application under any of the following provisions in which the court refuses to grant him relief, namely –

(i) section 144(3) or (4) (acquisition of shares by innocent nominee), or (ii) section 727 (general power to grant relief in case of honest and reasonable conduct).

(5) In paragraph (a), (b) or (c) of subsection (4) the reference to any such conviction, judgment or refusal of relief is a reference to one that has become final.

(6) For the purposes of subsection (5) a conviction, judgment or refusal of relief becomes final –

(a) if not appealed against, at the end of the period for bringing an appeal, or (b) if appealed against, at the time when the appeal (or any further appeal) is disposed of.

(7) An appeal is disposed of –

(a) if it is determined and the period for bringing any further appeal has ended, or (b) if it is abandoned or otherwise ceases to have effect.

(8) In this section “associated company” and “provision” have the same meaning as in Section 309A.

Section 727 of the Companies Act 1985 provides:

(1) If in any proceedings for negligence, default, breach of duty or breach of trust against an officer of a company or a person employed by a company as auditor (whether he is or is not an officer of the company) it appears to the court hearing the case that that officer or person is or may be liable in respect of the negligence, default, breach of duty or breach of trust, but that he has acted honestly and reasonably, and that having regard to all the circumstances of the case (including those connected with his appointment) he ought fairly to be excused for the negligence, default, breach of duty or breach of trust, that the court may relieve him, either wholly or partly, from his liability on such terms as it thinks fit.

(2) If any such officer or person as above−mentioned has reason to apprehend that any claim will or might be made against him in respect of any negligence, default, breach of duty or breach of trust, he may apply to the court for relief; and the court on the application has the same power to relieve him as under this section it would have had if it had been a court before which proceedings against that person for negligence, default, breach of duty or breach of trust had been brought.

(3) Where a case to which subsection (1) applies is being tried by a judge with a jury, the judge, after hearing the evidence, may, if he is satisfied that the defendant or defender ought in pursuance of that subsection to be relieved either in whole or in part from the liability sought to be enforced against him, withdraw the case in whole or in part from the jury and forthwith direct judgment to be entered for the defendant or defender on such terms as to costs or otherwise as the judge may think proper".

The Bank has obtained director's and officer's liability insurance coverage which, subject to policy terms and limitations, includes coverage for directors and officers of the Bank and to reimburse the Bank for amounts paid to directors or officers of the Bank by way of lawful indemnity.

Reference is made to Section 9 of the Underwriting Agreement (the form of which is included as an Exhibit to this Registration Statement), which provides that each Underwriter will indemnify the Bank, its directors, officers (including the authorized representative of the Bank in the United States) and each person, if any, who controls the Bank within the meaning of the Securities Act from and against certain civil liabilities.

Item 9. Exhibits

Number		Description
1.1	—	Form of Underwriting Agreement.
1.2	—	Form of Distribution Agreement between the Bank and Barclays Capital Inc.
4.1	—	Dated Subordinated Debt Indenture, dated as of June 30, 1998, between the Bank and The Bank of New York, as Trustee (incorporated by reference to Form F−3 (File No. 333−12384) filed with the Securities and Exchange Commission on August 11, 2000).
4.2	—	Form of Undated Subordinated Debt Indenture between the Bank and The Bank of New York, as Trustee (incorporated by reference to Form F−3 (File No. 333−8054) filed with the Securities and Exchange Commission on December 12, 1997).
4.3	—	Senior Debt Indenture dated September 16, 2004 between the Bank and The Bank of New York, as Trustee (incorporated by reference to Form F−3 (File No. 333−126811) filed with the Securities and Exchange Commission on July 22, 2005).
4.4	—	Form of Deposit Agreement dated April 25, 2006 among the Bank, The Bank of New York, as ADR depositary, and all holders from time to time of American Depositary Receipts issued thereunder.
4.5	—	Form of share certificate representing Preference Shares of any series in registered form (incorporated by reference to Form F−3 (File No. 333−51020) filed with the Securities and Exchange Commission on August 19, 1992).
		The Bank will, upon request of the Securities and Exchange Commission, furnish copies of trust deeds and instruments relating to other long−term debt instruments of the Barclays Bank Group.
4.6	—	Memorandum and Articles of Association of Barclays Bank PLC (incorporated by reference to the 2005 Form 20−F filed on March 29, 2006).
5.1	—	Opinion of Sullivan & Cromwell LLP, U.S. counsel for the Registrant, as to the validity of the debt securities and ADSs.
5.2	—	Opinion of Clifford Chance LLP, English solicitors to the Registrant, as to the validity of the debt securities and Preference Shares.
8.1	—	Opinion of Sullivan & Cromwell LLP, U.S. counsel for the Registrant, as to certain matters of U.S. taxation.
8.2	—	Opinion of Clifford Chance LLP, English solicitors to the Registrant, as to certain matters of United Kingdom taxation (included in Exhibit 5.2 above).
12.1	—	Calculation of ratio of earnings to fixed charges (incorporated herein by reference to Exhibits 7.1, 7.2, 7.3, 7.4, 7.5 and 7.6 to Annual Report on Form 20−F for the final year ended December 31, 2006 filed by the Bank with the Commission on March 26, 2007).
23.1	—	Consent of PricewaterhouseCoopers LLP.
23.2	—	Consent of Ernst & Young Accountants, independent registered public accounting firm.
23.3	—	Consent of Sullivan & Cromwell LLP (included in Exhibits 5.1 and 8.1 above).
23.4	—	Consent of Clifford Chance LLP (included in Exhibit 5.2 above).
24.1	—	Powers of Attorney of certain Directors and Officers of Barclays Bank PLC.
25.1	—	Statement of Eligibility of Trustee on Form T−1 with respect to Exhibits 4.1, 4.2 and 4.3 above.

Item 10. Undertakings

The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post−effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post−effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the SEC pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

provided, however, that paragraphs (i), (ii) and (iii) do not apply if the information required to be included in a post−effective amendment by those paragraphs is contained in reports filed with or furnished to the SEC by the registrant pursuant to Section 13 or Section 15(d) of the Exchange Act that are incorporated by reference in the registration statement, or is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post−effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(3) To remove from registration by means of a post−effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) To file a post effective amendment to the registration statement to include any financial statements required by Item 8.A. of Form 20−F at the start of any delayed offering or throughout a continuous offering. Financial statements and information otherwise required by Section 10(a)(3) of the Act need not be furnished, provided that the registrant includes in the prospectus, by means of a post−effective amendment, financial statements required pursuant to this paragraph (4) and other information necessary to ensure that all other information in the prospectus is at least as current as the date of those financial statements. Notwithstanding the foregoing, a post−effective amendment need not be filed to include financial statements and information required by Section 10(a)(3) of the Act if such financial statements and information are contained in periodic reports filed with or furnished to the SEC by the registrant pursuant to Section 13 or Section 15(d) of the Exchange Act that are incorporated by reference in the registration statement.

(5) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser:

(i) Each prospectus filed by a registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and

(ii) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5) or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to

Rule 415(a)(1)(i), (vii) or (x) for the purpose of providing the information required by Section 10(a) of the Securities Act of 1933 shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which the prospectus relates, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date.

(6) That, for the purpose of determining liability of a registrant under the Securities Act to any purchaser in the initial distribution of the securities, each undersigned registrant undertakes that in a primary offering of securities of an undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of an undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of an undersigned registrant or used or referred to by an undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about an undersigned registrant or its securities provided by or on behalf of an undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by an undersigned registrant to the purchaser.

(7) That, for purposes of determining any liability under the Securities Act, each filing of the registrant's annual report pursuant to Section 13(a) or 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(8) To file an application for the purpose of determining the eligibility of the trustee to act under subsection (a) of Section 310 of the Trust Indenture Act in accordance with the rules and regulations prescribed by the SEC under Section 305(b)(2) of the Trust Indenture Act.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of each registrant pursuant to the foregoing provisions, or otherwise, each registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by a registrant of expenses incurred or paid by a director, officer or controlling person of a registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, that registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act, the Registrant, Barclays Bank PLC, certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form F−3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in London, England on August 31, 2007.

BARCLAYS BANK PLC

By: /s/ Christopher Lucas
Christopher Lucas
Finance Director and Director

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in the capacities indicated, on August 31, 2007.

Signature	Title
* **Marcus Agius**	Chairman
* **John Varley**	Chief Executive Officer (Principal Executive Officer) and Director
/s/ Christopher Lucas **Christopher Lucas**	Finance Director (Principal Financial Officer and Principal Accounting Officer) and Director
* **Robert E. Diamond Jr.**	Director
* **Gary Hoffman**	Director
* **Frederik Seegers**	Director
* **David Booth**	Director
* **Sir Richard Broadbent**	Director
* **Leigh Clifford**	Director
* **Fulvio Conti**	Director
* **Dr. Daniël Cronjé**	Director
* **Professor Dame Sandra Dawson**	Director

Signature	Title
* **Sir Andrew Likierman**	Director
* **Sir Nigel Rudd**	Director
* **Stephen Russell**	Director
* **Sir John Sunderland**	Director
* **James Walker**	Authorized Representative in the United States

*By: /s/ Christopher Lucas
Christopher Lucas
Attorney−in−Fact

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1.2	—	Form of Distribution Agreement between the Bank and Barclays Capital Inc.
4.1	—	Dated Subordinated Debt Indenture, dated as of June 30, 1998, between the Bank and The Bank of New York, as Trustee (incorporated by reference to Form F−3 (File No. 333−12384) filed with the Securities and Exchange Commission on August 11, 2000).
4.2	—	Form of Undated Subordinated Debt Indenture between the Bank and The Bank of New York, as Trustee (incorporated by reference to Form F−3 (File No. 333−8054) filed with the Securities and Exchange Commission on December 12, 1997).
4.3	—	Senior Debt Indenture dated September 16, 2004 between the Bank and The Bank of New York, as Trustee (incorporated by reference to Form F−3 (File No. 333−126811) filed with the Securities and Exchange Commission on July 22, 2005).
4.4	—	Form of Deposit Agreement dated April 25, 2006 among the Bank, The Bank of New York, as ADR depositary, and all holders from time to time of American Depositary Receipts issued thereunder.
4.5	—	Form of share certificate representing Preference Shares of any series in registered form (incorporated by reference to Form F−3 (File No. 333−51020) filed with the Securities and Exchange Commission on August 19, 1992).
		The Bank will, upon request of the Securities and Exchange Commission, furnish copies of trust deeds and instruments relating to other long−term debt instruments of the Barclays Bank Group.
4.6	—	Memorandum and Articles of Association of Barclays Bank PLC (incorporated by reference to the 2005 Form 20−F filed on March 29, 2006).
5.1	—	Opinion of Sullivan & Cromwell LLP, U.S. counsel for the Registrant, as to the validity of the debt securities and ADSs.
5.2	—	Opinion of Clifford Chance LLP, English solicitors to the Registrant, as to the validity of the debt securities and Preference Shares.
8.1	—	Opinion of Sullivan & Cromwell LLP, U.S. counsel for the Registrant, as to certain matters of U.S. taxation.
8.2	—	Opinion of Clifford Chance LLP, English solicitors to the Registrant, as to certain matters of United Kingdom taxation (included in Exhibit 5.2 above).
12.1	—	Calculation of ratio of earnings to fixed charges (incorporated herein by reference to Exhibits 7.1, 7.2, 7.3, 7.4, 7.5 and 7.6 to Annual Report on Form 20−F for the final year ended December 31, 2006 filed by the Bank with the Commission on March 26, 2007).
23.1	—	Consent of PricewaterhouseCoopers LLP.
23.2	—	Consent of Ernst & Young Accountants, independent registered public accounting firm.
23.3	—	Consent of Sullivan & Cromwell LLP (included in Exhibits 5.1 and 8.1 above).
23.4	—	Consent of Clifford Chance LLP (included in Exhibit 5.2 above).
24.1	—	Powers of Attorney of Certain Directors and Officers of Barclays Bank PLC.
25.1	—	Statement of Eligibility of Trustee on Form T−1 with respect to Exhibits 4.1, 4.2 and 4.3 above.

BARCLAYS BANK PLC /ENG/ (AYT)

1 CHURCHILL PLACE
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EX−1.1

FORM OF UNDERWRITING AGREEMENT.
F−3ASR Filed on 08/31/2007
File Number 333−145845

Exhibit 1.1

BARCLAYS BANK PLC

Debt Securities
Preference Shares
American Depositary Shares

Underwriting Agreement −
Standard Provisions

From time to time Barclays Bank PLC, a public limited company organized under the laws of England and Wales (the "Bank"), proposes to enter into one or more Pricing Agreements (each a "Pricing Agreement") in the form of Annex I hereto, with such additions and deletions as the parties thereto may determine, and, subject to the terms and conditions stated herein and therein, to issue certain of the Bank's Debt Securities or Preference Shares or Preference Shares represented by American Depositary Shares ("ADSs") (as such terms are defined below) (the "Securities") specified in Schedule II to the applicable Pricing Agreement (the "Firm Securities") and to issue to the firms named in Schedule I to such Pricing Agreement (such firms constituting the "Underwriters" with respect to such Pricing Agreement and the Securities specified therein). If specified in such Pricing Agreement, the Bank may also, at the election of the Underwriters, issue additional Securities (the "Optional Securities"). The Firm Securities and the Optional Securities are herein collectively called the "Designated Securities".

The terms and rights of any particular issuance of Designated Securities shall be as specified in the Pricing Agreement relating thereto and (i) in the case of senior debt obligations ("Senior Debt Securities"), in or pursuant to the Senior Debt Securities Indenture, dated September 16, 2004 (the "Senior Debt Indenture"), entered into between the Bank and The Bank of New York, as Trustee, (ii) in the case of subordinated obligations having a stated maturity ("Dated Subordinated Debt Securities"), in or pursuant to a Dated Subordinated Debt Securities Indenture (the "Dated Subordinated Debt Indenture"), dated June 30, 1998, between the Bank and The Bank of New York, as Trustee, (iii) in the case of subordinated obligations having no stated maturity ("Undated Subordinated Debt Securities" and, collectively with the Dated Subordinated Debt Securities, the "Debt Securities"), in or pursuant to an Undated Subordinated Debt Securities Indenture (the "Undated Subordinated Debt Indenture" and, collectively with the Dated Subordinated Debt Indenture, the "Indentures"), to be entered into between the Bank and The Bank of New York, as Trustee, and (iv) in the case of any issuance of Preference Shares or ADSs, in or pursuant to a resolution or resolutions of the Board of Directors of the Bank or a duly authorized committee thereof. The Term "Indenture" when used herein, refers to the relevant indenture identified in Schedule II to the related Pricing Agreement as such Indenture may be modified, amended or supplemented from time to time in accordance with the terms thereof. Interests in certain Debt Securities represented by a global security will be represented by certificateless depositary interests issued (i) in the case of Senior Debt Securities, pursuant to the Senior Debt Securities Deposit Agreement (the "Senior Debt Securities Deposit Agreement"), to be entered into by and between the Bank, which is a party for the limited purposes referred to therein, The Bank of New York, as Book−Entry Depositary, and the owners from time to time of Book−Entry Interests therein, (ii) in the case of Dated Subordinated Debt Securities, pursuant to the Dated Subordinated Debt Securities Deposit Agreement (the "Dated Subordinated Debt Securities Deposit Agreement"), to be entered into by and between the Bank, which is a party for the limited purposes referred to therein, The Bank of New York, as Book−Entry Depositary, and the owners from time to time of Book−Entry Interests therein, and (iii) in the case of Undated Subordinated Debt Securities, pursuant to the Undated Subordinated Debt Securities Deposit Agreement (the "Undated Subordinated Debt Securities Deposit Agreement" and, collectively with the Senior Debt Securities Deposit Agreement and the Dated Subordinated Debt Securities Deposit Agreement, the "Debt Securities Deposit Agreements"), to be entered into by and between the Bank, which is a party for the limited purposes referred to therein, The Bank of New York, as Book−Entry Depositary, and the owners from time to time of Book−Entry Interests therein. The term "Debt Securities Deposit Agreement" when used herein, refers to the Debt Securities Deposit Agreement applicable to the relevant Designated Securities and the term "Book−Entry Depositary" when used herein, refers to the Book−Entry Depositary under the Debt Securities Deposit Agreement applicable to the relevant Designated Securities.

1. Particular issuances of Designated Securities may be made from time to time to the Underwriters of such Designated Securities, for whom the firms designated as representatives of the Underwriters of such Designated Securities in the Pricing Agreement relating thereto will act as representatives (the "Representatives"). The term "Representatives" also refers to a single firm acting as sole representative of the Underwriters and to Underwriters that act without any firm being designated as their representatives. This Agreement shall not be construed as an obligation of the Bank to issue any of the Securities, or as an obligation of the Underwriters to subscribe for any of the Securities. The obligation of the Bank to issue any of the Securities, and the obligation of any of the Underwriters to subscribe for any of the Securities, shall be evidenced by the Pricing Agreement relating to the Designated Securities specified therein. Each Pricing Agreement shall specify the aggregate principal amount or number of Firm Securities, the maximum aggregate principal amount or number of Optional Securities, if any, the initial public offering price of such Firm Securities and Optional Securities, if any, the subscription price to the Underwriters of such Designated Securities, the names of the Underwriters of such Designated Securities, the names of the Representatives of such Underwriters, if any, the aggregate principal amount or number of such Designated Securities to be subscribed for by each Underwriter, the commissions, if any, payable to the Underwriters with respect thereto, such other terms of the Designated Securities as are noted in such Pricing Agreement and shall set forth the date, time and manner of delivery of such Firm Securities and Optional Securities, if any, and payment therefor. Each Pricing Agreement shall also specify (in the case of Debt Securities, to the extent not set forth in the Indenture and the registration statement and prospectus with respect thereto and, in the case of Preference Shares, to the extent not set forth in the Memorandum and Articles of Association of the Bank and the registration statement and prospectus with respect thereto) the terms of such Designated Securities, including whether, in the case of Undated Subordinated Debt Securities, they are exchangeable or convertible at the option of the Company into non−cumulative U.S. dollar−denominated preference shares of the Bank (the "Preference Shares") or other securities of the Bank (such Preference Shares or other securities of the Bank being referred to herein as "Exchange Securities") and whether, if the Designated Securities or the Exchange Securities are Preference Shares, such Preference Shares shall be deposited with The Bank of New York (New York Branch), as depositary (the "ADR Depositary") pursuant to a deposit agreement, dated as of April 25, 2006 (the "ADR Deposit Agreement"), among the Bank, the ADR Depositary and the holders from time to time of American Depositary Receipts ("ADRs") to be issued thereunder by the ADR Depositary and evidencing ADSs. The term "Designated Debt Securities" when used herein refers to Designated Securities that are Debt Securities, the term "Designated Shares" when used herein refers to Designated Securities that are Preference Shares, and the term "Designated ADSs" when used

herein refers to ADSs issued pursuant to the ADR Deposit Agreement upon the deposit of Designated Shares with the ADR Depositary. In the event Designated Shares are to be offered in the form of ADRs, the term Designated Securities when used herein shall include Designated ADSs and in the event Exchange Securities are to be delivered in the form of ADRs, the term Exchange Securities when used herein shall include such ADRs. Each Pricing Agreement shall be in the form of an executed writing (which may be in counterparts), and may be evidenced by an exchange of telegraphic communications or other rapid transmission device designed to produce a written record of communications transmitted. The obligations of the Underwriters under this Agreement and each Pricing Agreement shall be several and not joint.

2. The Bank represents and warrants to, and agrees with, each of the Underwriters that to the extent applicable to the Designated Securities:

(a) An "automatic shelf registration statement" as defined under Rule 405 under the Securities Act of 1933, as amended (the "Act"), on Form F−3 (Registration No. [•]) relating to the Designated Securities has been filed by the Bank with the Securities and Exchange Commission (the "Commission") not earlier than three years prior to the date of the applicable Pricing Agreement; such registration statement and any post−effective amendments thereto have become effective on filing; no stop order suspending the effectiveness of such registration statement is in effect and no proceedings for such purpose are pending before or threatened by the Commission; no notice of objection of the Commission to the use of such registration statement or any post−effective amendment thereto pursuant to Rule 401(g)(2) under the Act has been received by the Bank; and copies of such registration statement, including exhibits and all documents incorporated by reference in the prospectus included in such registration statement and any post−effective amendments thereto, have heretofore been delivered to the Representatives for each of the other Underwriters. The various parts of such registration statement, including all exhibits thereto but excluding Forms T−1 and, if applicable, including (i) any prospectus supplement relating to the Designated Securities that is filed with the Commission and deemed by virtue of Rule 430B under the Act to be part of such registration statement, each as amended at the time such part of such registration statement became effective, and (ii) the documents incorporated by reference in the prospectus contained in such registration statement on the date of the Pricing Agreement relating to any Designated Securities, each as amended on the date of the Pricing Agreement relating to any Designated Securities, are hereinafter collectively called the "Registration Statement"; any preliminary prospectus (including any preliminary prospectus supplement) relating to the Designated Securities included in the Registration Statement or filed with the Commission pursuant to Rule 424(b) of the rules and regulations of the Commission under the Act is hereinafter called a "Preliminary Prospectus"; such final prospectus in the form first filed pursuant to Rule 424(b) under the Act is hereinafter called the "Prospectus"; "Applicable Time" means [•] [a.m.] [p.m.], New York time, on the date of the Pricing Agreement; "Statutory Prospectus" as of any time means the prospectus (including, for the avoidance of doubt, any preliminary prospectus supplement) relating to the Designated Securities that is included in the Registration Statement immediately prior to the Applicable Time, including any document incorporated by reference therein and any prospectus supplement deemed to be a part thereof, provided that for purposes of this definition, information contained in a form of prospectus that is deemed retroactively to be part of the Registration Statement pursuant to Rule 430B under the Act shall be considered to be included in the Statutory Prospectus as of the actual time that form of prospectus is filed with the Commission pursuant to Rule 424(b) under the Act; "Free Writing Prospectus" means any "free writing prospectus" as defined in Rule 405 under the Act; "Issuer Free Writing Prospectus" means any "issuer free writing prospectus" as defined in Rule 433 under the Act relating to the Securities; any reference herein to any Preliminary Prospectus or the Prospectus shall be deemed to include the documents, if any, incorporated by reference therein pursuant to Form F−3 under the Act as of the date of such Preliminary Prospectus or the Prospectus, as the case may be; any reference to any amendment or supplement to any Preliminary Prospectus or the Prospectus shall be deemed to include any documents filed after the date of such Preliminary Prospectus or Prospectus, as the case may be, under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and so incorporated by reference; any reference to the Prospectus as amended or supplemented shall be deemed to refer to the Prospectus as amended or supplemented relating to the applicable Designated Securities in the form in which it is filed with the Commission pursuant to Rule 424 of Regulation C, including any documents incorporated by reference therein as of the date of such filing; and any reference to any amendment to the Registration Statement shall be deemed to refer to and include any documents filed or submitted under the Exchange Act after the date of the Registration Statement which are incorporated by reference therein;

(b) No order preventing or suspending the use of the Registration Statement, any Preliminary Prospectus, the Prospectus or any Issuer Free Writing Prospectus has been issued by the Commission;

(c) The Statutory Prospectus, as supplemented by the final term sheet prepared and filed pursuant to Section 7(a) hereof (collectively, the "Pricing Disclosure Package"), as of the Applicable Time, did not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; each Issuer Free Writing Prospectus, if any, listed in Schedule III to the applicable Pricing Agreement, as supplemented by and taken together with the Pricing Disclosure Package, as of the Applicable Time, did not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however that this representation and warranty shall not apply to statements or omissions made in the Pricing Disclosure Package in reliance upon and in conformity with information furnished in writing to the Bank by an Underwriter expressly for use therein;

(d) At the time of the filing of the Registration Statement, at the time of the most recent amendment thereto for the purposes of complying with Section 10(a)(3) of the Securities Act (whether such amendment was by post effective amendment, incorporated report filed pursuant to Section 13 or 15(d) of the Exchange Act or form of prospectus), and at the time the Bank or any person acting on its behalf (within the meaning, for this clause only, of Rule 163(c) under the Securities Act) made any offer relating to the Designated Securities in reliance on the exemption provided for in Rule 163 under the Securities Act, the Bank was a "well−known seasoned issuer" as defined in Rule 405 under the Act;

(e) At the earliest time that the Bank or another offering participant made a *bona fide* offer (within the meaning of Rule 164(h)(2) under the Act) of the Designated Securities the Bank was not, and the Bank is not, an "ineligible issuer," as defined in Rule 405 under the Act, including by virtue of the Bank or any subsidiary in the preceding three years having been convicted of a felony or misdemeanor or having been made the subject of a judicial or administrative decree or order as described in Rule 405 under the Act;

(f) The Annual Report on Form 20−F most recently filed by the Bank (the "Form 20−F") and any other documents incorporated by reference in the Prospectus or any Preliminary Prospectus, when such documents were filed with the Commission, conformed in all material respects to the requirements of the Exchange Act and the rules and regulations of the Commission thereunder, and none of such documents, when so filed, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading; and any further documents so filed and incorporated by reference in the Prospectus or any Preliminary Prospectus, when such documents are filed with the Commission, will conform in all material respects to the requirements of the Exchange Act and the rules and regulations of the Commission thereunder and will not, when so filed, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; provided, however, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Bank by an Underwriter of Designated Securities expressly for use in the Prospectus as amended or supplemented or any Preliminary Prospectus relating to such Designated Securities;

(g) The Registration Statement, the Prospectus and the Statutory Prospectus conform, and any amendments or supplements thereto, when they become effective or are filed with the Commission, as the case may be, will conform, in all material respects to the requirements of the Act and the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), and the rules and regulations of the Commission thereunder, and the Registration Statement and the Prospectus did not, when they became effective (including as of the most recent effective date of the part of the Registration Statement relating to the offering of the Designated Securities as determined pursuant to Rule 430B(f)(2) under the Act) or were so filed, as the case may be, and any amendments or supplements thereto will not, when they become effective or are so filed, as the case may be, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; *provided, however*, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Bank by an Underwriter of Designated Securities through the Representatives expressly for use in the Prospectus as amended or supplemented or any Preliminary Prospectus relating to such Designated Securities;

(h) A registration statement on Form F−6 (File No. 333−96567) in respect of the ADSs has been filed with the Commission; such registration statement and any post−effective amendment thereto have been declared effective by the Commission; no stop order preventing or suspending the effectiveness of such registration statement has been issued and no proceeding for that purpose has been initiated or threatened by the Commission (the various parts of such registration statement, including all exhibits thereto, each as amended at the time such part of the registration statement became effective, being hereinafter called the "ADS Registration Statement"); and the ADS Registration Statement when it became effective conformed, and any further amendments thereto will conform, in all material respects to the requirements of the Act and the applicable regulations of the Commission thereunder and do not and will not, as of the applicable effective date, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading;

(i) Since the respective dates as of which information is given in the Registration Statement, the Statutory Prospectus and the Prospectus as amended or supplemented, there has not been, otherwise than as set forth or contemplated in the Statutory Prospectus and the Prospectus as amended or supplemented, (i) any material change in the share capital, undated loan capital or dated loan capital of the Bank other than such changes as have been disclosed in writing to the Representatives or (ii) any material adverse change in or affecting the business, financial condition, shareholders' equity or results of operations of the Bank and its subsidiaries on a consolidated basis;

(j) The Bank and each of its principal subsidiaries, if any, have been duly incorporated or organized and are validly existing as corporations under the laws of their respective jurisdictions of incorporation or organization with corporate power and authority to own their respective properties and conduct their respective businesses as described in the Statutory Prospectus and the Prospectus, and each has in full force and effect all permits, certificates, franchises, licenses, authorizations and similar approvals necessary in connection with the operation of its business with such exceptions as do not and will not materially adversely affect the business, financial condition, shareholders' equity or results of operations of the Bank and its subsidiaries on a consolidated basis. (The term "principal subsidiary" means any subsidiary of the Bank which, together with its subsidiaries, held at the date of the latest audited financial statements included or incorporated by reference in the Prospectus more than 10% of the assets, or for the year covered by such financial statements contributed more than 10% of the revenues or net income, of the Bank and its subsidiaries on a consolidated basis);

(k) The Bank has an authorized capitalization as set forth in the Statutory Prospectus and the Prospectus; all of the issued shares of share capital of the Bank have been duly and validly authorized and issued, are fully paid and conform to the description thereof set forth in the Statutory Prospectus and the Prospectus as amended or supplemented, and all such shares of each principal subsidiary, if any, have been duly and validly authorized and issued, are fully paid and (except for directors' qualifying shares or as specified in the Statutory Prospectus and the Prospectus) are owned directly or indirectly by the Bank, free and clear of all liens, encumbrances, security interests or claims, except such (of which the Bank is aware of none) as do not materially adversely affect the value of such shares or interfere with the conduct of the business of the issuer of such shares or the Bank's control over such shares and such business;

(l) The Designated Debt Securities have been duly and validly authorized and, when the Designated Debt Securities are issued and delivered against payment therefor pursuant to this Agreement and the Pricing Agreement relating to such Designated Debt Securities, will have been duly executed, authenticated, issued and delivered and will constitute valid and legally binding obligations of the Bank entitled to the benefits provided by the Indenture, which will be substantially in the form filed as an exhibit to the Registration Statement; the Indenture has been duly authorized by the Bank, is duly qualified under the Trust Indenture Act, has been duly executed and delivered by the Bank and, assuming due authorization, execution and delivery thereof by the Trustee, constitutes a valid and legally binding instrument of the Bank enforceable in accordance with its terms, except as enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting the enforcement of creditors' rights generally or by general equity principles; the Indenture conforms, and the Designated Debt Securities will conform, to the descriptions thereof set forth in the Prospectus or the Statutory Prospectus and the Prospectus as amended or supplemented relating to such Designated Debt Securities;

(m) The Designated Shares, issuable upon conversion of the Designated Debt Securities, have been duly and validly authorized and when issued and delivered in accordance with the terms thereof set forth in the Statutory Prospectus and the Prospectus and the Indenture, will be duly and validly issued and fully paid;

(n) The Designated Shares (other than those issuable upon conversion of the Designated Debt Securities) have been duly and validly authorized and, when issued and delivered against payment therefor as provided herein, will be duly and validly issued and fully paid and will conform to the description thereof set forth in the Statutory Prospectus and the Prospectus as amended or supplemented;

(o) The ADR Deposit Agreement has been duly authorized, executed and delivered by the Bank and constitutes a valid and legally binding agreement of the Bank enforceable in accordance with its terms, except as enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting the enforcement of creditors' rights generally or by general equity principles; upon issuance by the ADR Depositary of ADRs evidencing ADSs upon the deposit of Designated Shares in respect thereof in accordance with the provisions of the ADR Deposit Agreement, such ADRs will be duly and validly issued and the persons in whose names the ADRs are registered will be entitled to the rights specified therein and in the ADR Deposit Agreement; and the ADR Deposit Agreement and the ADRs conform in all material respects to the descriptions thereof contained in the Statutory Prospectus and the Prospectus as amended or supplemented;

(p) The Debt Securities Deposit Agreement has been duly authorized by the Bank and when executed and delivered by the Bank will be duly executed and delivered by the Bank and constitute a valid and legally binding agreement of the Bank enforceable in accordance with its terms, except as enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting the enforcement of creditors' rights generally or by general equity principles;

(q) The issue and sale of the Designated Debt Securities, the issue and sale of the Designated Shares to be issued by the Bank hereunder, the conversion or exchange, if any, of the Designated Debt Securities into Designated Shares, the issue of the Designated Shares upon such conversion or exchange, the deposit of the Designated Shares by the Bank in accordance with the terms of the ADR Deposit Agreement and the compliance by the Bank with the provisions of the Designated Debt Securities, the Designated Shares, the Designated ADSs, this Agreement, the Pricing Agreement relating to the Designated Securities, the Indenture and the ADR Deposit Agreement and the consummation of the transactions contemplated herein and therein will not (to the extent relevant to the issue and sale of the Designated Securities) (i) result in a breach or violation of any provisions of the Memorandum and Articles of Association of the Bank or (ii) result in any breach or violation of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any of the property or assets of the Bank pursuant to the terms of, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Bank is a party or by which the Bank is bound or to which any of the property or assets of the Bank is subject or any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Bank or any of its properties, which breach, violation, default, creation or imposition will have a material adverse effect on the Bank and its subsidiaries on a consolidated basis or have an adverse effect on the Designated Debt Securities, the Designated Shares or the Designated ADSs; and no consent, approval, authorization, order, registration or qualification of or with any court or governmental agency or body is required for the issue and sale of the Designated Debt Securities, the issue and sale of the Designated Shares or the Designated ADSs, the deposit of the Designated Shares with the ADR Depositary, the conversion or exchange of the Designated Debt Securities into Designated Shares or the consummation of the other transactions contemplated by this Agreement, the Pricing Agreement relating to the Designated Securities, the ADR Deposit Agreement, the Indenture, the Designated Debt Securities, the Designated Shares or the Designated ADSs except (A) the registration under the Act of the Debt Securities, the Preference Shares and the ADSs (B) such consents, approvals, authorizations, registrations or qualifications as may be required under state securities or Blue Sky laws in connection with the subscription for and distribution of the Designated Securities by the Underwriters, (C) where applicable, the filing of approved listing particulars or an approved prospectus or other required documentation in accordance with the rules and regulations of any securities exchange and applicable law in connection with the listing of the Designated Securities on such securities exchange, (D) the qualification of the Indenture under the Trust Indenture Act and (E) such other consents, approvals, authorizations, orders, registrations or qualifications as have heretofore been, or will have been prior to each Time of Delivery (as defined in Section 5 hereof), obtained or made;

(r) There are no legal or governmental proceedings pending to which the Bank or any of its subsidiaries is a party or of which any property of the Bank or any of its subsidiaries is the subject, other than as set forth in the Statutory Prospectus and the Prospectus as amended or supplemented and other than litigation or proceedings which in each case will not have a material adverse effect on the business, financial condition, shareholders' equity or results of operations of the Bank and its subsidiaries on a consolidated basis; and, to the best of the Bank's knowledge, no such litigation or proceedings are threatened or contemplated by governmental authorities or threatened by others;

(s) PricewaterhouseCoopers LLP, who have certified certain financial statements of the Bank and its subsidiaries incorporated by reference in the Statutory Prospectus and the Prospectus, are independent public accountants as required by the Act and the rules and regulations of the Commission thereunder;

(t) The offer and sale of the Designated Securities or ADSs in the United States will not subject the Bank to registration under, or result in a violation of, the Investment Company Act of 1940, as amended (the "Investment Company Act");

(u) Other than as described or set forth in the Registration Statement or the Statutory Prospectus and the Prospectus as amended or supplemented, no stamp or other similar issuance taxes or duties are payable by or on behalf of the Underwriters in the United Kingdom in connection with the issue of the Designated Securities, the conversion of the Designated Debt Securities into the Designated Shares, the deposit of the Designated Shares under the ADR Deposit Agreement, the issue of the Designated Securities to the Underwriters by the Bank or the consummation of the other transactions contemplated hereunder; and

(v) Other than as described or set forth in the Registration Statement or the Statutory Prospectus and the Prospectus as amended or supplemented, under current law applicable in the United Kingdom, all payments by the Bank in respect of the Designated Securities may be made without withholding or deduction for or on account of any taxes, duties assessments or charges of whatever nature imposed or levied by or on behalf of the United Kingdom or any political subdivision thereof or any authority therein or thereof having power to tax.

3. (a) Each Underwriter of Designated Securities represents and warrants to and agrees with the Bank that, in connection with the distribution of the Designated Securities, directly or indirectly, it (i) has only communicated or caused to be communicated, and will only communicate or cause to be communicated, an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "FSMA")) received by it in connection with the issue or sale of any Designated Securities in circumstances in which Section 21(1) of the FSMA would not, if the Bank was not an authorized person, apply to the Bank; and (ii) has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Designated Securities in, from or otherwise involving the United Kingdom; and

(b) Each Underwriter has represented and agreed that in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") it has not made and will not make an offer of the Designated Securities to the public in that Relevant Member State, other than:

(i) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

(ii) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or

(iii) in any other circumstances falling within Article 3(2) of the Prospectus Directive, save that no offer of the Designated Securities to the public shall be made in reliance on the numerical exemption otherwise available under Article 3(2)(b) of the Prospectus Directive.

provided, that no such offer of Designated Securities shall require the Underwriters or the Bank to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of the Designated Securities to the public" in relation to any Designated Securities in any Relevant Member State means the communication to more than one person in any form and by any means of sufficient information on the terms of the offer and the Designated Securities to be offered so as to enable an investor to decide to purchase or subscribe the Designated Securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

4. Upon the execution of the Pricing Agreement relating to any Designated Securities and authorization by the Representatives of the release of the Firm Securities, the several Underwriters propose to offer the Firm Securities for sale upon the terms and conditions set forth in the Statutory Prospectus and the Prospectus as amended and supplemented relating to such Designated Securities.

The Bank may specify in the Pricing Agreement relating to any Designated Securities that the Bank thereby grants to the Underwriters the right (an "Over−allotment Option") to subscribe for at their election up to the aggregate principal amount or number of Optional Securities set forth in such Pricing Agreement, upon the terms and conditions referred to in the paragraph above, for the sole purpose of covering over−allotments in the sale of the Firm Securities. Any such election to subscribe for Optional Securities may be exercised by written notice from the Representatives to the Bank, given within a period specified in such Pricing Agreement, setting forth the aggregate principal amount or number of Optional Securities to be subscribed for and the date on which such Optional Securities are to be delivered, as determined by the Representatives but in no event earlier than the First Time of Delivery (as defined in Section 5 hereof) or, unless the Representatives and the Bank otherwise agree in writing, earlier than or later than the respective number of business days after the date of such notice set forth in such Pricing Agreement.

The principal amount or number of Optional Securities to be added to the principal amount or number of the Firm Securities to be subscribed for by each Underwriter as set forth in Schedule I to the Pricing Agreement relating to the Designated Securities shall be, in each case, the aggregate principal amount or number of Optional Securities which the Bank has been advised by the Representatives have been attributed to such Underwriter; provided that, if the Bank has not been so advised, the aggregate principal amount or number of Optional Securities to be so added shall be, in each case, that proportion of Optional Securities which the aggregate principal amount or number of the Firm Securities to be subscribed for by such Underwriter under such Pricing Agreement bears to the aggregate principal amount or total number of Firm Securities, rounded as the Representatives may determine to the nearest $1,000 or whole number in the case of Designated Shares. The total aggregate principal amount or total number of Designated Securities to be subscribed for by all the Underwriters pursuant to such Pricing Agreement shall be the aggregate principal amount or total number of Firm Securities set forth in Schedule I to such Pricing Agreement plus the aggregate principal amount or total number of the Optional Securities for which the Underwriters elect to subscribe.

5. Designated Debt Securities to be subscribed for by each Underwriter pursuant to the Pricing Agreement will be represented by a global security or securities in bearer form delivered by the Bank to the Book−Entry Depositary for deposit in accordance with the relevant Debt Securities Deposit Agreement and Designated Shares to be subscribed for by each Underwriter pursuant to such Pricing Agreement will be represented by a certificate or share warrant to bearer delivered by the Bank to the ADR Depositary for deposit in accordance with the ADR Deposit Agreement, in each case against payment by such Underwriter or on its behalf of the subscription price therefor payable to the order of the Bank in same day funds. The time, place and date of such delivery of and payment for Firm Securities and Optional Securities shall

be as specified in such Pricing Agreement, or at such other time, place and date as the Representatives and the Bank may agree upon in writing. Such time and date for delivery of the Firm Securities is herein called the "First Time of Delivery", and such date and time for delivery of the Optional Securities, if not the First Time of Delivery, is herein called the "Second Time of Delivery" and each such time and date for delivery is herein called a "Time of Delivery".

6. The Bank agrees with each of the Underwriters of Designated Securities:

(a) To prepare the Prospectus, as amended or supplemented in relation to the applicable Designated Securities, in a form approved by the Representatives and to file such Prospectus pursuant to Rule 424(b) under the Act not later than the Commission's close of business on the second business day following the execution and delivery of the Pricing Agreement relating to such Designated Securities, or, if applicable, such earlier time as may be required by Rule 424(b) under the Act; to make no further amendment or any supplement to the Registration Statement or Prospectus as amended or supplemented after the date of the Pricing Agreement relating to such Designated Securities and prior to the last Time of Delivery for such Designated Securities which shall be disapproved by the Representatives for such Designated Securities promptly after reasonable notice thereof; to advise the Representatives, promptly after it receives notice thereof, of the time when the Registration Statement, or any amendment thereto, has been filed or becomes effective or any supplement to the Prospectus or any amended Prospectus has been filed and to furnish the Representatives with copies thereof; to file promptly all reports required to be filed by the Bank with the Commission pursuant to Section 13(a), 13(c) or 15(d) of the Exchange Act subsequent to the date of the Prospectus and for so long as the delivery of a prospectus (or a notice in lieu of a prospectus pursuant to Rule 173(a) under the Act) is required in connection with the offering or sale of such Designated Securities, and during such period to advise the Representatives, as soon as practicable after the Bank receives notice thereof, of the issuance by the Commission of any stop order or of any order preventing or suspending the use of any Preliminary Prospectus or Prospectus, of any notice of objection of the Commission to the use of the Registration Statement or any post–effective amendment thereto pursuant to Rule 401(g)(2) under the Act relating to the Designated Securities, of the suspension of the qualification of such Designated Debt Securities, Designated Shares or Designated ADSs for offering or sale in any U.S. jurisdiction, of the initiation or threatening of any proceeding for any such purpose, or of any request by the Commission for the amending or supplementing of the Registration Statement or Prospectus or for additional information; and, in the event of the issuance of any stop order or of any order preventing or suspending the use of any such Preliminary Prospectus or Prospectus, or of any such notice of objection or of any such suspension of any such qualification, to use promptly its best efforts to obtain its withdrawal;

(b) To pay the required Commission filing fees relating to the Designated Securities within the time required by Rule 456(b)(1) under the Act without regard to the proviso therein and otherwise in accordance with Rules 456(b) and 457(r) under the Securities Act;

(c) Promptly from time to time to take such action as the Representatives may reasonably request to qualify such Securities for offering and sale under the securities laws of such U.S. jurisdictions as the Representatives may request and to comply with such laws so as to permit the continuance of sales and dealings therein in such jurisdictions for as long as may be necessary to complete the distribution of such

Securities, provided that in connection therewith the Bank shall not be required to qualify as a foreign corporation or to file a general consent to service of process in any jurisdiction or to take any other action which would subject it to service of process in suits other than those arising out of the offering or sale of such Securities in any U.S. jurisdiction;

(d) To furnish the Underwriters with copies of the Pricing Disclosure Package, the Prospectus as amended or supplemented and the Form 20−F and any other documents incorporated by reference in the Prospectus as amended or supplemented in such quantities as the Representatives may from time to time reasonably request, and, if the delivery of a prospectus (or a notice in lieu of a prospectus pursuant to Rule 173(a) under the Act) is required in connection with the offering or sale of such Securities at any time prior to the expiration of nine months from the date on which the offering of such Securities commenced (the "Commencement Date") and if at such time any event shall have occurred as a result of which the Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made when such Prospectus (or a notice in lieu of a prospectus pursuant to Rule 173(a) under the Act) is delivered, not misleading, or, if for any other reason it shall be necessary during such period to amend or supplement the Prospectus or to file under the Exchange Act any document incorporated by reference in the Prospectus in order to comply with the Act, the Exchange Act or the Trust Indenture Act, to notify the Representatives and upon their request to file such document and to prepare and furnish without charge to each Underwriter and to any dealer in securities as many copies as the Representatives may from time to time reasonably request of an amended Prospectus or a supplement to the Prospectus which will correct such statement or omission or effect such compliance, and in case any Underwriter is required to deliver a prospectus (or a notice in lieu of a prospectus pursuant to Rule 173(a) under the Act) in connection with sales of any of such Securities at any time nine months or more after the Commencement Date, upon the request of the Representatives but at the expense of such Underwriter, to prepare and deliver to such Underwriter as many copies as the Representatives may request of an amended or supplemented Prospectus complying with Section 10(a)(3) of the Act; provided, however, that if after the 90th day after the Commencement Date compliance with the foregoing provisions of this Section 6(c) would, in the opinion of United States counsel for the Bank, require inclusion in the Prospectus of financial statements or portions thereof not theretofore made publicly available by the Bank, or if the staff of the Commission shall require the inclusion of such financial statements, the Bank shall not be required to amend or supplement such Prospectus on or before April 30 of the year in which the next Annual Report on Form 20−F of the Bank is required to be filed with the Commission under the Exchange Act;

(e) To make generally available to its security holders as soon as practicable, but in any event not later than eighteen months after the effective date of the Registration Statement (as defined in Rule 158(c)), an earnings statement of the Bank and its subsidiaries (which need not be audited) complying with Section 11(a) of the Act and the rules and regulations thereunder (including, at the option of the Bank, Rule 158);

(f) Unless otherwise specified in the Pricing Agreement, during the period beginning from the date of the applicable Pricing Agreement relating to such Designated Securities and continuing to and including the earlier of (i) the termination of trading restrictions for such Designated Securities, as notified to the Bank by the

Representatives, and (ii) the Time of Delivery for such Designated Securities, not to offer, sell, contract to sell or otherwise dispose of any securities of the Bank (other than pursuant to employee stock option or incentive plans or on the conversion of convertible securities outstanding on the date of this Agreement) which are substantially similar to such Designated Securities, without the prior written consent of the Representatives; and

(g) If required by Rule 430B(h) under the Act, to prepare a form of prospectus in a form approved by the Representatives and to file such form of prospectus pursuant to Rule 424(b) under the Act not later than may be required by Rule 424(b) under the Act; and to make no further amendment or supplement to such form of prospectus which shall be disapproved by the Representatives promptly after reasonable notice thereof.

7. (a) The Bank agrees to prepare a final term sheet, containing solely a description of the Designated Securities, in a form approved by the Representatives and to file such term sheet pursuant to Rule 433(d) under the Act within the time required by such Rule.

(b) The Bank and each Underwriter agree that the Underwriters may prepare and use any Free Writing Prospectus (i) which contains only information describing the preliminary terms of the Designated Securities or their offering or (ii) which contains only information that (A) describes the final terms of the Designated Securities or their offering and (B) is included in the final term sheet described in Section 7(a) above.

(c) Each Underwriter represents that, other than as permitted under Section 7(b) above, it has not made and will not make any offer relating to the Designated Securities that would constitute a Free Writing Prospectus without the prior consent of the Bank and that Schedule III to the applicable Pricing Agreement is a complete list of any free writing prospectus for which the Underwriters have received such consent.

(d) The Bank represents and agrees that it has not made and will not make any offer relating to the Designated Securities that would constitute an Issuer Free Writing Prospectus without the prior consent of the Underwriters and that Schedule III to the applicable Pricing Agreement is a complete list of any Issuer Free Writing Prospectuses for which the Bank has received such consent.

(e) The Bank represents, warrants and agrees that it has complied and will comply with the requirements of Rule 433 under the Act applicable to any Issuer Free Writing Prospectus and that such Issuer Free Writing Prospectus will comply in all material respects with the requirements of the Act, including timely filing with the Commission or retention where required and legending.

(f) The Bank represents, warrants and agrees that if at any time prior to the time the Prospectus is filed with the Commission, any event occurred or occurs as a result of which the Pricing Disclosure Package conflicted or would conflict with the information contained in the Registration Statement (or any other registration statement relating to the Securities) or the Statutory Prospectus or included or would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances prevailing at that subsequent time, not misleading, the Bank will give prompt notice thereof to the

Representatives and, if requested by the Representatives, will prepare and furnish without charge to each Underwriter a Pricing Disclosure Package as amended or supplemented which will correct such conflict, untrue statement or omission; provided, however, that the Bank will prepare and furnish with charge to each Underwriter a Pricing Disclosure Package as amended or supplemented if such Pricing Disclosure Package was amended or supplemented solely as a result of an untrue statement or omission made in the Pricing Disclosure Package made in reliance upon and in conformity with written information furnished to the Bank by any Underwriter of Designated Securities through the Representatives expressly for use therein.

8. Except where otherwise provided in the applicable Pricing Agreement, the Bank covenants and agrees with the several Underwriters that the Bank will pay or cause to be paid the following to the extent applicable: (i) the fees, disbursements and expenses of the Bank's counsel and accountants in connection with the registration of the Securities under the Act and all other expenses in connection with the preparation, printing and filing of the Registration Statement, the ADS Registration Statement, any Preliminary Prospectus, the Prospectus, any Issuer Free Writing Prospectus and (except as otherwise expressly provided in Section 6(c) hereof) amendments and supplements thereto and the mailing and delivering of copies thereof to the Underwriters and dealers; (ii) the cost of printing or producing this Agreement, any Pricing Agreement, the Indentures, the ADR Deposit Agreement, the Debt Securities Deposit Agreements and any Blue Sky and Legal Investment Memoranda; (iii) all expenses in connection with the qualification of the Securities for offering and sale under state securities laws as provided in Section 6(b) hereof, including the reasonable fees and disbursements of counsel for the Underwriters in connection with such qualification and in connection with the Blue Sky and legal investment surveys; (iv) any fees charged by any securities rating services for rating the Designated Securities; (v) any filing fees incident to securing any required review by the National Association of Securities Dealers, Inc. of the terms of the sale of the Designated Securities; (vi) all expenses in connection with the obtaining of any approval of the Bank's shareholders to the allotment and issuance of the Designated Securities; (vii) all expenses and listing fees in connection with the listing of the Designated Securities on any securities exchange; (viii) the cost of preparing ADRs evidencing Designated ADSs and the delivery of the Designated ADSs to the Underwriters, including any capital, stamp or other similar tax or duty payable upon the issue of the Designated ADSs (but excluding any interest or penalties becoming payable as a result of the person (other than the Bank) who is accountable by applicable law to the relevant tax authority in respect of any such tax or duty failing to make timely payment of such tax or duty); (ix) the cost of preparing and authenticating certificates for the Designated Debt Securities; (x) the cost of preparing stock certificates or share warrants; (xi) the fees and expenses of the Trustee, any agent of the Trustee and the fees and disbursements for counsel of the Trustee in connection with the Designated Debt Securities and the Indentures; (xii) the costs and expenses of the deposit of the Designated Shares by the Bank under the ADR Deposit Agreement in exchange for ADRs issued thereunder, including the charges of the ADR Depositary in connection therewith and the costs and expenses of the deposit of the Designated Debt Securities by the Bank under the Debt Securities Deposit Agreement in exchange for Book−Entry Interests issued thereunder, including the charges of the Book−Entry Depositary in connection therewith; (xiii) the fees and expenses (including reasonable fees and disbursements of counsel) of the ADR Depositary, the Book−Entry Depositary and any custodian appointed under the ADR Deposit Agreement and the Debt Securities Deposit Agreement other than the fees and expenses to be paid by holders of ADRs (other than the Underwriters, in connection with the initial subscription for ADSs and the Designated Shares); (xiv) the costs and charges of any transfer agent or registrar; (xv) all stamp, registration and other similar taxes and duties payable in connection with the issue of the Designated Securities as contemplated by this Agreement; (xvi) all expenses incurred for

preparing, reproducing and filing any Issuer Free Writing Prospectus; and (xvii) all other costs and expenses incident to the performance of its obligations hereunder, under the applicable Pricing Agreement and under the ADR Deposit Agreement which are not otherwise specifically provided for in this Section 8. It is understood, however, that, except as provided in this Section 8, Section 6(c), Section 10 and Section 13 hereof and in the Pricing Agreement, the Underwriters will pay all of their own costs and expenses, including the fees of their counsel, transfer taxes on sales of any of the Designated Securities by them (excluding, for the avoidance of doubt, sales contemplated by this Agreement), and any advertising expenses connected with any offers they may make.

9. The obligations of the Underwriters under the Pricing Agreement relating to such Designated Securities shall be subject, in their reasonable discretion, to the condition that all representations and warranties and other statements of the Bank herein are, at and as of such Time of Delivery, true and correct, the condition that the Bank shall have performed all of its obligations hereunder theretofore to be performed, and, except as otherwise provided in the Pricing Agreement, the following additional conditions:

(a) The final term sheet contemplated by Section 7(a) shall have been filed by the Bank with the Commission within the time period prescribed by Rule 433(d) under the Act; the Prospectus as amended or supplemented shall have been filed with the Commission pursuant to Rule 424(b) within the applicable time period prescribed for such filing by the rules and regulations of the Commission under the Act and in accordance with Section 6(a) hereof; no stop order suspending the effectiveness of the Registration Statement or any part thereof shall have been issued and no proceeding for that purpose shall have been initiated or threatened by the Commission and no notice of objection of the Commission to the use of the Registration Statement or any post-effective amendment thereto pursuant to Rule 401(g)(2) under the Act shall have been received; and all requests to the Bank for additional information on the part of the Commission shall have been complied with to the Representatives' reasonable satisfaction;

(b) United States and (if requested) English legal counsel for the Underwriters, shall have furnished to the Representatives such opinion or opinions, dated such Time of Delivery for such Designated Securities, in form and substance reasonably satisfactory to the Representatives;

(c) Sullivan & Cromwell LLP, United States legal counsel for the Bank, shall have furnished to the Representatives their written opinion, dated such Time of Delivery for such Designated Securities, in form and substance reasonably satisfactory to the Representatives;

(d) Clifford Chance LLP, English legal counsel for the Bank, shall have furnished to the Representatives their written opinion, dated the Time of Delivery for such Designated Securities, in form and substance reasonably satisfactory to the Representatives;

(e) In the event that the Designated Securities are being offered in the form of ADSs, United States counsel to the ADR Depositary shall have furnished to the Representatives their written opinion, dated the Time of Delivery for such Designated Securities, in form and substance reasonably satisfactory to the Representatives to the effect that (i) the ADR Deposit Agreement has been duly authorized, executed and delivered by the ADR Depositary and constitutes a valid and legally binding obligation of the ADR Depositary and (ii) the Designated ADSs when issued under and in accordance with the provisions of the ADR Deposit Agreement to evidence the Designated Shares will entitle the holders thereof to the rights specified therein and in the ADR Deposit Agreement;

(f) At the Applicable Time relating to such Designated Securities and also at the Time of Delivery for such Designated Securities, PricewaterhouseCoopers LLP shall have furnished to the Representatives a letter or letters, dated the date of the Applicable Time and a letter dated such Time of Delivery, respectively, in form and substance reasonably satisfactory to the Representatives to the effect set forth in Annex I to the Pricing Agreement;

(g) Since the Applicable Time relating to the Designated Securities, there shall not have been, otherwise than as set forth or contemplated in the Statutory Prospectus and the Prospectus as amended or supplemented, (i) any material change in the share capital, undated loan capital or dated loan capital of the Bank other than such changes as have been disclosed to the Representatives, or (ii) any material change in or affecting the business, financial condition, shareholders' equity or results of operations of the Bank and its subsidiaries on a consolidated basis, the effect of which in each case is, in the Representatives' judgment after consultation with the Bank, so material and adverse as to make it impracticable or inadvisable to proceed with the public offering or the delivery of the Designated Securities, on the terms and in the manner contemplated in the Statutory Prospectus and the Prospectus as amended or supplemented;

(h) Since the Applicable Time relating to the Designated Securities, (i) no downgrading shall have occurred in the rating accorded the Bank's debt securities or preferred stock by Moody's Investors Services, Inc. or Standard & Poor's Corporation and (ii) neither such organization shall have publicly announced that it has under surveillance or review, with possible negative implications, its rating of any of the Bank's debt securities or preferred stock;

(i) Since the Applicable Time relating to the Designated Securities (i) neither the United States nor the United Kingdom shall have become engaged in hostilities which have resulted in the declaration of a national emergency or war, (ii) there shall not have been any generally published change or development involving a prospective change in U.S. or United Kingdom taxation directly affecting the Designated Securities or the imposition of exchange controls by the United States or the United Kingdom, (iii) there shall not have been a suspension or material limitation in trading in securities generally or in securities of the Bank on the New York Stock Exchange or the London Stock Exchange, or a general moratorium on commercial banking activities in New York declared by either U.S. federal or New York state authorities or a general moratorium on commercial banking activities in the United Kingdom declared by authorities in the United Kingdom, the effect of which in the case of (i), (ii) or (iii), in the judgment of the Representatives after consultation with the Bank, makes it impracticable or inadvisable to proceed with the public offering or the delivery of the Designated Securities on the terms and in the manner contemplated in the Statutory Prospectus and the Prospectus as amended or supplemented;

(j) The Bank shall have furnished or caused to be furnished to the Representatives at the Time of Delivery for the Designated Securities, certificates of directors or officers of the Bank, reasonably satisfactory to the Representatives as to the accuracy of the representations and warranties of the Bank herein at and as of such Time of Delivery and as to the performance by the Bank of all its obligations hereunder to be performed at or prior to such Time of Delivery, and the Bank shall have furnished to the Representatives certificates of directors or officers of the Bank, reasonably satisfactory to the Representatives, as to the matters set forth in Section 9(a) hereof; and

(k) The Bank shall have furnished or caused to have furnished or caused to be furnished such other documents as reasonably requested by the Representatives and set forth in the Pricing Agreement.

10. (a) The Bank will indemnify and hold harmless each Underwriter against any losses, claims, damages or liabilities, joint or several, to which such Underwriter may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in any Preliminary Prospectus, any preliminary prospectus supplement, the Registration Statement, the ADS Registration Statement, the Statutory Prospectus, the Prospectus as amended or supplemented, the Pricing Disclosure Package, any Issuer Free Writing Prospectus, any "issuer information" (as defined in Rule 433(h)(2) under the Act) filed or required to be filed pursuant to Rule 433(d) under the Act and any other prospectus relating to the Designated Securities, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse each Underwriter for any legal or other expenses reasonably incurred by such Underwriter in connection with investigating or defending any such action or claim; provided, however, that the Bank shall not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in any Preliminary Prospectus, any preliminary prospectus supplement, the Registration Statement, the ADS Registration Statement, the Statutory Prospectus, the Pricing Disclosure Package, the Prospectus as amended or supplemented, any Issuer Free Writing Prospectus, any other prospectus relating to the Designated Securities or any such amendment or supplement, in reliance upon and in conformity with written information furnished to the Bank by any Underwriter of Designated Securities through the Representatives expressly for use therein.

(b) Each Underwriter will indemnify and hold harmless the Bank against any losses, claims, damages or liabilities to which the Bank may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in any Preliminary Prospectus, any preliminary prospectus supplement, the Registration Statement, the Statutory Prospectus, the Pricing Disclosure Package, the Prospectus as amended or supplemented, any Issuer Free Writing Prospectus and any other prospectus relating to the Designated Securities, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in any Preliminary Prospectus, any preliminary prospectus supplement, the Registration Statement, the Statutory Prospectus, the Pricing Disclosure Package, the Prospectus, as amended or supplemented, any Issuer Free Writing Prospectus and any other prospectus relating to the Designated Securities, or any such amendment or supplement, in reliance upon and in conformity with written information furnished to the Bank by such Underwriter through the Representatives expressly for use therein; and will reimburse the Bank for any legal or other expenses reasonably incurred by the Bank in connection with investigating or defending any such action or claim.

(c) Promptly after receipt by an indemnified party under subsection (a) or (b) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party otherwise than under such subsection. In case any such action shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party shall not be liable to such indemnified party under such subsection for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation.

(d) If the indemnification provided for in this Section 10 is unavailable or insufficient to hold harmless an indemnified party under subsection (a) or (b) above in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Bank on the one hand and the Underwriters of the Designated Securities on the other from the offering of the Designated Securities to which such loss, claim, damage or liability (or action in respect thereof) relates. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law or if the indemnified party failed to give the notice required under subsection (c) above, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Bank on the one hand and the Underwriters of the Designated Securities on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Bank on the one hand and such Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from such offering (before deducting expenses) received by the Bank bear to the total underwriting discounts and commissions received by such Underwriters. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Bank on the one hand or such Underwriters on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Bank and the Underwriters agree that it would not be just and equitable if contribution pursuant to this subsection (d) were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this subsection (d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this subsection (d), no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the applicable Designated Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The obligations of the Underwriters of Designated Securities in this subsection (d) to contribute are several in proportion to their respective underwriting obligations with respect to such Designated Securities and not joint.

(e) The obligations of the Bank under this Section 10 shall be in addition to any liability which the Bank may otherwise have and shall extend, upon the same terms and conditions, to each person, if any, who controls any Underwriter within the meaning of the Act; and the obligations of the Underwriters under this Section 10 shall be in addition to any liability which the respective Underwriters may otherwise have and shall extend, upon the same terms and conditions, to each officer and director of the Bank (including any person who, with this consent, is named in Registration Statement, as about to become a director of the Bank), to the authorized representative of the Bank in the United States and to each person, if any, who controls the Bank within the meaning of the Act.

11. (a) If any Underwriter shall default in its obligation to subscribe for the Designated Securities for which it has agreed to subscribe under the Pricing Agreement relating to the Designated Securities at a Time of Delivery, the Representatives may in their discretion arrange for themselves or another party or other parties to subscribe for such Designated Securities on the terms contained herein. If within thirty−six hours after such default by any Underwriter the Representatives do not arrange for the subscription for such Designated Securities, then the Bank shall be entitled to a further period of thirty−six hours within which to procure another party or other parties satisfactory to the Representatives to subscribe for such Designated Securities on such terms. In the event that, within the respective prescribed periods, the Representatives notify the Bank that they have so arranged for the subscription for such Designated Securities, or the Bank notifies the Representatives that it has so arranged for the subscription for such Designated Securities, the Representatives or the Bank shall have the right to postpone such Time of Delivery for a period of not more than seven days, in order to effect whatever changes may thereby be made necessary in the Registration Statement, the Pricing Disclosure Package, the Statutory Prospectus or the Prospectus as amended or supplemented, or in any other documents or arrangements, and the Bank agrees to file promptly any amendments or supplements to the Registration Statement, the Pricing Disclosure Package, the Statutory Prospectus or the Prospectus which in the opinion of the Representatives may thereby be made necessary. The term “Underwriter” as used in this Agreement shall include any person substituted under this Section 11 with like effect as if such person had originally been a party to the Pricing Agreement with respect to such Designated Securities.

(b) If, after giving effect to any arrangements for the subscription for the Designated Securities of a defaulting Underwriter or Underwriters by the Representatives and the Bank as provided in subsection (a) above, the aggregate principal amount or number of such Designated Securities which remains unsubscribed for does not exceed one−eleventh of the aggregate principal amount or number of all the Designated Securities to be subscribed for at such Time of Delivery, then the Bank shall have the right to require each non−defaulting Underwriter to subscribe for the Designated Securities for which such Underwriter agreed to subscribe hereunder at such Time of Delivery and, in addition, to require each non−defaulting Underwriter to subscribe for its pro rata share (based on the principal amount or number of Designated Securities for which such Underwriter agreed to subscribe hereunder) of the Designated Securities of such defaulting Underwriter or Underwriters for which such arrangements have not been made; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

(c) If, after giving effect to any arrangements for the subscription for the Designated Securities of a defaulting Underwriter or Underwriters by the Representatives and the Bank as provided in subsection (a) above, the aggregate principal amount or number of such Designated Securities which remains unsubscribed for exceeds one−eleventh of the aggregate principal amount or number of all the Designated Securities to be subscribed for at such Time of Delivery, or if the Bank shall not exercise the right described in subsection (b) above to require non−defaulting Underwriters to subscribe for Designated Securities of a defaulting Underwriter or Underwriters, then the Pricing Agreement relating to such Designated Securities (or, with respect to the Second Time of Delivery, the obligation of the Underwriters to subscribe for and of the Bank to issue the Optional Securities) shall thereupon terminate, without liability on the part of any non−defaulting Underwriter or the Bank, except for the expenses to be borne by the Bank and the Underwriters as provided in Section 6 hereof and the indemnity and contribution agreements in Section 10 hereof; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

12. The respective indemnities, agreements, representations, warranties and other statements of the Bank and the several Underwriters, as set forth in this Agreement or made by or on behalf of them, respectively, pursuant to this Agreement, shall remain in full force and effect, regardless of any investigation (or any statement as to the results thereof) made by or on behalf of any Underwriter or any controlling person of any Underwriter, or the Bank, or any officer or director or controlling person of the Bank, and shall survive delivery of and payment for the Designated Securities.

13. If any Pricing Agreement shall be terminated pursuant to Section 11 hereof, the Bank shall not then be under any liability to any Underwriter with respect to the Designated Security covered by such Designated Securities except as provided in Section 8 and Section 10 hereof; but, if for any other reason, any Designated Securities are not delivered by or on behalf of the Bank as provided herein, the Bank will reimburse the Underwriters through the Representatives for all out−of−pocket expenses approved in writing by the Representatives, including fees and disbursements of counsel, reasonably incurred by the Underwriters in making preparations for the subscription for, sale and delivery of the such Designated Securities not so delivered, but the Bank shall then be under no further liability to any Underwriter except as provided in Section 8 and Section 10 hereof.

14. In all dealings hereunder, the Representatives of the Underwriters of the Designated Securities shall act on behalf of each of the Underwriters, and the parties hereto shall be entitled to act and rely upon any statement, request, notice or agreement on behalf of any

Underwriter made or given by such Representatives jointly or by such Representatives, if any, as may be designated for such purpose in the Pricing Agreement relating to such Designated Securities.

All statements, requests, notices and agreements hereunder shall be in writing or by telegram, promptly confirmed in writing, and if to the Underwriters shall be sufficient in all respects if delivered or sent by registered mail to the address of the Representatives as set forth in the Pricing Agreement relating to the Designated Securities; and if to the Bank shall be delivered or sent by registered mail to the address of the Bank set forth in the Registration Statement, Attention: Secretary; provided, however, that any notice to an Underwriter pursuant to Section 10(c) hereof shall be delivered or sent by registered mail, telex or facsimile transmission to such Underwriter at its address set forth in its Underwriters' Questionnaire, or telex constituting such Questionnaire, which address will be supplied to the Bank by the Representatives upon request. Any such statements, requests, notices or agreements shall take effect upon receipt thereof.

15. This Agreement and each Pricing Agreement shall be binding upon, and inure solely to the benefit of, the Underwriters, the Bank and, to the extent provided in Sections 10 and 12 hereof, the officers and directors of the Bank and each person who controls the Bank or any Underwriter, and their respective heirs, executors, administrators, successors and assigns, and no other person shall acquire or have any right under or by virtue of this Agreement or any such Pricing Agreement. No purchaser of any of the Designated Securities from any Underwriter shall be deemed a successor or assign by reason merely of such purchase.

16. The Bank acknowledges and agrees that: (i) the purchase and sale of the Designated Securities pursuant to this Agreement and each Pricing Agreement, including the determination of the public offering price of the Designated Securities and any related discounts and commissions, is an arm's-length commercial transaction between the Bank, on the one hand, and the several Underwriters, on the other hand; (ii) in connection with each transaction contemplated hereby and the process leading to each such transaction each Underwriter is and has been acting solely as a principal and is not the agent or fiduciary of the Bank or its affiliates (other than, if applicable, itself), stockholders, creditors or employees or any other party; (iii) no Underwriter has assumed or will assume an advisory or fiduciary responsibility in favor of the Bank with respect to any of the transactions contemplated hereby or the process leading thereto (irrespective of whether such Underwriter has advised or is currently advising the Bank on other matters) and no Underwriter has any obligation to the Bank with respect to the offering contemplated hereby except the obligations expressly set forth in this Agreement; (iv) the several Underwriters and their respective affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Bank; and (v) the Underwriters have not provided any legal, accounting, regulatory or tax advice with respect to the offering contemplated hereby and the Bank has consulted its own legal, accounting, regulatory and tax advisors to the extent it deemed appropriate.

17. The Bank agrees that any legal suit, action or proceeding brought by any Underwriter or by any person controlling any Underwriter, arising out of or based upon this Agreement or any Pricing Agreement may be instituted in any state or federal court in The City and State of New York, and waives any objection which it may now or hereafter have to the laying of venue of any such proceeding, and irrevocably submits to the jurisdiction of such courts in any such proceeding. The Bank hereby designates Barclays Bank PLC (New York Branch) as its authorized agent (the "Authorized Agent") upon which process may be served in any action based on this Agreement or any Pricing Agreement which may be instituted in any state or

federal court in The City and State of New York by an Underwriter and expressly accepts the jurisdiction of any such court in respect of such action. Such designation shall be irrevocable. The Bank represents and warrants that it will cause Barclays Bank PLC (New York Branch) to act as said agent for service of process, and the Bank agrees to take any and all action, including the filing of any and all documents and instruments, that may be necessary to continue such designation in full force and effect as aforesaid. Service of process upon the Authorized Agent and written notice of such service to the Bank (mailed or delivered to the Bank at its respective address as aforesaid) shall be deemed, in every respect, effective service of process upon the Bank. Notwithstanding the foregoing, any action based on this Agreement or any Pricing Agreement may be instituted by any Underwriter in any competent court in England.

18. Time shall be of the essence of each Pricing Agreement. As used herein, the term "business day" shall mean any day when the Commission's office in Washington, D.C. is open for business.

19. ***This Agreement and each Pricing Agreement shall be governed by, and construed in accordance, with the laws of the State of New York.***

20. Each Pricing Agreement may be executed by any one or more of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument.

Dated as of __________, 2007

Very truly yours,

BARCLAYS BANK PLC

Name:
Title:

Underwriting Agreement

BARCLAYS BANK PLC /ENG/ (AYT)

1 CHURCHILL PLACE
E14 5HP
LONDON ENGLAND, X0 E14 5HP
212. 412.4000

EX−1.2

FORM OF DISTRIBUTION AGREEMENT BETWEEN THE BANK AND BARCLAYS CAPITAL
F−3ASR Filed on 08/31/2007
File Number 333−145845

Exhibit 1.2

Barclays Bank PLC

$10,000,000,000

Medium−Term Notes, Series A

Amended and Restated Distribution Agreement

[•], 2007

Barclays Capital Inc.
200 Park Avenue
New York, New York 10166

Ladies and Gentlemen:

Barclays Bank PLC, a public limited company organized under the laws of England and Wales (the "Bank"), proposes to issue from time to time certain Medium−Term Notes, Series A (the "Securities") (in an amount having an aggregate initial offering price of up to $10,000,000,000) and agrees with you (the "Agent") as set forth in this Amended and Restated Distribution Agreement (the "Agreement"), which amends and restates in its entirety the Distribution Agreement, dated September 17, 2004, between the Bank and Barclays Capital Inc. Each of the terms "the Agents", "such Agent", "any Agent", "an Agent", "each Agent", "the Purchasing Agent" and "the Selling Agent", when used in this Agreement or in any Terms Agreement (as defined below) or in the Annexes hereto, shall mean Barclays Capital Inc., except at any time when more Agents are acting as such hereunder, as contemplated in Section 10 hereof.

The Bank acknowledges and agrees that Barclays Capital Inc. may use the Prospectus (as defined below) in connection with offers and sales of the Securities as contemplated in the Prospectus under the caption "Plan of Distribution—Market−Making Resales" ("Secondary Market Transactions"). The Bank further acknowledges and agrees that Barclays Capital Inc. is under no obligation to effect any Secondary Market Transactions and, if it does so, it may discontinue effecting such transactions at any time without providing any notice to the Bank. The term "Agent", whenever used in this Agreement, shall include Barclays Capital Inc., whether acting in its capacity as an Agent or acting in connection with a Secondary Market Transaction, except as may be specifically provided otherwise herein.

Subject to the terms and conditions stated herein and to the reservation by the Bank of the right to issue Securities directly on its own behalf, the Bank hereby (i) appoints each Agent as an agent of the Bank for the purpose of soliciting and receiving offers to subscribe for Securities from the Bank pursuant to Section 2(a) hereof and (ii) agrees that, except as otherwise contemplated herein, whenever it determines to issue Securities directly to any Agent as principal, it will enter into a separate agreement (each such agreement, a "Terms Agreement"), substantially in the form of Annex I hereto or in such other form as may be agreed by the parties to that particular agreement, relating to such issue in accordance with Section 2(b) hereof. This Agreement shall not be construed to create either an obligation on the part of the Bank to issue any Securities or an obligation of any of the Agents to subscribe for Securities as principal.

The Securities will be issued under an indenture, dated as of September 16, 2004 (as it may be amended or supplemented from time to time, the "Indenture"), between the Bank and The Bank of New York, as trustee (including any successor trustee thereunder, the "Trustee"). The Securities shall have the maturity ranges, interest rates, if any, redemption provisions and other terms set forth in the Prospectus referred to below as it may be amended or supplemented from time to time. The Securities will be issued, and the terms and rights thereof established, from time to time by the Bank in accordance with the Indenture.

1. The Bank represents and warrants to, and agrees with, each Agent that:

(a) An "automatic shelf registration statement" as defined under Rule 405 under the Securities Act of 1933, as amended (the "Act"), on Form F−3 in respect of the Securities has been filed with the Securities and Exchange Commission (the "Commission") not earlier than three years prior to the date hereof; such registration statement, and any post−effective amendment thereto, became effective on filing; no stop order suspending the effectiveness of such registration statement or any part thereof has been issued and no proceeding for that purpose has been initiated or threatened by the Commission, and no notice of objection of the Commission to the use of such registration statement or any post−effective amendment thereto pursuant to Rule 401(g)(2) under the Act has been received by the Bank; the base prospectus filed as part of such registration statement, in the form in which it has most recently been filed with the Commission on or prior to the date of this Agreement, is hereinafter called the "Base Prospectus"; any preliminary prospectus (including any preliminary prospectus supplement) relating to the Securities filed with the Commission pursuant to Rule 424(b) under the Act is hereinafter called a "Preliminary Prospectus"; the various parts of such registration statement, including all exhibits thereto but excluding Form T−1 and including any prospectus supplement relating to the Securities that is filed with the Commission and deemed by virtue of Rule 430B under the Act to be part of such registration statement, each as amended at the time such part of such registration statement became effective, are hereinafter collectively called the "Registration Statement"; the Base Prospectus (including, if applicable, any prospectus supplement) relating to the Securities is hereinafter called the "Prospectus"; any reference herein to the Base Prospectus, any Preliminary Prospectus or the Prospectus shall be deemed to refer to and include the documents incorporated by reference therein pursuant to Item 6 of Form F−3 under the Act, as of the date of such prospectus; any supplement to the Prospectus that sets forth only the terms of a particular issue of the Securities and is filed in accordance with Section 4(a) hereof is hereinafter called a "Pricing Supplement"; any reference to any amendment or supplement to the Base Prospectus, any Preliminary Prospectus or the Prospectus shall be deemed to refer to and include any post−effective amendment to the Registration Statement, any prospectus supplement relating to the Securities filed with the Commission pursuant to Rule 424(b) under the Act and any documents filed under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and incorporated therein, in each case, after the date of the Base Prospectus, such Preliminary Prospectus or the Prospectus, as the case may be; any reference herein to the "Prospectus as amended or supplemented", other than in Section 1(c)(i) hereof, shall be deemed to refer to and include the Prospectus as amended or supplemented (including by the applicable Pricing Supplement and any other prospectus supplement specifically referred to in such Pricing Supplement) in relation to the Securities to be issued pursuant to this Agreement, in the form filed or transmitted for filing with the Commission pursuant to Rule 424(b) under the Act and in accordance with Section 4(a) hereof, including any documents incorporated by reference therein as of the date of such filing;

(b) No order preventing or suspending the use of any Preliminary Prospectus, Prospectus or any "issuer free writing prospectus" as defined in Rule 433 under the Act relating to the Securities (an "Issuer Free Writing Prospectus") has been issued by the Commission, and each Preliminary Prospectus, at the time of filing thereof, conformed in all material respects to the requirements of the Act and the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), and the rules and regulations of the Commission thereunder, and did not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided*, *however*, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Bank by an Agent expressly for use therein;

(c) (i) With respect to any issue of Securities to be issued pursuant to a Terms Agreement, the "Applicable Time" will be such time on the date of such Terms Agreement as is specified therein as the Applicable Time, and the "Pricing Disclosure Package" will be the Prospectus as amended or supplemented at the Applicable Time together with (A) the information referenced in Schedule II(b) to such Terms Agreement and (B) such other documents, if any, as may be listed in Schedule II(a) to such Terms Agreement, taken together; (ii) with respect to each such issue of Securities, the Pricing Disclosure Package, as of the Applicable Time, will not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they are made, not misleading; and (iii) with respect to each such issue of Securities, each Issuer Free Writing Prospectus listed in Schedule II(a) to the applicable Terms Agreement, if any, will not conflict with the information contained in the Registration Statement, the Prospectus or the Prospectus as amended or supplemented and, taken together with the Pricing Disclosure Package as of the Applicable Time, will not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they are made, not misleading; *provided*, *however*, that the representations and warranties in clauses (ii) and (iii) of this Section 1(c) shall not apply to statements or omissions made in any Pricing Disclosure Package or Issuer Free Writing Prospectus in reliance upon and in conformity with information furnished in writing to the Bank by any Agent expressly for use therein;

(d) The Registration Statement and the Prospectus conform, and any further amendments or supplements to the Registration Statement or the Prospectus will conform, in all material respects to the requirements of the Act and the Trust Indenture Act, as applicable, and the rules and regulations of the Commission thereunder and do not and will not, as of the applicable filing date, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading*; provided, however*, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Bank by such Agent expressly for use in the Prospectus as amended or supplemented or any Preliminary Prospectus relating to such Securities;

(e) Since the respective dates as of which information is given in the Registration Statement and the Prospectus as amended or supplemented, there has not been, otherwise than as set forth or contemplated in the Prospectus as amended or supplemented, (i) any material change in the share capital, undated loan capital or dated loan capital of the Bank other than such changes as have been disclosed to such Agent or (ii) any material adverse change in or affecting the business, financial condition, shareholders' equity or results of operations of the Bank and its subsidiaries on a consolidated basis;

(f) The Bank has been duly incorporated and is validly existing as a corporation under the laws of England with corporate power and authority to own its properties and conduct its business as described in the Prospectus as amended or supplemented, and has in full force and effect all permits, certificates, franchises, licenses, authorizations and similar approvals necessary in connection with the operation of its business with such exceptions as do not and will not materially adversely affect the business, financial condition, shareholders' equity or results of operations of the Bank;

(g) The form of Securities have been duly and validly authorized and, when the Securities are issued and delivered against payment therefor pursuant to this Agreement and any Terms Agreement relating to such Securities, will have been duly executed, authenticated, issued and delivered and will constitute valid and legally binding obligations of the Bank entitled to the benefits provided by the Indenture, which will be substantially in the form filed as an exhibit to the Registration Statement; the Indenture has been duly authorized by the Bank, is duly qualified under the Trust Indenture Act, has been duly executed and delivered by the Bank and, assuming due authorization, execution and delivery thereof by the Trustee, constitutes a valid and legally binding instrument of the Bank enforceable in accordance with its terms, except as enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting the enforcement of creditors' rights generally or by general equity principles; the Indenture conforms, and the Securities will conform, to the descriptions thereof set forth in the Prospectus as amended or supplemented relating to such Securities;

(h) There are no legal or governmental proceedings pending to which the Bank or any of its subsidiaries is a party or of which any property of the Bank or any of its subsidiaries is the subject, other than as set forth in the Prospectus as amended or supplemented and other than litigation or proceedings which in each case will not have a material adverse effect on the business, financial condition, shareholders' equity or results of operations of the Bank and its subsidiaries on a consolidated basis; and, to the best of the Bank's knowledge, no such litigation or proceedings are threatened or contemplated by governmental authorities or threatened by others;

(i) PricewaterhouseCoopers LLP, who have certified certain financial statements of the Bank and its subsidiaries incorporated by reference in the Prospectus as amended or supplemented, are independent public accountants as required by the Act and the rules and regulations of the Commission thereunder;

(j) The offer and issue of the Securities in the United States and the application of the proceeds thereof will not subject the Bank to registration under, or result in a violation of, the Investment Company Act of 1940, as amended (the "Investment Company Act");

(k) (i)(A) At the time of filing the Registration Statement, (B) at the time of the most recent amendment thereto for the purposes of complying with Section 10(a)(3) of the Act (whether such amendment was by post−effective amendment, incorporated report filed pursuant to Section 13 or 15(d) of the Exchange Act or form of prospectus) and (C) at the time the Bank or any person acting on its behalf (within the meaning, for this clause only, of Rule 163(c) under the Act) made any offer relating to the Securities in reliance on the exemption of Rule 163 under the Act, the Bank was a "well−known seasoned issuer" as defined in Rule 405 under the Act; and (ii) at the earliest time after the filing of the Registration Statement that the Bank or another offering participant made a bona fide offer (within the meaning of Rule 164(h)(2) under the Act) of the Securities, the Bank was not an "ineligible issuer" as defined in Rule 405 under the Act;

(l) Other than as described or set forth in the Registration Statement or the Prospectus as amended or supplemented, no stamp or other similar issuance taxes or duties are payable in the United Kingdom by or on behalf of any Agent in connection with the issue of the Securities to any Agent by the Bank or the consummation of the other transactions contemplated hereunder;

(m) Other than as described or set forth in the Registration Statement or the Prospectus as amended or supplemented, under current law applicable in the United Kingdom, all payments by the Bank in respect of the Securities may be made without withholding or deduction for or on account of any taxes, duties assessments or charges of whatever nature imposed or levied by or on behalf of the United Kingdom or any political subdivision thereof or any authority therein or thereof having power to tax; *and*

(n) This Agreement and any Terms Agreement has been duly authorized, executed and delivered by the Bank and the performance of this Agreement, any Terms Agreement and the Indenture by the Bank of its obligations hereunder and thereunder have been duly authorized by all necessary corporate action and will not conflict with or constitute a breach of, or default under, or result in the creation of imposition of any lien, charge or encumbrance upon any property or assets of the Bank pursuant to any contract, indenture, mortgage, loan agreement, note, lease or other instrument to which the Bank is a party or by which it may be bound or to which any of the property or assets of the Bank is subject, nor will such action result in any violation of the provisions of the Articles of Association of the Bank or any law, administrative regulation or administrative or court order or decree applicable to the Bank; and no consent, approval, authorization, order, registration or qualification of or with any court or governmental agency or body is required for the solicitation of offers to subscribe for Securities, the issue and sale of the Securities or the consummation by the Bank of the other transactions contemplated by this

Agreement, any Terms Agreement or the Indenture, except such as have been, or will have been prior to the Commencement Date (as defined in Section 3 hereof), obtained under the Act or the Trust Indenture Act and such consents, approvals, authorizations, registrations or qualifications as may be required under state securities or Blue Sky laws in connection with the solicitation by such Agent of offers to subscribe for Securities from the Bank and with subscription of Securities by such Agent as principal, as the case may be, in each case in the manner contemplated hereby.

2. (a) On the basis of the representations and warranties herein contained, and subject to the terms and conditions herein set forth, each of the Agents hereby severally and not jointly agrees, as agent of the Bank, to use its reasonable efforts to solicit and receive offers to subscribe for the Securities to be issued by the Bank upon the terms and conditions set forth in the Prospectus as amended or supplemented from time to time.

Procedural details relating to the issue and delivery of Securities, the solicitation of offers to subscribe for Securities and the payment in each case therefor shall be as set forth in the Administrative Procedure attached hereto as Annex II as it may be amended or supplemented from time to time by written agreement between the Agents and the Bank (the "Administrative Procedure"). The provisions of the Administrative Procedure shall apply to all transactions contemplated hereunder other than those made pursuant to a Terms Agreement. Each Agent and the Bank agree to perform the respective duties and obligations specifically provided to be performed by each of them in the Administrative Procedure. The Bank will furnish to the Trustee a copy of the Administrative Procedure as from time to time in effect.

The Bank reserves the right, in its sole discretion, to suspend solicitation of offers to subscribe for Securities from the Bank commencing at any time for any period of time or permanently. The Bank shall be entitled to suspend such solicitation as to any Agent or all of the Agents, as determined by the Bank. Upon receipt of instructions from the Bank, the relevant Agent or Agents shall suspend solicitation of offers to subscribe for securities until such time as the Bank has advised such Agent or Agents that such solicitation may be resumed.

Unless otherwise agreed pursuant to a Terms Agreement, the Bank agrees to pay each Agent a commission, at the time of settlement of any issue of a Security by the Bank as a result of a solicitation made by such Agent, in an amount to be determined by mutual agreement between the Bank and such Agent, which shall not exceed the limits prescribed by the National Association of Securities Dealers, Inc.

(b) Each issue of Securities by the Bank to any Agent as principal shall be made in accordance with the terms of this Agreement and (unless the Bank and such Agent shall otherwise agree) a Terms Agreement which will provide for the issue of such Securities by the Bank to, and the subscription thereof by, such Agent; a Terms Agreement may also specify certain provisions relating to the reoffering of such Securities by such Agent; the commitment of any Agent to subscribe for Securities as principal, whether pursuant to any Terms Agreement or otherwise, shall be deemed to have been made on the basis of the representations and warranties of the Bank herein contained and shall be subject to the terms and conditions herein set forth; each Terms Agreement shall specify the principal amount of Securities to be subscribed for by any Agent pursuant thereto, the subscription price to be paid to the Bank for such Securities, any provisions relating to rights of, and default by, Agents acting together with such Agent in the reoffering of the Securities and the time and date and place of delivery of and payment for such Securities; such Terms Agreement shall also specify any requirements for opinions of counsel, accountants' letters and officers' certificates pursuant to Section 4 hereof and such Terms Agreement may also include such other provisions (including provisions that modify this Agreement insofar as it sets forth the agreement between the Bank and such Agent) as the Bank and such Agent may agree upon. Unless otherwise agreed between the Bank and the relevant Agents, each Agent proposes to offer Securities subscribed for by it as principal from the Bank for sale at prevailing market prices or prices related thereto at the time of sale, which may be equal to, greater than or less than the price at which such Securities are subscribed for by such Agent from the Bank. Unless otherwise agreed between the Bank and the relevant Agents, where more than one Agent has agreed with the Bank to subscribe for a particular issue of Securities pursuant to this subsection, the obligations of such Agents so to subscribe for such Securities shall be several and not joint.

For each issue of Securities by the Bank to an Agent as principal that is not made pursuant to a Terms Agreement, the procedural details relating to the issue and delivery of such Securities and payment therefor shall be as set forth in the Administrative Procedure. For each such issue of Securities by the Bank to an Agent as principal that is not made pursuant to a Terms Agreement, the Bank agrees to pay such Agent a commission (or grant an equivalent discount) as provided in Section 2(a) hereof and in accordance with the schedule set forth therein.

Each time and date of delivery of and payment for Securities to be subscribed for by an Agent as principal, whether set forth in a Terms Agreement or in accordance with the Administrative Procedure, is referred to herein as a “Time of Delivery”.

(c) Each Agent agrees, with respect to any Security denominated in a currency other than U.S. dollars, and whether acting as agent, as principal under any Terms Agreement or otherwise (including in any Secondary Market Transaction), not to solicit offers to subscribe for or otherwise offer, issue or deliver such Security, directly or indirectly, in, or to residents of, the country issuing such currency, except as permitted by applicable law.

(d) Nothing in this Agreement shall be read or deemed to preclude the Bank and one or more of the Agents from modifying or supplementing this Agreement (including the Administrative Procedure) insofar as it applies to transactions between them without such modifications or supplemental provisions being made of general applicability to transactions between the Bank and all of the Agents.

3. The Commencement Date (as defined below) shall mean the date and time of execution of this Agreement. The Commencement Date may be postponed beyond the date and time of execution of this Agreement by agreement between the Agents and the Bank but in no event shall be later than the day prior to the date on which solicitation of offers to subscribe for Securities is commenced or on which any Terms Agreement is executed (such time and date being referred to herein as the “Commencement Date”).

4. The Bank covenants and agrees with each Agent:

(a) (i) to prepare, with respect to any Securities to be issued by the Bank through or to such Agent pursuant to this Agreement, a Pricing Supplement with respect to such Securities in a form previously approved by such Agent and to file such Pricing Supplement pursuant to Rule 424(b) under the Act not later than the close of business of the Commission on the fifth business day after the date on which such Pricing Supplement is first used or, if required under Rule 424(b) under the Act, no later than the close of business of the Commission on the second business day after the date on which such Pricing Supplement is first used;

(ii) with respect to any issue of Securities to be issued pursuant to a Terms Agreement, but only if requested by the Agents party to such Terms Agreement prior to the Time of Sale, to prepare a final term sheet relating to such Securities in the form set forth in Schedule III to such Terms Agreement and to file such final term sheet pursuant to Rule 433(d) under the Act within the time required by such rule;

(iii) to file promptly all material required to be filed by the Bank with the Commission pursuant to Rule 433(d) under the Act;

(iv) to file promptly all reports required to be filed by the Bank with the Commission pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of the Prospectus and for so long as the delivery of a prospectus (or, in lieu thereof, the notice referred to in Rule 173(a) of the Act) is required in connection with the offering or sale of the Securities (including in any Secondary Market Transactions during the

Secondary Transactions Period), and during such same period to advise such Agent, promptly after the Bank receives notice thereof, of the time when any amendment to the Registration Statement has been filed or has become effective or any supplement to the Prospectus or any amended Prospectus (other than any Pricing Supplement that relates to Securities not subscribed for through or by such Agent) has been filed with the Commission, of the issuance by the Commission of any stop order or of any order preventing or suspending the use of any prospectus in respect of the Securities, of any notice of objection of the Commission to the use of the Registration Statement or any post−effective amendment thereto pursuant to Rule 401(g)(2) under the Act relating to the Securities, of the suspension of the qualification of the Securities for offering or sale in any jurisdiction, of the initiation or threatening of any proceeding for any such purpose, or of any request by the Commission for the amendment or supplement of the Registration Statement or Prospectus or for additional information;

(v) in the event of the issuance of any such stop order or of any such order preventing or suspending the use of any such prospectus, of any such notice of objection or of any such suspension of any such qualification, to use promptly its reasonable best efforts to obtain its withdrawal;

(b) If required by Rule 430B(h) under the Act, to prepare a form of prospectus in a form approved by Barclays Capital Inc. and to file such form of prospectus pursuant to Rule 424(b) under the Act not later than may be required by Rule 424(b) under the Act; and to make no further amendment or supplement to such form of prospectus which shall be disapproved by Barclays Capital Inc. promptly after reasonable notice thereof;

(c) If by the third anniversary (the “Renewal Deadline”) of the initial effective date of the Registration Statement, any of the Securities remain unsold by the Agents, the Bank will file, if it has not already done so and is eligible to do so, a new automatic shelf registration statement relating to the Securities, in a form satisfactory to Barclays Capital Inc. If at the Renewal Deadline the Bank is no longer eligible to file an automatic shelf registration statement, the Bank will, if it has not already done so, file a new shelf registration statement relating to the Securities, in a form satisfactory to Barclays Capital Inc. and will use its best efforts to cause such registration statement to be declared effective within 180 days after the Renewal Deadline. The Bank will take all other action necessary or appropriate to permit the public offering and sale of the Securities to continue as contemplated in the expired registration statement relating to the Securities. References herein to the Registration Statement shall include such new automatic shelf registration statement or such new shelf registration statement, as the case may be;

(d) Promptly from time to time to take such action as such Agent may reasonably request to qualify the Securities for offering, issue and sale under the securities laws of such jurisdictions as such Agent may request and to comply with such laws so as to permit the continuance of sales and dealings therein for as long as may be necessary to complete the distribution or sale of the Securities (including in any Secondary Market Transactions during the Secondary Transactions Period); *provided, however*, that in connection therewith the Bank shall not be required to qualify as a foreign corporation or to file a general consent to service of process in any such jurisdiction;

(e) (i) To furnish such Agent with copies of the Registration Statement and each amendment thereto and with copies of the Prospectus as each time amended or supplemented, other than any Pricing Supplement (except as provided in the Administrative Procedure), in the form in which it is filed with the Commission pursuant to Rule 424 under the Act, and with copies of the documents incorporated by reference therein, all in such quantities as such Agent may reasonably request from time to time;

(ii) if the delivery of a prospectus (or, in lieu thereof, the notice referred to in Rule 173(a) under the Act) is required at any time prior to the expiration of nine months after the time of issue of the applicable Pricing Supplement in connection with the offering, issue or sale of the Securities (including Securities subscribed for by such Agent as principal and including in any Secondary Market Transactions during the Secondary Transactions Period, whether before or after such expiration) and if at such time any event shall have occurred as a result of which the Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made when such Prospectus (or, in lieu thereof, the notice referred to in Rule 173(a) under the Act) is delivered, not misleading, or, if for any other reason it shall be necessary during such same period to amend or supplement the Prospectus or to file under the Exchange Act any document incorporated by reference in the Prospectus in order to comply with the Act, the Exchange Act or the Trust Indenture Act, to notify such Agent and request such Agent, in its capacity as agent of the Bank, to suspend solicitation of offers to subscribe for Securities (and, if so notified, such Agent shall cease such solicitations as soon as practicable, but in any event not later than one business day later); and if the Bank shall decide to amend or supplement the Registration Statement or the Prospectus as then amended or supplemented, to so advise such Agent promptly by telephone (with confirmation in writing) and to prepare and cause to be filed promptly with the Commission an amendment or supplement to the Registration Statement or the Prospectus as then amended or supplemented that will correct such statement or omission or effect such compliance;

(iii) notwithstanding paragraph (ii) above, if during the period specified in such paragraph such Agent continues to own Securities subscribed for by such Agent as principal or such Agent is otherwise required to deliver a prospectus (or, in lieu thereof, the notice referred to in Rule 173(a) under the Act) in respect of transactions in the Securities (including in any Secondary Market Transactions during the Secondary Transactions Period), the Bank shall promptly prepare and file with the Commission such an amendment or supplement and furnish without charge to such Agent as many copies as it may from time to time during such period reasonably request of such amendment or supplement; *provided, however*, that the Bank may elect, upon notice to such Agent not to comply with this paragraph (iii) with respect to any Secondary Market Transaction, but only for a period or periods that the Bank reasonably determines are necessary in order to avoid premature disclosure of material, non−public information, unless, notwithstanding such election, such disclosure would otherwise be required under this Agreement. Upon receipt of any such notice, each Agent shall cease using the Prospectus or any amendment or supplement thereto in connection with Secondary Market Transactions until it receives notice from the Bank that it may resume using such document (or such document as it may be amended or supplemented);

(f) To make generally available to its securityholders as soon as practicable, but in any event not later than 18 months after the effective date of the Registration Statement (as defined in Rule 158(c) under the Act), an earnings statement of the Bank and its subsidiaries (which need not be audited) complying with Section 11(a) of the Act and the rules and regulations of the Commission thereunder (including, at the option of the Bank, Rule 158 under the Act);

(g) To pay the required Commission filing fees relating to the Securities within the time required by Rule 456(b)(1) under the Act without regard to the proviso therein and otherwise in accordance with Rules 456(b) and 457(r) under the Act;

(h) So long as such Agent is continuing to solicit and receive offers to subscribe for Securities in accordance with the terms and conditions of this Agreement, to furnish to such Agent upon request copies of all reports or other communications (financial or other) furnished to stockholders generally and to deliver to such Agent copies of any reports and financial statements furnished to or filed with the Commission or any national securities exchange on which any class of securities of the Bank is listed;

(i) That, from the date of any Terms Agreement with such Agent or other agreement by such Agent to subscribe for Securities as principal and continuing to and including the later of (i) the termination of the “restricted period”, as such term is defined under Regulation M, relating to the Securities subscribed thereunder, as notified to the Bank by such Agent, and (ii) the related Time of Delivery, the Bank will not, without the prior written consent of such Agent, offer, issue, contract to issue or otherwise dispose of any debt securities of the Bank which are substantially similar to such Securities;

(j) That each acceptance by the Bank of an offer to subscribe for Securities hereunder (including any subscription by such Agent as principal not pursuant to a Terms Agreement), and each execution and delivery by the Bank of a Terms Agreement with such Agent, shall be deemed to be an affirmation to such Agent that the representations and warranties of the Bank contained in or made pursuant to this Agreement are true and correct as of the date of such acceptance or of such Terms Agreement, as the case may be, as though made at and as of such date, and an undertaking that such representations and warranties will be true and correct as of the settlement date for the Securities relating to such acceptance or as of the Time of Delivery relating to such issue, as the case may be, as though made at and as of such date (except that such representations and warranties shall be deemed to relate to the Registration Statement and the Prospectus as amended and supplemented relating to such Securities);

(k) That each time the Bank issues Securities to such Agent as principal pursuant to a Terms Agreement and such Terms Agreement specifies the delivery of an opinion under this Section 4(k) as a condition to the subscription for Securities pursuant to such Terms Agreement, the Bank shall furnish or cause to be furnished forthwith to such Agent a written opinion of Clifford Chance LLP, the Bank's UK counsel, or other counsel for the Bank satisfactory to such Agent, dated the date of such amendment or supplement or the Time of Delivery relating to such issue, as the case may be, in form satisfactory to such Agent, to the effect that such Agent may rely on the opinion of such counsel referred to in Section 6(b) hereof which was last furnished to such Agent to the same extent as though it were dated the date of such letter authorizing reliance (except that the statements in such last opinion shall be deemed to relate to the Registration Statement and the Prospectus as amended and supplemented to such date) or, in lieu of such opinion, an opinion of the same tenor as the opinion of such counsel referred to in Section 6(b) hereof but modified to relate to the Registration Statement and the Prospectus as amended and supplemented to such date;

(l) That each time the Bank issues Securities to such Agent as principal pursuant to a Terms Agreement and such Terms Agreement specifies the delivery of an opinion under this Section 4(l) as a condition to the subscription of Securities pursuant to such Terms Agreement, the Bank shall furnish or cause to be furnished forthwith to such Agent a written opinion of Sullivan & Cromwell LLP, the Bank's United States counsel, dated the date of such amendment or supplement or the Time of Delivery relating to such issue, as the case may be, in form satisfactory to such Agent, to the effect that such Agent may rely on the opinion of such counsel referred to in Section 6(c) hereof which was last furnished to such Agent to the same extent as though it were dated the date of such letter authorizing reliance (except that the statements in such last opinion shall be deemed to relate to the Registration Statement and the Prospectus as amended and supplemented to such date) or, in lieu of such opinion, an opinion of the same tenor as the opinion of such counsel referred to in Section 6(c) hereof but modified to relate to the Registration Statement and the Prospectus as amended and supplemented to such date;

(m) That each time the Bank issues Securities to such Agent as principal pursuant to a Terms Agreement and such Terms Agreement specifies the delivery of a letter under this Section 4(m) as a condition to the subscription of Securities pursuant to such Terms Agreement, the Bank shall cause the independent certified public accountants who have certified the financial statements of the Bank and its subsidiaries included or incorporated by reference in the Registration Statement forthwith to furnish such Agent a letter, dated the date of such amendment or supplement or the Time of Delivery relating to such issue, as the case may be, in form satisfactory to such Agent, of the same tenor as the letter referred to in Section 6(d) hereof but modified to relate to the Registration Statement and the Prospectus as amended or supplemented to the date of such letter, with such changes as may be necessary to reflect changes in the financial statements and other information derived from the accounting records of the Bank, to the extent such financial statements and other information are available as of a date not more than five business days prior to the date of such letter; *provided, however*, that, with respect to any financial information or other matter, such letter may reconfirm as true and correct at such date as though made at and as of such date, rather than repeat, statements with respect to such financial information or other matter made in the letter referred to in Section 6(d) hereof which was last furnished to such Agent;

(n) That each time the Bank issues Securities to such Agent as principal and the applicable Terms Agreement specifies the delivery of a certificate under this Section 4(n) as a condition to the subscription of Securities pursuant to such Terms Agreement, the Bank shall furnish or cause to be furnished forthwith to such Agent a certificate, dated the date of such supplement or amendment or the Time of Delivery relating to such issue, as the case may be, in such form and executed by such officers of the Bank as shall be satisfactory to such Agent, to the effect that the statements contained in the certificates referred to in Section 6(i) hereof which was last furnished to such Agent are true and correct at such date as though made at and as of such date (except that such statements shall be deemed to relate to the Registration Statement and the Prospectus as amended and supplemented to such date), or, in lieu of such certificate, certificates of the same tenor as the certificates referred to in said Section 6(i) but modified to relate to the Registration Statement and the Prospectus as amended and supplemented to such date;

(o) To offer to any person who has agreed to subscribe for Securities from the Bank as the result of an offer to subscribe solicited by such Agent the right to refuse to subscribe and pay for such Securities if, on the related settlement date fixed pursuant to the Administrative Procedure, any condition set forth in Section 6(a), 6(e), 6(f), 6(g) or 6(h) hereof shall not have been satisfied (it being understood that the judgment of such person with respect to the impracticability or inadvisability of such subscription of Securities shall be substituted, for purposes of this Section 4(o), for the respective judgments of an Agent with respect to certain matters referred to in such Sections 6(e) and 6(g), and that such Agent shall have no duty or obligation whatsoever to exercise the judgment permitted under such Sections 6(e) and 6(g) on behalf of any such person); and

(p) In the event that the Bank and one or more Agents agree to list Securities on a stock exchange, the Bank shall cause an initial application to be made on such stock exchange. In connection with any series of Securities that is intended to be listed, the Bank shall use its reasonable best efforts to obtain the listing as promptly as practicable and to furnish or cause to be furnished any and all documents, instruments, information and undertakings that may be necessary or advisable in order to obtain and maintain the listing. The Bank shall comply with any undertaking given to it from time to time by the relevant stock exchange in connection with any Securities listed on such stock exchange and shall furnish or cause to be furnished to the relevant stock exchange all such information as the relevant stock exchange may require in connection with the listing of any Securities on such stock exchange; and if any Securities cease to be listed on the relevant stock exchange, the Bank shall endeavor promptly to list such Securities on such securities exchange as may be agreed between the Bank and the relevant Agent.

(q) (i) The Bank and each Agent agree that the Agents may prepare and use one or more preliminary or final term sheets relating to the Securities containing customary information;

(ii) Each Agent represents that, other than as permitted under subparagraph (a)(i) above, it has not made and will not make any offer relating to the Securities that would constitute a “free writing prospectus” as defined in Rule 405 under the Act without the prior consent of the Bank and Barclays Capital Inc. and that, with respect to any issue of Securities to be issued pursuant to a Terms Agreement, Schedule II(a) to such Terms Agreement will be a complete list of any free writing prospectuses for which the Agents have received such consent; and

(iii) The Bank represents and agrees that it has not made and will not make any offer relating to the Securities that would constitute an Issuer Free Writing Prospectus without the prior consent of Barclays Capital Inc. and that, with respect to any issue of Securities to be sold pursuant to a Terms Agreement, Schedule II(a) to such Terms Agreement will include a complete list of any free writing prospectuses for which the Bank has received such consent;

(r) The Bank has complied and will comply with the requirements of Rule 433 under the Act applicable to any Issuer Free Writing Prospectus, including timely filing with the Commission or retention where required and legending; and

(s) The Bank agrees that if at any time following issuance of an Issuer Free Writing Prospectus any event occurred or occurs as a result of which such Issuer Free Writing Prospectus would conflict with the information in the Registration Statement, the Prospectus, the Prospectus as amended or supplemented or the Pricing Supplement or would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances then prevailing, not misleading, the Bank will give prompt notice thereof to the affected Agents and, if requested by the affected Agents, will prepare and furnish without charge to each Agent an Issuer Free Writing Prospectus or other document which will correct such conflict, statement or omission; provided, however, that if such statements or omissions were made in an Issuer Free Writing Prospectus in reliance upon and in conformity with information furnished in writing to the Bank by an Agent expressly for use therein, the Bank will be reimbursed by the Agents for its reasonable costs of preparing and furnishing such Free Writing Prospectus or other document.

5. The Bank covenants and agrees with each Agent that the Bank will pay or cause to be paid the following: (i) the fees, disbursements and expenses of the Bank's counsel and accountants in connection with the registration of the Securities under the Act and all other expenses in connection with the preparation, printing and filing of the Registration Statement, the Base Prospectus, any Preliminary Prospectus, the Prospectus, any Issuer Free Writing Prospectus and any Pricing Supplements and all other amendments and supplements thereto and the mailing and delivering of copies thereof to such Agent; (ii) the cost of printing, producing or reproducing this Agreement, any Terms Agreement, any Indenture, closing documents (including any compilations thereof) and any other documents in connection with the offering, subscription, issue and delivery of the Securities; (iii) all expenses in connection with the qualification of the Securities for offering and issue under state securities laws as provided in Section 4(b) hereof, including the fees and disbursements in connection with such qualification and in connection with any Blue Sky and legal investment surveys; (iv) any fees charged by securities rating services for rating the Securities; (v) any filing fees incident to, and the fees and disbursements in connection with, any required review by the National Association of Securities Dealers, Inc. of the terms of the issue or sale of the Securities (other than, in the case of Barclays Capital Inc., in any Secondary Market Transactions); (vi) the cost of preparing the Securities; (vii) the fees and expenses of any Trustee and any agent of any Trustee and any transfer or paying agent of the Bank and the fees and disbursements of counsel for any Trustee or such agent in connection with any Indenture and the Securities; (viii) any advertising expenses connected with the solicitation of offers to subscribe and the issue of Securities so long as such advertising expenses have been approved by the Bank; and (ix) all other costs and expenses incident to the performance of its obligations hereunder which are not otherwise specifically provided for in this Section. Except as provided in Sections 7 and 8 hereof, each Agent shall pay all other expenses it incurs.

6. The obligation of any Agent, as agent of the Bank, at any time ("Solicitation Time") to solicit offers to subscribe for the Securities from the Bank and the obligation of any Agent to subscribe for Securities from the Bank as principal, pursuant to any Terms Agreement or otherwise, shall in each case be subject, in such Agent's discretion, to the condition that all representations and warranties and other statements of the Bank herein (and, in the case of an obligation of an Agent under a Terms Agreement, in or incorporated by reference in such Terms Agreement) are true and correct at and as of the Commencement Date and any applicable date referred to in Section 4(h) hereof that is prior to such Solicitation Time or at and as of both such Time of Delivery and Time of Sale, as the case may be ("Time of Sale" shall mean, with respect to any obligation of an Agent to subscribe for Securities as principal, the time when the related Terms Agreement becomes effective or, if there is no Terms Agreement, the time when the Agent otherwise becomes committed to subscribe for the Securities), as the case may be, and at and as of such Solicitation Time or Time of Delivery; the condition that prior to such Solicitation Time or Time of Delivery, as the case may be, the Bank shall have performed all of its obligations hereunder theretofore to be performed; and the following additional conditions:

(a) (i) With respect to any Securities issued at or prior to such Solicitation Time or Time of Delivery, as the case may be, the Prospectus as amended or supplemented (including the Pricing Supplement) with respect to such Securities shall have been filed with the Commission pursuant to Rule 424(b) under the Act within the applicable time period prescribed for such filing by the rules and regulations under the Act and in accordance with Section 4(a) hereof; (ii) the final term sheet contemplated by Section 4(a)(iv) hereof and any other material required to be filed by the Bank pursuant to Rule 433(d) under the Act shall have been filed with the Commission within the applicable time periods prescribed for such filings by Rule 433; (iii) no stop order suspending the effectiveness of the Registration Statement or any part thereof shall have been issued and no proceeding for that purpose shall have been initiated or threatened by the Commission and no notice of objection of the Commission to the use of the Registration Statement or any post-effective amendment thereto pursuant to Rule 401(g)(2) under the Act shall have been received; (iv) no stop order suspending or preventing the use of the Prospectus or any Issuer Free Writing Prospectus shall have been initiated or threatened by the Commission; and (v) all requests for additional information on the part of the Commission shall have been complied with to the reasonable satisfaction of such Agent;

(b) Clifford Chance LLP, English Solicitors for the Bank, or other counsel satisfactory to such Agent, shall have furnished to such Agent such counsel's written opinions, dated as of the Time of Delivery specified in the applicable Terms Agreement referred to in Section 4(h) hereof, in form and substance satisfactory to such Agent, to the effect that:

(i) The Bank has been duly incorporated and is validly existing as a corporation under the laws of England with corporate power and authority to own its properties and conduct its business as described in the Prospectus as amended or supplemented, and has in full force and effect all permits, certificates, franchises, licenses, authorizations and similar approvals necessary in connection with the operation of its business with such exceptions as do not and will not materially adversely affect the business, financial condition, shareholders' equity or results of operations of the Bank;

(ii) The Securities have been duly and validly authorized and, when the Securities are issued and delivered against payment therefor pursuant to this Agreement and any Terms Agreement relating to such Securities, will have been duly executed, authenticated, issued and delivered and will constitute valid and legally binding obligations of the Bank entitled to the benefits provided by the Indenture, which will be substantially in the form filed as an exhibit to the Registration Statement; the Indenture has been duly authorized by the Bank, is duly qualified under the Trust Indenture Act, has been duly executed and delivered by the Bank and, assuming due authorization, execution and delivery thereof by the Trustee, constitutes a valid and legally binding instrument of the Bank enforceable in accordance with its terms, except as enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting the enforcement of creditors' rights generally or by general equity principles; the Indenture conforms, and the Securities will conform, to the descriptions thereof set forth in the Prospectus or the Prospectus as amended or supplemented relating to such Securities;

(iii) To the best of such counsel's knowledge, there are no legal or governmental proceedings pending to which the Bank or any of its subsidiaries is a party or of which any property of the Bank or any of its subsidiaries is the subject, other than as set forth in the Prospectus as amended or supplemented and other than litigation or proceedings which in each case will not have a material adverse effect on the business, financial condition, shareholders' equity or results of operations of the Bank and its subsidiaries on a consolidated basis; and, to the best of such counsel's knowledge, no such litigation or proceedings are threatened or contemplated by governmental authorities or threatened by others;

(iv) Other than as described or set forth in the Registration Statement or the Prospectus as amended or supplemented, no stamp or other similar issuance taxes or duties are payable by or on behalf of the

Agents in the United Kingdom in connection with the issue of the Securities to the Agents by the Bank or the consummation of the other transactions contemplated hereunder; and

(v) Other than as described or set forth in the Registration Statement or the Prospectus as amended or supplemented under current law applicable in the United Kingdom, all payments by the Bank in respect of the Securities may be made without withholding or deduction for or on account of any taxes, duties assessments or charges of whatever nature imposed or levied by or on behalf of the United Kingdom or any political subdivision thereof or any authority therein or thereof having power to tax.

(vi) The Bank is not in violation of its Articles of Association or in default in the performance or observance of any material obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, loan agreement, note, lease or other instrument to which it is a party or by which it or its properties may be bound where the effect of such violation or default would be to materially impair the Bank's ability to perform its obligations hereunder or under the Securities. This Agreement and any Terms Agreement have been duly authorized, executed and delivered by the Bank and the performance of this Agreement, any Terms Agreement and the Indenture by the Bank of its obligations hereunder and thereunder have been duly authorized by all necessary corporate action and will not conflict with or constitute a breach of, or default under, or result in the creation of imposition of any lien, charge or encumbrance upon any property or assets of the Bank pursuant to any contract, indenture, mortgage, loan agreement, note, lease or other instrument to which the Bank is a party or by which it may be bound or to which any of the property or assets of the Bank is subject, nor will such action result in any violation of the provisions of the Articles of Association of the Bank or any law, administrative regulation or administrative or court order or decree applicable to the Bank; and no consent, approval, authorization, order, registration or qualification of or with any court or governmental agency or body in the United Kingdom is required for the solicitation of offers to subscribe for Securities, the issue and subscription of the Securities or the consummation by the Bank of the other transactions contemplated by this Agreement, any Terms Agreement or the Indenture, except such as have been, or will have been prior to the Commencement Date (as defined in Section 3 hereof), obtained;

(vii) All acts, matters and things required by the applicable laws of England and Wales to be performed, fulfilled or done before the issue of the Securities to render the obligations undertaken by the Bank pursuant to the Securities, the Indenture, this Agreement and any applicable Terms Agreement valid and binding insofar as the laws of England and Wales are concerned have been performed, fulfilled and done in due and strict compliance with all such laws;

(viii) A judgment in respect of this Agreement, any Terms Agreement, the Indenture or the Securities enforceable against the Bank in New York will give rise to a cause of action in a court in England and Wales which action will enable the person in whose favor the foreign judgment has been rendered to obtain a corresponding judgment in such court in England and Wales without re−examination or relitigation of any matter adjudicated in the foreign judgment, except to the extent that such judgment is against public policy in England and Wales (and such counsel is not aware of any such policy which would prevent recognition of such a judgment);

(ix) The Agents will be entitled to have access as plaintiff to appropriate courts within the United Kingdom for the enforcement of rights against the Bank under, and to the extent provided in, this Agreement and any applicable Terms Agreement and such courts would give effect to the choice of New York law as the proper law of this Agreement and any applicable Terms Agreement;

(x) There are no applicable laws of the United Kingdom that would limit the ability of the Bank to submit to the non−exclusive jurisdiction of any federal or state court sitting in New York City or to waive any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding brought in such a court or any claim in such a court has been brought in an inconvenient forum and the submission by the

Bank under this Agreement, any applicable Terms Agreement, the Indenture or the Securities to the jurisdiction of such courts is valid and binding on the Bank;

(xi) This Agreement, any applicable Terms Agreement, the Indenture and the Securities may be enforced against the Bank in the courts of the United Kingdom without any express submission to any such jurisdiction, and, if action were taken in respect of any of this Agreement, any applicable Terms Agreement, the Indenture or the Securities before such courts, such courts would recognize and give effect to the provisions therein whereby they are to be governed by and construed in accordance with New York law (except as otherwise stated therein);

(xii) The Bank is not immune from suit in any relevant court in the United Kingdom;

(xiii) A judgement in a foreign currency would, for the purpose of enforcement, be converted to Pounds Sterling on the basis of the rate of exchange prevailing on the date of judgement;

(xiv) It is not necessary under the laws of the United Kingdom in order to enable any person to enforce its rights under this Agreement, any applicable Terms Agreement, the Indenture or the Securities that such person be licensed, qualified, resident or otherwise qualified to carry on business in the United Kingdom;

(xv) No exchange control authorization or other authorization, approval, consent or license of any governmental authority or agency in the United Kingdom is required for the payment by the Bank of any amounts in currencies other than Pounds Sterling pursuant to the terms of the Securities; and

(xvi) The statements which appear in the Prospectus under the caption “Service of Process and Enforcement of Liabilities” in connection with the enforceability in the United Kingdom of civil liabilities predicated upon the Federal securities laws of the United States, the caption “Tax Consideration— United Kingdom Taxation” dealing with the possible effect on the Holders of Securities of the United Kingdom taxation and other fiscal legislation, and Item 8 of the Registration Statement dealing with the indemnification of directors and officers of the Bank are accurately presented.

In rendering each such opinion, such counsel may rely on information obtained from public officials, officers of the Bank and other sources believed by such counsel to be responsible, and may, without limiting any other assumption or qualification which may be contained in their opinion, assume that the Indenture, this Agreement and any applicable Terms Agreement have been duly authorized, executed and delivered by the parties thereto (other than the Bank), that the Securities conform to the specimens thereof examined by them, and that the signatures on all documents examined by them are genuine, assumptions which such counsel have not independently verified;

(c) Sullivan & Cromwell LLP, United States counsel for the Bank, shall have furnished to such Agent such opinion or opinions, dated as of the Time of Delivery specified in the applicable Terms Agreement referred to in Section 4(i) hereof, in form and substance reasonably satisfactory to you, to the effect that:

(i) Assuming the Indenture has been duly authorized, executed and delivered by the Bank insofar as the laws of England and Wales are concerned, the Indenture has been duly executed and delivered by the Bank, has been duly qualified under the Trust Indenture Act and constitutes a valid and legally binding obligation of the Bank, enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors’ rights and to general equity principles;

(ii) When the series of Medium−Term Notes, Series A, has been duly authorized and established in conformity with the Indenture and, when the terms of a particular Security and of its issuance have been duly authorized by all necessary corporate action in conformity with the Indenture, and such Security has been duly prepared, executed, authenticated and issued in accordance with the Indenture and delivered against payment in accordance with this Agreement or any applicable Terms Agreement, assuming such Security has been duly authorized, executed and delivered by the Bank insofar as the laws of England and Wales are concerned, such Security will constitute a valid and legally binding obligation of the Bank enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles;

(iii) Assuming this Agreement and any applicable Terms Agreement have been duly authorized, executed and delivered by the Bank insofar as the laws of England and Wales are concerned, this Agreement and such applicable Terms Agreement have been duly executed and delivered by the Bank;

(iv) All regulatory consents, authorizations, approvals and filings required to be obtained or made by the Bank on or prior to the date hereof under the Federal laws of the United States and the laws of the State of New York for the execution and delivery of the Indenture and the issuance, sale and delivery of the Securities by the Bank or through the Agents in accordance with the terms of this Agreement or any applicable Terms Agreement have been obtained or made; *provided, however*, that such counsel need not express any opinion with respect to state securities laws;

(v) The Bank is not, and upon completion of the offer and issue of the Securities and the application of the proceeds thereof in the manner described in the Prospectus will not be, "an investment company" or a company "controlled" by an "investment company" required to be registered under the Investment Company Act of 1940, as amended (the "Investment Company Act");

(vi) Such counsel reviewed the Registration Statement and the Prospectus, participated in discussions with representatives of the Bank, its accountants and its UK counsel, and advised the Bank as to the requirements of the Act and the applicable rules and regulations thereunder; between the effectiveness of the Registration Statement and time of delivery of such letter, such counsel participated in further discussions with representatives of the Bank, their accountants and their UK counsel regarding the contents of certain portions of the Prospectus and certain related matters and reviewed certificates of certain officers of the Bank and a letter addressed to the Agent from the independent accountants of the Bank; on the basis of the information that such counsel gained in the course of the performance of such services, considered in the light of their understanding of the applicable law and the experience they have gained through their practice under the Act, such counsel confirms to the Agents that, in their opinion the Registration Statement as of the effective date, and the Prospectus, as of the date of the Prospectus, appeared on their face to be appropriately responsive to the requirements of the Act, the Trust Indenture Act and the applicable rules and regulations of the Commission thereunder; and that nothing that came to the attention of such counsel in the course of such review has caused them to believe that the Registration Statement, as of its effective date, contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein not misleading, or that Prospectus, as of the date of the Prospectus, contained any untrue statement of material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. In rendering the letter pursuant to this clause (vi), such counsel may state that the limitations inherent in the independent verification of factual matters and the character of determinations involved in the registration process are such, however, that they do not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Registration Statement or Prospectus except for those made under the captions "Description of Debt Securities," "Description of Warrants" and "Plan of Distribution" in the Prospectus, in each case insofar as they relate to provisions, therein described, of the Securities, the Indenture under which the Securities are to be issued and the Distribution Agreement relating to the Securities, and except for those made under the caption "Tax Considerations— U.S. Taxation", in the Prospectus, insofar as they relate to provisions of U.S. Federal income tax law therein described; and that they do not express any opinion or belief as to the financial statements or as to other financial data derived from accounting records contained in the Registration Statement or the Prospectus, or as to the statement of eligibility of the Trustee under the Indenture; and that their letter is furnished as counsel for the Bank and is solely for the benefit of the Bank.

(d) Not later than 30 days following the date of the most recent annual report on Form 20−F of the Bank filed with the Commission and incorporated by reference into the Registration Statement, Sullivan & Cromwell LLP, United States counsel for the Bank, shall have furnished to such Agent a disclosure letter of a similar tenor to that set forth in Section 6(c)(vi) above with respect to the statements made in such annual report on Form 20−F; *provided, however,* that the Bank may elect not to comply with this paragraph (d) for any period or periods that the Bank reasonably determines are necessary in order to avoid premature disclosure of material, non−public information; *provided, further,* that if the Bank so elects to delay compliance with the condition stated in this paragraph (d) such Agent shall be under no obligation to solicit offers to subscribe for Securities during the period or periods of such delay;

(e) Not later than 10:00 a.m., New York City time, on the day of the Time of Delivery specified in the applicable Terms Agreement referred to in Section 4(m) hereof, the independent certified public accountants who have certified the financial statements of the Bank and its subsidiaries included or incorporated by reference in the Registration Statement shall have furnished to such Agent a letter, dated such applicable date, as the case may be, in form and substance satisfactory to such Agent, to the effect set forth in Annex III hereto;

(f) Not later than 30 days following the date of the most recent annual report on Form 20−F of the Bank filed with the Commission and incorporated by reference into the Registration Statement, the independent certified accountants who have certified the financial statements of the Bank and its subsidiaries included or incorporated by reference in such annual report on Form 20−F shall have furnished to such Agent a letter in form and substance reasonably satisfactory to such Agent, to the effect set forth in Annex III hereto with respect to the financial statements and other financial information included or incorporated by reference in such annual report on Form 20−F; *provided, however,* that the Bank may elect not to comply with this paragraph (d) for any period or periods that the Bank reasonably determines are necessary in order to avoid premature disclosure of material, non−public information; *provided, further,* that if the Bank so elects to delay compliance with the condition stated in this paragraph (f) such Agent shall be under no obligation to solicit offers to subscribe for Securities during the period or periods of such delay;

(g) Since the respective dates as of which information is given or incorporated by reference in the Prospectus as amended or supplemented, there shall not have been, otherwise than as set forth or contemplated in the Prospectus as amended or supplemented, (i) any material change in the share capital, undated loan capital or dated loan capital of the Bank other than such changes as have been disclosed to the Agents, or (ii) any material change in or affecting the business, financial condition, shareholders' equity or results of operations of the Bank and its subsidiaries on a consolidated basis, the effect of which in each case is, in the judgment of such Agent after consultation with the Bank, so material and adverse as to make it impracticable or inadvisable to proceed with the public offering or the delivery of the Securities, on the terms and in the manner contemplated in the Prospectus as amended or supplemented;

(h) On or after the Applicable Time (i) no downgrading shall have occurred in the rating accorded the Bank's debt securities or preferred stock by Moody's Investors Services, Inc. or Standard & Poor's Corporation and (ii) neither such organization shall have publicly announced that it has under surveillance or review, with possible negative implications, its rating of any of the Bank's debt securities or preferred stock;

(i) On or after the Applicable Time (i) neither the United States nor the United Kingdom shall have become engaged in hostilities which have resulted in the declaration of a national emergency or war, (ii) there shall not have been any generally published change or development involving a prospective change in U.S. or United

Kingdom taxation directly affecting the Securities or the imposition of exchange controls by the United States or the United Kingdom, (iii) there shall not have been a suspension or material limitation in trading in securities generally on the New York Stock Exchange or the London Stock Exchange, or a general moratorium on commercial banking activities in New York declared by either U.S. federal or New York State authorities or a general moratorium on commercial banking activities in the United Kingdom declared by authorities in the United Kingdom, the effect of which in the case of (i), (ii) or (iii), in the judgment of such Agent after consultation with the Bank, makes it impracticable or inadvisable to proceed with the public offering or the delivery of the Securities on the terms and in the manner contemplated in the Prospectus as amended or supplemented prior to the date of the Pricing Supplement relating to the Securities to be delivered at the relevant Time of Delivery;

(j) (i) With respect to any Security denominated in a currency other than the U.S. dollar, more than one currency or a composite currency or any Security the principal or interest of which is indexed to such currency, currencies or composite currency, there shall not have occurred a suspension or material limitation in foreign exchange trading in such currency, currencies or composite currency by a major international bank, a general moratorium on commercial banking activities in the country or countries issuing such currency, currencies or composite currency, the outbreak or escalation of hostilities involving, the occurrence of any material adverse change in the existing financial, political or economic conditions of, or the declaration of war or a national emergency by, the country or countries issuing such currency, currencies or composite currency or the imposition or proposal of exchange controls by any governmental authority in the country or countries issuing such currency, currencies or composite currency; and (ii) with respect to any Security linked to the securities of an issuer other than the Bank, additional conditions comparable to those set forth in Sections 6(e), 6(f) and 6(g) shall have been satisfied with respect to such issuer (with such additional conditions being identical to those in Sections 6(e), (f) and (g), except that, for this purpose, all references to the Bank in such sections shall be deemed to mean such other issuer and, if the principal trading market for such other issuer's securities is not the New York Stock Exchange, the reference to the New York Stock Exchange in Section 6(g)(iii) shall be deemed to mean either the New York Stock Exchange or such principal trading market), it being understood that nothing in this clause 6(h)(ii) shall limit or otherwise affect conditions in Sections 6(e), (f) and (g), which shall apply in addition to any conditions applicable pursuant to this clause 6(h)(ii));

(k) The Bank shall have furnished or caused to be furnished to such Agent certificates of officers of the Bank, dated as of the Time of Delivery specified in the applicable Terms Agreement referred to in Section 4(h) hereof, in such form and executed by such officers of the Bank as shall be satisfactory to such Agent, as to the accuracy of the representations and warranties of the Bank herein at and as of such applicable date as to the performance by the Bank of all of its obligations hereunder to be performed at or prior to such applicable date as to the matters set forth in subsections (a) and (e) of this Section 6, and as to such other matters as such Agent may reasonably request;

(l) There is no outstanding material breach of any obligations of the Bank under the relevant Securities or this Agreement which has not been waived by the relevant Agent on or prior to the Solicitation Time or Time of Delivery of the relevant Securities;

(m) In the case of Securities that are intended to be listed, the relevant stock exchange has agreed to list such Securities; and

(n) For the issue of Securities denominated in a currency other than U.S. dollars, all necessary approvals have been obtained from the relevant central bank or other fiscal, monetary, regulatory or other authority.

7. (a) The Bank will indemnify and hold harmless each Agent against any losses, claims, damages or liabilities, joint or several, to which such Agent may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue

statement or alleged untrue statement of a material fact contained in any Preliminary Prospectus, any preliminary prospectus supplement, the Registration Statement, the Prospectus, the Prospectus as amended or supplemented and any other prospectus relating to the Securities, or any amendment or supplement thereto, any Issuer Free Writing Prospectus or any "issuer information" filed or required to be filed pursuant to Rule 433(d) under the Act, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse each Agent for any legal or other expenses reasonably incurred by such Agent in connection with investigating or defending any such action or claim; *provided, however,* that the Bank shall not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in any Preliminary Prospectus, any preliminary prospectus supplement, the Registration Statement, the Prospectus as amended or supplemented and any other prospectus relating to the Securities or any such amendment or supplement, in reliance upon and in conformity with written information furnished to the Bank by such Agent expressly for use therein, and *provided, further,* that the Bank shall not be liable to any Agent under the indemnity agreement in this subsection (a) with respect to any Preliminary Prospectus, the Registration Statement, the Prospectus, the Prospectus as amended or supplemented or any other prospectus relating to the Securities, or any such amendment or supplement thereto, or any Issuer Free Writing Prospectus, to the extent that any such loss, claim, damage or liability of such Agent results from the fact that such Agent sold Securities to a person to whom there was not sent or given, at or prior to the written confirmation of such sale, a copy of the Prospectus or of the Prospectus as then amended or supplemented, including a copy of any document incorporated by reference therein and required to be delivered therewith, if the Bank has previously furnished copies thereof to such Agent.

(b) Each Agent will indemnify and hold harmless the Bank against any losses, claims, damages or liabilities to which the Bank may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in any Preliminary Prospectus, any preliminary prospectus supplement, the Registration Statement, the Prospectus, the Prospectus as amended or supplemented and any other prospectus relating to the Securities, or any amendment or supplement thereto, or any Issuer Free Writing Prospectus, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in any Preliminary Prospectus, any preliminary prospectus supplement, the Registration Statement, the Prospectus, the Prospectus as amended or supplemented and any other prospectus relating to the Securities, or any such amendment or supplement thereto, or any Issuer Free Writing Prospectus, in reliance upon and in conformity with written information furnished to the Bank by such Agent expressly for use therein; and will reimburse the Bank for any legal or other expenses reasonably incurred by the Bank in connection with investigating or defending any such action or claim.

(c) Promptly after receipt by an indemnified party under subsection (a) or (b) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party otherwise than under such subsection. In case any such action shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party shall not be liable to such indemnified party under such subsection for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation.

(d) If the indemnification provided for in this Section 7 is unavailable or insufficient to hold harmless an indemnified party under subsection (a) or (b) above in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Bank on the one hand and each Agent on the other from the offering of the Securities to which such loss, claim, damage or liability (or action in respect thereof) relates. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law or if the indemnified party failed to give the notice required under subsection (c) above, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Bank on the one hand and each Agent on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Bank on the one hand and such Agent on the other shall be deemed to be in the same proportion as the total net proceeds from such offering (before deducting expenses) received by the Bank bear to the total discounts and commissions received by such Agent. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Bank on the one hand or such Agent on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Bank and each Agent agree that it would not be just and equitable if contribution pursuant to this subsection 7(d) were determined by pro rata allocation (even if all Agents were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this subsection 7(d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this subsection 7(d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this subsection 7(d), no Agent shall be required to contribute any amount in excess of the amount by which the total price at which the applicable Securities subscribed by it (or by persons solicited by it) were sold exceeds the amount of any damages which such Agent has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The obligations of the Agents of Securities in this subsection 7(d) to contribute are several in proportion to their respective subscription or solicitation obligations with respect to such Securities and not joint.

(e) The obligations of the Bank under this Section 7 shall be in addition to any liability which the Bank may otherwise have and shall extend, upon the same terms and conditions, to each person, if any, who controls any Agent within the meaning of the Act; and the obligations of the Agents under this Section 9 shall be in addition to any liability which the respective Agents may otherwise have and shall extend, upon the same terms and conditions, to each officer and director of the Bank (including any person who, with his or her consent, is named in Registration Statement, as about to become a director of the Bank), to the authorized representative of the Bank in the United States and to each person, if any, who controls the Bank within the meaning of the Act.

8. Each Agent, in soliciting offers to subscribe for Securities from the Bank and in performing the other obligations of such Agent hereunder (other than in respect of any subscription by an Agent as principal, pursuant to a Terms Agreement or otherwise), is acting solely as agent for the Bank and not as principal. Each Agent will make reasonable efforts to assist the Bank in obtaining performance by each subscriber whose offer to subscribe for Securities from the Bank was solicited by such Agent and has been accepted by the Bank, but such Agent shall not have any liability to the Bank in the event such subscription is not consummated for any reason. If the Bank shall default on its obligation to deliver Securities to a subscriber whose offer it has accepted, the Bank shall (i) hold each Agent harmless against any loss, claim or damage arising from or as a result of such default by

the Bank and (ii) notwithstanding such default, pay to the Agent that solicited such offer any commission to which it would be entitled in connection with such subscription.

9. The respective indemnities, agreements, representations, warranties and other statements by any Agent and the Bank set forth in or made pursuant to this Agreement shall remain in full force and effect regardless of any investigation (or any statement as to the results thereof) made by or on behalf of any Agent or any controlling person of any Agent, or the Bank, or any officer or director or any controlling person of the Bank, and shall survive each delivery of and payment for any of the Securities.

10. (a) The provisions of this Agreement relating to the solicitation of offers to subscribe for Securities from the Bank may be suspended or terminated at any time by the Bank as to any Agent or by any Agent as to such Agent upon the giving of written notice of such suspension or termination to such Agent or the Bank, as the case may be. In the event of such suspension or termination with respect to any Agent, (i) this Agreement shall remain in full force and effect with respect to any Agent as to which such suspension or termination has not occurred, (ii) this Agreement shall remain in full force and effect with respect to the rights and obligations of any party which have previously accrued or which relate to Securities which are already issued, agreed to be issued or the subject of a pending offer at the time of such suspension or termination (including all Securities that may be the subject of a Secondary Market Transaction at any time during the Secondary Transactions Period) and (iii) in any event, this Agreement shall remain in full force and effect insofar as the fourth paragraph of Section 2(a) and Sections 4(f), 4(h), 5, 7, 8 and 9 hereof are concerned.

(b) The Bank, in its sole discretion, may appoint one or more additional parties to act as Agents hereunder from time to time. Any such appointment shall be made in a writing signed by the Bank and the party so appointed. Such appointment shall become effective in accordance with its terms after the execution and delivery of such writing by the Bank and such other party. When such appointment is effective, such other party shall be deemed to be one of the Agents referred to in, and to have the rights and obligations of an Agent under, this Agreement, subject to the terms and conditions of such appointment. The Bank shall deliver a copy of such appointment to each other Agent promptly after it becomes effective.

11. Except as otherwise specifically provided herein or in the Administrative Procedure, all statements, requests, notices and advices hereunder shall be in writing, or by telephone if promptly confirmed in writing, and shall be sufficient in all respects when delivered or sent by facsimile transmission, personal delivery or registered mail to: if to the Agent, Barclays Capital Inc., 200 Park Avenue, New York, New York 10166, Facsimile No.: (212) 412−1825; Tel: (212) 412−4000; Attention: General Counsel; if to any Agent other than Barclays Capital Inc., the facsimile number or address provided by such Agent to the Bank in the document appointing such Agent as an Agent under this Agreement; and if to the Bank, Barclays Bank PLC, 200 Park Avenue, New York, New York 10166, Facsimile No.: (212) 412−1825; Tel: (212) 412−4000; Attention: General Counsel. Any such statements, requests, notices or advices shall take effect upon receipt thereof.

12. This Agreement and each Terms Agreement shall be binding upon, and inure solely to the benefit of, the Agents, the Bank and, to the extent provided in Sections 7, 8 and 9 hereof, the officers and directors of the Bank and each person who controls the Bank or any Agent, and their respective heirs, executors, administrators, successors and assigns, and no other person shall acquire or have any right under or by virtue of this Agreement or any such Terms Agreement. No purchaser of any of the Securities from any Agent shall be deemed a successor or assign by reason merely of such purchase.

13. The Agents may assign or transfer their rights or obligations under this Agreement with the prior written consent of the Bank. If the Agents assign their rights or transfer their obligations as provided in this Section, the relevant assignee or transferee shall be treated as if it were a party to this Agreement with effect from the date on which such assignment or transfer takes effect; *provided* that any transfer shall only become effective

when the Bank has received an undertaking from the transferee to be bound by this Agreement and to perform the obligations transferred to it. Such assignment or transfer shall not affect any rights or obligations (including, but not limited to, those arising under Sections 6, 7 or 10) that have accrued at the time of assignment or transfer or that accrue thereafter to the Agents in relation to any act or omission or alleged act or omission that occurred prior to such assignment or transfer.

14. Time shall be of the essence in this Agreement and any Terms Agreement. As used herein, the term "business day" shall mean any day when the Commission's office in Washington, D.C. is open for business.

15. The Bank acknowledges and agrees that: (i) the subscription and issue of the Securities pursuant to this Agreement and each Terms Agreement, including the determination of the public offering price of the Securities and any related discounts and commissions, is an arm's−length commercial transaction between the Bank, on the one hand, and the several Agents, on the other hand; (ii) in connection with each transaction contemplated hereby and the process leading to each such transaction each Agent is and has been acting solely as a principal and is not the agent or fiduciary of the Bank or its affiliates (other than, if applicable, itself), stockholders, creditors or employees or any other party; (iii) no Agent has assumed or will assume an advisory or fiduciary responsibility in favor of the Bank with respect to any of the transactions contemplated hereby or the process leading thereto (irrespective of whether such Agent has advised or is currently advising the Bank on other matters) and no Agent has any obligation to the Bank with respect to the offering contemplated hereby except the obligations expressly set forth in this Agreement; (iv) the several Agents and their respective affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Bank; and (v) the Agents have not provided any legal, accounting, regulatory or tax advice with respect to the offering contemplated hereby and the Bank has consulted its own legal, accounting, regulatory and tax advisors to the extent it deemed appropriate.

16. This Agreement and any Terms Agreement supersede all prior agreements and understandings (whether written or oral) between the Bank and the Agents, or any of them, with respect to the subject matter hereof.

17. (a) This Agreement and any Terms Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

(b) The Bank agrees that any legal suit, action or proceeding brought by any Agent or by a person controlling any Agent, arising out of or based upon this Agreement or any Terms Agreement may be instituted in any state or federal court in The City and State of New York, and waives any objection which it may now or hereafter have to the laying of venue of any such proceeding, and irrevocably submits to the jurisdiction of such courts in any such proceeding. The Bank hereby appoints Barclays Bank PLC, 200 Park Avenue, New York, New York 10166, as its authorized agent (the "Authorized Agent") upon which process may be served in any action based on this Agreement or any Terms Agreement which may be instituted in any state or federal court in The City and State of New York by an Agent and expressly accepts the jurisdiction of any such court in respect of such action. Such appointment shall be irrevocable. Barclays Bank PLC hereby accepts to act as said agent for service of process, and the Bank agrees to take any and all action, including the filing of any and all documents and instruments, that may be necessary to continue such appointment in full force and effect as aforesaid. Service of process upon the Authorized Agent and written notice of such service to the Bank (mailed or delivered to the Bank at its respective address as aforesaid) shall be deemed, in every respect, effective service of process upon the Bank. Notwithstanding the foregoing, any action based on this Agreement or any Terms Agreement may be instituted by any Agent in any competent court in the United Kingdom.

(c) The provisions of this Section 18 shall survive any termination of this Agreement, in whole or in part.

18. This Agreement and any Terms Agreement may be executed by any one or more of the parties hereto and thereto in any number of counterparts, each of which shall be an original, but all of such respective counterparts shall together constitute one and the same instrument.

19. Any amounts payable to an Agent hereunder shall be payable free and clear of, and without deduction or withholding for or an account of, any and all present and future taxes, assessments or other governmental charges now or hereafter imposed or assessed by the United Kingdom or any political subdivision or taxing authority thereof or therein ("Foreign Taxes"). If Foreign Taxes are so levied or imposed, the Bank agrees to pay such additional amounts ("Additional Amounts") as may be necessary so that the amount due under this Agreement after withholding or deduction for or on an account of Foreign Taxes will not be less than the amount provided for herein; *provided, however*, the Bank will not be required to make any payment of Additional Amounts to an Agent for or on account of (a) any such Foreign Taxes which would not have been so imposed but for the existence of any present or former connection between such Agent (or between a member or shareholder of such Agent) and the United Kingdom (or any political subdivisions or taxing authority thereof or therein) including, without limitation, such Agent (or such member or shareholder) being or having been a resident thereof or being or having been engaged in a trade or business or present therein or having, or having had, a permanent establishment therein or (b) any Foreign Taxes which would not have been imposed but for the failure to comply with certification, information or other reporting requirements concerning the nationality, residence or identity of the Agent, if such compliance is required by statute or by regulation of the United Kingdom or of any political subdivisions or taxing authority thereof or therein as a precondition to relief or exemption from such Foreign Taxes.

20. If, for the purposes of obtaining a judgment in any court it is necessary to convert a sum due hereunder into any currency other than United States dollars, the parties hereto agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be the rate at which in accordance with normal banking procedures an Agent or the Bank, as the case may be, could purchase United States dollars with such other currency in the Borough of Manhattan, City and State of New York on the business day preceding that on which final judgment is given. If, on the first business day following receipt by such Agent or the Bank, as the case may be, of any sum adjudged to be so due in such other currency, on which (and only to the extent that) such Agent or the Bank, as the case may be, may in accordance with normal banking procedures purchase United States dollars which the Bank or Agent, as the case may be, could purchase are less than the sum originally due to the Agent or the Bank, as the case may be, hereunder, then the paying party agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the party being paid for such difference. If the United States dollars which the Bank or the Agent, as the case may be, could purchase on such first business day are greater than the sum originally due hereunder, then the party being paid agrees to pay the paying party an amount equal to the excess of the United States dollars over the sum originally due hereunder.

If the foregoing is in accordance with your understanding, please sign and return to us four counterparts hereof, whereupon this letter and the acceptance by you thereof shall constitute a binding agreement between the Bank and you in accordance with its terms.

Very truly yours,

Barclays Bank PLC

By: ______________________________
Name:
Title:

Accepted,
as of the date hereof:

Barclays Capital Inc.

By: ______________________________
Name:
Title:

ANNEX I

Barclays Bank PLC

$[•]

Medium−Term Notes, Series A

Terms Agreement

__________, 2007

Barclays Capital Inc.
200 Park Avenue
New York, New York 10166

Ladies and Gentlemen:

Barclays Bank PLC (the "Bank") proposes, subject to the terms and conditions stated herein and in the Amended and Restated Distribution Agreement, dated [•], 2007 (the "Distribution Agreement"), between the Bank on the one hand and Barclays Capital Inc. on the other, to issue to you the securities specified in the Schedule hereto (the "Subscription Securities"). Each of the provisions of the Distribution Agreement not specifically related to the solicitation by the Agents, as agents of the Bank, of offers to subscribe for Securities is incorporated herein by reference in its entirety, and shall be deemed to be part of this Terms Agreement to the same extent as if such provisions had been set forth in full herein. Nothing contained herein or in the Distribution Agreement shall make any party hereto an agent of the Bank or make such party subject to the provisions therein relating to the solicitation of offers to subscribe for Securities from the Bank, solely by virtue of its execution of this Terms Agreement. Each of the representations and warranties set forth therein shall be deemed to have been made at and as of the date of this Terms Agreement, except that each representation and warranty in Section 1 of the Distribution Agreement which makes reference to the Prospectus shall be deemed to be a representation and warranty as of the date of the Distribution Agreement in relation to the Prospectus (as therein defined), and also a representation and warranty as of the date of this Terms Agreement in relation to the Prospectus as amended and supplemented to relate to the Subscription Securities.

An amendment to the Registration Statement, or a supplement to the Prospectus, as the case may be, relating to the Subscription Securities, in the form heretofore delivered to you is now proposed to be filed with the Commission.

Subject to the terms and conditions set forth herein and in the Distribution Agreement incorporated herein by reference, the Bank agrees to issue to you and you agree to subscribe for from the Bank the Subscription Securities, at the time and place, in the principal amount and at the subscription price set forth in the Schedule hereto.

If the foregoing is in accordance with your understanding, please sign and return to us counterparts hereof, and upon acceptance hereof by you this letter and such acceptance hereof, including those provisions of the Distribution Agreement incorporated herein by reference, shall constitute a binding agreement between you and the Bank

Very truly yours,

Barclays Bank PLC

By: ______________________________
Name:
Title:

Accepted,
as of the date hereof:

Barclays Capital Inc.

By: ______________________________
Name:
Title:

Title of Subscription Securities:

Debt Securities

Aggregate Principal Amount:

[$ ____________ or units of other Specified Currency]

[Price to Public:]

Subscription Price by Barclays Capital Inc. [Name(s) of other subscribers]:

% of the principal amount of the Subscription Securities [, plus accrued interest from ________ to ________] [and accrued amortization, if any, from ________ to ________]

Method of and Specified Funds for Payment of Subscription Price:

[By certified or official bank check or checks, payable to the order of the Bank, in [[New York] Clearing House] [immediately available] funds]

[By wire transfer to a bank account specified by the Bank in [next day] [immediately available] funds]

Indenture:

Indenture, dated as of ________, 2007, between the Bank and __________________, as Trustee

Time of Delivery:

Closing Location for Delivery of Securities:

Maturity:

Interest Rate:

[%] [Zero Coupon] [Describe applicable floating rate provisions]

Interest Payment Dates:

[months and dates]

Principal repayment terms: [Describe applicable terms]

Documents to be Delivered:

The following documents referred to in the Distribution Agreement shall be delivered as a condition to the Closing:

[(1) The opinions of United Kingdom and United States counsel to the Bank referred to in Sections 4(k) and (l).]

[(2) The accountants' letter referred to in Section 4(m).]

[(3) The officers' certificate referred to in Section 4(n).]

Other Provisions (including Syndicate Provisions, if applicable):

(a) Issuer Free Writing Prospectuses:

- Final term sheet in the form set forth in Schedule III hereto, but only if the Bank is obligated to prepare and file such term sheet pursuant to Section 4(a)(iv) of the Distribution Agreement.

(b) Additional Information in Pricing Disclosure Package:

In addition to the Prospectus as amended or supplemented at the Applicable Time, the Pricing Disclosure Package consists of the following information:

- The statements under the caption [“Specific Terms of the Notes”] in, and the information [in the table] on the front cover of, the Pricing Supplement.

(c) Additional Documents Incorporated by Reference:

[To be modified as appropriate and completed prior to execution of this Terms Agreement]

BARCLAYS BANK PLC

Title of Subscription Securities:
Aggregate Principal Amount Offered:
Price to Public:
Settlement Date:
Managing Underwriters:
Subscription Price by Underwriters:
Maturity Date:
Interest Rate:
Interest Payment Dates:
Interest Reset Dates:
Redemption Provisions:
[Other Provisions:]

The issuer has filed a registration statement (including a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the issuer has filed with the SEC for more complete information about the issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC Web site at www.sec.gov. Alternately, the issuer, any underwriter or any dealer participating in the offering will arrange to send you the prospectus if you request it by calling toll−free [•].

ANNEX II

Barclays Bank PLC

Administrative Procedure

This Administrative Procedure relates to the Securities defined in the Amended and Restated Distribution Agreement, dated [•], 2007 (the "Distribution Agreement"), between Barclays Bank PLC, a corporation organized under the laws of England and Wales (the "Bank") on the one hand and Barclays Capital Inc. on the other, to which this Administrative Procedure is attached as Annex II. Defined terms used herein and not defined herein shall have the meanings given such terms in the Distribution Agreement, the Prospectus as amended or supplemented, the Indenture or the Securities. To the extent the procedures set forth below conflict with the provisions of the Securities, the Indenture or the Distribution Agreement, the relevant provisions of the Securities, the Indenture and the Distribution Agreement shall control.

The procedures to be followed with respect to the settlement of issues of Securities directly by the Bank to subscribers solicited by an Agent, as agent, are set forth below. The terms and settlement details related to a subscription of Securities by an Agent, as principal, from the Bank will be set forth in a Terms Agreement pursuant to the Distribution Agreement, unless the Bank and such Agent otherwise agree as provided in Section 2(b) of the Distribution Agreement, in which case the procedures to be followed in respect of the settlement of such sale will be as set forth below. An Agent, in relation to a subscription of a Security by a subscriber solicited by such Agent, is referred to herein as the "Selling Agent" and, in relation to a subscription of a Security by such Agent as principal other than pursuant to a Terms Agreement, as the "Purchasing Agent".

The Bank will advise each Agent in writing of those persons with whom such Agent is to communicate regarding offers to subscribe for Securities and the related settlement details.

Each Security will be issued only in fully registered form and will be represented by either a global security (a "Global Security") delivered to the Trustee, as agent for The Depository Trust Bank (the "Depositary"), and recorded in the book−entry system maintained by the Depositary (a "Book−Entry Security"), or a certificate issued in definitive form (a "Certificated Security") delivered to a person designated by an Agent, as set forth in the applicable Pricing Supplement. An owner of a Book−Entry Security will not be entitled to receive a certificate representing such a Security, except as provided in the Indenture.

Book−Entry Securities will be issued in accordance with the Administrative Procedure set forth in Part I or Part III hereof, and Certificated Securities will be issued in accordance with the Administrative Procedure set forth in Part II hereof.

PART I: ADMINISTRATIVE PROCEDURE FOR BOOK−ENTRY SECURITIES

In connection with the qualification of the Book−Entry Securities for eligibility in the book−entry system maintained by the Depositary, the Trustee will perform the custodial, document control and administrative functions described below, in accordance with its respective obligations under a Letter of Representation from the Bank and the Trustee to the Depositary, dated as of [•], 2007, and a Medium−Term Note Certificate Agreement between the Trustee and the Depositary, dated as of April 14, 1989 (the "Certificate Agreement"), and its obligations as a participant in the Depositary, including the Depositary's Same−Day Funds Settlement System ("SDFS").

Posting Rates by the Bank:

The Bank and the Agents will discuss from time to time the rates of interest per annum to be borne by and the maturity of Book−Entry Securities that may be sold as a result of the solicitation of offers by an Agent. The Bank may establish a fixed set of interest rates and maturities for an offering period ("posting"). If the Bank decides to change already posted rates, it will promptly advise the Agents to suspend solicitation of offers until the new posted rates have been established with the Agents.

Acceptance of Offers by the Bank:

Each Agent will promptly advise the Bank by telephone or other appropriate means of all reasonable offers to subscribe for Book−Entry Securities, other than those rejected by such Agent. Each Agent may, in its discretion reasonably exercised, reject any offer received by it in whole or in part. Each Agent also may make offers to the Bank to subscribe for Book−Entry Securities as a Purchasing Agent. The Bank will have the sole right to accept offers to subscribe for Book−Entry Securities and may reject any such offer in whole or in part.

The Bank will promptly notify the Selling Agent or Purchasing Agent, as the case may be, of its acceptance or rejection of an offer to subscribe for Book−Entry Securities. If the Bank accepts an offer to subscribe for Book−Entry Securities, it will confirm such acceptance in writing to the Selling Agent or Purchasing Agent, as the case may be, and the Trustee.

Communication of Subscription Information to the Bank by Agent and Settlement Procedures:

A. After the acceptance of an offer by the Bank, the Selling Agent or Purchasing Agent, as the case may be, will communicate promptly, but in no event later than the time set forth under "Settlement Procedure Timetable" below, the following details of the terms of such offer (the "Subscription Information") to the Bank by telephone (confirmed in writing) or by facsimile transmission or other acceptable written means:

(1) Principal Amount of Book−Entry Securities to be subscribed;

(2) If a Fixed Rate Book−Entry Security, the interest rate and initial interest payment date;

(3) Trade Date;

(4) Settlement Date;

(5) Maturity Date;

(6) Specified Currency and, if the Specified Currency is other than U.S. dollars, the applicable Exchange Rate for such Specified Currency (it being understood that currently the Depositary accepts deposits of Global Securities denominated in U.S. dollars only);

(7) The Exchange Rate Agent and the Exchange Rate Determination Date, if applicable;

(8) Issue Price;

(9) Selling Agent's commission or Purchasing Agent's discount, as the case may be;

(10) Net Proceeds to the Bank;

(11) If a redeemable or repayable Book−Entry Security, such of the following as are applicable:

(i) Redemption Commencement Date,

(ii) Initial Redemption Price (% of par),

(iii) Amount (% of par) that the Redemption Price shall decline (but not below par) on each anniversary of the Redemption Commencement Date,

(iv) Repayment date, and

(v) Repayment price;

(12) If an Original Issue Discount Book−Entry Security, the total amount of Original Issue Discount, the yield to Maturity and the initial accrual period of Original Issue Discount;

(13) If a Floating Rate Book−Entry Security, such of the following as are applicable:

(i) Interest Rate Basis,

(ii) Index Maturity and Index Currency,

(iii) Spread or Spread Multiplier,

(iv) Maximum Rate,

(v) Minimum Rate,

(vi) Initial Base Rate,

(vii) Initial Interest Rate,

(viii) Interest Reset Dates,

(ix) Calculation Dates,

(x) Interest Determination Dates,

(xi) Interest Payment Dates,

(xii) Regular Record Dates, and

(xiii) Calculation Agent;

(14) Name, address and taxpayer identification number of the registered Holder(s);

(15) Denomination of certificates to be delivered at settlement;

(16) Book−Entry Security or Certificated Security; and

(17) Selling Agent or Purchasing Agent.

B. After receiving the Subscription Information from the Selling Agent or Purchasing Agent, as the case may be, the Bank will communicate such Subscription Information to the Trustee by facsimile transmission or other acceptable written means. The Trustee will assign a CUSIP number to the Global Security from a list of CUSIP numbers previously delivered to the Trustee by the Bank representing such Book−Entry Security and then advise the Bank and the Selling Agent or Purchasing Agent, as the case may be, of such CUSIP number.

C. The Trustee will enter a pending deposit message through the Depositary's Participant Terminal System, providing the following settlement information to the Depositary, and the Depositary shall forward such information to such Agent and Standard & Poor's Ratings Group (or such other entity that assigns CUSIP numbers or any other identification designations being used for the relevant Securities):

(1) The applicable Subscription Information;

(2) CUSIP number of the Global Security representing such Book−Entry Security;

(3) Whether such Global Security will represent any other Book−Entry Security (to the extent known at such time);

(4) Number of the participant account maintained by the Depositary on behalf of the Selling Agent or Purchasing Agent, as the case may be;

(5) The interest payment period; and

(6) Initial Interest Payment Date for such Book−Entry Security, number of days by which such date succeeds the record date for the Depositary's purposes (which in the case of Floating Rate Securities which reset daily or weekly shall be the date five calendar days immediately preceding the applicable Interest Payment Date and in the case of all other Book−Entry Securities shall be the Regular Record Date, as defined in the Security) and, if calculable at that time, the amount of interest payable on such Interest Payment Date.

D. The Trustee will complete and authenticate the Global Security previously delivered by the Bank representing such Book−Entry Security.

E. The Depositary will credit such Book−Entry Security to the Trustee's participant account at the Depositary.

F. The Trustee will enter an SDFS deliver order through the Depositary's Participant Terminal System instructing the Depositary to (i) debit such Book−Entry Security to the Trustee's participant account and credit such Book−Entry Security to such Agent's participant account and (ii) debit such Agent's settlement account and credit the Trustee's settlement account for an amount equal to the price of such Book−Entry Security less such Agent's commission or discount, as the case may be. The entry of such a deliver order shall constitute a representation and warranty by the Trustee to the Depositary that (a) the Global Security representing such Book−Entry Security has been issued and authenticated and (b) the Trustee is holding such Global Security pursuant to the Certificate Agreement.

G. Such Agent will enter an SDFS deliver order through the Depositary's Participant Terminal System instructing the Depositary (i) to debit such Book−Entry Security to such Agent's participant account and credit such Book−Entry Security to the participant accounts of the participants with respect to such Book−Entry Security and (ii) to debit the settlement accounts of such participants and credit the settlement account of such Agent for an amount equal to the price of such Book−Entry Security.

H. Transfers of funds in accordance with SDFS deliver orders described in Settlement Procedures “F” and “G” will be settled in accordance with SDFS operating procedures in effect on the settlement date.

I. Upon confirmation of receipt of funds, the Trustee will transfer to the account of the Bank maintained at _______________, or such other account as the Bank may have previously specified to the Trustee, in funds available for immediate use in the amount transferred to the Trustee in accordance with Settlement Procedure “F”.

J. Upon request, the Trustee will send to the Bank a statement setting forth the principal amount of Book−Entry Securities outstanding as of that date under the Indenture.

K. Such Agent will confirm the subscription of such Book−Entry Security to the subscriber either by transmitting to the participants with respect to such Book−Entry Security a confirmation order or orders through the Depositary’s institutional delivery system or by mailing a written confirmation to such subscriber.

L. The Depositary will, at any time, upon request of the Bank or the Trustee, promptly furnish to the Bank or the Trustee a list of the names and addresses of the participants for whom the Depositary has credited Book−Entry Securities.

Preparation of Prospectus or Supplement:

If the Bank accepts an offer to subscribe for a Book−Entry Security, it will prepare a Pricing Supplement reflecting the terms of such Book−Entry Security and arrange to have delivered to the Selling Agent or Purchasing Agent, as the case may be, at least ten copies of such Pricing Supplement, not later than 5:00 p.m., New York City time, on the business day following the Trade Date (as defined below), or if the Bank and the subscriber agree to settlement on the business day following the date of acceptance of such offer, not later than noon, New York City time, on such date. The Bank will arrange to have the Pricing Supplements filed with the Commission not later than the close of business of the Commission on the fifth business day (or second business day, if such Book−Entry Security is to be sold pursuant to Rule 430A under the Securities Act) following the date on which such Pricing Supplement is first used.

Delivery of Confirmation and Prospectus to Subscriber by Selling Agent:

The Selling Agent will deliver to the subscriber of a Book−Entry Security a written confirmation of the issue and delivery and payment instructions. In addition, the Selling Agent will deliver to such subscriber or its agent the Prospectus as amended or supplemented (including the Pricing Supplement) in relation to such Book−Entry Security prior to or together with the earlier of the delivery to such subscriber or its agent of (a) the confirmation of issue or (b) the Book−Entry Security.

Date of Settlement:

The receipt by the Bank of immediately available funds in payment for a Book−Entry Security and the authentication and issuance of the Global Security representing such Book−Entry Security shall constitute “settlement” with respect to such Book−Entry Security. All orders of Book−Entry Securities solicited by a Selling Agent or made by a Purchasing Agent and accepted by the Bank on a particular date (the “Trade Date”) will be settled on a date (the “Settlement Date”) which is the third business day after the Trade Date pursuant to the “Settlement Procedure Timetable” set forth below, unless the Bank and the subscriber agree to settlement on another business day which shall be no earlier than the next business day after the Trade Date.

Settlement Procedure Timetable:

For orders of Book−Entry Securities solicited by a Selling Agent and accepted by the Bank for settlement on the third business day after the Trade Date, Settlement Procedures "A" through "I" set forth above shall be completed as soon as possible but not later than the respective times (New York City time) set forth below:

Settlement Procedure		Time
A	5:00 p.m.	on the business day following the Trade Date or 10:00 a.m. on the business day prior to the Settlement Date, whichever is earlier
B	12:00 noon	on the second business day immediately preceding the Settlement Date
C	2:00 p.m.	on the second business day immediately preceding the Settlement Date
D	3:30 p.m.	on the Settlement Date
E	3:30 p.m.	on the Settlement Date
F−G	2:00 p.m.	on the Settlement Date
H	4:45 p.m.	on the Settlement Date
I	5:00 p.m.	on the Settlement Date

If the initial interest rate for a Floating Rate Book−Entry Security has not been determined at the time that Settlement Procedure "A" is completed, Settlement Procedures "B" and "C" shall be completed as soon as such rate has been determined but no later than 2:00 p.m. on the second business day immediately preceding the Settlement Date. Settlement Procedure "H" is subject to extension in accordance with any extension of Fedwire closing deadlines and in the other events specified in the SDFS operating procedures in effect on the Settlement Date.

If settlement of a Book−Entry Security is rescheduled or canceled, the Trustee, upon obtaining knowledge thereof, will deliver to the Depositary, through the Depositary's Participation Terminal System, a cancellation message to such effect by no later than 2:00 p.m. on the business day immediately preceding the scheduled Settlement Date.

Failure to Settle:

If the Trustee fails to enter an SDFS deliver order with respect to a Book−Entry Security pursuant to Settlement Procedure "F", the Trustee may deliver to the Depositary, through the Depositary's Participant Terminal System, as soon as practicable a withdrawal message instructing the Depositary to debit such Book−Entry Security to the Trustee's participant account, *provided* that the Trustee's participant account contains a principal amount of the Global Security representing such Book−Entry Security that is at least equal to the principal amount to be debited. If a withdrawal message is processed with respect to all the Book−Entry Securities represented by a Global Security, the Trustee will mark such Global Security "canceled", make appropriate entries in the Trustee's records and send such canceled Global Security to the Bank. The CUSIP number assigned to such Global Security shall, in accordance with CUSIP Service Bureau procedures, be canceled and not immediately reassigned. If a withdrawal message is processed with respect to one or more, but not all, of the Book−Entry Securities represented by a Global Security, the Trustee will exchange such Global Security for two Global Securities, one of which shall represent such Book−Entry Security or Securities and shall be canceled immediately after issuance and the other of which shall represent the remaining Book−Entry Securities previously represented by the surrendered Global Security and shall bear the CUSIP number of the surrendered Global Security.

If the subscription price for any Book−Entry Security is not timely paid to the participants with respect to such Book−Entry Security by the beneficial subscriber thereof (or a person, including an indirect participant in the

Depositary, acting on behalf of such subscriber), such participants and, in turn the Agent for such Book−Entry Security may enter deliver orders through the Depositary's Participant Terminal System debiting such Book−Entry Security to such participant's account and crediting such Book−Entry Security to such Agent's account and then debiting such Book−Entry Security to such Agent's participant account and crediting such Book−Entry Security to the Trustee's participant account and shall notify the Bank and the Trustee thereof. Thereafter, the Trustee will (i) immediately notify the Bank of such order and the Bank shall transfer to such Agent funds available for immediate use in an amount equal to the price of such Book−Entry Security which was credited to the account of the Bank maintained at the Trustee in accordance with Settlement Procedure I, and (ii) deliver the withdrawal message and take the related actions described in the preceding paragraph. If such failure shall have occurred for any reason other than default by the applicable Agent to perform its obligations hereunder or under the Distribution Agreement, the Bank will reimburse such Agent on an equitable basis for the loss of its use of funds during the period when the funds were credited to the account of the Bank.

Notwithstanding the foregoing, upon any failure to settle with respect to a Book−Entry Security, the Depositary may take any actions in accordance with its SDFS operating procedures then in effect. In the event of a failure to settle with respect to one or more, but not all, of the Book−Entry Securities to have been represented by a Global Security, the Trustee will provide, in accordance with Settlement Procedure "D", for the authentication and issuance of a Global Security representing the other Book−Entry Securities to have been represented by such Global Security and will make appropriate entries in its records. The Bank will, from time to time, furnish the Trustee with a sufficient quantity of Securities.

PART II: ADMINISTRATIVE PROCEDURE FOR CERTIFICATED SECURITIES

Posting Rates by Bank:

The Bank and the Agents will discuss from time to time the rates of interest per annum to be borne by and the maturity of Certificated Securities that may be sold as a result of the solicitation of offers by an Agent. The Bank may establish a fixed set of interest rates and maturities for an offering period ("posting"). If the Bank decides to change already posted rates, it will promptly advise the Agents to suspend solicitation of offers until the new posted rates have been established with the Agents.

Acceptance of Offers by Bank:

Each Agent will promptly advise the Bank by telephone or other appropriate means of all reasonable offers to subscribe for Certificated Securities, other than those rejected by such Agent. Each Agent may, in its discretion reasonably exercised, reject any offer received by it in whole or in part. Each Agent also may make offers to the Bank to subscribe for Certificated Securities as a Purchasing Agent. The Bank will have the sole right to accept offers to subscribe for Certificated Securities and may reject any such offer in whole or in part.

The Bank will promptly notify the Selling Agent or Purchasing Agent, as the case may be, of its acceptance or rejection of an offer to subscribe for Certificated Securities. If the Bank accepts an offer to subscribe for Certificated Securities, it will confirm such acceptance in writing to the Selling Agent or Purchasing Agent, as the case may be, and the Trustee.

Communication of Subscription Information to Bank by Agent:

After the acceptance of an offer by the Bank, the Selling Agent or Purchasing Agent, as the case may be, will communicate the following details of the terms of such offer (the "Subscription Information") to the Bank by telephone (confirmed in writing) or by facsimile transmission or other acceptable written means:

(1) Principal Amount of Certificated Securities to be subscribed for;

(2) If a Fixed Rate Certificated Security, the interest rate and initial interest payment date;

(3) Trade Date;

(4) Settlement Date;

(5) Maturity Date;

(6) Specified Currency and, if the Specified Currency is other than U.S. dollars, the applicable Exchange Rate for such Specified Currency;

(7) The Exchange Rate Agent and the Exchange Rate Determination Date, if applicable;

(8) Issue Price;

(9) Selling Agent's commission or Purchasing Agent's discount, as the case may be;

(10) Net Proceeds to the Bank;

(11) If a redeemable or repayable Certificated Security, such of the following as are applicable:

(i) Redemption Commencement Date,

(ii) Initial Redemption Price (% of par),

(iii) Amount (% of par) that the Redemption Price shall decline (but not below par) on each anniversary of the Redemption Commencement Date,

(iv) Repayment date, and

(v) Repayment price;

(12) If an Original Issue Discount Certificated Security, the total amount of Original Issue Discount, the yield to Maturity and the initial accrual period of Original Issue Discount;

(13) If a Floating Rate Certificated Security, such of the following as are applicable:

(i) Interest Rate Basis,

(ii) Index Maturity and Index Currency,

(iii) Spread or Spread Multiplier,

(iv) Maximum Rate,

(v) Minimum Rate,

(vi) Initial Base Rate,

(vii) Initial Interest Rate,

(viii) Interest Reset Dates,

(ix) Calculation Dates,

(x) Interest Determination Dates,

(xi) Interest Payment Dates,

(xii) Regular Record Dates, and

(xiii) Calculation Agent;

(14) Name, address and taxpayer identification number of the registered owner(s);

(15) Denomination of certificates to be delivered at settlement;

(16) Book−Entry Security or Certificated Security; and

(17) Selling Agent or Purchasing Agent.

Preparation of Prospectus or Pricing Supplement by Bank:

If the Bank accepts an offer to subscribe for a Certificated Security, it will prepare a Prospectus Supplement or Pricing Supplement, as applicable, reflecting the terms of such Certificated Security and arrange to have delivered to the Selling Agent or Purchasing Agent, as the case may be, at least ten copies of such Pricing Supplement, not later than 5:00 p.m., New York City time, on the business day following the Trade Date, or if the Bank and the subscriber agree to settlement on the date of acceptance of such offer, not later than noon, New York City time, on such date. The Bank will arrange to have the Pricing Supplement filed with the Commission not later than the close of business of the Commission on the fifth business day (or second business day, if such Certificated Security is to be sold pursuant to Rule 430A under the Securities Act) following the date on which such Pricing Supplement is first used.

Delivery of Confirmation and Prospectus to Subscriber by Selling Agent:

The Selling Agent will deliver to the subscriber of a Certificated Security a written confirmation of the issue and delivery and payment instructions. In addition, the Selling Agent will deliver to such subscriber or its agent the Prospectus as amended or supplemented (including the Pricing Supplement, as applicable) in relation to such Certificated Security prior to or together with the earlier of the delivery to such subscriber or its agent of (a) the confirmation of issue or (b) the Certificated Security.

Date of Settlement:

All offers of Certificated Securities solicited by a Selling Agent or made by a Purchasing Agent and accepted by the Bank will be settled on a date (the “Settlement Date”) which is the third business day after the date of acceptance of such offer, unless the Bank and the subscriber agree to settlement (a) on another business day after the acceptance of such offer or (b) with respect to an offer accepted by the Bank prior to 10:00 a.m., New York City time, on the date of such acceptance.

Instruction from Bank to Trustee for Preparation of Certificated Securities:

After receiving the Subscription Information from the Selling Agent or Purchasing Agent, as the case may be, the Bank will communicate such Subscription Information to the Trustee by telephone (confirmed in writing) or by facsimile transmission or other acceptable written means.

The Bank will instruct the Trustee by facsimile transmission or other acceptable written means to authenticate and deliver the Certificated Securities no later than 2:15 p.m., New York City time, on the Settlement Date. Such instruction will be given by the Bank prior to 3:00 p.m., New York City time, on the business day immediately preceding the Settlement Date unless the Settlement Date is the date of acceptance by the Bank of the offer to subscribe for Certificated Securities in which case such instruction will be given by the Bank by 11:00 a.m., New York City time.

Preparation and Delivery of Certificated Securities by Trustee and Receipt of Payment Therefor:

The Trustee will prepare each Certificated Security and appropriate receipts that will serve as the documentary control of the transaction.

In the case of an issue of Certificated Securities to a subscriber solicited by a Selling Agent, the Trustee will, by 2:15 p.m., New York City time, on the Settlement Date, deliver the Certificated Securities to the Selling Agent for the benefit of the subscriber of such Certificated Securities against delivery by the Selling Agent of a receipt therefor. On the Settlement Date the Selling Agent will deliver payment for such Certificated Securities in immediately available funds to the Bank in an amount equal to the issue price of the Certificated Securities less the Selling Agent's commission; *provided* that the Selling Agent reserves the right to withhold payment for which it has not received funds from the subscriber. The Bank shall not use any proceeds advanced by a Selling Agent to acquire securities.

In the case of an issue of Certificated Securities to a Purchasing Agent, the Trustee will, by 2:15 p.m., New York City time, on the Settlement Date, deliver the Certificated Securities to the Purchasing Agent against delivery of payment for such Certificated Securities in immediately available funds to the Bank in an amount equal to the issue price of the Certificated Securities less the Purchasing Agent's discount.

Failure of Subscriber to Pay Selling Agent:

If a subscriber (other than a Purchasing Agent) fails to make payment to the Selling Agent for a Certificated Security, the Selling Agent will promptly notify the Trustee and the Bank thereof by telephone (confirmed in writing) or by facsimile transmission or other acceptable written means. The Selling Agent will immediately return the Certificated Security to the Trustee. Immediately upon receipt of such Certificated Security by the Trustee, the Bank will return to the Selling Agent an amount equal to the amount previously paid to the Bank in respect of such Certificated Security. The Bank will reimburse the Selling Agent on an equitable basis for its loss of the use of funds during the period when they were credited to the account of the Bank.

The Trustee will cancel the Certificated Security in respect of which the failure occurred, make appropriate entries in its records and, unless otherwise instructed by the Bank, destroy the Certificated Security.

PART III: ADMINISTRATIVE PROCEDURE FOR BOOK−ENTRY SECURITIES

In the event that Book−Entry Securities cannot be issued in accordance with Part I hereof, such Book−Entry Securities will be issued in accordance with such procedures as may be agreed among the Bank, the Agents and the Trustee, and are acceptable to the Depositary.

Accountants' Letter

Pursuant to Sections 4(m) and 6(d), as the case may be, of the Amended and Restated Distribution Agreement, the Bank's independent certified public accountants shall furnish letters to the effect that:

(i) They are independent certified public accountants with respect to the Bank and its subsidiaries within the meaning of the Act and the applicable published rules and regulations thereunder;

(ii) In their opinion, the financial statements and any supplementary financial information and schedules (and, if applicable, prospective financial statements and/or pro forma financial information) examined by them and included or incorporated by reference in the Registration Statement or the Prospectus comply as to form in all material respects with the applicable accounting requirements of the Act or the Exchange Act, as applicable, and the related published rules and regulations thereunder; and, if applicable, they have made a review in accordance with standards established by the American Institute of Certified Public Accountants of the consolidated interim financial statements, selected financial data, pro forma financial information, prospective financial statements and/or condensed financial statements derived from audited financial statements of the Bank for the periods specified in such letter, as indicated in their reports thereon, copies of which have been furnished to the Agents;

(iii) On the basis of limited procedures, not constituting an examination in accordance with generally accepted auditing standards, consisting of a reading of the unaudited financial statements and other information referred to below, a reading of the latest available interim financial statements of the Bank and its subsidiaries, inspection of the minute books of the Bank and its subsidiaries since the date of the latest audited financial statements included or incorporated by reference in the Prospectus, inquiries of officials of the Bank and its subsidiaries responsible for financial and accounting matters and such other inquiries and procedures as may be specified in such letter, nothing came to their attention that caused them to believe that:

(A) the unaudited condensed consolidated statements of income, consolidated balance sheets and consolidated statements of cash flows included or incorporated by reference in any document incorporated by reference in the Registration Statement or the Prospectus do not comply as to form in all material respects with the applicable accounting requirements of the Exchange Act and the related published rules and regulations thereunder relating to interim financial statements to the extent applicable to the Bank or are not in conformity with generally accepted accounting principles applied on a basis substantially consistent with the basis for the audited consolidated statements of income, consolidated balance sheets and consolidated statements of cash flows included or incorporated by reference in the Form 20−F;

(B) the unaudited selected financial data with respect to the consolidated results of operations and financial position for the five most recent fiscal years which was included in the Prospectus does not agree with the corresponding amounts in the Bank's audited consolidated financial statements for such fiscal years restated where appropriate to accord with current accounting practice;

(C) as at March 31 or September 30 following the date of the audited consolidated financial statements included in the Form 20−F, if applicable, and to the extent that the relevant financial information is available, there were any changes in issued share capital (other than issuances of shares under employee share option or profit sharing schemes existing on the date of any Terms Agreement) or decreases in provisions for lending losses, income retained and other reserves, any changes in the consolidated long−term debt or undated capital notes, other than for exchange rate movements, or any decrease in net interest income, income before taxes, minority interests and extraordinary items or net income, as compared with the corresponding period in the preceding year, except in all instances for changes which the Registration Statement discloses; and

(D) for the period from the specific date referred to above to not more than five days prior to the date of delivery of such letter, there were any changes in the issued share capital (other than issuances of shares under employee share option or profit sharing schemes existing on the date of any Terms Agreement) or decreases in income retained and other reserves or changes in long−term debt, or undated capital notes, other than for exchange rate movements, as compared with amounts shown on the audited consolidated balance sheet included in the Form 20 F; and

(iv) In addition to the examination referred to in their report(s) included or incorporated by reference in the Registration Statement and Prospectus and the limited procedures, inspection of minute books, inquiries and other procedures referred to in paragraphs (iii) above, they have carried out certain specified procedures, not constituting an examination in accordance with generally accepted auditing standards, with respect to certain amounts, percentages and financial information which are derived from the general accounting records of the Bank and its subsidiaries, which appear in the Form 20−F, in any document incorporated by reference in the Registration Statement, in the Prospectus and in certain exhibits to the Registration Statement, and which are specified by the Agents, and have compared certain of such amounts, percentages and financial information with the accounting records of the Bank and its subsidiaries and have found them to be in agreement.

All references in this Annex III to the Prospectus shall be deemed to refer to the Prospectus (as defined in the Distribution Agreement) as amended or supplemented as of the Time of Delivery relating to any Terms Agreement requiring the delivery of such letter under Section 4(m) thereof.

BARCLAYS BANK PLC /ENG/ (AYT)

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E14 5HP
LONDON ENGLAND, X0 E14 5HP
212. 412.4000

EX−4.4

FORM OF DEPOSIT AGREEMENT
F−3ASR Filed on 08/31/2007
File Number 333−145845

Exhibit 4.4

BARCLAYS BANK PLC

AND

THE BANK OF NEW YORK

as Depositary

AND

HOLDERS OF AMERICAN DEPOSITARY RECEIPTS

Deposit Agreement

Dated as of April 25, 2006

DEPOSIT AGREEMENT

DEPOSIT AGREEMENT dated as of April 25, 2006 among BARCLAYS BANK PLC, incorporated under the laws of England and Wales (herein called the "Company"), THE BANK OF NEW YORK, a New York banking corporation (herein called the "Depositary"), and all Holders from time to time of American Depositary Receipts issued hereunder.

W I T N E S S E T H :

WHEREAS, the Company desires to provide, as hereinafter set forth in this Deposit Agreement, for the deposit of Shares (as hereinafter defined) of the Company from time to time with the Depositary or with the Custodian (as hereinafter defined) as agent of the Depositary for the purposes set forth in this Deposit Agreement, for the creation of American Depositary Shares representing the Shares so deposited and for the execution and delivery of American Depositary Receipts evidencing the American Depositary Shares; and

WHEREAS, the American Depositary Receipts are to be substantially in the form of Exhibit A annexed hereto, with appropriate insertions, modifications and omissions, as hereinafter provided in this Deposit Agreement; and

NOW, THEREFORE, in consideration of the premises, it is agreed by and between the parties hereto as follows:

ARTICLE 1. DEFINITIONS.

The following definitions shall for all purposes, unless otherwise clearly indicated, apply to the respective terms used in this Deposit Agreement:

SECTION 1.1 American Depositary Shares.

The term "American Depositary Shares" shall mean the securities representing the interests in the Deposited Securities and evidenced by the Receipts issued hereunder. Each American Depositary Share shall represent the number of Shares specified in Exhibit A annexed hereto, until there shall occur a distribution upon Deposited Securities covered by Section 4.3 or a change in Deposited Securities covered by Section 4.8 with respect to which additional Receipts are not executed and delivered, and thereafter American Depositary Shares shall evidence the amount of Shares or Deposited Securities specified in such Sections.

SECTION 1.2 Article; Section.

Wherever references are made in this Deposit Agreement to an "Article" or "Articles" or to a "Section" or "Sections", such references shall mean an article or articles or a section or sections of this Deposit Agreement, unless otherwise required by the context.

SECTION 1.3 Commission.

The term "Commission" shall mean the Securities and Exchange Commission of the United States or any successor governmental agency in the United States.

SECTION 1.4 Company.

The term "Company" shall mean Barclays Bank PLC, incorporated under the laws of England and Wales, and its successors.

SECTION 1.5 Custodian.

The term "Custodian" shall mean the London office of The Bank of New York, as agent of the Depositary for the purposes of this Deposit Agreement, and any other firm or corporation which may hereafter be appointed by the Depositary pursuant to the terms of Section 5.5, as substitute or additional custodian or custodians hereunder, as the context shall require and shall also mean all of them collectively.

SECTION 1.6 Deposit Agreement.

The term "Deposit Agreement" shall mean this Deposit Agreement, as the same may be amended from time to time in accordance with the provisions hereof.

SECTION 1.7 Depositary; Corporate Trust Office.

The term "Depositary" shall mean The Bank of New York, a New York banking corporation and any successor as depositary hereunder. The term "Corporate Trust Office", when used with respect to the Depositary, shall mean the office of the Depositary which at the date of this Agreement is 101 Barclay Street, New York, New York, 10286.

SECTION 1.8 Deposited Securities.

The term "Deposited Securities" as of any time shall mean Shares at such time deposited or deemed to be deposited under this Deposit Agreement and any and all other securities, property and cash received by the Depositary or the Custodian in respect thereof and at such time held hereunder, subject as to cash to the provisions of Section 4.5.

SECTION 1.9 Dollars.

The term "Dollars" or "$" shall mean United States dollars.

SECTION 1.10 Foreign Registrar.

The term "Foreign Registrar" shall mean the entity that presently carries out the duties of registrar for the Shares or any successor as registrar for the Shares and any other appointed agent of the Company for the transfer and registration of Shares in registered form.

SECTION 1.11 Holder.

The term "Holder" shall mean the person in whose name a Receipt is registered on the books of the Depositary maintained for such purpose.

SECTION 1.12 Receipts.

The term "Receipts" shall mean the American Depositary Receipts issued hereunder evidencing American Depositary Shares, as the same may be amended from time to time in accordance with the provisions hereof.

SECTION 1.13 Registrar.

The term "Registrar" shall mean any bank or trust company having an office in the Borough of Manhattan, The City of New York, which shall be appointed to register Receipts and transfers of Receipts as herein provided.

SECTION 1.14 Restricted Securities.

The term "Restricted Securities" shall mean Shares, or Receipts representing such Shares, which are acquired directly or indirectly from the Company or its affiliates (as defined in Rule 144 under the Securities Act) in a transaction or chain of transactions not involving any public offering or which are subject to resale limitations under Regulation D under that Act or both, or which are held by an officer, director (or persons performing similar functions) or other affiliate of the Company, or which would require registration under the Securities Act in connection with the offer and sale thereof in the United States, or which are subject to other restrictions on sale or deposit under the laws of the United States or the United Kingdom, or under a shareholder agreement or the Memorandum and Articles of Association of the Company ("Articles of Association").

SECTION 1.15 Securities Act.

The term "Securities Act" shall mean the United States Securities Act of 1933, as from time to time amended.

SECTION 1.16 Shares.

The term “Shares” shall mean non−cumulative callable Dollar preference shares in registered or bearer form of the Company, heretofore validly issued and outstanding and fully paid, nonassessable and free of any pre−emptive rights of the holders of outstanding Shares or hereafter validly issued and outstanding and fully paid, nonassessable and free of any pre−emptive rights of the holders of outstanding Shares or interim certificates representing such Shares.

ARTICLE 2. FORM OF RECEIPTS, DEPOSIT OF SHARES, EXECUTION AND DELIVERY, TRANSFER AND SURRENDER OF RECEIPTS.

SECTION 2.1 Form and Transferability of Receipts.

Definitive Receipts shall be substantially in the form set forth in Exhibit A annexed to this Deposit Agreement, with appropriate insertions, modifications and omissions, as hereinafter provided. No Receipt shall be entitled to any benefits under this Deposit Agreement or be valid or obligatory for any purpose, unless such Receipt shall have been executed by the Depositary by the manual or facsimile signature of a duly authorized signatory of the Depositary and, if a Registrar for the Receipts shall have been appointed, countersigned by the manual or facsimile signature of a duly authorized officer of the Registrar. The Depositary shall maintain books on which each Receipt so executed and delivered as hereinafter provided and the transfer of each such Receipt shall be registered. Receipts bearing the manual or facsimile signature of a duly authorized signatory of the Depositary who was at any time a proper signatory of the Depositary shall bind the Depositary, notwithstanding that such signatory has ceased to hold such office prior to the execution and delivery of such Receipts by the Registrar or did not hold such office on the date of issuance of such Receipts.

The Receipts may be endorsed with or have incorporated in the text thereof such legends or recitals or modifications not inconsistent with the provisions of this Deposit Agreement as may be required by the Depositary or required to comply with any applicable law or regulations thereunder or with the rules and regulations of any securities exchange upon which American Depositary Shares may be listed or to conform with any usage with respect thereto, or to indicate any special limitations or restrictions to which any particular Receipts are subject by reason of the date of issuance of the underlying Deposited Securities or otherwise.

Title to a Receipt (and to the American Depositary Shares evidenced thereby), when properly endorsed or accompanied by proper instruments of transfer, shall be transferable by delivery with the same effect as in the case of a negotiable instrument; provided, however, that the Company and the Depositary, notwithstanding any notice to the contrary, may treat the Holder thereof as the absolute owner thereof for the purpose of determining the person entitled to any distribution of dividends or other distributions or to any notice provided for in this Deposit Agreement and for all other purposes.

SECTION 2.2 Deposit of Shares.

Subject to the terms and conditions of this Deposit Agreement, Shares or evidence of rights to receive Shares may be deposited by delivery thereof to any Custodian hereunder, accompanied by any appropriate instrument or instruments of transfer, or endorsement, in form satisfactory to the Custodian, together with all such certifications as may be required by the Depositary or the Custodian in accordance with the provisions of this Deposit Agreement, and, if the Depositary requires, together with a written order directing the Depositary to execute and deliver to, or upon the written order of, the person or persons stated in such order, a Receipt or Receipts for the number of American Depositary Shares representing such deposit. No Share shall be accepted for deposit unless accompanied by evidence satisfactory to the Depositary that any necessary approval has been granted by any governmental authority or body in the United Kingdom, if any, which is then performing the function of the regulation of currency exchange. If required by the Depositary, Shares presented for deposit at any time, whether or not the transfer books of the Company or the Foreign Registrar, if applicable, are closed, shall also be accompanied by an agreement or assignment, or other instrument satisfactory to the Depositary, which will provide for the prompt transfer to the Custodian of any dividend, or right to subscribe for additional Shares or to receive other property which any person in whose name the Shares are or have been recorded may thereafter receive upon or in respect of such deposited Shares, or in lieu thereof, such agreement of indemnity or other agreement as shall be satisfactory to the Depositary.

At the request and risk and expense of any person proposing to deposit Shares, and for the account of such person, the Depositary may receive certificates for Shares to be deposited, together with the other instruments herein specified, for the purpose of forwarding such Share certificates to the Custodian for deposit hereunder.

Upon each delivery to a Custodian of a certificate or certificates for Shares to be deposited hereunder, together with the other documents above specified, such Custodian shall, as soon as transfer and recordation can be accomplished, present such certificate or certificates to the Company or the Foreign Registrar, if applicable, for transfer and recordation of the Shares being deposited in the name of the Depositary or its nominee or such Custodian or its nominee.

Deposited Securities shall be held by the Depositary or by a Custodian for the account and to the order of the Depositary or at such other place or places as the Depositary shall determine.

SECTION 2.3 Execution and Delivery of Receipts.

Upon receipt by any Custodian of any deposit pursuant to Section 2.2 hereunder (and in addition, if the transfer books of the Company or the Foreign Registrar, if applicable, are open, the Depositary may in its sole discretion require a proper acknowledgment or other evidence from the Company that any Deposited Securities have been recorded upon the books of the Company or the Foreign Registrar, if applicable, in the name of the Depositary or its nominee or such Custodian or its nominee), together with the other documents required as above specified, such Custodian shall notify the Depositary of such deposit and the person or persons to whom or upon whose written order a Receipt or Receipts are deliverable in respect thereof and the number of American Depositary Shares to be evidenced thereby. Such notification shall be made by letter or, at the request, risk and expense of the person making the deposit, by cable, telex or facsimile transmission. Upon receiving such notice from such Custodian, or upon the receipt of Shares by the Depositary, the Depositary, subject to the terms and conditions of this Deposit Agreement, shall execute and deliver at its Corporate Trust Office, to or upon the order of the person or persons entitled thereto, a Receipt or Receipts, registered in the name or names and evidencing any authorized number of American Depositary Shares requested by such person or persons, but only upon payment to the Depositary of the fees and expenses of the Depositary for the execution and delivery of such Receipt or Receipts as provided in Section 5.9, and of all taxes and governmental charges and fees payable in connection with such deposit and the transfer of the Deposited Securities.

SECTION 2.4 Transfer of Receipts; Combination and Split−up of Receipts.

The Depositary, subject to the terms and conditions of this Deposit Agreement, shall register transfers of Receipts on its transfer books from time to time, upon any surrender of a Receipt, by the Holder in person or by a duly authorized attorney, properly endorsed or accompanied by proper instruments of transfer, and duly stamped as may be required by the laws of the State of New York and of the United States of America and other applicable law. Thereupon the Depositary shall execute a new Receipt or Receipts and deliver the same to or upon the order of the person entitled thereto.

The Depositary, subject to the terms and conditions of this Deposit Agreement, shall upon surrender of a Receipt or Receipts for the purpose of effecting a split−up or combination of such Receipt or Receipts, execute and deliver a new Receipt or Receipts for any authorized number of American Depositary Shares requested, evidencing the same aggregate number of American Depositary Shares as the Receipt or Receipts surrendered.

The Depositary may appoint one or more co−transfer agents for the purpose of effecting transfers, combinations and split−ups of Receipts at designated transfer offices on behalf of the Depositary. In carrying out its functions, a co−transfer agent may require evidence of authority and compliance with applicable laws and other requirements by Holders or persons entitled to Receipts and will be entitled to protection and indemnity to the same extent as the Depositary.

SECTION 2.5 Surrender of Receipts and Withdrawal of Shares.

Upon surrender at the Corporate Trust Office of the Depositary of a Receipt for the purpose of withdrawal of the Deposited Securities represented by the American Depositary Shares evidenced by such Receipt, and upon payment of the fee of the Depositary for the surrender of Receipts as provided in Section 5.9 and payment of all taxes and governmental charges payable in connection with such surrender and withdrawal of the Deposited Securities, and subject to the terms and conditions of this Deposit Agreement, the Holder of such Receipt shall be entitled to delivery, to him or upon his order, of the amount of Deposited Securities (in registered form only) at the time represented by the American Depositary Shares evidenced by such Receipt. Delivery of such Deposited Securities may be made by the delivery of (a) Shares in the name of such Holder or as ordered by such Holder or by certificates properly endorsed or accompanied by proper instruments of transfer to such Holder or as ordered by him and (b) any other securities, property and cash to which such Holder is then entitled in respect of such Receipts to such Holder or as ordered by him. Such delivery shall be made, as hereinafter provided, without unreasonable delay.

A Receipt surrendered for such purposes may be required by the Depositary to be properly endorsed in blank or accompanied by proper instruments of transfer in blank, and if the Depositary so requires, the Holder thereof shall execute and deliver to the Depositary a written order directing the Depositary to cause the Deposited Securities being withdrawn to be delivered to or upon the written order of a person or persons designated in such order. Thereupon the Depositary shall direct the Custodian to deliver at the London office of such Custodian, subject to Sections 2.6, 3.1 and 3.2 and to the other terms and conditions of this Deposit Agreement, to or upon the written order of the person or persons designated in the order delivered to the Depositary as above provided, the amount of Deposited Securities represented by the American Depositary Shares evidenced by such Receipt, except that the Depositary may make delivery to such person or persons at the Corporate Trust Office of the Depositary of any dividends or distributions with respect to the Deposited Securities represented by the American Depositary Shares evidenced by such Receipt, or of any proceeds of sale of any dividends, distributions or rights, which may at the time be held by the Depositary.

At the request, risk and expense of any Holder so surrendering a Receipt, and for the account of such Holder, the Depositary shall direct the Custodian to forward any cash or other property (other than rights) comprising, and forward a certificate or certificates, if applicable, and other proper documents of title for, the Deposited Securities represented by the American Depositary Shares evidenced by such Receipt to the Depositary for delivery at the Corporate Trust Office of the Depositary. Such direction shall be given by letter or, at the request, risk and expense of such Holder, by cable, telex or facsimile transmission.

SECTION 2.6 Limitations on Execution and Delivery, Transfer and Surrender of Receipts.

As a condition precedent to the execution and delivery, registration of transfer, split–up, combination or surrender of any Receipt or withdrawal of any Deposited Securities, the Depositary, Custodian or Registrar may require payment from the depositor of Shares or the presenter of the Receipt of a sum sufficient to reimburse it for any tax or other governmental charge and any stock transfer or registration fee with respect thereto (including any such tax or charge and fee with respect to Shares being deposited or withdrawn) and payment of any applicable fees as herein provided, may require the production of proof satisfactory to it as to the identity and genuineness of any signature and may also require compliance with any regulations the Depositary may establish consistent with the provisions of this Deposit Agreement, including, without limitation, this Section 2.6.

The delivery of Receipts against deposits of Shares generally or against deposits of particular Shares may be suspended, or the transfer of Receipts in particular instances may be refused, or the registration of transfer of outstanding Receipts generally may be suspended, during any period when the transfer books of the Depositary or the Company or those maintained by the Foreign Registrar are closed, or if any such action is deemed necessary or advisable by the Depositary or the Company at any time or from time to time because of any requirement of law or of any government or governmental body or commission, or under any provision of this Deposit Agreement, or for any other reason, subject to the provisions of Section 7.7 hereof. Notwithstanding any other provision of this Deposit Agreement or the Receipts, the surrender of outstanding Receipts and withdrawal of Deposited Securities may not be suspended subject only to (i) temporary delays caused by closing the transfer books of the Depositary or the Company or the deposit of Shares in connection with voting at a shareholders' meeting, or the payment of dividends, (ii) the payment of fees, taxes and similar charges, and (iii) compliance with any U.S. or foreign laws or governmental regulations relating to the Receipts or to the withdrawal of the Deposited Securities. Without limitation of the foregoing, the Depositary shall not knowingly accept for deposit under this Deposit Agreement any Shares required to be registered under the provisions of the Securities Act, unless a registration statement is in effect as to such Shares.

SECTION 2.7 Lost Receipts, etc.

In case any Receipt shall be mutilated, destroyed, lost or stolen, the Depositary shall execute and deliver a new Receipt of like tenor in exchange and substitution for such mutilated Receipt upon cancellation thereof, or in lieu of and in substitution for such destroyed, lost or stolen Receipt. Before the Depositary shall execute and deliver a new Receipt in substitution for a destroyed, lost or stolen Receipt, the Owner thereof shall have (a) filed with the Depositary (i) a request for such execution and delivery before the Depositary has notice that the Receipt has been acquired by a bona fide purchaser and (ii) a sufficient indemnity bond and (b) satisfied any other reasonable requirements imposed by the Depositary.

SECTION 2.8 Cancellation and Destruction of Surrendered Receipts.

All Receipts surrendered to the Depositary shall be cancelled by the Depositary. The Depositary is authorized to destroy Receipts so cancelled in accordance with procedures ordinarily followed by stock transfer agents located in the City of New York or as required by the laws or regulations governing the Depositary.

SECTION 2.9 Pre−Release of Receipts.

Unless requested in writing by the Company to cease doing so, the Depositary may, notwithstanding Section 2.3 hereof, execute and deliver Receipts prior to the receipt of shares pursuant to Section 2.2 ("Pre−Release"). The Depositary may, pursuant to Section 2.5, deliver Shares upon the receipt and cancellation of Receipts which have been Pre−Released, whether or not such cancellation is prior to the termination of such Pre−Release or the Depositary knows that such Receipt has been Pre−Released. The Depositary may receive Receipts in lieu of Shares in satisfaction of a Pre−Release. Each Pre−Release will be (a) preceded or accompanied by a written representation and agreement from the person to whom Receipts are to be delivered (the "Pre−Releasee") that the Pre−Releasee, or its customer, (i) owns the shares or Receipts to be remitted, as the case may be, (ii) assigns all beneficial rights, title and interest in such Shares or Receipts, as the case may be, to the Depositary in its capacity as such and for the benefit of the Holders, and (iii) will not take any action with respect to such Shares or Receipts, as the case may be, that is inconsistent with the transfer of beneficial ownership (including, without the consent of the Depositary, disposing of such Shares or Receipts, as the case may be), other than in satisfaction of such Pre−Release, (b) at all times fully collateralized with cash, U.S. government securities or such other collateral as the Depositary determines, in good faith, will provide substantially similar liquidity and security, (c) terminable by the Depositary on not more than five (5) business days notice, and (d) subject to such further indemnities and credit regulations as the Depositary deems appropriate. The number of Shares not deposited but represented by American Depositary Shares outstanding at any time as a result of Pre−Releases will not normally exceed thirty percent (30%) of the Shares deposited hereunder; provided, however, that the Depositary reserves the right to disregard such limit from time to time as it deems reasonably appropriate, and may, with the prior written consent of the Company, change such limit for purposes of general application. The Depositary will also set Dollar limits with respect to Pre−Release transactions to be entered into hereunder with any particular Pre−Releasee on a case−by−case basis as the Depositary deems appropriate. For purposes of enabling the Depositary to fulfill its obligations to the Holders under the Deposit Agreement, the collateral referred to in clause (b) above shall be held by the Depositary as security for the performance of the Pre−Releasee's obligations to the Depositary in connection with a Pre−Release transaction, including the Pre−Releasee's obligation to deliver Shares or Receipts upon termination of a Pre−Release transaction (and shall not, for the avoidance of doubt, constitute Deposited Securities hereunder).

The Depositary may retain for its own account any compensation received by it in connection with the foregoing.

SECTION 2.10 Maintenance of Records

The Depositary agrees to maintain or cause its agents to maintain records of all Receipts surrendered and Deposited Securities withdrawn under Section 2.5, substitute Receipts delivered under Section 2.7, and of cancelled or destroyed Receipts under Section 2.8, in keeping with procedures ordinarily followed by stock transfer agents located in the City of New York or as required by the laws or regulations governing the Depositary.

ARTICLE 3. CERTAIN OBLIGATIONS OF HOLDERS AND OWNERS OF RECEIPTS.

SECTION 3.1 Filing Proofs, Certificates and Other Information.

Any person presenting Shares for deposit or any Holder or owner of a Receipt may be required from time to time to file with the Depositary or the Custodian such proof of citizenship or residence, exchange control approval, or such information relating to the registration on the books of the Company or the Foreign Registrar, if applicable, to execute such certificates and to make such representations and warranties, as the Depositary may deem necessary or proper. The Depositary may withhold the delivery or registration of transfer of any Receipt or the distribution of any dividend or sale or distribution of rights or of the proceeds thereof or the delivery of any Deposited Securities until such proof or other information is filed or such certificates are executed or such representations and warranties made.

SECTION 3.2 Liability of Holder for Taxes.

If any tax or other governmental charge shall become payable by the Custodian or the Depositary with respect to any Receipt or any Deposited Securities represented by any Receipt, such tax or other governmental charge shall be payable by the Holder of such Receipt to the Depositary. The Depositary may refuse to effect any transfer of such Receipt or any withdrawal of Deposited Securities represented by American Depositary Shares evidenced by such Receipt until such payment is made, and may withhold any dividends or other distributions, or may sell for the account of the Owner thereof any part or all of the Deposited Securities represented by the American Depositary Shares evidenced by such Receipt, and may apply such dividends or other distributions or the proceeds of any such sale in payment of such tax or other governmental charge and the Holder of such Receipt shall remain liable for any deficiency.

SECTION 3.3 Warranties on Deposit of Shares.

Every person depositing Shares under this Deposit Agreement shall be deemed thereby to represent and warrant that such Shares and each certificate therefor, if applicable, are validly issued, fully paid, nonassessable and free of any pre−emptive rights of the holders of outstanding Shares and that the person making such deposit is duly authorized so to do. Every such person shall also be deemed to represent that the deposit of such Shares and the sale of Receipts evidencing American Depositary Shares representing such Shares by that person are not restricted under the Securities Act of 1933. Such representations and warranties shall survive the deposit of Shares and issuance of Receipts.

ARTICLE 4. THE DEPOSITED SECURITIES.

SECTION 4.1 Cash Distributions.

Whenever the Depositary shall receive any cash dividend or other cash distribution on any Deposited Securities, the Depositary shall, subject to the provisions of Section 4.5, convert such dividend or distribution into Dollars and shall distribute the amount thus received (net of the fees and expenses of the Depositary as provided in Section 5.9 hereof, if applicable) to the Holders entitled thereto, in proportion to the number of American Depositary Shares representing such Deposited Securities held by them respectively; provided, however, that in the event that the Company or the Depositary shall be required to withhold and does withhold from such cash dividend or such other cash distribution an amount on account of taxes, the amount distributed to the Holder of the Receipts evidencing American Depositary Shares representing such Deposited Securities shall be reduced accordingly. The Depositary shall distribute only such amount, however, as can be distributed without attributing to any Holder a fraction of one cent. Any such fractional amounts shall be rounded to the nearest whole cent and so distributed to Holders entitled thereto. The Company or its agent will remit to the appropriate governmental agency in the United Kingdom all amounts withheld and owing to such agency. The Depositary will forward to the Company or its agent such information from its records as the Company may reasonably request to enable the Company or its agent to file necessary reports with governmental agencies, and the Depositary or the Company or its agent may file any such reports necessary to obtain benefits under the applicable tax treaties for the Holders of Receipts.

SECTION 4.2 Distributions Other Than Cash, Shares or Rights.

Subject to the provisions of Section 4.11 and Section 5.9, whenever the Depositary shall receive any distribution other than a distribution described in Sections 4.1, 4.3 or 4.4, the Depositary shall cause the securities or property received by it to be distributed to the Holders entitled thereto, after deduction or upon payment of any fees and expenses of the Depositary (as provided in Section 5.9 hereof) or any taxes or other governmental charges, in proportion to the number of American Depositary Shares representing such Deposited Securities held by them respectively, in any manner that the Depositary may deem equitable and practicable for accomplishing such distribution; provided, however, that if in the opinion of the Depositary such distribution cannot be made proportionately among the Holders entitled thereto, or if for any other reason (including, but not limited to, any requirement that the Company or the Depositary withhold an amount on account of taxes or other governmental charges or that such securities must be registered under the Securities Act in order to be distributed to Holders or owners) the Depositary deems such distribution not to be feasible, the Depositary may adopt such method as it may deem equitable and practicable for the purpose of effecting such distribution, including, but not limited to, the public or private sale of the securities or property thus received, or any part thereof, and the net proceeds of any such sale (net of the fees and expenses of the Depositary as provided in Section 5.9) shall be distributed by the Depositary to the Holders entitled thereto as in the case of a distribution received in cash.

SECTION 4.3 Distributions in Shares.

If any distribution upon any Deposited Securities consists of a dividend in, or free distribution of, Shares, the Depositary may, and shall if the Company shall so request, distribute to the Holders of outstanding Receipts entitled thereto, in proportion to the number of American Depositary Shares representing such Deposited Securities held by them respectively, additional Receipts evidencing an aggregate number of American Depositary Shares representing the amount of Shares received as such dividend or free distribution, subject to the terms and conditions of the Deposit Agreement with respect to the deposit of Shares and the issuance of American Depositary Shares evidenced by Receipts, including the withholding of any tax or other governmental charge as provided in Section 4.11 and the payment of fees of the Depositary as provided in Section 5.9. In lieu of delivering Receipts for fractional American Depositary Shares in any such case, the Depositary shall sell the amount of Shares represented by the aggregate of such fractions and distribute the net proceeds, all in the manner and subject to the conditions described in Section 4.1. If additional Receipts are not so distributed, each American Depositary Share shall thenceforth also represent the additional Shares distributed upon the Deposited Securities represented thereby.

SECTION 4.4 Rights.

In the event that the Company shall offer or cause to be offered to the holders of any Deposited Securities any rights to subscribe for additional Shares or any rights of any other nature, the Depositary shall have discretion as to the procedure to be followed in making such rights available to any Holders or in disposing of such rights on behalf of any Holders and making the net proceeds available to such Holders or, if by the terms of such rights offering or for any other reason, the Depositary may not either make such rights available to any Holders or dispose of such rights and make the net proceeds available to such Holders, then the Depositary shall allow the rights to lapse; provided however, that the Depositary will, if requested by the Company, take action as follows:

(i) if at the time of the offering of any such rights the Depositary determines that it is lawful and feasible to make such rights available to all Holders or to certain Holders but not to other Holders, the Depositary may distribute to any Holder to whom it determines the distribution to be lawful and feasible to distribute such warrants or other instruments therefor in such form as it may determine to the Holders entitled thereto, in proportion to the number of American Depositary Shares representing such Deposited Securities, or employ such other method as it may deem feasible in order to facilitate the exercise, sale or transfer of rights by such Holders; or

(ii) if at the time of the offering of any rights the Depositary determines that it is not lawful or not feasible to make such rights available to all or certain Holders by means of warrants or otherwise, or if the rights represented by such warrants or such other instruments are not exercised and appear to be about to lapse, the Depositary in its discretion may sell such rights or such warrants or other instruments at a public or private sale, at such place or places and upon such terms as it may deem proper, and may allocate the proceeds of such sales in proportion to the number of American Depositary Shares held by the Holders to whom it has determined it may not lawfully or feasibly make such rights available (net of the fees and expenses of the Depositary as provided in Section 5.9 and all taxes and governmental charges payable in connection with such rights and subject to the terms and conditions of this Deposit Agreement) for the account of such Holders otherwise entitled to such rights, warrants or other instruments, upon an averaged or other practicable basis without regard to any distinctions among such Holders because of exchange restrictions, or the date of delivery of any Receipt or Receipts, or otherwise.

In circumstances in which rights would otherwise not be distributed, if a Holder of Receipts requests the distribution of warrants or other instruments in order to exercise the rights allocable to the American Depositary Shares of such Holder hereunder, the Depositary will make such rights available to such Holder upon written notice from the Company to the Depositary. In the case of a distribution pursuant to this paragraph, such Receipts shall be legended in accordance with applicable U.S. laws, and shall be subject to the appropriate restrictions on sale, deposit, cancellation, and transfer under such laws.

If the Depositary has distributed warrants or other instruments for rights to all or certain Holders, then upon instruction from such an Holder pursuant to such warrants or other instruments to the Depositary from such Holder to exercise such rights, upon payment by such Holder to the Depositary for the account of such Holder of an amount equal to the purchase price of the Shares to be received upon the exercise of the rights, and upon payment of the fees and expenses of the Depositary and any other charges as set forth in such warrants or other instruments, the Depositary shall, on behalf of such Holder, exercise the rights and purchase the Shares, and the Company shall cause the Shares so purchased to be delivered to the Depositary on behalf of such Holder. As agent for such Holder, the Depositary will cause the Shares so purchased to be deposited pursuant to Section 2.2 of this Deposit Agreement, and shall, pursuant to Section 2.3 of this Deposit Agreement, execute and deliver Receipts to such Holder.

The Depositary will not offer rights to Holders unless both the rights and the securities to which such rights relate are either exempt from registration under the Securities Act with respect to a distribution to Holders or are registered under the provisions of such Act. If an Holder of Receipts requests distribution of warrants or other instruments, notwithstanding that there has been no such registration under the Securities Act, the Depositary shall not effect such distribution unless it has received an opinion from recognized counsel in the United States for the Company upon which the Depositary may rely that such distribution to such Holder is exempt from such registration.

The Depositary shall not be responsible for any failure to determine that it may be lawful or feasible to make such rights available to Holders in general or any Holder in particular.

SECTION 4.5 Conversion of Foreign Currency.

Whenever the Depositary or the Custodian shall receive foreign currency, by way of dividends or other distributions or the net proceeds from the sale of securities, property or rights, and if at the time of the receipt thereof the foreign currency so received can in the judgment of the Depositary be converted on a reasonable basis into Dollars and the resulting Dollars transferred to the United States, the Depositary shall convert or cause to be converted, by sale or in any other manner that it may determine, such foreign currency into Dollars, and such Dollars shall be distributed to the Holders entitled thereto or, if the Depositary shall have distributed any warrants or other instruments which entitle the holders thereof to such Dollars, then to the holders of such warrants and/or instruments upon surrender thereof for cancellation. Such distribution may be made upon an averaged or other practicable basis without regard to any distinctions among Holders on account of exchange restrictions, the date of delivery of any Receipt or otherwise and shall be net of any expenses of conversion into Dollars incurred by the Depositary as provided in Section 5.9.

If such conversion or distribution can be effected only with the approval or license of any government or agency thereof, the Depositary shall file such application for approval or license, if any, as it may deem desirable.

If at any time the Depositary shall determine that in its judgment any foreign currency received by the Depositary or the Custodian is not convertible on a reasonable basis into Dollars transferable to the United States, or if any approval or license of any government or agency thereof which is required for such conversion is denied or in the opinion of the Depositary is not obtainable, or if any such approval or license is not obtained within a reasonable period as determined by the Depositary, the Depositary may distribute the foreign currency (or an appropriate document evidencing the right to receive such foreign currency) received by the Depositary to, or in its discretion may hold such foreign currency uninvested and without liability for interest thereon for the respective accounts of, the Owners entitled to receive the same.

If any such conversion of foreign currency, in whole or in part, cannot be effected for distribution to some of the Holders entitled thereto, the Depositary may in its discretion make such conversion and distribution in Dollars to the extent permissible to the Holders entitled thereto and may distribute the balance of the foreign currency received by the Depositary to, or hold such balance uninvested and without liability for interest thereon for the respective accounts of, the Holders entitled thereto.

SECTION 4.6 Fixing of Record Date.

Whenever any cash dividend or other cash distribution shall become payable or any distribution other than cash shall be made, or whenever rights shall be issued with respect to the Deposited Securities, or whenever for any reason the Depositary causes a change in the number of Shares that are represented by each American Depositary Share, or whenever the Depositary shall receive notice of any meeting of holders of Shares or other Deposited Securities, the Depositary shall fix a record date (a) for the determination of the Holders who shall be (i) entitled to receive such dividend, distribution or rights or the net proceeds of the sale thereof or (ii) entitled to give instructions for the exercise of voting rights at any such meeting, or (b) on or after which each American Depositary Share will represent the changed number of Shares. Subject to the provisions of Sections 4.1 through 4.5 and to the other terms and conditions of this Deposit Agreement, the Holders on such record date shall be entitled, as the case may be, to receive the amount distributable by the Depositary with respect to such dividend or other distribution or such rights or the net proceeds of sale thereof in proportion to the number of American Depositary Shares held by them respectively and to give voting instructions and to act in respect of any other such matter.

SECTION 4.7 Voting of Deposited Securities.

Upon receipt of notice of any meeting of holders of Shares or other Deposited Securities, if requested in writing by the Company the Depositary shall, as soon as practicable thereafter, mail to the Holders a notice, the form of which notice shall be in the discretion of the Depositary, upon consultation with the Company, which shall contain (a) such information as is contained in such notice of meeting, and (b) a statement that the Holders as of the close of business on a specified record date will be entitled, subject to any applicable provision of English law and of the Articles of Association of the Company, to instruct the Depositary as to the exercise of the voting rights, if any, pertaining to the amount of Shares or other Deposited Securities represented by their respective American Depositary Shares and (c) a statement as to the manner in which such instructions may be given, including an express indication that such instructions may be given or deemed given in accordance with the last sentence of this paragraph if no instruction is received. Upon the written request of an Holder on such record date, received on or before the date established by the Depositary for such purpose, (the “Instruction Date”) the Depositary shall endeavor, in so far as practicable, to vote or cause to be voted the amount of Shares or other Deposited Securities represented by the American Depositary Shares evidenced by such Receipt in accordance with the instructions set forth in such request. The Depositary shall not vote or attempt to exercise the right to vote that attaches to the Shares or other Deposited Securities, other than in accordance with such instructions or deemed instructions. If no instructions are received by the Depositary from any Holder with respect to any of the Deposited Securities represented by the American Depositary Shares evidenced by such Holder’s Receipts on or before the date established by the Depositary for such purpose, the Depositary shall deem such Holder to have instructed the Depositary to give a discretionary proxy to a designated member or members of the Board of Directors of the Company with respect to such Deposited Securities and the Depositary shall give a discretionary proxy to designated member or members of the Board of Directors of the Company to vote such Deposited Securities, provided, that no such instruction shall be given with respect to any matter as to which the Company informs the Depositary (and the Company agrees to provide such information as promptly as practicable in writing) that (x) the Company does not wish such proxy given, (y) substantial opposition exists or (z) such matter materially and adversely affects the rights of holders of Shares.

There can be no assurance that Holders generally or any Holder in particular will receive the notice described in the preceding paragraph sufficiently prior to the Instruction Date to ensure that the Depositary will vote the Shares or Deposited Securities in accordance with the provisions set forth in the preceding paragraph.

SECTION 4.8 Changes Affecting Deposited Securities.

In circumstances where the provisions of Section 4.3 do not apply, upon any change in nominal value, change in par value, split−up, consolidation or any other reclassification of Deposited Securities, or upon any recapitalization, reorganization, merger or consolidation or sale of assets affecting the Company or to which it is a party, any securities which shall be received by the Depositary or a Custodian in exchange for or in conversion of or in respect of Deposited Securities, shall be treated as new Deposited Securities under this Deposit Agreement, and American Depositary Shares shall thenceforth represent, in addition to the existing Deposited Securities, if any, the new Deposited Securities so received in exchange or conversion, unless additional Receipts are delivered pursuant to the following sentence. In any such case the Depositary may, upon consultation with the Company, and shall if the Company shall so request, execute and deliver additional Receipts as in the case of a dividend in Shares, or call for the surrender of outstanding Receipts to be exchanged for new Receipts specifically describing such new Deposited Securities.

SECTION 4.9 Reports.

The Depositary shall make available for inspection by Holders at its Corporate Trust Office any reports and communications, including any proxy soliciting material, received from the Company which are both (a) received by the Depositary as the holder of the Deposited Securities and (b) made generally available to the holders of such Deposited Securities by the Company. The Depositary shall also, upon written request, send to the Owners copies of such reports furnished by the Company pursuant to Section 5.6.

SECTION 4.10 Lists of Owners.

Promptly upon request by the Company, the Depositary shall, at the expense of the Company subject to other written agreements with the Company, furnish to it a list, as of a recent date, of the names, addresses and holdings of American Depositary Shares by all persons in whose names Receipts are registered on the books of the Depositary.

SECTION 4.11 Withholding.

In the event that the Depositary determines that any distribution in property (including Shares and rights to subscribe therefor) is subject to any tax or other governmental charge which the Depositary is obligated to withhold, the Depositary may by public or private sale dispose of all or a portion of such property (including Shares and rights to subscribe therefor) in such amounts and in such manner as the Depositary deems necessary and practicable to pay any such taxes or charges and the Depositary shall distribute the net proceeds of any such sale after deduction of such taxes or charges to the Holders entitled thereto in proportion to the number of American Depositary Shares held by them respectively.

ARTICLE 5. THE DEPOSITARY, THE CUSTODIANS AND THE COMPANY.

SECTION 5.1 Maintenance of Office and Transfer Books by the Depositary.

Until termination of this Deposit Agreement in accordance with its terms, the Depositary shall maintain in the Borough of Manhattan, The City of New York, facilities for the execution and delivery, registration, registration of transfers and surrender of Receipts in accordance with the provisions of this Deposit Agreement.

The Depositary shall keep books at its Corporate Trust Office for the registration of Receipts and transfers of Receipts which at all reasonable times shall be open for inspection by the Holders, provided that such inspection shall not be for the purpose of communicating with Holders in the interest of a business or object other than the business of the Company or a matter related to this Deposit Agreement or the Receipts.

The Depositary may close the transfer books, at any time or from time to time, when deemed expedient by it in connection with the performance of its duties hereunder.

If any Receipts or the American Depositary Shares evidenced thereby are listed on one or more stock exchanges in the United States, the Depositary shall act as Registrar or appoint a Registrar or one or more co−registrars for registry of such Receipts in accordance with any requirements of such exchange or exchanges.

SECTION 5.2 Prevention or Delay in Performance by the Depositary or the Company.

Neither the Depositary nor the Company nor any of their respective directors, employees, agents or affiliates shall incur any liability to any Holder or owner of any Receipt, if by reason of any provision of any present or future law or regulation of the United Kingdom, the United States or any other country, or of any governmental or regulatory authority or stock exchange, or by reason of any provision, present or future, of the Articles of Association of the Company, or by reason of any provision of any securities issued or distributed by the Company, or any offering or distribution thereof, or by reason of any act of God or war or terrorism or other circumstances beyond its control, the Depositary or the Company shall be prevented, delayed or forbidden from, or be subject to any civil or criminal penalty on account of, doing or performing any act or thing which by the terms of this Deposit Agreement or the Deposited Securities it is provided shall be done or performed; nor shall the Depositary or the Company or any of their respective directors, employees, agents or affiliates incur any liability to any Holder or owner of any Receipt by reason of any non−performance or delay, caused as aforesaid, in the performance of any act or thing which by the terms of this Deposit Agreement it is provided shall or may be done or performed, or by reason of any exercise of, or failure to exercise, any discretion provided for in this Deposit Agreement. Where, by the terms of a distribution pursuant to Sections 4.1, 4.2, or 4.3 of the Deposit Agreement, or an offering or distribution pursuant to Section 4.4 of the Deposit Agreement, or for any other reason, such distribution or offering may not be made available to Holders, and the Depositary may not dispose of such distribution or offering on behalf of such Holders and make the net proceeds available to such Holders, then the Depositary shall not make such distribution or offering, and shall allow any rights, if applicable, to lapse.

SECTION 5.3 Obligations of the Depositary, the Custodian and the Company.

The Company assumes no obligation nor shall it be subject to any liability under this Deposit Agreement to Holders or owners of Receipts, except that it agrees to perform its obligations specifically set forth in this Deposit Agreement without gross negligence or bad faith.

The Depositary assumes no obligation nor shall it be subject to any liability under this Deposit Agreement to any Holders or owners of any Receipt (including, without limitation, liability with respect to the validity or worth of the Deposited Securities), except that it agrees to perform its obligations specifically set forth in this Deposit Agreement without gross negligence or bad faith.

Neither the Depositary nor the Company shall be under any obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any Deposited Securities or in respect of the Receipts, which in its opinion may involve it in expense or liability, unless indemnity satisfactory to it against all expense and liability shall be furnished as often as may be required, and the Custodian shall not be under any obligation whatsoever with respect to such proceedings, the responsibility of the Custodian being solely to the Depositary.

Neither the Depositary nor the Company shall be liable for any action or nonaction by it in reliance upon the advice of or information from legal counsel, accountants, any person presenting Shares for deposit, any Holder or any other person believed by it in good faith to be competent to give such advice or information.

The Depositary shall not be liable for any acts or omissions made by a successor depositary whether in connection with a previous act or omission of the Depositary or in connection with any matter arising wholly after the removal or resignation of the Depositary, provided that in connection with the issue out of which such potential liability arises the Depositary performed its obligations without negligence or bad faith while it acted as Depositary.

The Depositary shall not be responsible for any failure to carry out any instructions to vote any of the Deposited Securities, or for the manner in which any such vote is cast or the effect of any such vote, provided that any such action or nonaction is in good faith.

No disclaimer of liability under the Securities Act of 1933 is intended by any provision of this Deposit Agreement.

SECTION 5.4 Resignation and Removal of the Depositary.

The Depositary may at any time resign as Depositary hereunder by written notice of its election so to do delivered to the Company, such resignation to take effect upon the appointment of a successor depositary and its acceptance of such appointment as hereinafter provided.

The Depositary may at any time be removed by the Company by 90 days prior written notice of such removal, which shall become effective upon the later to occur of (i) the 90th day after delivery of the notice to the Depositary or (ii) the appointment of a successor depositary and its acceptance of such appointment as hereinafter provided.

In case at any time the Depositary acting hereunder shall resign or be removed, the Company shall use its best efforts to appoint a successor depositary, which shall be a bank or trust company having an office in the Borough of Manhattan, The City of New York. Every successor depositary shall execute and deliver to its predecessor and to the Company an instrument in writing accepting its appointment hereunder, and thereupon such successor depositary, without any further act or deed, shall become fully vested with all the rights, powers, duties and obligations of its predecessor; but such predecessor, nevertheless, upon payment of all sums due it and on the written request of the Company shall execute and deliver an instrument transferring to such successor all rights and powers of such predecessor hereunder, shall duly assign, transfer and deliver all right, title and interest in the Deposited Securities to such successor, and shall deliver to such successor a list of the Holders of all outstanding Receipts. Any such successor depositary shall promptly mail notice of its appointment to the Holders.

Any corporation into or with which the Depositary may be merged or consolidated shall be the successor of the Depositary without the execution or filing of any document or any further act.

SECTION 5.5 The Custodians.

The Custodian shall be subject at all times and in all respects to the directions of the Depositary and shall be responsible solely to it. Any Custodian may resign and be discharged from its duties hereunder by notice of such resignation delivered to the Depositary at least 30 days prior to the date on which such resignation is to become effective. If upon such resignation there shall be no Custodian acting hereunder, the Depositary shall, promptly after receiving such notice, appoint a substitute custodian or custodians, each of which shall thereafter be a Custodian hereunder. Whenever the Depositary in its discretion determines that it is in the best interest of the Holders to do so, it may appoint a substitute or additional custodian or custodians, which shall thereafter be one of the Custodians hereunder. Upon demand of the Depositary any Custodian shall deliver such of the Deposited Securities held by it as are requested of it to any other Custodian or such substitute or additional custodian or custodians. Each such substitute or additional custodian shall deliver to the Depositary, forthwith upon its appointment, an acceptance of such appointment satisfactory in form and substance to the Depositary.

Upon the appointment of any successor depositary hereunder, each Custodian then acting hereunder shall forthwith become, without any further act or writing, the agent hereunder of such successor depositary and the appointment of such successor depositary shall in no way impair the authority of each Custodian hereunder; but the successor depositary so appointed shall, nevertheless, on the written request of any Custodian, execute and deliver to such Custodian all such instruments as may be proper to give to such Custodian full and complete power and authority as agent hereunder of such successor depositary.

SECTION 5.6 Notices and Reports.

On or before the first date on which the Company gives notice, by publication or otherwise, of any meeting of holders of Shares or other Deposited Securities, or of any adjourned meeting of such holders, or of the taking of any action in respect of any cash or other distributions or the offering of any rights, the Company agrees to transmit to the Depositary and the Custodian a copy of the notice thereof in the form given or to be given to holders of Shares or other Deposited Securities.

The Company will arrange for the prompt transmittal by the Company to the Depositary and the Custodian of such notices and any other reports and communications which are made generally available by the Company to holders of its Shares. If requested in writing by the Company, the Depositary will arrange for the mailing, at the Company’s expense, of copies of such notices, reports and communications to all Holders. The Company will, in a timely manner, provide the Depositary with the quantity of such notices, reports, and communications, as requested by the Depositary from time to time, in order for the Depositary to effect such mailings.

SECTION 5.7 Distribution of Additional Shares, Rights, etc.

The Company agrees that in the event of any issuance or distribution to Holders of (1) additional Shares, (2) rights to subscribe for Shares, (3) securities convertible into Shares, or (4) rights to subscribe for such securities, (each a "Distribution") the Company will promptly furnish to the Depositary a written opinion from U.S. counsel for the Company, which counsel shall be satisfactory to the Depositary, stating whether or not the Distribution requires a Registration Statement under the Securities Act to be in effect prior to making such Distribution available to Holders entitled thereto. If in the opinion of such counsel a Registration Statement is required, such counsel shall furnish to the Depositary a written opinion as to whether or not there is a Registration Statement in effect which will cover such Distribution.

The Company agrees with the Depositary that neither the Company nor any affiliate of the Company (as defined in the Securities Act) will at any time deposit any Shares, either originally issued or previously issued and reacquired by the Company or any such affiliate, unless a Registration Statement is in effect as to such Shares under the Securities Act.

SECTION 5.8 Indemnification.

The Company agrees to indemnify the Depositary, its directors, employees, agents and affiliates and any Custodian against, and hold each of them harmless from, any liability or expense (including, but not limited to, the fees and expenses of counsel) which may arise out of any registration with the Commission of Receipts, American Depositary Shares or Deposited Securities or the offer or sale thereof in the United States or out of acts performed or omitted, in accordance with the provisions of this Deposit Agreement and of the Receipts, as the same may be amended, modified or supplemented from time to time, (i) by either the Depositary or a Custodian or their respective directors, employees, agents and affiliates, except for any liability or expense arising out of the negligence or bad faith of either of them, or (ii) by the Company or any of its directors, employees, agents and affiliates.

The Depositary agrees to indemnify the Company, its directors, employees, agents and affiliates and hold them harmless from any liability or expense which may arise out of acts performed or omitted by the Depositary or its Custodian or their respective directors, employees, agents and affiliates due to their negligence or bad faith.

SECTION 5.9 Charges of Depositary.

The Company agrees to pay the fees, reasonable expenses and out−of−pocket charges of the Depositary and those of any Registrar only in accordance with agreements in writing entered into between the Depositary and the Company from time to time. The Depositary shall present its statement for such charges and expenses to the Company once every three months. The charges and expenses of the Custodian are for the sole account of the Depositary.

The following charges shall be incurred by any party depositing or withdrawing Shares or by any party surrendering Receipts or to whom Receipts are issued (including, without limitation, issuance pursuant to a stock dividend or stock split declared by the Company or an exchange of stock regarding the Receipts or Deposited Securities or a distribution of Receipts pursuant to Section 4.3), or by Holders, as applicable: (1) taxes and other governmental charges, (2) such registration fees as may from time to time be in effect for the registration of transfers of Shares generally on the Share register of the Company or Foreign Registrar and applicable to transfers of Shares to or from the name of the Depositary or its nominee or the Custodian or its nominee on the making of deposits or withdrawals hereunder, (3) such cable, telex and facsimile transmission expenses as are expressly provided in this Deposit Agreement, (4) such expenses as are incurred by the Depositary in the conversion of foreign currency pursuant to Section 4.5, (5) a fee of $5.00 or less per 100 American Depositary Shares (or portion thereof) for the execution and delivery of Receipts pursuant to Section 2.3, 4.3 or 4.4 and the surrender of Receipts pursuant to Section 2.5 or 6.2, (6) a fee for the distribution of securities pursuant to Section 4.2, such fee being in an amount equal to the fee for the execution and delivery of American Depositary Shares referred to above which would have been charged as a result of the deposit of such securities (for purposes of this clause (6) treating all such securities as if they were Shares) but which securities are instead distributed by the Depositary to Owners, (7) a fee of $.02 or less per American Depositary Share (or portion thereof) for depositary services, which will accrue on the last day of each calendar year and which will be payable as provided in clause (8) below; and (8) any other charge payable by the Depositary, any of the Depositary's agents, including the Custodian, or the agents of the Depositary's agents in connection with the servicing of Shares or other Deposited Securities (which charge shall be assessed against Owners as of the date or dates set by the Depositary in accordance with Section 4.6 and shall be payable at the sole discretion of the Depositary by billing such Holders for such charge or by deducting such charge from one or more cash dividends or other cash distributions).

The Depositary, subject to Section 2.9 hereof, may own and deal in any class of securities of the Company and its affiliates and in Receipts.

SECTION 5.10 Retention of Depositary Documents.

The Depositary is authorized to destroy those documents, records, bills and other data compiled during the term of this Deposit Agreement at the times permitted by the laws or regulations governing the Depositary unless the Company requests that such papers be retained for a longer period or turned over to the Company or to a successor depositary.

ARTICLE 6. AMENDMENT AND TERMINATION.

SECTION 6.1 Amendment.

The form of the Receipts and any provisions of this Deposit Agreement may at any time and from time to time be amended by agreement between the Company and the Depositary without the consent of Holders and owners in any respect which they may deem necessary or desirable. Any amendment which shall impose or increase any fees or charges (other than taxes and other governmental charges, registration fees, cable, telex or facsimile transmission costs, delivery costs or other such expenses), or which shall otherwise prejudice any substantial existing right of Holders, shall, however, not become effective as to outstanding Receipts until the expiration of thirty days after notice of such amendment shall have been given to the Holders of outstanding Receipts. Every Holder at the time any amendment so becomes effective shall be deemed, by continuing to hold such Receipt, to consent and agree to such amendment and to be bound by the Deposit Agreement as amended thereby. In no event shall any amendment impair the right of the Owner of any Receipt to surrender such Receipt and receive therefor the Deposited Securities represented thereby, except in order to comply with mandatory provisions of applicable law.

SECTION 6.2 Termination.

The Depositary shall at any time at the direction of the Company terminate this Deposit Agreement by mailing notice of such termination to the Holders of all Receipts then outstanding at least 30 days prior to the date fixed in such notice for such termination. The Depositary may likewise terminate this Deposit Agreement by mailing notice of such termination to the Company and the Holders of all Receipts then outstanding if at any time 90 days shall have expired after the Depositary shall have delivered to the Company a written notice of its election to resign and a successor depositary shall not have been appointed and accepted its appointment as provided in Section 5.4. On and after the date of termination, the Holder of a Receipt will, upon (a) surrender of such Receipt at the Corporate Trust Office of the Depositary, (b) payment of the fee of the Depositary for the surrender of Receipts referred to in Section 2.5, and (c) payment of any applicable taxes or governmental charges, be entitled to delivery, to him or upon his order, of the amount of Deposited Securities represented by the American Depositary Shares evidenced by such Receipt. If any Receipts shall remain outstanding after the date of termination, the Depositary thereafter shall discontinue the registration of transfers of Receipts, shall suspend the distribution of dividends to the Holders thereof, and shall not give any further notices or perform any further acts under this Deposit

Agreement, except that the Depositary shall continue to collect dividends and other distributions pertaining to Deposited Securities, shall sell rights and other property as provided in this Deposit Agreement, and shall continue to deliver Deposited Securities, together with any dividends or other distributions received with respect thereto and the net proceeds of the sale of any rights or other property, in exchange for Receipts surrendered to the Depositary (after deducting, in each case, the fee of the Depositary for the surrender of a Receipt, any expenses for the account of the Owner of such Receipt in accordance with the terms and conditions of this Deposit Agreement, and any applicable taxes or governmental charges). At any time after the expiration of one year from the date of termination, the Depositary may sell the Deposited Securities then held hereunder and may thereafter hold uninvested the net proceeds of any such sale, together with any other cash then held by it hereunder, unsegregated and without liability for interest, for the pro rata benefit of the Holders of Receipts which have not theretofore been surrendered, such Holders thereupon becoming general creditors of the Depositary with respect to such net proceeds. After making such sale, the Depositary shall be discharged from all obligations under this Deposit Agreement, except to account for such net proceeds and other cash (after deducting, in each case, the fee of the Depositary for the surrender of a Receipt, any expenses for the account of the Holder of such Receipt in accordance with the terms and conditions of this Deposit Agreement, and any applicable taxes or governmental charges). Upon the termination of this Deposit Agreement, the Company shall be discharged from all obligations under this Deposit Agreement except for its obligations to the Depositary under Sections 5.8 and 5.9 hereof.

ARTICLE 7. MISCELLANEOUS.

SECTION 7.1 Counterparts.

This Deposit Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of such counterparts shall constitute one and the same instrument. Copies of this Deposit Agreement shall be filed with the Depositary and the Custodians and shall be open to inspection by any owner or Holder of a Receipt during business hours.

SECTION 7.2 No Third Party Beneficiaries.

This Deposit Agreement is for the exclusive benefit of the parties hereto and shall not be deemed to give any legal or equitable right, remedy or claim whatsoever to any other person.

SECTION 7.3 Severability.

In case any one or more of the provisions contained in this Deposit Agreement or in the Receipts should be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein or therein shall in no way be affected, prejudiced or disturbed thereby.

SECTION 7.4 Holders and Owners as Parties; Binding Effect.

The Holders and owners of Receipts from time to time shall be parties to this Deposit Agreement and shall be bound by all of the terms and conditions hereof and of the Receipts by acceptance thereof.

SECTION 7.5 Notices.

Any and all notices to be given to the Company shall be deemed to have been duly given if personally delivered or sent by mail or cable, telex or facsimile transmission confirmed by letter, addressed to Barclays Bank PLC, 1 Churchill Place, London, E14 5HP, England, Attention: Secretary, or any other place to which the Company may have transferred its principal office.

Any and all notices to be given to the Depositary shall be deemed to have been duly given if in English and personally delivered or sent by mail or cable, telex or facsimile transmission confirmed by letter, addressed to The Bank of New York, 101 Barclay Street, New York, New York 10286, Attention: American Depositary Receipt Administration, or any other place to which the Depositary may have transferred its Corporate Trust Office.

Any and all notices to be given to any Holder shall be deemed to have been duly given if personally delivered or sent by mail or cable, telex or facsimile transmission confirmed by letter, addressed to such Holder at the address of such Holder as it appears on the transfer books for Receipts of the Depositary, or, if such Owner shall have filed with the Depositary a written request that notices intended for such Owner be mailed to some other address, at the address designated in such request.

Delivery of a notice sent by mail or cable, telex or facsimile transmission shall be deemed to be effected at the time when a duly addressed letter containing the same (or a confirmation thereof in the case of a cable, telex or facsimile transmission) is deposited, postage prepaid, in a post−office letter box. The Depositary or the Company may, however, act upon any cable, telex or facsimile transmission received by it, notwithstanding that such cable, telex or facsimile transmission shall not subsequently be confirmed by letter as aforesaid.

SECTION 7.6 Governing Law.

This Deposit Agreement and the Receipts shall be interpreted and all rights hereunder and thereunder and provisions hereof and thereof shall be governed by the laws of the State of New York.

SECTION 7.7 Compliance with U.S. Securities Laws.

Notwithstanding anything in this Deposit Agreement to the contrary, the Company and the Depositary each agrees that it will not exercise any rights it has under this Deposit Agreement to permit the withdrawal or delivery of Deposited Securities in a manner which would violate the U.S. securities laws, including, but not limited to, Section I.A.(1) of the General Instructions to the Form F−6 Registration Statement, as amended from time to time, under the Securities Act.

IN WITNESS WHEREOF, BARCLAYS BANK PLC and THE BANK OF NEW YORK have duly executed this Deposit Agreement as of the day and year first set forth above and all Holders and owners shall become parties hereto upon acceptance by them of Receipts issued in accordance with the terms hereof.

BARCLAYS BANK PLC

By: ______________________________
Name:
Title:

THE BANK OF NEW YORK,
as Depositary

By: ______________________________
Name:
Title:

Exhibit A to Deposit Agreement

No.

____

AMERICAN DEPOSITARY SHARES
(Each American Depositary Share
represents one (1) deposited Share)

HOLDERS OF NON−CUMULATIVE CALLABLE DOLLAR PREFERENCE SHARES, [SERIES ___] OR HOLDERS OF AMERICAN DEPOSITARY SHARES REPRESENTING SUCH SHARES ARE NOT ENTITLED TO RECEIVE NOTICE OF, ATTEND, OR VOTE AT ANY GENERAL MEETING OF ORDINARY SHAREHOLDERS.

THE BANK OF NEW YORK
AMERICAN DEPOSITARY RECEIPT
FOR NON−CUMULATIVE CALLABLE DOLLAR PREFERENCE SHARES,
NOMINAL VALUE $_____ EACH
OF
BARCLAYS BANK PLC, [SERIES _____]
(INCORPORATED UNDER THE LAWS OF ENGLAND AND WALES)

The Bank of New York as depositary (hereinafter called the "Depositary"), hereby certifies that __________, or registered assigns IS THE OWNER OF

AMERICAN DEPOSITARY SHARES

representing deposited Non−Cumulative Callable Dollar Preference Shares, [Series _____] (herein called "Shares") of Barclays Bank PLC, incorporated under the laws of England and Wales (herein called the "Company"). At the date hereof, each American Depositary Share represents one (1) Share which are either deposited or subject to deposit under the deposit agreement at the London office of The Bank of New York (herein called the "Custodian"). The Depositary's Corporate Trust Office is located at a different address than its principal executive office. Its Corporate Trust Office is located at 101 Barclay Street, New York, N.Y. 10286, and its principal executive office is located at One Wall Street, New York, N.Y. 10286.

THE DEPOSITARY'S CORPORATE TRUST OFFICE ADDRESS IS
101 BARCLAY STREET, NEW YORK, N.Y. 10286

1. **THE DEPOSIT AGREEMENT**.

This American Depositary Receipt is one of an issue (herein called "Receipts"), all issued and to be issued upon the terms and conditions set forth in the deposit agreement, dated as of April 25, 2006 (herein called the "Deposit Agreement"), by and among the Company, the Depositary, and all Holders from time to time of Receipts issued thereunder, each of whom by accepting a Receipt agrees to become a party thereto and become bound by all the terms and conditions thereof. The Deposit Agreement sets forth the rights of Holders and owners of the Receipts and the rights and duties of the Depositary in respect of the Shares deposited thereunder and any and all other securities, property and cash from time to time received in respect of such Shares and held thereunder (such Shares, securities, property, and cash are herein called "Deposited Securities"). Copies of the Deposit Agreement are on file at the Depositary's Corporate Trust Office in New York City and at the office of the Custodian.

The statements made on the face and reverse of this Receipt are summaries of certain provisions of the Deposit Agreement and are qualified by and subject to the detailed provisions of the Deposit Agreement, to which reference is hereby made. Capitalized terms not defined herein shall have the meanings set forth in the Deposit Agreement.

2. **SURRENDER OF RECEIPTS AND WITHDRAWAL OF SHARES**.

Upon surrender at the Corporate Trust Office of the Depositary of this Receipt, and upon payment of the fee of the Depositary provided in this Receipt, and subject to the terms and conditions of the Deposit Agreement, the Holder hereof is entitled to delivery, to him or upon his order, of the amount of Deposited Securities (in registered form only) at the time represented by the American Depositary Shares for which this Receipt is issued. Delivery of such Deposited Securities may be made by the delivery of (a) Shares in the name of the Holder hereof or as ordered by such Holder or by certificates properly endorsed or accompanied by proper instruments of transfer to such Holder or as ordered by him and (b) any other securities, property and cash to which such Holder is then entitled in respect of this Receipt to such Holder or as ordered by him. Such delivery will be made at the option of the Holder hereof, either at the office of the Custodian or at the Corporate Trust Office of the Depositary, provided that the forwarding of certificates for Shares or other Deposited Securities for such delivery at the Corporate Trust Office of the Depositary shall be at the risk and expense of the Holder hereof. Notwithstanding any other provision of the Deposit Agreement or this Receipt, the surrender of outstanding Receipts and withdrawal of Deposited Securities may be suspended only for (i) temporary delays caused by closing the transfer books of the Depositary or the Company or the deposit of Shares in connection with voting at a shareholders' meeting, or the payment of dividends, (ii) the payment of fees, taxes and similar charges, and (iii) compliance with any U.S. or foreign laws or governmental regulations relating to the Receipts or to the withdrawal of the Deposited Securities.

3. **TRANSFERS, SPLIT−UPS, AND COMBINATIONS OF RECEIPTS**.

The transfer of this Receipt is registrable on the books of the Depositary at its Corporate Trust Office by the Holder hereof in person or by a duly authorized attorney, upon surrender of this Receipt properly endorsed for transfer or accompanied by proper instruments of transfer and funds sufficient to pay any applicable transfer taxes and the expenses of the Depositary and upon compliance with such regulations, if any, as the Depositary may establish for such purpose. This Receipt may be split into other such Receipts, or may be combined with other such Receipts into one Receipt, evidencing the same aggregate number of American Depositary Shares as the Receipt or Receipts surrendered. As a condition precedent to the execution and delivery, registration of transfer, split−up, combination, or surrender of any Receipt or withdrawal of any Deposited Securities, the Depositary, the Custodian, or Registrar may require payment from the depositor of Shares or the presenter of the Receipt of a sum sufficient to reimburse it for any tax or other governmental charge and any stock transfer or registration fee with respect thereto (including any such tax or charge and fee with respect to Shares being deposited or withdrawn) and payment of any applicable fees as provided in this Receipt, may require the production of proof satisfactory to it as to the identity and genuineness of any signature and may also require compliance with any regulations the Depositary may establish consistent with the provisions of the Deposit Agreement or this Receipt.

The delivery of Receipts against deposits of Shares generally or against deposits of particular Shares may be suspended, or the transfer of Receipts in particular instances may be refused, or the registration of transfer of outstanding Receipts generally may be suspended, during any period when the transfer books of the Depositary or the Company or those maintained by the Foreign Registrar are closed, or if any such action is deemed necessary or advisable by the Depositary or the Company at any time or from time to time because of any requirement of law or of any government or governmental body or commission, or under any provision of the Deposit Agreement or this Receipt, or for any other reason, subject to Article (22) hereof. Without limitation of the foregoing, the Depositary shall not knowingly accept for deposit under the Deposit Agreement any Shares required to be registered under the provisions of the Securities Act, unless a registration statement is in effect as to such Shares.

4. **LIABILITY OF HOLDER FOR TAXES**.

If any tax or other governmental charge shall become payable with respect to any Receipt or any Deposited Securities represented hereby, such tax or other governmental charge shall be payable by the Holder hereof to the Depositary. The Depositary may refuse to effect any transfer of this Receipt or any withdrawal of Deposited Securities represented by American Depositary Shares evidenced by such Receipt until such payment is made, and may withhold any dividends or other distributions, or may sell for the account of the Holder hereof any part or all of the Deposited Securities represented by the American Depositary Shares evidenced by this Receipt, and may apply such dividends or other distributions or the proceeds of any such sale in payment of such tax or other governmental charge and the Holder hereof shall remain liable for any deficiency.

5. **WARRANTIES OF DEPOSITORS**.

Every person depositing Shares under the Deposit Agreement shall be deemed thereby to represent and warrant that such Shares and each certificate therefor, if applicable, are validly issued, fully paid, nonassessable and free of any pre−emptive rights of the holders of outstanding Shares and that the person making such deposit is duly authorized so to do. Every such person shall also be deemed to represent that the deposit of such Shares and the sale of Receipts evidencing American Depositary Shares representing such Shares by that person are not restricted under the Securities Act of 1933. Such representations and warranties shall survive the deposit of Shares and issuance of Receipts.

6. **FILING PROOFS, CERTIFICATES, AND OTHER INFORMATION**.

Any person presenting Shares for deposit or any Holder or owner of a Receipt may be required from time to time to file with the Depositary or the Custodian such proof of citizenship or residence, exchange control approval, or such information relating to the registration on the books of the Company or the Foreign Registrar, if applicable, to execute such certificates and to make such representations and warranties, as the Depositary may deem necessary or proper. The Depositary may withhold the delivery or registration of transfer of any Receipt or the distribution of any dividend or sale or distribution of rights or of the proceeds thereof or the delivery of any Deposited Securities until such proof or other information is filed or such certificates are executed or such representations and warranties made. No Share shall be accepted for deposit unless accompanied by evidence satisfactory to the Depositary that any necessary approval has been granted by any governmental authority or body in the United Kingdom, if any, which is then performing the function of the regulation of currency exchange.

7. **CHARGES OF DEPOSITARY**.

The Company agrees to pay the fees, reasonable expenses and out−of−pocket charges of the Depositary and those of any Registrar only in accordance with agreements in writing entered into between the Depositary and the Company from time to time. The Depositary shall present its statement for such charges and expenses to the Company once every three months. The charges and expenses of the Custodian are for the sole account of the Depositary.

The following charges shall be incurred by any party depositing or withdrawing Shares or by any party surrendering Receipts or to whom Receipts are issued (including, without limitation, issuance pursuant to a stock dividend or stock split declared by the Company or an exchange of stock regarding the Receipts or Deposited Securities or a distribution of Receipts pursuant to Section 4.3 of the Deposit Agreement), or by Holders, as applicable: (1) taxes and other governmental charges, (2) such registration fees as may from time to time be in effect for the registration of transfers of Shares generally on the Share register of the Company or Foreign Registrar and applicable to transfers of Shares to or from the name of the Depositary or its nominee or the Custodian or its nominee on the making of deposits or withdrawals under the Deposit Agreement, (3) such cable, telex and facsimile transmission expenses as are expressly provided in the Deposit Agreement, (4) such expenses as are incurred by the Depositary in the conversion of foreign currency pursuant to Section 4.5, (5) a fee of $5.00 or less per 100 American Depositary Shares (or portion thereof) for the execution and delivery of Receipts pursuant to Section 2.3, 4.3 or 4.4 of the Deposit Agreement and the surrender of Receipts pursuant to Section 2.5 or 6.2 of the Deposit Agreement, (6) a fee for the distribution of securities pursuant to Section 4.2 of the Deposit Agreement, such fee being in an amount equal to the fee for the execution and delivery of American Depositary Shares referred to above which would have been charged as a result of the deposit of such securities (for purposes of this clause (6) treating all such securities as if they were Shares) but which securities are instead distributed by the Depositary to Owners, (7) a fee of $.02 or less per American Depositary Share (or portion thereof) for depositary services, which will accrue on the last day of each calendar year and which will be payable as provided in clause (8) below; and (8) any other charge payable by the Depositary, any of the Depositary's agents, including the Custodian, or the agents of the Depositary's agents in connection with the servicing of Shares or other Deposited Securities (which charge shall be assessed against Holders as of the date or dates set by the Depositary in accordance with Section 4.6 of the Deposit Agreement and shall be payable at the sole discretion of the Depositary by billing such Holders for such charge or by deducting such charge from one or more cash dividends or other cash distributions).

The Depositary, subject to Section 2.9 of the Deposit Agreement, may own and deal in any class of securities of the Issuer and its affiliates and in Receipts.

8. **PRE−RELEASE OF RECEIPTS**.

Unless requested in writing by the Company to cease doing so, the Depositary may, notwithstanding Section 2.3 of the Deposit Agreement, execute and deliver Receipts prior to the receipt of shares pursuant to Section 2.2 of the Deposit Agreement ("Pre−Release"). The Depositary may, pursuant to Section 2.5 of the Deposit Agreement, deliver Shares upon the receipt and cancellation of Receipts which have been Pre−Released, whether or not such cancellation is prior to the termination of such Pre−Release or the Depositary knows that such Receipt has been Pre−Released. The Depositary may receive Receipts in lieu of Shares in satisfaction of a Pre−Release. Each Pre−Release will be (a) preceded or accompanied by a written representation and agreement from the person to whom Receipts are to be delivered (the "Pre−Releasee") that the Pre−Releasee, or its customer, (i) owns the shares or Receipts to be remitted, as the case may be, (ii) assigns all beneficial rights, title and interest in such Shares or Receipts, as the case may be, to the Depositary in its capacity as such and for the benefit of the Holders, and (iii) will not take any action with respect to such Shares or Receipts, as the case may be, that is inconsistent with the transfer of beneficial ownership (including, without the consent of the Depositary, disposing of such Shares or Receipts, as the case may be), other than in satisfaction of such Pre−Release, (b) at all times fully collateralized with cash, U.S. government securities or such other collateral as the Depositary determines, in good faith, will provide substantially similar liquidity and security, (c) terminable by the Depositary on not more than five (5) business days notice, and (d) subject to such further indemnities and credit regulations as the Depositary deems appropriate. The number of Shares not deposited but represented by American Depositary Shares outstanding at any time as a result of Pre−Releases will not normally exceed thirty percent (30%) of the Shares deposited hereunder; provided, however, that the Depositary reserves the right to disregard such limit from time to time as it deems reasonably appropriate, and may, with the prior written consent of the Company, change such limit for purposes of general application. The Depositary will also set Dollar limits with respect to Pre−Release transactions to be entered into hereunder with any particular Pre−Releasee on a case−by−case basis as the Depositary deems appropriate. For purposes of enabling the Depositary to fulfill its obligations to the Holders under the Deposit Agreement, the collateral referred to in clause (b) above shall be held by the Depositary as security for the performance of the Pre−Releasee's obligations to the Depositary in connection with a Pre−Release transaction, including the Pre−Releasee's obligation to deliver Shares or Receipts upon termination of a Pre−Release transaction (and shall not, for the avoidance of doubt, constitute Deposited Securities hereunder).

The Depositary may retain for its own account any compensation received by it in connection with the foregoing.

9. **TITLE TO RECEIPTS**.

It is a condition of this Receipt and every successive owner and Holder of this Receipt by accepting or holding the same consents and agrees, that title to this Receipt when properly endorsed or accompanied by proper instruments of transfer, is transferable by delivery with the same effect as in the case of a negotiable instrument; provided, however, that the Company and the Depositary, notwithstanding any notice to the contrary, may treat the person in whose name this Receipt is registered on the books of the Depositary as the absolute owner hereof for the purpose of determining the person entitled to any distribution of dividends or other distributions or to any notice provided for in the Deposit Agreement and for all other purposes.

10. **VALIDITY OF RECEIPT**.

This Receipt shall not be entitled to any benefits under the Deposit Agreement or be valid or obligatory for any purpose, unless this Receipt shall have been executed by the Depositary by the manual or facsimile signature of a duly authorized signatory of the Depositary and, if a Registrar for the Receipts shall have been appointed, countersigned by the manual or facsimile signature of a duly authorized officer of the Registrar.

11. **REPORTS; INSPECTION OF TRANSFER BOOKS**.

The Company is subject to the periodic reporting requirements of the Securities Exchange Act of 1934 and, accordingly, files certain reports with the Securities and Exchange Commission (hereinafter called the “Commission”).

Such reports and communications will be available for inspection and copying at the public reference facilities maintained by the Commission located at 450 Fifth Street, N.W., Washington, D.C. 20549.

The Depositary will make available for inspection by Owners of Receipts at its Corporate Trust Office any reports and communications, including any proxy soliciting material, received from the Company which are both (a) received by the Depositary as the holder of the Deposited Securities and (b) made generally available to the holders of such Deposited Securities by the Company. The Depositary shall also, upon written request, send to the Owners of Receipts copies of such reports furnished by the Company pursuant to the Deposit Agreement.

The Depositary shall keep books at its Corporate Trust Office for the registration of Receipts and transfers of Receipts which at all reasonable times shall be open for inspection by the Holders of Receipts, provided that such inspection shall not be for the purpose of communicating with Holders of Receipts in the interest of a business or object other than the business of the Company or a matter related to the Deposit Agreement or the Receipts.

12. **DIVIDENDS AND DISTRIBUTIONS**.

Whenever the Depositary shall receive any cash dividend or other cash distribution on any Deposited Securities, the Depositary shall, if at the time of receipt thereof any amounts received in a foreign currency can in the judgment of the Depositary be converted on a reasonable basis into United States dollars transferable to the United States, and subject to the Deposit Agreement, convert such dividend or distribution into Dollars and shall distribute the amount thus received (net of the fees and expenses of the Depositary as provided in the Deposit Agreement, if applicable) to the Holders of Receipts entitled thereto, provided, however, that in the event that the Company or the Depositary shall be required to withhold and does withhold from such cash dividend or such other cash distribution in respect of any Deposited Securities an amount on account of taxes, the amount distributed to the Holders of the Receipts evidencing American Depositary Shares representing such Deposited Securities shall be reduced accordingly.

Subject to the provisions of Sections 4.11 and 5.9 of the Deposit Agreement, whenever the Depositary shall receive any distribution other than a distribution described in Sections 4.1, 4.3 or 4.4 of the Deposit Agreement, the Depositary shall cause the securities or property received by it to be distributed to the Holders of Receipts entitled thereto, after deduction or upon payment of any fees and expenses of the Depositary (as provided in Section 5.9 of the Deposit Agreement) or any taxes or other governmental charges, in any manner that the Depositary may deem equitable and practicable for accomplishing such distribution; provided, however, that if in the opinion of the Depositary such distribution cannot be made proportionately among the Holders of Receipts entitled thereto, or if for any other reason the Depositary deems such distribution not to be feasible, the Depositary may adopt such method as it may deem equitable and practicable for the purpose of effecting such distribution, including, but not limited to, the public or private sale of the securities or property thus received, or any part thereof, and the net proceeds of any such sale (net of the fees of the Depositary as provided in Section 5.9 of the Deposit Agreement) shall be distributed by the Depositary to the Holders of Receipts entitled thereto as in the case of a distribution received in cash.

If any distribution upon any Deposited Securities consists of a dividend in, or free distribution of, Shares, the Depositary may, and shall if the Company shall so request, distribute to the Holders of outstanding Receipts entitled thereto, additional Receipts evidencing an aggregate number of American Depositary Shares representing the amount of Shares received as such dividend or free distribution, subject to the terms and conditions of the Deposit Agreement with respect to the deposit of Shares and the issuance of American Depositary Shares evidenced by Receipts, including the withholding of any tax or other governmental charge as provided in Section 4.11 of the Deposit Agreement and the payment of the fees of the Depositary as provided in Section 5.9 of the Deposit Agreement. In lieu of delivering Receipts for fractional American Depositary Shares in any such case, the Depositary shall sell the amount of Shares represented by the aggregate of such fractions and distribute the net proceeds, all in the manner and subject to the conditions set forth in the Deposit Agreement. If additional Receipts are not so distributed, each American Depositary Share shall thenceforth also represent the additional Shares distributed upon the Deposited Securities represented thereby.

In the event that the Depositary determines that any distribution in property (including Shares and rights to subscribe therefor) is subject to any tax or other governmental charge which the Depositary is obligated to withhold, the Depositary may by public or private sale dispose of all or a portion of such property (including Shares and rights to subscribe therefor) in such amounts and in such manner as the Depositary deems necessary and practicable to pay any such taxes or charges and the Depositary shall distribute the net proceeds of any such sale after deduction of such taxes or charges to the Holders of Receipts entitled thereto.

13. **CONVERSION OF FOREIGN CURRENCY**.

Whenever the Depositary or the Custodian shall receive foreign currency, by way of dividends or other distributions or the net proceeds from the sale of securities, property or rights, and if at the time of the receipt thereof the foreign currency so received can in the judgment of the Depositary be converted on a reasonable basis into Dollars and the resulting Dollars transferred to the United States, the Depositary shall convert or cause to be converted, by sale or in any other manner that it may determine, such foreign currency into Dollars, and such Dollars shall be distributed to the Holders entitled thereto or, if the Depositary shall have distributed any warrants or other instruments which entitle the holders thereof to such Dollars, then to the holders of such warrants and/or instruments upon surrender thereof for cancellation. Such distribution may be made upon an averaged or other practicable basis without regard to any distinctions among Holders on account of exchange restrictions, the date of delivery of any Receipt or otherwise and shall be net of any expenses of conversion into Dollars incurred by the Depositary as provided in Section 5.9 of the Deposit Agreement.

If such conversion or distribution can be effected only with the approval or license of any government or agency thereof, the Depositary shall file such application for approval or license, if any, as it may deem desirable.

If at any time the Depositary shall determine that in its judgment any foreign currency received by the Depositary or the Custodian is not convertible on a reasonable basis into Dollars transferable to the United States, or if any approval or license of any government or agency thereof which is required for such conversion is denied or in the opinion of the Depositary is not obtainable, or if any such approval or license is not obtained within a reasonable period as determined by the Depositary, the Depositary may distribute the foreign currency (or an appropriate document evidencing the right to receive such foreign currency) received by the Depositary to, or in its discretion may hold such foreign currency uninvested and without liability for interest thereon for the respective accounts of, the Holders entitled to receive the same.

If any such conversion of foreign currency, in whole or in part, cannot be effected for distribution to some of the Holders entitled thereto, the Depositary may in its discretion make such conversion and distribution in Dollars to the extent permissible to the Holders entitled thereto and may distribute the balance of the foreign currency received by the Depositary to, or hold such balance uninvested and without liability for interest thereon for the respective accounts of, the Holders entitled thereto.

14. **RIGHTS**.

In the event that the Company shall offer or cause to be offered to the holders of any Deposited Securities any rights to subscribe for additional Shares or any rights of any other nature, the Depositary shall have discretion as to the procedure to be followed in making such rights available to any Holders or in disposing of such rights on behalf of any Holders and making the net proceeds available to such Holders or, if by the terms of such rights offering or for any other reason, the Depositary may not either make such rights available to any Holders or dispose of such rights and make the net proceeds available to such Holders, then the Depositary shall allow the rights to lapse; provided however, that the Depositary will, if requested by the Company, take action as follows:

(i) if at the time of the offering of any rights the Depositary determines that it is lawful and feasible to make such rights available to all Holders or to certain Holders but not to other Holders, the Depositary may distribute, to any Holder to whom it determines the distribution to be lawful and feasible to distribute such warrants or other instruments therefor in such form as it may determine to the Holders entitled thereto, in proportion to the number of American Depositary Shares representing such Deposited Securities or employ such other method as it may deem feasible in order to facilitate the exercise, sale or transfer of rights by such Holders; or

(ii) if at the time of the offering of any rights the Depositary determines that it is not lawful or not feasible to make such rights available to all or certain Holders by means of warrants or otherwise, or if the rights represented by such warrants or such other instruments are not exercised and appear to be about to lapse, the Depositary in its discretion may sell such rights or such warrants or other instruments at a public or private sale, at such place or places and upon such terms as it may deem proper, and may allocate the proceeds of such sales in proportion to the number of American Depositary Shares held by the Holders to whom it has determined it may not lawfully or feasibly make such rights available (net of the fees and expenses of the Depositary as provided in Section 5.9 of the Deposit Agreement and all taxes and governmental charges payable in connection with such rights and subject to the terms and conditions of this Deposit Agreement) for the account of such Holders otherwise entitled to such rights, warrants or other instruments, upon an averaged or other practicable basis without regard to any distinctions among such Holders because of exchange restrictions, or the date of delivery of any Receipt or Receipts, or otherwise.

In circumstances in which rights would otherwise not be distributed, if an Holder of Receipts requests the distribution of warrants or other instruments in order to exercise the rights allocable to the American Depositary Shares of such Holder under the Deposit Agreement, the Depositary will make such rights available to such Holder upon written notice from the Company to the Depositary. In the case of a distribution pursuant to this paragraph, such Receipts shall be legended in accordance with applicable U.S. laws, and shall be subject to the appropriate restrictions on sale, deposit, cancellation, and transfer under such laws.

If the Depositary has distributed warrants or other instruments for rights to all or certain Holders, then upon instruction from such an Owner pursuant to such warrants or other instruments to the Depositary from such Holder to exercise such rights, upon payment by such Holder to the Depositary for the account of such Holder of an amount equal to the purchase price of the Shares to be received upon the exercise of the rights, and upon payment of the fees and expenses of the Depositary and any other charges as set forth in such warrants or other instruments, the Depositary shall, on behalf of such Holder, exercise the rights and purchase the Shares, and the Company shall cause the Shares so purchased to be delivered to the Depositary on behalf of such Holder. As agent for such Holder, the Depositary will cause the Shares so purchased to be deposited pursuant to Section 2.2 of the Deposit Agreement, and shall, pursuant to Section 2.3 of the Deposit Agreement, execute and deliver Receipts to such Holder.

The Depositary will not offer rights to Holders unless both the rights and the securities to which such rights relate are either exempt from registration under the Securities Act with respect to a distribution to Holders or are registered under the provisions of the Securities Act. If an Holder of Receipts requests distribution of warrants or other instruments, notwithstanding that there has been no such registration under such the Securities Act, the Depositary shall not effect such distribution unless it has received an opinion from recognized counsel in the United States for the Company upon which the Depositary may rely that such distribution to such Holder is exempt from such registration.

The Depositary shall not be responsible for any failure to determine that it may be lawful or feasible to make such rights available to Holders in general or any Holder in particular.

15. **RECORD DATES**.

Whenever any cash dividend or other cash distribution shall become payable or any distribution other than cash shall be made, or whenever rights shall be issued with respect to the Deposited Securities, or whenever for any reason the Depositary causes a change in the number of Shares that are represented by each American Depositary Share, or whenever the Depositary shall receive notice of any meeting of holders of Shares or other Deposited Securities, the Depositary shall fix a record date (a) for the determination of the Holders of Receipts who shall be (i) entitled to receive such dividend, distribution or rights or the net proceeds of the sale thereof or (ii) entitled to give instructions for the exercise of voting rights at any such meeting, or (b) on or after which each American Depositary Share will represent the changed number of Shares, subject to the provisions of the Deposit Agreement.

16. **VOTING OF DEPOSITED SECURITIES**.

Upon receipt of notice of any meeting of holders of Shares or other Deposited Securities, if requested in writing by the Company, the Depositary shall, as soon as practicable thereafter, mail to the Holders of Receipts a notice, the form of which notice shall be in the discretion of the Depositary, upon consultation with the Company, which shall contain (a) such information as is contained in such notice of meeting, (b) a statement that the Holders of Receipts as of the close of business on a specified record date will be entitled, subject to any applicable provision of English law and of the Articles of Association of the Company, to instruct the Depositary as to the exercise of the voting rights, if any, pertaining to the amount of Shares or other Deposited Securities represented by their respective American Depositary Shares and (c) a statement as to the manner in which such instructions may be given, including an express indication that such instructions may be given or deemed given in accordance with the last sentence of this paragraph if no instruction is received. Upon the written request of an Holder of a Receipt on such record date, received on or before the date established by the Depositary for such purpose (the "Instruction Date"), the Depositary shall endeavor, in so far as practicable to vote or cause to be voted the amount of Shares or other Deposited Securities represented by the American Depositary Shares evidenced by such Receipt in accordance with the instructions set forth in such request. The Depositary shall not vote or attempt to exercise the right to vote that attaches to the Shares or other Deposited Securities, other than in accordance with such instructions or deemed instructions. If no instructions are received by the Depositary from any Holder with respect to any of the Deposited Securities represented by the American Depositary Shares evidenced by such Holder's Receipts on or before the date established by the Depositary for such purpose, the Depositary shall deem such Holder to have instructed the Depositary to give a discretionary proxy to a designated member or members of the Board of Directors of the Company with respect to such Deposited Securities and the Depositary shall give a discretionary proxy to designated member or members of the Board of Directors of the Company to vote such Deposited Securities, provided, that no such instruction shall be given with respect to any matter as to which the Company informs the Depositary (and the Company agrees to provide such information as promptly as practicable in writing) that (x) the Company does not wish such proxy given, (y) substantial opposition exists or (z) such matter materially and adversely affects the rights of holders of Shares.

There can be no assurance that Holders generally or any Holder in particular will receive the notice described in the preceding paragraph sufficiently prior to the Instruction Date to ensure that the Depositary will vote the Shares or Deposited Securities in accordance with the provisions set forth in the preceding paragraph.

17. **CHANGES AFFECTING DEPOSITED SECURITIES**.

In circumstances where the provisions of Section 4.3 of the Deposit Agreement do not apply, upon any change in nominal value, change in par value, split−up, consolidation or any other reclassification of Deposited Securities, or upon any recapitalization, reorganization, merger or consolidation, or sale of assets affecting the Company or to which it is a party, any securities which shall be received by the Depositary or a Custodian in exchange for or in conversion of or in respect of Deposited Securities shall be treated as new Deposited Securities under the Deposit Agreement, and American Depositary Shares shall thenceforth represent, in addition to the existing Deposited Securities, if any, the new Deposited Securities so received in exchange or conversion, unless additional Receipts are delivered pursuant to the following sentence. In any such case the Depositary may, and shall if the Company shall so request, execute and deliver additional Receipts as in the case of a dividend in Shares, or call for the surrender of outstanding Receipts to be exchanged for new Receipts specifically describing such new Deposited Securities.

18. **LIABILITY OF THE COMPANY AND DEPOSITARY**.

Neither the Depositary nor the Company nor any of their respective directors, employees, agents or affiliates shall incur any liability to any Holder or owner of any Receipt, if by reason of any provision of any present or future law or regulation of the United Kingdom, the United States or any other country, or of any governmental or regulatory authority or stock exchange, or by reason of any provision, present or future, of the Articles of Association of the Company, or by reason of any provision of any Securities issued or distributed by the Company, or any Offering or distribution thereof or by reason of any act of God or war or terrorism or other circumstances beyond its control, the Depositary or the Company shall be prevented, delayed or forbidden from, or be subject to any civil or criminal penalty on account of, doing or performing any act or thing which by the terms of the Deposit Agreement or Deposited Securities it is provided shall be done or performed; nor shall the Depositary or the Company incur any liability to any Holder or owner of a Receipt by reason of any non−performance or delay, caused as aforesaid, in the performance of any act or thing which by the terms of the Deposit Agreement it is provided shall or may be done or performed, or by reason of any exercise of, or failure to exercise, any discretion provided for in the Deposit Agreement. Where, by the terms of a distribution pursuant to Sections 4.1, 4.2 or 4.3 of the Deposit Agreement, or an offering or distribution pursuant to Section 4.4 of the Deposit Agreement, or for any other reason, such distribution or offering may not be made available to Holders of Receipts, and the Depositary may not dispose of such distribution or offering on behalf of such Holders and make the net proceeds available to such Holders, then the Depositary shall not make such distribution or offering, and shall allow any rights, if applicable, to lapse. Neither the Company nor the Depositary assumes any obligation or shall be subject to any liability under the Deposit Agreement to Holders or owners of Receipts, except that they agree to perform their obligations specifically set forth in the Deposit Agreement without gross negligence or bad faith. The Depositary shall not be subject to any liability with respect to the validity or worth of the Deposited Securities. Neither the Depositary nor the Company shall be under any obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any Deposited Securities or in respect of the Receipts, which in its opinion may involve it in expense or liability, unless indemnity satisfactory to it against all expense and liability shall be furnished as often as may be required, and the Custodian shall not be under any obligation whatsoever with respect to such proceedings, the responsibility of the Custodian being solely to the Depositary. Neither the Depositary nor the Company shall be liable for any action or nonaction by it in reliance upon the advice of or information from legal counsel, accountants, any person presenting Shares for deposit, any Holder or owner of a Receipt, or any other person believed by it in good faith to be competent to give such advice or information. The Depositary shall not be liable for any acts or omissions made by a successor depositary whether in connection with a previous act or omission of the Depositary or in connection with any matter arising wholly after the removal or resignation of the Depositary, provided that in connection with the issue out of which such potential liability arises the Depositary performed its obligations without negligence or bad faith while it acted as Depositary. The Depositary shall not be responsible for any failure to carry out any instructions to vote any of the Deposited Securities, or for the manner in which any such vote is cast or the effect of any such vote, provided that any such action or nonaction is in good faith. The Company agrees to indemnify the Depositary, its directors, employees, agents and affiliates and any Custodian against, and hold each of them harmless from, any liability or expense (including, but not limited to, the fees and expenses of counsel) which may arise out of any registration with the Commission of Receipts, American Depositary Shares or Deposited Securities or the offer or sale thereof in the United States or out of acts performed or omitted, in accordance with the provisions of the Deposit Agreement and of the Receipts, as the same may be amended, modified or supplemented from time to time, (i) by either the Depositary or a Custodian or their respective directors, employees, agents and affiliates, except for any liability or expense arising out of the negligence or bad faith of either of them, or (ii) by the Company or any of its directors, employees, agents and affiliates. No disclaimer of liability under the Securities Act of 1933 is intended by any provision of the Deposit Agreement.

19. **RESIGNATION AND REMOVAL OF THE DEPOSITARY**.

The Depositary may at any time resign as Depositary under the Deposit Agreement written notice of its election so to do delivered to the Company, such resignation to take effect upon the appointment of a successor depositary and its acceptance of such appointment as provided in the Deposit Agreement. The Depositary may at any time be removed by the Company by 120 days prior written notice of such removal, which shall become effective upon the later to occur of the (i) 120th day after delivery of the notice to the Depositary or (ii) the appointment of a successor depositary and its acceptance of such appointment as provided in the Deposit Agreement. Whenever the Depositary in its discretion determines that it is in the best interest of the Holders of Receipts to do so, it may appoint substitute or additional custodian or custodians.

20. **AMENDMENT**.

The form of the Receipts and any provisions of the Deposit Agreement may at any time and from time to time be amended by agreement between the Company and the Depositary without the consent of Holders and owners in any respect which they may deem necessary or desirable. Any amendment which shall impose or increase any fees or charges (other than taxes and other governmental charges, registration fees, cable, telex or facsimile transmission costs, delivery costs or other such expenses), or which shall otherwise prejudice any substantial existing right of Holders of Receipts, shall, however, not become effective as to outstanding Receipts until the expiration of thirty days after notice of such amendment shall have been given to the Holders of outstanding Receipts. Every Holder of a Receipt at the time any amendment so becomes effective shall be deemed, by continuing to hold such Receipt, to consent and agree to such amendment and to be bound by the Deposit Agreement as amended thereby. In no event shall any amendment impair the right of the Holder of any Receipt to surrender such Receipt and receive therefor the Deposited Securities represented thereby, except in order to comply with mandatory provisions of applicable law.

21. **TERMINATION OF DEPOSIT AGREEMENT**.

The Depositary shall at any time at the direction of the Company terminate the Deposit Agreement by mailing notice of such termination to the Holders of all Receipts then outstanding at least 30 days prior to the date fixed in such notice for such termination. The Depositary may likewise terminate the Deposit Agreement by mailing notice of such termination to the Company and the Holders of all Receipts then outstanding if at any time 90 days shall have expired after the Depositary shall have delivered to the Company a written notice of its election to resign and a successor depositary shall not have been appointed and accepted its appointment as provided in the Deposit Agreement. On and after the date of termination, the Holder of a Receipt will, upon (a) surrender of such Receipt at the Corporate Trust Office of the Depositary, (b) payment of the fee of the Depositary for the surrender of Receipts referred to in Section 2.5 of the Deposit Agreement and (c) payment of any applicable taxes or governmental charges, be entitled to delivery, to him or upon his order, of the amount of Deposited Securities represented by the American Depositary Shares evidenced by such Receipt. If any Receipts shall remain outstanding after the date of termination, the Depositary thereafter shall discontinue the registration of transfers of Receipts, shall suspend the distribution of dividends to the Holders thereof, and shall not give any further notices or perform any further acts under the Deposit Agreement, except that the Depositary shall continue to collect dividends and other distributions pertaining to Deposited Securities, shall sell rights and other property as provided in the Deposit Agreement, and shall continue to deliver Deposited Securities, together with any dividends or other distributions received with respect thereto and the net proceeds of the sale of any rights or other property, in exchange for Receipts surrendered to the Depositary (after deducting, in each case, the fee of the Depositary for the surrender of a Receipt, any expenses for the account of the Holder of such Receipt in accordance with the terms and conditions of the Deposit Agreement and any applicable taxes or governmental charges). At any time after the expiration of one year from the date of termination, the Depositary may sell the Deposited Securities then held under the Deposit Agreement and may thereafter hold uninvested the net proceeds of any such sale, together with any other cash then held by it thereunder, unsegregated and without liability for interest, for the pro rata benefit of the Holders of Receipts which have not theretofore been surrendered, such Owners thereupon becoming general creditors of the Depositary with respect to such net proceeds. After making such sale, the Depositary shall be discharged from all obligations under the Deposit Agreement, except to account for such net proceeds and other cash (after deducting, in each case, the fee of the Depositary for the surrender of a Receipt, any expenses for the account of the Holder of such Receipt in accordance with the terms and conditions of the Deposit Agreement, and any applicable taxes or governmental charges). Upon the termination of the Deposit Agreement, the Company shall be discharged from all obligations under the Deposit Agreement except for its obligations to the Depositary under Sections 5.8 and 5.9 of the Deposit Agreement.

22. **COMPLIANCE WITH U.S. SECURITIES LAWS**.

Notwithstanding anything in the Deposit Agreement or this Receipt to the contrary, the Company and the Depositary each agrees that it will not exercise any rights it has under the Deposit Agreement to permit the withdrawal or delivery of Deposited Securities in a manner which would violate the U.S. securities laws, including, but not limited to, Section I.A.(1) of the General Instructions to the Form F−6 Registration Statement, as amended from time to time, under the Securities Act.

BARCLAYS BANK PLC /ENG/ (AYT)

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EX−5.1

OPINION OF SULLIVAN & CROMWELL RE: VALIDITY OF DEBT SECURITIES AND A
F−3ASR Filed on 08/31/2007
File Number 333−145845

Exhibit 5.1

August 31, 2007

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

Ladies and Gentlemen:

In connection with the registration under the Securities Act of 1933 (the "Act") of an unspecified aggregate initial offering price or number of (i) debt securities, which may be senior obligations (the "Senior Debt Securities"), subordinated obligations having a stated maturity (the "Dated Subordinated Debt Securities") or subordinated obligations having no stated maturity (the "Undated Subordinated Debt Securities" and, together with the Senior Debt Securities and the Dated Subordinated Debt Securities, the "Debt Securities") of Barclays Bank PLC, an English public limited company (the "Bank"), and (ii) preference shares ("Preference Shares") of the Bank, which Preference Shares may be represented by American Depositary Shares ("ADSs") evidenced by American Depositary Receipts ("ADRs") to be issued pursuant to the Deposit Agreement dated as of April 25, 2006 (the "Deposit Agreement"), among the Bank, The Bank of New York, as depositary (the "Depositary") and the holders from time to time of ADRs issued thereunder, we, as your United States counsel, have examined such corporate records, certificates and other documents, and such questions of law, as we have considered necessary or appropriate for the purposes of this opinion. Upon the basis of such examination, we advise you that, in our opinion:

(1) When the registration statement on Form F−3 (the "Registration Statement") has become effective under the Act, the indenture relating to the Undated Subordinated Debt Securities (in the case of the Undated Subordinated Debt Securities) has been duly authorized, executed and delivered, the terms of the Debt Securities and of their issuance and sale have been duly established in conformity with the respective indenture relating to each series of Debt Securities (the "Applicable Indenture") so as not to violate any applicable law or result in a default under or breach of any agreement or instrument binding upon the Bank and so as to comply with any requirement or restriction imposed by any court or governmental body having jurisdiction over the Bank, and the Debt Securities have been duly executed and authenticated in accordance with the Applicable Indenture and issued and sold as contemplated in the Registration Statement, the Debt Securities will constitute valid and legally binding obligations of the Bank, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles, provided, however, that we express no opinion with respect to the subordination provisions of the Dated Subordinated Debt

Securities and the Undated Subordinated Debt Securities, which are governed by English law and as to which you are receiving the opinion of Clifford Chance LLP, English counsel to the Bank, referred to below.

(2) When the Registration Statement has become effective under the Act, the Preference Shares have been validly issued, and the ADRs have been duly executed and, if applicable, countersigned, and duly issued and delivered in accordance with the Deposit Agreement, the ADSs evidenced by the ADRs will be legally issued and will entitle the holders thereof to the rights specified in the ADRs and in the Deposit Agreement.

In connection with our opinion set forth in paragraph (1) above, we have with your approval assumed that the Dated Subordinated Debt Securities Indenture, dated June 30, 1998, between the Bank and The Bank of New York, as Trustee, and the Senior Debt Indenture, dated September 16, 2004, between the Bank and The Bank of New York, as Trustee (i) have been duly authorized in accordance with the laws of England and Wales, (ii) have been duly executed and delivered insofar as the laws of England and Wales are concerned and (iii) have been duly authorized, executed and delivered by the Trustee thereunder, assumptions that we have not independently verified.

In connection with our opinion set forth in paragraph (2) above, we have also with your approval assumed that the Deposit Agreement (i) has been duly authorized, executed and delivered by the Depositary and (ii) has been duly authorized, executed and delivered by the Bank insofar as the laws of England and Wales are concerned, assumptions that we have not independently verified.

We note that, as of the date of this opinion, a judgment for money in an action based on a Debt Security denominated in a foreign currency or composite currency unit in a Federal or state court in the United States ordinarily would be enforced in the United States only in United States dollars. The date used to determine the rate of conversion of the foreign currency or composite currency unit in which a particular Debt Security is denominated into United States dollars will depend on various factors, including which court renders the judgment. In the case of a Debt Security denominated in a foreign currency, a state court in the State of New York rendering a judgment on such Debt Security would be required under Section 27 of the New York Judiciary Law to render such judgment in the foreign currency in which the Debt Security is denominated, and such judgment would be converted into United States dollars at the exchange rate prevailing on the date of the entry of the judgment.

The foregoing opinion is limited to the Federal laws of the United States and the laws of the State of New York, and we are expressing no opinion as to the effect of the laws of any other jurisdiction. For the purposes of our opinion, we have assumed that the Bank has been duly incorporated and is an existing public limited company under the laws of England and Wales. With respect to all matters of English law, we note that you are being provided with the opinion, dated the date hereof, of Clifford Chance LLP. Also, with your approval we have relied as to certain matters on factual information obtained from public officials, officers of the Bank and other sources believed by us to be responsible and we have assumed that the signatures on all documents examined by us are genuine, assumptions that we have not independently verified.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the reference to us under the heading "Validity of Securities" in the Prospectus. In giving such consent, we do not thereby admit that we are in the category of persons whose consent is required under Section 7 of the Act.

Very truly yours,

Sullivan & Cromwell LLP

BARCLAYS BANK PLC /ENG/ (AYT)

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EX−5.2

OPINION OF CLIFFORD CHANCE RE: VALIDITY OF DEBT SECURITIES AND PREF
F−3ASR Filed on 08/31/2007
File Number 333−145845

Exhibit 5.2

JWQB/70−40326471/SS 31 August 2007

Barclays Bank PLC
1 Churchill Place
London E14 5HP

Dear Sirs

Barclays Bank PLC
Form F−3 − Registration Statement Under the Securities Act of 1933

We have acted, and have prepared this letter, on the instructions of Barclays Bank PLC (the "**Bank**") in connection with the updating of the Bank's Form F−3 − Registration Statement under the Securities Act of 1933 (the "**Registration Statement**") to be filed with the Securities and Exchange Commission (the "**Commission**") for the purpose of registering:

(a) The Bank's debt securities, in one or more series, which are unsubordinated obligations ("**Senior Debt Securities**");

(b) The Bank's debt securities, in one or more series, which are subordinated obligations having a stated maturity ("**Dated Subordinated Debt Securities**");

(c) The Bank's debt securities, in one or more series, which are subordinated obligations having no stated maturity ("**Undated Subordinated Debt Securities**");

(d) The Bank's non−cumulative dollar−denominated preference shares, in one or more series ("**Preference Shares**") and which may be represented by American Depositary Shares (evidenced by American Depositary Receipts) of a corresponding series ("**American Depositary Shares**").

The Senior Debt Securities are to be issued pursuant to, and governed by, an indenture dated 16 September 2004 (the "**Senior Debt Indenture**") the Dated Subordinated Debt Securities are to be issued pursuant to, and governed by, an indenture dated as of 30 June 1998 (the "**Dated Debt Indenture**") and the Undated Subordinated Debt Securities are to be issued pursuant to, and governed by, an indenture (the "**Undated Debt Indenture**") in each case between the Bank and The Bank of New York, as trustee (the "**Trustee**").

1. **Documents**

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

1.1 Form of Senior Debt Indenture filed as an exhibit to the Registration Statement.

1.2 The Dated Debt Indenture.

1.3 Form of Undated Debt Indenture filed as an exhibit to the Registration Statement and dated as a draft 5 December 1997.

1.4 A copy of the Registration Statement.

1.5 Extract from minutes of a meeting of the Board of Directors of the Bank dated 14 April 1994 and resolutions of the Fund Raising Committee of the Board of Directors of the Bank dated 5 December 1997 and 29 August 2007.

1.6 The deposit agreement dated 25 April 2006 between the Issuer, The Bank of New York and all holders from time to time of American Depositary Receipts issued thereunder (the "**Deposit Agreement**").

1.7 A copy of the memorandum and articles of association of the Issuer as amended on 1 June 2005 (the "**Articles of Association**").

The Senior Debt Indenture, the Dated Debt Indenture, the Undated Debt Indenture and the Deposit Agreement shall together be referred to as the "**Issue Documents**".

2. **English and UK Tax Law**

The opinions set out in this letter (which are strictly limited to the matters stated herein and are not to be read as extended, by implication or otherwise, to any other matters) relate only to English law (or, insofar as the opinions relate to tax, to the tax law of the United Kingdom) as applied by the English courts as at today's date. This letter expresses no opinion on the laws of any other jurisdiction and is governed by English law.

3. **Assumptions**

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

3.1 The genuineness of all signatures, stamps and seals, the conformity to the originals of all documents supplied to us as certified, photostatic or faxed copies and the authenticity of the originals of such documents.

3.2 That the Issue Documents are duly authorised by and duly executed by or on behalf of each of the parties thereto (except the Bank) and that the performance thereof is within the capacity and powers of each of them (except as aforesaid).

3.3 That on issue, each global Preference Share and any definitive Preference Shares will be duly executed on behalf of the Issuer by the person(s) authorised to do so, that they will be authenticated and issued in accordance with the Issue Documents and, in the case of any definitive Preference Shares, in accordance with the terms of the global Preference Share.

3.4 That the obligations expressed to be by the Issuer under the Issue Documents to which it is a party constitute the Bank's legal, valid and binding obligations under the laws of the State of New York and that words and phrases used in such Issue Documents have the same meaning and effect as they would if such Issue Documents were governed by English law.

3.5 That the submission to the jurisdiction of any state and federal court in the City and State of New York by the Issuer contained in the Issue Documents to which it is a party is legal, valid and binding under the laws of the State of New York.

3.6 That the copy of the memorandum and articles of association of the Bank referred to above is true and up−to−date.

3.7 Barclays Bank PLC is resident only in the United Kingdom for United Kingdom tax purposes.

3.8 Each of the Senior Debt Securities, the Dated Subordinated Debt Securities and the Undated Subordinated Debt Securities represents “loan capital” within the meaning of section 78(7) of the Finance Act 1986.

3.9 That the holders of the American Depositary Shares are the absolute beneficial owners of the Preference Shares and any dividends paid thereon.

3.10 That the American Depositary Shares constitute interests in depositary receipts for the Preference Shares for the purposes of section 99(6) of the Finance Act 1986.

3.11 That the resolutions set out in the minutes referred to above were passed at a duly convened and quorate meeting and have not been revoked or superseded and that the minutes of any meeting referred to above are true records of the proceedings at the meetings.

3.12 The absence of any other arrangements between any of the parties to the Issue Documents which modify or supersede any of the terms of the Issue Documents.

3.13 That there has been no alteration in the status or condition of the Bank as revealed by a search carried out against the Bank at the Companies Registration Office in London at 13:46 p.m. on 31 August 2007 and an enquiry by telephone in respect of the Bank at the Central Index of Winding Up Petitions at 13:17 p.m. on 31 August 2007.

3.14 That the Fund Raising Committee referred to above, in resolving to execute the Issue Documents, has acted (and when electing to issue any securities constituted by the Issue Documents or any Preference Shares will act) *bona fide* and in the interests of the Bank.

3.15 That an English court would conclude that each of the Issue Documents which are governed by a law other than English law has the same effect under the relevant governing law as it would have if such agreement was governed by English law.

3.16 That the Issue Documents have been or will be entered into in the form as reviewed for the purpose of this opinion and outlined above.

4. **Opinion as to English Law**

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

4.1 The Bank is a company duly incorporated in England.

4.2 The Issue Documents constitute legal, valid and binding obligations of the Bank.

4.3 The subordination provisions applicable to the Dated Subordinated Debt Securities set out in Sections 2.01 and 12.01 of the Dated Debt Indenture have the effect that in a winding up of the Bank in England the holders of Dated Subordinated Debt Securities and any Coupons appertaining thereto and the Trustee will not be entitled to receive and retain any amounts for application in payment of sums due in respect of the Dated Subordinated Debt Securities and any such Coupons until all Dated Subordinated Debt Senior Claims (as defined in the Dated Debt Indenture) have been satisfied.

4.4 The subordination provisions applicable to the Undated Debt Securities set out in Section 2.01 and 12.01 of the Undated Debt Indenture have the effect that in a winding up of the Bank in England the holders of Undated Subordinated Debt Securities and any Coupons appertaining thereto and the Trustee will not be entitled to receive and retain any amounts for application in payment of sums due in respect of the Undated Subordinated Debt Securities and any such Coupons until all Senior Claims (as defined in the Undated Debt Indenture) have been satisfied.

4.5 The Preference Shares, when issued by the Bank against receipt of the subscription price therefor or upon the exercise by the Bank of any right of conversion attaching to Dated or Undated Subordinated Debt Securities of any series, will, upon all necessary action having been taken in accordance with the Articles of Association of the Bank and assuming due authority has or will be provided by the Directors of the Bank and provided that at the relevant time there are sufficient authorised but unissued Preference Shares available for issue by the Directors of the Bank, be duly authorised and validly issued and fully paid and will not be subject to calls for further funds.

4.6 We hereby confirm to you that the section entitled “Tax Considerations − United Kingdom Taxation” in the Registration Statement is correct in all material respects.

4.7 We confirm that this opinion may be filed with the Commission as an exhibit to the Registration Statement and we consent to the references to our firm under the headings “Tax Considerations − United Kingdom Taxation”, “Service of process and Enforcement of Liabilities” and “Validity of Securities” in the Prospectus included in the Registration Statement. In giving this consent, we do not admit that we are in the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations of the SEC thereunder. Save as aforesaid, this opinion is addressed to you on the understanding that it may not be transmitted to any person for any purpose, or quoted or referred to in any public document or filed with any government agency or other person without our prior written consent.

5. **Reservations**

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

5.1 The power of an English court to order specific performance of an obligation or to order any other equitable remedy is discretionary and, accordingly, an English court might make an award of damages where specific performance of an obligation or any other equitable remedy was sought.

5.2 Where obligations of any person are to be performed in jurisdictions outside England, such obligations may not be enforceable under English law to the extent that performance thereof would be illegal or contrary to public policy under the laws of any such jurisdiction.

5.3 In some circumstances an English court may, and in certain circumstances it must, terminate or suspend proceedings commenced before it, or decline to restrain proceedings commenced in another court, notwithstanding the provisions of the Preference Shares or the Issue Documents providing that the courts of England have jurisdiction in relation thereto.

5.4 Where any person is vested with a discretion or may determine a matter in its opinion, English law may require that such discretion is exercised reasonably or that such opinion is based on reasonable grounds.

5.5 Any provision to the effect that any calculation, determination or certification will be conclusive and binding will not be effective if such calculation, determination or certification is fraudulent, arbitrary or manifestly incorrect, and an English court may regard any calculation, determination or certification as no more than *prima facie* evidence of the matter calculated, determined or certified.

5.6 Enforcement of rights may be or become limited by prescription or by the lapse of time, or may be or become subject to set−off or counterclaim.

5.7 Under English law, any obligation to pay additional interest in circumstances of breach or default might be held to be unenforceable on the ground that it is a penalty and thus void.

5.8 Any question as to whether or not any provision of any agreement or instrument which is illegal, invalid, not binding, unenforceable or void may be severed from the other provisions thereof in order to save those other provisions would be determined by an English court in its discretion.

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

5.10 Our opinions as regards the binding nature of the obligations of the Issuer and Barclays PLC under the Issue Documents are subject to all limitations arising from bankruptcy, insolvency, liquidation, reorganisation, moratorium or similar laws affecting the rights of creditors generally.

5.11 It is our experience that searches and enquiries of the type referred to in paragraph 3.13 above may be unreliable and, in particular, that notice of a winding up order made or resolutions passed, or an administration order made, or a receiver or administrative receiver appointed may not be filed promptly at the Companies Registry.

5.12 An English court may not apply the laws of the State of New York if to do so would be contrary to public policy or mandatory rules of English law.

5.13 If any proceedings are brought by the Issuer in the English courts, those courts may accept jurisdiction in certain cases, notwithstanding the provisions of the Issue Documents and the ADSs providing that the Issuer has irrevocably submitted to any state or federal court in the City and State of New York having exclusive jurisdiction in relation thereto.

5.14 The opinion in paragraph 4.6 above assumes that any transfer of, or agreement to transfer, a holder's rights in respect of Senior Debt Securities, Dated Subordinated Debt Securities and Undated Subordinated Debt Securities held in a clearing system does not amount to the transfer of, or an agreement to transfer either:

(i) an interest in such Senior Debt Securities, Dated Subordinated Debt Securities and Undated Subordinated Debt Securities; or

(ii) rights against the clearing system;

in each case falling short of full ownership of the relevant Senior Debt Securities, Dated Subordinated Debt Securities and Undated Subordinated Debt Securities. Whilst this point is not entirely free from doubt, we are not aware of the United Kingdom HM Revenue & Customs seeking to charge stamp duty or stamp duty reserve tax on the basis that the legal position is as set out in (i) or (ii) above.

5.15 There are no reciprocal arrangements in force between the United States of America and the United Kingdom for the recognition or enforcement of judgments. Accordingly, a judgment by any state or federal court in the City and State of New York is not enforceable directly in England but may be recognised by the English courts according to common law principles. A judgment by those courts will not be enforced by the English courts if:

5.15.1 the proceedings in which the judgment was given were opposed to natural justice;

5.15.2 the judgement was obtained by fraud;

5.15.3 the enforcement of the judgment would be contrary to English public policy;

5.15.4 an order has been made and remains effective under section 9 of the Foreign Judgments (Reciprocal Enforcement) Act 1933 applying that section to judgments of those courts.

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

5.15.6 the judgment is for multiple damages within the meaning of section 5(3) of the Protection of Trading Interests Act 1980;

5.15.7 the judgment is based on a rule of law specified by the Secretary of State as concerned with the prohibition of restrictive trade practices;

5.15.8 the judgment is based on foreign measures which the Secretary of State specifies as regulating and controlling international trade and which, in so far as they apply to persons carrying on business in the United Kingdom, are damaging or threaten to damage the trading interests of the United Kingdom; or

5.15.9 the bringing of proceedings in those courts was contrary to an agreement under which the dispute in question was to be settled otherwise than by proceedings in those courts.

5.16 If the English court gives judgment for the sum payable under a judgment of the state or federal courts in the City and State of New York, the English judgment would be enforceable by the methods generally available for the enforcement of English judgments. These give the court a discretion whether to allow enforcement by any particular method. In addition, it may not be possible to obtain an English judgment or to enforce any English judgment if the judgment debtor is subject to any insolvency or similar proceedings, if there is delay, if an appeal is pending or anticipated against the English judgment in England or against the foreign judgment in the state or federal courts in the City and State of New York or if the judgment debtor has any set−off or counterclaim against the judgment creditor.

6. **Limits of our Opinion**

We express no opinion as to any agreement, instrument or other document other than as specified in this letter, or as to any liability to tax which may arise or be suffered as a result of or in connection with the Issue Documents, Preference Shares, the American Depositary Shares, Senior Debt Securities, Dated Subordinated Debt Securities or Undated Subordinated Debt Securities or, in any case, their creation, issue, allotment or delivery. We have not been responsible for investigation or verification of statements of fact (including statements as to foreign law) or the reasonableness of any statements of opinion contained in the Registration Statement, nor have we been responsible for ensuring that the Registration Statement contains all material facts. In particular, we have not been responsible for ensuring that the Registration Statement complies with the listing requirements of any stock exchange.

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

Yours faithfully

Clifford Chance LLP

BARCLAYS BANK PLC /ENG/ (AYT)

1 CHURCHILL PLACE
E14 5HP
LONDON ENGLAND, X0 E14 5HP
212. 412.4000

EX−8.1

OPINION OF SULLIVAN & CROMWELL RE: CERTAIN MATTERS OF US TAX
F−3ASR Filed on 08/31/2007
File Number 333−145845

Exhibit 8.1

August 31, 2007

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

Ladies and Gentlemen:

We have acted as your United States tax counsel in connection with the registration under the Securities Act of 1933 (the "Act") of an unspecified aggregate initial offering price or number of (i) debt securities, which may be senior obligations, subordinated obligations having a stated maturity or subordinated obligations having no stated maturity (the "Debt Securities") of Barclays Bank PLC, an English public limited company (the "Bank"), and (ii) preference shares ("Preference Shares") of the Bank, which Preference Shares may be represented by American Depositary Shares ("ADSs") evidenced by American Depositary Receipts ("ADRs"). We hereby confirm to you that our opinion is as set forth under the caption "Tax Considerations – U.S. Taxation" in the prospectus (the "Prospectus"), included in the Registration Statement on Form F−3 relating to the Debt Securities, Preference Shares and ADSs (the "Registration Statement").

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the reference to us under the heading "Tax Considerations – U.S. Taxation" in the Prospectus. In giving such consent, we do not admit that we are in the category of persons whose consent is required under Section 7 of the Act.

Very truly yours,

Sullivan & Cromwell LLP

BARCLAYS BANK PLC /ENG/ (AYT)

1 CHURCHILL PLACE
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212. 412.4000

EX−23.1

CONSENT OF PRICEWATERHOUSECOOPERS LLP
F−3ASR Filed on 08/31/2007
File Number 333−145845

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in this Registration Statement on Form F−3 to be filed on or about August 31, 2007 of our reports dated March 8, 2007, except for the last two paragraphs in ‘Recent developments’ on page 157, for which the date is March 26, 2007, for:

1. Barclays PLC relating to the financial statements, management’s assessment of the effectiveness of internal control over financial reporting and the effectiveness of internal control over financial reporting; and

2. Barclays Bank PLC relating to the financial statements

which appear in the combined Annual Report on Form 20−F for Barclays PLC and Barclays Bank PLC for the year ended December 31, 2006. We also consent to the reference to us under the heading “Experts” in such Registration Statement.

/s/ PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
London, England
August 31, 2007

BARCLAYS BANK PLC /ENG/ (AYT)

1 CHURCHILL PLACE
E14 5HP
LONDON ENGLAND, X0 E14 5HP
212. 412.4000

EX−23.2

CONSENT OF ERNST & YOUNG ACCOUNTANTS, INDEPENDENT PUBLIC ACCOUNTING
F−3ASR Filed on 08/31/2007
File Number 333−145845

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the reference to our firm under the caption "Experts" in this Registration Statement on Form F−3 (No. 333−00000) and related Prospectus, of Barclays Bank PLC for the registration of senior debt securities, dated and undated subordinated securities, preference shares and American depositary shares and to the incorporation by reference therein of our reports dated April 2, 2007, with respect to the consolidated financial statements of ABN AMRO Holding N.V., ABN AMRO Holding N.V. management's assessment of the effectiveness of internal control over financial reporting, and the effectiveness of internal control over financial reporting of ABN AMRO Holding N.V. included in the Annual Report on Form 20−F of ABN AMRO Holding N.V. for the year ended December 31, 2006, filed with the Securities and Exchange Commission.

Amsterdam, The Netherlands
August 31, 2007

/s/ Ernst & Young
Ernst & Young Accountants

BARCLAYS BANK PLC /ENG/ (AYT)

1 CHURCHILL PLACE
E14 5HP
LONDON ENGLAND, X0 E14 5HP
212. 412.4000

EX−24.1

POWERS OF ATTORNEY OF CERTAIN DIRECTORS AND OFFICERS OF BARCLAYS BAN
F−3ASR Filed on 08/31/2007
File Number 333−145845

Exhibit 24.1

POWER OF ATTORNEY

Reference is hereby made to the proposed registration by Barclays Bank PLC ("**Barclays**") under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") of securities to be issued by Barclays , as well as American Depositary Shares representing all or a portion of such securities (collectively, "**Securities**"). Such securities will be registered on one or more registration statements on Form F−3, or on such other form or forms promulgated by the U.S. Securities and Exchange Commission (the "**SEC**") as may be necessary or advisable to effect such registration (each such registration statement, a "**Registration Statement**").

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints any Director of Barclays, the Company Secretary or the Deputy Company Secretary, and each of them (with full power in each of them to act alone), as his or her true and lawful attorney−in−fact and agent, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign one or more Registration Statements, any or all amendments thereto (including post−effective amendments) and any subsequent registration statement in respect of the Securities that is to be effective upon filing by Barclays pursuant to Rule 462(b) under the Securities Act of 1933, and to file the same, with all exhibits thereto and other documents in connection therewith, with the SEC, granting unto said attorneys−in−fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys−in−fact and agents or any of them, or their substitutes, may lawfully do or cause to be done by virtue hereof.

This Power of Attorney may be executed in multiple counterparts, each of which shall be deemed an original, but which taken together, shall constitute one instrument.

Date: July 31, 2007	By: /s/ Marcus Agius Marcus Agius Chairman
Date: July 31, 2007	By: /s/ John Varley John Varley Chief Executive Officer (Principal Executive Officer) and Director
Date: July 31, 2007	By: /s/ Christopher Lucas Christopher Lucas Finance Director (Principal Financial Officer and Principal Accounting Officer) and Director
Date: July 31, 2007	By: /s/ Robert E Diamond Jr. Robert E Diamond Jr. Director

Date: July 31, 2007 By: /s/ Gary Hoffman
Gary Hoffman
Director

Date: July 31, 2007 By: /s/ Frederik Seegers
Frederik Seegers
Director

Date: July 31, 2007 By: /s/ David Booth
David Booth
Director

Date: July 31, 2007 By: /s/ Sir Richard Broadbent
Sir Richard Broadbent
Director

Date: July 31, 2007 By: /s/ Leigh Clifford
Leigh Clifford
Director

Date: July 31, 2007 By: /s/ Fulvio Conti
Fulvio Conti
Director

Date: July 31, 2007 By: /s/ Dr. Danie Cronjé
Dr. Danie Cronjé
Director

Date: July 31, 2007 By: /s/ Professor Dame Sandra Dawson
Professor Dame Sandra Dawson
Director

Date: July 31, 2007 By: /s/ Sir Andrew Likierman
Sir Andrew Likierman
Director

Date: July 31, 2007 By: /s/ Sir Nigel Rudd DL
Sir Nigel Rudd DL
Director

Date: July 31, 2007	By: /s/ Stephen Russell Stephen Russell Director
Date: July 31, 2007	By: /s/ Sir John Sunderland Sir John Sunderland Director
Date: August 22, 2007	By: /s/ James Walker James Walker CFO Americas

BARCLAYS BANK PLC /ENG/ (AYT)

1 CHURCHILL PLACE
E14 5HP
LONDON ENGLAND, X0 E14 5HP
212. 412.4000

EX−25.1

STATEMENT OF ELIGIBILITY OF TRUSTEE ON FORM T−1
F−3ASR Filed on 08/31/2007
File Number 333−145845

Exhibit 25.1

FORM T−1

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939 OF A
CORPORATION DESIGNATED TO ACT AS TRUSTEE

CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF
A TRUSTEE PURSUANT TO SECTION 305(b)(2) ☐

THE BANK OF NEW YORK
(Exact name of trustee as specified in its charter)

New York (State of incorporation if not a U.S. national bank)	13−5160382 (I.R.S. employer identification no.)
One Wall Street, New York, N.Y. (Address of principal executive offices)	10286 (Zip code)

BARCLAYS BANK PLC

England (State or other jurisdiction of incorporation or organization)	None (I.R.S. employer identification no.)
1 Churchill Place, London (Address of principal executive offices)	E14 5HP (Zip code)

Dated Subordinated Debt Securities

Undated Subordinated Debt Securities

Senior Debt Securities

1. General information. Furnish the following information as to the Trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

Name	Address
Superintendent of Banks of the State of New York	One State Street, New York, N.Y. 10004−1417, and Albany, N.Y. 12223
Federal Reserve Bank of New York	33 Liberty Street, New York, N.Y. 10045
Federal Deposit Insurance Corporation	Washington, D.C. 20429
New York Clearing House Association	New York, New York 10005

(b) Whether it is authorized to exercise corporate trust powers.

Yes.

2. Affiliations with Obligor.

If the obligor is an affiliate of the trustee, describe each such affiliation.

None.

16. List of Exhibits.

Exhibits identified in parentheses below, on file with the Commission, are incorporated herein by reference as an exhibit hereto, pursuant to Rule 7a−29 under the Trust Indenture Act of 1939 (the "Act") and 17 C.F.R. 229.10(d).

1. A copy of the Organization Certificate of The Bank of New York (formerly Irving Trust Company) as now in effect, which contains the authority to commence business and a grant of powers to exercise corporate trust powers. (Exhibit 1 to Amendment No. 1 to Form T−1 filed with Registration Statement No. 33−6215, Exhibits 1a and 1b to Form T−1 filed with Registration Statement No. 33−21672, Exhibit 1 to Form T−1 filed with Registration Statement No. 33−29637 and Exhibit 1 to Form T−1 filed with Registration Statement No. 333−121195.)

4. A copy of the existing By−laws of the Trustee. (Exhibit 4 to Form T−1 filed with Registration Statement No. 333−121195.)

6. The consent of the Trustee required by Section 321(b) of the Act. (Exhibit 6 to Form T−1 filed with Registration Statement No. 333−106702.)

7. A copy of the latest report of condition of the Trustee published pursuant to law or to the requirements of its supervising or examining authority.

SIGNATURE

Pursuant to the requirements of the Act, the Trustee, The Bank of New York, a corporation organized and existing under the laws of the State of New York, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in The City of New York, and State of New York, on the 31st day of August, 2007.

THE BANK OF NEW YORK

By: /s/ Daniel Wynne
Name: Daniel Wynne
Title: Vice President

EXHIBIT 3

BARCLAYS BANK PLC /ENG/ (02GG)

1 CHURCHILL PLACE
E14 5HP
LONDON ENGLAND, X0 E14 5HP
212. 412.4000

424B5

PROSPECTUS SUPPLEMENT
Filed on 04/09/2008
File Number 333−145845

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A filing fee calculated in accordance with Rule 457(r) of $112,987.50 due in connection with the securities offered by means of this prospectus supplement is hereby offset against the fee of $512,548 paid by Barclays (Netherlands) N.V. to the SEC in connection with Amendment No. 4 to the registration statement No. 333−143666 filed on August 3, 2007 and carried forward pursuant to Rule 457(p).

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Filed pursuant to Rule 424(b)(5)
Registration No. 333−145845

Prospectus Supplement to Prospectus dated August 31, 2007

100,000,000 American Depositary Shares, Series 5
Barclays Bank PLC
Representing
100,000,000 Non−Cumulative Callable Dollar Preference Shares, Series 5

(Nominal value of $0.25 each)

We, Barclays Bank PLC, are issuing dollar−denominated non−cumulative callable preference shares, series 5, which will be sold in the form of American Depositary Shares, series 5, or ADSs.

From and including the date of issuance, dividends will accrue on each preference share at a rate of 8.125% per year on the amount of $25 per preference share. Dividends will be payable quarterly in arrear on March 15, June 15, September 15 and December 15 of each year, commencing on June 15, 2008. We may redeem some or all of the preference shares on June 15, 2013 and on any dividend payment date thereafter, or all, but not some only, of the preference shares, at any time upon the occurrence of a regulatory event, as described more fully in this prospectus supplement, at a redemption price of $25 per preference share plus accrued but unpaid dividends (if any) for the then−current dividend period.

Dividends on the preference shares are discretionary. However, if dividends are not paid in full on the preference shares, we and our parent, Barclays PLC, will be subject to restrictions on our ability to pay dividends on (or redeem or repurchase) our ordinary shares and Barclays PLC's ordinary shares, other series of preference shares and other share capital, until we next make a payment in respect of your preference shares or redeem or purchase all of your preference shares. Barclays PLC has not otherwise assumed any obligations in respect of the preference shares. Dividends on the preference shares are payable only to the extent that payment can be made out of profits that are available for distribution and permitted by law to be distributed.

If we are liquidated, you will be entitled to receive a liquidation preference of $25 per preference share plus accrued but unpaid dividends (if any) for the then−current dividend period, but only after we have paid all of our debts and other liabilities to our creditors and to holders of any of our capital shares that are senior to your preference shares.

Investing in the preference shares or ADSs involves risks. See "Risk Factors" beginning on page S−11 of this prospectus supplement and on page 63 of our Annual Report on Form 20−F incorporated by reference herein.

Application will be made to list the ADSs on the New York Stock Exchange. Trading of the ADSs on the New York Stock Exchange is expected to commence within 30 days after the initial delivery of the ADSs.

Neither the U.S. Securities and Exchange Commission nor any U.S. state securities commission has approved or disapproved of these securities or determined that this prospectus supplement is truthful or complete. Any representation to the contrary is a criminal offense.

	Price to Public[(1)]	Underwriting Compensation[(2)]	Proceeds, before expenses, to Barclays Bank PLC
Per ADS	$ 25.00	$ 0.7875	$ 24.2125
Total	$ 2,500,000,000	$ 78,750,000	$ 2,421,250,000

(1) Plus accrued dividends, if any, from the original date of issuance.
(2) For sales to certain institutions, the underwriting compensation will be $0.50 per ADS and, to the extent of such sales, the total underwriting discount will be less than the amount set forth above.

We have granted the underwriters an option to purchase on or prior to April 22, 2008 up to an additional 15,000,000 ADSs to cover overallotments, if any, at the Price to Public less the Underwriting Compensation. If the option is exercised in full, the total Price to Public, Underwriting Compensation, and Proceeds, before expenses, payable to us will be $2,875,000,000, $90,562,500 and $2,784,437,500, respectively. Any ADSs or preference shares issued or sold under the option will have the same terms and conditions as the ADSs or preference shares described herein.

The underwriters expect to deliver the ADSs to purchasers in book−entry form only through the facilities of The Depository Trust Company, or DTC, on or about April 11, 2008. Beneficial interests in the ADSs will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its participants, including Clearstream Banking, société anonyme and Euroclear Bank S.A./N.V.

Barclays Capital

Citi **Merrill Lynch & Co.** **UBS Investment Bank** **Wachovia Securities**

Morgan Stanley

Banc of America Securities LLC **RBC Capital Markets**

Deutsche Bank Securities **SunTrust Robinson Humphrey** **Wells Fargo Securities**

Prospectus Supplement dated April 8, 2008

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PROSPECTUS SUPPLEMENT

PROSPECTUS

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FORWARD−LOOKING STATEMENTS

This prospectus supplement and certain documents incorporated by reference herein contain 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 our plans and our current goals and expectations relating to our future financial condition and performance and which involve a number of risks and uncertainties. We caution readers that no forward−looking statement is a guarantee of future performance and that actual results could differ materially from those contained in the forward−looking statements. 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 our future financial position, income growth, impairment charges, business strategy, projected costs and estimates of capital expenditure and revenue benefits, projected levels of growth in the banking and financial markets, future financial and operating results, future financial position, projected costs and estimates of capital expenditures and other statements that are not historical fact.

By their nature, forward−looking statements involve risk and uncertainty because they relate to future events and circumstances which are subject to, among other things, domestic and global economic and business conditions, market related risks such as changes in interest rates and exchange rates, volatility in the global financial markets (such as those experienced recently), the policies and actions of governmental and regulatory authorities, changes in legislation, progress in the integration of Absa into our business and the achievement of synergy targets related to Absa, the outcome of pending and future litigation, and the impact of competition – a number of which factors are beyond our control. As a result, our actual future results may differ materially from the plans, goals, and expectations set forth in such forward−looking statements. Additional risks and factors are identified in our filings with the U.S. Securities and Exchange Commission (the “SEC”) including in our Annual Report on Form 20−F for the fiscal year ended December 31, 2007 (the “2007 Form 20−F”), which is available on the SEC’s website at www.sec.gov. Any forward−looking statements made by or on our behalf speak only as of the date they are made. We do not undertake to update forward−looking statements to reflect any changes in 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 we have made or may make in documents we have filed or may file with the SEC.

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INCORPORATION OF DOCUMENTS BY REFERENCE

This prospectus supplement is part of a registration statement on Form F−3 (File No. 333−145845) we have filed with the SEC under the Securities Act of 1933, as amended. This prospectus supplement omits some information contained in the registration statement in accordance with SEC rules and regulations. You should review the information in and exhibits to the registration statement for further information on us and the securities we are offering. Statements in this prospectus supplement concerning any document we have filed or will file as an exhibit to the registration statement or that we have otherwise filed with the SEC are not intended to be comprehensive and are qualified in their entirety by reference to these filings. You should review the complete document to evaluate these statements.

The SEC allows us to "incorporate by reference" much of the information we file with the SEC, which means that we can disclose important information to you by referring you to those publicly available documents. The information that we incorporate by reference in this prospectus supplement is an important part of this prospectus supplement. For information on the documents we incorporate by reference in this prospectus supplement and the accompanying prospectus, we refer you to "Incorporation of Certain Documents by Reference" on page 1 of the accompanying prospectus.

In addition to the documents listed in the accompanying prospectus, we incorporate by reference in this prospectus supplement and the accompanying prospectus any future documents we may file with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act from the date of this prospectus supplement until the offering contemplated in this prospectus supplement is completed. Reports on Form 6−K we may furnish to the SEC after the date of this prospectus supplement (or portions thereof) are incorporated by reference in this prospectus supplement only to the extent that the report expressly states that it (or such portions) is incorporated by reference in this prospectus supplement.

We will provide to you, upon your written or oral request, without charge, a copy of any or all of the documents we referred to above or in the accompanying prospectus which we have incorporated in this prospectus supplement by reference. You should direct your requests to Barclays Bank PLC, 200 Park Avenue, New York, New York 10166, Attention: General Counsel (telephone: 212−412−4000).

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SUMMARY

The following is a summary of this prospectus supplement and should be read as an introduction to, and in conjunction with, the remainder of this prospectus supplement, the accompanying prospectus and any documents incorporated by reference therein. You should base your investment decision on a consideration of this prospectus supplement, the accompanying prospectus and any documents incorporated by reference therein, as a whole. Words and expressions defined in "Description of Preference Shares" and "Description of American Depositary Receipts" below shall have the same meanings in this summary.

General

The Issuer	Barclays Bank PLC
	Barclays Bank PLC, including its subsidiary undertakings, is a major global financial services provider engaged in retail and commercial banking, credit cards, investment banking, wealth management and investment management services. The whole of the issued ordinary share capital of Barclays Bank PLC is beneficially owned by Barclays PLC, which is the ultimate holding company of Barclays Bank PLC and one of the largest financial services companies in the world by market capitalization. Except as provided in the deed of covenant to be entered into by Barclays PLC containing the dividend restriction referred to below under "Dividends", Barclays PLC has not assumed any obligations in respect of the preference shares.
The Securities We Are Offering	We are offering dollar−denominated non−cumulative callable preference shares, series 5, which will be sold in the form of American Depositary Shares, series 5, or ADSs.
Issue Date	April 11, 2008
Liquidation Preference	$25
Form of Securities	The preference shares will be represented by a share warrant to bearer in the form of a single global share warrant to bearer which will be deposited with the American Depositary Receipt ("ADR") depositary under the ADR deposit agreement. We may consider the ADR depositary to be a single holder of the preference shares so deposited for all purposes.
Use of Proceeds	The proceeds of the issue of the preference shares will be used for general corporate purposes.
Manner of Offering	The ADSs will be offered in connection with their initial issuance or in market−marking transactions, if any, by our affiliates after initial issuance.
	The aggregate initial offering price specified on the cover of this prospectus supplement relates to the initial offering of the ADSs. This amount does not include ADSs sold in any market−making transactions.

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	We do not expect to receive any proceeds from market−making transactions.
	Please see "Underwriting" in this prospectus supplement for more information.
Listing	Application will be made to list the ADSs on the New York Stock Exchange. Trading of the ADSs on the New York Stock Exchange is expected to commence within 30 days after the initial delivery of the ADSs. The underlying preference shares will not be listed for trading purposes by any stock exchange or securities market.
Risk Factors	Investing in the ADSs and the underlying preference shares offered under this prospectus supplement involves risk. For a description of risks relating to investing in the ADSs and the underlying preference shares, please see the section "Risk Factors" in this prospectus supplement and the 2007 Form 20−F.
CUSIP	06739H362
ISIN	US06739H3628
Over−Allotment Option	We have granted to the underwriters an option to purchase on or prior to April 22, 2008 up to an additional 15,000,000 ADSs to cover over−allotments, if any. Any ADSs or preference shares issued or sold under the option will have the same terms and conditions as the ADSs or preference shares described herein.
	Description of Preference Shares
General	The preference shares will have a nominal value of $0.25 each and will, when issued, be fully paid and non−assessable.
Ranking	The preference shares will rank equally among themselves and will rank senior to our ordinary shares and any other class of our shares ranking junior to the preference shares as regards participation in our profits and on a return of capital or a winding−up.
Dividends	Non−cumulative preferential dividends will accrue on the preference shares from and including the date of their issuance. Dividends will accrue and be payable on each preference share at a rate of 8.125% per year on the amount of $25 per preference share, from and including the date of issuance. Dividends will be payable quarterly in arrear in U.S. dollars on March 15, June 15, September 15 and December 15 of each year, commencing on June 15, 2008.
	Dividends on the preference shares may be paid only to the extent that payment can be made out of our distributable profits (i.e., profits of Barclays Bank PLC that are available for distribution and permitted by law to be distributed). We may for any reason not pay in full or in part any dividends on the preference shares in respect of one or more dividend periods.

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In addition, if paying all or any part of any dividend on the preference shares would cause a breach of the applicable capital adequacy requirements of the United Kingdom's Financial Services Authority ("FSA"), then we will not pay that part of that dividend.

If we do not pay in full any dividend on the preference shares on a dividend payment date (or if we fail to set aside the amount of the payment in full), neither we nor Barclays PLC may:

(i) declare or pay a dividend on any of our ordinary shares, other preference shares or other share capital ranking pari passu with or junior to the preference shares in respect to dividend payments and rights in liquidation; or

(ii) redeem, purchase, reduce or otherwise acquire any of our respective ordinary shares, preference shares or other share capital ranking pari passu with or junior to the preference shares in respect of dividend payments and rights in liquidation (or set aside any sum or establish any sinking fund for the redemption, purchase or other acquisition thereof);

until the earlier of (a) the dividend payment date on which we next pay in full (or set aside a sum to provide for payment in full of) a dividend on the preference shares and (b) the date on or by which all of the preference shares are either redeemed in full or purchased by or for our account, in each case in accordance with our articles of association and the terms of the preference shares. The restriction in clause (i) above does not apply to any payment by Barclays PLC of a final dividend declared by its shareholders prior to the relevant dividend payment date, or a dividend paid by us to Barclays PLC or to another wholly−owned subsidiary of Barclays PLC. The restriction in clause (ii) above does not apply to purchases, redemptions, reductions or other acquisitions of our shares held by Barclays PLC or another wholly−owned subsidiary of Barclays PLC.

Rights Upon Liquidation

If there is a return of capital in respect of our voluntary or involuntary liquidation, dissolution, winding−up or otherwise, other than a redemption or purchase by us of any of our issued shares, or a reduction of our share capital, permitted by our articles of association and under applicable law, you will be entitled to receive a liquidation distribution of $25 per preference share, plus accrued but unpaid dividends (if any) for the then−current dividend period, as described under "Description of Preference Shares – Rights Upon Liquidation" in this prospectus supplement.

Optional Redemption

Subject to the requirements of the UK Companies Act 1985 (as amended) and the operative company law provisions of the UK Companies Act 2006 (together, the "Companies Acts"), our articles of association and to giving one month's prior written notice to the FSA (if required), we may redeem some or all of the preference shares on

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	June 15, 2013 and on any dividend payment date thereafter. If we redeem your preference shares, we will give you at least 30 days' (but no more than 60 days') prior notice. The redemption price payable on the redemption of preference shares is equal to $25 per preference share plus accrued but unpaid dividends (if any) for the then−current dividend period to the date fixed for redemption. For further information, please see "Description of Preference Shares – Optional Redemption" in this prospectus supplement.
Regulatory Event Redemption	Subject to the requirements of the Companies Acts, our articles of association and to certain other conditions described in this prospectus supplement, if at any time the preference shares are no longer eligible to qualify as Tier 1 Capital (as such term is defined in the FSA's "General Prudential Sourcebook" or any successor publication replacing such sourcebook) then we may redeem all, but not some only, of the preference shares. If we redeem your preference shares, we will give you at least 30 days' (but no more than 60 days') prior notice, which notice shall be irrevocable. The redemption price payable on the redemption of preference shares is equal to $25 per preference share plus accrued but unpaid dividends (if any) for the then−current dividend period to the date fixed for redemption. For further information, please see "Description of Preference Shares – Regulatory Event Redemption" in this prospectus supplement.
Purchases	Subject to the requirements of the Companies Acts, U.S. securities laws, our articles of association and all other applicable rules and regulations, and subject to the consent of or prior notification to the FSA (if required) we may at any time purchase, or cause to be purchased for our account, all or any of the preference shares at any price. We will not be required to select the shares to be purchased ratably or in any other particular manner as between the holders of preference shares or as between them and the holders of shares of any other class (whether or not the preference shares rank senior to such other class).
Voting Rights	As a holder of the preference shares or ADSs, you will not be entitled to receive notice of, attend or vote at any general meeting of our ordinary shareholders.
Variation of Rights	We may not vary or abrogate the rights attached to the preference shares except pursuant to a special resolution adopted by holders of the preference shares at a general meeting or with the written consent of holders of three−fourths of the preference shares.
	We may not authorize, create or increase the amount of any shares of any class, or any security convertible into shares of any class, ranking senior to the preference shares (other than on a redemption or purchase of any such share, or a reduction of share capital, permitted by the articles of association and under applicable law), except with the written consent of holders of three−fourths of the issued

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	preference shares or pursuant to a special resolution passed at a separate general meeting of the holders of the preference shares.
Further Issues	We may, at any time and from time to time, without the consent or sanction of the holders of the preference shares, create or issue further preference shares or other share capital of one or more series ranking equal or junior to the preference shares.
No Additional Amounts	If at any time we are required by a tax authority to deduct or withhold taxes from payments made by us with respect to the preference shares, we will not pay additional amounts. As a result, the net amount received from us by each holder of a preference share, after the deduction or withholding, will be less than the amount the holder would have received in the absence of the deduction or the withholding.
Registrar and Paying Agent	The Bank of New York, One Canada Square, London E14 5AL, United Kingdom, will act as the registrar and initial principal paying agent for the preference shares.
Governing Law	English law.

Description of American Depositary Receipts (ADRs)

Depositary	The Bank of New York will act as the ADR depositary. The ADR depositary's corporate trust office in New York City is presently located at 101 Barclay Street, New York, New York 10286.
American Depositary Receipts	An ADR is a certificate evidencing a specific number of ADSs. Each ADS will represent one preference share, or evidence of rights to receive one preference share, deposited with the London office of The Bank of New York, as custodian.
Withdrawal of Deposited Securities	ADRs may be surrendered in exchange for preference shares in registered form only. Upon surrender of ADRs at the ADR depositary's corporate trust office in New York City and upon payment of the taxes, charges and fees provided in the deposit agreement and subject to its terms, an ADR holder is entitled to delivery, to or upon its order, at the ADR depositary's corporate trust office in New York City or the office of the custodian in London of the amount of preference shares represented by the ADSs evidenced by the surrendered ADRs.
Cash Dividends and Other Cash Distributions	The ADR depositary will distribute all cash dividends or other cash distributions that it receives in respect of deposited preference shares to the ADR holders in proportion to their holdings of ADSs representing the preference shares.

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Redemption of ADSs	If we redeem the preference shares represented by ADSs, the ADR depositary will distribute the redemption amount to ADR holders as a cash distribution, as described under “Description of American Depositary Receipts – Cash Dividends and Other Cash Distributions” in this prospectus supplement.
General	Neither the ADR depositary nor we will be liable to ADR holders if prevented or forbidden or delayed by any present or future law of any country or by any governmental or regulatory authority or stock exchange, any present or future provision of our articles of association, any provision of any securities issued or distributed by us, or any act of God or war or terrorism or other circumstances beyond our control or the ADR depositary’s control in performing our obligations under the deposit agreement.
Governing Law	The deposit agreement and the ADRs are governed by, and construed in accordance with, the laws of the State of New York.
Ratings	It is expected that the ADSs will be rated Aa3 by Moody’s Investor Services, Inc., A+ by Standard & Poor’s, a division of The McGraw−Hill Companies, Inc., and AA by Fitch Ratings Ltd. These ratings reflect only the view of the applicable rating agency at the time the rating is issued, and any explanation of the significance of the rating may only be obtained from the relevant rating agency. There is no assurance that any credit rating will remain in effect for any given period of time or that it will not be lowered, suspended, modified or withdrawn entirely by the applicable rating agency if, in that rating agency’s judgment, circumstances warrant the lowering, suspension, modification or withdrawal of the rating. Any such lowering, suspension or withdrawal of any rating may have an adverse effect on the market price or the marketability of the ADSs.

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RISK FACTORS

Investing in the securities offered under this prospectus supplement involves risk. You should carefully consider the risks and the other information contained in this prospectus supplement, the accompanying prospectus, the 2007 Form 20−F and any other documents incorporated by reference before deciding to invest in the securities. If any of these risks occurs, our business, financial condition, and results of operations could suffer, and the trading price and liquidity of the preference shares or the ADSs could decline, in which case you could lose some or all of your investment.

If We Do Not Make Payments on Other Securities Issued by Us, We Will Not be Permitted to Pay Dividends on the Preference Shares

We have previously issued certain tier−one notes, or TONs, and reserve capital instruments, or RCIs. If we defer any coupon payment on the TONs, we will not be permitted to pay any dividends on (or redeem or repurchase) any preference shares until we make a coupon payment on the TONs. If we defer any coupon payment on the RCIs, we will not be permitted to pay any dividends on any preference shares until we pay the deferred coupon payment.

In addition, we have previously issued other preference shares. If our board of directors decides not to pay in full dividends on those other preference shares, we will not be permitted to pay dividends on (or redeem or repurchase) any preference shares offered under this prospectus supplement.

In the future, we may issue other preference shares and securities that similarly restrict our ability to pay dividends on (or redeem or repurchase) the preference shares offered under this prospectus supplement in the event we do not make payments on such other preference shares and securities.

Dividends on the Preference Shares Are Discretionary and Non−cumulative

Our board of directors may resolve, for any reason and in its absolute discretion, not to pay in full or in part any dividends on the preference shares in respect of a particular dividend period. Also, our board of directors is not permitted to pay any dividends on the preference shares unless such dividends can be paid out of our profits that are available for distribution and permitted by law to be distributed. In addition, if paying all or any part of any dividend on the preference shares would cause a breach of the applicable capital adequacy requirements of the FSA, then we will not pay that part of that dividend.

There can be no assurance that we will have sufficient profits available for distribution for our board of directors to be authorized to pay the full amount of dividends on the preference shares in respect of a particular dividend period. For more information regarding risks that may materially affect the amount of our profits available for distribution and our ability to make payments under the preference shares, please refer to the information under the caption “Risk Factors” in the 2007 Form 20−F, which is incorporated by reference in this prospectus supplement.

Dividends on the preference shares will also be non−cumulative. If our board of directors does not pay the full amount of the dividend payable on a dividend payment date, then the rights of holders of the preference shares or ADSs to receive any unpaid amount in respect of the relevant dividend period will be lost. We will have no obligation to pay the dividend accrued for that dividend period or to pay any interest on the dividend, whether or not dividends on the preference shares are paid for any subsequent dividend period.

If We Are Wound−up or Liquidated, Any Distribution on the Preference Shares Will be Subordinated to the Claims of Our Creditors, and Holders of the Preference Shares may be Treated Differently from Holders of TONs and RCIs

If we are wound−up or liquidated, voluntarily or involuntarily, you will not be entitled to receive any liquidation preference on the preference shares until after the claims of all of our creditors have been satisfied. If we do not have sufficient assets at the time of liquidation to satisfy those claims, you will not receive any liquidation preference on the preference shares. There is no limitation on our ability to issue debt securities in the future that would rank equal or senior in liquidation to the preference shares offered under this prospectus supplement.

Subject to the requirements described under “Description of Preference Shares – Variation of

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Rights," we will be permitted to issue preference shares in the future that would rank senior in liquidation to the preference shares offered under this prospectus supplement. Because preference shares are in legal form of a different nature to the TONs or RCIs (or similar securities that we have issued or may issue in the future), there can be no assurances that as a holder of a preference share you will be treated equally with such securities in all circumstances.

Dividends on the Preference Shares Could Be Adversely Affected By Regulatory Restrictions on Our Operations

UK bank regulatory authorities could make determinations in the future with respect to us that could adversely affect our ability to pay dividends in respect of the preference shares or ADSs. In addition, United States federal or state regulatory authorities, as well as regulatory authorities in other countries, have regulatory authority over us and/or our subsidiary undertakings. Under certain circumstances, any of such regulatory authorities could make determinations or take decisions in the future with respect to us and/or any of our subsidiary undertakings or a portion of their respective operations or assets that could adversely affect the ability of any of them to, among other things, make distributions to their respective securityholders, engage in transactions with affiliates, purchase or transfer assets, pay their respective obligations or make any redemption or liquidation payments to their securityholders. Please refer to the information under the caption "Business Review – Risk Management – Supervision and Regulation" in the 2007 Form 20−F, which is incorporated by reference in this prospectus supplement, for a description of regulations currently applicable to us.

Holders may be Required to Bear the Financial Risks of an Investment in the Preference Shares and the ADSs for an Indefinite Period of Time

The preference shares and ADSs do not have a fixed final redemption date and investors will have no right to call for the redemption of the preference shares or the ADSs. Although we may redeem preference shares and ADSs on June 15, 2013 and on any dividend payment date thereafter, or at any time upon the occurrence of a regulatory event, at a redemption price of $25 per preference share plus accrued but unpaid dividends (if any) for the then−current dividend period, we have no obligation to redeem preference shares and ADSs and there may be limitations on our ability to do so. Therefore, you should be aware that you may be required to bear the financial risks of an investment in the preference shares and the ADSs for an indefinite period of time.

An Active Market for the ADSs May Fail to Develop

Application will be made to list the ADSs on the New York Stock Exchange and trading of the ADSs on the New York Stock Exchange is expected to commence within 30 days after the initial delivery of the ADSs. However, we do not intend to list the preference shares for trading on any stock exchange or securities market and we are not required to maintain the listing of the ADSs on the New York Stock Exchange or any other stock exchange or securities market. There can be no assurance that an active public market for the ADSs will develop and, if such a market were to develop, neither the underwriters nor any other person are required to maintain such a market. The liquidity and the market prices for the ADSs can be expected to vary with changes in market and economic conditions generally and in our financial condition, credit rating and prospects in particular, as well as in response to other factors that generally influence the market prices of securities.

National Association of Insurance Commissioners

The National Association of Insurance Commissioners ("NAIC") reviews a broad array of securities, including so−called hybrid securities such as the preference shares, and may from time to time classify them into various categories. Depending on how the NAIC may classify the preference shares, they may be more or less attractive to U.S. insurance companies that may seek to invest in the preference shares, which may in turn affect the demand for the preference shares after this offering. You should consult with your own advisor about the implications to you, if any, of a classification by the NAIC with respect to the preference shares, if any.

Holders of the Preference Shares or ADSs Do Not Have Voting Rights

As a holder of the preference shares or ADSs, you will not be entitled to receive notice of, attend or vote at any general meeting of our ordinary shareholders.

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Rating Agencies May Change Rating Methodologies, Including Their Views on "Notching" Practices

The rating agencies may in the future change their rating methodologies for securities with features similar to the preference shares. This may include, for example, the relationship between ratings assigned to an issuer's senior securities and ratings assigned to securities with features similar to the preference shares, sometimes called "notching". If the rating agencies were to change their practices for rating such securities in the future and the ratings of the preference shares were to be subsequently lowered, this may have a negative impact on the trading price of the ADSs.

Implications of Withdrawal of Underlying Preference Shares and Holding Preference Shares in Registered Form.

The preference shares will be represented by a share warrant to bearer in the form of a single global share warrant which will be deposited with the ADR depositary under the ADR deposit agreement. The ADSs are capable of being surrendered in exchange for preference shares in registered form, though such exchanges are not anticipated. If a holder chooses to take delivery of the preference shares underlying its ADSs, neither ad valorem UK stamp duty nor UK stamp duty reserve tax ("SDRT") should be payable on the exchange, provided that the preference shares are not transferred (i) to, or to a nominee for, a person whose business is or includes the provision of clearance services or (ii) to, or to a nominee or agent for, a person whose business is or includes issuing depositary receipts. However, a subsequent transfer of (or unconditional agreement to transfer) preference shares in registered form would be subject to UK stamp duty or SDRT as described below.

Subject to certain exceptions, a documentary transfer of preference shares in registered form, or a documentary agreement to transfer any interest in any preference shares in registered form where such interest falls short of full legal and beneficial ownership, would attract ad valorem UK stamp duty, and an unconditional agreement to transfer preference shares would attract SDRT (provided that SDRT would not be payable if UK stamp duty had been paid), generally at the rate of 0.5% (rounded up, if necessary, to the nearest £5) on the amount or value of the consideration for the transfer.

Furthermore, UK stamp duty would, subject to certain exceptions, be payable at the rate of 1.5% (rounded up, if necessary, to the nearest £5) of the value of preference shares in registered form on any instrument pursuant to which preference shares are transferred (i) to, or to a nominee for, a person whose business is or includes the provision of clearance services or (ii) to, or to a nominee or agent for, a person whose business is or includes issuing depositary receipts. SDRT, at the same rate, could also be payable in these circumstances but no SDRT would be payable if stamp duty were paid.

This tax treatment may mean that preference shares held in registered form trade separately from preference shares which are represented by ADSs, and consequently there may be an increased risk of illiquidity in relation to any preference shares held in registered form. Furthermore, in exchanging ADSs for registered preference shares, a holder will also be exchanging listed for unlisted securities, which are likely to be less liquid and marketable than the ADSs.

USE OF PROCEEDS

The net proceeds from the sale of the ADSs, less the underwriting compensation (giving effect to sales to certain institutions in respect of which the underwriting compensation is $0.50 per ADS) of $71,827,000 and expenses payable by us estimated at $1,170,000, are estimated to be $2,427,003,000. These proceeds will be used for general corporate purposes.

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DESCRIPTION OF PREFERENCE SHARES

The following description of the preference shares replaces in its entirety the description of the preference shares in the accompanying prospectus. If this prospectus supplement is inconsistent with the accompanying prospectus, this prospectus supplement will prevail with regard to the preference shares. The following summary is not complete and is subject to, and qualified in its entirety by reference to, our articles of association, as amended, the written resolutions passed by the fund raising committee of our board of directors, the form of special resolution adopting the terms of the preference shares to be passed by our shareholders, the form of deed of covenant to be entered into by Barclays PLC containing the dividend restriction referred to below under "–Dividends – Partial Payment and Non−Payment of Dividends" and the form of agency agreement to be entered between us and The Bank of New York. We will file a copy of these documents with the SEC under cover of Form 6−K prior to the issuance of the ADSs.

General

Under our articles of association, only our board of directors or an authorized committee of the Board is empowered to provide for the issuance of U.S. dollar−denominated preference shares if a resolution of our shareholders has authorized the allotment.

The preference shares will have a nominal value of $0.25 each and will, when issued, be fully paid and non−assessable. The preference shares will rank equally among themselves and will rank senior to our ordinary shares and any other class of our shares ranking junior to the preference shares as regards participation in our profits and on a return of capital or a winding−up.

The preference shares will be represented by a share warrant to bearer in the form of a single global share warrant to bearer which will be deposited with the ADR depositary under the ADR deposit agreement. We may consider the ADR depositary to be a single holder of preference shares so deposited for all purposes.

Title to preference shares in registered form will pass by transfer and registration on the register that the registrar for the preference shares shall keep at its office in the United Kingdom. The registrar for the preference shares will not charge for the registration of transfer, but the person requesting it will be liable for any taxes, stamp duties or other government charges.

A summary of certain terms and provisions of the ADR deposit agreement pursuant to which ADRs evidencing the ADSs are issuable is set forth below under the heading "Description of American Depositary Receipts".

Dividends

Dividend Rights

Non−cumulative preferential dividends will, subject to and as set out under "Partial Payment and Non−Payment of Dividends", accrue on the preference shares from and including the date of their issuance. Dividends will be paid on each preference share at a rate of 8.125% per year on the amount of $25 per preference share, from and including the date of issuance. Dividends will be payable quarterly in arrear in U.S. dollars on March 15, June 15, September 15 and December 15 of each year, commencing on June 15, 2008.

Dividends on the preference shares may be paid only to the extent that payment can be made out of our distributable profits (i.e., profits of Barclays Bank PLC that are available for distribution and permitted by law to be distributed). Our board of directors may resolve, for any reason and in its absolute discretion, not to pay in full or in part any dividends on the preference shares in respect of one or more dividend periods.

In addition, if paying all or any part of any dividend on the preference shares would cause a breach of the applicable capital adequacy requirements of the FSA, then we will not pay that part of that dividend.

A "dividend period" is the period from and including the most recent dividend payment date (or the date of issuance in the case of the first dividend period) to but excluding the next succeeding dividend payment date.

Dividends on the preference shares will be calculated on the basis of a 360−day year of twelve 30−day months.

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Partial Payment and Non−Payment of Dividends

Dividends on preference shares may be paid only to the extent that payment can be made out of our profits which are available for distribution and permitted by law to be distributed. Dividends on the preference shares will not be paid in full if our distributable profits are insufficient on any dividend payment date to enable us to pay accrued dividends in full on the preference shares and at the same time pay (or set aside funds to pay) the full amount of dividends expressed to be payable on or before that dividend payment date on any other class of preference shares or any class of our share capital ranking equal or senior to the preference shares as regards participation in our profits.

If our distributable profits are insufficient on this basis, we will not pay you any dividends on the preference shares until after we have paid (or set aside funds to pay) the full amount of any dividends referred to above in respect of other classes of preference shares or share capital ranking senior to the preference shares. If any distributable profits remain after we have paid those dividends, we will pay you dividends on the preference shares on a pro rata basis with other classes of preference shares or share capital ranking equally with the preference shares.

On any dividend payment date, the dividend on the preference shares which would otherwise be payable on such dividend payment date may, at our discretion, either not be payable at all or only be payable in part.

If a dividend on the preference shares is not paid, or is paid only in part, you will have no claim in respect of such non−payment or partial payment, and we will have no obligation to pay the dividend accrued for the relevant dividend period or to pay interest on that dividend, whether or not we pay dividends on the preference shares for any future dividend period.

If we do not pay in full any dividend on the preference shares on a dividend payment date (or if we fail to set aside the amount of the payment in full), neither we nor Barclays PLC may:

(i) declare or pay a dividend on any of our ordinary shares, other preference shares or other share capital ranking pari passu or junior with the preference shares in respect to dividend payments and rights in liquidation; or

(ii) redeem, purchase, reduce or otherwise acquire any of our respective ordinary shares, preference shares or other share capital ranking pari passu with or junior to the preference shares in respect of dividend payments and rights in liquidation (or set aside any sum or establish any sinking fund for the redemption, purchase or other acquisition thereof)

until the earlier of (a) the dividend payment date on which we next pay in full (or set aside a sum to provide for payment in full of) a dividend on the preference shares and (b) the date on or by which all of the preference shares are either redeemed in full or purchased by or for our account, in each case in accordance with our articles of association and the terms of the preference shares. The restriction in clause (i) above does not apply to any payment by Barclays PLC of a final dividend declared by its shareholders prior to the relevant dividend payment date, or a dividend paid by us to Barclays PLC or to another wholly−owned subsidiary of Barclays PLC. The restriction in clause (ii) above does not apply to the purchases, redemptions, reductions or other acquisitions of our shares held by Barclays PLC or another wholly−owned subsidiary of Barclays PLC.

Unclaimed Dividends

If you do not claim any dividend paid by us after a period of 12 years from the date when it first became due for payment, you will forfeit the dividend and the unclaimed amount will revert to us. We will not act as your trustee in respect of any unclaimed dividend or other amount, even if our board of directors pays a dividend or other amount on the preference shares into a separate account.

No Interest

We will not pay you any interest on any dividend or other amount payable on the preference shares.

Rights Upon Liquidation

If there is a return of capital in respect of our voluntary or involuntary liquidation, dissolution,

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winding−up or otherwise, other than in respect of any redemption or repurchase of the preference shares permitted by our articles of association and under applicable law, the holders of the outstanding preference shares will be entitled to receive liquidating distributions. Liquidating distributions will:

- come from the assets we have available for distribution to shareholders, before any payment is made to holders of our ordinary shares or any other class of shares then in issue ranking junior to the preference shares upon a return of capital;
- rank equally in every respect on such a return of capital with the holders of any other class of shares then in issue (other than any class of shares then in issue ranking in priority to the preference shares on a winding−up or such other return of capital); and
- be in an amount equal to the liquidation value per share of the preference shares, plus an amount equal to accrued and unpaid dividends (if any), whether or not declared or earned, for the then−current dividend period up to and including the date of commencement of our winding−up or the date of any other return of capital, as the case may be.

After payment of the full amount of the liquidating distribution to which they are entitled, the holders of the preference shares shall not be entitled to participate further in our assets available for distribution among our shareholders. If there is a sale of all or substantially all of our assets, the distribution to our shareholders of all or substantially all of the consideration for the sale, unless the consideration, apart from assumption of liabilities, or the net proceeds consist entirely of cash, will not be deemed a return of capital in respect of our liquidation, dissolution or winding−up.

Optional Redemption

Subject to the requirements of the Companies Acts, our articles of association and to giving one month's prior written notice to the FSA (if required), we may redeem some or all of the preference shares on June 15, 2013 and on any dividend payment date thereafter. If we redeem your preference shares, we will give you at least 30 days' (but no more than 60 days') prior notice. The redemption price payable on the redemption of preference shares is equal to $25 per preference share plus accrued but unpaid dividends (if any) for the then−current dividend period to the date fixed for redemption.

In the event that payment of the redemption price in respect of any preference share is improperly withheld or refused, the dividend on the preference share will continue to accrue, at the then applicable rate, from the date fixed for redemption to the date of payment of the redemption price. If the date for payment of any amount due on redemption is not a business day, then payment of that amount will be made on the next succeeding business day, without any interest or payment in respect of such delay.

Regulatory Event Redemption

Subject to the requirements of the Companies Acts, our articles of association and to certain other conditions set forth below, if at any time the preference shares are no longer eligible to qualify as Tier 1 Capital (as such term is defined in the FSA's "General Prudential Sourcebook" or any successor publication replacing such sourcebook) then we may redeem all, but not some only, of the preference shares. If we redeem your preference shares, we will give you at least 30 days' (but no more than 60 days') prior notice, which notice shall be irrevocable. The redemption price payable on the redemption of preference shares is equal to $25 per preference share plus accrued but unpaid dividends (if any) for the then−current dividend period to the date fixed for redemption.

Any redemption of the preference shares pursuant to the preceding paragraph shall be subject to the following conditions:

(i) we must be in compliance with our capital adequacy requirements as provided in the capital regulations (except to the extent that the FSA no longer so requires) both at the time when the notice of redemption is given and immediately following such redemption;

(ii) any such redemption of the preference shares prior to June 15, 2013 shall be

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subject to (i) the prior consent of the FSA (if required) and (ii) the regulatory event occurring as a result of a change of law or regulation in the United Kingdom or a change in the interpretation of such law or regulation by any court or authority entitled to do so; and

(iii) for any such redemption of the preference shares after June 15, 2013, we must provide at least one month's prior notice to the FSA (if required).

For the purposes of this "– Regulatory Event Redemption" section of the prospectus supplement:

"capital regulations" means at any time the regulations, requirements, guidelines and policies relating to capital adequacy then in effect of the FSA or other relevant regulator; and

"regulatory event" means that the preference shares are no longer eligible to qualify as Tier 1 Capital (as such term is defined in the FSA's "General Prudential Sourcebook" or any successor publication replacing such sourcebook).

Purchases

Subject to the requirements of the Companies Acts, U.S. securities laws, our articles of association and all other applicable rules and regulations, and subject to the consent of or prior notification to the FSA (if required) we may at any time purchase, or cause to be purchased for our account, all or any of the preference shares at any price. We will not be required to select the shares to be purchased ratably or in any other particular manner as between the holders of preference shares or as between them and the holders of shares of any other class (whether or not the preference shares rank senior to such other class).

Voting Rights

As a holder of the preference shares or ADSs, you will not be entitled to receive notice of, attend or vote at any general meeting of our ordinary shareholders.

Variation of Rights

The rights, preferences and privileges attached to the preference shares may be abrogated only with the written consent of the holders of at least three−fourths of the outstanding preference shares or with the sanction of a special resolution passed at a separate general meeting of the holders of the outstanding preference shares. A special resolution will be adopted if passed by a majority of at least three−fourths of those holders voting in person or by proxy at the meeting. The quorum required for this separate general meeting will be two qualified persons entitled to vote and holding, representing or authorized to exercise voting rights in respect of at least one−third in nominal value of the preference shares then in issue, except that if at any adjourned meeting where this quorum requirement is not met, any qualifying person present and entitled to vote and holding, representing or authorized to exercise voting rights in respect of any preference shares will constitute a quorum.

We may not authorize, create or increase the amount of any shares of any class, or any security convertible into shares of any class, ranking senior to the preference shares, except, as described above, with the written consent of holders of three−fourths of the issued preference shares or pursuant to a special resolution passed at a separate general meeting of the holders of the preference shares.

This restriction does not apply to our redemption or purchase of any shares, or any reduction of our share capital, permitted by our articles of association and under applicable law.

Notices of Meetings

A notice of any meeting at which holders of the preference shares are entitled to vote will be mailed to each record holder of the preference shares, or to the extent practicable published in a leading daily newspaper in London or in an English language newspaper of general circulation in Europe. Each notice will state:

- the place, date and time of the meeting;
- the general nature of the business to be transacted;
- a description of any resolution to be proposed for adoption at the meeting on which those holders are entitled to vote; and
- that each holder entitled to attend and vote is entitled to appoint one or more proxies to attend, and, on a poll, vote instead of such holder and that a proxy need not be a holder.

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A holder of the preference shares in registered form who is not registered with an address in the United Kingdom and who has not supplied an address within the United Kingdom to us for the purpose of notices is not entitled to receive notices of meetings from us. For a description of notices that we will give to the ADR depositary and that the ADR depositary will give to ADR holders, you should read "Description of American Depositary Receipts – Reports and Notices" in this prospectus supplement.

Further Issues

We may, at any time and from time to time, without the consent or sanction of the holders of the preference shares, create or issue further preference shares or other share capital of one or more series ranking equal or junior to the preference shares. Our creation or issuance of further preference shares or other share capital ranking equally with the preference shares will not be deemed to alter, vary, affect, modify or abrogate any of the rights attaching to the preference shares. These rights will not be deemed to be varied by any change to the provisions in our articles of association, other than a change which would result in any further preference shares or other share capital ranking senior to the preference shares. Any further series of preference shares or other share capital ranking equal or junior to the preference shares may either carry identical rights in all respects with the preference shares (except as regards the date from which such shares rank for dividend) or carry different rights.

No Additional Amounts

If at any time we are required by a tax authority to deduct or withhold taxes from payments made by us with respect to the preference shares, we will not pay additional amounts. As a result, the net amount received from us by each holder of a preference share, after the deduction or withholding, will be less than the amount the holder would have received in the absence of the deduction or the withholding.

Registrar and Paying Agent

The Bank of New York, One Canada Square, London E14 5AL, United Kingdom, will act as the registrar and initial principal paying agent for the preference shares.

Governing Law

The creation and issuance of the preference shares and the rights attached to them will be governed by and construed in accordance with English law.

DESCRIPTION OF AMERICAN DEPOSITARY RECEIPTS

The following description of the ADRs replaces in its entirety the description of the ADRs in the accompanying prospectus. If this prospectus supplement is inconsistent with the accompanying prospectus, this prospectus supplement will prevail with regard to the ADRs. The deposit agreement is among us, The Bank of New York, as ADR depositary, and all holders from time to time of ADRs issued under the deposit agreement. The following summary is not complete and is subject to, and qualified in its entirety by reference to, the deposit agreement. We have filed a copy of the form of deposit agreement with the SEC as an exhibit to our registration statement on Form F−3 333−145845. Copies of the deposit agreement are on file at the ADR depositary's corporate trust office and the office of the custodian. They are open to inspection by owners and holders during business hours.

ADR Depositary

The Bank of New York will act as the ADR depositary. The office of The Bank of New York in London will act as custodian. The ADR depositary's corporate trust office in New York City is presently located at 101 Barclay Street, New York, New York 10286, and the custodian's office is presently located at One Canada Square, London E14 5AL, United Kingdom.

American Depositary Receipts

An ADR is a certificate evidencing a specific number of ADSs, each of which will represent one preference share, or evidence of rights to receive one preference share.

Deposit and Issuance of ADRs

When the custodian has received preference shares, or evidence of rights to receive preference shares, and applicable fees, charges and taxes, the ADR depositary will execute and deliver at its corporate

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trust office in New York City to the person(s) specified by us in writing, an ADR or ADRs registered in the name of such person(s) evidencing the corresponding number of ADSs.

Withdrawal of Deposited Securities

ADRs may be surrendered in exchange for preference shares in registered form. Upon surrender of ADRs at the ADR depositary's corporate trust office in New York City and upon payment of the taxes, charges and fees provided in the deposit agreement and subject to its terms, an ADR holder is entitled to delivery, to or upon its order, at the ADR depositary's corporate trust office in New York City or the office of the custodian in London, of the amount of preference shares represented by the ADSs evidenced by the surrendered ADRs. The ADR holder will bear the risk and expense for the forwarding of share certificates and other documents of title to the corporate trust office of the ADR depositary. We do not anticipate that ADR holders are likely to elect to take delivery of underlying preference shares for the reasons described above under "Risk Factors."

Cash Dividends and Other Cash Distributions

The ADR depositary will distribute all cash dividends or other cash distributions that it receives in respect of deposited preference shares to the ADR holders in proportion to their holdings of ADSs representing the preference shares. The cash amount distributed will be reduced by any amounts that we or the ADR depositary must withhold on account of taxes.

Before making a distribution, the ADR depositary will deduct any withholding taxes that must be paid. It will distribute only whole U.S. dollars and cents and will round fractional cents to the nearest whole cent.

Redemption of ADSs

If we redeem preference shares represented by ADSs, the ADR depositary will distribute the applicable redemption amount to ADR holders as a cash distribution, as described under "– Cash Dividends and Other Cash Distributions" above.

If fewer than all the ADSs are to be redeemed, the ADSs to be redeemed will be selected by lot, proportionately or by any other equitable method as the ADR depositary may determine. A proportionate amount of preference shares will thereafter be redeemed.

We must give notice of redemption in respect of preference shares to the ADR depositary not less than 30 days before the redemption date. If instructed by us, the ADR depositary will deliver the notice to all registered holders of ADRs.

Transfer of Receipts

Title to an ADR, and the ADSs evidenced thereby, may be transferred by surrendering the ADR, properly endorsed or accompanied by proper instruments of transfer, to the ADR depositary. The ADR depositary will register transfers of ADRs on its transfer books. Where not all of the ADSs evidenced by the ADR are the subject of the transfer, a new ADR in respect of the balance of the ADSs will be issued to the transferor.

Record Date

Whenever any cash dividend or other cash distribution becomes payable, or whenever the ADR depositary causes a change in the number of preference shares represented by each ADS or receives notice of any meeting of holders of preference shares, the ADR depositary will fix a record date for the determination of the ADR holders who are entitled to receive the dividend or to give instructions for the exercise of voting rights at the meeting, or on or after which each ADS will represent the changed number of shares subject to the provisions of the deposit agreement.

Voting of the Underlying Deposited Series

As a holder of the preference shares or ADSs, you will not be entitled to receive notice of, attend or vote at any general meeting of our ordinary shareholders.

When the ADR depositary receives notice of any meeting or solicitation of consents or proxies of holders of preference shares, it will, at our written request and as soon as practicable thereafter, mail to the record holders of ADRs a notice including:

- the information contained in the notice of meeting;

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- a statement that the record holders of ADRs at the close of business on a specified record date will be entitled, subject to any applicable provision of English law, to instruct the ADR depositary as to the exercise of any voting rights pertaining to the preference shares represented by their ADSs; and
- a brief explanation of how they may give instructions, including an express indication that they may instruct the ADR depositary to give a discretionary proxy to a designated member or members of our board of directors if no such instruction is received.

Inspection of Transfer Books

The ADR depositary agent will, at its corporate trust office in New York City, keep books for the registration and transfer of ADRs. These books will be open for inspection by ADR holders at all reasonable times. However, this inspection may not be for the purpose of communicating with ADR holders in the interest of a business or object other than our business or a matter related to the deposit agreement or the ADRs.

Reports and Notices

We will furnish the ADR depositary with our annual reports and the ADR depositary will make available at its corporate trust office in New York City, for any ADR holder to inspect, any reports and communications received from us that are both received by the ADR depositary as holder of preference shares and made generally available by us to the holders of those preference shares. This includes our annual report and accounts.

Upon written request, the ADR depositary will mail copies of those reports to ADR holders as provided in the deposit agreement.

On or before the first date on which we give notice, by publication or otherwise, of:

- any meeting of holders of the preference shares;
- any adjourned meeting of holders of the preference shares; or
- the taking of any action in respect of any cash or other distributions or the offering of any rights in respect of, preference shares

we have agreed to transmit to the ADR depositary and the custodian a copy of the notice in the form given or to be given to holders of the preference shares. If requested in writing by us, the ADR depositary will, at our expense, arrange for the prompt transmittal or mailing of such notices, and any other reports or communications made generally available to holders of the preference shares, to all holders of ADRs.

Amendment and Termination of the Deposit Agreement

The form of the ADRs and any provisions of the deposit agreement may at any time and from time to time be amended by agreement between us and the ADR depositary, without the consent of holders of ADRs, in any respect which we may deem necessary or advisable. Any amendment that imposes or increases any fees or charges, other than taxes and other governmental charges, registration fees, transmission costs, delivery costs or other such expenses, or that otherwise prejudices any substantial existing right of holders of outstanding ADRs evidencing ADSs, will not take effect as to any outstanding ADRs until thirty (30) days after notice of the amendment has been given to the record holders of those ADRs. Every holder of any ADR at the time an amendment becomes effective, if it has been given notice, will be deemed by continuing to hold the ADR to consent and agree to the amendment and to be bound by the deposit agreement or the ADR as amended. No amendment may impair the right of any holder of ADRs to surrender ADRs and receive in return the preference shares represented by the corresponding ADSs.

Whenever we direct, the ADR depositary has agreed to terminate the deposit agreement by mailing a termination notice to the record holders of all ADRs then outstanding at least 30 days before the date fixed in the notice of termination. The ADR depositary may likewise terminate the deposit agreement by mailing a termination notice to us and the record holders of all ADRs then outstanding if at any time 90 days shall have expired since the ADR depositary delivered a written notice to us of its election to resign and a successor depositary shall not have been appointed and accepted its appointment.

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If any ADRs evidencing ADSs remain outstanding after the date of any termination, the ADR depositary will then:

- discontinue the registration of transfers of ADRs;
- suspend the distribution of dividends to holders of ADRs; and
- not give any further notices or perform any further acts under the deposit agreement, except those listed below, with respect to those ADRs.

The ADR depositary will, however, continue to collect dividends and other distributions pertaining to the preference shares. It will also continue to sell rights and other property as provided in the deposit agreement and deliver preference shares, together with any dividends or other distributions received with respect to them and the net proceeds of the sale of any rights or other property, in exchange for ADRs surrendered to it.

At any time after the expiration of one year from the date of termination of the deposit agreement, the ADR depositary may sell the preference shares then held. The ADR depositary will then hold uninvested the net proceeds of any such sales, together with any other cash then held by it under the deposit agreement in respect of those ADRs, unsegregated and without liability for interest, for the pro rata benefit of the holders of ADRs that have not previously been surrendered.

Charges of ADR Depositary

The following charges shall be incurred by any party depositing or withdrawing preference shares, or by any party surrendering ADRs or to whom ADRs are issued:

- $5 or less for each 100 ADSs (or portion thereof) for the execution and delivery of ADRs (including issuances resulting from a distribution shares of rights or other property) and cancellation of ADRs for the purpose of withdrawal, including the termination of the deposit agreement. The ADR depositary has agreed to waive this fee for the initial execution and delivery of ADRs evidencing the corresponding number of ADSs offered under this prospectus supplement; and
- any applicable taxes or other governmental charges.

Except as provided below, we will pay all other fees or charges of the ADR depositary and those of any registrar, co−transfer agent and co−registrar under the deposit agreement, but persons depositing or withdrawing preference shares will be obligated to pay:

- any applicable share transfer or other registration fees associated with deposits or withdrawals of preference shares; and
- cable, telex, facsimile transmission charges which the deposit agreement provides are at the expense of persons depositing or withdrawing preference shares.

Under the deposit agreement, the ADR depositary may charge an annual fee of $0.02 or less per depositary share for depositary services. The ADR depositary has agreed to waive this fee.

You will be responsible for any taxes or other governmental charges payable on your ADRs or on the preference shares underlying your ADRs. See “Risk Factors” above. The ADR depositary may refuse to transfer your ADRs or allow you to withdraw the preference shares underlying your ADRs until such taxes or other charges are paid. It may apply payments owed to you or sell deposited preference shares underlying your ADRs to pay any taxes owed and you will remain liable for any deficiency. If the ADR depositary sells deposited preference shares, it will, if appropriate, reduce the number of ADSs to reflect the sale and pay to you any proceeds, or send to you any property, remaining after it has paid the taxes.

General

Neither the ADR depositary nor we will be liable to ADR holders if prevented or forbidden or delayed by any present or future law of any country or by any governmental or regulatory authority or stock exchange, any present or future provision of our articles of association, any provision of any securities issued or distributed by us, or any act of God or war or terrorism or other circumstances beyond our or the

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ADR depositary's control in performing our obligations under the deposit agreement. The obligations of both us and the ADR depositary under the deposit agreement are expressly limited to performing our duties without gross negligence or bad faith.

Both we and the ADR depositary:

- are not liable if either of us exercises the discretion permitted under the deposit agreement;
- have no obligation to become involved in a lawsuit or other proceeding related to the ADRs or the deposit agreement; and
- are not liable for any action or nonaction by us in reliance upon the advice of or information from legal counsel, accountants, any person presenting securities for deposit, any ADR holder or any other person believed by either of us in good faith to be competent to give such advice or information.

The ADR depositary will act as registrar or appoint a registrar or one or more co−registrars for registration of the ADRs in accordance with any requirements of the NYSE or any other stock exchange or securities market on or by which the ADSs are listed for trading purposes.

The ADRs evidencing ADSs are transferable on the books of the ADR depositary or its agent. However, the ADR depositary may close the transfer books as to ADRs evidencing ADSs at any time when it deems it expedient to do so in connection with the performance of its duties. As a condition precedent to the execution and delivery, registration of transfer, split−up, combination or surrender of any ADR or withdrawal of any preference shares, the ADR depositary or the custodian may require the person presenting the ADR or depositing the preference shares to pay a sum sufficient to reimburse it for any related tax or other governmental charge and any share transfer or registration fee and any applicable fees payable as provided in the deposit agreement. The ADR depositary may withhold any dividends or other distributions, or may sell for the account of the holder any part or all of the preference shares evidenced by the ADR, and may apply those dividends or other distributions or the proceeds of any sale in payment of the tax or other governmental charge. The ADR holder will remain liable for any deficiency.

Any ADR holder may be required from time to time to furnish the ADR depositary or the custodian with proof satisfactory to the ADR depositary of citizenship or residence, exchange control approval, information relating to the registration on our books or those that the registrar maintains for us for the preference shares in registered form, or other information, to execute certificates and to make representations and warranties that the ADR depositary deems necessary or proper. Until those requirements have been satisfied, the ADR depositary may withhold the delivery or registration of transfer of any ADR or the distribution or sale of any dividend or other distribution or proceeds of any sale or distribution or the delivery of any deposited preference shares or other property related to the ADR. The delivery, transfer and surrender of ADRs may be suspended during any period when the transfer books of the ADR depositary are closed or if we or the ADR depositary deem it necessary or advisable, subject to the provisions of the following sentence. The surrender of outstanding ADRs and the withdrawal of preference shares may not be suspended subject only to:

- temporary delays caused by closing our transfer books or those of the ADR depositary or the deposit of preference shares in connection with voting at shareholder meetings, or the payment of dividends;
- the payment of fees, taxes and similar charges; and
- compliance with any U.S. or foreign laws or governmental regulations relating to the ADRs or to the withdrawal of preference shares.

The deposit agreement and the ADRs are governed by, and construed in accordance with, the laws of the State of New York.

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TAX CONSIDERATIONS

United States Taxation

This section supplements the discussion of United States federal income taxation in the accompanying prospectus. It applies to you only if you acquire your preference shares or ADSs in this offering and you hold your preference shares or ADSs as capital assets for tax purposes. This section does not apply to you if you are a member of a special class of holders subject to special rules, including:

- a dealer in securities,
- a trader in securities that elects to use a mark−to−market method of accounting for securities holdings,
- a tax−exempt organization,
- a life insurance company,
- a person liable for alternative minimum tax,
- a person that actually or constructively owns 10% or more of our voting stock,
- a person that holds your preference shares or ADSs as part of a straddle or a hedging or conversion transaction, or
- a U.S. holder (as defined below) whose functional currency is not the U.S. dollar.

This section is based on the United States Internal Revenue Code of 1986 (the "Code"), as amended, its legislative history, existing and proposed regulations, published rulings and court decisions, all as currently in effect. These laws are subject to change, possibly on a retroactive basis. In addition, this section is based in part upon the representations of the ADR depositary and the assumptions that each obligation in the deposit agreement and any related agreement will be performed in accordance with its terms. You are a U.S. holder if you are a beneficial owner of preference shares or ADSs and you are:

- a citizen or resident of the United States,
- a domestic corporation,
- an estate whose income is subject to United States federal income tax regardless of its source, or
- a trust if a United States court can exercise primary supervision over the trust's administration and one or more United States persons are authorized to control all substantial decisions of the trust.

If a partnership (or an entity treated as a partnership for tax purposes) holds preference shares or ADSs, the tax treatment of a partner will generally depend on the state of the partner and the activities of the partnership. If you are a partner in a partnership holding preference shares or ADSs, you should consult your tax advisors.

If you are not a U.S. holder, this section does not apply to you.

You should consult your own tax advisor regarding the United States federal, state and local and other tax consequences of owning and disposing of preference shares or ADSs in your particular circumstances.

This discussion addresses only United States federal income taxation.

In general, and taking into account the earlier assumptions, for United States federal income tax purposes, if you hold ADRs evidencing ADSs, you will be treated as the owner of the shares represented by those ADRs. Exchanges of shares for ADRs, and ADRs for shares, generally will not be subject to United States federal income tax.

Taxation of Dividends

Under the United States federal income tax laws, if you are a U.S. holder, the gross amount of any dividend we pay out of our current or accumulated earnings and profits (as determined for United States federal income tax purposes) is subject to United States federal income taxation. If you are a noncorporate U.S. holder, dividends paid to you in taxable years beginning before January 1, 2011 that constitute qualified dividend income will be taxable to you at a maximum tax rate of 15% provided that you hold the preference shares for more than 60 days during the 121−day period beginning 60 days before

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the ex−dividend date and meet certain other requirements. Subject to applicable limitations that may vary depending on your individual circumstances, dividends we pay with respect to the preference shares will be qualified dividend income.

The dividend is taxable to you when you, in the case of shares, or the ADR depositary, in the case of ADSs, receive it, actually or constructively. The dividend will not be eligible for the dividends received deduction generally allowed to United States corporations in respect of dividends received from other United States corporations. Distributions in excess of current and accumulated earnings and profits, as determined for United States federal income tax purposes, will be treated as a non−taxable return of capital to the extent of your basis in the preference shares or ADSs and thereafter as capital gain.

For foreign tax credit purposes, dividends will be income from sources outside the United States and will, depending on your circumstances, be either "passive" or "general" income for purposes of computing the foreign tax credit allowable to you.

Taxation of Capital Gain

If you are a U.S. holder and you sell or otherwise dispose of your preference shares, you will recognize capital gain or loss for United States federal income tax purposes equal to the difference between the value of the amount that you realize and your tax basis in your preference shares or ADSs. Capital gain of a noncorporate U.S. holder that is recognized in taxable years beginning before January 1, 2011 is generally taxed at a maximum rate of 15% where the holder has a holding period greater than one year. The gain or loss will generally be income or loss from sources within the United States for foreign tax credit limitation purposes.

Redemptions

A redemption of preference shares for cash will be treated as a distribution taxable as a dividend unless an applicable exception applies, in which case it will be treated as a sale or exchange of redeemed shares taxable as described under the caption "– Taxation of Capital Gain" above.

The redemption will be treated as a sale or exchange if it (1) results in a "complete termination" of a U.S. holder's share interest in us or (2) is not "essentially equivalent to a dividend" with respect to a U.S. holder, all within the meaning of Section 302(b) of the Code. In determining whether any of these tests have been met, shares considered to be owned by a U.S. holder by reason of certain constructive ownership rules, as well as shares actually owned by such holder, must generally be taken into account. If a particular U.S. holder of shares does not own (actually or constructively) any of our other shares, or owns only an insubstantial percentage of our outstanding shares, and does not participate in our control or management, a redemption of the shares of such holder will generally qualify for sale or exchange treatment. However, because the determination as to whether any of the alternative tests of Section 302(b) of the Code will be satisfied with respect to any particular U.S. holder of the shares depends upon the facts and circumstances at the time that the determination must be made, prospective U.S. holders of the shares are advised to consult their own tax advisors regarding the tax treatment of a redemption.

If a redemption of preference shares is treated as a distribution, the entire amount received will be treated as a distribution and will be taxable as described under the caption "– Taxation of Dividends" above.

Information Reporting and Backup Withholding

If you are a noncorporate U.S. holder, information reporting requirements, on Internal Revenue Service Form 1099, generally will apply to:

- payments of dividends or other taxable distributions with respect to a preference share or an ADS within the United States, including payments made by wire transfer from outside the United States to an account you maintain in the United States; and
- the payment of the proceeds from the sale of a preference share or ADS effected at a United States office of a broker or at the foreign office of a broker that is a U.S.−controlled person.

Additionally, backup withholding will apply to such payments if you are a noncorporate U.S. holder that:

- fails to provide an accurate taxpayer identification number, is notified by the

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Internal Revenue Service that you have failed to report all dividends required to be shown on your federal income tax returns; or

- in certain circumstances, fails to comply with applicable certification requirements.

If you are a United States alien holder, which is any holder that is either (i) a non−resident alien individual, (ii) a foreign corporation or (iii) an estate or trust that in either case is not subject to United States federal income tax on a net income basis on income or gain from a preference share or ADS, you are generally exempt from backup withholding and information reporting requirements with respect to:

- payments of dividends with respect to a preference share or ADS made to you outside the United States by us or another non−United States payor; and
- other payments of dividends and the payment of the proceeds from the sale of a preference share or ADS effected at a United States office of a broker, as long as the income associated with such payments is otherwise exempt from United States federal income tax; and
  - the payor or broker does not have actual knowledge or reason to know that you are a United States person and you have furnished to the payor or broker:
  - an Internal Revenue Service Form W−8BEN or an acceptable substitute form upon which you certify, under penalties of perjury, that you are a non−United States person; or
  - other documentation upon which it may rely to treat the payments as made to a non−United States person in accordance with U.S. Treasury regulations; or
- you otherwise establish an exemption.

Except as provided below, payment of the proceeds from the sale of a preference share or ADS effected at a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, a sale of a preference share or ADS that is effected at a foreign office of a broker will be subject to information reporting and backup withholding if:

- the proceeds are transferred to an account maintained by you in the United States;
- the payment of proceeds or the confirmation of the sale is mailed to you at a United States address; or
- the sale has some other specified connection with the United States as provided in U.S. Treasury regulations,

unless the broker does not have actual knowledge or reason to know that you are a United States person and the documentation requirements described above are met or you otherwise establish an exemption.

In addition, a sale of a preference share or ADS effected at a foreign office of a broker will be subject to information reporting if the broker is:

- a United States person;
- a controlled foreign corporation for United States tax purposes;
- a foreign person 50% or more of whose gross income is effectively connected with the conduct of a United States trade or business for a specified three−year period; or
- a foreign partnership, if at any time during its tax year:
  - one or more of its partners are “U.S. persons”, as defined in U.S. Treasury regulations, who, in the aggregate, hold more than 50% of the income or capital interest in the partnership; or
  - such foreign partnership is engaged in the conduct of a United States trade or business,

unless the broker does not have actual knowledge or reason to know that you are a United States person and the documentation requirements described above are met or you otherwise establish an exemption. Backup withholding will apply if the sale is subject to information reporting and the broker has actual knowledge that you are a United States person.

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You generally may obtain a refund of any amounts withheld under the backup withholding rules that exceed your income tax liability by filing a refund claim with the United States Internal Revenue Service.

United Kingdom Taxation

The following is a summary of certain aspects of the current United Kingdom taxation treatment of the preference shares and ADSs. It relates only to (1) the position of persons who are the absolute beneficial owners of the preference shares or ADSs and who are neither (a) resident in the United Kingdom for tax purposes nor (b) holding preference shares or ADSs in connection with any trade or business carried on in the United Kingdom through any branch, agency or permanent establishment in the United Kingdom (a "Non−UK resident holder"); and (2) to those persons who are (a) resident (or, in the case of individuals only, ordinarily resident) in the United Kingdom for tax purposes, or (b) carrying on a trade through a permanent establishment in the United Kingdom (a "UK resident holder"). This summary may not apply to certain classes of holders, such as dealers in securities. The comments below also assume that holders of ADSs will in practice be treated for purposes of United Kingdom tax as beneficial owners of the preference shares represented by the ADSs. Holders who are in any doubt as to their tax position (including, in particular, any holders who are resident in the United Kingdom for tax purposes or carrying on a trade or business through any branch, agency or permanent establishment in the United Kingdom) should consult their professional advisers. In addition, holders who may be liable to tax in other jurisdictions should also consult their professional advisers.

Non−UK resident holders – Taxation of Dividends and Capital Gains

We will not be required to withhold tax at source when paying a dividend on the preference shares.

Non−UK resident holders of preference shares or ADSs will not have any other liability to United Kingdom tax on such dividends.

Non−UK resident holders of preference shares or ADSs will not generally be able to claim repayment of any part of any tax credit attaching to dividends paid by us, although this will depend on the existence and terms of any double tax treaty between the United Kingdom and the country in which the holder of preference shares or ADSs is resident for tax purposes; holders of preference shares or ADSs who are resident in the United States for tax purposes will not be entitled to any such credit under the terms of the double taxation treaty between the United Kingdom and the United States of July 24, 2001 (as amended).

Non−UK resident holders of preference shares or ADSs will not generally be subject to UK capital gains tax or corporation tax on a disposal of preference shares or ADSs. Special rules apply to individuals who are temporarily not resident or ordinarily resident in the United Kingdom.

UK resident holders – Taxation of Dividends

We will not be required to withhold tax at source when paying a dividend on the preference shares.

Individual UK resident holders of preference shares or ADSs who are resident in the UK for tax purposes and who receive a dividend from the issuer, will generally be entitled to a tax credit (the "Tax Credit") (which may be set off against a holder's total income tax liability on the dividend) equal to 1/9th of the amount of the cash dividend (or 1/10th of the aggregate of the cash dividend and the Tax Credit (the "Gross Dividend")).

Individual UK resident holders of preference shares or ADSs who are liable to UK income tax, other than at the higher rate, will be liable to tax on the Gross Dividend at the rate of 10 per cent. The Tax Credit will satisfy the whole of such holders' income tax liability in respect of the dividend. Individual UK resident holders of preference shares or ADSs who are not liable to income tax in the UK in respect of the Gross Dividend will not be entitled to repayment of the Tax Credit.

Individual UK resident holders of preference shares or ADSs who are liable to UK income tax at the higher rate, will be liable to tax on the Gross Dividend at the rate of 32.5 per cent. After taking into account the 10 per cent. Tax Credit, such individuals will be liable to pay additional UK income tax at the rate of 22.5 per cent. of the Gross Dividend. Individuals who are higher rate taxpayers will therefore pay UK income tax at an effective tax rate of 25 per cent. of the cash dividend received.

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Subject to the paragraphs under the sub−heading "*Disguised Interest Rules*" below, corporate UK resident holders of preference shares or ADSs (other than share dealers) will not normally be liable to UK corporation tax on any dividend received from the issuer.

UK resident holders – Taxation of Capital Gains

The sale, or other disposal, of preference shares or ADSs may give rise to the realization of a gain for the purposes of UK taxation of chargeable gains.

An individual UK resident holder of preference shares or ADSs who is resident or ordinarily resident in the UK for tax purposes and who realizes such a gain, may be liable to UK capital gains tax, depending on the holder's circumstances and subject to any available exemption or relief.

Subject to the paragraphs under the sub−heading "*Disguised Interest Rules*" below, a corporate UK resident holder of preference shares or ADSs who is resident in the UK for tax purposes and who realizes such a gain, may be liable to UK corporation tax on chargeable gains, depending on the holder's circumstances and subject to any available exemption or relief.

A UK resident holder of preference shares or ADSs who is not resident in the UK for tax purposes and who carries on a trade in the UK through a branch or agency, or, in the case of a company, a permanent establishment, may be subject to UK capital gains tax or corporation tax on a disposal of preference shares or ADSs which are used, held, or acquired for the purposes of the branch, agency, or permanent establishment, subject to any available exemption or relief. Special rules apply to individuals who are temporarily not resident or ordinarily resident in the UK.

Disguised Interest Rules

Her Majesty's Revenue & Customs ("HMRC") published draft legislation (and accompanying guidance notes) on 6th December 2007, which was subsequently amended on 7th February 2008, under the heading "disguised interest". The purpose of the legislation is to secure that a return designed to be economically equivalent to interest is treated in the same way as interest for the purposes of corporation tax. The draft legislation provides that, where a company is party to an arrangement designed to produce a "tax privileged investment return" ("TAPIR") for that company, that return is to be treated for the purposes of corporation tax as a profit from a loan relationship of the company, with credits brought into account for the purposes of the loan relationship rules contained in the Finance Act 1996 being determined on an amortized cost basis of accounting. A TAPIR is a return from money or any other asset which (a) equates, in substance, to a return on an investment of the money (or an amount of money equal to the value of the asset) at interest and (b) is not charged, or not wholly charged, to tax on the company as an amount of income and is not brought, or not wholly brought, into account when calculating for tax purposes any income of the company. The draft legislation provides that an arrangement is designed to produce a TAPIR if it would be reasonable to assume that is or was the main purpose, or one of the main purposes, of the arrangement.

It is possible that, if the draft legislation were enacted in its current form, a UK resident holder of preference shares or ADSs subject to UK corporation tax would be taxed as if the dividends on the preference shares or ADSs were profits on a loan relationship. The position is not clear, and no detailed guidance as to the precise scope of the relevant draft provisions with respect to publicly issued preference shares or ADSs has been published by HMRC as yet. Moreover, the draft legislation is subject to further consultation, and it is possible that the provisions could be amended significantly before they are enacted into law and/or that they are not enacted into law at all. In addition, even if the legislation is passed into law in its current form, it is not clear from which date the legislation will take effect nor as to whether any "grandfathering" provisions will apply.

UK resident holders of preference shares or ADSs who are subject to UK corporation tax should therefore obtain independent advice as to their treatment.

Inheritance Tax

Preference shares or ADSs beneficially owned by an individual may be subject to UK inheritance tax on the death of the individual or, in some circumstances, if the preference shares or ADSs are the subject of a gift, including a transfer at less than full market value, by that individual.

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Inheritance tax is not generally chargeable on gifts to individuals made more than seven years before the death of the donor.

Subject to limited exclusions, gifts to settlements (which would include, very broadly, private trust arrangements) or to companies may give rise to an immediate inheritance tax charge. Preference shares or ADSs held in settlements may also be subject to inheritance tax charges periodically during the continuance of the settlement, on transfers out of the settlement or on certain other events. Investors should take their own professional advice as to whether any particular arrangements constitute a settlement for inheritance tax purposes.

Stamp Duty and Stamp Duty Reserve Tax

Issuance of the preference shares in bearer form. No UK stamp duty will be payable on the delivery of preference shares in bearer form to the custodian on behalf of the ADR depositary. Based on our current understanding of HM Revenue & Customs practice we expect that no stamp duty reserve tax ("SDRT") will be payable on the delivery of the preference shares in bearer form to the custodian on behalf of the ADR depositary.

Transfers of the ADRs. Any instrument transferring or containing an agreement to transfer a registered ADR which is executed outside the United Kingdom and not brought into the United Kingdom for any purpose will not give rise to any obligation to pay UK stamp duty, and an agreement to transfer a registered ADR will not give rise to SDRT.

Registered preference shares. ADRs may be surrendered in exchange for preference shares in registered form.

Subject to certain exceptions, a documentary transfer of preference shares in registered form, or a documentary agreement to transfer any interest in any preference shares in registered form where such interest falls short of full legal and beneficial ownership, would attract ad valorem UK stamp duty, and an unconditional agreement to transfer preference shares would also attract SDRT (provided that SDRT would not be payable if UK stamp duty had been paid), generally at the rate of 0.5% (rounded up, if necessary, to the nearest £5) on the amount or value of the consideration for the transfer. Generally, ad valorem stamp duty applies neither to gifts nor on a transfer from a nominee to the beneficial owner. In cases of transfers where no ad valorem stamp duty arises, a fixed UK stamp duty of £5 may be payable, although if draft legislation contained in the Finance Bill 2008 is enacted without material amendment, any such charge to a fixed UK stamp duty of £5 may cease to apply.

UK stamp duty would, subject to certain exceptions, be payable at the rate of 1.5% (rounded up, if necessary, to the nearest £5) of the value of preference shares in registered form on any instrument pursuant to which preference shares are transferred (i) to, or to a nominee for, a person whose business is or includes the provision of clearance services or (ii) to, or to a nominee or agent for, a person whose business is or includes issuing depositary receipts. UK SDRT, at the same rate, could also be payable in these circumstances but no SDRT would be payable if stamp duty were paid.

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CAPITALIZATION AND INDEBTEDNESS

The following table sets out the authorised and issued share capital of Barclays Bank PLC and the Barclays Bank PLC Group's total shareholders' equity, indebtedness and contingent liabilities as of December 31, 2007, and as adjusted to reflect the issuance of the preference shares (without giving effect to any exercise of the over−allotment option). The figures set out in the following table were extracted from our audited financial statements for the year ended December 31, 2007, which were prepared in accordance with International Financial Reporting Standards. The adjustments to reflect the issuance of the preference shares have been converted to pounds sterling at an exchange rate at April 8, 2008 of £1=$1.9690.

	As of December 31, 2007	Adjusted for the issuance of the preference shares
	'000	*'000*
Share capital of Barclays Bank PLC		
Authorized ordinary share capital – shares of £1 each	3,000,000	3,000,000
Authorized preference share capital – shares of £100 each	400	400
Authorized preference share capital – shares of £1 each	1	1
Authorized preference share capital – shares of U.S.$100 each	400	400
Authorized preference share capital – shares of U.S.$0.25 each	150,000	150,000(1)
Authorized preference share capital – shares of €100 each	400	400
Ordinary shares – issued and fully paid shares of £1 each	2,337,161	2,337,161
Preference shares – issued and fully paid shares of £100 each	75	75
Preference shares – issued and fully paid shares of £1 each	1	1
Preference shares – issued and fully paid shares of U.S$100 each	100	100
Preference shares – issued and fully paid shares of U.S.$0.25 each	131,000	231,000
Preference shares – issued and fully paid shares of €100 each	240	240
	£ million	*£ million*
Group shareholders' equity		
Called up share capital	2,382	2,395
Share premium account	10,751	11,971
Other reserves	(170)	(170)
Other shareholders' funds	2,687	2,687
Retained earnings	14,222	14,222
Shareholders' equity excluding minority interests	**29,872**	**31,105**
Minority interests	1,949	1,949
Total shareholders' equity	**31,821**	**33,054**
Group indebtedness(2)		
Subordinated liabilities(3)	18,150	18,150
Debt securities in issue(4)	120,228	120,228
Total indebtedness	**138,378**	**138,378**
Total capitalization and indebtedness	**170,199**	**171,432**
Group contingent liabilities		
Acceptances and endorsements	365	365
Guarantees and assets pledged as collateral security	35,692	35,692
Other contingent liabilities	9,717	9,717
Total contingent liabilities	**45,774**	**45,774**

Notes:

(1) Pursuant to an ordinary resolution of Barclays Bank PLC dated April 8, 2008, the share capital of Barclays Bank PLC was increased by the creation of an additional 150,000,000 dollar preference shares of $0.25 each to 300,000,000.

(2) "Group indebtedness" includes interest accrued as at December 31, 2007, in accordance with International Financial Reporting Standards.

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(3) On January 23, 2008, Barclays Bank PLC issued €1,750,000,000 6.00% Fixed Rate Subordinated Notes due 2018. On January 25, 2008, Barclays Bank PLC issued €100,000,000 CMS−Linked Subordinated Notes due 2018. On February 29, 2008, Barclays Bank PLC issued £1,000,000,000 8.25% Undated Subordinated Notes. On March 12, 2008, Barclays Bank PLC redeemed €255,645,941 (formerly DEM 500,000,000) 5.50% Subordinated Notes due 2013. On March 20, 2008, Barclays Bank PLC issued €135,000,000 CMS−Linked Subordinated Notes due 2018.

(4) In addition, there were £52,320 million of debt securities in issue accounted on a fair value basis as at December 31, 2007.

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UNDERWRITING

Subject to the terms and conditions set forth in the Underwriting Agreement – Standard Provisions, dated November 30, 2007, incorporated in the pricing agreement dated April 8, 2008, between us and the underwriters named below, we have agreed to issue to the underwriters, and each underwriter has severally undertaken to pay up in full, the number of preference shares represented by ADSs (each ADS representing one preference share), set forth opposite its name below:

Underwriters	Number of ADSs
Citigroup Global Markets Inc.	13,500,004
Barclays Capital Securities Limited.	13,500,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	13,500,000
UBS Securities LLC	13,500,000
Wachovia Capital Markets, LLC	13,500,000
Morgan Stanley & Co. Incorporated	13,500,000
Banc of America Securities LLC	3,000,000
RBC Capital Markets Corporation.	3,000,000
Deutsche Bank Securities Inc.	1,000,000
SunTrust Robinson Humphrey, Inc.	1,000,000
Wells Fargo Securities, LLC	1,000,000
BNP Paribas Securities Corp.	416,667
Charles Schwab & Co., Inc.	416,667
Fidelity Capital Markets, a division of National Financial Services LLC	416,667
H&R Block Financial Advisors, Inc.	416,667
J.J.B. Hilliard, W.L. Lyons, Inc.	416,667
Janney Montgomery Scott LLC	416,667
Morgan Keegan & Company, Inc.	416,667
Oppenheimer & Co. Inc.	416,667
Raymond James & Associates, Inc.	416,667
Robert W. Baird & Co. Incorporated	416,667
Stifel, Nicolaus & Company, Incorporated	416,667
TD Ameritrade, Inc.	416,667
B.C. Ziegler and Company	208,333
BB&T Capital Markets, a division of Scott & Stringfellow, Inc.	208,333
Blaylock Robert Van, LLC	208,333
C. L. King & Associates, Inc.	208,333
CastleOak Securities, LP	208,333
Comerica Securities, Inc.	208,333
Crowell, Weedon & Co.	208,333
D.A. Davidson & Co.	208,333
Davenport & Company LLC	208,333
Ferris, Baker Watts, Incorporated	208,333
Fifth Third Securities, Inc.	208,333
Fixed Income Securities, LP	208,333
Jefferies & Company, Inc.	208,333
Keefe, Bruyette & Woods, Inc.	208,333
Mesirow Financial, Inc.	208,333
Pershing LLC	208,333
Piper Jaffray & Co.	208,333
Samuel A. Ramirez & Co., Inc.	208,333
Sandler, O'Neill & Partners, L.P.	208,333
Stone & Youngberg LLC	208,333
The Williams Capital Group, L.P.	208,333
Utendahl Capital Partners, L.P.	208,333
Wedbush Morgan Securities Inc.	208,333
William Blair & Company, L.L.C.	208,333
Total	100,000,000

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The underwriting agreement and the pricing agreement provide that the obligations of the underwriters are subject to certain conditions precedent and that the underwriters have undertaken to pay up in full all of the preference shares in the form of ADSs if any are subscribed for.

The underwriters initially propose to offer the ADSs directly to the public at a price per ADS of $25. After the initial offering of the ADSs to the public, the price to public and other selling terms may from time to time be varied by the underwriters.

The underwriters propose to offer part of the ADSs directly to the public at the initial public offering price set forth above and part of the ADSs to certain dealers at the initial public offering price less a concession not in excess of $0.50 per ADS, provided, however, that such concession for sales to certain institutions will not be in excess of $0.30 per ADS. The underwriters may allow, and such dealers may reallow, a concession not in excess of $0.45 per ADS to brokers and dealers.

We estimate that our total expenses for the offering, excluding underwriting commissions, will be approximately $1,170,000.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended.

The preference shares and ADSs are new issue securities with no established trading market. We will apply to list the ADSs on the New York Stock Exchange. Trading of the ADSs on the New York Stock Exchange is expected to commence within 30 days after the delivery of the ADSs. The preference shares will not be listed for trading and no assurance can be given as to the liquidity of the trading market for the preference shares or ADSs.

The ADSs will settle through the facilities of DTC and its participants (which may include Euroclear Bank S.A./N.V. or Clearstream Banking, société anonyme). The CUSIP number for the ADSs is 06739H362, and the ISIN is US06739H3628 .

We expect that delivery of the ADSs will be made against payment on or about April 11, 2008, which will be the third business day following the date of this prospectus supplement (such settlement cycle being referred to as “T+3”).

Because Barclays Capital Inc., an affiliate of ours and a member of the Financial Industry Regulatory Authority (“FINRA”) (formerly, the NASD), may be participating in the offering of ADSs in the United States on behalf of Barclays Capital Securities Limited, the offering of the ADSs is being conducted in accordance with the applicable provisions of Rule 2720 of the Conduct Rules of the FINRA.

Certain of the underwriters and their affiliates have performed investment banking and advisory services for us from time to time for which they have received customary fees and expenses. The underwriters may from time to time engage in transactions with and perform services for us in the ordinary course of business.

Over−Allotment Option

We have granted an option to the underwriters to purchase up to an additional 15,000,000 ADSs at the public offering price on the cover page of this prospectus supplement, less the underwriting compensation, on or before April 22, 2008. The underwriters may exercise this option solely to cover overallotments. If the underwriters exercise this option, each underwriter will be obligated, subject to conditions contained in the underwriting agreement, to underwrite a number of additional ADSs proportionate to such underwriter’s initial amount reflected in the above table.

Stabilization Transactions and Short Sales

In connection with the offering, the underwriters may purchase and sell ADSs in the open market. These transactions may include sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of ADSs than they are required to purchase in the offering. The underwriters may close a short position by either exercising their option to purchase additional ADSs or purchasing ADSs in the open market. Stabilizing transactions consist of various bids for or purchases of the ADSs made by the underwriters in the open market prior to the completion of the offering.

Purchases to cover a short position and stabilizing transactions may have the effect of preventing or retarding a decline in the market price of the ADSs. As a result, the price of the ADSs may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued at any time.

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Market−Making Resales

The following discussion of market−making replaces in its entirety the discussion under the heading "Plan of Distribution – Market−Making Resales" and *"– Matters Relating to Initial Offering and Market−Making Resales" in the accompanying prospectus.*

This prospectus supplement may be used by an affiliate of Barclays Bank PLC in connection with offers and sales of the ADSs in market−making transactions. In a market−making transaction, such affiliate may resell the ADSs it acquires from other holders, after the original offering and sale of the ADSs. Resales of this kind may occur in the open market or may be privately negotiated, at prevailing market prices at the time of resale or at related or negotiated prices. In these transactions, such affiliate may act as principal, or agent, including as agent for the counterparty in a transaction in which such affiliate acts as principal, or as agent for both counterparties in a transaction in which such affiliate does not act as principal. Such affiliate may receive compensation in the form of discounts and commissions, including from both counterparties in some cases.

The aggregate initial offering price specified on the cover of this prospectus supplement relates to the initial offering of the ADSs. This amount does not include securities sold in market−making transactions.

We do not expect to receive any proceeds from market−making transactions.

Information about the trade and settlement dates, as well as the purchase price, for a market−making transaction will be provided to the purchaser in a separate confirmation of sale.

Selling Restrictions

United Kingdom

Each underwriter has represented and agreed that, in connection with the distribution of the preference shares or the ADSs:

(i) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "FSMA")) received by it in connection with the issue or sale of any preference shares or ADSs in circumstances in which Section 21(1) of the FSMA would not, if Barclays Bank PLC was not an authorized person, apply to Barclays Bank PLC; and

(ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the preference shares or ADSs in, from or otherwise involving the United Kingdom.

European Union Prospectus Directive

Each underwriter has severally represented and agreed that in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") it has not made and will not make an offer of the ADSs or preference shares to the public in that Relevant Member State, other than:

(i) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

(ii) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000; and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or

(iii) in any other circumstances falling within Article 3(2) of the Prospectus Directive, save that no offer of the ADSs or preference shares to the public shall be made in reliance on the numerical exemption otherwise available under Article 3(2)(b) of the Prospectus Directive,

provided, that no such offer of the ADSs or preference shares shall require the underwriter or us to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

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For the purposes of this provision, the expression "an offer of the ADSs or the preference shares to the public" in relation to any ADSs or preference shares in any Relevant Member State means the communication to more than one person in any form and by any means of sufficient information on the terms of the offer and the ADSs or preference shares to be offered so as to enable an investor to decide to purchase or subscribe to the ADSs or preference shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

VALIDITY OF SECURITIES

Sullivan & Cromwell LLP, our United States counsel, will pass upon the validity of the ADSs under New York law, and Clifford Chance LLP, our English counsel, will pass upon the validity of the preference shares under English law. Linklaters LLP, United States and English counsel for the underwriters, will pass upon certain matters of New York law for the underwriters.

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BARCLAYS BANK PLC

Debt Securities
Preference Shares
American Depositary Shares

This prospectus describes some of the general terms that may apply to these securities and the general manner in which they may be offered.

We will give you the specific terms of the securities, and the manner in which they are offered, in supplements to this prospectus. You should read this prospectus and the prospectus supplements carefully before you invest. We may offer and sell these securities to or through one or more underwriters, dealers and agents, including Barclays Capital Inc., or directly to purchasers, on a delayed or continuous basis. We will indicate the names of any underwriters in the applicable prospectus supplement.

We may use this prospectus to offer and sell debt securities or preference shares from time to time. In addition, Barclays Capital Inc. or another of our affiliates may use this prospectus in a market−making transaction in any of these securities after their initial sale. ***Unless we or our agent informs you otherwise in the confirmation of sale, this prospectus is being used in a market−making transaction.***

The securities are not deposit liabilities of Barclays Bank PLC and are not insured by the United States Federal Deposit Insurance Corporation or any other governmental agency of the United States, the United Kingdom or any other jurisdiction. Unless otherwise indicated in the applicable prospectus supplement, Barclays PLC, our parent, has not guaranteed or assumed any other obligations in respect of our securities.

This prospectus may not be used to sell securities unless it is accompanied by a prospectus supplement.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

Barclays Capital

The date of this prospectus is August 31, 2007

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FORWARD−LOOKING STATEMENTS

This document contains certain forward−looking statements within the meaning of Section 21E of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 27A of the U.S. Securities Act of 1933, as amended (the "Securities Act"), with respect to certain of our plans and current goals and expectations relating to our 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 our 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 U.K. domestic and global economic and business conditions, market related risks such as changes in interest rates and exchange rates, recent volatility in the global financial markets, the policies and actions of governmental and regulatory authorities, changes in legislation, 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 our control. As a result, our actual future results may differ materially from the plans, goals, and expectations set forth in such forward−looking statements. Any forward−looking statements made by or on our behalf speak only as of the date they are made. We do not undertake to update forward−looking statements to reflect any changes in our 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 we have made or may make in documents we have filed or may file with the Securities and Exchange Commission (the "SEC").

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows us to "incorporate by reference" the information we file with them, which means we can disclose important information to you by referring you to those documents. The most recent information that we file with the SEC automatically updates and supersedes earlier information.

We have filed with the SEC a registration statement on Form F−3 relating to the securities covered by this prospectus. This prospectus is a part of the registration statement and does not contain all the information in the registration statement. Whenever a reference is made in this prospectus to a contract or other document of the company, the reference is only a summary and you should refer to the exhibits that are a part of the registration statement for a copy of the contract or other document. You may review a copy of the registration statement at the SEC's public reference room in Washington, D.C., as well as through the SEC's internet site, as discussed below.

We filed our annual report on Form 20−F for the fiscal year ended December 31, 2006 (the "2006 Form 20−F") with the SEC on March 26, 2007. We are incorporating the 2006 Form 20−F by reference into this prospectus. We are further incorporating by reference our Current Reports on Form 6−K furnished to the SEC on April 23, 2007, April 27, 2007, May 8, 2007, May 31, 2007, June 19, 2007, July 23, 2007, July 30, 2007, August 2, 2007 and August 13, 2007, in each case to the same extent as such report was designated on the cover thereof for incorporation by reference into our Registration Statements on Form F−3 (Nos. 333−126811, 333−85646 and 333−12384).

In addition, we will incorporate by reference into this prospectus all documents that we file with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act and, to the extent, if any, we designate therein, reports on Form 6−K we furnish to the SEC after the date of this prospectus and prior to the termination of any offering contemplated in this prospectus.

We will provide to you, upon your written or oral request, without charge, a copy of any or all of the documents we referred to above which we have incorporated in this prospectus by reference. You

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should direct your requests to Barclays Bank PLC, 200 Park Avenue, New York, New York 10166, Attention: General Counsel (telephone: 212−412−4000).

You may read and copy any document that we file with or furnish to the SEC at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the public reference room by calling the SEC at 1−800−SEC−0330. The SEC maintains an internet site that contains reports and other information regarding issuers that file electronically with the SEC at www.sec.gov. We maintain an internet site at www.barclays.com.

THE BARCLAYS BANK GROUP

Barclays Bank PLC and its subsidiary undertakings (taken together, the "Group") is a major global financial services provider engaged in retail and commercial banking, credit cards, investment banking, wealth management and investment management services. It is one of the largest financial services companies in the world by market capitalization. Together with the predecessor companies, the Group has over 300 years of history and expertise in banking, and today the Group operates in over 50 countries and employs approximately 127,700 people. The Group moves, lends, invests and protects money for over 27 million customers and clients worldwide. The whole of the issued ordinary share capital of Barclays Bank PLC is beneficially owned by Barclays PLC, which is the ultimate holding company of the Group and one of the largest financial services companies in the world by market capitalization.

USE OF PROCEEDS

Unless otherwise indicated in the accompanying prospectus supplement, the net proceeds from the offering of the securities will be used to support the development and expansion of our business and to strengthen further our capital base. That development and expansion may occur through the development of existing operations, the establishment of new subsidiaries or acquisitions if suitable opportunities should arise.

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DESCRIPTION OF DEBT SECURITIES

The following is a summary of the general terms of the debt securities. It sets forth possible terms and provisions for each series of debt securities. Each time that we offer debt securities, we will prepare and file a prospectus supplement with the SEC, which you should read carefully. The prospectus supplement may contain additional terms and provisions of those securities. If there is any inconsistency between the terms and provisions presented here and those in the prospectus supplement, those in the prospectus supplement will apply and will replace those presented here.

The debt securities of any series will be either our senior obligations (the "Senior Debt Securities") or our subordinated obligations (the "Subordinated Debt Securities"). Neither the Senior Debt Securities nor the Subordinated Debt Securities will be secured by any assets or property of Barclays Bank PLC or any of its subsidiaries or affiliates (including Barclays PLC, its parent). The Subordinated Debt Securities will either have a stated maturity (the "Dated Subordinated Debt Securities") or will not have a stated maturity (the "Undated Subordinated Debt Securities"). Some Undated Subordinated Debt Securities may be entirely or partially convertible into our preference shares, at our option.

We will issue Senior Debt Securities, Dated Subordinated Debt Securities and Undated Subordinated Debt Securities under indentures (respectively the "Senior Debt Indenture", "Dated Debt Indenture" and "Undated Debt Indenture") between us and The Bank of New York, as trustee. The terms of the debt securities include those stated in the relevant indenture and any supplements thereto, and those made part of the indenture by reference to the Trust Indenture Act. The Senior, Dated and Undated Debt Indentures are sometimes referred to in this prospectus individually as an "indenture" and collectively as the "indentures". We have filed or incorporated by reference a copy of, or the forms of, each indenture as exhibits to the registration statement, of which this prospectus is a part.

Because this section is a summary, it does not describe every aspect of the debt securities in detail. This summary is subject to, and qualified by reference to, all of the definitions and provisions of the relevant indenture, any supplement to the relevant indenture and each series of debt securities. Certain terms, unless otherwise defined here, have the meaning given to them in the relevant indenture.

General

The debt securities are not deposits and are not insured by any regulatory body of the United States or the United Kingdom. Unless otherwise indicated in a prospectus supplement, Barclays PLC, our parent, has not guaranteed or assumed any other obligations in respect of our debt securities.

Because we are a holding company as well as an operating company, our rights to participate in the assets of any of our subsidiaries upon its liquidation will be subject to the prior claims of the subsidiaries' creditors, including, in the case of our bank subsidiaries, their respective depositors, except, in our case, to the extent that we may ourselves be a creditor with recognized claims against the relevant subsidiary.

The indentures do not limit the amount of debt securities that we may issue. We may issue the debt securities in one or more series, or as units comprised of two or more related series. The prospectus supplement will indicate for each series or of two or more related series of debt securities:

- whether the debt securities have a maturity date and if so, what that date is;
- the specific designation and aggregate principal amount of the debt securities;
- the prices at which we will issue the debt securities;
- if interest is payable, the interest rate or rates, or how to calculate the interest rate or rates;
- whether we will issue the Senior Debt Securities or Dated Subordinated Debt Securities as Discount Securities, as explained below, and the amount of the discount;

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- provisions, if any, for the discharge and defeasance of Senior Debt Securities or Dated Subordinated Debt Securities of any series;
- any condition applicable to payment of any principal, premium or interest on Senior Debt Securities or Dated Subordinated Debt Securities of any series;
- the dates and places at which any payments are payable;
- the terms of any mandatory or optional redemption;
- the denominations in which the debt securities will be issued, which may be an integral multiple of either $1,000, $25 or any other specified amount;
- the amount, or how to calculate the amount, that we will pay the Senior Debt Security holder or Dated Subordinated Debt Security holder, if the Senior Debt Security or Dated Subordinated Debt Security is redeemed before its stated maturity or accelerated, or for which the trustee shall be entitled to file and prove a claim;
- whether and how the debt securities may or must be converted into any other type of securities, or their cash value, or a combination of these;
- the currency or currencies in which the debt securities are denominated, and in which we make any payments;
- whether we will issue the debt securities wholly or partially as one or more global debt securities;
- what conditions must be satisfied before we will issue the debt securities in definitive form ("definitive debt securities");
- any reference asset we will use to determine the amount of any payments on the debt securities;
- any other or different Senior Events of Default, in the case of Senior Debt Securities, or any other or different Subordinated Events of Default, Dated Debt Defaults or Undated Debt Defaults, in the case of Subordinated Debt Securities, or covenants applicable to any of the debt securities, and the relevant terms if they are different from the terms in the applicable indenture;
- any restrictions applicable to the offer, sale and delivery of the debt securities;
- if we will pay Additional Amounts, as explained below, on the debt securities;
- whether we will issue the debt securities in registered form ("registered securities") or in bearer form ("bearer securities") or both;
- whether and how bearer securities may be exchanged for registered securities;
- for registered securities, the record date for any payment of principal, interest or premium;
- any listing of the debt securities on a securities exchange;
- any other or different terms of the debt securities; and
- what we believe are any additional material U.S. federal and U.K. tax considerations.

Debt securities may bear interest at a fixed rate or a floating rate or we may sell Senior Debt Securities or Dated Subordinated Debt Securities that bear no interest or that bear interest at a rate below the prevailing market interest rate or at a discount to their stated principal amount ("Discount Securities"). The relevant prospectus supplement will describe special U.S. federal income tax considerations applicable to Discount Securities or to debt securities issued at par that are treated for U.S. federal income tax purposes as having been issued at a discount.

Holders of debt securities have no voting rights except as explained below under " – Modification and Waiver" and "Senior Events of Default;

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Subordinated Event of Default and Defaults; Limitation of Remedies".

Market−Making Transactions. If you purchase your debt security and/or any of our other securities we describe in this prospectus in a market−making transaction, you will receive information about the price you pay and your trade and settlement dates in a separate confirmation of sale. A market−making transaction is one in which Barclays Capital Inc. or another of our affiliates resells a security that it has previously acquired from another holder. A market−making transaction in a particular debt security occurs after the original issuance and sale of the debt security.

Legal Ownership; Form of Debt Securities

Street Name and Other Indirect Holders. Investors who hold debt securities in accounts at banks or brokers will generally not be recognized by us as legal holders of debt securities. This is called holding in street name.

Instead, we would recognize only the bank or broker, or the financial institution the bank or broker uses to hold its debt securities. These intermediary banks, brokers and other financial institutions pass along principal, interest and other payments on the debt securities, either because they agree to do so in their customer agreements or because they are legally required. An investor who holds debt securities in street name should check with the investor's own intermediary institution to find out:

- how it handles debt securities payments and notices;
- whether it imposes fees or charges;
- how it would handle voting if it were ever required;
- whether and how the investor can instruct it to send the investor's debt securities, registered in the investor's own name so the investor can be a direct holder as described below; and
- how it would pursue rights under the debt securities if there were a default or other event triggering the need for holders to act to protect their interests.

Direct Holders. Our obligations, as well as the obligations of the trustee and those of any third parties employed by us or the trustee, run only to persons who are registered as holders of debt securities. As noted above, we do not have obligations to an investor who holds in street name or other indirect means, either because the investor chooses to hold debt securities in that manner or because the debt securities are issued in the form of global securities as described below. For example, once we make payment to the registered holder, we have no further responsibility for the payment even if that holder is legally required to pass the payment along to the investor as a street name customer but does not do so.

Global Securities. A global security is a special type of indirectly held security, as described above under " – Legal Ownership; Form of Debt Securities – Street Name and Other Indirect Holders". If we issue debt securities in the form of global securities, the ultimate beneficial owners can only be indirect holders.

We require that the global security be registered in the name of a financial institution we select. In addition, we require that the debt securities included in the global security not be transferred to the name of any other direct holder unless the special circumstances described below occur. The financial institution that acts as the sole direct holder of the global security is called the depositary. Any person wishing to own a security must do so indirectly by virtue of an account with a broker, bank or other financial institution that in turn has an account with the depositary. Unless the applicable prospectus supplement indicates otherwise, each series of debt securities will be issued only in the form of global securities.

Special Investor Considerations for Global Securities. As an indirect holder, an investor's rights relating to a global security will be governed by the account rules of the investor's financial institution and of the depositary, as well as general laws relating to securities transfers. We do not recognize this type of investor as a holder of debt securities and instead deal only with the depositary that holds the global security.

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Investors in debt securities that are issued only in the form of global debt securities should be aware that:

- They cannot get debt securities registered in their own name.
- They cannot receive physical certificates for their interest in debt securities.
- They will be a street name holder and must look to their own bank or broker for payments on the debt securities and protection of their legal rights relating to the debt securities, as explained earlier under " – Legal Ownership; Form of Debt Securities – Street Name and Other Indirect Holders".
- They may not be able to sell interests in the debt securities to some insurance companies and other institutions that are required by law to own their debt securities in the form of physical certificates.
- The depositary's policies will govern payments, transfers, exchange and other matters relating to their interest in the global security. We and the trustee have no responsibility for any aspect of the depositary's actions or for its records of ownership interests in the global security. We and the trustee also do not supervise the depositary in any way.
- The depositary will require that interests in a global security be purchased or sold within its system using same−day funds.

Special Situations When a Global Security Will Be Terminated. In a few special situations described below, the global security will terminate and interests in it will be exchanged for physical certificates representing debt securities. After that exchange, the choice of whether to hold debt securities directly or in street name will be up to the investor. Investors must consult their own bank or brokers to find out how to have their interests in debt securities transferred to their own name so that they will be direct holders. The rights of street name investors and direct holders in the debt securities have been previously described in the subsections entitled " – Legal Ownership; Form of Debt Securities – Street Name and Other Indirect Holders" and " – Legal Ownership; Form of Debt Securities – Direct Holders".

The special situations for termination of a global security are:

- When the depositary notifies us that it is unwilling, unable or no longer qualified to continue as depositary.
- When a Senior Event of Default, in the case of Senior Debt Securities, or a Subordinated Event of Default, Dated Debt Default or Undated Debt Default, in the case of Subordinated Debt Securities, has occurred and has not been cured. Defaults are discussed below under " – Senior Events of Default; Subordinated Event of Default and Defaults; Limitation of Remedies".

The prospectus supplement may also list additional situations for terminating a global security that would apply only to the particular series of debt securities covered by the prospectus supplement. When a global security terminates, the depositary (and not we or the trustee) is responsible for deciding the names of the institutions that will be the initial direct holders.

In the remainder of this description "holder" means direct holders and not street name or other indirect holders of debt securities. Indirect holders should read the subsection entitled " – Legal Ownership; Form of Debt Securities – Street Name and Other Indirect Holders".

Payment and Paying Agents. We will pay interest to direct holders listed in the trustee's records at the close of business on a particular day in advance of each due date for interest, even if the direct holder no longer owns the security on the interest due date. That particular day, usually about one business day in advance of the interest due date, is called the regular record date and is stated in the prospectus supplement.

We will pay interest, principal and any other money due on the debt securities at the corporate trust office of the trustee in New York City. Investors must make arrangements to have their payments picked up at or wired from that office. We may also choose to pay interest by mailing checks.

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Street name and other indirect holders should consult their banks or brokers for information on how they will receive payments.

We may also arrange for additional payment offices, and may cancel or change these offices, including our use of the trustee's corporate trust office. These offices are called paying agents. We may also choose to act as our own paying agent. We must notify the trustee of changes in the paying agents for any particular series of debt securities.

Payments; Deferred Payments; Missed Payments

The relevant prospectus supplement will specify the date on which we will pay interest, if any, and, in the case of Senior Debt Securities or Dated Subordinated Debt Securities, the date for payments of principal and any premium, on any particular series of debt securities. The prospectus supplement will also specify the interest rate or rates, if any, or how the rate or rates will be calculated.

Dated Subordinated Debt Securities

Unless the relevant prospectus supplement provides otherwise, and subject also to the following paragraph, if we do not make a payment on a series of Dated Subordinated Debt Securities on any payment date, our obligation to make that payment shall be deferred (a "Deferred Payment"), until:

- if it is an interest payment, the date we pay a dividend on any class of our share capital; and
- if it is a payment of principal, the first business day after the date that falls six months after the original payment date.

Each of the above dates is a "deferred payment date". Our failure to make a payment on or before the deferred payment date is not a Dated Debt Default nor will it allow any holder to sue us or take any other action for the payment. Each Deferred Payment will accrue interest at the rate which prevailed for that series of Dated Subordinated Debt Securities immediately before the payment's original payment date. Any such Deferred Payment shall not be treated as due for any purpose, including for the purpose of determining whether a default has occurred, until the deferred payment date. The term "business day" means any weekday, other than one on which banking institutions are authorized or obligated by law or executive order to close in London, England, or in any jurisdiction where payments on the debt security are payable.

In the case of Dated Subordinated Debt Securities that qualify as "Upper Tier 3 Capital", we will by notice in writing to the trustee (a "deferral notice"), defer the due date for payment of any principal, premium or interest in respect of that series of Dated Subordinated Debt Securities where our "capital resources" would be less than our "capital resources requirement" after payment of any such principal or interest in whole or in part. In addition, we will be entitled to give a deferral notice when the U.K. Financial Services Authority (the "FSA") has requested or required us to make that deferral. Accordingly, on providing a deferral notice, the payment due date of the principal, premium or interest (the "Tier 3 Deferred Payment") shall be deferred. As a result, we will not have to make that payment on the date that it would otherwise have become due and payable.

Interest will continue to accrue on the deferred principal at the rate prevailing immediately before the due date of that principal amount, unless the relevant prospectus supplement otherwise specifies. This interest, however, shall only become due and payable according to this paragraph. In the case of a Tier 3 Deferred Payment that was deferred because our capital resources would have been less than our capital resources requirement if such payment had been made when due, we will give notice to the trustee in writing of our intention to make such Tier 3 Deferred Payment promptly upon being satisfied that our capital resources would not be less than our capital resources requirement after payment of the whole or of any part of such payment (unless such payment is also a "Deferred Payment" as described above). In the case of a Tier 3 Deferred Payment that was deferred because of a request or requirement of the FSA, we will give notice to the trustee of our intention to make such Tier 3 Deferred Payment promptly upon being satisfied that the FSA would no longer object to our payment of the whole or any part of such payment (unless such payment is also a "Deferred Payment" as described above). The relevant Tier 3 Deferred Payment, or the appropriate part of it, and any accrued interest shall become due and payable on the seventh day after the date of the

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payment notice, the "Tier 3 Deferred Payment Date". In addition, if a Subordinated Event of Default occurs, all unpaid Tier 3 Deferred Payments in respect of Dated Subordinated Debt Securities of a series shall become due and payable in full upon acceleration of payment of the Dated Subordinated Debt Securities of that relevant series. In case of acceleration, if more than one Tier 3 Deferred Payment remains unpaid in respect of Dated Subordinated Debt Securities of any series, payment shall be made pro rata according to the amounts of the unpaid Tier 3 Deferred Payments and the interest accrued at the time a Subordinated Event of Default has occurred.

Our failure to make any payment prior to a Tier 3 Deferred Payment Date to the extent permitted by the provisions we have just described shall not constitute a Dated Debt Default by us or otherwise allow any holder to sue or take any action for that payment. Any Tier 3 Deferred Payment deferred according to these provisions shall not be treated as due for any purpose, including for the purpose of ascertaining whether a Dated Debt Default has occurred, until the Tier 3 Deferred Payment Date.

We are currently obliged to notify the FSA if our capital for regulatory capital adequacy purposes falls below its target capital requirement, as set by the FSA.

Undated Subordinated Debt Securities

We are not required to make payments on any series of Undated Subordinated Debt Securities on any payment date except as we discuss in the following paragraph. Our failure to make a payment (unless the payment is required as we describe in the following two paragraphs) shall not constitute an Undated Debt Default by us for any purpose. Any payment that we do not make in respect of any series of Undated Subordinated Debt Securities on any applicable payment date, together with any other unpaid payments, shall, so long as they remain unpaid, constitute "Missed Payments". Missed Payments will accumulate until paid, but will not bear interest.

We may choose to pay any Missed Payments in whole or in part at any time on not less than 14 days' notice to the trustee. However, all outstanding Missed Payments in respect of all Undated Subordinated Debt Securities of a particular series shall, subject to the solvency condition as explained below, become due and payable in full on whichever is the earlier of:

- the date on which a dividend is next paid on any class of share capital of Barclays PLC, or any other ultimate holding company of us, or if there is no holding company, ourselves, or on any class of our preference share capital;
- the date fixed for any redemption of the Undated Subordinated Debt Securities; and
- the commencement of our winding−up in England.

If we give notice of our intention to pay the whole or part of the Missed Payments on the Undated Subordinated Debt Securities of any series, we shall be obliged, subject to the solvency condition, to do so at the time specified in our notice. When Missed Payments in respect of Undated Subordinated Debt Securities of any series are paid in part, each part payment shall be in respect of the full amount of Missed Payments accrued on the payment date or consecutive payment dates furthest from the date of payment.

All payments of principal, premium and interest, including any Missed Payments, on or with respect to the Undated Subordinated Debt Securities of any series will be conditional upon our being solvent at the time of our payment, and remaining solvent immediately after our payment. This is called the "solvency condition". The solvency condition must also be satisfied when, and immediately after, we or any of our subsidiaries repurchase Undated Subordinated Debt Securities, except a purchase in the ordinary course of a business dealing in securities. For the purposes of the solvency condition, we shall be solvent if:

- we are able to pay our debts as they fall due; and
- our total unconsolidated gross tangible assets exceed our total unconsolidated gross liabilities, subject to certain adjustments specified in the indenture; provided, that as to any event conditional on the solvency condition other than an optional redemption

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or repurchase, liabilities shall exclude those to persons who are not Undated Debt Senior Creditors (as defined below).

A report as to our solvency by one Director or a senior executive or, in certain circumstances as provided in the indenture, our Auditors, or, if we are in winding−up in England, our liquidator, shall, absent proven error, be treated and accepted by us, the trustee and the holders of Undated Subordinated Debt Securities and the Coupons (if any) appertaining thereto, as correct and sufficient evidence of solvency or insolvency.

If we are unable to make any payment on or with respect to the Undated Subordinated Debt Securities of any series because we are unable to satisfy the solvency condition, the amount of any such payment which we would otherwise make will be available to meet our losses. If we are wound−up, applicable insolvency law may limit the right to claim for any amount payable, including interest and Missed Payments, on the Undated Subordinated Debt Securities.

Ranking

Senior Debt Securities. Senior Debt Securities and the Coupons (if any) appertaining thereto constitute our direct, unconditional, unsecured and unsubordinated obligations ranking pari passu, without any preference among themselves, with all our other outstanding unsecured and unsubordinated obligations, present and future, except such obligations as are preferred by operation of law.

Dated Subordinated Debt Securities. Dated Subordinated Debt Securities and the Coupons (if any) appertaining thereto constitute our direct and unsecured obligations ranking pari passu without any preference among themselves. In the event of our winding−up in England (liquidation), the claims of the trustee, the holders of the Dated Subordinated Debt Securities and the holders of the Coupons (if any) appertaining thereto, will be postponed to the claims of all of our other creditors, including any claims related to the Senior Debt Securities, except for:

- claims in respect of Existing Senior Subordinated Obligations, Capital Note Claims and Subordinated Guarantee Claims (each as defined in the Dated Debt Indenture) and any other claims ranking or expressed to rank equally with them and/or with claims in respect of the Dated Subordinated Debt Securities ("Dated Debt Other Pari Passu Claims"); and

- any other claims ranking junior to the excepted claims referred to above and/or to claims in respect of Dated Subordinated Debt Securities.

The claims of such other creditors, with the foregoing exceptions, are referred to in this document as "Dated Debt Senior Claims". Accordingly, no amount will be payable in our winding−up in respect of claims in relation to the Dated Subordinated Debt Securities or the Coupons (if any) appertaining thereto until all Dated Debt Senior Claims admitted in our winding−up have been satisfied.

Any amounts in respect of the Dated Subordinated Debt Securities and the Coupons (if any) appertaining thereto paid to the holders of such Dated Subordinated Debt Securities, the holders of the Coupons appertaining thereto (if any) or to the trustee pari passu with the amounts payable to other creditors admitted in such winding up will be held by such holders or the trustee upon trust to be applied in the following order: (i) to the amounts due to the trustee in or about the execution of the trusts of the Dated Debt Indenture; (ii) in payment of all Dated Debt Senior Claims outstanding at the commencement of, or arising solely by virtue of, our winding up to the extent that such claims shall be admitted in the winding up and shall not be satisfied out of our other resources; and (iii) in payment of the Dated Subordinated Debt Securities and the Coupons (if any) appertaining thereto. By accepting the Dated Subordinated Debt Securities or the Coupons (if any) appertaining thereto, each holder agrees to be bound by the Dated Debt Indenture's subordination provisions and irrevocably authorizes our liquidator to perform on behalf of the holder the above subordination trust.

Because of subordination, in the event of our winding−up in England, our creditors who hold Dated Debt Senior Claims may recover more, ratably, than the holders of the Dated Subordinated Debt Securities or the Coupons (if any) appertaining thereto and Dated Debt Other Pari Passu Claims. At June 30, 2007, the amount of outstanding Dated Debt Senior Claims on a consolidated basis was approximately £1,114.707 billion (including £380.079 billion of deposits and £118.745 billion of

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debt securities in issue). Currently we have no limitations on issuing indebtedness which would constitute Dated Debt Senior Claims. At December 31, 2006, Dated Debt Other Pari Passu Claims on a consolidated basis were approximately £7.989 billion, consisting of debt securities we issued, our guarantees in respect of outstanding debt securities issued by our subsidiaries and intra−group loans to us. The amounts of all securities, guarantees or intra−group loans denominated in a currency other than pounds sterling included in the above totals have been converted at the exchange rates prevailing on June 30, 2007 or December 31, 2006, as applicable.

Undated Subordinated Debt Securities. The Undated Subordinated Debt Securities of each series will be our unsecured obligations, subject to the solvency condition and the subordination provisions described here. They will rank equally without any preference among themselves and will also rank equally as to subordination with our Undated Debt Other Pari Passu Claims (as defined in the Undated Debt Indenture).

The rights of the trustee and the holders of Undated Subordinated Debt Securities and the Coupons (if any) appertaining thereto will be subordinated to the claims of our creditors:

- who are our depositors and/or other unsubordinated creditors; or
- whose claims are, or are expressed to be, subordinated to the claims of depositors and other unsubordinated creditors (whether only in our winding up or otherwise) but not to other claims; or
- who are subordinated creditors (whether as above or otherwise) other than creditors whose claims constitute Undated Debt Other Pari Passu Claims and creditors whose claims are expressed to rank pari passu with or junior to the claims of the holders of the Undated Subordinated Debt Securities.

These creditors, with the foregoing exceptions, are referred to in this document as “Undated Debt Senior Creditors” and the claims of Undated Debt Senior Creditors are referred to in this document as “Undated Debt Senior Claims”. In the event of our winding−up in England (liquidation) there shall be payable in respect of the Undated Subordinated Debt Securities and the Coupons (if any) appertaining thereto, in lieu of any other payment but subject to the solvency condition, those amounts (if any) as would have been payable as if on the day immediately before the commencement of our winding−up and thereafter, the holders of Undated Subordinated Debt Securities were the holders of a class of preference shares in our capital having a preferential right to a return of assets over the holders of all other classes of shares in our capital issued and outstanding. As a result the holders of the Undated Subordinated Debt Securities would therefore be treated as entitled, to the exclusion of any other rights or privileges, to receive as a return of capital in the winding−up an amount equal to the principal amount of the Undated Subordinated Debt Securities then outstanding, together with any premium and interest accrued to the date of repayment and any Missed Payments. Accordingly, no amount will be payable in our winding−up in England in respect of claims under any Undated Subordinated Debt Securities and the Coupons (if any) appertaining thereto, until all Undated Debt Senior Claims admitted in such winding−up have been satisfied.

Because of the subordination, in the event of our winding−up in England, holders of Undated Debt Senior Claims may recover more, ratably, than holders of the Undated Subordinated Debt Securities, the Coupons (if any) appertaining thereto and Undated Debt Other Pari Passu Claims. In this context, the claims of holders of any Senior Debt Securities, Dated Subordinated Debt Securities then outstanding, the Coupons (if any) appertaining thereto and Dated Debt Other Pari Passu Claims then outstanding, would be included in Undated Debt Senior Claims.

On June 30, 2007, the amount of outstanding Undated Debt Senior Claims on a consolidated basis was approximately £1,124.114 billion (including £380.079 billion of deposits and £118.745 billion of debt securities in issue). On December 31, 2006, an aggregate of approximately £3.78 billion of Undated Debt Other Pari Passu Claims on a consolidated basis were outstanding. Currently there is no limitation on our issuing indebtedness which would constitute Undated Debt Senior Claims. If, in our winding−up, the amounts payable with respect to the Undated Subordinated Debt Securities and any Undated Debt Other Pari Passu Claims are not paid in full, the holders will share ratably in any distribution of our assets in proportion to the respective amounts to which they are entitled. The amounts of all securities,

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guarantees or intra−group loans denominated in a currency other than pounds sterling included in the above totals have been converted at the exchange rates prevailing on June 30, 2007 or December 31, 2006, as applicable.

Additional Amounts

Unless the relevant prospectus supplement provides otherwise, we will pay any amounts to be paid by us on any series of debt securities without deduction or withholding for, or on account of, any and all present or future income, stamp and other taxes, levies, imposts, duties, charges, fees, deductions or withholdings ("taxes") now or hereafter imposed, levied, collected, withheld or assessed by or on behalf of the United Kingdom or any U.K. political subdivision or authority that has the power to tax, unless the deduction or withholding is required by law. Unless the relevant prospectus supplement provides otherwise, at any time a U.K. taxing jurisdiction requires us to deduct or withhold taxes, we will pay the additional amounts of, or in respect of, the principal of, any premium, and any interest, Deferred Payments, Tier 3 Deferred Payments and Missed Payments on the debt securities ("Additional Amounts") that are necessary so that the net amounts paid to the holders, after the deduction or withholding, shall equal the amounts which would have been payable had no such deduction or withholding been required. However, we will not pay Additional Amounts for taxes that are payable because:

- the holder or the beneficial owner of the debt securities is a domiciliary, national or resident of, or engages in business or maintains a permanent establishment or is physically present in, a U.K. taxing jurisdiction requiring that deduction or withholding, or otherwise has some connection with the U.K. taxing jurisdiction other than the holding or ownership of the debt security, or the collection of any payment of, or in respect of, principal of, any premium, or any interest, Deferred Payments, Tier 3 Deferred Payments and Missed Payments on, any debt securities of the relevant series;
- except in the case of our winding−up in England, the relevant debt security is presented for payment in the United Kingdom;
- the relevant debt security is presented for payment more than 30 days after the date payment became due or was provided for, whichever is later, except to the extent that the holder would have been entitled to the Additional Amounts on presenting the debt security for payment at the close of such 30−day period;
- such deduction or withholding is imposed on a payment to an individual and is made pursuant to the Directive on the Taxation of Savings 2003/48/EC (the "Directive") adopted by the Council of the European Union (the "Council") on June 3, 2003 or any law implementing or complying with, or introduced in order to conform to, such Directive;
- the relevant debt security is presented for payment by or on behalf of a holder who would have been able to avoid such deduction or withholding by presenting the relevant debt security to another paying agent in a member state of the European Union (the "EU") or elsewhere;
- the holder or the beneficial owner of the relevant debt securities or the beneficial owner of any payment of, or in respect of, principal of, any premium, or any interest, Deferred Payments, Tier 3 Deferred Payments or Missed Payments on the debt securities failed to make any necessary claim or to comply with any certification, identification or other requirements concerning the nationality, residence, identity or connection with the taxing jurisdiction of the holder or beneficial owner, if that claim or compliance is required by statute, treaty, regulation or administrative practice of a U.K. taxing jurisdiction as a condition to relief or exemption from the taxes; or
- if the taxes would not have been imposed or would have been excluded under one of the preceding points if the beneficial owner of, or person ultimately entitled to obtain an

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interest in, the debt securities had been the holder of the debt securities.

Whenever we refer in this prospectus and any prospectus supplement to the payment of the principal of, any premium, or any interest, Deferred Payments, Tier 3 Deferred Payments or Missed Payments, if any, on, or in respect of, any debt securities of any series, we mean to include the payment of Additional Amounts to the extent that, in context, Additional Amounts are, were or would be payable.

Redemption

Redemption or Conversion for tax reasons. Unless the relevant prospectus supplement provides otherwise, and, in the case of Undated Subordinated Debt Securities, if the solvency condition is satisfied, we will have the option to redeem the debt securities of any series upon not less than 30 nor more than 60 days' notice (or, in the case of Undated Subordinated Debt Securities, if the relevant prospectus supplement so provides, not less than 45 nor more than 60 days' notice) on any dates as are specified in the applicable prospectus supplement, and we will have the option of converting any Undated Subordinated Debt Securities that are convertible into preference shares, if:

- we are required to issue definitive debt securities (see " – Legal Ownership; Form of Debt Securities – Special Situations When a Global Security Will Be Terminated") and, as a result, we are or would be required to pay Additional Amounts with respect to the debt securities; or
- we determine that as a result of a change in or amendment to the laws or regulations of a taxing jurisdiction, including any treaty to which the taxing jurisdiction is a party, or a change in an official application or interpretation of those laws or regulations, including a decision of any court or tribunal, which becomes effective on or after the date of the applicable prospectus supplement (and, in the case of a successor entity, which becomes effective on or after the date of that entity's assumption of our obligations), we (or any successor entity) will or would be required to pay holders Additional Amounts, or we (or any successor entity) would not be entitled to claim a deduction in respect of any payments in computing our (or its) taxation liabilities.

In each case, before we give a notice of redemption or conversion, we shall be required to deliver to the trustee a written legal opinion of independent counsel of recognized standing, chosen by us, in a form satisfactory to the trustee confirming that we are entitled to exercise our right of redemption or conversion. The redemption or conversion must be made in respect of all, but not some, of the debt securities of the relevant series. The redemption price will be equal to 100% of the principal amount of debt securities being redeemed together with any accrued but unpaid interest, Deferred Payments, Tier 3 Deferred Payments and Missed Payments, if any, in respect of such debt securities to the date fixed for redemption or, in the case of Discount Securities, such portion of the principal amount of such Discount Securities as may be specified by their terms.

Optional Redemption. The relevant prospectus supplement will specify whether we may redeem the debt securities of any series, in whole or in part, at our option, in any other circumstances. The prospectus supplement will also specify the notice we will be required to give, what prices and any premium we will pay, and the dates on which we may redeem the debt securities. Any notice of redemption of debt securities will state:

- the date fixed for redemption;
- the amount of debt securities to be redeemed if we are only redeeming a part of the series;
- the redemption price;
- that on the date fixed for redemption the redemption price will become due and payable on each debt security to be redeemed and, if applicable, that any interest will cease to accrue on or after the redemption date;
- the place or places at which each holder may obtain payment of the redemption price; and
- the CUSIP number or numbers, if any, with respect to the debt securities.

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In the case of a partial redemption, the trustee shall select the debt securities that we will redeem in any manner it deems fair and appropriate.

We or any of our subsidiaries may at any time purchase debt securities of any series in the open market or by tender (available alike to each holder of debt securities of the relevant series) or by private agreement, if applicable law allows, and, in the case of Undated Subordinated Debt Securities, if the solvency condition is satisfied. We will treat as cancelled and no longer issued and outstanding any debt securities of any series that we purchase beneficially for our own account, other than a purchase in the ordinary course of a business dealing in securities.

We may not redeem at our option any Dated Subordinated Debt Securities nor may we or any of our subsidiaries purchase beneficially or procure others to purchase beneficially for our accounts any Dated Subordinated Debt Securities, other than a purchase in the ordinary course of a business dealing in securities, unless our Auditors shall have reported to the trustee within six months before such redemption or purchase that, in their opinion, based on the most recent published consolidated balance sheet of us and our Subsidiary Undertakings, as defined in the indenture, available at the date of our report, the aggregate book value of the tangible assets of us and our Subsidiary Undertakings exceeds the aggregate book value of the liabilities of us and our Subsidiary Undertakings. We may not redeem any Undated Subordinated Debt Securities unless the solvency condition is satisfied.

In addition, we may not redeem or repurchase any Subordinated Debt Securities, other than a repurchase in the ordinary course of a business dealing in securities, prior to the fifth anniversary of their date of issue (or, in the case of Dated Subordinated Debt Securities qualifying as “Upper Tier 3 capital”, prior to the second anniversary of their date of issue) unless:

- the circumstances that entitles us to exercise that right of redemption is a change in law or regulation in any relevant jurisdiction or in the interpretation of such law or regulation by any court or authority entitled to do so;
- at the time of the exercise of that right of redemption, we comply with the FSA’s main Pillar 1 rules applicable to BIPRU firms (within the meaning of the FSA’s General Prudential Sourcebook) and continue to do so after the redemption of the relevant securities; and
- we have obtained the FSA’s prior consent to the redemption of the relevant securities.

Convertible or Exchangeable Securities

Unless the applicable prospectus supplement specifies otherwise, optionally convertible or exchangeable securities will entitle the holder, during a period, or at specific times, to convert or exchange optionally convertible or exchangeable securities into or for the underlying security, basket or baskets of securities, index or indices of securities, or combination of these, at a specified rate of exchange. Optionally convertible or exchangeable securities will be redeemable at our option prior to maturity, if the applicable prospectus supplement so states. If a holder does not elect to convert or exchange the optionally convertible or exchangeable securities before maturity or any applicable redemption date, the holder will receive the principal amount of the optionally convertible or exchangeable securities.

Unless the applicable prospectus supplement specifies otherwise, the holder is not entitled to convert or exchange mandatorily convertible or exchangeable securities before maturity. At maturity, the holder must convert or exchange the mandatorily convertible or exchangeable securities for the underlying security, basket or baskets of securities or index or indices of securities, or a combination of these, at a specified rate of exchange, and, therefore, the holder may receive less than the principal amount of the mandatorily convertible or exchangeable security. If the applicable prospectus supplement so indicates, the specified rate at which a mandatorily convertible or exchangeable security will be converted or exchanged may vary depending on the value of the underlying securities, basket or baskets of securities, index or indices of securities, or combination of these so that, upon conversion or exchange, the holder participates in a percentage, which may be other than 100%, of the change in value of the underlying securities, basket or baskets, index or indices of securities, or combination of these.

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Upon conversion or exchange, at maturity or otherwise, the holder of a convertible or exchangeable security may receive, at the specified exchange rate, either the underlying security or the securities constituting the relevant basket or baskets, index or indices, or combination of these, or the cash value thereof, as the applicable prospectus supplement may specify.

In addition, subject to certain conditions specified in the applicable prospectus supplement and unless it specifies otherwise, we may choose to convert all but not part of the Undated Subordinated Debt Securities into preference shares, on any payment date. You should refer to the applicable prospectus supplement for a description of the terms and conditions of this conversion.

Modification and Waiver

We and the trustee may make certain modifications and amendments to the indenture applicable to each series of debt securities without the consent of the holders of the debt securities. We may make other modifications and amendments with the consent of the holder(s) of not less than, in the case of the Senior Debt Securities, a majority of or, in the case of the Subordinated Debt Securities, 66 2/3% in aggregate principal amount of the debt securities of the series outstanding under the applicable indenture that are affected by the modification or amendment. However, we may not make any modification or amendment without the consent of the holder of each affected debt security that would:

- change the terms of any debt security to include, in the case of an Undated Subordinated Debt Security, a maturity date of its principal amount, or in the case of any other debt security, change the stated maturity date of its principal amount;
- reduce the principal amount of, or any premium, or interest, Deferred Payments, Tier 3 Deferred Payments or Missed Payments, with respect to any debt security;
- reduce the amount of principal on a Discount Security that would be due and payable upon an acceleration of the maturity date of any series of Senior Debt Securities or Dated Subordinated Debt Securities;
- change our obligation, or any successor's, to pay Additional Amounts;
- change the places at which payments are payable or the currency of payment;
- impair the right to sue for the enforcement of any payment due and payable;
- reduce the percentage in aggregate principal amount of outstanding debt securities of the series necessary to modify or amend the indenture or to waive compliance with certain provisions of the indenture and any past Senior Event of Default, Subordinated Event of Default, Dated Debt Default or Undated Debt Default (in each case as defined below);
- change our obligation to maintain an office or agency in the place and for the purposes specified in the indenture;
- change the terms and conditions of the preference shares or other securities into which the Undated Subordinated Debt Securities may be converted;
- modify the subordination provisions, if any, or the terms and conditions of our obligations in respect of the due and punctual payment of the amounts due and payable on the debt securities, in either case in a manner adverse to the holders; or
- modify the foregoing requirements or the provisions of the indenture relating to the waiver of any past Senior Event of Default, Subordinated Event of Default, Dated Debt Default or Undated Debt Default or covenants, except as otherwise specified.

In addition, under the practice of the FSA prevailing as of the date of this prospectus, material variations in the terms and conditions of Subordinated Debt Securities of any series, including modifications relating to the subordination or redemption provisions of such securities, may not be made unless at least one month before the amendment is due to take effect we have given the FSA notice in writing (in the form required by the FSA) of the proposed amendment and the FSA has not objected to such amendment.

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Senior Events of Default; Subordinated Event of Default and Defaults; Limitation of Remedies

Senior Events of Default

Unless the relevant prospectus supplement provides otherwise, a "Senior Event of Default" with respect to any series of Senior Debt Securities shall result if:

- we do not pay any principal or interest on any Senior Debt Securities of that series within 14 days from the due date for payment and the principal or interest has not been duly paid within a further 14 days following written notice from the trustee or from holders of 25% in principal amount of the Senior Debt Securities of that series to us requiring the payment to be made. It shall not, however, be a Senior Event of Default if during the 14 days after the notice we satisfy the trustee that such sums ("Withheld Amounts") were not paid in order to comply with a law, regulation or order of any court of competent jurisdiction. Where there is doubt as to the validity or applicability of any such law, regulation or order, it shall not be a Senior Event of Default if we act on the advice given to us during the 14−day period by independent legal advisers approved by the trustee; or

- we breach any covenant or warranty of the Senior Debt Indenture (other than as stated above with respect to payments when due) and that breach has not been remedied within 21 days of receipt of a written notice from the trustee certifying that in its opinion the breach is materially prejudicial to the interests of the holders of the Senior Debt Securities of that series and requiring the breach to be remedied or from holders of at least 25% in principal amount of the Senior Debt Securities of that series requiring the breach to be remedied; or

- either a court of competent jurisdiction issues an order which is not successfully appealed within 30 days, or an effective shareholders' resolution is validly adopted, for our winding−up (other than under or in connection with a scheme of reconstruction, merger or amalgamation not involving bankruptcy or insolvency).

If a Senior Event of Default occurs and is continuing, the trustee or the holders of at least 25% in outstanding principal amount of the Senior Debt Securities of that series may at their discretion declare the Senior Debt Securities of that series to be due and repayable immediately (and the Senior Debt Securities of that series shall thereby become due and repayable) at their outstanding principal amount (or at such other repayment amount as may be specified in or determined in accordance with the relevant prospectus supplement) together with accrued interest, if any, as provided in the prospectus supplement. The trustee may at its discretion and without further notice institute such proceedings as it may think suitable, against us to enforce payment. Subject to the indenture provisions for the indemnification of the trustee, the holder(s) of a majority in aggregate principal amount of the outstanding Senior Debt Securities of any series shall have the right to direct the time, method and place of conducting any proceeding in the name of and on the behalf of the trustee for any remedy available to the trustee or exercising any trust or power conferred on the trustee with respect to the series. However, this direction must not be in conflict with any rule of law or the Senior Debt Indenture, and must not be unjustly prejudicial to the holder(s) of any Senior Debt Securities of that series not taking part in the direction, as determined by the trustee. The trustee may also take any other action, consistent with the direction, that it deems proper.

If lawful, Withheld Amounts or a sum equal to Withheld Amounts shall be placed promptly on interest bearing deposit as described in the Senior Debt Indenture. We will give notice if at any time it is lawful to pay any Withheld Amount to holders of Senior Debt Securities or holders of Coupons or if such payment is possible as soon as any doubt as to the validity or applicability of the law, regulation or order is resolved. The notice will give the date on which the Withheld Amount and the interest accrued on it will be paid. This date will be the earliest day after the day on which it is decided Withheld Amounts can be paid on which the interest bearing deposit falls due for repayment or may be repaid without penalty. On such date, we shall be bound to pay the Withheld Amount together with interest accrued on it. For the purposes of this subsection this date will be the due date for those sums. Our obligations under this paragraph are in lieu of any other remedy against us in respect of Withheld

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Amounts. Payment will be subject to applicable laws, regulations or court orders, but in the case of payment of any Withheld Amount, without prejudice to the provisions described under " – Additional Amounts". Interest accrued on any Withheld Amount will be paid net of any taxes required by applicable law to be withheld or deducted and we shall not be obliged to pay any Additional Amount in respect of any such withholding or deduction.

The holder(s) of a majority of the aggregate principal amount of the outstanding Senior Debt Securities of any affected series may waive any past Senior Event of Default with respect to the series, except any default in respect of either:

- the payment of principal of, or any premium, or interest, on any Senior Debt Securities; or
- a covenant or provision of the relevant indenture which cannot be modified or amended without the consent of each holder of Senior Debt Securities of the series.

Subject to exceptions, the trustee may, without the consent of the holders, waive or authorize a Senior Event of Default if, in the opinion of the trustee, that Senior Event of Default would not be materially prejudicial to the interests of the holders.

The trustee will, within 90 days of a default with respect to the Senior Debt Securities of any series, give to each affected holder of the Senior Debt Securities of the affected series notice of any default it knows about, unless the default has been cured or waived. However, except in the case of a default in the payment of the principal of, or premium, if any, or interest, if any, on the Senior Debt Securities, the trustee will be entitled to withhold notice if the board of directors, the executive committee or a trust committee of directors or responsible officers of the trustee determine in good faith that withholding of notice is in the interest of the holder(s).

We are required to furnish to the trustee annually a statement as to our compliance with all conditions and covenants under the Senior Debt Indenture.

Notwithstanding any contrary provisions, nothing shall impair the right of a holder, absent the holder's consent, to sue for any payments due but unpaid with respect to the Senior Debt Securities.

Street name and other indirect holders should consult their banks or brokers for information on how to give notice or direction to or make a request of the trustee and how to waive a Senior Event of Default.

Subordinated Events of Default

If either a court of competent jurisdiction issues an order which is not successfully appealed within 30 days, or an effective shareholders' resolution is validly adopted, for our winding−up, other than under or in connection with a scheme of amalgamation, merger or reconstruction not involving a bankruptcy or insolvency, that order or resolution will constitute a "Subordinated Event of Default" with respect to all of the Subordinated Debt Securities. If a Subordinated Event of Default occurs and is continuing, the trustee or the holder(s) of at least 25% in aggregate principal amount of the outstanding Subordinated Debt Securities of each series may declare any accrued but unpaid payments, or, in the case of Discount Securities, the portion of principal amount specified in its terms, on the debt securities of the series to be due and payable immediately. However, after this declaration but before the trustee obtains a judgment or decree for payment of money due, the holder(s) of a majority in aggregate principal amount of the outstanding Subordinated Debt Securities of the series may rescind the declaration of acceleration and its consequences, but only if the Subordinated Event of Default has been cured or waived and all payments due, other than those due as a result of acceleration, have been made.

Dated Debt Defaults. Unless the relevant prospectus supplement provides otherwise, a "Dated Debt Default" with respect to any series of Dated Subordinated Debt Securities shall result if we do not pay any installment of interest upon, or any part of the principal of, and any premium on, any Dated Subordinated Debt Securities of that series on the date on which the payment is due and payable, whether upon redemption or otherwise, and the failure continues for 14 days in the case of interest and seven days in the case of principal. Current FSA regulations do not permit us to provide for any additional events of default with respect to Dated Subordinated Debt Securities.

If a Dated Debt Default occurs and is continuing, the trustee may pursue all legal remedies available to it,

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including the institution of proceedings for our winding−up in England (but not elsewhere), but the trustee may not declare the principal amount of any outstanding Dated Subordinated Debt Securities due and payable. However, failure to make any payment in respect of a series of Dated Subordinated Debt Securities shall not be a Dated Debt Default if the payment is withheld or refused either:

- in order to comply with any fiscal or other law or regulation or with the order of any court of competent jurisdiction; or
- in case of doubt as to the validity or applicability of any such law, regulation or order, in accordance with advice given as to such validity or applicability at any time before the expiry of the 14−day period in the case of payment of interest or 7−day period in the case of payment of principal by independent legal advisers acceptable to the trustee.

In the second case, however, the trustee may, by notice to us, require us to take action, including proceedings for a court declaration, to resolve the doubt, if counsel advises it that the action is appropriate and reasonable. In this situation we will take the action promptly and be bound by any final resolution of the doubt. If the action results in a determination that we can make the relevant payment without violating any law, regulation or order then the payment shall become due and payable on the expiration of the 14−day period in the case of payment of interest or seven−day period in the case of payment of principal after the trustee gives us written notice informing us of the determination.

By accepting a Dated Subordinated Debt Security each holder and the trustee will be deemed to have waived any right of set−off or counterclaim that they might otherwise have against us. No holder of Dated Subordinated Debt Securities shall be entitled to proceed directly against us unless the trustee has become bound to proceed but fails to do so within a reasonable period and the failure is continuing.

Undated Debt Defaults. Unless the relevant prospectus supplement provides otherwise, an Undated Debt Default shall result if, with respect to any series of Undated Subordinated Debt Securities, we fail to pay:

- any Missed Payments on or prior to any date upon which a dividend is next paid on any class of share capital of Barclays PLC, or any other ultimate holding company of us, or if there is no holding company, ourselves, or on any class of our preference share capital, and this failure continues for 30 days; or
- the principal amount and any premium, or any accrued but unpaid interest and any Missed Payments on the date fixed for redemption of such Undated Subordinated Debt Securities and this failure continues for seven business days.

If any Undated Debt Default occurs and is continuing, the trustee may pursue all legal remedies available to it, including the institution of proceedings for our winding−up in England (but not elsewhere), but the trustee may not declare the principal amount of any outstanding Undated Subordinated Debt Securities due and payable. For the purposes of determining whether an Undated Debt Default has occurred, a payment shall not be deemed to be due on any date on which the solvency condition is not satisfied, but this does not apply in regard to proceedings by the trustee for our winding−up in England. However, the trustee may not commence proceedings for our winding−up in England for failure to make any payment in respect of a series of Undated Subordinated Debt Securities if the payment is withheld or refused either:

- in order to comply with any fiscal or other law or regulation or with the order of any court of jurisdiction; or
- in case of doubt as to the validity or applicability of any such law, regulation or order, in accordance with advice given as to such validity or applicability at any time before the expiry of the 30−day or seven−business day period, as applicable, by independent legal advisers acceptable to the trustee.

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In the second case, however, the trustee may, by notice to us, require us to take action, including proceedings for a court declaration, to resolve the doubt, if counsel advises it that the action is appropriate and reasonable. In this case we shall proceed with the action promptly and be bound by any final resolution of the doubt. If the action results in a determination that we can make the relevant payment without violating any law, regulation or order then the payment shall become due and payable on the expiration of the 30−day or seven−business day period, as applicable, after the trustee gives us written notice informing us of the determination.

By accepting an Undated Subordinated Debt Security, each holder and the trustee will be deemed to have waived any right of set−off or counterclaim that they might otherwise have against us with respect to the Undated Subordinated Debt Security or the applicable indenture. No holder of Undated Subordinated Debt Securities shall be entitled to proceed directly against us unless the trustee has become bound to proceed but fails to do so within a reasonable period, and the failure is continuing.

Waiver; Trustee's Duties – Subordinated Debt Securities. The holder(s) of not less than a majority in aggregate principal amount of the debt securities of any affected series may waive any past Subordinated Event of Default, Dated Debt Default or Undated Debt Default with respect to the series, except any default in respect of either:

- the payment of principal of, or any premium, or interest, Deferred Payments, Tier 3 Deferred Payments or Missed Payments on any Subordinated Debt Securities; or
- a covenant or provision of the relevant indenture which cannot be modified or amended without the consent of each holder of Subordinated Debt Securities of the series.

Subject to the applicable indenture provisions regarding the trustee's duties, in case a Subordinated Event of Default, Dated Debt Default or Undated Debt Default occurs and is continuing with respect to the debt securities of any series, the trustee will have no obligation to any holder(s) of the Subordinated Debt Securities of that series, unless they have offered the trustee reasonable indemnity. Subject to the indenture provisions for the indemnification of the trustee, the holder(s) of a majority in aggregate principal amount of the outstanding Subordinated Debt Securities of any series shall have the right to direct the time, method and place of conducting any proceeding in the name of and on the behalf of the trustee for any remedy available to the trustee or exercising any trust or power conferred on the trustee with respect to the series. However, this direction must not be in conflict with any rule of law or the applicable indenture, and must not be unjustly prejudicial to the holder(s) of any Subordinated Debt Securities of that series not taking part in the direction, as determined by the trustee. The trustee may also take any other action, consistent with the direction, that it deems proper.

The trustee will, within 90 days of a default with respect to the Subordinated Debt Securities of any series, give to each affected holder of the Subordinated Debt Securities of the affected series notice of any default it knows about, unless the default has been cured or waived. However, except in the case of a default in the payment of the principal of, or premium, if any, or interest, if any, on any Subordinated Debt Securities, the trustee will be entitled to withhold notice if the board of directors, the executive committee or a trust committee of directors or responsible officers of the trustee determine in good faith that withholding of notice is in the interest of the holder(s).

We are required to furnish to the trustee annually a statement as to our compliance with all conditions and covenants under each Subordinated Debt Indenture.

Limitations on suits. Before a holder may bypass the trustee and bring its own lawsuit or other formal legal action or take other steps to enforce its rights or protect its interests relating to the debt securities, the following must occur:

- The holder must give the trustee written notice that an event of default has occurred and remains uncured.
- The holders of 25% in principal amount of all outstanding debt securities of the relevant series must make a written request that the trustee take action because of the default, and the holder must offer reasonable

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indemnity to the trustee against the cost and other liabilities of taking that action.

- The trustee must not have taken action for 60 days after receipt of the above notice and offer of indemnity, and the trustee must not have received an inconsistent direction from the majority in principal amount of all outstanding debt securities of the relevant series during that period.
- In the case of our winding−up in England, such legal action or proceeding is in the name and on behalf of the trustee to the same extent, but no further, as the trustee would have been entitled to do.

Notwithstanding any contrary provisions, nothing shall impair the right of a holder, absent the holder's consent, to sue for any payments due but unpaid with respect to the Subordinated Debt Securities.

Street name and other indirect holders should consult their banks or brokers for information on how to give notice or direction to or make a request of the trustee and how to waive any past Subordinated Event of Default, Dated Debt Default or Undated Debt Default.

Consolidation, Merger and Sale of Assets; Assumption

We may, without the consent of the holders of any of the debt securities, consolidate with, merge into or transfer or lease our assets substantially as an entirety to, any person of the persons specified in the applicable indenture. However, any successor corporation formed by any consolidation or amalgamation, or any transferee or lessee of our assets, must be a bank organized under the laws of the United Kingdom that assumes our obligations on the debt securities and the applicable indenture, and a number of other conditions must be met.

Subject to applicable law and regulation, any of our wholly−owned subsidiaries may assume our obligations under the debt securities of any series without the consent of any holder. We, however, must irrevocably guarantee, (on a subordinated basis in substantially the manner described under " – Ranking" above, in the case of Subordinated Debt Securities,) the obligations of the subsidiary under the debt securities of that series. If we do, all of our direct obligations under the debt securities of the series and the applicable indenture shall immediately be discharged. Unless the relevant prospectus supplement provides otherwise, any Additional Amounts under the debt securities of the series will be payable in respect of taxes imposed by the jurisdiction in which the successor entity is organized, rather than taxes imposed by a U.K. taxing jurisdiction, subject to exceptions equivalent to those that apply to any obligation to pay Additional Amounts in respect of taxes imposed by a U.K. taxing jurisdiction. However, if we make payment under this guarantee, we shall also be required to pay Additional Amounts related to taxes (subject to the exceptions set forth in " – Additional Amounts" above) imposed by a U.K. taxing jurisdiction due to this guarantee payment. A subsidiary that assumes our obligations will also be entitled to redeem the debt securities of the relevant series in the circumstances described in " – Redemption" above with respect to any change or amendment to, or change in the application or interpretation of the laws or regulations (including any treaty) of the assuming corporation's jurisdiction of incorporation as long as the change or amendment occurs after the date of the subsidiary's assumption of our obligations. However, the determination of whether the applicable solvency condition has been satisfied shall continue to be made with reference to us, unless applicable law requires otherwise.

The U.S. Internal Revenue Service might deem an assumption of our obligations as described above to be an exchange of the existing debt securities for new debt securities, resulting in a recognition of taxable gain or loss and possibly other adverse tax consequences. Investors should consult their tax advisors regarding the tax consequences of such an assumption.

Governing Law

The debt securities and indentures will be governed by and construed in accordance with the laws of the State of New York, except that, as specified in the relevant Subordinated Debt Indenture, the subordination provisions of each series of Subordinated Debt Securities and the related indenture will be governed by and construed in accordance with the laws of England.

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Notices

Notices regarding the debt securities will be valid:

- with respect to global debt securities, if in writing and delivered or mailed to each direct holder;
- if registered debt securities are affected, if given in writing and mailed to each direct holder as provided in the applicable indenture; or
- with respect to bearer definitive debt securities, if published at least once in an Authorized Newspaper (as defined in the indentures) in the Borough of Manhattan in New York City and as the applicable prospectus supplement may specify otherwise.

Any notice shall be deemed to have been given on the date of such publication or, if published more than once, on the date of the first publication. If publication is not practicable, notice will be valid if given in any other manner, and deemed to have been given on the date, as we shall determine.

The Trustee

The Bank of New York will be the trustee under the indentures. The trustee has two principal functions:

- First, it can enforce an investor's rights against us if we default on debt securities issued under the indenture. There are some limitations on the extent to which the trustee acts on an investor's behalf, described under "Senior Events of Default; Subordinated Event of Default and Defaults; Limitation of Remedies"; and
- Second, the trustee performs administrative duties for us, such as sending the investor's interest payments, transferring debt securities to a new buyer and sending investors notices.

We and some of our subsidiaries maintain deposit accounts and conduct other banking transactions with the trustee in the ordinary course of our respective businesses.

Consent to Service

The indentures provide that we irrevocably designate Barclays Bank PLC, 200 Park Avenue, New York, New York 10166, Attention: General Counsel as our authorized agent for service of process in any proceeding arising out of or relating to the indentures or debt securities brought in any federal or state court in New York City and we irrevocably submit to the jurisdiction of these courts.

Clearance and Settlement

Debt securities we issue may be held through one or more international and domestic clearing systems. The principal clearing systems we will use are the book−entry systems operated by The Depository Trust Company, or DTC, in the United States, Clearstream Banking, société anonyme, or Clearstream, Luxembourg, in Luxembourg and Euroclear Bank S.A./N.V., or Euroclear, in Brussels, Belgium. These systems have established electronic securities and payment transfer, processing, depositary and custodial links among themselves and others, either directly or through custodians and depositories. These links allow securities to be issued, held and transferred among the clearing systems without the physical transfer of certificates.

Special procedures to facilitate clearance and settlement have been established among these clearing systems to trade securities across borders in the secondary market. Where payments for debt securities we issue in global form will be made in U.S. dollars, these procedures can be used for cross−market transfers and the securities will be cleared and settled on a delivery against payment basis.

Global securities will be registered in the name of a nominee for, and accepted for settlement and clearance by, one or more of Euroclear, Clearstream, Luxembourg, DTC and any other clearing system identified in the applicable prospectus supplement.

Cross−market transfers of debt securities that are not in global form may be cleared and settled in accordance with other procedures that may be established among the clearing systems for these securities.

Euroclear and Clearstream, Luxembourg hold interests on behalf of their participants through

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customers' securities accounts in the names of Euroclear and Clearstream, Luxembourg on the books of their respective depositories, which, in the case of securities for which a global security in registered form is deposited with the DTC, in turn hold such interests in customers' securities accounts in the depositories' names on the books of the DTC.

The policies of DTC, Clearstream, Luxembourg and Euroclear will govern payments, transfers, exchange and other matters relating to the investors' interest in securities held by them. This is also true for any other clearance system that may be named in a prospectus supplement.

We have no responsibility for any aspect of the actions of DTC, Clearstream, Luxembourg or Euroclear or any of their direct or indirect participants. We have no responsibility for any aspect of the records kept by DTC, Clearstream, Luxembourg or Euroclear or any of their direct or indirect participants. We also do not supervise these systems in any way. This is also true for any other clearing system indicated in a prospectus supplement.

DTC, Clearstream, Luxembourg, Euroclear and their participants perform these clearance and settlement functions under agreements they have made with one another or with their customers. Investors should be aware that they are not obligated to perform these procedures and may modify them or discontinue them at any time.

The description of the clearing systems in this section reflects our understanding of the rules and procedures of DTC, Clearstream, Luxembourg and Euroclear as they are currently in effect. Those systems could change their rules and procedures at any time.

The Clearing Systems

DTC. DTC has advised us as follows:

- DTC is:

  (1) a limited purpose trust company organized under the laws of the State of New York;

  (2) a "banking organization" within the meaning of New York Banking Law;

  (3) a member of the Federal Reserve System;

  (4) a "clearing corporation" within the meaning of the New York Uniform Commercial Code; and

  (5) a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act.

- DTC was created to hold securities for its participants and to facilitate the clearance and settlement of securities transactions between participants through electronic book−entry changes to accounts of its participants. This eliminates the need for physical movement of securities.
- Participants in DTC include securities brokers and dealers, banks, trust companies and clearing corporations and may include certain other organizations. DTC is partially owned by some of these participants or their representatives.
- Indirect access to the DTC system is also available to banks, brokers and dealers and trust companies that have custodial relationships with participants.
- The rules applicable to DTC and DTC participants are on file with the SEC.

Clearstream, Luxembourg. Clearstream, Luxembourg has advised us as follows:

- Clearstream, Luxembourg is a duly licensed bank organized as a société anonyme incorporated under the laws of Luxembourg and is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector (Commission de Surveillance du Secteur Financier).
- Clearstream, Luxembourg holds securities for its customers and facilitates the clearance and settlement of securities transactions among them. It does so through electronic book−entry transfers between the accounts of its customers. This eliminates

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the need for physical movement of securities.

- Clearstream, Luxembourg provides other services to its customers, including safekeeping, administration, clearance and settlement of internationally traded securities and lending and borrowing of securities.
- Clearstream, Luxembourg's customers include worldwide securities brokers and dealers, banks, trust companies and clearing corporations and may include professional financial intermediaries. Its U.S. customers are limited to securities brokers and dealers and banks.
- Indirect access to the Clearstream, Luxembourg system is also available to others that clear through Clearstream, Luxembourg customers or that have custodial relationships with its customers, such as banks, brokers, dealers and trust companies.

Euroclear. Euroclear has advised us as follows:

- Euroclear is incorporated under the laws of Belgium as a bank and is subject to regulation by the Belgian Banking and Finance Commission (Commission Bancaire et Financière) and the National Bank of Belgium (Banque Nationale de Belgique).
- Euroclear holds securities for its customers and facilitates the clearance and settlement of securities transactions among them. It does so through simultaneous electronic book−entry delivery against payment, thereby eliminating the need for physical movement of certificates.
- Euroclear provides other services to its customers, including credit, custody, lending and borrowing of securities and tri−party collateral management. It interfaces with the domestic markets of several countries.
- Euroclear customers include banks, including central banks, securities brokers and dealers, banks, trust companies and clearing corporations and certain other professional financial intermediaries.
- Indirect access to the Euroclear system is also available to others that clear through Euroclear customers or that have custodial relationships with Euroclear customers.
- All securities in Euroclear are held on a fungible basis. This means that specific certificates are not matched to specific securities clearance accounts.

Other Clearing Systems. We may choose any other clearing system for a particular series of debt securities. The clearance and settlement procedures for the clearing system we choose will be described in the applicable prospectus supplement.

Primary Distribution

The distribution of the debt securities will be cleared through one or more of the clearing systems that we have described above or any other clearing system that is specified in the applicable prospectus supplement. Payment for securities will be made on a delivery versus payment or free delivery basis. These payment procedures will be more fully described in the applicable prospectus supplement.

Clearance and settlement procedures may vary from one series of debt securities to another according to the currency that is chosen for the specific series of securities. Customary clearance and settlement procedures are described below.

We will submit applications to the relevant system or systems for the securities to be accepted for clearance. The clearance numbers that are applicable to each clearance system will be specified in the prospectus supplement.

Clearance and Settlement Procedures – DTC. DTC participants that hold debt securities through DTC on behalf of investors will follow the settlement practices applicable to U.S. corporate debt obligations in DTC's Same−Day Funds Settlement System.

Debt securities will be credited to the securities custody accounts of these DTC participants against

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payment in same−day funds, for payments in U.S. dollars, on the settlement date. For payments in a currency other than U.S. dollars, securities will be credited free of payment on the settlement date.

Clearance and Settlement Procedures – Euroclear and Clearstream, Luxembourg. We understand that investors that hold their debt securities through Euroclear or Clearstream, Luxembourg accounts will follow the settlement procedures that are applicable to conventional Eurobonds in registered form.

Debt securities will be credited to the securities custody accounts of Euroclear and Clearstream, Luxembourg participants on the business day following the settlement date, for value on the settlement date. They will be credited either free of payment or against payment for value on the settlement date.

Secondary Market Trading

Trading Between DTC Participants. Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC's rules. Secondary market trading will be settled using procedures applicable to U.S. corporate debt obligations in DTC's Same−Day Funds Settlement System.

If payment is made in U.S. dollars, settlement will be in same−day funds. If payment is made in a currency other than U.S. dollars, settlement will be free of payment. If payment is made other than in U.S. Dollars, separate payment arrangements outside of the DTC system must be made between the DTC participants involved.

Trading Between Euroclear and/or Clearstream, Luxembourg Participants. We understand that secondary market trading between Euroclear and/or Clearstream, Luxembourg participants will occur in the ordinary way following the applicable rules and operating procedures of Euroclear and Clearstream, Luxembourg. Secondary market trading will be settled using procedures applicable to conventional Eurobonds in registered form.

Trading Between a DTC Seller and a Euroclear or Clearstream, Luxembourg Purchaser. A purchaser of debt securities that are held in the account of a DTC participant must send instructions to Euroclear or Clearstream, Luxembourg at least one business day prior to settlement. The instructions will provide for the transfer of the securities from the selling DTC participant's account to the account of the purchasing Euroclear or Clearstream, Luxembourg participant. Euroclear or Clearstream, Luxembourg, as the case may be, will then instruct the common depositary for Euroclear and Clearstream, Luxembourg to receive the securities either against payment or free of payment.

The interests in the securities will be credited to the respective clearing system. The clearing system will then credit the account of the participant, following its usual procedures. Credit for the securities will appear on the next day, European time. Cash debit will be back−valued to, and the interest on the securities will accrue from, the value date, which would be the preceding day, when settlement occurs in New York. If the trade fails and settlement is not completed on the intended date, the Euroclear or Clearstream, Luxembourg cash debit will be valued as of the actual settlement date instead.

Euroclear participants or Clearstream, Luxembourg participants will need the funds necessary to process same−day funds settlement. The most direct means of doing this is to preposition funds for settlement, either from cash or from existing lines of credit, as for any settlement occurring within Euroclear or Clearstream, Luxembourg. Under this approach, participants may take on credit exposure to Euroclear or Clearstream, Luxembourg until the securities are credited to their accounts one business day later.

As an alternative, if Euroclear or Clearstream, Luxembourg has extended a line of credit to them, participants can choose not to pre−position funds and will instead allow that credit line to be drawn upon to finance settlement. Under this procedure, Euroclear participants or Clearstream, Luxembourg participants purchasing securities would incur overdraft charges for one business day (assuming they cleared the overdraft as soon as the securities were credited to their accounts). However, interest on the securities would accrue from the value date. Therefore, in many cases, the investment income on securities that is earned during that one−business day period may substantially reduce or offset the amount of the overdraft charges. This result will, however, depend on each participant's particular cost of funds.

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Because the settlement will take place during New York business hours, DTC participants will use their usual procedures to deliver securities to the depositary on behalf of Euroclear participants or Clearstream, Luxembourg participants. The sale proceeds will be available to the DTC seller on the settlement date. For the DTC participants, then, a cross−market transaction will settle no differently than a trade between two DTC participants.

Special Timing Considerations

Investors should be aware that they will only be able to make and receive deliveries, payments and other communications involving the debt securities through Clearstream, Luxembourg and Euroclear on days when those systems are open for business. Those systems may not be open for business on days when banks, brokers and other institutions are open for business in the United States.

In addition, because of time−zone differences, there may be problems with completing transactions involving Clearstream, Luxembourg and Euroclear on the same business day as in the United States. U.S. investors who wish to transfer their interests in the debt securities, or to receive or make a payment or delivery of the debt securities, on a particular day, may find that the transactions will not be performed until the next business day in Luxembourg or Brussels, depending on whether Clearstream, Luxembourg or Euroclear is used.

DESCRIPTION OF PREFERENCE SHARES

The following is a summary of the general terms of the preference shares of any series we may issue under this registration statement. Each time we issue preference shares we will prepare a prospectus supplement, which you should read carefully. The prospectus supplement relating to a series of preference shares or to a series of debt securities that are convertible into or exchangeable for the preference shares will summarize the terms of the preference shares of the particular series. Those terms will be set out in the resolutions establishing the series that our Board of Directors or an authorized committee adopt, and may be different from those summarized below. If so, the applicable prospectus supplement will state that, and the description of the preference shares of that series contained in the prospectus supplement will apply.

This summary does not purport to be complete and is subject to, and qualified by, our Articles of Association and the resolutions of the Board of Directors or an authorized committee. You should read our Articles of Association as well as those resolutions, which we have filed or we will file with the SEC as an exhibit to the registration statement, of which this prospectus is a part. You should also read the summary of the general terms of the deposit agreement under which ADRs evidencing ADSs that may represent preference shares may be issued, under the heading "Description of American Depositary Receipts".

General

Under our Articles of Association, our Board of Directors or an authorized committee of the Board is empowered to provide for the issuance of U.S. dollar−denominated preference shares, in one or more series.

The resolutions providing for their issue, adopted by the Board of Directors or the authorized committee, will set forth the dividend rights, liquidation value per share, redemption provisions, voting rights, other rights, preferences, privileges, limitations and restrictions of the preference shares.

As of the date of this prospectus, we have 100,000 issued dollar−denominated preference shares, Series 1 and 30,000,000 issued dollar−denominated preference shares, Series 2.

The preference shares of any series will be U.S. dollar−denominated in terms of nominal value, dividend rights and liquidation value per share. They will, when issued, be fully paid and non−assessable. For each preference share issued, an amount equal to its nominal value will be credited to our issued share capital account and an amount equal to the difference between its issue price and its nominal value will be credited to our share premium account. The applicable prospectus supplement will specify the nominal value of the preference shares. The preference shares of a series deposited under the deposit agreement referred to in the section "Description of American Depositary Receipts" will be represented by ADSs of a corresponding series, evidenced by ADRs of such series. The preference shares of such series may only be withdrawn from deposit in registered form. See "Description of American Depositary Receipts".

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Our Board of Directors or the relevant authorized committee of our Board may only provide for the issuance of preference shares of any series if a resolution of our shareholders has authorized the allotment of such preference shares.

The preference shares of any series will have the dividend rights, rights upon liquidation, redemption provisions and voting rights described below, unless the relevant prospectus supplement provides otherwise. You should read the prospectus supplement for the specific terms of any series, including:

- the number of shares offered, the number of shares offered in the form of ADSs and the number of preference shares represented by each ADS;
- the public offering price of the series;
- the liquidation value per share of that series;
- the dividend rate, or the method of calculating it;
- the place where we will pay dividends;
- the dates on which dividends will be payable;
- voting rights of that series of preference shares, if any;
- restrictions applicable to the sale and delivery of the preference shares;
- whether and under what circumstances we will pay additional amounts on the preference shares in the event of certain developments with respect to withholding tax or information reporting laws;
- any redemption, conversion or exchange provisions;
- whether the shares shall be issued as units with shares of a related series;
- any listing on a securities exchange; and
- any other rights, preferences, privileges, limitations and restrictions relating to the series.

The applicable prospectus supplement will also describe material U.S. and U.K. tax considerations that apply to any particular series of preference shares.

Title to preference shares of a series in registered form will pass by transfer and registration on the register that the registrar shall keep at its office in the United Kingdom. For more information on such registration, you should read " – Registrar and Paying Agent". The registrar will not charge for the registration of transfer, but the person requesting it will be liable for any taxes, stamp duties or other governmental charges.

We may issue preference shares in more than one related series if necessary to ensure that we continue to be treated as part of the Barclays PLC Group for U.K. tax purposes. The preference shares of any two or more related series will be issued as preference share units, unless the applicable prospectus supplement specifies otherwise, so that holders of any preference share units will effectively have the same rights, preferences and privileges, and will be subject to the same limitations and restrictions. The following characteristics, however, may differ:

- the aggregate amount of dividends,
- the aggregate amounts which may be payable upon redemption,
- the redemption dates,
- the rights of holders to deposit the preference shares under the deposit agreement, and
- the voting rights of holders.

You should read the applicable prospectus supplement for the characteristics relating to any preference shares issuable in two or more related series as a unit.

Unless the applicable prospectus supplement specifies otherwise, the preference shares of each series will rank equally as to participation in our

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profits and assets with the preference shares of each other series.

Our affiliates may resell preferred shares after their initial issuance in market−making transactions. We describe these transactions above under "Description of Debt Securities – General – Market−Making Transactions."

Dividend Rights

The holders of the preference shares will be entitled to receive cash dividends on the dates and at the rates as described in the applicable prospectus supplement out of our "distributable profits". Except as provided in this prospectus and in the applicable prospectus supplement, holders of preference shares will have no right to participate in our profits.

For information concerning the declaration of dividends out of our distributable profits, see "Description of Share Capital – Ordinary Shares – Dividend Rights".

We will pay the dividends on the preference shares of a series to the record holders as they appear on the register on the record dates. A record date will be fixed by our Board of Directors or an authorized committee. Subject to applicable fiscal or other laws and regulations, each payment will be made by dollar check drawn on a bank in London or in New York City and mailed to the record holder at the holder's address as it appears on the register for the preference shares. If any date on which dividends are payable on the preference shares is not a "business day", which is a day on which banks are open for business and on which foreign exchange dealings may be conducted in London and in New York City, then payment of the dividend payable on that date will be made on the next business day. There will be no additional interest or other payment due to this type of delay.

Dividends on the preference shares of any series will be non−cumulative. If a dividend on a series is not paid, or is paid only in part, the holders of preference shares of the relevant series will have no claim in respect of such unpaid amount. We will have no obligation to pay the dividend accrued for the relevant dividend period or to pay any interest on the dividend, whether or not dividends on the preference shares of that series or any other series or class of our shares are paid for any subsequent dividend period.

No full dividends will be paid or set apart for payment on any of our preference shares ranking, as to dividends, equally with or below the preference shares of any series for any period unless full dividends have been, or at the same time are, paid, or set aside for payment, on the preference shares of that series for the then−current dividend period. When dividends are not paid in full upon the preference shares of a series and any other of our preference shares ranking equally as to dividends, all dividends upon the preference shares of that series and the other preference shares will be paid pro rata so that dividends paid upon the preference shares of each series are in proportion to dividends accrued on the preference shares of the series.

Except as provided in the preceding sentence, unless full dividends on all outstanding preference shares of a series have been paid for the most recently completed dividend period, no dividends, will be declared or paid or set apart for payment, or other distribution made, upon our ordinary shares or other shares ranking, as to dividends or upon liquidation, equally with or below the preference shares of the series. In addition, we will not redeem, repurchase or otherwise acquire for consideration, or pay any money or make any money available for a sinking fund for the redemption of, any of our ordinary shares or other shares ranking equally with or below the preference shares of the series as to dividends or upon liquidation, except by conversion into or exchange for shares ranking below the preference shares of the series as to dividends and upon liquidation, until we have resumed the payment of full dividends for four consecutive quarterly dividend periods on all outstanding preference shares of the series and those ranking equally as to dividends with the preference shares of the series.

We will compute the amount of dividends payable on the preference shares of any series for each dividend period based upon the liquidation value per share of the preference shares of the series by annualizing the applicable dividend rate and dividing by the number of dividend periods in a year. However, we will compute the amount of dividends payable for any dividend period shorter than a full dividend period on

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the basis of a 360−day year divided into twelve months of 30 days each and, in the case of an incomplete month, on the basis of the actual number of days elapsed.

Rights Upon Liquidation

If there is a return of capital in respect of our voluntary or involuntary liquidation, dissolution, winding−up or otherwise, other than in respect of any redemption or repurchase of the preference shares of a series in whole or in part permitted by our Articles of Association and under applicable law, the holders of the outstanding preference shares of a series will be entitled to receive liquidating distributions. Liquidating distributions will:

- come from the assets we have available for distribution to shareholders, before any distribution of assets is made to holders of our ordinary shares or any other class of shares ranking below the preference shares upon a return of capital; and
- be in an amount equal to the liquidation value per share of the preference shares, plus an amount equal to accrued and unpaid dividends, whether or not declared or earned, for the then−current dividend period up to and including the date of commencement of our winding−up or the date of any other return of capital, as the case may be.

If, upon a return of capital, the assets available for distribution are insufficient to pay in full the amounts payable on the preference shares and any other of our shares ranking as to any distribution equally with the preference shares, the holders of the preference shares and of the other shares will share pro rata in any distribution of our assets in proportion to the full respective liquidating distributions to which they are entitled. After payment of the full amount of the liquidating distribution to which they are entitled, the holders of the preference shares of that series will have no claim on any of our remaining assets and will not be entitled to any further participation in the return of capital. If there is a sale of all or substantially all of our assets, the distribution to our shareholders of all or substantially all of the consideration for the sale, unless the consideration, apart from assumption of liabilities, or the net proceeds consists entirely of cash, will not be deemed a return of capital in respect of our liquidation, dissolution or winding−up.

Redemption

Unless the relevant prospectus supplement specifies otherwise, we may redeem the preference shares of each series, at our option, in whole or in part, at any time and from time to time on the dates and at the redemption prices and on all other terms and conditions as set forth in the applicable prospectus supplement. Preference shares comprising preference share units will be redeemed only as units.

If fewer than all of the outstanding preference shares of a series are to be redeemed, we will select by lot, in the presence of our independent auditors, which particular preference shares will be redeemed.

If we redeem preference shares of a series, we will mail a redemption notice to each record holder of preference shares to be redeemed between 30 and 60 days before the redemption date. Each redemption notice will specify:

- the redemption date;
- the particular preference shares of the series to be redeemed;
- the redemption price, specifying the included amount of accrued and unpaid dividends;
- that any dividends will cease to accrue upon the redemption of the preference shares; and
- the place or places where holders may surrender documents of title and obtain payment of the redemption price.

No defect in the redemption notice or in the giving of notice will affect the validity of the redemption proceedings.

If we give notice of redemption in respect of the preference shares of a series, then, by 12:00 noon, London time, on the redemption date, we will irrevocably deposit with the paying agent funds sufficient to pay the applicable redemption price, including the amount of accrued and unpaid

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dividends (if any) for the then−current quarterly dividend period to the date fixed for redemption. We will also give the paying agent irrevocable instructions and authority to pay the redemption price to the holders of those preference shares called for redemption.

If we give notice of redemption, then, when we make the deposit with the paying agent, all rights of holders of the preference shares of the series called for redemption will cease, except the holders' right to receive the redemption price, but without interest, and these preference shares will no longer be outstanding. Subject to any applicable fiscal or other laws and regulations, payments in respect of the redemption of preference shares of a series will be made by dollar check drawn on a bank in London or in New York City against presentation and surrender of the relevant share certificates at the office of the paying agent located in the United Kingdom.

In the event that any date on which a redemption payment on the preference shares is to be made is not a business day, then payment of the redemption price payable on that date will be made on the next business day. There will be no interest or other payment due to the delay. If payment of the redemption price is improperly withheld or refused, dividends on the preference shares will continue to accrue at the then applicable rate, from the redemption date to the date of payment of the redemption price.

Subject to applicable law, including U.S. securities laws, and the consent of, or prior notification to, the FSA, as applicable, we may purchase outstanding preference shares of any series by tender, in the open market or by private agreement. Unless we tell you otherwise in the applicable prospectus supplement, any preference shares of any series that we purchase for our own account, other than in the ordinary course of a business of dealing in securities, will be treated as canceled and will no longer be issued and outstanding.

Under the current practices of the FSA, we may not redeem any preference shares following the fifth anniversary of their date of issue unless the FSA is given one month's prior written notice.

Voting Rights

The holders of the preference shares of any series will not be entitled to receive notice of, attend or vote at any general meeting of our shareholders except as provided below or in the applicable prospectus supplement.

Variation of Rights

If applicable law permits, the rights, preferences and privileges attached to any series of preference shares may be varied or abrogated only with the written consent of the holders of at least three−fourths of the outstanding preference shares of the series or with the sanction of a special resolution passed at a separate general meeting of the holders of the outstanding preference shares of the series. A special resolution will be adopted if passed by a majority of at least three−fourths of those holders voting in person or by proxy at the meeting. The quorum required for this separate general meeting will be persons holding or representing by proxy at least one−third of the outstanding preference shares of the affected series, except that if at any adjourned meeting where this quorum requirement is not met, any two holders present in person or by proxy will constitute a quorum.

In addition to the voting rights referred to above, if any resolution is proposed for our liquidation, dissolution or winding−up, then the holders of the outstanding preference shares of each series, other than any series of preference shares which do not have voting rights, will be entitled to receive notice of and to attend the general meeting of shareholders called for the purpose of adopting the resolution and will be entitled to vote on that resolution, but no other. When entitled to vote, each holder of preference shares of a series present in person or by proxy has one vote for each preference share held.

Notices of Meetings

A notice of any meeting at which holders of preference shares of a particular series are entitled to vote will be mailed to each record holder of preference shares of that series. Each notice will state:

- the date of the meeting;

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- a description of any resolution to be proposed for adoption at the meeting on which those holders are entitled to vote; and
- instructions for the delivery of proxies.

A holder of preference shares of any series in registered form who is not registered with an address in the United Kingdom and who has not supplied an address within the United Kingdom to us for the purpose of notices is not entitled to receive notices of meetings from us. For a description of notices that we will give to the ADR depositary and that the ADR depositary will give to ADR holders, you should read "Description of American Depositary Receipts – Reports and Notices" and "Where You Can Find More Information".

Registrar and Paying Agent

Our registrar, presently located at One Canada Square, London E14 5AL, United Kingdom, will act as registrar and paying agent for the preference shares of each series.

DESCRIPTION OF AMERICAN DEPOSITARY RECEIPTS

The following is a summary of the general terms and provisions of the deposit agreement under which the ADR depositary will issue the ADRs. The deposit agreement is among us, The Bank of New York, as ADR depositary, and all holders from time to time of ADRs issued under the deposit agreement. This summary does not purport to be complete. We may amend or supersede all or part of this summary to the extent we tell you in the applicable prospectus supplement. You should read the deposit agreement, which is filed with the SEC as an exhibit to the registration statement, of which this prospectus is a part. You may also read the deposit agreement at the corporate trust office of The Bank of New York in New York City and the office of The Bank of New York in London.

Depositary

The Bank of New York will act as the ADR depositary. The office of The Bank of New York in London will act as custodian. The ADR depositary's principal office in New York City is presently located at 101 Barclay Street, Floor 21 West, New York, New York 10286, and the custodian's office is presently located at One Canada Square, London E14 5AL, United Kingdom.

American Depositary Receipts

An ADR is a certificate evidencing a specific number of ADSs of a specific series, each of which will represent preference shares of a corresponding series. Unless the relevant prospectus supplement specifies otherwise, each ADS will represent one preference share, or evidence of rights to receive one preference share, deposited with the London branch of The Bank of New York, as custodian. An ADR may evidence any number of ADSs in the corresponding series.

Deposit and Issuance of ADRs

When the custodian has received preference shares of a particular series, or evidence of rights to receive preference shares, and applicable fees, charges and taxes, subject to the deposit agreement's terms, the ADR depositary will execute and deliver at its corporate trust office in New York City to the person(s) specified by us in writing, an ADR or ADRs registered in the name of such person(s) evidencing the number of ADSs of that series corresponding to the preference shares of that series.

When the ADR depositary has received preference shares of a particular series, or evidence of rights to receive preference shares, and applicable fees, charges and taxes, subject to the deposit agreement's terms, the ADR depositary will execute and deliver at its principal office to the person(s) specified by us in writing, an ADR or ADRs registered in the name of that person(s) evidencing the number of ADSs of that series corresponding to the preference shares of that series. Preference shares may be deposited under the deposit agreement as units comprising a preference share of a series and a preference share of a related series. The ADR depositary's principal office is presently located at 101 Barclay Street, Floor 22 West, New York, New York 10286.

Withdrawal of Deposited Securities

Upon surrender of ADRs at the ADR depositary's corporate trust office in New York City and upon payment of the taxes, charges and fees provided in the deposit agreement and subject to its terms, an

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ADR holder is entitled to delivery, to or upon its order, at the ADR depositary's corporate trust office in New York City or the custodian's office in London, of the amount of preference shares of the relevant series represented by the ADSs evidenced by the surrendered ADRs. The ADR holder will bear the risk and expense for the forwarding of share certificates and other documents of title to the corporate trust office of the ADR depositary.

Holders of preference shares that have been withdrawn from deposit under the deposit agreement will not have the right to redeposit the preference shares.

Dividends and Other Distributions

The ADR depositary will distribute all cash dividends or other cash distributions that it receives in respect of deposited preference shares of a particular series to ADR holders, after payment of any charges and fees provided for in the deposit agreement, in proportion to their holdings of ADSs of the series representing the preference shares. The cash amount distributed will be reduced by any amounts that we or the ADR depositary must withhold on account of taxes.

If we make a non−cash distribution in respect of any deposited preference shares of a particular series, the ADR depositary will distribute the property it receives to ADR holders, after deduction or upon payment of any taxes, charges and fees provided for in the deposit agreement, in proportion to their holdings of ADSs of the series representing the preference shares. If a distribution that we make in respect of deposited preference shares of a particular series consists of a dividend in, or free distribution of, preference shares of that series, the ADR depositary may, if we approve, and will, if we request, distribute to ADR holders, in proportion to their holdings of ADSs of the relevant series, additional ADRs evidencing an aggregate number of ADSs of that series representing the amount of preference shares received as such dividend or free distribution. If the ADR depositary does not distribute additional ADRs, each ADS of that series will from then forward also represent the additional preference shares of the corresponding series distributed in respect of the deposited preference shares before the dividend or free distribution.

If the ADR depositary determines that any distribution of property, other than cash or preference shares of a particular series, cannot be made proportionately among ADR holders or if for any other reason, including any requirement that we or the ADR depositary withhold an amount on account of taxes or other governmental charges, the ADR depositary deems that such a distribution is not feasible, the ADR depositary may dispose of all or part of the property in any manner, including by public or private sale, that it deems equitable and practicable. The ADR depositary will then distribute the net proceeds of any such sale (net of any fees and expenses of the ADR depositary provided for in the deposit agreement) to ADR holders as in the case of a distribution received in cash.

Redemption of ADSs

If we redeem any preference shares of a particular series that are represented by ADSs, the ADR depositary will redeem, from the amounts that it receives from the redemption of deposited preference shares of that series, a number of ADSs of the series representing those preference shares which corresponds to the number of deposited preference shares of that series. The ADS redemption price will correspond to the redemption price per preference share payable with respect to the redeemed preference shares. If we do not redeem all of the outstanding preference shares of a particular series, the ADR depositary will select the ADSs of the corresponding series to be redeemed, either by lot or pro rata to the number of preference shares represented.

We must give notice of redemption in respect of the preference shares of a particular series that are represented by ADSs to the ADR depositary not less than 30 days before the redemption date. The ADR depositary will promptly deliver the notice to all holders of ADRs of the corresponding series.

Record Date

Whenever any dividend or other distribution becomes payable or shall be made in respect of preference shares of a particular series, or any preference shares of a particular series are to be redeemed, or the ADR depositary receives notice of any meeting at which holders of preference shares of a particular series are entitled to vote, the ADR depositary will fix a record

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date for the determination of the ADR holders who are entitled to receive the dividend, distribution, amount in respect of redemption of ADSs of the corresponding series, or the net proceeds of their sale, or to give instructions for the exercise of voting rights at the meeting, subject to the provisions of the deposit agreement. This record date will be as near as practicable to the corresponding record date for the underlying preference share.

Voting of the Underlying Deposited Securities

When the ADR depositary receives notice of any meeting or solicitation of consents or proxies of holders of preference shares of a particular series, it will, at our written request and as soon as practicable thereafter, mail to the record holders of ADRs a notice including:

- the information contained in the notice of meeting;
- a statement that the record holders of ADRs at the close of business on a specified record date will be entitled, subject to any applicable provision of English law, to instruct the ADR depositary as to the exercise of any voting rights pertaining to the preference shares of the series represented by their ADSs; and
- a brief explanation of how they may give instructions, including an express indication that they may instruct the ADR depositary to give a discretionary proxy to designated member or members of our board of directors if no such instruction is received.

The ADR depositary has agreed that it will endeavor, in so far as practical, to vote or cause to be voted the preference shares in accordance with any written non−discretionary instructions of record holders of ADRs that it receives on or before the record date set by the ADR depositary. The ADR depositary will not vote the preference shares except in accordance with such instructions or deemed instructions.

If the ADR depositary does not receive instructions from any ADR holder on or before the date the ADR depositary establishes for this purpose, the ADR depositary will deem such holder to have directed the ADR depositary to give a discretionary proxy to a designated member or members of our board of directors. However, the ADR depositary will not give a discretionary proxy to a designated member or members of our board of directors with respect to any matter as to which we inform the ADR depositary that:

- we do not wish the proxy to be given;
- substantial opposition exists; or
- the rights of holders of the preference shares may be materially affected.

Holders of ADRs evidencing ADSs will not be entitled to vote shares of the corresponding series of preference shares directly.

Inspection of Transfer Books

The ADR depositary will, at its corporate trust office in New York City, keep books for the registration and transfer of ADRs. These books will be open for inspection by ADR holders at all reasonable times. However, this inspection may not be for the purpose of communicating with ADR holders in the interest of a business or object other than our business or a matter related to the deposit agreement or the ADRs.

Reports and Notices

We will furnish the ADR depositary with our annual reports as described under “Where You Can Find More Information” in this prospectus. The ADR depositary will make available at its corporate trust office in New York City, for any ADR holder to inspect, any reports and communications received from us that are both received by the ADR depositary as holder of preference shares and made generally available by us to the holders of those preference shares. This includes our annual report and accounts. Upon written request, the ADR depositary will mail copies of those reports to ADR holders as provided in the deposit agreement.

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On or before the first date on which we give notice, by publication or otherwise, of:

- any meeting of holders of preference shares of a particular series;
- any adjourned meeting of holders of preference shares of a particular series; or
- the taking of any action in respect of any cash or other distributions or the offering of any rights in respect of, preference shares of a particular series

we have agreed to transmit to the ADR depositary and the custodian a copy of the notice in the form given or to be given to holders of the preference shares. If requested in writing by us, the ADR depositary will, at our expense, arrange for the prompt transmittal or mailing of such notices, and any other reports or communications made generally available to holders of the preference shares, to all holders of ADRs evidencing ADSs of the corresponding series.

Amendment and Termination of the Deposit Agreement

The form of the ADRs evidencing ADSs of a particular series and any provisions of the deposit agreement relating to those ADRs may at any time and from time to time be amended by agreement between us and the ADR depositary, without the consent of holders of ADRs, in any respect which we may deem necessary or advisable. Any amendment that imposes or increases any fees or charges, other than taxes and other governmental charges, registration fees, transmission costs, delivery costs or other such expenses, or that otherwise prejudices any substantial existing right of holders of outstanding ADRs evidencing ADSs of a particular series, will not take effect as to any ADRs until 30 days after notice of the amendment has been given to the record holders of those ADRs. Every holder of any ADR at the time an amendment becomes effective, if it has been given notice, will be deemed by continuing to hold the ADR to consent and agree to the amendment and to be bound by the deposit agreement or the ADR as amended. No amendment may impair the right of any holder of ADRs to surrender ADRs and receive in return the preference shares of the corresponding series represented by the ADSs.

Whenever we direct, the ADR depositary has agreed to terminate the deposit agreement as to ADRs evidencing ADSs of a particular series by mailing a termination notice to the record holders of all ADRs then outstanding at least 30 days before the date fixed in the notice of termination. The ADR depositary may likewise terminate the deposit agreement as to ADRs evidencing ADSs of a particular series by mailing a termination notice to us and the record holders of all ADRs then outstanding if at any time 90 days shall have expired since the ADR depositary delivered a written notice to us of its election to resign and a successor ADR depositary shall not have been appointed and accepted its appointment.

If any ADRs evidencing ADSs of a particular series remain outstanding after the date of any termination, the ADR depositary will then:

- discontinue the registration of transfers of those ADRs;
- suspend the distribution of dividends to holders of those ADRs; and
- not give any further notices or perform any further acts under the deposit agreement, except those listed below, with respect to those ADRs.

The ADR depositary will, however, continue to collect dividends and other distributions pertaining to the preference shares of the corresponding series. It will also continue to sell rights and other property as provided in the deposit agreement and deliver preference shares of the corresponding series, together with any dividends or other distributions received with respect to them and the net proceeds of the sale of any rights or other property, in exchange for ADRs surrendered to it.

At any time after the expiration of one year from the date of termination of the deposit agreement as to ADRs evidencing ADSs of a particular series, the ADR depositary may sell the preference shares of the corresponding series then held. The ADR depositary will then hold uninvested the net proceeds of any such sales, together with any other cash then held by it under the deposit agreement in respect of those ADRs, unsegregated and without liability for interest, for the pro rata benefit of the holders of ADRs that have not previously been surrendered.

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Charges of ADR Depositary

Unless the applicable prospectus supplement specifies otherwise, the ADR depositary will charge the party to whom it delivers ADRs against deposits, and the party surrendering ADRs for delivery of preference shares of a particular series or other deposited securities, property and cash, $5.00 for each 100, or fraction of 100, ADSs evidenced by the ADRs issued or surrendered. We will pay all other charges of the ADR depositary and those of any registrar, co−transfer agent and co−registrar under the deposit agreement, but unless the applicable prospectus supplement specifies otherwise, we will not pay:

- taxes, including issue or transfer taxes, U.K. stamp duty or U.K. stamp duty reserve tax other than that payable on the issue of preference shares to the custodian, and other governmental charges;
- any applicable share transfer or registration fees on deposits or withdrawals of preference shares;
- cable, telex, facsimile transmission and delivery charges which the deposit agreement provides are at the expense of the holders of ADRs or persons depositing or withdrawing preference shares of any series; or
- expenses incurred or paid by the ADR depositary in conversion of foreign currency into U.S. dollars.

You will be responsible for any taxes or other governmental charges payable on your ADRs or on the preference shares underlying your ADRs. The ADR depositary may refuse to transfer your ADRs or allow you to withdraw the preference shares underlying your ADRs until such taxes or other charges are paid. It may apply payments owed to you or sell deposited preference shares underlying your ADRs to pay any taxes owed and you will remain liable for any deficiency. If the ADR depositary sells deposited preference shares, it will, if appropriate, reduce the number of ADSs to reflect the sale and pay to you any proceeds, or send to you any property, remaining after it has paid the taxes.

General

Neither the ADR depositary nor we will be liable to ADR holders if prevented or forbidden or delayed by any present or future law of any country or by any governmental authority, any present or future provision of our articles of association or of the preference shares, or any act of God or war or other circumstances beyond our control in performing our obligations under the deposit agreement. The obligations of us both under the deposit agreement are expressly limited to performing our duties without gross negligence or bad faith.

If any ADSs of a particular series are listed on one or more stock exchanges in the U.S., the ADR depositary will act as registrar or, at our request or with our approval, appoint a registrar or one or more co−registrars for registration of the ADRs evidencing the ADSs in accordance with any exchange requirements. The ADR depositary may remove the registrars or co−registrars and appoint a substitute(s) if we request it or with our approval.

The ADRs evidencing ADSs of any series are transferable on the books of the ADR depositary or its agent. However, the ADR depositary may close the transfer books as to ADRs evidencing ADSs of a particular series at any time when it deems it expedient to do so in connection with the performance of its duties or at our request. As a condition precedent to the execution and delivery, registration of transfer, split−up, combination or surrender of any ADR or withdrawal of any preference shares of the corresponding series, the ADR depositary or the custodian may require the person presenting the ADR or depositing the preference shares to pay a sum sufficient to reimburse it for any related tax or other governmental charge and any share transfer or registration fee and any applicable fees payable as provided in the deposit agreement. The ADR depositary may withhold any dividends or other distributions, or may sell for the account of the holder any part or all of the preference shares evidenced by the ADR, and may apply those dividends or other distributions or the proceeds of any sale in payment of the tax or other governmental charge. The ADR holder will remain liable for any deficiency.

Any ADR holder may be required from time to time to furnish the ADR depositary or the custodian with

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proof satisfactory to the ADR depositary of citizenship or residence, exchange control approval, information relating to the registration on our books or those that the registrar maintains for us for the preference shares in registered form of that series, or other information, to execute certificates and to make representations and warranties that the ADR depositary deems necessary or proper. Until those requirements have been satisfied, the ADR depositary may withhold the delivery or registration of transfer of any ADR or the distribution or sale of any dividend or other distribution or proceeds of any sale or distribution or the delivery of any deposited preference shares or other property related to the ADR. The delivery, transfer and surrender of ADRs of any series may be suspended during any period when the transfer books of the ADR depositary are closed or if we or the ADR depositary deem it necessary or advisable.

The deposit agreement and the ADRs are governed by and construed in accordance with the laws of the State of New York.

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DESCRIPTION OF SHARE CAPITAL

The following is a summary of general information about our share capital and some provisions of our Articles of Association. This summary does not purport to be complete. It is subject to, and qualified by reference to, our Articles of Association, which you should read. We have included a copy of our Articles of Association with the SEC as an exhibit to the Registration Statement of which this prospectus forms a part.

General

Our authorized share capital as of the date of this prospectus consists of 3,000,000,000 ordinary shares of £1 each, 80,000,000 dollar−denominated preference shares of $0.25 each, 400,000 dollar−denominated preference shares of $100 each, 400,000 euro−denominated preference shares of €100 each, 1,000 sterling−denominated preference shares of £1 each and 400,000 sterling−denominated preference shares of £100 each. As of the date of this prospectus, 2,332,560,515 ordinary shares are issued (all of which are beneficially held by Barclays PLC), 30,000,000 dollar−denominated preference shares of $0.25 each, 100,000 dollar−denominated preference shares of $100 each, 240,000 euro−denominated preference shares of €100 each, 1,000 sterling−denominated preference shares of £1 each all of which are beneficially held by Barclays PLC and 75,000 sterling−denominated preference shares of £100 each, all of which have been issued.

Ordinary Shares

Dividend Rights

Holders of ordinary shares are entitled to receive on a *pro rata* basis, according to the number of paid−up shares held, any dividends that we may declare at a general meeting of shareholders, but no dividends are payable in excess of the amount that our Board of Directors recommends. The Board of Directors may declare and pay to the holders of ordinary shares interim dividends if, in the opinion of our Board, our distributable reserves justify such payment.

Dividends on ordinary shares, as well as on dollar−denominated preference shares of any series, may only be declared and paid out of our "distributable profits". Rules prescribed by the UK Companies Act 1985 determine how much of our funds represent distributable profits. In broad outline, dividend distributions may only be made out of the outstanding balance of accumulated realized profits, less the outstanding balance of any accumulated realized losses, and provided that our net assets are not, or would not be reduced to, less than the total of our paid−up share capital and undistributable reserves.

So long as dollar−denominated preference shares of any series are outstanding and full dividends on them have not been paid (or a sum has not been set aside in full) for any dividend period, no dividends may be declared or paid, or other distribution made, upon our ordinary shares. We may, however, pay dividends on our ordinary shares or other shares ranking below the dollar−denominated preference shares of those series as to dividends upon liquidation. In addition, we may not redeem, repurchase or otherwise acquire for any consideration, or pay or make any moneys available for a sinking fund for the redemption of these shares, except by conversion into or exchange for our shares ranking below the dollar−denominated preference shares as to dividends and upon liquidation, until we have resumed the payment of full dividends (or a sum set aside in full) on all outstanding dollar−denominated preference shares or redeem the relevant preference shares in full.

Rights upon Liquidation

If there is a return of capital on our winding up or otherwise, after payment of all liabilities, and after paying or setting apart for payment the full preferential amounts to which the holders of all outstanding dollar−denominated preference shares of any series and any other of our shares ranking senior to the ordinary shares upon liquidation are entitled, our remaining assets will be divided among the holders of ordinary shares *pro rata* according to the number of ordinary shares held by them.

Voting Rights

Each holder of ordinary shares who is entitled to be present and is present in person or by proxy at a general meeting of shareholders has on a show of hands one vote, and on a poll one vote for each ordinary share held. Voting at any general meeting of shareholders is by show of hands unless a poll is demanded. A poll may be demanded by the chairman of the meeting or by any shareholder present in person or by proxy and entitled to vote.

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Miscellaneous

Holders of ordinary shares and dollar−denominated preference shares have no pre−emptive rights under our Articles of Association. However, except in some cases, English law restricts the ability of our Board of Directors, without appropriate authorization from the holders of our ordinary shares at a general meeting, to:

- allot any shares or rights to subscribe for, or to convert any security into, any of our shares under any circumstances; or
- issue for cash ordinary shares or rights to subscribe for, or to convert any security into, ordinary shares other than through rights to existing holders of ordinary shares.

TAX CONSIDERATIONS

U.S. Taxation

This section describes the material U.S. federal income tax consequences of owning preference shares, ADSs or debt securities. It is the opinion of Sullivan & Cromwell LLP, our U.S. tax counsel. It applies to you only if you acquire your preference shares, ADSs or debt securities in an offering and you hold your preference shares, ADSs or debt securities as capital assets for tax purposes. This section does not apply to you if you are a member of a special class of holders subject to special rules, including:

- a dealer in securities;
- a trader in securities that elects to use a mark−to−market method of accounting for your securities holdings;
- a tax−exempt organization;
- a life insurance company;
- a person that holds preference shares, ADSs or debt securities as part of a straddle or a hedging or conversion transaction;
- a person whose functional currency is not the U.S. dollar;
- in the case of debt securities, a bank,
- in the case of preference shares or ADSs, a person liable for alternative minimum tax; or,
- in the case of preference shares or ADSs, a person that actually or constructively owns 10% or more of our voting stock.

This section is based on the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations, published rulings and court decisions, as well as on the income tax convention between the United States of America and the United Kingdom (the “Treaty”). These laws are subject to change, possibly on a retroactive basis. In addition, this section is based in part upon the representations of the ADR depositary. Assuming that each obligation in the deposit agreement and any related agreement will be performed in accordance with its terms, for U.S. federal income tax purposes, if you hold ADRs evidencing ADSs, you will in general be treated as the owner of the preference shares represented by those ADSs. Exchanges of preference shares for ADSs or ADSs for preference shares generally will not be subject to U.S. federal income tax.

If a partnership holds the preference shares, ADSs or debt securities, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership. A partner in a partnership holding the notes should consult its tax advisor with regard to the U.S. federal income tax treatment of an investment in the notes.

You should consult your own tax advisor regarding the U.S. federal, state and local and other tax consequences of owning and disposing of preference shares, ADSs or debt securities in your particular circumstances.

U.S. Holders

This subsection describes the material U.S. federal income tax consequences to a U.S. holder of owning preference shares, ADSs or debt securities. You are a U.S. holder if you are a beneficial owner of preference shares, ADSs or debt securities and you are:

- a citizen or resident of the United States;
- a domestic corporation;

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- an estate whose income is subject to U.S. federal income tax regardless of its source; or
- a trust if a U.S. court can exercise primary supervision over the trust's administration and one or more U.S. persons are authorized to control all substantial decisions of the trust.

Taxation of Debt Securities

This subsection deals only with debt securities that are due to mature 30 years or less from the date on which they are issued. The U.S. federal income tax consequences of owning debt securities that are due to mature more than 30 years from their date of issue will be discussed in an applicable prospectus supplement. Undated Subordinated Debt Securities generally will not be treated as debt securities for U.S. federal income tax purposes; the U.S. federal income tax consequences of owning and disposing Undated Subordinated Debt Securities will be discussed in an applicable prospectus supplement.

Payments of Interest

Except as described below in the case of interest on a discount debt security that is not qualified stated interest, each as defined below under " – Original Issue Discount – General", you will be taxed on any interest on your debt securities as ordinary income at the time you receive the interest or when it accrues, depending on your method of accounting for tax purposes.

Original Issue Discount

General. If you own a debt security, other than a short-term debt security with a term of one year or less, it will be treated as a discount debt security issued at an original issue discount if the debt security's stated redemption price at maturity exceeds its issue price by more than a *de minimis* amount. Generally, a debt security's issue price will be the first price at which a substantial amount of debt securities included in the issue of which the debt security is a part is sold to persons other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers. A debt security's stated redemption price at maturity is the total of all payments provided by the debt security that are not payments of qualified stated interest. Generally, an interest payment on a debt security is qualified stated interest if it is one of a series of stated interest payments on a debt security that are unconditionally payable at least annually at a single fixed rate, with certain exceptions for lower rates paid during some periods, applied to the outstanding principal amount of the debt security. There are special rules for variable rate debt securities that are discussed under " – Variable Rate Debt Securities".

In general, your debt security is not a discount debt security if the amount by which its stated redemption price at maturity exceeds its issue price is less than the *de minimis* amount of 1/4 of 1 percent of its stated redemption price at maturity multiplied by the number of complete years to its maturity. Your debt security will have *de minimis* original issue discount if the amount of the excess is less than the *de minimis* amount. If your debt security has *de minimis* original issue discount, you must include the *de minimis* amount in income as stated principal payments are made on the debt security, unless you make the election described below under " – Election to Treat All Interest as Original Issue Discount". You can determine the includible amount with respect to each such payment by multiplying the total amount of your debt security's *de minimis* original issue discount by a fraction equal to:

- the amount of the principal payment made divided by:
- the stated principal amount of the debt security.

Generally, if your discount debt security matures more than one year from its date of issue, you must include original issue discount, or OID in income before you receive cash attributable to that income. The amount of OID that you must include in income is calculated using a constant-yield method, and generally you will include increasingly greater amounts of OID in income over the life of your debt security. More specifically, you can calculate the amount of OID that you must include in income by adding the daily portions of OID with respect to your discount debt security for each day during the taxable year or portion of the taxable year that you hold your discount debt security. You can determine the daily portion by allocating to each day in any accrual

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period a pro rata portion of the OID allocable to that accrual period. You may select an accrual period of any length with respect to your discount debt security and you may vary the length of each accrual period over the term of your discount debt security. However, no accrual period may be longer than one year and each scheduled payment of interest or principal on the discount debt security must occur on either the first or final day of an accrual period.

You can determine the amount of OID allocable to an accrual period by:

- multiplying your discount debt security's adjusted issue price at the beginning of the accrual period by your debt security's yield to maturity; and then
- subtracting from this figure the sum of the payments of qualified stated interest on your debt security allocable to the accrual period.

You must determine the discount debt security's yield to maturity on the basis of compounding at the close of each accrual period and adjusting for the length of each accrual period. Further, you determine your discount debt security's adjusted issue price at the beginning of any accrual period by:

- adding your discount debt security's issue price and any accrued OID for each prior accrual period; and then
- subtracting any payments previously made on your discount debt security that were not qualified stated interest payments.

If an interval between payments of qualified stated interest on your discount debt security contains more than one accrual period, then, when you determine the amount of OID allocable to an accrual period, you must allocate the amount of qualified stated interest payable at the end of the interval, including any qualified stated interest that is payable on the first day of the accrual period immediately following the interval, pro rata to each accrual period in the interval based on their relative lengths. In addition, you must increase the adjusted issue price at the beginning of each accrual period in the interval by the amount of any qualified stated interest that has accrued prior to the first day of the accrual period but that is not payable until the end of the interval. You may compute the amount of OID allocable to an initial short accrual period by using any reasonable method if all other accrual periods, other than a final short accrual period, are of equal length.

The amount of OID allocable to the final accrual period is equal to the difference between:

- the amount payable at the maturity of your debt security, other than any payment of qualified stated interest; and
- your debt security's adjusted issue price as of the beginning of the final accrual period.

Acquisition Premium. If you purchase your debt security for an amount that is less than or equal to the sum of all amounts, other than qualified stated interest, payable on your debt security after the purchase date but is greater than the amount of your debt security's adjusted issue price, as determined above under " – General", the excess is acquisition premium. If you do not make the election described below under " – Election to Treat All Interest as Original Issue Discount", then you must reduce the daily portions of OID by a fraction equal to:

- the excess of your adjusted basis in the debt security immediately after purchase over the adjusted issue price of the debt security;

divided by:

- the excess of the sum of all amounts payable, other than qualified stated interest, on the debt security after the purchase date over the debt security's adjusted issue price.

Pre−Issuance Accrued Interest. An election may be made to decrease the issue price of your debt security by the amount of pre−issuance accrued interest if:

- a portion of the initial purchase price of your debt security is attributable to pre−issuance accrued interest;
- the first stated interest payment on your debt security is to be made within one year of your debt security's issue date; and
- the payment will equal or exceed the amount of pre−issuance accrued interest.

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If this election is made, a portion of the first stated interest payment will be treated as a return of the excluded pre−issuance accrued interest and not as an amount payable on your debt security.

Debt Securities Subject to Contingencies, Including Optional Redemption. Your debt security is subject to a contingency if it provides for an alternative payment schedule or schedules applicable upon the occurrence of a contingency or contingencies, other than a remote or incidental contingency, whether such contingency relates to payments of interest or of principal. In such a case, you must determine the yield and maturity of your debt security by assuming that the payments will be made according to the payment schedule most likely to occur if:

- the timing and amounts of the payments that comprise each payment schedule are known as of the issue date; and
- one of such schedules is significantly more likely than not to occur.

If there is no single payment schedule that is significantly more likely than not to occur, other than because of a mandatory sinking fund, you must include income on your debt security in accordance with the general rules that govern contingent payment obligations. If applicable, these rules will be discussed in the prospectus supplement.

Notwithstanding the general rules for determining yield and maturity, if your debt security is subject to contingencies, and either you or we have an unconditional option or options that, if exercised, would require payments to be made on the debt security under an alternative payment schedule or schedules, then:

- in the case of an option or options that we may exercise, we will be deemed to exercise or not to exercise an option or combination of options in the manner that minimizes the yield on your debt security; and,
- in the case of an option or options that you may exercise, you will be deemed to exercise or not to exercise an option or combination of options in the manner that maximizes the yield on your debt security.

If both you and we hold options described in the preceding sentence, those rules will apply to each option in the order in which they may be exercised. You may determine the yield on your debt security for the purposes of those calculations by using any date on which your debt security may be redeemed or repurchased as the maturity date and the amount payable on the date that you chose in accordance with the terms of your debt security as the principal amount payable at maturity.

If a contingency, including the exercise of an option, actually occurs or does not occur contrary to an assumption made according to the above rules then, except to the extent that a portion of your debt security is repaid as a result of this change in circumstances and solely to determine the amount and accrual of OID, you must redetermine the yield and maturity of your debt security by treating your debt security as having been retired and reissued on the date of the change in circumstances for an amount equal to your debt security's adjusted issue price on that date.

Election to Treat All Interest as Original Issue Discount. You may elect to include in gross income all interest that accrues on your debt security using the constant−yield method described above under " –General", with the modifications described below. For purposes of this election, interest will include stated interest, OID, *de minimis* original issue discount, market discount, *de minimis* market discount and unstated interest, as adjusted by any amortizable bond premium, described below under " – Debt Securities Purchased at a Premium," or acquisition premium.

If you make this election for your debt security, then, when you apply the constant−yield method:

- the issue price of your debt security will equal your cost;
- the issue date of your debt security will be the date you acquired it; and
- no payments on your debt security will be treated as payments of qualified stated interest.

Generally, this election will apply only to the debt security for which you make it; however, if the debt

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security has amortizable bond premium, you will be deemed to have made an election to apply amortizable bond premium against interest for all debt instruments with amortizable bond premium, other than debt instruments the interest on which is excludible from gross income, that you hold as of the beginning of the taxable year to which the election applies or any taxable year thereafter. Additionally, if you make this election for a market discount note, you will be treated as having made the election discussed below under " – Market Discount" to include market discount in income currently over the life of all debt instruments that you currently own or later acquire. You may not revoke any election to apply the constant−yield method to all interest on a debt security or the deemed elections with respect to amortizable bond premium or market discount debt securities without the consent of the Internal Revenue Service.

Variable Rate Debt Securities. Your debt security will be a variable rate debt security if:

- your debt security's issue price does not exceed the total noncontingent principal payments by more than the lesser of:
  1. 1.5 percent of the product of the total noncontingent principal payments and the number of complete years to maturity from the issue date; or
  2. 15 percent of the total noncontingent principal payments; and
- your debt security provides for stated interest, compounded or paid at least annually, only at:
  1. one or more qualified floating rates;
  2. a single fixed rate and one or more qualified floating rates;
  3. a single objective rate; or
  4. a single fixed rate and a single objective rate that is a qualified inverse floating rate.

Your debt security will have a variable rate that is a qualified floating rate if:

- variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which your debt security is denominated; or
- the rate is equal to such a rate multiplied by either:
  1. a fixed multiple that is greater than 0.65 but not more than 1.35; or
  2. a fixed multiple greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate; and
- the value of the rate on any date during the term of your debt security is set no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day.

If your debt security provides for two or more qualified floating rates that are within 0.25 percentage points of each other on the issue date or can reasonably be expected to have approximately the same values throughout the term of the debt security, the qualified floating rates together constitute a single qualified floating rate.

Your debt security will not have a qualified floating rate, however, if the rate is subject to certain restrictions (including caps, floors, governors, or other similar restrictions) unless such restrictions are fixed throughout the term of the debt security or are not reasonably expected to significantly affect the yield on the debt security.

Your debt security will have a variable rate that is a single objective rate if:

- the rate is not a qualified floating rate;
- the rate is determined using a single, fixed formula that is based on objective financial or economic information that is not within the control of or unique to the circumstances of the issuer or a related party; and

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- the value of the rate on any date during the term of your debt security is set no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day.

Your debt security will not have a variable rate that is an objective rate, however, if it is reasonably expected that the average value of the rate during the first half of your debt security's term will be either significantly less than or significantly greater than the average value of the rate during the final half of your debt security's term.

An objective rate as described above is a qualified inverse floating rate if:

- the rate is equal to a fixed rate minus a qualified floating rate; and
- the variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the cost of newly borrowed funds.

Your debt security will also have a single qualified floating rate or an objective rate if interest on your debt security is stated at a fixed rate for an initial period of one year or less followed by either a qualified floating rate or an objective rate for a subsequent period; and either:

- the fixed rate and the qualified floating rate or objective rate have values on the issue date of the debt security that do not differ by more than 0.25 percentage points; or
- the value of the qualified floating rate or objective rate is intended to approximate the fixed rate.

In general, if your variable rate debt security provides for stated interest at a single qualified floating rate or objective rate, or one of those rates after a single fixed rate for an initial period, all stated interest on your debt security is qualified stated interest. In this case, the amount of OID, if any, is determined by using, in the case of a qualified floating rate or qualified inverse floating rate, the value as of the issue date of the qualified floating rate or qualified inverse floating rate, or, for any other objective rate, a fixed rate that reflects the yield reasonably expected for your debt security.

If your variable rate debt security does not provide for stated interest at a single qualified floating rate or a single objective rate, and also does not provide for interest payable at a fixed rate other than a single fixed rate for an initial period, you generally must determine the interest and OID accruals on your debt security by:

- determining a fixed rate substitute for each variable rate provided under your variable rate debt security;
- constructing the equivalent fixed rate debt instrument, using the fixed rate substitute described above;
- determining the amount of qualified stated interest and OID with respect to the equivalent fixed rate debt instrument; and
- adjusting for actual variable rates during the applicable accrual period.

When you determine the fixed rate substitute for each variable rate provided under the variable rate debt security, you generally will use the value of each variable rate as of the issue date or, for an objective rate that is not a qualified inverse floating rate, a rate that reflects the reasonably expected yield on your debt security.

If your variable rate debt security provides for stated interest either at one or more qualified floating rates or at a qualified inverse floating rate, and also provides for stated interest at a single fixed rate other than at a single fixed rate for an initial period, you generally must determine interest and OID accruals by using the method described in the previous paragraph. However, your variable rate debt security will be treated, for purposes of the first three steps of the determination, as if your debt security had provided for a qualified floating rate, or a qualified inverse floating rate, rather than the fixed rate. The qualified floating rate, or qualified inverse floating rate, that replaces the fixed rate must be such that the fair market value of your variable rate debt security as of the issue date approximates the fair market value of an otherwise identical debt instrument that provides for the qualified floating rate, or qualified inverse floating rate, rather than the fixed rate.

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Short−Term Debt Securities. In general, if you are an individual or other cash basis U.S. holder of a short−term debt security, you are not required to accrue OID, as specially defined below for the purposes of this paragraph, for U.S. federal income tax purposes unless you elect to do so (although it is possible that you may be required to include any stated interest in income as you receive it). If you are an accrual basis taxpayer, a taxpayer in a special class, including, but not limited to, a regulated investment company, common trust fund, or a certain type of pass−through entity, or a cash basis taxpayer who so elects, you will be required to accrue OID on short−term debt securities on either a straight−line basis or under the constant−yield method, based on daily compounding. If you are not required and do not elect to include OID in income currently, any gain you realize on the sale or retirement of your short−term debt security will be ordinary income to the extent of the accrued OID, which will be determined on a straight−line basis unless you make an election to accrue the OID under the constant−yield method, through the date of sale or retirement. However, if you are not required and do not elect to accrue OID on your short−term debt securities, you will be required to defer deductions for interest on borrowings allocable to your short−term debt securities in an amount not exceeding the deferred income until the deferred income is realized.

When you determine the amount of OID subject to these rules, you must include all interest payments on your short−term debt security, including stated interest, in your short−term debt security's stated redemption price at maturity.

Market Discount

You will be treated as if you purchased your debt security, other than a short−term debt security, at a market discount, and your debt security will be a market discount debt security if:

- you purchase your debt security for less than its issue price as determined above under "Original Issue Discount – General"; and
- the difference between the debt security's stated redemption price at maturity or, in the case of a discount debt security, the debt security's revised issue price, and the price you paid for your debt security is equal to or greater than 1/4 of 1 percent of your debt security's stated redemption price at maturity or revised issue price, respectively, multiplied by the number of complete years to the debt security's maturity. To determine the revised issue price of your debt security for these purposes, you generally add any OID that has accrued on your debt security to its issue price.

If your debt security's stated redemption price at maturity or, in the case of a discount debt security, its revised issue price, exceeds the price you paid for the debt security by less than 1/4 of 1 percent multiplied by the number of complete years to the debt security's maturity, the excess constitutes *de minimis* market discount, and the rules discussed below are not applicable to you.

You must treat any gain you recognize on the maturity or disposition of your market discount debt security as ordinary income to the extent of the accrued market discount on your debt security. Alternatively, you may elect to include market discount in income currently over the life of your debt security. If you make this election, it will apply to all debt instruments with market discount that you acquire on or after the first day of the first taxable year to which the election applies. You may not revoke this election without the consent of the Internal Revenue Service. If you own a market discount debt security and do not make this election, you will generally be required to defer deductions for interest on borrowings allocable to your debt security in an amount not exceeding the accrued market discount on your debt security until the maturity or disposition of your debt security.

You will accrue market discount on your market discount debt security on a straight−line basis unless you elect to accrue market discount using a constant−yield method. If you make this election, it will apply only to the debt security with respect to which it is made and you may not revoke it.

Debt Securities Purchased at a Premium

If you purchase your debt security for an amount in excess of its principal amount, you may elect to treat the excess as amortizable bond premium. If you make this election, you will reduce the amount required to be included in your income each year

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with respect to interest on your debt security by the amount of amortizable bond premium allocable to that year, based on your debt security's yield to maturity. If you make an election to amortize bond premium, it will apply to all debt instruments, other than debt instruments the interest on which is excludible from gross income, that you hold at the beginning of the first taxable year to which the election applies or that you thereafter acquire, and you may not revoke it without the consent of the Internal Revenue Service. See also "Original Issue Discount – Election to Treat All Interest as Original Issue Discount".

Purchase, Sale and Retirement of the Debt Securities

Your tax basis in your debt security will generally be your cost of your debt security adjusted by:

- adding any OID or market discount, de minimis original issue discount and de minimis market discount previously included in income with respect to your debt security; and then
- subtracting any payments on your debt security that are not qualified stated interest payments and any amortizable bond premium applied to reduce interest on your debt security.

You will generally recognize gain or loss on the sale or retirement of your debt security equal to the difference between the amount you realize on the sale or retirement and your tax basis in your debt security.

You will recognize capital gain or loss when you sell or retire your debt security, except to the extent:

- described above under "Original Issue Discount – Short−Term Debt Securities" or "Market Discount";
- attributable to accrued but unpaid interest; or
- the rules governing contingent payment obligations apply.

Capital gain of a noncorporate U.S. holder that is recognized before January 1, 2011 is generally taxed at a maximum rate of 15% where the holder has a holding period of greater than one year.

Other Debt Securities

The applicable prospectus supplement will discuss any special U.S. federal income tax rules with respect to debt securities the payments on which are determined by reference to any reference asset and other debt securities that are subject to the rules governing contingent payment obligations which are not subject to the rules governing variable rate debt securities.

Taxation of Preference Shares and ADSs

Dividends. Under the U.S. federal income tax laws, if you are a U.S. holder, the gross amount of any dividend paid by us out of our current or accumulated earnings and profits (as determined for U.S. federal income tax purposes) is subject to U.S. federal income taxation. Subject to the discussion below under the heading "Passive Foreign Investment Company Considerations", if you are a noncorporate U.S. holder, dividends paid to you in taxable years beginning before January 1, 2011 that constitute qualified dividend income will be taxable to you at a maximum tax rate of 15% provided that you hold the shares or ADSs for more than 60 days during the 121−day period beginning 60 days before the ex−dividend date. Dividends we pay with respect to the shares or ADSs generally will be qualified dividend income. The dividend is ordinary income that you must include in income when you, in the case of preference shares, or the ADR depositary, in the case of ADSs, receive the dividend, actually or constructively. The dividend will not be eligible for the dividends−received deduction generally allowed to U.S. corporations in respect of dividends received from other U.S. corporations. Distributions in excess of current and accumulated earnings and profits, as determined for U.S. federal income tax purposes, will be treated as a non−taxable return of capital to the extent of your basis in the preference shares or ADSs and thereafter as capital gain.

Capital Gains. Subject to the discussion below under the heading "Passive Foreign Investment Company Considerations", if you are a U.S. holder and you sell or otherwise dispose of your preference shares or ADSs, you will recognize capital gain or loss for U.S. federal income tax purposes equal to the difference between the amount that you realize and your tax basis in your preference shares or ADSs. Capital gain of a noncorporate U.S. holder that is recognized

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before January 1, 2011 is generally taxed at a maximum rate of 15% where the holder has a holding period of greater than one year. The gain or loss will generally be income or loss from sources within the United States for foreign tax credit limitation purposes.

Passive Foreign Investment Company Considerations

A non−United States corporation will be a passive foreign investment company (a "PFIC") for any taxable year if either (1) 75% or more of its gross income in the taxable year is passive income or (2) 50% or more of the average value of its assets in the taxable year produces, or is held for the production of, passive income. Based upon certain management estimates and proposed Treasury regulations, Barclays believes that it was not a PFIC for the 2006 taxable year and expects that it will not be a PFIC during the current or in subsequent taxable years. However, since Barclays' status as a PFIC for any taxable year depends on the composition of Barclays' income and assets (and the market value of such assets) from time to time, there can be no assurance that Barclays will not be considered a PFIC for any taxable year. If Barclays were considered a PFIC for any taxable year during which you hold preference shares or ADSs, you could be subject to unfavorable tax consequences, including significantly more tax upon a disposition of such preference shares or ADSs or upon receipt of certain dividends from Barclays.

U.S. Alien Holders

This subsection describes the tax consequences to a U.S. alien holder of owning and disposing of debt securities, preference shares or ADSs. Undated Subordinated Debt Securities generally will not be treated as debt securities for U.S. federal income tax purposes; the U.S. federal income tax consequences of owning and disposing Undated Subordinated Debt Securities will be discussed in an applicable prospectus supplement. You are a U.S. alien holder if you are a beneficial owner of a debt security, preference share or ADS and you are, for U.S. federal income tax purposes:

- a nonresident alien individual;
- a foreign corporation; or
- an estate or trust that in either case is not subject to U.S. federal income tax on a net income basis on income or gain from a debt security.

If you are a U.S. holder, this subsection does not apply to you.

Interest on Debt Securities. Under U.S. federal income and estate tax law, and subject to the discussion of backup withholding below, if you are a U.S. alien holder, interest on a debt security paid to you is exempt from U.S. federal income tax, including withholding tax, whether or not you are engaged in a trade or business in the United States, unless:

- you are an insurance company carrying on a U.S. insurance business to which the interest is attributable, within the meaning of the Internal Revenue Code; or
- you have an office or other fixed place of business in the United States to which the interest is attributable and derive the interest in the active conduct of a banking, financing or similar business within the United States.

Dividend on Preference Shares or ADSs. If you are a U.S. alien holder, dividends paid to you in respect of your preference shares or ADSs will not be subject to U.S. federal income tax unless the dividends are "effectively connected" with your conduct of a trade or business within the United States, and, if required by an applicable income tax treaty as a condition for subjecting you to U.S. taxation on a net income basis, the dividends are attributable to a permanent establishment that you maintain in the United States. In such cases you generally will be taxed in the same manner as a U.S. holder. If you are a corporate U.S. alien holder, "effectively connected" dividends may, under certain circumstances, be subject to an additional "branch profits tax" at a rate of 30 percent or a lower rate if you are eligible for the benefits of an income tax treaty that provides for a lower rate.

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Disposition of the Debt Securities, Preference Shares or ADSs. If you are a U.S. alien holder, you generally will not be subject to U.S. federal income tax on gain realized on the sale, exchange or retirement of your debt security, preference share or ADS unless:

- the gain is effectively connected with your conduct of a trade or business in the United States, and the gain is attributable to a permanent establishment that you maintain in the United States if that is required by an applicable income tax treaty as a condition for subjecting you to U.S. taxation on a net income basis; or
- you are an individual, you are present in the United States for 183 or more days during the taxable year in which the gain is realized and certain other conditions exist.

If you are a corporate U.S. alien holder, "effectively connected" gains that you recognize may also, under certain circumstances, be subject to an additional "branch profits tax" at a 30 percent rate or at a lower rate if you are eligible for the benefits of an income tax treaty that provides for a lower rate.

Information Reporting and Backup Withholding

If you are a noncorporate U.S. holder, information reporting requirements, on Internal Revenue Service Form 1099, generally will apply to:

- payments of principal and interest on a debt security and dividends or other taxable distributions with respect to a preference share or an ADS within the United States, including payments made by wire transfer from outside the United States to an account you maintain in the United States; and
- the payment of the proceeds from the sale of a debt security, preference share or ADS effected at a U.S. office of a broker.

Additionally, backup withholding will apply to such payments if you are a noncorporate U. S. holder that:

- fails to provide an accurate taxpayer identification number, is notified by the Internal Revenue Service that you have failed to report all interest and dividends required to be shown on your federal income tax returns; or
- in certain circumstances, fails to comply with applicable certification requirements.

If you are a U.S. alien holder, you are generally exempt from backup withholding and information reporting requirements with respect to:

- payments of principal and interest on a debt security or dividends with respect to a preference share or ADS made to you outside the United States by us or another non−U.S. payor; and
- other payments of principal, interest and dividends and the payment of the proceeds from the sale of a debt security, preference share or ADS effected at a U.S. office of a broker, as long as the income associated with such payments is otherwise exempt from U.S. federal income tax; and:
- the payor or broker does not have actual knowledge or reason to know that you are a U.S. person and you have furnished to the payor or broker:
- an Internal Revenue Service Form W−8BEN or an acceptable substitute form upon which you certify, under penalties of perjury, that you are a non−U.S. person; or
- other documentation upon which it may rely to treat the payments as made to a non−U.S. person in accordance with U.S. Treasury regulations; or
- you otherwise establish an exemption.

Payment of the proceeds from the sale of a debt security, preference share or ADS effected at a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, a sale of a debt security, preference share or ADS that is effected at a foreign office of a broker will be subject to information reporting and backup withholding if:

- the proceeds are transferred to an account maintained by you in the United States;

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- the payment of proceeds or the confirmation of the sale is mailed to you at a U.S. address; or
- the sale has some other specified connection with the United States as provided in U.S. Treasury regulations;

unless the broker does not have actual knowledge or reason to know that you are a U.S. person and the documentation requirements described above are met or you otherwise establish an exemption.

In addition, a sale of a debt security, preference share or ADS effected at a foreign office of a broker will be subject to information reporting if the broker is:

- a U.S. person;
- a controlled foreign corporation for U.S. tax purposes;
- a foreign person 50% or more of whose gross income is effectively connected with the conduct of a U.S. trade or business for a specified three−year period; or
- a foreign partnership, if at any time during its tax year:
- one or more of its partners are “U.S. persons”, as defined in U.S. Treasury regulations, who in the aggregate hold more than 50% of the income or capital interest in the partnership; or
- such foreign partnership is engaged in the conduct of a U.S. trade or business,

unless the broker does not have actual knowledge or reason to know that you are a U.S. person and the documentation requirements described above are met or you otherwise establish an exemption. Backup withholding will apply if the sale is subject to information reporting and the broker has actual knowledge that you are a U.S. person.

You generally may obtain a refund of any amounts withheld under the backup withholding rules that exceed your income tax liability by filing a refund claim with the United States Internal Revenue Service.

United Kingdom Taxation

The following paragraphs summarize certain United Kingdom withholding and other tax considerations with respect to the acquisition, ownership and disposition of the debt securities, preference shares and ADSs described in this prospectus by persons who are the absolute beneficial owners of their debt securities, preference shares or ADSs (as the case may be) and who are neither (a) resident in the United Kingdom for tax purposes nor (b) hold debt securities, preference shares or ADSs in connection with any trade or business carried on in the United Kingdom through any branch, agency or permanent establishment in the United Kingdom. It is based upon the opinion of Clifford Chance LLP, our United Kingdom solicitors. The summary is based on current United Kingdom law and HM Revenue & Customs practice and the provisions of the Double Taxation Treaty between the United Kingdom and the United States (the “Treaty”) of July 24, 2001 (as amended), all of which are subject to change at any time, possibly with retrospective effect.

The summary is not comprehensive and does not deal with the position of United Kingdom resident persons or with that of persons who are resident outside the United Kingdom who carry on a trade, profession or vocation in the United Kingdom through a branch, agency or permanent establishment in the United Kingdom through or for the purposes of which their debt securities, preference shares or ADSs are used or held. Additionally the summary may not apply to certain classes of persons, such as dealers in securities. The summary below assumes that holders of ADSs will in practice be treated for the purposes of United Kingdom tax as beneficial owners of the preference shares represented by the ADSs.

You should consult your own tax advisors concerning the consequences of acquiring, owning and disposing of debt securities, preference shares and ADSs in your particular circumstances, including the applicability and effect of the Treaty.

Debt Securities

Payments of Interest. If the interest on the debt securities does not have a United Kingdom source, no withholding or deduction for or on account of United Kingdom tax will be made from payments of interest on the debt securities.

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Interest on the debt securities may, however, constitute United Kingdom source income for United Kingdom tax purposes. Even if the interest does have a United Kingdom source, debt securities that carry a right to interest will constitute "quoted Eurobonds" within the meaning of Section 987 of the Income Tax Act 2007 (the "ITA"), provided they are and continue to be listed on a "recognised stock exchange" within the meaning of Section 1005 of the ITA. Accordingly, payments of interest (including payments of premium, if any, to the extent such premium, or any part of such premium, constitutes interest for United Kingdom tax purposes) on the debt securities made by us or any paying agent (or received by any collecting agent) may be made (or received, as the case may be) without withholding or deduction for or on account of United Kingdom income tax provided the debt securities are listed on a recognised stock exchange at the time the interest is paid.

Interest on debt securities having a maturity of less than one year may also be paid without withholding or deduction for or on account of United Kingdom income tax, provided the debt securities are not issued under arrangements the effect of which is to render such debt securities part of a borrowing with a total term of a year or more. In all other cases, unless the interest on the debt securities is paid by a "bank" (as defined in section 991 of the ITA) in the ordinary course of its business, an amount must be withheld on account of income tax at the savings rate (currently 20%), subject to any direction to the contrary by HM Revenue & Customs under an applicable double tax treaty and subject to any entitlement to pay gross to holders of debt securities who are within the charge to United Kingdom corporation tax. In accordance with the published practice of HM Revenue & Customs, interest will be accepted as being paid by a "bank" in the ordinary course of business unless either (i) the borrowing in question conforms to any of the definitions of tier 1, 2 or 3 capital adopted by the FSA, whether or not it actually counts toward tier 1, 2 or 3 capital for regulatory purposes, or (ii) the characteristics of the transaction giving rise to the interest are primarily attributable to an intention to avoid United Kingdom tax. We are currently a "bank" for the purposes of Section 991 of the ITA.

Interest which has a United Kingdom source may be subject to United Kingdom tax by direct assessment even where such interest is paid without withholding. However, as regards a holder of debt securities who is not resident in the United Kingdom for United Kingdom tax purposes, interest paid on the debt securities without withholding will not be subject to United Kingdom tax provided that the relevant holder does not have a "U.K. representative", within the meaning of the Finance Act 1995, through whom the holder carries on a trade, profession or vocation in the United Kingdom and to which the interest is attributable.

Discount. The profit realized on any disposal (which includes redemption) of any Discount Security may attract United Kingdom withholding tax. However, even if it does not, it may be subject to United Kingdom tax by direct assessment to the same extent as interest which has a United Kingdom source and may also be subject to reporting requirements as outlined below under "Provision of Information."

Provision of Information. Persons in the United Kingdom paying interest to or receiving interest on behalf of another person may be required to provide certain information to HM Revenue & Customs regarding the identity of the payee or person entitled to the interest and, in certain circumstances, such information may be exchanged with tax authorities in other countries.

In this respect, on June 3, 2003 the Council adopted EC Council Directive 2003/48/EC (the "Directive"). Under the Directive, each Member State of the EU is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria, Belgium and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35 percent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non−EU countries to the exchange of information relating to such payments.

A number of non−EU countries, and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its

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jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

Disposal (including Redemption), Accruals and Changes in Value. A holder of debt securities who is neither resident nor (in the case of an individual) ordinarily resident in the United Kingdom will not be liable to United Kingdom taxation in respect of a disposal (including redemption) of a debt security, any gain accrued in respect of a debt security or any change in the value of a debt security unless the holder carries on a trade, profession or vocation in the United Kingdom through a branch or agency or, in the case of a company, through a permanent establishment and the debt security was used in or for the purposes of this trade, profession or vocation or acquired for the use and used by or for the purposes of the branch or agency or permanent establishment.

Inheritance Tax. A holder of debt securities who is an individual domiciled outside the United Kingdom will generally not be liable to United Kingdom inheritance tax in respect of his holding of debt securities. This will be the case if any register of the debt securities is held outside the United Kingdom and the securities are only enforceable outside the United Kingdom. If no register is maintained, there may be a liability to inheritance tax if the debt securities are held or enforceable in the United Kingdom, and this may also be the case if the debt securities are registered and the only register which is maintained is maintained in the United Kingdom. If so, exemption from or reduction in any United Kingdom inheritance tax liability may be available for U.S. holders under the Estate Tax Treaty made between the United Kingdom and the United States. Holders should note that “domicile” has an extended meaning in respect of inheritance tax, so that a person who has been resident for tax purposes in the United Kingdom for 17 of the preceding 20 years will be regarded as domiciled in the United Kingdom.

Stamp Duty and Stamp Duty Reserve Tax. No United Kingdom stamp duty or stamp duty reserve tax will generally be payable by a holder of debt securities on the creation, issue or redemption of debt securities.

Except as set out in the following paragraphs, no liability for United Kingdom *ad valorem* stamp duty or stamp duty reserve tax will arise on a transfer of, or an agreement to transfer, full legal and beneficial ownership of any debt securities.

Subject to any other exemptions that may apply, stamp duty may be chargeable on the transfer of, or any agreement to transfer, any debt security which carries or (in the case of (ii), (iii) and (iv)) has at any time carried any of the following rights: (i) a right of conversion into shares or other securities or to the acquisition of shares or other securities, including loan capital of the same description, (ii) a right to interest the amount of which exceeds a reasonable commercial return on the nominal amount of the capital, (iii) a right to interest the amount of which falls or has fallen to be determined to any extent by reference to the results of, or of any part of, a business or to the value of any property, or (iv) a right on repayment to an amount which exceeds the nominal amount of the capital and is not reasonably comparable with what is generally repayable (in respect of a similar nominal amount of capital) under the terms of issue of loan capital listed in the Official List of the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000. If a transfer of, or an agreement to transfer, debt securities is subject to stamp duty or stamp duty reserve tax, the position will be as summarized below in the case of preference shares.

Preference Shares and ADSs

Dividends. No withholding or deduction for or on account of United Kingdom tax will be made from payments of dividends on the preference shares or ADSs.

Subject to the Finance Act 1996 provisions set out below, holders of preference shares or ADSs who are not resident for tax purposes in the United Kingdom and who receive a dividend from us will not have any further United Kingdom tax to pay in respect of such dividend. Holders of preference shares or ADSs will not normally be able to claim any additional payment in respect of the dividend from HM Revenue & Customs under any applicable double tax treaty; in

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particular, holders who are resident in the United States for tax purposes will not be able to claim any additional payment in respect of the dividend from HM Revenue & Customs under the Treaty.

Disposals. Subject to the Finance Act 1996 provisions set out below, shareholders or ADS holders who are neither resident nor (in the case of an individual) ordinarily resident in the United Kingdom will not normally be liable for United Kingdom tax on chargeable gains (or for any other United Kingdom tax upon a disposal or deemed disposal of preference shares or ADSs) unless they carry on a trade, profession or vocation in the United Kingdom through a branch or agency or, in the case of a company, through a permanent establishment, and the preference shares or ADSs are or have been used or held by or for the purposes of the branch or agency or permanent establishment, in which case such shareholder or ADS holder might, depending on individual circumstances, be liable to United Kingdom tax on chargeable gains on any disposal (or deemed disposal) of preference shares or ADSs.

Finance Act 1996. Under sections 91A to 91G of the Finance Act 1996, it is possible that a holder of preference shares or ADSs subject to UK corporation tax would be taxed as if its preference shares or ADSs were debt securities and the position outlined above under the sub−headings “Dividends” and “Disposals” would not apply. The Finance Act 1996 sets out certain circumstances in which the provisions would not apply, such as where the preference shares concerned are “qualifying publicly issued shares” or where the holder does not hold its preference shares for a “tax avoidance purpose”. There are also certain limited circumstances in which particular holders could fall within the scope of the provisions, even if they held preference shares which were, or would otherwise be, “qualifying publicly issued shares”. In the event that holders of preference shares or ADSs are subject to UK corporation tax, they should obtain independent advice as to their tax position.

Inheritance Tax. A holder of ADSs who is an individual domiciled outside the United Kingdom will generally not be liable to United Kingdom inheritance tax in respect of his holding of ADSs. Such an individual may, however, have a liability to inheritance tax in respect of any holding of preference shares. If so, exemption from or reduction in any United Kingdom inheritance tax liability may be available for U.S. holders of preference shares under the Estate Tax Treaty made between the United Kingdom and the United States.

Stamp Duty and Stamp Duty Reserve Tax. Any documentary transfer of, or documentary agreement to transfer, any preference share or any interest in any preference share will generally be liable to United Kingdom *ad valorem* stamp duty, generally at the rate of 0.5% of the amount or value of the consideration for the transfer (rounded up to the next multiple of £5 in the case of stamp duty). Stamp duty is usually the liability of the purchaser or transferee of the shares. An unconditional agreement to transfer such preference shares will also generally be subject to stamp duty reserve tax, generally at the rate of 0.5% of the amount or value of the consideration for the transfer, but such liability will be cancelled, or, if already paid, refunded, if the agreement is completed by a duly stamped transfer within six years of the agreement having become unconditional. Stamp duty reserve tax is normally the liability of the purchaser or transferee of the shares.

Where we issue preference shares, or a holder of preference shares transfers such preference shares, to an ADR issuer, a liability for United Kingdom stamp duty or stamp duty reserve tax at the rate of 1.5% (rounded up to the next multiple of £5 in the case of stamp duty) of either the issue price or, in the case of a transfer, the amount or value of the consideration for the transfer, or the value of the preference shares, may arise. This liability for United Kingdom stamp duty or stamp duty reserve tax will strictly be the liability of the ADR issuer (or their nominee or agent). However, in practice, (i) where preference shares are *issued* to an ADR issuer, we will reimburse the ADR issuer or otherwise bear the cost and (ii) where preference shares are *transferred* to an ADR issuer, the liability for payment of the United Kingdom stamp duty or stamp duty reserve tax will depend on the arrangements in place between the seller, the ADR issuer and the purchaser.

Where we issue preference shares, or a holder of preference shares transfers such preference shares, to a person providing clearance services (or their nominee or agent) and where the person providing clearance services has not made an election under section 97A Finance Act 1986, a liability for United Kingdom stamp duty or stamp duty reserve tax at the rate of 1.5% (rounded up to the next

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multiple of £5 in the case of stamp duty) of either the issue price or, in the case of a transfer, the amount or value of the consideration for the transfer, or the value of the preference shares, may arise. This liability for United Kingdom stamp duty or stamp duty reserve tax will strictly be the liability of the person providing clearance services (or their nominee or agent). However, in practice, (i) where preference shares are *issued* to a person providing clearance services (or their nominee or agent), we will reimburse the person providing clearing services or otherwise bear the cost and (ii) where preference shares are *transferred* to a person providing clearance services (or their nominee or agent), the liability for payment of the United Kingdom stamp duty or stamp duty reserve tax will depend on the arrangements in place between the seller, the person providing clearance services and the purchaser. Transfers of preference shares within a clearance system are generally outside the scope of stamp duty as long as there is no instrument of transfer, and are exempt from stamp duty reserve tax.

Where we issue preference shares, or a holder of preference shares transfers such preference shares, to a person providing clearance services (or their nominee or agent), and that person has made an election under section 97A Finance Act 1986, there will be no liability for United Kingdom stamp duty or stamp duty reserve tax at the rate of 1.5% of either the issue price or, in the case of a transfer, the amount or value of the consideration for the transfer, or the value of the preference shares. However, in such case, a liability for United Kingdom stamp duty or stamp duty reserve tax may arise on the transfer of, or agreement to transfer, preference shares within the clearance system (as set out in the first paragraph under the heading “Stamp Duty and Stamp Duty Reserve Tax”).

Where we issue preference shares in bearer form that are sterling denominated, we may be liable to stamp duty at the rate of 1.5% of the issue price. In the event that we are so liable, we will pay such stamp duty.

If any ADSs are cancelled, with the preference shares that they represent being transferred to the ADS holder, a liability for stamp duty may arise at the fixed rate of £5 on any instrument providing for such transfer of the preference shares.

No liability for stamp duty or stamp duty reserve tax will arise on a transfer of ADSs, provided that any document that effects such transfer is not executed in the United Kingdom and that it remains at all subsequent times outside the United Kingdom. An agreement to transfer ADSs will not give rise to a liability for stamp duty reserve tax.

PLAN OF DISTRIBUTION

Initial Offering and Issue of Securities

We may issue all or part of the securities from time to time, in terms determined at that time, through underwriters, dealers and/or agents, directly to purchasers or through a combination of any of these methods. We will set forth in the applicable prospectus supplement:

- the terms of the offering of the securities;
- the names of any underwriters, dealers or agents involved in the sale of the securities;
- the principal amounts of securities any underwriters will subscribe for;
- any applicable underwriting commissions or discounts which shall be no more than 3% of the proceeds from the offering; and
- our net proceeds.

If we use underwriters in the issue, they will acquire the securities for their own account and they may effect distribution of the securities from time to time in one or more transactions. These transactions may be at a fixed price or prices, which they may change, or at prevailing market prices, or related to prevailing market prices, or at negotiated prices. The securities may be offered to the public either through underwriting syndicates represented by managing underwriters or underwriters without a syndicate. Unless the applicable prospectus supplement specifies otherwise, the underwriters’ obligations to subscribe for the securities will depend on certain conditions being satisfied. If the conditions are satisfied the underwriters will be obligated to subscribe for all of the securities of the series, if they subscribe for any of them. The initial public offering price of any securities and any discounts or concessions allowed or reallowed or paid to dealers may change from time to time.

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If we use dealers in the issue, unless the applicable prospectus supplement specifies otherwise, we will issue the securities to the dealers as principals. The dealers may then sell the securities to the public at varying prices that the dealers will determine at the time of sale.

We may also issue securities through agents we designate from time to time, or we may issue securities directly. The applicable prospectus supplement will name any agent involved in the offering and issue of the securities, and will also set forth any commissions that we will pay. Unless the applicable prospectus supplement indicates otherwise, any agent will be acting on a best efforts basis for the period of its appointment. Agents through whom we issue securities may enter into arrangements with other institutions with respect to the distribution of the securities, and those institutions may share in the commissions, discounts or other compensation received by our agents, may be compensated separately and may also receive commissions from the purchasers for whom they may act as agents.

In connection with the issue of securities, underwriters may receive compensation from us or from subscribers of securities for whom they may act as agents. Compensation may be in the form of discounts, concessions or commissions. Underwriters may sell securities to or through dealers, and these dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters. Dealers may also receive commissions from the subscribers for whom they may act as agents. Underwriters, dealers and agents that participate in the distribution of securities may be deemed to be underwriters, and any discounts or commissions received by them from us and any profit on the sale of securities by them may be deemed to be underwriting discounts and commissions under the Securities Act. The prospectus supplement will identify any underwriter or agent, and describe any compensation that we provide.

If the applicable prospectus supplement so indicates, we will authorize underwriters, dealers or agents to solicit offers to subscribe the securities from institutional investors. In this case, the prospectus supplement will also indicate on what date payment and delivery will be made. There may be a minimum amount which an institutional investor may subscribe, or a minimum portion of the aggregate principal amount of the securities which may be issued by this type of arrangement. Institutional investors may include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions and any other institutions we may approve. The subscribers' obligations under delayed delivery and payment arrangements will not be subject to any conditions; however, the institutional investors' subscription of particular securities must not at the time of delivery be prohibited under the laws of any relevant jurisdiction in respect, either of the validity of the arrangements, or the performance by us or the institutional investors under the arrangements.

We may enter into agreements with the underwriters, dealers and agents who participate in the distribution of the securities that may fully or partially indemnify them against some civil liabilities, including liabilities under the Securities Act. Underwriters, dealers and agents may be customers of, engage in transactions with, or perform services for, or be affiliates of Barclays PLC and the Barclays Bank Group in the ordinary course of business.

Barclays Capital Inc. is a subsidiary of Barclays PLC and may participate in one or more offerings of our securities. Rule 2720 of the Conduct Rules of the National Association of Securities Dealers, Inc. imposes certain requirements when an NASD member such as Barclays Capital Inc. distributes an affiliated company's securities, such as those of Barclays Bank PLC. Barclays Capital Inc. has advised us that each particular offering of securities in which it participates will comply with the applicable requirements of Rule 2720.

Barclays Capital Inc. will not confirm initial issues to accounts over which it exercises discretionary authority without the prior written approval of the customer.

Selling Restrictions

Unless the applicable prospectus supplement specifies otherwise, we will not offer the securities or any investments representing securities, including ADSs or ADRs, of any series to the public in the United Kingdom or any member state of the European Economic Area ("EEA") which has implemented Directive 2003/71/EC (the "Prospectus Directive").

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Selling Restrictions Addressing United Kingdom Securities Laws

Unless otherwise specified in any agreement between us and the underwriters, dealers and/or agents in relation to the distribution of the securities or any investments representing securities, including ADSs or ADRs, of any series and subject to the terms specified in the agreement, any underwriter, dealer or agent in connection with an offering of securities or any investments representing securities, including ADSs or ADRs, of any series will confirm and agree that:

- in relation to any securities having a maturity of less than one year (i) it is a person whose ordinary activities involves it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any securities other than to persons (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses, where the issue of the debt securities would otherwise constitute a contravention of Section 19 of the FSMA by us;

- it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any securities or any investments representing securities, including ADSs or ADRs, in circumstances in which Section 21(1) of the FSMA would not, if we were not an "authorized person" under the FSMA, apply to us; and

- it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the securities, or any investments representing securities, including ADSs and ADRs in, from or otherwise involving the United Kingdom.

Public Offer Selling Restriction Under The Prospectus Directive

Unless otherwise specified in any agreement between us and the underwriters, dealers and/or agents in relation to the distribution of the securities or any investments representing securities, including ADSs or ADRs, of any series and subject to the terms specified in the agreement, any underwriter, dealer or agent in connection with an offering of securities or any investments representing securities, including ADSs or ADRs, of any series will confirm and agree that with effect from and including the date on which the Prospectus Directive is implemented in that relevant member state (the "relevant implementation date") it has not made and will not make an offer of any securities or any investments representing securities which are the subject of the offering contemplated by the prospectus as completed by the prospectus supplement in relation thereto to the public in that relevant member state except that it may, with effect from and including the relevant implementation date, make an offer of the securities to the public in that relevant member state:

- if the relevant prospectus supplement in relation to the securities specifies that an offer of those securities may be made other than pursuant to Article 3(2) of the Prospectus Directive in that relevant member state (a non−exempt offer), following the date of publication of a prospectus in relation to such securities which has been approved by the competent authority in that relevant member state or, where appropriate, approved in another relevant member state and notified to the competent authority in that relevant member state, provided that any such prospectus has subsequently been completed by the prospectus supplement contemplating such non−exempt offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus supplement;

- at any time to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or

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regulated, whose corporate purpose is solely to invest in securities;

- at any time to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than €43,000,000 and (iii) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant dealer or dealers nominated by us for any such offer; or
- at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offering of securities referred to in the second to fifth bullet points above shall require us or any dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

The expression an "an offer of any securities or any investments representing securities to the public" in relation to such securities or investments in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the offer and the securities or investments to be offered so as to enable an investor to decide to purchase the securities or investments, as the same may be varied in that member state by any measure implementing the Prospectus Directive in that member state.

Market−Making Resales

This prospectus may be used by Barclays Capital Inc. in connection with offers and sales of the securities in market−making transactions. In a market−making transaction, Barclays Capital Inc. may resell a security it acquires from other holders, after the original offering and sale of the security. Resales of this kind may occur in the open market or may be privately negotiated, at prevailing market prices at the time of resale or at related or negotiated prices. In these transactions, Barclays Capital Inc. may act as principal, or agent, including as agent for the counterparty in a transaction in which Barclays Capital Inc. acts as principal, or as agent for both counterparties in a transaction in which Barclays Capital Inc. does not act as principal. Barclays Capital Inc. may receive compensation in the form of discounts and commissions, including from both counterparties in some cases. Other affiliates of Barclays Bank PLC may also engage in transactions of this kind and may use this prospectus for this purpose.

The indeterminate aggregate initial offering price relates to the initial offering of the securities described in the prospectus supplement. This amount does not include securities sold in market−making transactions. The latter include securities to be issued after the date of this prospectus, as well as securities previously issued.

Barclays Bank PLC may receive, directly or indirectly, all or a portion of the proceeds of any market making transactions by Barclays Capital Inc. and its other affiliates.

Information about the trade and settlement dates, as well as the purchase price, for a market−making transaction will be provided to the purchaser in a separate confirmation of sale.

Unless we or an agent informs you in your confirmation of sale that your security is being purchased in its original offering and sale, you may assume that you are purchasing your security in a market−making transaction.

Matters Relating to Initial Offering and Market−Making Resales

Each series of securities will be a new issue, and there will be no established trading market for any security prior to its original issue date. We may choose not to list a particular series of securities on a securities exchange or quotation system. We have been advised by Barclays Capital Inc. that it intends to make a market in the securities, and any underwriters to whom we sell securities for public offering or broker−dealers may also make a market in those securities. However, neither Barclays Capital Inc. nor any underwriter or broker−dealer that makes a market is obligated to do so, and any of them may

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stop doing so at any time without notice. We cannot give any assurance as to the liquidity of the trading market for the securities.

Unless otherwise indicated in the applicable prospectus supplement or confirmation of sale, the purchase price of the securities will be required to be paid in immediately available funds in New York City.

In this prospectus or any accompanying prospectus supplement, the terms "this offering" means the initial offering of securities made in connection with their original issuance. This term does not refer to any subsequent resales of securities in market−making transactions.

SERVICE OF PROCESS AND ENFORCEMENT OF LIABILITIES

We are an English public limited company. Substantially all of our directors and executive officers and a number of the experts named in this document are non−residents of the United States. All or a substantial portion of the assets of those persons are located outside the United States. Most of our assets are located outside of the United States. As a result, it may not be possible for you to effect service of process within the United States upon those persons or to enforce against them judgments of U.S. courts based upon the civil liability provisions of the federal securities laws of the United States. We have been advised by our English solicitors, Clifford Chance LLP, that there is doubt as to the enforceability in the United Kingdom, in original actions or in actions for enforcement of judgments of U.S. courts, of liabilities based solely upon the federal securities laws of the United States.

WHERE YOU CAN FIND MORE INFORMATION

We are subject to the information requirements of the Exchange Act. Accordingly, we file jointly with Barclays PLC, reports and other information with the SEC.

The SEC maintains an internet site at *http://www.sec.gov* that contains reports and other information we file electronically with the SEC. You may also inspect and copy reports and other information that we file with the SEC at the public reference facilities maintained at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Copies of such material may be obtained by mail from the Public Reference Section of the SEC at 100 F Street, NE, Room 1580, Washington, D.C. 20549 at prescribed rates. In addition, you may inspect and copy that material at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005, on which some of our securities are listed.

We will furnish to the debt trustee referred to under "Description of Debt Securities" annual reports, which will include a description of operations and annual audited consolidated financial statements prepared in accordance with IFRS, together with a reconciliation of consolidated net income and consolidated ordinary shareholders' equity to estimated amounts in accordance with U.S. GAAP. We will also furnish the debt trustee with interim reports that will include unaudited interim summary consolidated financial information prepared in accordance with IFRS. If we choose to do so, those interim reports may contain a reconciliation of consolidated net income and consolidated ordinary shareholders' equity to estimated amounts in accordance with U.S. GAAP. We will furnish the debt trustee all notices of meetings at which holders of securities are entitled to vote, and all other reports and communications that are made generally available to those holders.

FURTHER INFORMATION

We have filed with the SEC a registration statement on Form F−3 with respect to the securities offered with this prospectus. This prospectus is a part of that registration statement and it omits some information that is contained in the registration statement. You can access the registration statement together with exhibits on the internet site maintained by the SEC at *http://www.sec.gov* or inspect these documents at the offices of the SEC in order to obtain that additional information about us and about the securities offered with this prospectus.

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VALIDITY OF SECURITIES

If stated in the prospectus supplement applicable to a specific issuance of debt securities, the validity of the securities under New York law may be passed upon for us by our U.S. counsel, Sullivan & Cromwell LLP. If stated in the prospectus supplement applicable to a specific issuance of debt securities, the validity of the securities under English law may be passed upon by our English solicitors, Clifford Chance LLP. Sullivan & Cromwell LLP may rely on the opinion of Clifford Chance LLP as to all matters of English law and Clifford Chance LLP may rely on the opinion of Sullivan & Cromwell LLP as to all matters of New York law. If this prospectus is delivered in connection with an underwritten offering, the validity of the debt securities may be passed upon for the underwriters by United States and English counsel for the underwriters specified in the related prospectus supplement. If no English counsel is specified, such U.S. counsel to the underwriters may also rely on the opinion of Clifford Chance LLP as to certain matters of English law.

EXPERTS

The financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) incorporated in this Prospectus by reference to the Annual Report of Barclays PLC and Barclays Bank PLC on Form 20−F for the year ended December 31, 2006 have been so incorporated in reliance on the reports of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

The consolidated financial statements of ABN AMRO appearing in the ABN AMRO 2006 Form 20−F, and the ABN AMRO management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2006 included therein, have been audited by Ernst & Young Accountants, independent registered accounting firm, as set forth in their reports thereon, included therein, and incorporated herein by reference. Such consolidated financial statements and management's assessment are incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

EXPENSES OF ISSUANCE AND DISTRIBUTION

The following is a statement of the expenses (all of which are estimated), other than any underwriting discounts and commission and expenses reimbursed by us, to be incurred in connection with a distribution of an assumed amount of $100,000,000 of securities registered under this Registration Statement:

Securities and Exchange Commission registration fee	$	0*
NASD fee		10,500
Printing and engraving expenses		40,000
Legal fees and expenses		455,000
Accountants' fees and expenses		175,000
Trustee fees and expenses		10,000
ADR Depositary's fees and expenses		15,000
Miscellaneous		20,000
Total	$	725,500

* Deferred in accordance with Rule 456(b) and 457(r)

EXHIBIT 4

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

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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.

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.

EXHIBIT 5

FINAL TRANSCRIPT

Thomson StreetEvents℠

BCS - Barclays Bank PLC (Barclays Capital) Trading Update Conference Call

Event Date/Time: Nov. 15. 2007 / 3:30AM ET

CORPORATE PARTICIPANTS

John Varley
Barclays Bank Plc - Group Chief Executive

Chris Lucas
Barclays Bank Plc - Group Finance Director

Robert Diamond
Barclays Bank Plc - Group President

Rich Ricci
Barclays Bank Plc - COO, Investment Banking and Investment Management

CONFERENCE CALL PARTICIPANTS

Ian Smillie
ABN Amro - Analyst

Alastair Ryan
UBS - Analyst

Carla Antunes
JP Morgan - Analyst

Manus Costello
Merrill Lynch - Analyst

Robert Law
Lehman Brothers - Analyst

Michael Helsby
Morgan Stanley - Analyst

Simon Samuels
Citigroup - Analyst

Peter Toeman
HSBC - Analyst

Sandy Chen
Panmure Gordon - Analyst

Robert Sage
Bear Stearns - Analyst

Bruce Packard
Pali Capital - Analyst

Simon Maughan
MF Global - Analyst

PRESENTATION

John Varley - *Barclays Bank Plc - Group Chief Executive*

As you know, we've been giving performance commentaries during the last three months on how BarCap has been doing in the difficult market conditions. And we gave a short update relating to the September year-to-date performance where we said that BarCap's profits were well ahead of the prior year period.

You'll be familiar, as we are, with the environment of the summer and September and that was exacerbated by the market movements during October. Today's announcement gives a detailed update our performance in Barclays Capital during the period to end of October. And the timing of today's announcement is simply described. We now have our numbers for the period, they're both rigorous and they're reassuring and our decision is to share them with our shareholders immediately.

Our normal Group trading update will take place, as scheduled, on November 27, and we'll cover then the performance of the Group to September year to date in the usual way.

In today's update regarding Barclays Capital, October year to date, let me make the following points. First, that our income performance in BarCap in October was the best monthly income level in any fourth quarter month in BarCap's history.

Second, that we've taken an approach to write downs that seeks, in relation to several areas of exposure, to look beyond the end of 2007. And Chris Lucas will make reference to this in a minute.

And third, that notwithstanding the write downs our October year-to-date profit before tax in BarCap is ahead of the prior year period which itself was a record at that time.

We've also made comment in our update today on Barclay's Global Investors, the purpose of which is to inform out stakeholders that BGI too has performed well through the period to end of October. We hope that by giving you the disclosure that we're choosing to give today will enable you to form your own view as to how we've done. I'm well satisfied with our absolute and relative performance.

I'm going to ask Chris Lucas, the Group Finance Director, to make some comments. I'm also joined by Bob Diamond, the Group President, and Rich Ricci who is the Chief Operating Officer of our IBIM businesses.

Our plan is to finish the call no later than 09.15 this morning. Chris, over to you.

Chris Lucas - *Barclays Bank Plc - Group Finance Director*

Thank you John, and good morning. The numbers we announced this morning give you an update on the 10 months to the end of October in Barclays Capital. Profit before tax for the 10 months was GBP1.9b, ahead of the record performance in the equivalent period last year.

This shows both the strength of our risk management and the breadth of our franchise, with strong growth in commodities, equities, currency and interest rate products, enabling us to absorb the impact of a downturn and write downs in the sub-prime markets.

When we gave our profit guidance to the market to the end of September it included charges and write downs of GBP0.5b. We're announcing today further charges and write downs in October of GBP0.8b, net of hedging and loan credit adjustments. This reflects the impact of rating agency downgrades on CDOs during the month and the subsequent sub-prime market downturn.

In order to give you transparency, we're providing considerable detail this morning about our balance sheet positions and approach to valuation for those areas affected. These are sub-prime exposures including asset-backed securities, SIVs and SIV-lites and leverage finance.

I'll take each in turn, starting with sub-prime asset-backed securities. Barclays Capital has provided liquidity facilities to CDOs and other structured products. These facilities have been drawn down so we now have super senior asset-backed CDO exposure on our balance sheet of GBP5b. GBP3.8b of this is high grade and the remainder is mezzanine.

Now within our valuations at the end of October for the super senior exposures, we've charged additional impairment on mezzanine transactions looking through to the end of 2008. We've assumed zero principal value for collateral which is itself a CDO supported by residential mortgage backed securities. And we've also written down all second lien collateral to zero. The combined impact of these valuations, our hedges and subordination protects us against loss of 65% of the value of the underlying collateral.

In terms of other U.S. sub-prime exposure, Barclays Capital has provided warehouse lines to third-party mortgage originators in advance of securitization. We've reduced our warehouse [limited] exposures over the year. In January our positions totaled GBP4.3b. They were reduced to GBP800m at the end of June and to GBP400m by the end of October.

We've also acquired mortgages for our own account in anticipation of securitization. These were mainly originated by EquiFirst which we bought at the end of March this year. We now control the quality of the new inventory. The average loan to value of new mortgages written by EquiFirst since we bought it is 82%. 4% have a loan to value over 95%, and 99% of our mortgages are first lien.

At the end of October our total whole loan and trading book exposure was GBP5.4b, net of write downs of GBP200m in the third quarter, and a further GBP200m in October.

Moving to SIVs and SIV-lites. At the end of October we held assets to the value of GBP200m arising from the drawdown of SIV-lite liquidity facilities. We had no further undrawn liquidity facilities for SIV-lites.

Our exposure to SIVs comprises GBP700m in derivatives, undrawn liquidity facilities and bonds held in our trading book. And write downs relating SIVs and SIV-lites have been less than GBP70m.

In leveraged finance we had GBP7.3b of unsold underwriting positions at the end of the October, which was reduced from a peak of GBP9b early in September. This includes less than GBP20m of equity bridge exposure. The GBP7.3b valuation reflects a write down of GBP190m, comprising non-recognized fees of GBP130m and impairment charges of GBP60m.

The general widening of credit spreads has contributed to leveraged finance write downs, and also impacted the valuation of the GBP55b of our own debt which is carried at fair value. As a result we've booked gains of GBP200m in each of the third quarter and the month of October.

Elsewhere in credit markets, Barclay's longstanding conduits have continued to finance a broad range of assets. The assets are all consolidated and amounted GBP19b at the end of October. We've seen no impairment in these assets and the conduits have continued to fund themselves in the commercial paper markets.

Overall the bank's liquidity remains very strong and we've benefited from significant inflows of deposits, increased credit lines from counterparties and increased client flows across many businesses.

We'll update you on the performance of the whole Group on November 27, and now I'll hand back to John and Bob for questions.

John Varley - *Barclays Bank Plc - Group Chief Executive*

Good, thanks. That's what we wanted to run through upfront, so please fire away. As I said, we plan to finish the conference at about 09.15 but we're happy to take you questions now.

QUESTIONS AND ANSWERS

Operator

(OPERATOR INSTRUCTIONS).

John Varley - *Barclays Bank Plc - Group Chief Executive*

Well we're here if you are.

Operator

Thank you. The first question comes through from the line of Ian Smillie from ABN Amro. Please go ahead with your question.

John Varley - *Barclays Bank Plc - Group Chief Executive*

Morning Ian.

Ian Smillie - *ABN Amro - Analyst*

Morning gentlemen. Could you give us a comment on any change over the period in the available-for-sale reserve?

And could you also comment for the assets which are taken on that basis, rather than through the P&L, whether the fair value calculation is done by observing market values or whether it's done on your own assumption of the life of the assets or of the value of the assets I should say.

John Varley - *Barclays Bank Plc - Group Chief Executive*

Sure, Ian. I'll ask Chris to answer.

Ian Smillie - *ABN Amro - Analyst*

Thank you.

Chris Lucas - *Barclays Bank Plc - Group Finance Director*

In terms of the disclosure we've given you this morning, all of these are trading assets or held in trading books with the exception of the super senior exposures we've described. All though of the resulting P&L that we've described, or the resulting write downs, go through the profit and loss account.

In terms of the valuation basis, we are taking to either market values, where we can find them, or fair value if there is no observable market. And where we do fair value we take out our models and we use market comparators as the basis of valuation.

Ian Smillie - *ABN Amro - Analyst*

Thank you. And is that true for the conduits as well, Chris, because my understanding is that the shifts in value there go through available-for-sale?

Chris Lucas - *Barclays Bank Plc - Group Finance Director*

No, the conduits are, on the assets side, they get revalued in the conduit. We have no exposure to them at all so there was no impact to our own funding of those. And the commercial paper is accrual accounted so it does not go through available-for-sale.

Ian Smillie - *ABN Amro - Analyst*

Thank you.

John Varley - *Barclays Bank Plc - Group Chief Executive*

Thanks Ian.

Operator

Thank you. The next question comes through from the line of Alastair Ryan from UBS. Please go ahead with your question.

John Varley - *Barclays Bank Plc - Group Chief Executive*

Morning Alastair.

Alastair Ryan - *UBS - Analyst*

Thank you. Good morning. A question on Bob's now legendary 15% to 20% revenue growth forecast over a cycle and I guess an update on your commentary in, probably in September or early October, that you wouldn't be anticipating presenting, you, John, with a budget down next year on this year. Whether there's any --.

John Varley - *Barclays Bank Plc - Group Chief Executive*

Alastair, just before I ask Bob to comment, one point of clarification. We've talked about 15% to 20% through time. But we've never referred to it as a forecast. But with that caveat I'm going to hand to Bob.

Robert Diamond - *Barclays Bank Plc - Group President*

Fair question. I think -- one of the things that John pointed out in the introduction is that October was the best revenue month of any fourth quarter month ever in BarCap. And do we take comfort from that? Yes because I think we're a bit of outlier, Alastair, in that not many of the Investment Banks are continuing to see the kind of trading flows we're seeing.

So why are we? You know the technology that Jerry del Missier has built in our government and swap business has been reducing record performance in volumes and profits since the summer. Our foreign exchange business is absolutely cooking. Asia this year for BarCap is up 80%, if you can believe that.

The expansion into commodities almost a decade ago is really paying off for BarCap and you know what a great cycle it's been to be a leader in commodities. Our equity platform has been doing well. So notwithstanding the difficult market conditions in sub-prime and, to some extent, in leveraged finance, and leveraged finance is a very big business for us, we've seen that kind of underlying.

I think secondly, what John pointed out, is that notwithstanding the pain that we've taken in those markets, our year-to-date performance is ahead of our record performance in 2006.

We're pretty positive. And I think what all that says, without going into a lot of detail, both John and I are quite comfortable in reiterating that we see 15% to 20% growth. I can go through the areas that we see it in, but it is over time and over the cycle. But we feel pretty good that this is one of those cycles that we always worry about and we've continued to grow during this cycle. So no shortage of areas that we think are exciting going forward, not least of which is the opportunity to pick up market share in the U.S.

Alastair Ryan - *UBS - Analyst*

Thank you.

Operator

Thank you. The next question comes through from the line of Carla Antunes from JP Morgan. Please go ahead with your question.

John Varley - *Barclays Bank Plc - Group Chief Executive*

Hello Carla.

Carla Antunes - *JP Morgan - Analyst*

Hi, Good morning. A couple of questions from my side. First of all just to find have you taken any hits straight to equity that wouldn't be in the statement today?

And the second is if I look at your write downs in terms of leveraged finance, mezzanine charge and other sub-prime charges, they are about half of some of the other peers, specifically I'm thinking of Merrill Lynch. Could you please comment on that?

John Varley - *Barclays Bank Plc - Group Chief Executive*

I'm going to ask Chris to answer the first question and Bob and Rich to talk about the second.

Chris Lucas - *Barclays Bank Plc - Group Finance Director*

And the answer to your first question is very simple. None of the charges and write downs that we've been referring to go through equity.

Carla Antunes - *JP Morgan - Analyst*

My question was simply if there were any additional ones.

Chris Lucas - *Barclays Bank Plc - Group Finance Director*

No.

Carla Antunes - *JP Morgan - Analyst*

Okay.

Robert Diamond - *Barclays Bank Plc - Group President*

Yes, I think -- let me take leveraged finance first. We're proud of the performance. We're number one in Europe and have been for a long time. We're three years into a build in the U.S. with the team we hired from Goldman Sachs a number of years ago. And it's just the kind of environment, three years into a U.S. build, where you could get caught stretching a little bit.

But we have less than GBP20m in bridge equity exposure. We didn't go crazy with bridge exposure during the height of the cycle. Our track record in Europe has always been very, very strong from a risk management point of view.

So we look at all of our positions, the credit's like AA, Saga, like Boots, that we're quite comfortable with, and we looked at the valuation of all those, we wrote them down, GBP190m, that's offset against GBP130m in fees that we had not yet booked on those transactions, giving a net GBP60m write down. Is that better than the street? Is that better than other firms with this size of business? Absolutely, we're very, very proud of it.

I think in terms of sub-prime, I'll have Rich give some more detail. But we control our origination of the whole loans on our book. They're going through EquiFirst. They're at our standards. We began in early 2007 to get out of the '07 and '06 vintages and to get out of collateral by other originators. So we're quite comfortable with what we have and we think that the metrics that you see in terms of how we've marked this are very strong,

So turning to the sub-prime -- sorry, the super senior exposure. What John and I discussed is October brought a second leg down in the market. And for most of the firms it hit around the super senior exposure. So we said to ourselves let's look at not just October, which was severe, but lets look through the balance of '07 and through 2008. And anything that could [visit], is at all likely to trigger, let's take account of that now. And that's in the GBP800m.

And that includes writing down all our MBS, CDOs to zero. It includes writing all second lien exposure to zero, and all the underlying sub-prime exposure in super senior is written down 50%. So we feel this is clinical and conservative.

Carla Antunes - *JP Morgan - Analyst*

Thank you.

Operator

Thank you. The next question comes through from the line of Manus Costello from Merrill Lynch. Please go ahead with your question.

Manus Costello - *Merrill Lynch - Analyst*

Hi. Yes. Thank you very much. I had a couple of questions actually. One was regarding the GBP5.4b whole loan and trading book net exposure which you say you have at the end of October. I wonder if you could give us more detail about exactly what that's comprised of and why the mark on that was only GBP400m during the period. And also, I guess in relation to that, what the positive impact of the hedges was on that.

And my second question was, coming back to this question about the sustainability of the revenue surge that you've seen, excluding the write down that you've taken here, you've done something like [GBP3.2b] of pre-tax profit in this 10-month period, which is an extraordinary performance. I just wonder if you could give us some more color about some of the surges in activity which you've seen in October and which areas you think we should extrapolate into '08.

John Varley - *Barclays Bank Plc - Group Chief Executive*

Sure, I'm happy to do that. I'm going to ask Rich Ricci to comment on your first question and then Bob will talk about your question about income surges. Rich.

Rich Ricci - *Barclays Bank Plc - COO, Investment Banking and Investment Management*

Thanks John. The composition of that portfolio, a large portion of that, about GBP2.6b of that GBP5.4b is related to EquiFirst which, as you know, we purchased from Regions Bank in March of this year. That book is mark to market. We are comfortable with that book for a couple of reasons.

One, we bought it in March. And since March it has been under Barclays underwriting standards with, as you see in the document, I think comparatively speaking to other sub-prime portfolios, we've got a loan to value of 82%, we've got 99% of the exposures first lien. So when we look at this portfolio we feel good about the paper and we are marking it to market.

The other components of that paper are [hold-ons] that we have purchased, either at a discount or are mark to market which we're also holding for eventual securitization.

John Varley - *Barclays Bank Plc - Group Chief Executive*

Shall we just answer the income surge question?

Robert Diamond - *Barclays Bank Plc - Group President*

It's been a very good period, as you can imagine, for government bonds, interest rate swaps, foreign exchange. During the difficult market conditions of the summer a lot of money has been going into those areas.

Now Jerry del Missier has built a machine. The BARCS platform, the technology that we have around the world, we've been able to manage efficiently a fourfold increase in volumes in foreign exchange in Asia, for example. All electronic, all straight through processing. And frankly our foreign exchange interest rate swap and government businesses has had a four-month surge of record volumes and record profitability and it's very, very client-driven which is good for the franchise.

But secondly it's been the commodities business. We have the world's leading platform in commodities. We continue to benefit from the cycle. But we can trade through many cycles in this business. In other words, it's not just higher commodity prices, it's the quality of client business there.

Our equity platform, it's been a very good period to be in equity derivatives. It's been a very good period to be Barclays, frankly. Our client services business has also been surging. A number of clients have been leaving firms that have had difficulty being a AA plus bank. Being Barclays is very beneficial to us in those areas.

October was not only the best fourth quarter month we've ever had, but I would also say there's no one-offs. It was very broad based and it was day-to-day chink, chink, chink. It's a very good flow of business. It gives us -- I think we're a bit of an outlier, to be honest, which is probably why that question is coming. I haven't heard many investment banks talk about the quality and volumes of business in September and October as we have.

Manus Costello - *Merrill Lynch - Analyst*

Okay, thanks. And if I could just sneak in one last one. Could you just comment on if you have had -- if events in October have had any change to your thoughts on capital return to shareholders via share buyback or your dividend policy?

John Varley - *Barclays Bank Plc - Group Chief Executive*

Well, let me answer that. As you know what we're doing in our buyback activity at the moment is as pre-advertised, which is to sterilize the impact of the -- on existing shareholders of the new subscription by Temasek and CDB earlier in the year. Very, very clear, that policy is working through.

As to dividend, if you're asking me whether the events of the last months have caused us in any sense to change our dividend policy, the answer's no.

Manus Costello - *Merrill Lynch - Analyst*

Thank you.

Operator

Thank you. The next question comes through from the line of Robert Law from Lehman Brothers. Please go ahead with your question.

John Varley - *Barclays Bank Plc - Group Chief Executive*

Morning Robert.

Robert Law - *Lehman Brothers - Analyst*

Morning gentlemen. Can I have two? They sort of follow on from the last one actually. Firstly, as a minor point, in your previous trading update on BarCap, I think it was in September, you commented you expected to continue to trade profitability for the rest of the year. You haven't said that here. Could I advise you to comment on that?

The second point is on capital. There's been some comment about increased leverage amongst banking institutions and attitude from the market and the regulators about that. Could you comment on what you think about your capital position and also what your view is about rating agencies and regulators about the changes in capital for the industry?

John Varley - *Barclays Bank Plc - Group Chief Executive*

Yes. The answer to the first question is yes, but I'll just ask Bob to give you a bit of color, and then I'll turn to Chris to talk about capital.

Robert Diamond - *Barclays Bank Plc - Group President*

Yes, if we look at the rest of the year, clearly we have a plan which would be for profitability in every month. And there's nothing in the market conditions or the trends that we've seen in September or October that would change that at all, Robert.

Robert Law - *Lehman Brothers - Analyst*

Thank you.

Chris Lucas - *Barclays Bank Plc - Group Finance Director*

On capita, in terms of capital, you'll know because we've told you before, that our key measure is our target of equity tier one at 5.25%. And tier one at 7.25%. Those are the ratios we target because of what we believe they give us in terms of efficiency from a rating and balance sheet utilization perspective.

We are though aware in the current environment that we may have more risk-weighted assets than we would normally have. And that would be the result of a very clear decision that on the economics we'd rather hold than sell, for example, some of the leveraged loans that we were talking about. Not withstanding that, we will work to our target ratios and share those with the regulators and the rating agencies, as we've done in the past.

John Varley - *Barclays Bank Plc - Group Chief Executive*

Our sense Robert, just on the point about regulators, our sense -- of course, the events of the last months will cause regulators to give some careful thought to the subject that you're raising. But our strong sense is that they continue to look at this subject as a prism of total capital. I think that's the right way of -- that's the right context.

Robert Law - *Lehman Brothers - Analyst*

So any view about what the regulators might say about the 5.25% and 7.25% that you're working towards?

Chris Lucas - *Barclays Bank Plc - Group Finance Director*

Well, all our conversations would suggest that we both run the Group, and will continue to run, to those target ratios. And the regulators are aware of that and life goes on.

John Varley - *Barclays Bank Plc - Group Chief Executive*

Yes, I think you can see quite a long pattern of consistency of ratios. You can also see a pattern. I guess the best example I can give you, Robert, would be post Absa, of constantly putting pressure on our ratios as we did for a period of time. The equity ratio fell to closer to [450 than 5], but we'd the cash flow generation within the Group enabled us to rebuild that quite quickly.

So I think we have that ability dynamically to manage the ratios but, through time, consistency, and I think our regulators absolutely understand how we're managing them.

Robert Law - *Lehman Brothers - Analyst*

Thank you.

Operator

Thank you. The next question comes through from the line of Michael Helsby from Morgan Stanley. Please go ahead with your question.

John Varley - *Barclays Bank Plc - Group Chief Executive*

Morning Michael.

Michael Helsby - *Morgan Stanley - Analyst*

Morning. Morning gentlemen. It's just following on from that question really on cash flow. And I was just wondering if there's anything given the -- clearly the shift in the market, from how you actually measure risk-weighted assets within BarCap?

You've talked about the over-the-cycle revenue. I was just wondering if the capital intensity of the BarCap model, given the shift and the removal of the buy in distribute model, feels that you're going to have to hold things, whether the actual profitability and therefore the cash-flow generation of BarCap has actually gone down as you look out to 2008.

And just more on a point of clarification, thank you very much, obviously, for the CDO exposures. I was wondering if you could give us a sense for what commercial mortgage-backed exposure you've got in the book too.

John Varley - *Barclays Bank Plc - Group Chief Executive*

Yes, Michael. Let me get Rich to answer the second question first and then we'll come to your first question.

Michael Helsby - *Morgan Stanley - Analyst*

Thank you.

Robert Diamond - *Barclays Bank Plc - Group President*

I think in terms of your first question, I think we have a year or two ahead of us. Were you still talking, sorry?

John Varley - *Barclays Bank Plc - Group Chief Executive*

He was all set to go then.

Rich Ricci - *Barclays Bank Plc - COO, Investment Banking and Investment Management*

Wind me down, that's not possible. We're in the CMBS business primarily in Europe and the United States, where we have a portfolio of roughly GBP6b in Europe and about GBP4b in the United States. That portfolio is primarily an origination portfolio, where we're originally holding some consciously but most of that, but for the majority of it, is being held for securitization and syndication. We have minimal secondary business -- secondary book in that business.

John Varley - *Barclays Bank Plc - Group Chief Executive*

Michael, on your first question, I'll ask Bob just to -- which is around [WRAs], business model returns, so I'll ask Bob to comment. And then Chris will just give you a view of our Group policy. Bob?

Robert Diamond - *Barclays Bank Plc - Group President*

Well, to start with, risk-adjusted returns is what we're all about. And any change in the environment if it's out there we will adjust to it. But we don't believe for a second that the risk management model has changed. Sub-prime will be in workout for a couple of years, there's no question about it. That sector of the market is troubled and difficult and will get worked out.

But away from that we actually believe very strongly in the risk management and financing model. And if there's a strategic issue as a result of the turmoil this summer, I think it's around the universal banking model. And I think it's around the importance of an integrated risk management and financing, the importance of an integrated investment bank and commercial bank.

And over five years of this liquidity bubble, the standalone [both-market] banks frankly have been able to lend as if they were banks, and we saw it with the bridge exposure and bridge equity exposure, and it's over. I think there's an advantage to being a universal bank and there's an advantage to being Barclays.

Chris Lucas - *Barclays Bank Plc - Group Finance Director*

And in terms of capital, you'll know that we're moving from Basel I to Basel II in terms of how we calculate risk weighted assets. The Basel II basis will actually be much closer to our own view of capital and particularly the economic capital targets we use.

And in terms of how we run the Group, we run the Group to maximize economic profit which takes account of that economic capital. As part of doing that we will make a decision on whether the return that we can get on the economic capital is maximized through holding loans or disposing of them. That will come down to a commercial decision. But because we used economic capital, we will continue to use that as the [lens] at which we look at individual transactions and businesses.

Michael Helsby - *Morgan Stanley - Analyst*

So to be clear there's nothing you've seen in the last four months of obviously the movements in the credit markets which would cause your own models of allocating risk-weighted assets and capital in BarCap to change?

Chris Lucas - *Barclays Bank Plc - Group Finance Director*

There will be some increase of economic capital as a result of the conditions we've seen over the last three or four months, but that's entirely expected, and will challenge the businesses to maximize and optimize the utilization of it.

John Varley - *Barclays Bank Plc - Group Chief Executive*

So the principles and the economic standards are unchanged, Michael.

Michael Helsby - *Morgan Stanley - Analyst*

Okay. Thank you.

Operator

Thank you. The next question comes through from the line of Simon Samuels from Citigroup. Please go ahead with your question.

Simon Samuels - *Citigroup - Analyst*

Thanks very much. Good morning.

John Varley - *Barclays Bank Plc - Group Chief Executive*

Hello Simon.

Simon Samuels - *Citigroup - Analyst*

Hi. Good morning. A couple of questions, if I can, and both of them tag on to some earlier questions. The first, Alistair was asking about the medium term the 15% to 20% growth. Can I ask in a slightly different way which is very simply what are you budgeting for headcount increase in BarCap going into next year?

John Varley - *Barclays Bank Plc - Group Chief Executive*

Well, Simon, it's a good question and an understandable question. But even with our closest friends we don't share budget details. So we're into that phase of our lives at the moment, as you can imagine. You've seen the way in which we've invested in BarCap, including a headcount growth over the course of the last years. But you can also see two other very important features, I think.

One is that the cost flexibility in Barclays Capital, notwithstanding the headcount growth, has been maintained very diligently through that period. About 50% of our cost base in BarCap is variable, as you know, from the conversations that we've had over the past.

And the second thing is that we don't have long patience in terms of return on investment. And you can see the resilience in BarCap during the summer and the autumn, that is demonstrating the strength of the return that we've got in investment in equities and in commodities and in currencies and some of the activities that Bob's been describing. I think that's the right way of looking at the subject.

Simon Samuels - *Citigroup - Analyst*

Right. Okay. But you're not prepared to give us some sense of -- obviously I don't want precise numbers and the average pay, but give us some kind of sense of what you are targeting in terms of either an increase or maybe a stabilization?

John Varley - *Barclays Bank Plc - Group Chief Executive*

I'll give you one further remark and then I'll ask Bob to comment. Again, to me a very important standard is that notwithstanding the increase in headcount, and remember that Barclays Capital's headcount at the end of 2003 was 6,000 people, today it's 15,000 people. Throughout that period we've done two things.

We've managed to maintain and actually expand the percentage of the total cost base that is variable. And the second thing is, notwithstanding the headcount increase, net income per capita has gone up every year throughout that period. And that's our attitude, ensuring that we are flexible in the P&L management of the business. Of course the human capital in Barclays Capital is [incentive] to a profit standard not to an income standard.

Simon Samuels - *Citigroup - Analyst*

Okay. Great. Sorry.

Robert Diamond - *Barclays Bank Plc - Group President*

There's no specific targets, Simon, that we're willing to share. But I would say this. There's certain sectors of the market that will be very, very difficult in '08. Our sub-prime is the poster child for that. There's other areas that we know already we want to invest in.

We're delivering the whole suite of mortgage products in the U.S. This is an opportunity three years into a build in mortgages and leveraged finance where some of the incumbent U.S. firms are going to be weaker. And it's a great chance to accelerate our market share again there.

Our commodities business, even though we're one of the top three commodities firms in the world, there's opportunities particularly in Asia, particularly working with CDB to continue to invest and expand that business. So where we see opportunities to grow our risk-adjusted income, we're going to continue to invest.

Simon Samuels - *Citigroup - Analyst*

Okay. Great. Thank you. Yes, I did yes. Again it was a follow on from an earlier question.

Can you just give us some kind of sense of the pace of both total assets and risk-weighted asset growth in BarCap in the second half of the year? Obviously, all the hints, the indications are it's clearly spiking up at the moment. I think the first half, just comparing it to the December balance sheet, I think total assets were up 20%, risk-weighted assets were up 10% in the first half of the year itself. Can you give us some sense about what's happening in the second half of the year to the BarCap balance sheet?

John Varley - *Barclays Bank Plc - Group Chief Executive*

We'll try and give you some sense without giving you the particular numbers which we do that on the balance sheet days.

Chris Lucas - *Barclays Bank Plc - Group Finance Director*

And, Simon, the two separate slightly reflecting the risk-weighted [support] individual assets. In terms of total balance sheet size, the latest data we've got is down from where we were at the half year. In terms of risk-weighted assets there is some increase, but it comes back to the fact we manage to have 7.25% and 5.25%, there is some increase in the second half as you would expect.

Simon Samuels - *Citigroup - Analyst*

Again, does some mean -- just can you -- again, is the start to the first half slower compared to that?

John Varley - *Barclays Bank Plc - Group Chief Executive*

I feel that we've given you as much --.

Simon Samuels - *Citigroup - Analyst*

Right. Okay, fair enough.

John Varley - *Barclays Bank Plc - Group Chief Executive*

And you've got the trends very clearly from Chris I hope.

Simon Samuels - *Citigroup - Analyst*

Okay. Thank you.

Operator

Thank you. The next question comes through from the line of Peter Toeman from HSBC. Please go ahead with your question.

John Varley - *Barclays Bank Plc - Group Chief Executive*

Hello Peter.

Peter Toeman - *HSBC - Analyst*

Hi. In the past you've referred to the mortgage and ABS business of BarCap being a relatively small contributor. In 2006 it contributed GBP300m of revenues out of GBP6b. So you could argue that everything we've seen in the financial markets over the last six months just relates to that segment of the business.

But there are other areas, such as leveraged lending, which probably don't appear within mortgages and ABS, it would appear within the bigger definition of credit income of about GBP1.7b in '06. I wondered if you could perhaps signal within the mix of credit income how much revolves around syndicated and leveraged lending and other areas, apart from U.S. sub-prime, where significant [C] changes seem to be underway?

John Varley - *Barclays Bank Plc - Group Chief Executive*

Bob?

Robert Diamond - *Barclays Bank Plc - Group President*

In other words how is that -- what other areas of the business have been affected, is that what the question is?

Peter Toeman - *HSBC - Analyst*

That's right, and how they relate to the credit revenues component of BarCap's total revenue?

John Varley - *Barclays Bank Plc - Group Chief Executive*

Yes, understood. Yes.

Robert Diamond - *Barclays Bank Plc - Group President*

Clearly in the second half of this year, leveraged loans and the whole leveraged finance business, more broadly speaking, including the bond issuance, has been a very, very big part of BarCap over the years, and that's been very slow as well as sub-prime.

I think what we're seeing in this quarter, October and November, is definitely an improvement in the tone of that market, so we've been able to reduce our positions within the levels that we have them marked. As I've said before, we're very comfortable with the credits we have there.

But what remains to be seen is the bigger issue is there's been a correction in leveraged finance. I don't think leveraged finance is a two-year workout the way sub prime is. I think we're already seeing an improvement in tone. And the optimist in me says that early in 2008, probably by the end of the first quarter, we're going to see the beginnings of a new issue pipeline.

And I think after five years of tighter and tighter spreads, fewer and fewer covenants, more and more leverage, really the industrialists, the fixed income investors have more pricing power now. And that's what we're adjusting to. And we're in that adjustment process. I think when we come out the other side it'll be better for the investors and, frankly, better for the banks. But I'm not a pessimist on that business for 2008.

Peter Toeman - *HSBC - Analyst*

Could I just ask, of the GBP1.75b reported in '06 how much of that would've related to leveraged finance?

John Varley - *Barclays Bank Plc - Group Chief Executive*

We've not given that breakdown, Peter. There is a chart, as you know, in our investor pack for the autumn which gives you quite good granularity by asset class. And that is the disclosure that we've given and we hope that it's quite full.

Peter Toeman - *HSBC - Analyst*

Okay. Thank you.

Operator

Thank you. The next question comes through from the line of Sandy Chen from Panmure Gordon. Please go ahead.

John Varley - *Barclays Bank Plc - Group Chief Executive*

Hello Sandy.

Sandy Chen - *Panmure Gordon - Analyst*

Morning gentlemen. I've got two questions. One is the assumptions given bond insurers. Would your loss assumptions or charge assumptions change if the bond insurers were downgraded? Or maybe another way of asking that is whether or not any downgrades have been included in your loss assumptions in ABS, CDOs, etc.?

John Varley - *Barclays Bank Plc - Group Chief Executive*

Can I ask Rich just to answer that question?

Sandy Chen - *Panmure Gordon - Analyst*

Okay.

Rich Ricci - *Barclays Bank Plc - COO, Investment Banking and Investment Management*

Hi Sandy. In terms of model lines which I assume you're referring to.

Sandy Chen - *Panmure Gordon - Analyst*

Yes.

Rich Ricci - *Barclays Bank Plc - COO, Investment Banking and Investment Management*

Our view is that most of our exposure is to the bigger houses. We have considered carefully what impact downgrades may have, but I think overall we feel that because of the exposure to larger houses downgrades might impact to some degree but certainly wouldn't result in anything catastrophic.

Sandy Chen - *Panmure Gordon - Analyst*

Okay. So they're not in these numbers?

Rich Ricci - *Barclays Bank Plc - COO, Investment Banking and Investment Management*

No.

Sandy Chen - *Panmure Gordon - Analyst*

Okay. And related to that, what would be the unwinder sell-down triggers on the conduit, and thanks for that disclosure, that could bring them on balance sheet or trigger further charges?

John Varley - *Barclays Bank Plc - Group Chief Executive*

Chris, do you want to cover that?

Chris Lucas - *Barclays Bank Plc - Group Finance Director*

First of all, I'd say the conduits are on the balance sheet already for accounting purposes. There are triggers in terms of some of the super senior structures. But those would actually tend to work in our favor because they would divert cash flows to us. In terms of the financing conduits, there are no triggers.

Sandy Chen - *Panmure Gordon - Analyst*

Right. Okay. And just the -- .

John Varley - *Barclays Bank Plc - Group Chief Executive*

Sneaking in a third question Sandy, are you?

Sandy Chen - *Panmure Gordon - Analyst*

Yes, I'm sorry about that. It was just a detail on the hedging. And there's been some disclosure on just level-three type accounting for derivatives in particular. Could you give us any detail on the level of level-three assets, etc., in contribution to income especially in hedging?

Chris Lucas - *Barclays Bank Plc - Group Finance Director*

Sandy, we're working on the level-three disclosures because, as you know, that's a U.S. GAAP requirement which, for us, we need to have by about March or April of next year. We've given you quite a considerable amount of detail about the basis of valuation of the different parts of our portfolio. And in terms of the split analysis of levels one, two and three, you'll have to wait to spring for that.

Sandy Chen - *Panmure Gordon - Analyst*

Right. Okay. Thank you.

John Varley - *Barclays Bank Plc - Group Chief Executive*

I've got my eye on the clock. My suggestion is that we take three more questions, which is extending a bit beyond what I promised you, for which I apologize. We'll take three more questions and then we'll close.

Operator

Thank you. The next question comes through from the line of Robert Sage from Bear Stearns. Please go ahead.

John Varley - *Barclays Bank Plc - Group Chief Executive*

Morning Robert.

Robert Sage - *Bear Stearns - Analyst*

Good morning. I was wondering whether I could just change focus slightly. There's been a lot of very explicit disclosures here in terms of write downs. I was just wondering in terms of the corporate lending book, is it, A, correct to infer that impairment trends here remain very benign?

But secondly, could you also comment on any trends in corporate lending spreads? And also would it be right to assume that things like risk tendency numbers for distribution may go significantly higher because of what we've seen in terms of credit conditions?

John Varley - *Barclays Bank Plc - Group Chief Executive*

Robert, in answer to your first question on the generally benign environment in corporate lending, the answer to that is yes. That's absolutely how we see it.

As to the corporate lending activity in the United Kingdom in what was Business Banking, now Barclays Commercial Banking, we'll be able to make some comments when we update on the 27th.

Bob, do you want to talk about the other part of the question?

Robert Diamond - *Barclays Bank Plc - Group President*

Yes, I think what you're really saying is what's the tone of the market and how is the business there? And I think, again, I'm reiterating, but the strategic event of the summer, away from the mess in sub-prime, is the ending of the liquidity bubble. And fixed income investors clearly have more pricing power. We think that works to the advantage of the banks.

We think that the wider spreads and more volatility in credit is actually good for business not bad for business. And I think people worry sometimes that, gosh, your credit spreads are going out or getting wider. That's not good for business or good for banks. And actually by the end of the liquidity bubble, spreads were so tight and business was so finely priced it wasn't great for business. So we will always do our pricing on a risk-adjusted basis. We think that the flows in credit in 2008 are going to come back to somewhat more normalized levels.

John Varley - *Barclays Bank Plc - Group Chief Executive*

Yes. And that last comment of Bob's, Robert, is very relevant to your risk tendency question. In our expectation, and we've said this, I think, several times over the last couple of years, is that we would expect to see risk tendency on the corporate or wholesale side of the business trending upwards through time. I talk trending not gapping. That will be the way you should look at it.

Robert Sage - *Bear Stearns - Analyst*

Thanks very much.

Operator

Thank you. The next question comes through from the line of Bruce Packard from Pali. Please go ahead with your question.

John Varley - *Barclays Bank Plc - Group Chief Executive*

Hello Bruce.

Bruce Packard - *Pali Capital - Analyst*

Yes, morning. I just wanted to make sure I understood this protection against loss levels of 65% of sub-prime collateral. Is what you're saying that if your sub-prime collateral turns out to be worthless and you have 100% loss level, then your write down would be smaller than the one that you've so far taken? Is that a correct interpretation?

John Varley - *Barclays Bank Plc - Group Chief Executive*

I'm going to ask Rich to give you an answer.

Rich Ricci - *Barclays Bank Plc - COO, Investment Banking and Investment Management*

Yes, that's correct. It would be 65%.

Bruce Packard - *Pali Capital - Analyst*

Great. Thanks. And then just a slight follow-on as well. I get the feeling that people are looking at the credit default swap which is actually higher than it was in August. And when you try and persuade an equity investor to buy your shares they look at the debt markets and say, well, the debt markets are worried about something. So I wondered if you wanted to comment on your CDS swap?

Chris Lucas - *Barclays Bank Plc - Group Finance Director*

Yes, you're absolutely right there. Our CDS spread has been more volatile. It spiked at about 60 basis points. It came down to 50 and it's gone back up. I think part of that was waiting for the sorts of information and disclosures that we've given today, and we'll see what the impact is as we go forward. But it's clearly been more volatile.

Bruce Packard - *Pali Capital - Analyst*

Okay. Thanks very much.

Operator

Thank you. The next question comes through from the line of Simon Maughan of MF Global. Please go ahead with your question.

John Varley - *Barclays Bank Plc - Group Chief Executive*

Hello Simon.

Simon Maughan - *MF Global - Analyst*

Yes, hi. Actually my question was rather similar to the last one. I just wanted to check the 65% of collateral value was a phrase very specifically said by Chris. I assume that collateral values are similar to face value when these things are originated or are they in fact slightly over collateralized?

Chris Lucas - *Barclays Bank Plc - Group Finance Director*

Similar to face value. Yes.

Simon Maughan - *MF Global - Analyst*

It's the same as face value?

Chris Lucas - *Barclays Bank Plc - Group Finance Director*

Yes.

John Varley - *Barclays Bank Plc - Group Chief Executive*

Yes.

Simon Maughan - *MF Global - Analyst*

Great. Thanks very much.

John Varley - *Barclays Bank Plc - Group Chief Executive*

Very good. Thank you very much then for being with us. Really appreciate you being on the line. We'll bring the conference call to an end now.

Operator

Thank you for joining today's call. You may now replace your handsets.

EXHIBIT 6

FINAL TRANSCRIPT

Thomson StreetEvents℠

BCS - Preliminary 2007 Barclays Bank PLC Earnings Conference Call

Event Date/Time: Feb. 19. 2008 / 4:30AM ET

Feb. 19. 2008 / 4:30AM, BCS - Preliminary 2007 Barclays Bank PLC Earnings Conference Call

CORPORATE PARTICIPANTS

John Varley
Barclays Bank plc - Group CEO

Chris Lucas
Barclays Bank plc - Group Finance Director

Bob Diamond
Barclays Bank plc - Group President

CONFERENCE CALL PARTICIPANTS

John-Paul Crutchley
Merrill Lynch - Analyst

Simon Samuels
Citigroup - Analyst

Robert Law
Lehman Brothers - Analyst

Tom Layner
Citigroup - Analyst

Michael Helsby
Morgan Stanley - Analyst

Tim Sykes
Execution - Analyst

Stephen Andrews
UBS - Analyst

Ian Smillie
ABN Ambro - Analyst

Leigh Goodwin
Fox-Pitt Kelton - Analyst

Sandy Chen
Panmure Gordon - Analyst

PRESENTATION

John Varley - *Barclays Bank plc - Group CEO*

Good morning, thank you very much for being with us. I hope you appreciate the new Art Deco mood the room. Can I ask you please to switch off your telephones and Blackberries? And then let me introduce the executive committee team in the usual way. Bob Diamond, Group President, Chris Lucas, Group Finance Director and, out front, Frits Seegers, Chief Executive of Global Retail and Commercial Banking, and Paul Idzik, the Chief Operating Officer. We're also joined this morning by Marcus Agius, the Chairman, and Gary Hoffman, the Vice Chairman.

So what we're going to do is, Chris will kick off and then I will give you some remarks following that. And then, in the usual way, we will be open for your questions. Our intention is to finish by 11 o'clock latest. You're very welcome, I hope you have a productive session with us, thank you.

Chris Lucas - *Barclays Bank plc - Group Finance Director*

Thank you, John, and good morning. We delivered over GBP7 billion of profit in 2007, showing the benefits of diversifying the business in recent years. Our Investment Banking and Investment Management businesses performed well, despite market turbulence in the second half. UK Retail delivered pleasing profit growth. In Barclaycard, very good profit growth was driven by strong international growth and improved impairment in UK cards. And International Retail and Commercial Banking established real momentum in expanding the business.

I'll give you the headline numbers before I go into more detail. Profits for the full year were over GBP7 billion, 3% up on an outstanding performance in 2006, excluding business disposals. Earnings per share were 68.9p, this is after net losses of GBP1.6 billion from subprime and related exposure. About half of this is reported in the income line, the other half is in impairment. I'll talk about this in more detail later.

Income grew 7% and cost growth was well controlled at 4%. The Group cost income ratio improved 2 percentage points to 57%. Return on equity was 20% and we've increased the dividend by 10% to 34p.

Moving now to our divisional performance in Global Retail and Commercial Banking. In UK Retail Banking profits grew 9% to GBP1.3 billion, benefiting from the work we've done to improve the franchise in recent years. Income grew 2% to GBP4.4 billion excluding settlement from prior year overdraft fees of GBP116 million. A good performance in savings, current accounts, mortgages and local business was offset by lower income from payment protection insurance and lower net interest income from unsecured lending where we've taken a more selective approach.

The benefit of that approach can be seen in impairment which improved 12%. Average deposits grew 7% and deposit margins increased. Asset margins were lower as a result of a larger proportion of mortgages in the mix. Our Mortgage business has continued to grow and our net share of new lending was 8%, reflecting consistent volume growth over the year with an uptick in the fourth quarter. Our risk profile remains conservative with an average loan to value on the residential mortgage book of 33%. The average loan to value on new business was 54%, mortgage impairment remained negligible.

Effective cost control in UK Retail led to a 3% reduction in expenses, delivered through improved processing, greater automation and a reduction in the number of operating sites from 86 at the beginning of the year to 56 at the year end. We reinvested gains from property sales with GBP193 million as we continued to work on improving the customer experience. This included the migration of more than 4 million accounts from the Woolwich to Barclays refurbishing over 500 branches and transforming mortgage processing to half the time it takes to get an offer to the customer.

In Barclays Commercial Bank profits before business disposals grew 5% to GBP1.4 billion. Income increased 7% to GBP2.6 billion driven by very strong fees in growth -- very strong growth in fees and commissions with good contributions from lending, foreign exchange and derivatives transaction.

Net interest income grew to GBP1.7 billion as a result in growth in both loans and deposits. Deposit margins were stable and there was a reduction in asset margins due to changes in the product mix.

Impairment grew GBP38 million to GBP290 million, mainly in larger business, reflecting both business growth and the expected trend towards risk tendency.

Costs grew 6% as we initiated investment in technology, infrastructure and distribution. The cost income ratio in Commercial Banking was stable at 36%. In UK Banking as a whole the cost income ratio improved 2% to 48%, excluding the impact of settlements on overdraft fees. This amounts to an 8 percentage point improvement over the last three years against our target of 6 percentage points.

At Barclaycard profits grew 18% to GBP540 million driven by very strong international growth coupled with significant improvement in UK impairment. Barclaycard International moved into profit this year and contributed GBP77 million showing the benefits of our investment in recent years.

Barclaycard US was a substantial contributor to this and remains on track to deliver profits of $150 million in 2008. Income at GBP2.5 billion was broadly stable with strong income growth in Barclaycard International offset by lower revenue in UK Cards.

International extended credit balances grew by a third to GBP3.3 billion and UK balances fell 14% to GBP7 billion due to our more selective approach to the market. That approach has contributed to a significant improvement in impairment charges which are 21% lower than 2006,[was] selective customer recruitment in UK cards, tighter management of limits, and improved collections have resulted in reduced flows into delinquency, arrears and charge-offs. Costs increased by GBP120 million to GBP1.1 billion as we continue to expand our international card business. Over 40% of our cards in issue are now outside the UK.

International Retail and Commercial Banking excluding Absa delivered profits of GBP246 million. There was outstanding income growth of 28% with excellent performances in both Western Europe and emerging markets. Loans and advances were up 36% and deposits grew 43%. The pace of growth accelerated in the second half as the business grew.

Impairment charges increased by GBP38 million from a low base as a result of strong balance sheet growth. Costs grew 32% as we invested in distribution and technology; we launched Retail Banking services in India and the United Arab Emirates; and the total number of distribution points in IRCB, excluding Absa, grew by 55% as we opened 324 new branches and 157 new sales centers. We expect a similar pace of growth in our distribution network in 2008.

We've continued investing in technology to build a common scalable platform for IRCB, this was rolled out in India and the United Arab Emirates in 2007 and we expect international rollout to be complete by 2010.

Absa Group Limited announced profit growth this morning of 23% to ZAR14 billion. We report these in two different parts of our business; Absa Capital is included in Barclays Capital and the larger part is in IRCB.

IRCB Absa's sterling profits were down 1% to GBP689 million reflecting a deterioration in the value of the rand. There was a very strong performance in Absa Corporate and Business Banking and in Retail Banking where loans and advances grew 22% and deposits increased 20%. Profit more than doubled in Absa Capital to GBP155 million due to very strong growth in primary market income and a growing contribution from secondary market trading. We've delivered synergies above our target of ZAR1.4 billion, 18 months ahead of plan.

Moving now to Investment Banking and Investment Management and starting with Barclays Capital; profits at Barclays Capital grew 5% to GBP2.3 billion with strong income growth of 14% across most asset classes and regions, in particular in interest rates, currencies, equities and commodities. This performance is the result of the investment we've made in recent years to diversify the business in Barclays Capital. There were losses in subprime and related credit businesses of GBP1.6 billion, this included GBP1.4 billion against Super Senior CDOs and just over GBP800 million in other credit related exposures. We recognized a gain of GBP658 million on revaluing our own credit.

The next two slides show our credit market exposures. At the end of the year our net Super Senior CDO exposures were GBP4.7 billion, down from over GBP7 billion at the half year. So you can see that we've managed our exposures carefully and taken selective hedging opportunities. In total, protection provided by subordination, hedging and allowances amount to over 70% of the subprime assets within the deal. None of the hedges we've executed were with Monoline insurance counterparties

Other subprime exposure at the year end was GBP5 billion, down from GBP6 billion at the half year and we've retained drawn leverage finance underwriting positions of GBP7.4 billion at the year end.

You will see in our results announcement that we've undated the disclosure we gave you in November and given further details on our credit market positions including our exposure to commercial mortgages, Alt-A and Monoline insurers.

Exposures of GBP12.4 billion in commercial mortgages are half in Europe and half in the US. This includes commercial mortgage backed securities of GBP1.3 billion, the larger part of the exposure is real estate loans with an average loan to value of 67%.

As you would imagine, our balance sheet valuations have been subject to rigorous internal process as well as external audit. We've taken a very disciplined approach to costs of Barclays Capital which have gone down year-on-year. The cost to net income ratio improved 1 percentage point to 63% and the compensation cost to net income ratio improved 2 percentage points to 47%.

We've continued to invest in growing the business and headcount increased by 3,000 to 16,200. Most of the organic growth was in Asia Pacific which has been the region of fastest growth in 2007.

In Barclays Global Investors, sterling profits grew 3% to GBP734 million. In dollars they are up 12%. Profit growth was driven by strong income growth of 16% largely from increased management fees and securities lending revenues, incentive fees grew 6%. Overall assets under management increased 15% to $2.1 trillion which includes $23 billion from Indexchange which we acquired in February 2007. Indexchange is now largely integrated and considerably strengthens our iShares business in Europe. Net new assets in 2007 amounted to $86 billion.

We're pleased with the resilience of our performance in difficult market conditions during the second half. In line with others in the industry we've provided selective support to some of our liquidity products and this increased cost by GBP80 million. Expenses grew by 25% as we continued to invest in new products, distribution and technology. We extended our suite of iShares with over 100 new exchange traded funds, introduced several new active equity funds and invested in our research capability in order to identify new areas of outperformance. We expanded our distribution channels in Continental Europe and Japan in 2007 and we continue to build the infrastructure to support business growth. Headcount grew by 700 to 3,400.

At Barclays Wealth there was excellent profit growth of 25% to GBP307 million. Income grew 11% to GBP1.3 billion reflecting strong growth in client assets and transaction volumes. Cost growth of 7% reflects the benefits from lower redress costs and efficiency gains, all of which have been reinvested in additional client facing staff and infrastructure improvements. The cost income ratio improved 3 percentage points to 76%. Total client assets increased 14% to over GBP130 billion.

Moving on to coverage ratios these reduced from 57% to 49% for potential credit risk loans. This was caused by a shift from unsecured retail loans to secured retail and wholesale loans which typically have lower losses in situations of default. This is consistent with our long term average and we're comfortable that our risk exposures were appropriately covered by reserves at the year end. This excludes the Super Senior CDOs which I talked about earlier.

Looking at capital our Tier 1 ratio at the end of the year was 7.8% ahead of our targets. Within that ,risk weighted assets grew by 19% and about 20 basis points were accounted for by preference shares issued since our trading update in November. Under Basel II, which was introduced at the beginning of 2008, our Tier 1 ratio is again ahead of our target at 7.6%. The difference is mainly due to higher capital deductions under Basel II. Our equity Tier 1 ratio at the year end was 5% under Basel I, under Basel II it's 5.1%.

On our pension fund our IAS surplus on our main UK scheme was about GBP700 million, an improvement of over GBP1 billion on last year largely as a result of the increase in the discount rate. We completed the buyback of shares issued to China Development Bank and Temasek at the end of January and we announced dividend growth today of 10% to 34p.

So in summary we delivered over GBP7 billion of profit in 2007 showing the benefits of diversifying our business in recent years. Our Investment Banking and Investment Management businesses performed well despite market turbulence in the second half. UK Retail delivered pleasing profit growth. In Barclaycard, very good profit growth was driven by strong international growth and significantly improved impairment in UK cards. And International Retail and Commercial Banking established real momentum in expanding the business.

Thanks very much I'll hand back to John now.

John Varley - *Barclays Bank plc - Group CEO*

I'm pleased that we've again generated profits of over GBP7 billion in 2007 and that's sharply ahead of the average profits of the previous three years. We've been delivering on our commitments. Of course our stock price performance has been poor, we can't control the price at which our stock trades, but I want to say upfront how acutely I share the disappointment that our shareholders must feel in our 2007 total return.

In the context of profitability, which we can control, I'll give you a one word description of our performance in 2007 which stands as my main message to you today, resilient. You can see good discipline in the management of income growth versus cost growth, our ratios are solid. Cash generation in 2007 supported significant growth in WRAs and we feel well served by the capital mix that we've adopted. I'll talk about each of these points in my remarks this morning.

These things give us confidence despite the environment. The source of profit resilience and the source of confidence is business strategy. It can be simply stated, we aim to achieve good profit growth through time by increasing our presence in markets and segments that are growing rapidly. The precondition of successful growth is relevance to customers. The investment choices that we've made in IBIM and GRCB over the last years have positioned us well for future growth.

Not so long ago of course our earnings were dominated by UK Banking. Today two-thirds of our profits come from other business lines. We intend to grow our UK businesses, of course we do, but the rates of growth outside the UK will be faster. A good illustration of that strategy at work during 2007 is the growth we've seen in our Asian businesses where profits more than doubled. In 2007 our Asian profits amounted to 9% of total Group profits, the equivalent figure five years ago was just 1%. And our new relationship with China Development Bank promises to be an important source of growth in the years ahead.

Like many strategies ours is simple to describe but tougher to implement. But it runs through everything we do. You've heard the detailed numbers from Chris, I wont repeat them. My plan this morning is to show you some of the links between performance and strategy. At the heart of that of course is an implicit examination of the business model which is working well. First I'll look back at 2007 including some remarks about the balance sheet and then I'll look forward into 2008 and beyond.

The big event of our year was our bid for ABN Amro. We were disappointed not to be able to acquire it. ABN represented an acceleration opportunity and in particular we liked the physical footprint that it gave us. But we were unable to secure ABN Amro at a price that represented value for our shareholders, that hasn't affected our strategy.

Let me touch on the 2007 performance of one or two of our businesses, first of all Barclays Capital. The significant stress test of 2007 was well handled, indeed as you've seen BarCap ended 2007 ahead of 2006 which itself was a record year. Barclays Capital has benefited significantly from the business diversification that I talked about at these results a year ago.

This next slide shows our progress in broadening the income streams in the business in particular currencies, rates, equities and commodities. The income growth in 2007 was particularly notable given that several of our markets were effectively closed during the second half of the year. The combination of business diversification and good risk management lies at the heart of another strong set of results. To be clear, it was a testing year for Barclays Capital, our consumption of capital rose, but we continued to deliver returns well ahead of the cost of capital as this next slide shows.

Cost flexibility is one of the vital safety valves in a capital markets business. This year, as you've heard, we improved the cost of net income ratio by 1% and the compensation ratio by 2%. A key test for BarCap over time is that the rate of profit growth exceeds the rate of risk consumption and this next slide indicates how, over time, we've performed on that measure.

Another test is that we can make money in variable, climatic conditions. Here's a slide I've shown you before, updated for 2007. It makes the point that the business model is resilient to significant environmental change.

In looking at BarCap and at the industry as a whole, it's important not to lose sight of profit performance for all the understandable emphasis on exposures and write-downs. BarCap's profit growth in 2007 shows it as a top three performer in the global industry, in a year that really tested Investment Banking businesses all around the world.

There'll soon be a chance for you get more detail on our IBIM businesses because during the first half of this year, we'll hold a seminar, which will enable Bob and his team to show you, among other things, the benefit of the IBIM structure.

Now the second area of 2007 I want to highlight this morning is the underlying momentum in GRCB. In creating GRCB in 2006 I felt that these businesses were capable of faster growth. I also felt that we had skills that, with the right leadership, could take us into markets where we were either under-represented or indeed not represented at all. Part of our thinking was that an important source of growth would be our ability to use in one country, capabilities and products developed in another, taking for example a skill in credit cards developed in Northampton and employing it in Asia or in Africa.

The GRCB structure was also based on a view that we would see increasing convergence of customer need and buying behavior around the world. And I think you can see many of those things in our performance in GRCB in 2007. You can see that we've been building distribution to create a much broader business base for the years ahead.

You can see an increasing number of staff who serve customers, steady rationalization of the operating platforms, plus significant increase in the number of branches, rapid growth in customer numbers and balances and the unifying of standards and capabilities in risk. All of this, more employees, more customers, more demand, higher balances, is generating increased activity levels and increased income with profits in the emerging markets of Western European businesses jumping sharply as a consequence.

At the time of the creation of GRCB I talked about my desire that Frits should raise the metabolic rate of this side of the group. He has. During this half, we'll also hold a GRCB seminar, at which we'll show you in some detail what's been happening.

Now before I turn to the future I want to say a word or two about the balance sheet. The year end ratios, tangible equity to gross assets, Tier 1, core equity, are at levels that we have planned and with which we feel comfortable.

We've typically focused on the risk adjusted balance sheet, more than on absolute balance sheet size. It's not been our practice to take big steps to limit nominal growth. Our retail activities will be an example of what I'm talking about.

We've run a leverage balance sheet for many years. Since the implementation of the new accounting standards at the end of 2004, we've kept constant the ratio of tangible equity to assets. In the past, as you know, we've levered the balance sheet quite aggressively, for example when we acquired our stake in Absa in mid 2005 the equity ratio fell to about 460 basis points but by the end of 2006 we'd taken that back to 500 basis points which is where it is today.

Our portfolio is cash generative. Let me show you. This slide is one which we've used before, it indicates how our profit derived cash generation supports rapid business expansion through the balance sheet. We monitor the core equity ratio carefully and seek to maintain a broadly consistent level of equity and non-equity in our capital structure. An important part of balance sheet management is managing liquidity and this has never been more important than in the last few months. We've benefited from strong liquidity flows into Barclays during 2007.

We've now repurchased 300 million shares at a total cost of GBP1.8 billion and we did that to offset the dilutive effect of the investment by China Development Bank and Temasek last year. But the buyback also signaled our confidence in the strength of our balance sheet. Of course all the ratios are influenced by our dividend policy. We've been very clear in describing that policy, saying that we expect dividend growth broadly to match underlying earnings growth over time. We've also said that we expect the dividend to be broadly twice covered, that policy is unchanged and it forms the dividend announcement that we've made today.

So much for 2007, I'll turn now to the future and I'll start with our new goals for 2008 to 2011. As you know, we set goals every four years. When we last reset them in 200, we said that we planned to grow economic profit at a compound annual growth rate of 10% to 13%. We wanted to generate thereby cumulative economic profit for the four years of between GBP6.5 billion and GBP7 billion. We achieved that goal as this slide shows. We also said that we wanted to achieve top quartile total shareholder returns, we did not meet that goal.

The new goals issued today, which are on the slide now, are designed to be realistic but stretching. They assume an increased cost of capital of 10.5%. In setting them we have of course taken into account the current state of the world and also our assessment of what we think it will take to drive top quartile TSR. The range we're aiming for over the four year period is GBP9.3 billion to GBP10.6 billion of cumulative economic profit or 5% to 10% compound growth. If we hit the upper end of the range this will translate, we believe, into top quartile TSR.

We remain very focused on maximizing the alignment between the interests of our owners and the interests of Barclays and focused also on choosing a profit metric, economic profit, which is sensitive to the cost of capital, the cost of risk and the cost of acquired goodwill.

Now the achievement of these goals will be influenced by various factors in the future. First, we've made good progress in turning around our UK Retail Banking business. It's cost income ratio has improved. We now commit to improving the cost income ratio by a further 3 percentage points over the course of the next three years. We make this commitment even though it's right to be realistic about growth in the UK Retail Banking industry during 2008. This is partly because we expect only moderate GDP growth in the UK and partly because of the regulatory headwinds with which you are well familiar. But we still have market share opportunities in UK Retail Banking on the income side and you can test that aspiration against our significant market share gains over the last two years, particularly in mortgages and in savings.

And on a cost side there are also efficiency opportunities available to us. We have started the process of rationalizing our UK operations in UK Banking and Barclaycard UK. We've halved the number of operational centers in the UK over the last 24 months and we now have some 7,000 positions located offshore up from 2,000, two years ago.

Second, one of the biggest areas of risk concentration in UK Commercial Banking businesses has been and remains exposure to commercial property. Our stance in this sector has been conservative over the years and that's one good reason why the loan loss rate in Barclays Commercial Bank has been stable. At this point in the cycle, it's the right place to be.

Third, our Wealth business has made brisk progress in 2007 towards our medium term target of GBP500 million of profit.

And fourth, I want to touch on the outlook for BarCap. We continue to expect that the securitization of borrowing and the use of derivatives for risk management will represent significant sources of growth in the capital markets in the years to come. We see the trends of the last few months as dislocation not cessation.

I've only got to look at the buoyant activity levels in BarCap during the second half of 2007 and in the year-to-date to find evidence of that. Volatility of course is good for BarCap and volatility has increased. We see significant opportunities in Investment Banking, as well as more broadly across our IBIM businesses in the period ahead.

I've sought to draw attention this morning to the growing business base of Barclays which has served us well in 2007 and which will serve us well in the future. Meanwhile we're getting on with it, you saw us announce recently the acquisition of Goldfish, the timing of this transaction suits us and the price suits us. We opened a further 80 branches and sales outlets outside the United Kingdom during January. We've recently received a license to open branches in Pakistan. We've continued to take market share in UK mortgages and income generation at Barclays Capital during the first weeks of the year has been strong.

When it comes to the outlook, although of course the world is a less predictable place than it has been for some time, we see the backdrop of 2008 as another year of world economic growth of close to 4%. This will be driven by the strong performance of the emerging economies. In the developed world the more important question is not, will there be a recession, but what is the depth of a slowdown and how long will it last?

The US economy should respond to the fiscal and monetary stimulus which has been fast, aggressive and large, and we expect rate cuts in the UK too which will help reduce the impact on the UK of slower rate for economic growth elsewhere in the world.

In an environment such as this we have to be disciplined in our management of risk and rigorous in our approach to cost management. Our experience of 2007 gives us confidence about these things and we enter 2008 with a strong capital base, broadening sources of income, a consistent strategic direction and significant opportunities for growth in the medium term.

I'll stop now and we're happy to answer to your questions. Thank you.

QUESTIONS AND ANSWERS

John Varley - *Barclays Bank plc - Group CEO*

Could you in the usual way when you seek a microphone and you've got it just say your name and the organization that you represent. On the right-hand side in the middle there.

John-Paul Crutchley - *Merrill Lynch - Analyst*

Good morning, it's JP from Merrill Lynch. Maybe two questions if I can for Chris and then maybe a bigger picture one for Bob. Just two questions on the numbers maybe Chris. Could you talk us through the amortization of a fair value adjustment on observer inputs and just talk how that comes through in terms of the P&L and what we should expect, if that's a one-off and how it should flow through into 2008?

And the second one, on the BGI GBP80 million provision for liquidity support, is that a one-off for '07 and talk about whether we should expect any ongoing impact there into '08 as well? And then maybe just a -- for Bob maybe, could take a bigger picture view about how you see -- the outlook for 2008 in and how BarCap has got off to a start so far this year? Thank you.

John Varley - *Barclays Bank plc - Group CEO*

Right Chris, do you want to go first?

Chris Lucas - *Barclays Bank plc - Group Finance Director*

Let me take the first two. In terms of the amortization, that is quite often known as day one profit and loss or unobservable moving to observable income. It's a requirement under accounting standards that until you see observability in the marketplace you defer the income which is what we have done.

Over 2007 as the markets continued to develop and become in some respects more liquid, particularly at the long dated part of different instruments, you start to observe prices in the market place which enables you to get a recognized stat of P&L. It's a standard that's been developed to be prudent and we have used it. That recognition of income is clearly GBP514 million that flows into 2007, there will be income that will flow into 2008 because we will continue trading in the product that are now providing observable income. The quantum of that though will be dependent upon volumes that go through the market.

In terms of the second point, the BGI cost of GBP80 million, that was the result of some support we provided to some liquidity products and really represents the importance that those products, and the customers who are invested in them, are to us. Will there be more is difficult to tell, we would look at that on a case-by-case basis, but in terms of 2007 it's that GBP80 million that you see. Bob do you want to talk about outlook?

Bob Diamond - *Barclays Bank plc - Group President*

Just before that, I'll just add to what Chris said on the BGI charge. That's an accounting charge for providing credit support, there's no actual losses at this point, there's no -- obviously we're providing credit support so there's a possibility of those, but at this time it's an accounting charge.

In terms of the outlook, I think if you step back and if I feed off what John talked about with the economy, there's a lot of focus on the US and what impact that will have on the UK and the rest of the world. We don't believe in the theory of decoupling, we think of the US as a hard -- correction it will have an impact around the world. But as John said we think that the [Fed] was early and bold, 225 basis points and rate reductions is well ahead of what you would see with the kind of numbers in this cyclical correction if we had seen them before.

The currency is down about 10% over 2007, the fiscal stimulus looks like it's going to be put $100 million into consumer pockets by May or in June, somewhere in that timeframe. Inventory levels frankly are very positive, trade flows are still 9% to 10% per month. So we're going to have to watch the labor numbers, but our operating -- the way we're operating is we would expect this, as John said, to be shorter and shallower. And if we sat here in six months we think we'd be talking about recovery in the US, not recession in the US.

We think there's three other things that are important to keep in mind in terms of the challenging conditions of 2008. And we expect the first half, no mistake, to be extremely challenging. The question is, will it improve in the second half? And in addition to our view of the economy it's what we're going through today. It's the first audited financial statements of the UK and European banks since the July/August period. We think this is important and we hope you see a lot of transparency, disclosure and frankly a lot of good news in terms of the underlying performance of the business this year.

We think over the next couple of weeks we'll get clarity around whether Monolines are as serious as people are making out or not, and we think we're not uncomfortable with our risks but what we mean is more industry-wide until the industry gets more clarity around exactly how big or how small an issue it is, it will impact the market conditions. And then lastly, its liquidity in the short end of the market, I think for those of you that saw the FT today, there was a good story on the term auction facility that the Fed has in place, they've kept in place since December, it's got about 50 billion outstanding, it's been a real positive in terms of providing liquidity in the dollar market.

If we can get those things clear over the next couple of months, and it won't be next week, then we feel good about the second half of the year. The one thing that we feel really, really solid about though, and John has talked about this as well, the performance in 2007 has given us a license. We had better profits in Investment Banking and better profits in Investment Banking and Investment Management than we had in 2006. There's only two other banks that can say that.

And that gives us a license to manage the challenging market conditions but also invest in growth. And the biggest issue there is the US and it's kind of counter intuitive because the US was where most of the pain was, the US banks have experienced most of the pain, but when you have seven or eight US banks and a couple are included in that seven or eight, a couple of foreign banks with big US operations that for a host of reasons are retreating from the market, there is no way John and I are going to look back in two or three or three or four years and say that we had an opportunity to do in the US what we've done in Europe which is to be in the very, very top tier of all of our products in all of our markets. We're just below that top tier in the US right now, but there's an opportunity over two to three years to gain traction. So we're not going to stop investing in Asia, in Africa, in Continental Europe.

But all of a sudden the US has moved very high on our priority list, for BGI it's an opportunity in defined benefits. For BarCap the opportunity I just presented. For Wealth it maybe an opportunity to expand into that space, so we're very excited about figuring out how we're going to manage the challenging market conditions, while we invest and grow and that's the management challenge that we have.

John Varley - *Barclays Bank plc - Group CEO*

There we are JP, everything you wanted and more. To your right, Simon. Good morning.

Simon Samuels - *Citigroup - Analyst*

Good morning, thanks from much. Simon Samuels from Citigroup. I think these are for you John actually. I just wondered on your economic profit targeting and the fact that you basically delivered ahead of your own internal expectations but failed on your positioning by quartile, and linking it to your comments about your balance sheet leverage and the fact that you've historically run a very leveraged balance sheet to use your own phrase, do you think there's a connection there? So my question really is, does the fact that you've failed to achieve your TSR target cause you to reflect on your balance sheet structure and leverage? And there's a second unrelated question as well.

John Varley - *Barclays Bank plc - Group CEO*

Well let me handle the first one first Simon. We have of course in the way that I described in my remarks, we thought carefully about business model, and the question we ask ourselves is, what is the best model that enables us to catch the winds of growth in the years ahead? We're very confident about the structure of the model and we're very confident in the balance sheet ratios that we have.

I think what we control is economic profit and we want economic -- we choose economic profit because we think its alignment with TSR through time is the best, but what we have to control is what is within our gift, which is the economic profit performance. And I feel very pleased actually that we have significantly outperformed that EP target over the course of the last four years. And if you look at the compound growth there it was 16% and we were 19% in cumulative EP above the top end of the range. That's a good performance.

I think you know as well as I do that the sector as a whole took a real clattering during the course of 2007, we all know that. But does that event cause us to say there is some structural imperfection with how we're doing business. I think you've only got to look at our results in 2007 to see that, that isn't the case. I think our results in 2007, as I've described, show up very well against the strategic risk test and the financial risk test that was posed.

Simon Samuels - *Citigroup - Analyst*

So before I get on to my second question then how do you therefore rationalize away that disconnect? In a way I'm on dodgy ground here because I note in your appendix the bottom TSR bank is the (inaudible) Citigroup. But how do you rationalize away the fact that you've done your bit and the market [still hasn't] done its bit and you're not going to change anything?

John Varley - *Barclays Bank plc - Group CEO*

Well I think through time, Simon, is the right way of looking at it. If for example I look at the eight years -- the last eight, so the last two, four year goal periods, our performance there is a second quartile performance. Now is that where I want to be? I'd prefer it to be top quartile, but if I look over the last eight years, interestingly in the first goal period we underperformed on EP and outperformed on TSR. We had exactly the same business model then by the way. We were a top quartile performer but we underperformed on EP.

If you then look at the second four year goal period it was the reverse of that, outperformance on EP, underperformance on TSR. But through an eight year period we are not far away from hitting the TSR goal that we want to hit. I don't feel satisfied by that because we set ourselves a goal and we want to achieve it. But I don't think any of the evidence that I'm talking about here renders nugatory the business model that we're having, the business model that we have is enabling us to grow very fast.

One last point I'd make, if you look at the average profits of Barclays for the first four years of this decade they were about GBP3.5 billion. And if you look at our performance over the course the last couple of years, as you know we've been at GBP7.1 billion. Over that time we have diversified the business significantly using the business model that we have adopted now for several years. I think it's served shareholders very well.

Simon Samuels - *Citigroup - Analyst*

Thank you very much. And the second question, again linked to the EP issue is, just on your forecast going forward, it looks like you're targeting EP growth circa half the number you've just delivered for the last three year period, 16 down to [I think] the mid-point is 7-ish. Can you just flesh out the changing in gears there, so what it is that, as you look forward, that you think will be growing a (inaudible) different pace than last year?

John Varley - *Barclays Bank plc - Group CEO*

Yes, let me try and my colleagues to the right may want to add what I say. Simon, what I would say is this, first of all think of it in absolute terms. So we've gone from GBP5.3 billion in the first goal period to GBP8.3 billion in the second goal period. And now we're saying the range is GBP9.3 billion to GBP10.6 billion. So in terms of absolute growth there is plenty of absolute growth there, point number one.

Point number two, although I feel confident about our ability to grow over the four year period it would be unrealistic of me to sit here today and tell you that 2008 isn't going to be by the standards of recent years in the industry a much less benign year. And certainly in setting a 5% to 10% range spread over the course of the coming years we have taken that into account.

I think the third thing that is relevant is that the cost of capital, as I mentioned in my remarks, the cost of capital is up from 9.5% to 10.5% and it's important that we should reflect that new calibration in the overall totals.

If I look at the businesses underpinning that growth we ask ourselves the question how well aligned are we to growth in the industry in our IVIM businesses and our GRCB businesses? And I feel quietly confident about the extent of that alignment. Anything that Bob or Chris want to add?

Unidentified Company Representative

(inaudible)

John Varley - *Barclays Bank plc - Group CEO*

Just in front and I'll come to the other side of the room in a moment, I promise.

Robert Law - *Lehman Brothers - Analyst*

Robert Law of Lehman --

John Varley - *Barclays Bank plc - Group CEO*

Hello Robert. Good morning.

Robert Law - *Lehman Brothers - Analyst*

Hi, morning. Could I follow on those with two questions? One follows on, one unrelated. On the leverage issue could I ask you to comment if you will on the attitude of the regulators to leverage and capital? And I know not strictly speaking this context that he's a regulator but Mervyn King has made it pretty clear what he thinks in terms of taking marks and raising capital. And I'll come on to the marks in a minute ,but obviously you haven't raised capital with these numbers. What do you think the regulators are in a mind in terms of capital and increasing the capital ratios of UK banks at this point?

John Varley - *Barclays Bank plc - Group CEO*

Well, does it surprise me to see the head of our central Bank making some strong remarks about the need for prudence at a time like this? I don't think there's anything surprising in that at all. Indeed you would hear those remarks echoed by Central Bank colleagues of Mervyn King's all around the world. It's perfectly understandable.

I think that the regulators will most of all look at the Tier 1 ratio of the banks that they regulate. Not uniquely but most of all. And if you look at our own experience there, as you know, our target is 7.25%, our year end was 7.8%. That was up from the previous year end of 7.7%. 7.8% is well up there in terms of average versus recent years. It's above the average of recent years in the way that Chris described.

And I think, given all that was going on in 2007, all that the market threw at us including our balance sheet growth during the course of 2007, to end the year higher than we started the year notwithstanding all of that, I think shows our ability to generate cash in the way that I indicated and raise capital even in difficult times.

So I think that that's the way that the regulators are most looking at ratios. Of course where they have discretion where are they likely to jump on the risk friendly versus risk adverse? Again no prizes for answering that question. It's very clear that they are feeling more cautious about the world. And you can see that reflected in some of the exercises of discretion that they have at the moment.

But I go back to my point. We manage by reference to a number of ratios. I think that we feel quite comfortable with the ratios that we run. And I knew that this was going to be an area of considerable interest and hence the remarks that I made about balance sheet during my presentation to you this morning.

Robert Law - *Lehman Brothers - Analyst*

Just to [tie that down], so you think the ratios you have been targeting to and running with over the medium term in the past will be appropriate to the medium term in the future now?

John Varley - *Barclays Bank plc - Group CEO*

Well, we've had cause to reflect quite carefully on that. And of course I like the fact that in the Tier 1 we're running well ahead of our target, that seems to me to be a good and a comfortable position to be in. In terms of the equity ratio, I made some remarks consciously about that because it is -- the 5.1% is just below our target of 5.25%. But I've talked about cash generation in the portfolio.

Robert Law - *Lehman Brothers - Analyst*

The second question was on the assets in BarCap and may well be for Chris and Bob. And I'm relating this to notes 17 and 18 in page 60 and preceding in the press release. Could you comment on some of the assumptions behind the valuation of the assets on page 60 in BarCap? So how much of those are related to I think non-observable factors?

Have you also included anything for change in value since the year end? And any other comments you'd like to make on the assumptions behind the valuation of these assets?

John Varley - *Barclays Bank plc - Group CEO*

Robert, Chris will answer and then Bob may want to add. Chris?

Chris Lucas - *Barclays Bank plc - Group Finance Director*

Let me start, and if you go to page 58 where you have the unobservable inputs across the whole business of GBP24.7 billion, that is pretty much what you see on page 60. There are relatively few assets that are unobservable that aren't shown on page 60.

In terms of page 60 we've, for each asset class, been through a rigorous process in terms of marking these to market. They are the December 31 marks. We draw the line there and take those market prices and inputs that are available to us on the 31st. We of course in the few days following that look for information that may tell us there was something wrong about those marks but what we do not do is update the marks in the absence of finding anything that is materially different from what we've found at the end of the year.

In terms of the process, they go through an independent product control process, independent of the desks, they run through a challenge process up to and including Bob and the senior management at Barclays Capital and there are a series of adjustments that are made reflected in here following that process. Finally, they're subject to year end audits and these have been through that and are the products of that.

Robert Law - *Lehman Brothers - Analyst*

Does that imply then that there is very little mark-to-market input into these items on page 60 as they're non-observable items and if you were to look at mark-to-market could you comment on what the difference would be?

Chris Lucas - *Barclays Bank plc - Group Finance Director*

No these are mark-to-market or certainly mark-to-model. The inputs are those that are available to us, they are not in all cases observable in the marketplace that's why they're on the unobservable portion. But what you do is take information from indices and also other reference assets that are available to give you the inputs you need to value these.

John Varley - *Barclays Bank plc - Group CEO*

Right next question. Here on the left-hand side, microphone I hope coming.

Tom Layner - *Citigroup - Analyst*

Yes thanks very much it's Tom Layner from Citigroup.

John Varley - *Barclays Bank plc - Group CEO*

Morning Tom.

Tom Layner - *Citigroup - Analyst*

Good morning John, morning Bob, morning Chris.

Could I just stay on note 18, there's various questions I think the extra disclosure throws up, it feels like this is a note to everyone's account now, it's a note about things that we might be worrying about. And I'm just looking at Alt-A and also the Monoline insurance and even commercial mortgages which I thought was strange that the GBP11 billion of actual mortgages would actually be put in here with alongside everything else. But I'd just like to get a better understanding of what this note 18 is really trying to show us, how far things have been marked down already, whether or not we should be expecting more mark downs whether via the P&L or straight to reserves? Just a better understanding of the exposures and particularly also the hedging on the ABS CDO, is that 1.3 the total extent of hedges in place now as of December 31?

John Varley - *Barclays Bank plc - Group CEO*

Tom well I welcome your comment about over disclosure, this is a first and thank you for it and I'll hand over to Chris.

Chris Lucas - *Barclays Bank plc - Group Finance Director*

Let me just give you a few thoughts. First thing to say, these are exposures and they are consciously shown net of hedging and net of write-downs. So these are the remaining exposures within these categories. Secondly, all of these are our fair values so that the increase or reduction in value goes through either the trading income line or it goes through the impairment line. Nothing here goes to reserve.

In terms then of the individual categories, you can go down them line-by-line but probably the one that will catch your eye, and let me just touch on for a second, is the Monoline insurers. That is the mark-to-market of -- to the extent we rely on the Monoline insurers for their guarantees or credit [wrapper] that they've applied to individual assets.

We take the mark-to-market because we believe it's the best proxy for our exposure, but as with any mark-to-market is not a realized loss. For example when we look at the underlying assets there are no defaults and no losses in the underlying assets, this is if you like, the estimate we have of the market value of the support that we have reflected. So all of these are mark-to-market, they're all the remaining exposures and the adjustments that would be made, either positive or negative go through the income statement and not to reserves.

John Varley - *Barclays Bank plc - Group CEO*

Right next question, just behind --

Tom Layner - *Citigroup - Analyst*

Sorry, can I have a second question please.

John Varley - *Barclays Bank plc - Group CEO*

Oh Tom, yes.

Tom Layner - *Citigroup - Analyst*

Sorry John I should have advertised I had a second. Just -- well just on Barclays Capital I think, but also maybe on broader drivers for the Group because obviously Barclays Capital has been a fantastic driver of your profit, the second half looked as if there were a few revenue items in there which are sort of quasi one-off in terms of equity realizations and disposals and the net investment income line. If we take that out, revenue growth was okay I think, it seems like you've borne down on costs pretty aggressively, by what you're saying on the wires about your desire to invest and build headcount, I'm not so sure that you'll be able to maintain that cost discipline, but again please correct me if I'm wrong.

But if BarCap is not the driver going forward that it has been, I look across your other businesses, UKRB, you mentioned yourself it's tough, revenue growth is still negative, branch sales I guess will run out at some point and IRCB ex-Absa looks like risk tenancies rising, Absa itself is arguably facing economic slowdown. We know what you look like, what you would have looked like with ABN, unfortunately that's not the business mix now. I'm just trying to get a sense of strategically given the headwinds you're facing how are you really going to drive decent growth in the next couple of years or maybe we shouldn't be expecting that? (inaudible).

John Varley - *Barclays Bank plc - Group CEO*

Bob do you want to comment first of all?

Bob Diamond - *Barclays Bank plc - Group President*

Yes first on BarCap, because we're going to have our cake and eat it too. We are going to drive profitability in BarCap and the other areas of the Group are going to perform strongly as well. And I think we've shown you that. What you've just described is, if I listened to you I would have thought 2007 was a tough environment. It was, it was a very tough environment. And I think when you step back from that Tom and look at BarCap, in July we recognized that we had some exposures that we had to manage in subprime, and we managed those through the aggressive issuance of our own securities so we could fund our balance sheet. We managed those through aggressive hedging on the index, sometimes it was GBP1 billion or GBP2 billion, sometimes it was up to GBP6 billion or GBP7 billion, we didn't leave them in a static position. We hedged it by aggressive management of our (inaudible) and we recognized that the same things that were going to be difficult in subprime and in credit, were going to mean that the short end of the curve was a great place to be.

And so what was the result on the full year? Credit was down 50% I [spot] you that, our credit business was down 50%. Our interest rate business was up 76% on its a record year. Our FX business was up 61% on its record year. Commodities are now at GBP1 billion and ahead of Goldman Sachs up over 20%, equities up over 20%, prime brokerage up over 20%, emerging markets up 40%. Asia as a region doubled, Africa as a region doubled, Continental Europe was up almost 50%.

We drove a very strong underlying performance and clearly there were some one-offs in the second half of the year. But I think the story here, if you're being objective and really looking for the story, is strong risk management and incredible best in industry driving of the underlying business in a culture where people didn't quit, they stayed focused and they kept working with their clients and kept driving the business. And so does that auger well for 2008, 2009 and 2010 for BarCap, you bet.

John Varley - *Barclays Bank plc - Group CEO*

Tom on the other side of the business GRCB, the comments I'd make are as follows. I made the commitment in my remarks to giving of a seminar about GRCB because I think it would be very helpful for our owners and those who help them to understand just what's going on. I think that, as I see it, Frits has laid the ground of significant growth in the years ahead. And you can see that in some of the indicators that I pointed you to this morning.

So if you look at the UK for example, we made a commitment a year ago about the experience and impairment in Barclaycard UK improving sharply. It has as you saw, impairment was down 21% year-on-year. We made a commitment that the relative scale of the international card business in Barclaycard would rise sharply, it has you can see the number of new credit card customers outside the United Kingdom recruited during the course of 2007. And that business Barclaycard International has broken into profit, GBP77 million of profit in 2007 versus GBP36 million in 2006 with the American card business being a big driver of that.

If you look at the UK Retail Banking business, its headline profit was 9%, but if actually you adjust out for those fee rebates during the course of the year which arguably you could say was a one-off, the underlying profit growth in that business, notwithstanding the headwinds, was 18%. And we've seen record levels of recruitment of savings, customers and recruitment of current account customers and the mortgage business we've done 3.5 times more net lending in mortgages in 2007 than we did in 2006. So I think that in the UK we've made some commitments historically about getting to greater productivity and we've delivered on those and we've made a further commitment in that regard in UK Retail Banking this morning.

Then if you look outside, I -- again I tried to cover it in my remarks, I fear imperfectly. What we've been doing is we've been expanding our distribution channels and the number of our customer facing staff. Expanding is a sort of passive word; actually it's been dramatic in terms of the growth. We've increased the distribution channels outside the United Kingdom by over 50% during the course of 2007. I would expect by consequence to see good growth and I am seeing good growth.

Now I recognize that what we have to do is we've got to give you more information about this. We've got to enable you, as I do and Frits does, to look under the bonnet of GRCB but we will do that in April and I think you will derive from that real confidence about our ability to grow in the years ahead.

Tom Layner - *Citigroup - Analyst*

Thank you very much.

John Varley - *Barclays Bank plc - Group CEO*

Just to the right. Peter you first yes, and then I'll get --

Unidentified Audience Member

Can I as you about the risk tendency because it's the nearest you give us to a forecast. I was a bit surprised that the risk tendency is GBP2.3 billion, only up GBP100 million from 2006. I thought that the higher levels of credit spreads in the credit market and maybe your own numbers on problem loans on page 67 might indicate that the risk tendency, your expected level of impairments will be going, would actually be rising at this stage. It seems to me that your risk tendency is saying that there isn't going to be any form of UK recession, maybe GDP growth is going to be between 1.5% and 2%?

John Varley - *Barclays Bank plc - Group CEO*

Peter I'm going to let Chris comment, but just one word upfront which is that, a big driver of risk tendency of course through time and indeed a big driver of risk tendency growth through time has been the unsecured lending exposure, particularly here in the United Kingdom. And you've seen that our experience there in both in UK Retail Banking and in Barclaycard sharply improved so reduction of GBP230 million year-on-year in the Barclaycard UK impairment, a reduction of GBP80 million year-on-year in the UK Retail Banking impairment. That's one of the reasons why that increase in risk tendency is quite suppressed given the growth in the balance sheet because the growth in the balance sheet is lending to customers quite noticeable. Chris?

Chris Lucas - *Barclays Bank plc - Group Finance Director*

I think it's right that it really is a change in mix. You will see that the move from unsecured lending to secured lending has a very significant impact on this. And therefore if I look at some of the key components of the drive -- of drivers the big reduction is in Barclaycard which reflects the improving -- an improvement in the credit files that we've seen. The big increases are exactly where we're growing the business. They're in IRCB ex-Absa and they're in Absa. So whilst the net is a relatively small increase there are some quite significant fluctuations within the individual businesses.

John Varley - *Barclays Bank plc - Group CEO*

Next question, over here. Sorry [Tim] I will come to you, I apologize I forgot you. Michael, morning.

Michael Helsby - *Morgan Stanley - Analyst*

Thank very much, it's Michael Helsby from Morgan Stanley. I've got one question and then just a few points of detail in BarCap. I think, if I think about what everyone is chattering about this morning, it's basically that Barclays hasn't taken enough marks in BarCap relative to Merrill Lynch and relative to some of the other investment houses that have clearly taken much bigger losses. If you had four things that you could defend your position, what would they be and as I say, I've got some follow-up questions?

John Varley - *Barclays Bank plc - Group CEO*

Michael, I don't know whether it will be four, but the contextual point if would give you and then I'm going to let Bob comment, the contextual point I'd give you is that risk is not generic. Don't assume that all the banks in the world, I know you don't; don't assume that all the banks in the world are running identical risk, that's why the experience, the write-down experience of the players is rightly variable. Bob?

Bob Diamond - *Barclays Bank plc - Group President*

That's exactly right, so I'm glad we have a chance to answer the question. What we tried to do, and Tom hit on it earlier and John and Chris and I have discussed this at length, we gave you more disclosure than we've given in the past. We added CMBS, we added Alt-A, we added a number of things. We want to be state of the art in terms of disclosure of positions and also in write-downs. And I've heard this comment a couple of times this morning and frankly you can't compare our positions to Merrill or the Citi, they're very, very different.

I'll give you four examples since you asked for four. One comment I've got is subprimes marked down 20%. Well there's two big positions in subprime, about half of it is the ABS CDO and if you --the Super Senior position and if you take what we've done against hedging against the index, zero hedges with Monolines against the index, if you take the subordination and if you take the write-downs, it's the equivalent of a 72% write-down. So it's not 20%, it's 72%.

There's another position equal in size, very close to equal in size which is whole loans, it's the real loans. That's primarily our production. We made a decision to stay in the business of origination, we'll continue to focus and look at this over the next year of so, but we're originating, it's our underwriting standards, our securities. They have 99% first lane, they have a loan-to-market value at the depressed house prices of 80%. We've just recently sold two large blocks to real buyers above our origination and above our marks, that's very different. Those aren't down 20% so you can't combine them and take a haircut across them. We're extremely comfortable with our positions.

Alt-A is also a security class that is very, very broad. Our FYCO scores are at the top end and 99% of all the Alt-A securities we have are performing. Our Alt-A securities have an average 81% loan-to-market value and 96% of the bonds that we hold in Alt-A are AAA or AA. You can't just say that's like anyone else's Alt-A position and then since I've got four I'll give you a fourth.

CMBS is very similar as John had said or Chris I can't remember now, of the GBP12 billion roughly GBP11 billion is in loans. These are our clients, these are our credits, we chose these, they have a loan-to-market value that averages something in the mid 60's, they're about half in the US and half here. So this isn't -- of course we're managing this and of course we know the environment is tough but we're not uncomfortable with the risk we're managing in these areas. And I think what Chris described in terms of the auditors at the end of the year, the rigorous process we go through here, the transparency, I want you coming away saying not only is the disclosure market leading but so is the valuation and that's how we feel.

Michael Helsby - *Morgan Stanley - Analyst*

Thanks --

John Varley - *Barclays Bank plc - Group CEO*

Michael you had another question?

Michael Helsby - *Morgan Stanley - Analyst*

Yes, I should have asked for five. Just on page 16 of the presentation where you talk about the BarCap revenue commodities, sorry to be picky but commodities looks like it slowed down a hell of a lot in the second half. I don't remember any big seasonal swings in the commodities business from before given that it's been growing a lot so I was wondering if you could comment on that?

And just as a point of detail I think, I was just wondering if you could give us both the breakdown of the GBP658 million of valuation notes -- sorry that excludes that, the [GBP500] million of amortization benefit, if that's in BarCap where is that sitting on the revenue line?

And I was wondering if you'd give us a feel for, within the credit products, what's the revenues from leverage loans, from securitization and just, because that's clearly where people are worrying about, a bit more of a granularity there?

John Varley - *Barclays Bank plc - Group CEO*

Michael sure, I'll ask Bob to handle the commodities question and then Chris may take over from there and Bob may add. Do you want to go first?

Bob Diamond - *Barclays Bank plc - Group President*

There was nothing very unusual first half, second half. Frankly I haven't got the number on the top of my head first half, second half for commodities but the business -- we've got a pretty good look into other people's numbers, not perfect. But we have been fighting for top three status in commodities since we began that business in the early 2000's. We believe we've passed Goldman this year on full year revenues, we're still slightly behind Morgan Stanley, we're ahead of both of them in Europe and Asia, we're slightly behind in the US, so that's where the investments will be. But we think the 24% growth rate in the commodities business last year off its record year was very solid in -- that's the business we're continuing to invest in.

It's the business that we think will get the single biggest impact from our strategic partnership with CDB, as China is the single biggest strategic market today for commodities and this gives us an advantage position with a signed MOU.

John Varley - *Barclays Bank plc - Group CEO*

Chris?

Chris Lucas - *Barclays Bank plc - Group Finance Director*

I think you asked two questions. In terms of the GBP658 million from the valuation and the notes issued, we've not put that into any of the individual business lines that you see on page 16. We felt that given that it was across Barclays Capital it would be inappropriate to put it in any individual category so we've highlighted it but kept it out of those charts.

Bob Diamond - *Barclays Bank plc - Group President*

If we did we would have put it credit but it was not fair given the situation of the year.

Chris Lucas - *Barclays Bank plc - Group Finance Director*

In terms of the GBP514 million, which is the amortization, that goes across a number of these but you quite often find the majority of it in those which are interest rates, equity, currency and emerging markets. So they go across a range of those individual categories.

In terms of revenues I think what we've put on page 16 is probably as far as we're going to go in terms of explaining the composition of the revenue based across Barclays Capital.

John Varley - *Barclays Bank plc - Group CEO*

Tim, microphone coming.

Tim Sykes - *Execution - Analyst*

Thank you John, it's Tim Sykes from Execution, three questions if I can. One on potential credit risk lendings, one on costs in BarCap and one, slightly more philosophical, on Basel II and your new targets.

I suppose what we're worried about and we're all just coming back to the same point, is there more to come? And I wonder if there's any instruction, Bob's mentioned a note at the bottom of page 68. But if we look at potential credit risk lendings on pages 67 and 68, I wonder if Chris could help us marry page 60 with this page, particularly as the coverage in the US seems to have reduced substantially?

Chris Lucas - *Barclays Bank plc - Group Finance Director*

When I look at page 68, I exclude from it the disclosure that you see on, in relation to ABS CDO Super Senior because I think to bring that in just muddies the picture. What you see across this is, when you ex out the ABS Super Senior, is the results of a change in mix in the underlying loan portfolio, particularly away from unsecured to secured and away from retail to wholesale and corporate. That is the big driver of the coverage ratios.

When I look at the coverage ratios in overall terms I look at it not only as a [spot] position but where they sit across versus a long term average. And whilst they're down year-on-year they reflect the changes that I've talked about and also, surprisingly I think, very much in line with the long term average that we see of overall coverage.

John Varley - *Barclays Bank plc - Group CEO*

Tim, your second question was on BarCap costs was it?

Tim Sykes - *Execution - Analyst*

Yes, if I can just push back on that slightly. The coverage in the US at 7.6% is materially lower than what you indicated on the slide. I just wondered if you could just comment on that particular --?

John Varley - *Barclays Bank plc - Group CEO*

The 7.6% includes the impact of the ABS Super Senior CDOs. That is just measured on a gross basis. When you take account of hedges, which aren't in here, when you take account of subordination, which is not in here, when you take account of write downs, that number goes significantly higher because you get to the 72% that Bob described earlier.

Tim Sykes - *Execution - Analyst*

So this would, if we gross up from these numbers, it gives us a better position of your growth exposure rather than the net, which might be on page 60?

John Varley - *Barclays Bank plc - Group CEO*

Page 60 is the net, after the things we've described. Page 68 is based on just the gross.

Tim Sykes - *Execution - Analyst*

On the gross, okay, I think that's what we're trying to get to.

If I can ask about costs, sorry John, the cost performance in Barclays Capital was excellent, congratulations. It's important that the interests are aligned. Can I just check that there isn't an accounting change between the first half and the second half, that you continue to work on the same basis as you have done throughout 2007?

John Varley - *Barclays Bank plc - Group CEO*

Chris would you like to answer the question?

Chris Lucas - *Barclays Bank plc - Group Finance Director*

I think that the very short answer, there's no accounting change between the first and second half.

Tim Sykes - *Execution - Analyst*

Is there any change in the structure of compensation between cash and stock?

Chris Lucas - *Barclays Bank plc - Group Finance Director*

Nothing.

John Varley - *Barclays Bank plc - Group CEO*

And I think your -- I can understand why you raised the question Tim and it's important that, again I -- we talk about cost discipline in BarCap, to me it's a real signal of cost discipline that the compensation ratio has improved, that the staff to net income ratio has improved, that the cost income ratio has improved. And this is a time for those ratios to be resilient and to protect the performance of the Group and the interests of shareholders and they absolutely have delivered.

Your third question?

Tim Sykes - *Execution - Analyst*

The third question --

John Varley - *Barclays Bank plc - Group CEO*

Is philosophical one I think you said.

Tim Sykes - *Execution - Analyst*

Well possibly, it's about Basel II which is usually [people took a lot of advice] -- you stuck with economic capital and risk tendency for your targets looking forward but you've made a virtue, as you should, move in towards Basel II. I wonder why you didn't, in your targets, look at the Basel II capital calculations and why you continue with economic capital?

John Varley - *Barclays Bank plc - Group CEO*

Well Chris will probably want to add but I would start by saying Tim that one of the, in our mind very positive developments of Basel II, is that it has created much more significant convergence between an economic capital view of the world and a regulatory capital view of the world. They're not synonymous, for reasons that we both know, but they are much more closely aligned.

Our view continues to be that economic capital and economic profit represent the metrics that are best aligned with the interests of shareholders. I don't think Basel II is perfect from that point of view, indeed I wouldn't say that economic capital, economic profit is perfect, but it's the closest thing that we can measure to the generation of long term value on behalf of shareholders. That's why we've not deviated from selecting it for our new goal period. It's a very conscious decision.

Chris Lucas - *Barclays Bank plc - Group Finance Director*

I think the only thing I would add is a very practical point, we've clearly spent 2006 and 2007 building all the infrastructures that we need to deliver Basel II and we've produced the numbers for you as at January, 1. There is still work to do in really understanding Basel II at a granular level, so we're able to understand it by business, we're able to understand it by product. And until we've done that it just felt premature to move away from something that we understand much better.

John Varley - *Barclays Bank plc - Group CEO*

Next question, at the back? Yes, no, no, there we are, that's it, where your pointing, yes.

Stephen Andrews - *UBS - Analyst*

Thanks John it's Stephen Andrews from UBS, two questions, one on note 18 and one on note 17.

Just firstly, just putting everything together, as Bob was saying in his four points, obviously the mark taken on these at risk assets are taken at December 31. Based on Bob's comments, there's obviously been a bit more turmoil in the first six or seven weeks of the year, can I assume that where you stand today that you don't think there is a need for any further significant write-downs on these positions --?

John Varley - *Barclays Bank plc - Group CEO*

Let me ask Chris to answer.

Chris Lucas - *Barclays Bank plc - Group Finance Director*

Yes, and you're absolutely right, these were taken as at the end of the year. We continually mark the positions as we do across the whole business, on a daily, weekly, monthly basis. And if we had something that we felt significantly changed the comments that we've made about the outlook and something that had a significant effect on the market position of our equity, we'd make a statement and we do not feel we have to make one.

Stephen Andrews - *UBS - Analyst*

Thank you, that's very clear. And then just secondly, on note 17 and I kind of shared John's view in terms of equity to assets, it's the quality rather than the quantity that matters. But in that regard, if we look at note 17, if we exclude the derivatives obviously, and the startup link to customer under (inaudible), you've got GBP300 billion of debt securities on balance sheet and you've given us disclosure about GBP20 billion, about GBP15 billion to GBP20 billion of those on note 18. Can you say a few words that will perhaps give shareholders a little bit of comfort why they shouldn't be worrying about this GBP280 billion of debt securities in terms of what quality they are, where they are and why you're comfortable that we won't see further marks from those? Thank you.

John Varley - *Barclays Bank plc - Group CEO*

I'm struggling to find the GBP280 million on page --

Stephen Andrews - *UBS - Analyst*

If I add page, note 17, if you take the trading portfolio assets, the financial assets of fair value through the account and the available for sale, they all add up to --

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John Varley - *Barclays Bank plc - Group CEO*

And those are just assets that we have, which are not falling into the unobservable category. So those will be where you can either find very liquid markets and therefore every easily obtainable market prices or where there are models that you use where the inputs are similarly very observable. So those are at a more observable end of the spectrum of assets.

Stephen Andrews - *UBS - Analyst*

Sorry, I think I'm misinterpreting my question, I'm just more interested in what the underlying securities are. Are they government debt securities? Are they geographically? Are they in the US? It's such a big number.

Bob Diamond - *Barclays Bank plc - Group President*

If you look at what we've disclosed to you today, in the special disclosure, it's virtually no level three assets outside of that. So you're by definition not dealing with things that are difficult to mark. Does that answer the question?

Stephen Andrews - *UBS - Analyst*

That does help --

Bob Diamond - *Barclays Bank plc - Group President*

There's virtually nothing outside of what we disclosed that's a level three assets. It's buttons, it's very small.

John Varley - *Barclays Bank plc - Group CEO*

Very good, over here on the right-hand side. Yes, please take the mic.

Ian Smillie - *ABN Ambro - Analyst*

Morning, it's Ian Smillie from ABN.

John Varley - *Barclays Bank plc - Group CEO*

Hello Ian.

Ian Smillie - *ABN Ambro - Analyst*

Can I invite you to make some comments about the appetite to grow the Group's balance sheet from here, both in terms of risk rated assets and assets? And perhaps if you could do that in three ways, firstly, in terms of how much of the second half growth was due to drawdown of previously committed lending rather than perhaps new loans, which you made? Secondly, how you might have changed the terms and conditions and the pricing on the new loans which you have been committing and which you continue to commit? And here I'm thinking, mostly probably about corporate and wholesale and also the UK retail [piece] rather than IRCB?

And thirdly, how changes in the availability of credits from you as an individual bank but also from you as a system of banks may impact the credit quality of the underlying customer base, which is dependent on those borrowings to continue, to repay their loans?

John Varley - *Barclays Bank plc - Group CEO*

Yes, Ian, let's try and parcel that up. On the first point, just for context, you'll see that on WRA, which grew broadly GBP50 billion year-on-year, that the second half growth was GBP30 billion and the first half growth was GBP20 billion. If you look at loans to customers, where the growth during the year was GBP70 billion, it was actually the inverse of that. There was lower growth in the second half than in the first half.

On your point about balance sheet, Chris just may want to comment on some accounting consequences on the gross balance sheet, second half impact?

Chris Lucas - *Barclays Bank plc - Group Finance Director*

Yes it's worth just looking at the half-on-half balance sheet because if I take the June 30 balance sheet and I take that because that was the most recent balance sheet prior to what we've seen in the credit markets, and I compare that against the year end balance sheet, you'll see that the balance sheet has grown by about GBP70 billion. If you look at the source of that, you'll see that the derivatives gross-up is about GBP75 billion.

So if you exclude the accounting adjustment, the balance sheet movement is actually a small reduction between June 30 and December 31 and that, when you decompose it, has an increase in customer loans and a reduction in trading portfolio assets. What it does show to me though is that the balance sheet, in terms of the pieces we control, is flexible and we're able to manage it accordingly.

John Varley - *Barclays Bank plc - Group CEO*

Bob do you want to make any comments about pricing on the wholesale side?

Bob Diamond - *Barclays Bank plc - Group President*

Yes I think Frits would say the same on UK Retail is frankly, well volumes in the institutional space in the second half and early in the first quarter this year are down, pricing is much better. So at the end of that five year liquidity bubble, our pricing was tough for the banks and clearly we're getting better spreads for the business we do now and I think you'd say the same on the mortgage business.

John Varley - *Barclays Bank plc - Group CEO*

Just your question there Ian is what?

Ian Smillie - *ABN Ambro - Analyst*

If all the banking system is withdrawing credit at the same time then it's going to increase the probability of customers struggling to repay their loans?

John Varley - *Barclays Bank plc - Group CEO*

It's going to increase the probability of --

Ian Smillie - *ABN Ambro - Analyst*

Of customers not being able to repay their loans?

John Varley - *Barclays Bank plc - Group CEO*

Well I mean I guess what I would say is sort of judge us by our performance in 2007 that was in quite a tough period. If you look at the Barclays Commercial Bank, you look at the loan loss rates there, if you look at growth in the book relative to the overall increase in the impairment charge, what that suggests to me is a business where risk is well controlled. I think you can see exactly the same pattern across our retail businesses in the UK, I think you were particular asking about the UK, but if you look at the experience in UK Retail Banking and you look at the experience in Barclaycard, I think you've seen good repayment profiles. And all those risk indicators, that we were talking about a lot a year ago if you remember, those risk indicators are pointing in the right direction, not least because for millions and millions of consumers in the United Kingdom they've just had the first point of alleviation, many of them, in their debt servicing cost because of the rate reductions.

Ian Smillie - *ABN Ambro - Analyst*

And should we conclude from that the widening in credit spreads that you can see in pretty much every capital market product is almost entirely about liquidity and not about the capital market taking a view that credit risk is going to deteriorate over the coming months?

John Varley - *Barclays Bank plc - Group CEO*

Yes, I mean I think it's a -- I think your point is a very fair one and you know when Bob, in answer to an earlier question, talked about some, so to speak, conditions precedent of normalization, one of the things he was careful to say was liquidity. It's very clear that after the consolidated action of the Central Banks in December, which had a big impact on liquidity in January, some of that liquidity has dripped away and that is certainly a source of concern for the market as a whole. I think what we've seen is the empirical evidence of concerted action having an impact and so, of course, we would welcome if there were to be more such action.

We've got time for one -- we've got two more questions because I must stick to my commitment of leaving you - getting you out of here by 11. Yes, question there?

Sandy Chen - *Panmure Gordon - Analyst*

Yes, it's Sandy Chen from Panmure Gordon. So I realize you've got two minutes left, I'll be cheeky and try to get three really quick questions in. One, just to follow on Stephen's question, specifically can you disclose your exposure in synthetic CDOs, as opposed to the ABS CDOs?

And second, and it's a related question to that, if there are ratings downgrades on in particular, structured credits, do you see some downside risk on particularly Basel II capital ratios, given the increase in risk weightings that accompany the ratings downgrade?

And the last question is, just on the exposure to Monolines, that increase in the second half of last year from GBP140 million to GBP1335 million in exposure to Monolines, was that a mark-to-market gain on existing positions or was that added positions?

John Varley - *Barclays Bank plc - Group CEO*

Chris go, please.

Chris Lucas - *Barclays Bank plc - Group Finance Director*

In terms of the synthetic CDOs, where we have them they are included in that Super Senior disclosure, so they are included in there.

Second question was around?

Sandy Chen - *Panmure Gordon - Analyst*

Rating downgrade.

Chris Lucas - *Barclays Bank plc - Group Finance Director*

Rating downgrade, you're absolutely right that Basel II does get impacted in terms of its RWA calculations by rating downgrades. That's something we watch when we look at our capital position, when we look at the plans going forward, we take account of projected stress scenarios where you have those downgrades, so it's something we absolutely agree with you, you have to watch.

And in terms of Monolines, the increase in exposure to the Monolines is as a result of the mark-to-market change in the underlying assets, rather than a lot of new volume.

John Varley - *Barclays Bank plc - Group CEO*

One last question? Simon because I've given you one before can I take one at the back? Microphone coming.

Leigh Goodwin - *Fox-Pitt Kelton - Analyst*

Good morning, it's Leigh Goodwin from Fox-Pitt Kelton. Just a question on your leveraged finance positions and that market in fact. And I notice your position is essentially unchanged now for six months or more and I wonder whether these are the same assets that are essentially sitting on your balance sheet as were there six months ago and what the prospects are for that market sort of opening up again?

And also, if I can just ask about the impairments that you've taken against those, it doesn't seem as if those have changed at all either since October and I just wondered what your view is on those as well?

John Varley - *Barclays Bank plc - Group CEO*

Bob?

Bob Diamond - *Barclays Bank plc - Group President*

You're correct to say that the market is moving slowly, we think for all the reasons we've said about difficult market conditions in the first six months, it's unlikely that that market's going to be really moving, we think, before the second half of this year, if earlier, maybe at the very end of the second quarter.

There has been some movement, but not great in and out. One example would be when we talked to you before, we had GBP60 million in bridge equity exposure which was at the very low end of the industry, that's down to GBP2 million now, so it has been possible to move some things. But it comes back to John's earlier point, at this time corporate credit remains very strong and the exposures we have to the clients we have, we're not uncomfortable managing that risk and continuing to manage as we have.

John Varley - *Barclays Bank plc - Group CEO*

Thanks Bob. Right we'll bring it to an end there. Thank you very much for giving us so much of your time this morning.

Operator

Thank you, that concludes today's conference call, you may now replace your handsets.

EXHIBIT 7

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 6-K

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

15 May 2008

Barclays PLC and
Barclays Bank PLC
(Names of Registrants)

**1 Churchill Place
London E14 5HP
England
(Address of principal executive offices)**

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

Form 20-F ☒ Form 40-F ☐

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

Yes ☐ No ☒

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

THIS REPORT ON FORM 6-K SHALL BE DEEMED TO BE INCORPORATED BY REFERENCE IN THE REGISTRATION STATEMENTS ON FORM F-3 (NO. 333-145845) AND FORM S-8 (NOS. 333-112796, 333-112797) OF BARCLAYS BANK PLC AND THE REGISTRATION STATEMENT ON FORM S-8 (NO. 333-12818) OF BARCLAYS PLC AND TO BE A PART THEREOF FROM THE DATE ON WHICH THIS REPORT IS FURNISHED, TO THE EXTENT NOT SUPERSEDED BY DOCUMENTS OR REPORTS SUBSEQUENTLY FILED OR FURNISHED.

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

The Report comprises:

The interim management statement of Barclays PLC dated May 15, 2008 in respect of the first quarter of 2008.

SIGNATURES

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

BARCLAYS PLC
(Registrant)

Date: May 15, 2008

By: /s/ Marie Smith
Name: Marie Smith
Title: Assistant Secretary

BARCLAYS BANK PLC
(Registrant)

Date: May 15, 2008

By: /s/ Marie Smith
Name: Marie Smith
Title: Assistant Secretary

BARCLAYS

15th May 2008

BARCLAYS PLC

INTERIM MANAGEMENT STATEMENT

Group Performance

Group profit before tax in January and February was broadly in line with the monthly run rate for 2007. Following tougher capital markets trading conditions in March, Group profit for the first quarter was below that of the very strong prior year period.

Business Commentary

Global Retail and Commercial Banking

First quarter profits in **Global Retail and Commercial Banking** were ahead of the prior year period.

There was solid income growth at **UK Retail Banking**, with good performances in Current Accounts, Savings and Local Business reflecting increased customer deposits. Mortgage volumes were significantly higher than in 2007. Impairment charges increased slightly and mortgage impairment remained low. Operating expenses were well controlled. Profit before tax decreased due to lower property credits. Excluding these credits, profit increased strongly.

Barclays Commercial Bank saw healthy growth in income. There was a slight decline in profit before tax as costs grew faster than income due to investment in front office staff and infrastructure and lower property credits. Impairment charges increased at a slower rate than book growth.

Very strong growth in profit before tax at **Barclaycard** was driven by excellent income growth in international markets. Improved impairment charges in UK Cards were offset by higher impairment in the international businesses primarily due to growth in the portfolio. Costs grew more slowly than income and were focussed on investment in the international franchises. The acquisition of Discover's UK credit cards business was completed on 31st March 2008.

International Retail and Commercial Banking showed solid growth in profit before tax.

Income growth in **International Retail and Commercial Banking – excluding Absa** was very strong. Operating expenses grew faster than income as we continued to expand the distribution network and invest in people and infrastructure. Impairment charges increased at a rate consistent with the growth in risk tendency. **International Retail and Commercial Banking - Absa** reported strong growth in profit before tax, reflecting modest income growth and a gain arising from the VISA IPO which offset higher retail impairment. Costs were broadly flat.

Investment Banking and Investment Management

Barclays Capital was profitable in the first quarter despite the difficult trading conditions. There was good growth across the underlying businesses with very strong income growth in interest rate products, emerging markets and currency products. There were net losses of £1.0bn relating to credit market turbulence, including £0.7bn gains on the fair valuation of notes issued by Barclays Capital. Exposures relating to US residential mortgage backed securities were actively managed and declined over the period. Further detail can be found in the Appendix.

Barclays Global Investors delivered good income growth across multiple products. Costs included provisions of £170m relating to support for selected liquidity products, leading to lower profits in the quarter.

Barclays Wealth continued to deliver good profit growth. Solid income growth was driven by higher net interest income resulting from increased customer deposits. Client assets were impacted by falling equity markets, offset by underlying net new asset inflows. Costs remained stable.

April Trading

The profits of Global Retail and Commercial Banking and Investment Banking and Investment Management excluding Barclays Capital for the month of April exceeded those of the prior year period. Barclays Capital remained profitable for the year to date after reversing in April £0.5bn gains on the fair valuation of issued notes arising from the narrowing of own credit spreads.

Capital

We expect our Tier 1 capital and equity Tier 1 ratios under Basel II at 30th June 2008 to be slightly lower than the 7.6% and 5.1% reported as at 31st December 2007. We intend both ratios to be at least at our target levels of 7.25% and 5.25% respectively in time.

Notes

1. Key trends in the income statement set out above, unless stated otherwise, relate to the three months to 31st March 2008, and are compared to the corresponding three months of 2007. Balance sheet references relate to 31st March 2008 and are compared to the balance sheet as at 31st December 2007.
2. Trends in income are expressed after the deduction of 'net claims and benefits on insurance contracts'.
3. There have been a number of changes to the Group structure and reporting for 2008. There is no change to Group profit. Details of this restatement will be published ahead of the 2008 Interim results. The above narrative refers to the Group structure prior to this restatement.

Interim Management Statement conference call and webcast details

The Group Finance Director's briefing will be available as a live conference call at 09.00 (BST) on Thursday, 15th May 2008. The telephone number for UK callers is 0845 301 4070 (+44 (0) 20 8322 2723 for all other locations), with the access code 'Barclays Interim Management Statement'. The briefing will also be available as a live audio webcast on the Investor Relations website at: www.barclays.com/investorrelations and a recording will be posted on the website later.

Timetable

2008 Interim Results Announcement	Thursday, 7th August 2008
Ex Dividend Date	Wednesday, 20th August 2008
Dividend Record Date	Friday, 22nd August 2008
Dividend Payment Date	Wednesday, 1st October 2008

All dates are provisional and subject to change.

For further information please contact

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

APPENDIX

CREDIT MARKET EXPOSURES

Barclays Capital credit market exposures resulted in net losses of £1,006m in the first quarter of 2008, due to continuing dislocation in the credit markets. The net losses, which included £598m in impairment charges, comprised: £495m against ABS CDO Super Senior exposures; and £1,214m against other credit market exposures; partially offset by gains of £703m from the general widening of credit spreads on issued notes held at fair value.

Credit market exposures in this Appendix are stated relative to comparatives as at 31st December 2007.

	Notes	As at 31.03.2008 £m	As at 31.12.2007 £m
ABS CDO Super Senior			
High Grade		**3,446**	4,869
Mezzanine		**622**	1,149
Exposure before hedging		**4,068**	6,018
Hedges		**(84)**	(1,347)
Net ABS CDO Super Senior	**1**	**3,984**	4,671
Other US sub-prime			
Whole loans		**2,848**	3,205
Other direct and indirect exposures		**1,389**	1,832
Other US sub-prime	**2**	**4,237**	5,037
Alt-A	**3**	**4,475**	4,916
Monoline insurers	**4**	**2,784**	1,335
Commercial mortgages	**5**	**12,619**	12,399
SIV-lite liquidity facilities	**6**	**153**	152
Structured investment vehicles	**6**	**412**	590
Leveraged Finance	**7**	**7,345**	7,368

1. ABS CDO Super Senior exposures

ABS CDO Super Senior net exposures were £3,984m (31st December 2007: £4,671m). Exposures are stated net of writedowns and charges of £495m incurred in 2008 and hedges of £84m (31st December 2007: £1,347m).

The collateral for the outstanding ABS CDO Super Senior exposures primarily comprised Residential Mortgage Backed Securities (RMBS). The vintages of the RMBS collateral were as follows:

RMBS vintages	High Grade	Mezzanine	Total
2005 and earlier	62%	88%	70%
2006	37%	6%	27%
2007	1%	6%	3%

The combination of subordination, hedging and writedowns provided protection against loss levels to 72% of US sub-prime collateral as at 31st December 2007. In the first quarter of 2008, we liquidated some ABS CDO Super Senior exposures, particularly those where the levels of writedown and hedging were high. The underlying collateral and related hedges are included in the other US sub-prime and Alt-A exposures set out below. The combination of subordination, hedging and writedowns as at 31st March 2008 provided protection against loss levels to 52% of US sub-prime collateral in the remaining ABS CDOs as at 31st March 2008.

2. Other US sub-prime

	As at	
	31.03.2008 £m	31.12.2007 £m
Whole Loans - performing	**2,519**	2,827
Whole Loans - more than 60 days past due	**329**	378
Total whole loans	**2,848**	3,205
Securities (net of hedges)	**269**	637
Residuals	**101**	233
Other exposures with underlying sub-prime collateral:		
- Derivatives	**473**	333
- Loans	**546**	629
Total other direct and indirect exposure	**1,389**	1,832
Total other US sub-prime	**4,237**	5,037

Whole loans included £2,591m (31st December 2007: £2,843m) acquired on or originated since the acquisition of EquiFirst in March 2007, all of which were subject to Barclays underwriting criteria. EquiFirst originated £216m of new loans in the first quarter of 2008. At 31st March 2008 the average loan to value at origination of all of the sub-prime whole loans was 79%.

3. Alt-A

Net exposure to the Alt-A market was £4,475m (31st December 2007: £4,916m), through a combination of whole loans and securities held on the balance sheet, including those held in consolidated conduits, and residuals.

	As at	
	31.03.2008	31.12.2007
	£m	£m
AAA Securities	**3,013**	3,442
Other Securities	**193**	208
Whole Loans	**798**	909
Residuals	**19**	25
Other exposures with underlying Alt-A collateral:		
- Derivatives	**276**	221
- Loans	**176**	111
Total	**4,475**	4,916

Included above are AAA securities of £617m (31st December: £823m) held by consolidated conduits on which a charge of £229m has been taken to reserves. This is expected to reverse over time. The overall protection provided by subordination is 21%.

At 31st March 2008, 95% of the Alt-A whole loan exposure was performing, and the average loan to value ratio at origination was 81%.

4. Monoline insurers

Barclays Capital held assets with insurance protection or other credit enhancement from monoline insurers. The value of exposure to monoline insurers under these contracts was £2,784m (31st December 2007: £1,335m) reflecting movements in the underlying asset valuations on existing contracts. As the value of the underlying assets fell, the market value of the contracts, and hence Barclays Capital exposure, rose during the first quarter. At 31st March 2008, 67% of the underlying assets comprised collateralised loan obligations, 9% US RMBS and 24% other collateral, primarily US CMBS. There were no claims due under these contracts as none of the underlying assets were in default.

	As at	
Monoline exposure by counterparty credit quality	31.03.2008	31.12.2007
	£m	£m
AAA/AA	**2,352**	1,335
A/BBB	**264**	—
Non-investment grade	**168**	—
Total	**2,784**	1,335

5. Commercial Mortgages

Exposures in our commercial mortgage backed securities business, all of which are held at fair value, comprised commercial real estate loans of £11,851m (31st December 2007: £11,103m) and commercial mortgage backed securities of £768m (31st December 2007: £1,296m).

Commercial Real Estate Loans	As at 31.03.2008 £m	As at 31.12.2007 £m
US	**6,132**	5,947
Continental Europe	**3,951**	3,317
UK	**1,339**	1,422
Asia	**429**	417
Total	**11,851**	11,103

The US commercial loan exposure had an average loan to value of 71% and the European exposures had an average loan to value of 65%.

Commercial Mortgage Backed Securities	As at 31.03.2008 £m	As at 31.12.2007 £m
AAA securities	**594**	1,008
Other securities	**174**	288
Total	**768**	1,296

6. SIVs/SIV-lites

Loans and advances to customers included £153m (31st December 2007: £152m) of drawn liquidity facilities in respect of SIV-lites. Total exposure to other structured investment vehicles, including derivatives, undrawn commercial paper backstop facilities and bonds held in trading portfolio assets was £412m (31st December 2007: £590m).

7. Leveraged Finance

At 31st March 2008, the exposure relating to leveraged finance loans committed but unsold as at 30th June 2007, was £7,345m (31st December 2007: £7,368m). The majority of these loans are fully drawn and are accounted for as originated loans. The credit performance of the assets remains satisfactory.

Leveraged Finance Exposure	As at 31.03.2008 £m	As at 31.12.2007 £m
UK	**4,144**	4,164
US	**2,398**	2,430
Europe	**912**	886
Asia	**81**	78
	7,535	7,558
Impairment gross of fees	**(190)**	(190)
Loans committed and unsold	**7,345**	7,368

Barclays Capital's loans and advances also included retained positions of underwritten leveraged finance transactions of £1,807m at 31st March 2008 (31st December 2007: £1,659m). New leveraged finance commitments originated after 30th June 2007 comprised £1,364m (31st December 2007: £1,148m).

8. Own Credit

At 31st March 2008, Barclays Capital had issued notes held at fair value of £55.8bn (31st December 2007: £57.2bn). The widening of Barclays credit spreads in the first quarter affected the carrying value of these notes and as a result revaluation gains of £703m were recognised in trading income. A narrowing of credit spreads since 31st March 2008 resulted in a charge of £469m in the month of April.

- ENDS -

EXHIBIT 8

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 6-K

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

June 2008

Barclays PLC and
Barclays Bank PLC
(Names of Registrants)

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

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

Form 20-F x Form 40-F

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

Yes No x

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

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

This Report comprises:

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

THIS REPORT ON FORM 6-K SHALL BE DEEMED TO BE INCORPORATED BY REFERENCE IN THE REGISTRATION STATEMENTS ON FORM F-3 (NO. 333-145845) AND FORM S-8 (NOS. 333-112796, 333-112797) OF BARCLAYS BANK PLC AND THE REGISTRATION STATEMENT ON FORM S-8 (NO. 333-12818) OF BARCLAYS PLC AND TO BE A PART THEREOF FROM THE DATE ON WHICH THIS REPORT IS FURNISHED, TO THE EXTENT NOT SUPERSEDED BY DOCUMENTS OR REPORTS SUBSEQUENTLY FILED OR FURNISHED.

EXHIBIT INDEX

Announcement Re. Share Issue - 25th June 2008

This announcement shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale or purchase of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the *securities laws of any such jurisdiction. The availability of the Open Offer to persons not resident in the United States or the United Kingdom may be affected by the laws of the relevant jurisdictions. Such persons should inform themselves about and observe any applicable requirements.*

25 June 2008

Barclays announces Share Issue to raise

approximately £4.5 billion

The Board of Directors of Barclays today announces a Share Issue to raise approximately £4.5 billion through the issue of 1,576 million New Ordinary Shares.

The Share Issue will:

- enable Barclays to strengthen its capital base and operate capital ratios that are ahead of its targets;

- provide additional financial resources to allow Barclays to capture opportunities for growth;

- introduce new investors Qatar Investment Authority, Challenger (a company representing the beneficial interests of His Excellency Sheikh Hamad Bin Jassim Bin Jabr Al-Thani, the chairman of Qatar Holding, and his family) and Sumitomo Mitsui Banking Corporation ("SMBC") to Barclays share register and further Barclays existing relationships with a number of its largest Shareholders, including China Development Bank and Temasek Holdings ("Temasek"); and

- provide the opportunity for existing Shareholders to participate through the Open Offer.

The Share Issue will enable Barclays to run capital ratios ahead of its long-standing targets of 7.25% tier one and 5.25% equity tier one. The Board estimates that, taking into account the proceeds of the Share Issue, on a pro forma basis Barclays would have reported a tier one ratio of 8.8% and an equity tier one ratio of 6.3% as at 31 December 2007 (on a Basel II basis).

As announced on 16 June 2008, Group profit before tax in May was well ahead of the monthly run rate for 2007. Relative to May 2007, Global Retail and Commercial Banking continued to deliver strong growth in profits and in Investment Banking and Investment Management profits were in line.

The Board currently intends, in the absence of unforeseen circumstances, to continue the payment of dividends in cash and at the dividend per Ordinary Share levels declared in respect of 2007, until such time as dividends are more than twice covered by earnings. The Board expects to maintain the 2008 interim dividend at 11.5 pence per Ordinary Share.

Highlights of the Share Issue

Key highlights of the Share Issue include:

· approximately £0.5 billion raised through a Firm Placing of 169 million New Ordinary Shares at 296 pence per New Ordinary Share, a discount of 4.7% to Barclays Closing Price on 24 June 2008
· approximately £4.0 billion raised through a Placing and Open Offer of 1,407 million New Ordinary Shares at 282 pence per New Ordinary Share, a discount of 9.3% to Barclays Closing Price
on 24 June 2008
· the Open Offer Shares are available for clawback in full by existing Shareholders, who are being offered the opportunity to subscribe for up to a maximum of their pro rata entitlement on the basis of:

3 Open Offer Shares for every 14 Existing Ordinary Shares

Investors

Qatar Investment Authority and Challenger have agreed to invest up to £1,764 million and £533 million, respectively, as Conditional Placees in the Placing and Open Offer.

SMBC has agreed to invest approximately £500 million in Firm Placed Shares.

China Development Bank has agreed to invest up to £136 million in the Placing and Open Offer, both as a Conditional Placee and by way of an undertaking to subscribe for its Open Offer Entitlement in full. Temasek has agreed to invest up to £200 million as a Conditional Placee in the Placing and Open Offer. Their participation in the Share Issue will ensure that China Development Bank and Temasek remain amongst Barclays largest Shareholders.

A number of leading institutional shareholders and other investors have also agreed to invest up to £1,336 million in aggregate as Conditional Placees in the Placing and Open Offer.

John Varley, Group Chief Executive of Barclays, said:

"Through our capital raising today we strengthen our capital base and give ourselves additional resources to pursue our strategy of growth through earnings diversification. We position ourselves to capture opportunities for new business at attractive margins in our retail and commercial banking businesses and in investment banking and investment management. Our ability to capture the opportunities is reinforced by the new and strengthened relationships we have announced today.

We are pleased to structure our share issue in such a way as to welcome Qatar Investment Authority, the chairman of Qatar Holding and Sumitomo Mitsui Banking Corporation as significant new shareholders in Barclays and also to give existing shareholders the ability to participate.

We draw strength from the continued resilience of our trading performance, with profits in May well ahead of the monthly run rate of last year. Accordingly, we intend to maintain our interim dividend for 2008 at the prior year level of 11.5 pence in cash and our dividend policy remains unchanged."

1. Introduction

The Board of Directors of Barclays today announces a Share Issue to raise approximately £4.5 billion by the issue of 1,576 million New Ordinary Shares through a Firm Placing at a price of 296 pence per Firm Placed Share and a Placing and Open Offer at the Issue Price of 282 pence per Open Offer Share.

The subscription price of 296 pence per Firm Placed Share to be issued pursuant to the Firm Placing represents a 4.7% discount to the Closing Price of 310.75 pence per Ordinary Share on 24 June 2008 (being the last trading day prior to the date of this announcement).

The Issue Price of 282 pence per Open Offer Share to be issued pursuant to the Placing and Open Offer represents a 9.3% discount to the Closing Price of 310.75 pence per Ordinary Share on the date referred to above.

Capitalised terms used in this announcement have the meanings given in the Appendix.

2. Reasons for the Share Issue

The Board of Barclays believes that in the current market environment it would be in the interests of Shareholders to strengthen the capital resources of Barclays through a Firm Placing and Placing and Open Offer. The raising of capital will:

- enable Barclays to strengthen its capital base and operate capital ratios that are ahead of its targets;
- provide additional financial resources to allow Barclays to capture opportunities for growth;
- introduce new investors Qatar Investment Authority, Challenger (a company representing the beneficial interests of His Excellency Sheikh Hamad Bin Jassim Bin Jabr Al-Thani, the chairman of Qatar Holding, and his family) and SMBC to Barclays share register and further Barclays existing relationships with a number of its largest Shareholders, including China Development Bank and Temasek; and
- provide the opportunity for existing Shareholders to participate through the Open Offer.

Current market turbulence has affected bank balance sheets and capital strength. The disruption in the credit markets and greater uncertainty in the broader economy have affected financial market participants, including Barclays. As at 31 December 2007, Barclays tier one capital ratio was 7.6% and its equity tier one ratio was 5.1% (on a Basel II basis) against long term target levels of 7.25% and 5.25%, respectively. The Board estimates that, taking into account the proceeds of the Firm Placing and the Placing and Open Offer, on a pro forma basis Barclays would have reported a tier one ratio of 8.8% and an equity tier one ratio of 6.3% as at 31 December 2007 (on a Basel II basis). The Board intends that, following the Firm Placing and the Placing and Open Offer, Barclays will run ratios ahead of long term target levels, particularly while current market turbulence persists.

In addition to strengthening the capital base of Barclays, the Firm Placing and the Placing and Open Offer will also enable Barclays to take advantage of current market circumstances which have created for Barclays an unusual competitive opportunity. That is partly because of the pricing adjustments that have taken place in many asset classes; and partly because of the reduced willingness or ability of certain hitherto strong market participants to compete aggressively. Significant opportunities therefore exist to attract flows of new business at expanded margins consistent with Barclays strategy to seek higher growth over time by diversifying its profits base. Barclays financial performance of 2007 and 2008 has benefited from this diversification. Across the Group, this growth has been underpinned by robust risk and control procedures, and a culture which focuses on risk adjusted returns.

The Board intends to pursue the following initiatives: in Global Retail and Commercial Banking, deepening Barclays presence in existing markets in Asia, the Middle East, Africa and Europe and accelerating growth in new markets such as Russia and Pakistan; and in Investment Banking and Investment Management, driving continued growth in asset classes such as commodities, equities and iShares; pursuing the build-out of Investment Banking and Investment Management's risk management and financing businesses, particularly in the United States and Asia; and continuing to build the wealth management platform.

SMBC has agreed to subscribe for the Firm Placed Shares and Qatar Investment Authority, Challenger, China Development Bank and Temasek, together with certain leading institutional shareholders and other investors, have agreed to subscribe for the Open Offer Shares on the terms set out in the Prospectus. The Board believes that this is an important endorsement of Barclays long-term strategy and vision, and underscores the confidence of these institutions in Barclays and in its management team. Barclays is also pleased to have entered into an agreement for the provision of advisory services by Qatar Investment Authority to Barclays in the Middle East and to have agreed to explore opportunities for a co-operative business relationship with SMBC. The Board welcomes the support of Qatar Investment Authority, Challenger, SMBC, China Development Bank and Temasek as important investors while ensuring that the Open Offer structure allows existing Shareholders to participate in the issue of the Open Offer Shares on a pre-emptive basis.

3. Details of the Share Issue

Barclays intends to raise approximately £4.5 billion through the issue of 1,576 million New Ordinary Shares.

Under the Firm Placing, Barclays intends to issue 169 million New Ordinary Shares to SMBC at a subscription price of 296 pence per Firm Placed Share, raising approximately £0.5 billion. SMBC has agreed to subscribe for the Firm Placed Shares under its Subscription Agreement. The allotment and issue of the Firm Placed Shares is conditional upon Admission and will be completed upon the Securities Registration Statement expected to be filed with the Kanto Local Finance Bureau of Japan on 26 June 2008 becoming effective, which should occur on or about 4 July 2008. The subscription for the Firm Placed Shares is not subject to clawback.

Under the Placing and Open Offer, Barclays intends to issue 1,407 million New Ordinary Shares at the Issue Price of 282 pence per Open Offer Share, raising approximately £4.0 billion. The Conditional Placees have agreed to subscribe for the Open Offer Shares under the relevant Subscription Agreements. The commitments of the Conditional Placees are subject to clawback in respect of valid applications for Open Offer Shares by Qualifying Shareholders, other than in relation to China Development Bank's Open Offer Entitlement which China Development Bank has undertaken to take up in full.

The obligations of SMBC and the Conditional Placees to subscribe for New Ordinary Shares under their respective Subscription Agreements are not subject to any rights of termination.

Qualifying Shareholders, on and subject to the terms and conditions of the Open Offer, are being given the opportunity under the Open Offer to apply for any number of Open Offer Shares at the Issue Price up to a maximum of their pro rata entitlement on the following basis:

3 Open Offer Shares for every 14 Existing Ordinary Shares

Fractions of Open Offer Shares will not be allotted to Qualifying Shareholders in the Open Offer and fractional entitlements under the Open Offer will be rounded down to the nearest whole number of Open Offer Shares.

The Open Offer is conditional upon Admission of the Open Offer Shares becoming effective by not later than 8.00 a.m. on 22 July 2008 (or such later time and/or date as the Company may determine, not being later than 8.00 a.m. on 6 August 2008).

Upon completion of the Firm Placing and the Placing and Open Offer, the New Ordinary Shares will represent approximately 19.4% of the Enlarged Issued Share Capital and the Existing Ordinary Shares will represent approximately 80.6% of the Enlarged Issued Share Capital.

4. Current trading and prospects

On 15 May 2008 Barclays released its interim management statement. Group profit before tax in January and February was broadly in line with the monthly run rate for 2007. Following tougher capital markets trading conditions in March, Group profit for the first quarter was below that of the very strong prior year period. The profits of Global Retail and Commercial Banking and Investment Banking and Investment Management excluding Barclays Capital for the month of April exceeded those of the prior year period. Barclays Capital remained profitable for the year to date April after reversing in April £0.5 billion gains on the fair valuation of issued notes arising from the narrowing of own credit spreads.

As announced on 16 June 2008, Group profit before tax in May was well ahead of the monthly run rate for 2007. Relative to May 2007, Global Retail and Commercial Banking continued to deliver strong growth in profits and in Investment Banking and Investment Management profits were in line.

Barclays economic profit goals remain unchanged. Its target is to deliver between £9.3 billion and £10.6 billion cumulative economic profit over the period 2008-2011.

5. Dividends and dividend policy

The New Ordinary Shares will rank pari passu with the Existing Ordinary Shares for all dividends and other distributions (if any) declared, paid or made by Barclays following Admission, including the right to receive any dividend payable in respect of the six months ending 30 June 2008. The Board expects to maintain the 2008 interim dividend at 11.5 pence per Ordinary Share (2007: 11.5 pence).

Barclays policy is to pay cash dividends and to grow dividends per Ordinary Share broadly in line with the rate of growth in underlying earnings per Ordinary Share and for dividends to be broadly twice covered by earnings. The Board continues to believe that the policy remains appropriate given the strength of Barclays diversified businesses and the ability to generate sustainable long term returns.

The Board anticipates that, in the short term, underlying earnings per Ordinary Share may be lower as a consequence of the issuance of the New Ordinary Shares. It is the current intention of the Board, in the absence of unforeseen circumstances, to continue the payment of dividends in cash and at the dividend per Ordinary Share levels declared in respect of 2007, until such time as dividends are more than twice covered by earnings.

6. Expected timetable of principal Open Offer events

The expected timetable of the principal Open Offer events is set out below:

Ordinary Share Record Date for entitlement under the Open Offer	close of business on 24 June 2008
Publication of Prospectus and Application Form	on 25 June 2008
Ex-entitlement date for the Open Offer	8.00 a.m. on 26 June 2008
Open Offer Entitlements credited to stock account of Qualifying CREST Shareholders in CREST	by 30 June 2008
ADS Record Date for entitlement under the Open Offer	close of business, New York City time, on 2 July 2008
Application period for Open Offer for ADSs commences	9.00 a.m., New York City time, on 3 July 2008
Latest time and date for receipt of completed ADS subscription form and payment in full under the Open Offer for ADS	11.00 a.m., New York City time, on 14 July 2008
Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer and settlement of relevant CREST instruction (as appropriate)	11.00 a.m. on 17 July 2008
Admission and commencement of dealings in Open Offer Shares	**8.00 a.m. on 22 July 2008**
Open Offer Shares in uncertificated form expected to be credited to accounts in CREST	8.00 a.m. on 22 July 2008
Despatch of definitive share certificates for the New Ordinary Shares in certificated form	by 25 July 2008

The times and dates set out in the expected timetable of principal events above and mentioned throughout this announcement may be adjusted by Barclays in which event details of the new times and dates will be notified to the UK Listing Authority, the London Stock Exchange and, where appropriate, Qualifying Shareholders. References to times in this announcement are to London times unless otherwise stated. Different deadlines and procedures for return of forms may apply in certain cases.

7. Documentation

The Placing and Open Offer will be on the terms and subject to the conditions set out in the Prospectus, which is expected to be published today. The Prospectus will be available, free of charge, at Barclays registered office and on its website www.barclays.com

ANALYST AND INVESTOR INFORMATION

A meeting for analysts and institutional investors will be hosted by John Varley, Barclays Group Chief Executive. The details of the meeting are as follows:

Venue: 1 Churchill Place, Canary Wharf, London E14 5HP. The nearest station is Canary Wharf, Docklands Light Railway and Jubilee Line.

Date & Time: 25 June 2008 at 10.00 a.m. - 11.00 a.m. (BST). Registration will commence at 9.30 a.m. (BST).

Please note that, as seating is limited, it may be necessary to restrict the number of attendees from each institution.

If you are unable to attend the meeting in person, you can listen via a live **webcast** available at www.investorrelations.barclays.com or via a live **conference call** by dialling **0845 401 9091 (UK)** or **+44 (0)20 3023 4418 (overseas)** and quoting **"Barclays Announcement"**.

A replay of the conference call will be available by dialling **020 8196 1998 (UK)** or **+44 (0) 20 8196 1998 (overseas)** and entering the access code: **3756309**.

ENQUIRIES

ANALYSTS AND INVESTORS

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About Barclays

Barclays is a major global financial services provider engaged in retail and commercial banking, credit cards, investment banking, wealth management and investment management services with an extensive international presence in Europe, the United States, Africa and Asia. With over 300 years of history and expertise in banking, Barclays operates in over 50 countries and employs approximately 143,000 people. Barclays moves, lends, invests and protects money for over 38 million customers and clients worldwide. For further information about Barclays, please visit our website www.barclays.com

About Challenger

Challenger Universal Limited was incorporated in June 2008 in the British Virgin Islands as a special purpose vehicle to hold shares in Barclays. Challenger is indirectly and beneficially owned by His Excellency Sheikh Hamad Bin Jassim Bin Jabr Al-Thani (the chairman of Qatar Holding) and his family.

About China Development Bank

China Development Bank was founded in 1994, and reports directly to the State Council of China. China Development Bank specialises in financing for construction and development of infrastructure, core industries and pillar industries as well as technology renovation projects and their ancillary projects. China Development Bank had total assets of RMB 2,890 billion at 31 December 2007 (approximately £212 billion). In early 2007, the Chinese government announced that China Development Bank will transform into a commercially operated financial institution focusing on medium to long term business. Currently, China Development Bank is actively and steadily proceeding with this commercialisation and transformation work in accordance with the reform plan as approved by the State Council of China.

About Qatar Investment Authority

Qatar Investment Authority was originally founded by the State of Qatar in 2005 to strengthen the country's economy by diversifying into new asset classes. Building upon the heritage of investments dating back more than three decades, its growing portfolio of long-term strategic investments complement the State of Qatar's wealth in natural resources. Qatar Investment Authority's investment in Barclays is being made by its wholly owned subsidiary Qatar Holding, which was incorporated in April 2006 within the jurisdiction of Qatar Financial Centre as the prime vehicle for strategic and direct investments by the State of Qatar. Headquartered in the Qatar Financial Centre, Qatar Holding is structured to operate at the very highest levels of global investing, with a planned presence in all major capital markets.

About Sumitomo Mitsui Banking Corporation

SMBC, one of the world's largest commercial banks with approximately JPY 100 trillion (approximately £505 billion) in total assets, provides an extensive range of wholesale and retail banking services in Japan and overseas to its customers. SMBC's international network consists of 19 branches, 6 sub-branches, and 15 representative offices as at 30 April 2008. SMBC has approximately 18,000 employees and is part of the Sumitomo Mitsui Financial Group, Inc. which is quoted on the Tokyo Stock Exchange. For further information on SMBC please visit www.smbc.co.jp/global/index.html .

About Temasek Holdings (Private) Limited

Incorporated in 1974, Temasek is a global investment firm headquartered in Singapore. Supported by affiliates and offices around the world, it holds and manages a diversified S$164 billion (approximately £55 billion) portfolio as at 31 March 2007, concentrated principally in Singapore, Asia and the OECD economies. Temasek is a shareholder and investor in diverse sectors such as banking & financial services, real estate, transportation & logistics, infrastructure, telecommunications & media, bioscience & healthcare, education, consumer & lifestyle, engineering & technology, as well as energy & resources. Temasek's investment strategies centre on four themes: transforming economies; thriving middle class; deepening comparative advantages; and emerging champions. Total shareholder return for Temasek since its inception in 1974 has been more than 18% compounded annually. It has a corporate credit rating of AAA/Aaa by rating agencies Standard & Poor's and Moody's respectively. For further information on Temasek please visit www.temasekholdings.com.sg .

Forward Looking Statements

This announcement contains certain forward-looking statements 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 " may", "will", "seek", "continue", "aim", "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe" or other words of similar meaning. Examples of forward-looking statements include, among others, statements regarding the Group's future financial position, income growth, 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 IFRS applicable to past, current and future periods, evolving practices with regard to the interpretation and application of standards under IFRS, the outcome of pending and future litigation, the success of future acquisitions and other strategic transactions and the impact of competition - a number of 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 herein speak only as of the date they are made. Except as required by the FSA, the London Stock Exchange or applicable law, Barclays expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this announcement to reflect any change in Barclays expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Nothing in this announcement is intended, or is to be construed, as a profit forecast or to be interpreted to mean that earnings per Barclays share for the current or future financial years will necessarily match or exceed the historical published earnings per Barclays share.

This announcement is not a prospectus but an advertisement. A prospectus relating to the Firm Placing and the Placing and Open Offer is expected to be published today. Investors should only rely on the information contained in the Prospectus and any documents incorporated therein by reference.

A copy of the Prospectus will be available from the registered office of Barclays at 1 Churchill Place, London E14 5HP. The Prospectus will also be available for inspection during usual business hours on any weekday (Saturdays, Sundays and Bank Holidays are excepted) from the date of its publication until Admission at the offices of Clifford Chance, 10 Upper Bank Street, London E14 6JJ.

This announcement shall not constitute an offer to buy, sell, issue, or subscribe for, or the solicitation of an offer to buy, sell or issue, or subscribe for any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

This announcement has been issued by and is the sole responsibility of Barclays. No representation or warranty, express or implied, is or will be made as to, or in relation to, and no responsibility or liability is or will be accepted by Credit Suisse Securities (Europe) Limited or JPMorgan Cazenove Limited or by any of their respective affiliates or agents as to or in relation to, the accuracy or completeness of this announcement or any other written or oral information made available to or publicly available to any interested party or its advisers, and any liability therefore is expressly disclaimed.

The distribution of this announcement, the offering of the New Ordinary Shares pursuant to the Placing and the availability of the Open Offer to persons not resident in the United States and the United Kingdom may be affected by the laws of the relevant jurisdictions. It is the responsibility of any person (including, without limitation, nominees and trustees) outside the United States or the United Kingdom wishing to apply for New Ordinary Shares under the Open Offer to satisfy himself or herself as to the full observance of the laws of any relevant territory in connection therewith, including obtaining any governmental or other consents that may be required, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes due in such territory. Any failure to comply with such laws may constitute a violation of the securities laws of any such jurisdiction.

Barclays will file a registration statement (including a prospectus) with the Securities and Exchange Commission (the "**SEC**") for the offering to which this communication relates. Before you invest and if you are a U.S. holder of Ordinary Shares or Barclays ADSs, you should read the prospectus in that registration statement and other documents the issuer has filed with the SEC for more complete information about the issuer and the offering. You may get these documents for free by visiting EDGAR on the SEC website at www.sec.gov. Alternatively, Barclays or its information agent, Mellon Investor Services LLC, will arrange to send you the prospectus and the appropriate subscription forms if you request them by calling toll-free from the United States or Canada at 1-877-282-6527 or calling collect from outside the United States or Canada at 1-201-680-6569. For further information, U.S. holders of Ordinary Shares or Barclays ADSs may contact Mellon Investor Services LLC at the numbers above.

The Placing and Open Offer will not be made, directly or indirectly, in Australia, Japan or South Africa (the "Restricted Jurisdictions") unless by means of lawful prior registration or qualification under the applicable laws of the Restricted Jurisdiction, or under an exemption from such requirements. Accordingly, copies of this announcement, including the appendices, are not being, and must not be, mailed or otherwise distributed or sent in, into or from any Restricted Jurisdiction into which the same would be unlawful. Persons receiving this announcement (including, without limitation, custodians, nominees and trustees) must not distribute, mail or send it in, into or from any Restricted Jurisdiction, and so doing may render any purported acceptance of the Placing and Open Offer invalid.

The New Ordinary Shares to be issued pursuant to the Firm Placing and Placing and Open Offer have not been, and will not be, admitted to trading on any stock exchange other than the London Stock Exchange and, as applicable, in the form of American Depositary Shares (ADS) on the New York Stock Exchange.

The Open Offer Shares may not be offered or sold directly or indirectly within the borders of the People's Republic of China. This announcement or the information contained herein has not been approved by or registered with any relevant governmental authorities in the People's Republic of China and may not be offered for sale in the People's Republic of China. Investors with registered addresses in, or who are resident or ordinarily resident in, or a citizen of, the People's Republic of China are responsible for obtaining all relevant government regulatory approvals/licences (if any) themselves, including, but not limited to, any which may be required from the State Administration of Foreign Exchange and other competent regulatory authorities and complying with all relevant People's Republic of China regulations (if applicable), including, but not limited to, any relevant foreign exchange regulations and/or overseas investment regulations.

This announcement has not been registered as a prospectus with the Monetary Authority of Singapore, and the offer of the Open Offer Shares to Singaporean investors is made in reliance on the offering exemption under Section 273(1)(cd) of the Securities and Futures Act. Accordingly, this announcement and any other document or material in connection with the Open Offer may not be circulated or distributed, nor may the Open Offer Shares be offered or sold, whether directly or indirectly, to any person in Singapore other than: (i) to a shareholder of Barclays pursuant to Section 273(1)(cd) of the Securities and Futures Act; or otherwise (ii) pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Neither the content of Barclays website nor any website accessible by hyperlinks on Barclays website is incorporated in, or forms part of, this announcement.

Barclays Capital, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for Barclays and Barclays Bank PLC and for no one else as sole financial adviser, joint placing agent and joint book runner in relation to the Firm Placing and the Placing and Open Offer and will not be responsible to any other person for providing the protections afforded to clients of Barclays Capital nor for advice in connection with the Firm Placing and the Placing and Open Offer or the contents of this announcement or any other matters referred to in this announcement.

Credit Suisse Securities (Europe) Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for Barclays and Barclays Bank PLC and for no one else as joint sponsor and joint broker in relation to the Firm Placing and the Placing and Open Offer and the listing of the New Ordinary Shares on the Official List and their admission to trading on the London Stock Exchange's market for listed securities, and as joint placing agent and joint bookrunner in relation to the Placing and Open Offer, and will not be responsible to any other person for providing the protections afforded to clients of Credit Suisse Securities (Europe) Limited nor for advice in connection with the Firm Placing and Placing and Open Offer, proposed listing or admission to trading or contents of this announcement or any other matters referred to in this announcement.

JPMorgan Cazenove Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for Barclays and Barclays Bank PLC and for no one else as joint sponsor and joint broker in relation to the Firm Placing and the Placing and Open Offer and the listing of the New Ordinary Shares on the Official List and their admission to trading on the London Stock Exchange's market for listed securities, and as joint placing agent and joint bookrunner in relation to the Placing and Open Offer, and will not be responsible to any other person for providing the protections afforded to clients of JPMorgan Cazenove Limited nor for advice in connection with the Firm Placing and Placing and Open Offer, proposed listing or admission to trading or contents of this announcement or any other matters referred to in this announcement.

Barclays Capital, Credit Suisse Securities (Europe) Limited and JPMorgan Cazenove Limited are not underwriting the Firm Placing and the Placing and Open Offer.

APPENDIX

DEFINITIONS

"Admission"	means the admission of the New Ordinary Shares to the Official List in accordance with the Listing Rules and to trading on the London Stock Exchange's market for listed securities in accordance with the Admission and Disclosure Standards and, as the context so requires, may refer to Admission of the Firm Placed Shares and/or the Open Offer Shares;
"ADS"	means the American Depositary Shares, each representing four Ordinary Shares, listed on the New York Stock Exchange;
"ADS Record Date"	means the close of business in New York City on 2 July 2008 in respect of the entitlements of Qualifying ADS holders under the Open Offer;
"Application Form"	means the personalised application form on which Qualifying Non-CREST Shareholders who are registered on the register of Barclays may apply for Open Offer Shares under the Open Offer;
"Barclays" or the **"Company"**	means Barclays PLC;
"Board" or **"Board of Directors"**	means the board of directors of Barclays;
"certificated" or "in certificated	means a share or other security which is not in uncertificated form (that is, not in CREST);

form"	
"Challenger"	means Challenger Universal Limited, a company representing the beneficial interests of His Excellency Sheikh Hamad Bin Jassim Bin Jabr Al-Thani, the chairman of Qatar Holding, and his family;
"Closing Price"	means the closing middle market quotation as derived from the Daily Official List on a particular day;
"Conditional Placees"	means Challenger, China Development Bank, Qatar Investment Authority, Temasek and certain leading institutional shareholders and other investors in their capacities as persons who have undertaken to subscribe for New Ordinary Shares subject (other than in the case of China Development Bank's Open Offer Entitlement) to clawback in respect of valid applications by Qualifying Shareholders;
"CREST"	means the relevant system (as defined in the Uncertificated Securities Regulations 2001) in respect of which Euroclear is the operator (as defined in those regulations);
"Daily Official List"	means the daily record setting out the prices of all trades in shares and other securities conducted on the London Stock Exchange;
"Enlarged Issued Share Capital"	means the 8,144,337,814 Ordinary Shares which are expected to be in issue following the completion of the Firm Placing and the Placing and Open Offer;
"Existing Ordinary Shares"	means the Ordinary Shares in issue as at the Record Date;
"Firm Placed Shares"	means the 168,918,918 New Ordinary Shares which SMBC has agreed to subscribe for under the Firm Placing;
"Firm Placing"	means the subscription by SMBC for the Firm Placed Shares under the relevant Subscription Agreement;
"FSA"	means the UK Financial Services Authority;
"Group"	means Barclays and its subsidiary undertakings;
"IFRS"	means International Financial Reporting Standards;
"Issue Price"	means the issue price of the Open Offer Shares, being 282 pence;
"Listing Rules"	means the rules and regulations of the UKLA, as amended from time to time and contained in the UKLA's publication of the same name;
"London Stock Exchange"	means London Stock Exchange PLC;
"New Ordinary Shares"	means the Open Offer Shares and/or the Firm Placed Shares, as the context requires;
"Official List"	means the official list of the UKLA;
"Open Offer"	means the offer to Qualifying Shareholders, constituting an invitation to apply for the Open Offer Shares on the terms and subject to the terms and conditions set out in the Prospectus and, in the case of Qualifying Non-CREST Shareholders, in the Application Form;
"Open Offer Entitlement"	means an entitlement to apply for Open Offer Shares allocated to a Qualifying Shareholder pursuant to the Open Offer;
"Open Offer Shares"	means the 1,407,426,864 Ordinary Shares to be offered to Qualifying Shareholders under the Open Offer and which the Conditional Placees have agreed to subscribe for pursuant to the Subscription Agreements, subject to (other than in the case of China Development Bank's Open Offer Entitlement) clawback in respect of valid applications by Qualifying Shareholders;
"Ordinary Shares"	means ordinary shares of 25 pence each in the capital of Barclays (including, if the context requires, the New Ordinary Shares);
"Overseas Shareholders"	means Shareholders with registered addresses in, or who are resident or ordinarily resident in, or citizens of, jurisdictions outside the United Kingdom;
"People's Republic of China"	means the People's Republic of China excluding, for the purposes of this announcement, the Hong Kong and Macau Special Administrative Regions and Taiwan;
"Placing"	means the conditional placing of the Open Offer Shares with the Conditional Placees;
"Prospectus"	means the document comprising a prospectus relating to the Company and the New Ordinary Shares (together with any supplements or amendments thereto);
"Qatar Holding"	means Qatar Holding LLC, a wholly owned subsidiary of Qatar Investment Authority through which it is making its investment in Barclays;
"Qatar Investment Authority"	means Qatar Investment Authority and/or Qatar Holding LLC, as the context requires;
"Qualifying ADS holders"	means holders of ADSs on the ADS register on the ADS Record Date (but excluding any holder of ADSs who has a registered address in a Restricted Jurisdiction);
"Qualifying CREST Shareholders"	means Qualifying Shareholders whose Ordinary Shares on the register of members of the Company on the Record Date are in uncertificated form;
"Qualifying Non-CREST Shareholders"	means Qualifying Shareholders whose Ordinary Shares on the register of members of the Company on the Record Date are in certificated form;
"Qualifying Shareholder"	means holders of Ordinary Shares on the register of members of the Company on the Record Date (but excluding any Overseas Shareholder who has a registered address in a Restricted Jurisdiction);
"Record Date"	means the close of business in London on 24 June 2008 in respect of the entitlements of Qualifying Shareholders under the Open Offer;
"Registrar"	means Equiniti Limited, the registrar to Barclays PLC;
"Restricted Jurisdictions"	means Australia, Japan and South Africa, each a **"Restricted Jurisdiction"**;
"Securities	means the Securities and Futures Act, Chapter 289 of Singapore;

and Futures Act"	
"Share Issue"	means the Firm Placing and the Placing and Open Offer;
"Securities Registration Statement"	means the securities registration statement to be filed on Form 7-3;
"Shareholder"	means a holder of Ordinary Shares;
"Sterling", "Pounds", "pence" and "£"	means the lawful currency of the United Kingdom;
"stock account"	means an account within a member account in CREST to which a holding of a particular share or other security in CREST is credited;
"Subscription Agreements"	means (i) the separate subscription agreements dated 25 June 2008 between Barclays and each of Challenger, China Development Bank, Qatar Investment Authority, SMBC and Temasek (and/or their respective subsidiaries and affiliates), and (ii) the separate placing letters dated 25 June 2008 between Barclays and certain leading institutional shareholders and other investors, in each case relating to their respective commitments to subscribe for New Ordinary Shares, principal terms of which are summarised in paragraphs 8.1 to 8.6 of Part XI (Additional Information) of the Prospectus;
"Sumitomo Mitsui Banking Corporation" or **"SMBC"**	means Sumitomo Mitsui Banking Corporation, a wholly owned subsidiary of Sumitomo Mitsui Financial Group, Inc;
"Temasek"	means Temasek Holdings (Private) Limited;
"Tokyo Stock Exchange"	means Tokyo Stock Exchange, Inc.;
"UK" or **"United Kingdom"**	means the United Kingdom of Great Britain and Northern Ireland;
"UKLA" or **"UK Listing Authority"**	means the FSA in its capacity as the competent authority for listing under Part VI of the UK Financial Services and Markets Act 2000; and
"US" or **"United States"** or **"United States of America"**	means the United States of America, its territories and possessions, any State of the United States and the District of Columbia and any municipal or other local subdivision thereof.

SIGNATURES

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

BARCLAYS PLC
(Registrant)

Date: June 25, 2008

By: /s/ Patrick Gonsalves

Patrick Gonsalves
Deputy Secretary

BARCLAYS BANK PLC
(Registrant)

Date: June 25, 2008

By: /s/ Patrick Gonsalves

Patrick Gonsalves

Joint Secretary

EXHIBIT 9

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 6-K

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

August 7, 2008

Barclays PLC and
Barclays Bank PLC
(Names of Registrants)

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

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

Form 20-F x   Form 40-F

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

Yes   No x

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

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

This Report comprises:

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

EXHIBIT INDEX

Interim Results - dated August 7, 2008

SIGNATURES

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

BARCLAYS PLC
(Registrant)

Date: August 7, 2008

By: /s/ Patrick Gonsalves

Patrick Gonsalves
Deputy Secretary

BARCLAYS BANK PLC
(Registrant)

Date: August 7, 2008

By: /s/ Patrick Gonsalves

Patrick Gonsalves
Joint Secretary

Barclays PLC
Interim Results Announcement

30th June 2008

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

Unless otherwise stated, the income statement analyses compare the six months to 30th June 2008 to the corresponding six months of 2007 (as restated on 22nd July 2008). Balance sheet comparisons, unless otherwise stated, relate to the corresponding position at 31st December 2007.

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 and of further and credit exposures, market related risks such as changes in interest rates and exchange rates, the policies and actions of governmental and regulatory authorities including classification of financial instruments for regulatory capital purposes, 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, 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. Additional risks and factors are identified in this document in "principal risks and uncertainties" and in our filings with the US Securities and Exchange Commission (the 'SEC') including in our annual report on form 20-F for the fiscal year ended 31st December 2007 which is available on the SEC website at http://www.sec.gov.

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.

Summary of Key Information

Group Results

	Half Year Ended		Change
	30.06.08	**30.06.07**	
	£m	£m	%
Total income net of insurance claims	11,843	11,902	-
Impairment charges and other credit provisions	(2,448)	(959)	155
Operating expenses	(6,664)	(6,847)	(3)
Profit before tax	2,754	4,101	(33)
Profit attributable to equity holders of the parent	1,718	2,634	(35)
Economic profit	501	1,609	(69)
Basic earnings per share	27.0p	41.4p	(35)
Diluted earnings per ordinary share	26.2p	40.1p	(35)
Dividend per share	11.5p	11.5p	-
Net asset value per share	339p	320p	6

Performance Ratios

Return on average shareholders' equity	14.9%	25.6%
Cost:income ratio	56%	58%
Cost:net income ratio	71%	63%

Profit Before Tax by Business [1]

	£m	£m	% Change
UK Retail Banking	690	646	7
Barclays Commercial Bank	702	706	(1)
Barclaycard	388	299	30
Global Retail & Commercial Banking Western Europe	115	105	10
Global Retail & Commercial Banking Emerging Markets	52	60	(13)
Global Retail & Commercial Banking Absa	298	271	10
Barclays Capital	524	1,660	(68)
Barclays Global Investors	265	388	(32)
Barclays Wealth	182	173	5

Capital

	As at 30.06.08	**As at 31.12.07**
Equity Tier 1 ratio	5.0%	5.1%
Tier 1 ratio	7.9%	7.6%
Risk asset ratio	12.6%	11.2%
Total shareholders' equity	£32,822m	£32,476m
Risk weighted assets (Basel II)	£352.7bn	£353.9bn

1 *Summary excludes Head Office functions and other operations.*

Performance Highlights

"In the difficult environment of the first half of 2008, Barclays remained solidly profitable, albeit at levels below the record performance achieved last year.

We were helped by the earnings diversification that we have created across the Group and by our improved ability to flex both costs and balance sheet. This enabled us to absorb the cost of the credit market dislocation while seeking opportunities in areas of long term growth."

John Varley, Group Chief Executive

Income in line with record prior year despite challenging conditions

Costs decreased 3%, leading to a two percentage point improvement in the cost:income ratio

Group profit before tax of £2.75bn, reflecting lower profits from Investment Banking and Investment Management as a consequence of the credit market dislocation and an increased contribution from Global Retail and Commercial Banking:

Improved profitability, tight cost control and strong mortgage book growth in UK Retail Banking

Stable performance in Barclays Commercial Bank, consistent with cautious lending approach

Very strong profit growth at Barclaycard with good progress both internationally and in the UK

Accelerated investment in Barclays international retail and commercial banking network reflected in very strong income growth

Barclays Capital profitable after a further £1bn of net losses in the second quarter due to credit market dislocation, in addition to the £ 1bn already announced in the first quarter; costs and credit market exposures significantly reduced

Solid income growth at Barclays Global Investors and selective support for liquidity products

Broadly based income growth in Barclays Wealth

Capital ratios strengthened following July equity issuance: Pro forma Tier 1 capital ratio of 9.1% and Equity Tier 1 ratio of 6.3%

Interim cash dividend maintained at 11.5p

Group Chief Executive's Review

The conditions in the market that we have seen over the course of the last twelve months are as difficult as we have experienced in many years. Although I take some comfort from our relative performance in managing our risks and in generating income, a decline in profit of 33% is acutely disappointing. And I add to that my disappointment at the decline in our share price. Our shareholders have had to endure a lot. We are, and we will be, working as hard as we can to create the conditions that enable a higher price to be placed on our shares over time. At the same time, however, profit before tax of £2.75 billion for the period reflects stable income year on year; an improvement of two percentage points in our cost: income ratio; and substantial investment in our distribution channels in retail and commercial banking outside the United Kingdom in pursuit of future growth.

We have experienced significant writedowns. We have been alert to the changing risk environment , and because of that we were reducing our risk exposures in many business areas throughout 2007 and have continued to do that during the first half of 2008. That has certainly had the effect of mitigating the impact on our profits, as has the significant diversification of the business by geography and by business line over the last years. But it would be wrong in this review to suggest that the market conditions over the foreseeable future will be anything other than tough, not least because we are now seeing the impact of slowing economies around the world and that means that we must remain very vigilant to managing risk. In some areas of our business, it may take quite some time for volumes to be restored to those we have seen in the past: we see patterns of deleveraging by both companies and personal customers around the world, and this will continue to have an impact on activity levels.

The combination of turbulent markets and slowing economies requires us to be agile in managing business performance. But for all the impact of the difficult environment, the medium term drivers of growth in the global financial services industry are substantially unchanged: the privatisation of welfare provision; wealth management and wealth transfer; the growth of retail banking in the developing world; the increasing use of capital markets for financing and risk management; the pursuit of yield by investors; and the demands on capital markets to fund infrastructure development - these sources of growth endure. Our strategy is to align Barclays with those opportunities. That is why we have continued during the half to invest in the broadening of our physical footprint in **Global Retail and Commercial Banking**; and in origination and coverage in **Investment Banking and Investment Management.** And we see advantage in the fact that the competitive landscape has changed significantly over the last twelve months because the market dislocation has reduced the ability or determination of some hitherto strong market participants to compete aggressively.

Barclays strategy is to achieve superior growth through time by diversifying its profit base and increasing its presence in markets and segments that are growing rapidly. In executing our strategy, we continue to focus on our four strategic priorities which are: building the best bank in the United Kingdom ; accelerating the growth of our global businesses; developing retail and commercial banking activities in selected countries outside the United Kingdom ; and enhancing operational excellence.

I will consider each of these strategic priorities in turn.

In **UK Retail Banking** we have achieved market leading shares of new business in the core product areas of current accounts, savings and mortgages. The improvement in market positioning here is substantial - most obviously in mortgages, where our share of net new business in the first half of 2008 was 2 6 % compared with 6% in the equivalent period of last year. Meanwhile, we have improved the cost:income ratio of the business (and maintain our target of improving the annual ratio by three percentage points from 57% in 2007 to 54% in 2010). Our financial performance in the first half benefited from these trends.

In **Barclays Commercial Bank** profit was affected by significant investment directed at increasing the number of product specialists and relationship managers and the supporting risk and operations infrastructure . Loan balances continued to grow during the half, but we have been careful to ensure that our assets are appropriately diversified in advance of a normalisation of loan loss rates that we have predicted for some time. For example, property and construction comprises 13 % of our UK commercial loan book, a significantly lower proportion than would be seen generally across the UK market.

Group Chief Executive's Review

In **Barclaycard** we have made substantial progress in sustaining our UK leadership position whilst significantly improving profitability. As well as acquiring the Goldfish business at an attractive price, we recruited about 200,000 net new UK customers during the first half of 2008 but maintained a selective approach to new business that saw us continue to reject about half of the applications that we receive. We see credit cards as one of our global businesses and we have made further substantial steps in the development of Barclaycard outside the UK . Barclaycard International contributed over a quarter of Barclaycard's profits in the first half and over 75 % of Barclaycard's new customers during the period. We continue to expect Barclaycard US to contribute US$150m in profit before tax this year, thereby achieving the target that we set following the acquisition of the business at the end of 2004.

Investment Banking and Investment Management , which is the home of the other businesses in the Group that we think of as "global", was confronted during the first half of the year with very testing trading conditions . Although the profits of both **Barclays Capital** and **Barclays Global Investors** suffered from the consequences of the credit market dislocation, the impact on the performance of both businesses was mitigated by the investments in asset class diversification that we have made in recent years. This helped generate record income levels in Barclays Capital in interest rate products, commodities, prime services and emerging markets and continuing brisk growth at BGI in the income from our exchange traded funds business iShares. In Barclays Capital we made progress in reducing US sub-prime and other credit market exposures. In BGI we took further steps to provide selective support of liquidity products; whilst this has had the effect of reducing profits in the first half, it has been an important source of reassurance to our clients. We have continued to see flows of new assets into BGI during the period. We see Barclays Capital and Barclays Global Investors as engines of future growth for Barclays, and have made further selective new hires in both businesses. **Barclays Wealth** has similar growth characteristics, and although impacted by lower market levels, we have achieved profit growth and continued during the half year to invest in the recruitment of client-facing staff.

We have made the biggest changes to the future growth opportunity in Barclays by the focus we are directing at developing our retail and commercial banking activities outside the United Kingdom . Most of this activity has been organic. We have expanded our distribution points in all areas of the business; opening 191 new branches or sales outlets in **GRCB - Western Europe,** 321 in **GRCB - Emerging Markets** and 160 in **GRCB - Absa** during the first six months of the year. This distribution-led growth is transforming the scale and prospects of the business. We saw particularly strong income growth during the half in two markets that we have recently entered - India and United Arab Emirates . At the same time we have acquired Expobank as a first step to increasing our presence in Russia, and we will soon launch our business in Pakistan. We expect to have opened 250 further branches and sales outlets outside the UK by the end of 2008.

The focus of our work in the area of "**operational excellence** " is directed at the management of risk, cost and capital. In risk management, we have sought to position our major books of business conservatively in the expectation of the cyclical downturn in countries where we have large presences - the United Kingdom, Spain and South Africa. Although our performance in these markets will be affected by economic slowdown, we hope that we will outperform as a result of actions that we have already taken. Meanwhile, we have managed our costs aggressively, achieving substantial reductions in costs in Barclays Capital and an improved cost:income ratio for the Group as a whole. In the area of capital, we intend to direct just over half of the new capital raised in July at maintaining ratios ahead of target for the foreseeable future, and half to support future growth. We have directed a lot of attention during 2008 at managing the level of risk weighted assets across the Group.

It is important to be both realistic about the outlook - which remains tough - and confident about the direction of our strategy and our ability to implement it. I draw confidence from our performance over the last twelve months. Our focus in the months ahead will be on executing our strategy.

John Varley , Group Chief Executive

Group Finance Director's Review

Group Performance

In the first half of 2008 Barclays delivered profit before tax of £2,754m, a decline of 33% on the record performance of 2007. Earnings per share were 27.0p and we maintained the dividend in cash at the 2007 interim per share level of 11.5p.

Income was in line with 2007 at £11,843m. Income grew in all businesses apart from Barclays Capital, and growth was particularly strong in retail and commercial banking businesses outside the UK . Net income, after impairment charges, of £9,395m was 14% lower than 2007, and included net losses of £1,979m on credit market exposures, net of gains of £852m arising from the fair valuation of notes issued by Barclays Capital.

Impairment charges and other credit provisions of £2,448m included charges related to US sub-prime mortgages and other credit market exposures of £1,108m. Excluding these sub-prime related charges, impairment charges increased 40%. In UK Retail Banking, impairment charges increased slightly as a result of higher balances. UK mortgage impairment charges remained very low as our book is conservatively positioned. In Barclaycard UK impairment charges decreased. The UK wholesale and corporate charge was higher than the first half of 2007 but remained relatively low and within expectations in a generally steady wholesale environment. Significant growth in impairment charges in our international retail and commercial banking businesses reflected: very strong book growth and a changed asset mix in emerging markets; the impact on consumers of the macroeconomic backdrop in South Africa; and a deteriorating property market in Spain.

Operating expenses decreased 3% to £6,664m. We continued to invest in our distribution network in our international retail and commercial banking businesses. Costs were flat in UK Retail Banking and significantly lower in Barclays Capital. Gains from property disposals were £120m (2007: £147m). The Group cost:income ratio improved two percentage points to 56%.

Business Performance - Global Retail and Commercial Banking

UK Retail Banking profit before tax grew 7% to £690m. Income grew 3% to £2,176m, reflecting growth in Personal Customer Savings Accounts and Local Business and lower settlements on overdraft fees. We achieved a share of net new mortgage lending of 26%. Operating expenses were in line with 2007. Impairment charges increased 4%, and mortgage impairment remained low.

Barclays Commercial Bank profit before tax decreased 1% to £702m. Income growth of 7% reflected increased sales of treasury products. Costs increased 17% as we invested in operations infrastructure, product specialists and sales capability. Impairment charges increased 19% due to higher charges from certain Larger Business exposures.

Barclaycard profit before tax increased 30% to £388m, including £100m from Barclaycard International. Income growth of 13% reflected strong growth in Barclaycard International and the acquisition of Goldfish. Costs increased 6% reflecting continued international growth. Impairment charges increased 10% reflecting the inclusion of Goldfish and increased charges in Barclaycard International, offset by a £62m reduction in impairment in the UK businesses.

Global Retail and Commercial Banking - Western Europe profit before tax grew 10% to £115m. Income growth of 46% was driven by very strong growth in loans and advances and deposits. Costs increased 38% reflecting expansion of the retail distribution network across all geographies by 191 distribution points , and expansion in SMEs and Premier . Impairment charges increased £71m to £103m, primarily reflecting a deteriorating property market in Spain .

Global Retail and Commercial Banking - Emerging Markets profit before tax decreased 13%. Income and operating expenses almost doubled. Income growth was driven by retail expansion in India , and strong performances in the Africa businesses and UAE cards. Operating expense growth reflected the continued expansion of distribution points by 321 to a total of 871. Impairment charges increased £54m to £66m reflecting asset growth, particularly in India , and increased wholesale impairment in Africa .

Global Retail and Commercial Banking - Absa profit before tax increased 10% to £298m. Income growth of 9% included a gain of £46m relating to the Visa IPO. Distribution points increased 1 60 to 1,161 and operating expenses decreased 1%, leading to a six percentage point improvement in the cost:income ratio to 60%. Impairment charges rose £69m to £125m, mainly due to the impact of successive interest rate rises and high inflation rates on consumers in South Africa .

Business Performance - Investment Banking and Investment Management

Barclays Capital profit before tax was £524m in a very challenging market, down 68% relative to the record result in 2007. Net income fell 47% to £2,185m as growth in interest rate products, commodities, emerging markets, private equity and foreign exchange was more than offset by net losses of £1, 979m due to credit market dislocation, net of gains of £852m from the fair valuation of notes issued by Barclays Capital. There was very strong growth in continental Europe, Asia and Africa, and modest growth in the UK. The US was adversely affected by the market conditions although there was significant growth in commodities, prime services and foreign exchange. Operating expenses were tightly controlled and reduced 32%. The compensation cost:net income ratio increased to 53%. Risk weighted assets were actively managed and declined in the period. Headcount increased 100 to 16,300 as we continued to invest selectively in key areas.

Barclays Global Investors profit before tax decreased 32% to £265m reflecting income growth of 5% to £987m; the impact of strong cost control; and charges of £196m related to selective support of liquidity products. Total assets under management were US$1,967bn, reflecting net new assets of US$25bn and negative market moves of US$147bn.

Barclays Wealth profit before tax grew 5% to £182m. Income growth of 5% to £668m reflected strong growth in customer deposits and lending partially offset by the impact of lower equity markets on fee income. Operating expenses grew 3% as cost efficiencies were reinvested in technology and operating platforms, and continued hiring of client-facing staff. Total client assets remained at £132.5bn as good asset inflows offset the impact of lower equity markets.

Business Performance - Head Office Functions and Other Operations

Head Office Functions and Other Operations loss before tax increased £255m to £462m. This was driven by increased fees paid to Barclays Capital for debt and equity raising, a reduction in interest earned owing to the reduction of the centrally held capital surplus, and increased costs related to an internal review of Barclays compliance with US economic sanctions.

Related Parties

Related party transactions, including salary and benefits provided to directors and key management, were not material to the financial position or performance of the Group during the period. There were no changes to the type and nature of the related party transactions disclosed in the 2007 annual report that could have a material effect on the financial position and performance of the Group in the first six months. Related part y transactions are set out on page 107 .

Capital Management

We worked hard to optimise risk weighted asset consumption in the first half of 2008. As a result, Group risk weighted assets at 30th June 2008 were broadly stable at £352.7bn. At 30th June 2008, our tier 1 capital ratio was 7.9% and our equity tier 1 ratio was 5.0%. We raised £4.5bn of new equity in July 2008 which, if applied to our capital position as at 30th June 2008, would have resulted in pro-forma ratios of 9.1% and 6.3% respectively. We expect to retain just over half of the new equity raised in July 2008 in increased capital ratios going forward. We maintained our dividend at 11.5p per share.

Chris Lucas, Group Finance Director

Consolidated Interim Income Statement

	Half Year Ended		
Continuing Operations	**30.06.08**	**31.12.07**	**30.06.07**
	£m	£m	£m
Interest income	13,356	13,271	12,037
Interest expense	(8,186)	(8,250)	(7,448)
Net interest income	**5,170**	**5,021**	**4,589**
Fee and commission income	4,461	4,386	4,292
Fee and commission expense	(547)	(490)	(480)
Net fee and commission income	**3,914**	**3,896**	**3,812**
Net trading income	1,784	948	2,811
Net investment income	345	820	396
Principal transactions	**2,129**	**1,768**	**3,207**
Net premiums from insurance contracts	568	569	442
Other income	163	88	100
Total income	**11,944**	**11,342**	**12,150**
Net claims and benefits incurred under insurance contracts	(101)	(244)	(248)
Total income net of insurance claims	**11,843**	**11,098**	**11,902**
Impairment charges and other credit provisions	(2,448)	(1,836)	(959)
Net income	**9,395**	**9,262**	**10,943**
Staff costs	(3,888)	(3,824)	(4,581)
Administration and general expenses	(2,408)	(2,189)	(1,952)
Depreciation of property, plant and equipment	(274)	(240)	(227)
Amortisation of intangible assets	(94)	(99)	(87)
Operating expenses	**(6,664)**	**(6,352)**	**(6,847)**
Share of post-tax results of associates and joint ventures	23	42	-
Profit on disposal of subsidiaries, associates and joint ventures	-	23	5
Profit before tax	**2,754**	**2,975**	**4,101**
Tax	(620)	(823)	(1,158)
Profit after tax	**2,134**	**2,152**	**2,943**
Attributable To			
Minority interests	416	369	309
Equity holders of the parent	1,718	1,783	2,634
	2,134	**2,152**	**2,943**
Basic earnings per ordinary share	27.0p	27.5p	41.4p
Diluted earnings per ordinary share	26.2p	26.6p	40.1p
Proposed Dividend per Ordinary Share			
Interim dividend	11.5p	-	11.5p
Final dividend	-	22.5p	-

Consolidated Interim Balance Sheet

Assets	As at 30.06.08	As at 31.12.07	As at 30.06.07
	£m	£m	£m
Cash and balances at central banks	6,432	5,801	4,785
Items in the course of collection from other banks	2,478	1,836	2,533
Trading portfolio assets	177,628	193,691	217,573
Financial assets designated at fair value:			
- held on own account	46,697	56,629	46,171
- held in respect of linked liabilities to customers under investment contracts	79,486	90,851	92,194
Derivative financial instruments	400,009	248,088	174,225
Loans and advances to banks	54,514	40,120	43,191
Loans and advances to customers	395,467	345,398	321,243
Available for sale financial investments	42,765	43,072	47,764
Reverse repurchase agreements and cash collateral on securities borrowed	139,955	183,075	190,546
Other assets	6,012	5,150	6,289
Current tax assets	808	518	345
Investments in associates and joint ventures	316	377	228
Goodwill	6,932	7,014	6,635
Intangible assets	1,200	1,282	1,228
Property, plant and equipment	2,991	2,996	2,538
Deferred tax assets	1,964	1,463	774
Total assets	**1,365,654**	**1,227,361**	**1,158,262**

Consolidated Interim Balance Sheet

Liabilities	As at 30.06.08	As at 31.12.07	As at 30.06.07
	£m	£m	£m
Deposits from banks	89,944	90,546	87,429
Items in the course of collection due to other banks	2,791	1,792	2,206
Customer accounts	319,281	294,987	292,444
Trading portfolio liabilities	56,040	65,402	79,252
Financial liabilities designated at fair value	86,162	74,489	63,490
Liabilities to customers under investment contracts	80,949	92,639	93,735
Derivative financial instruments	396,357	248,288	177,774
Debt securities in issue	115,739	120,228	118,745
Repurchase agreements and cash collateral on securities lent	146,895	169,429	181,093
Other liabilities	8,998	10,499	10,908
Current tax liabilities	1,532	1,311	1,003
Insurance contract liabilities, including unit-linked liabilities	3,679	3,903	3,770
Subordinated liabilities	21,583	18,150	15,067
Deferred tax liabilities	655	855	258
Provisions	624	830	527
Retirement benefit liabilities	1,603	1,537	1,840
Total liabilities	**1,332,832**	**1,194,885**	**1,129,541**
Shareholders' Equity			
Called up share capital	1,642	1,651	1,637
Share premium account	72	56	5,859
Other reserves	(198)	874	271
Retained earnings	20,965	20,970	13,461
Less: treasury shares	(192)	(260)	(255)
Shareholders' equity excluding minority interests	**22,289**	**23,291**	**20,973**
Minority interests	10,533	9,185	7,748
Total shareholders' equity	**32,822**	**32,476**	**28,721**
Total liabilities and shareholders' equity	**1,365,654**	**1,227,361**	**1,158,262**

Results by Business

UK Retail Banking

Income Statement Information	Half Year Ended		
	30.06.08	31.12.07	30.06.07
	£m	£m	£m

Net interest income	1,453	1,451	1,407
Net fee and commission income	639	583	600
Net premiums from insurance contracts	103	165	87
Other income	-	(2)	49
Total income	**2,195**	**2,197**	**2,143**
Net claims and benefits incurred under insurance contracts	(19)	(21)	(22)
Total income net of insurance claims	**2,176**	**2,176**	**2,121**
Impairment charges and other credit provisions	(288)	(282)	(277)
Net income	**1,888**	**1,894**	**1,844**
Operating expenses excluding amortisation of intangible assets	(1,195)	(1,266)	(1,195)
Amortisation of intangible assets	(7)	(5)	(4)
Operating expenses	**(1,202)**	**(1,271)**	**(1,199)**
Share of post-tax results of associates and joint ventures	4	6	1
Profit before tax	**690**	**629**	**646**

Balance Sheet Information

Loans and advances to customers	£89.1bn	£82.0bn	£77.5bn
Customer accounts	£88.4bn	£87.1bn	£84.5bn
Total assets	£96.3bn	£88.5bn	£84.3bn

Performance Ratios

Return on average economic capital [1]	28%	28%	28%
Cost:income ratio [1]	55%	58%	57%
Cost:net income ratio [1]	64%	67%	65%

Other Financial Measures

Risk tendency [1,2]	£495m	£470m	£580m
Economic profit [1]	£324m	£306m	£311m
Risk weighted assets (Basel I)	-	£46.1bn	£42.5bn
Risk weighted assets (Basel II)	£30.9bn	£30.5bn	-

Key Facts

Number of UK current accounts	11.5m	11.3m	11.4m
Number of UK savings accounts	11.7m	11.1m	11.1m
Number of UK mortgage accounts	786,000	754,000	737,000
Number of Local Business customers	653,000	643,000	637,000
Number of branches	1,733	1,733	1,810
Number of ATMs	3,336	3,325	3,841

1 *Defined on page 121 .*
2 *Further information on risk tendency is included on page 58 .*

Results by Business

UK Retail Banking

UK Retail Banking profit before tax increased 7% (£44m) to £690m (2007: £646m) due to solid income growth and well controlled costs and impairment.

Income grew 3% (£55m) to £2,176 m (2007: £2,121m), reflecting good growth in Personal Customer Savings Accounts and Local Business.

Net interest income increased 3% (£46m) to £1,453m (2007: £1,407m). Growth was driven by a higher contribution from deposits, through good balance sheet growth. Total average customer deposit balances increased 7% to £85.7bn (2007: £80.2bn), supported by the launch of new products. The liabilities margin was broadly stable at 2.12% (2007: 2.15%).

Mortgage balances showed strong growth, driven by increased gross advances and higher levels of balance retention. Mortgage balances were £76.9bn at the end of the period (31st December 2007: £69.8bn), an approximate market share of 7% (2007: 6%). Gross advances were £12.7bn (2007: £10.5bn). Net new lending represent ed a market share of 26% (2007: 6%). The average loan to value ratio of the residential mortgage book on a current valuation basis was 35%. The average loan to value ratio of new residential mortgage lending was 51%. The asset s margin decreased 11 basis points to 1.09% (2007: 1.20%) principally due to a higher proportion of mortgages.

Net fee and commission income increased 7% (£39m) to £639m (2007: £600m), reflecting good growth within Local Business. 2007 net fee and commission income included £87m settlements on overdraft fees.

Impairment charges increased 4% (£11m) to £288m (2007: £277m), reflecting growth in the book and current economic conditions. In UK Home Finance, whilst mortgage delinquencies as a percentage of outstanding balances increased from 0.91% to 0.97%, impairment charges and amounts charged off remained low.

Operating expenses were held flat at £1,202m (2007: £1,199m), reflecting strong and active management of expense lines, including continued back office consolidation. Gains from the sale of property were £65m (2007: £113m).

The cost:income ratio improved two percentage points to 55% (2007: 57%).

Results by Business

Barclays Commercial Bank

Income Statement Information

	Half Year Ended		
	30.06.08	31.12.07	30.06.07
	£m	£m	£m
Net interest income	874	880	867
Net fee and commission income	397	398	352
Net trading income	4	7	2
Net investment income	8	17	30
Principal transactions	**12**	**24**	**32**
Other income	66	5	6
Total income	**1,349**	**1,307**	**1,257**
Impairment charges and other credit provisions	(148)	(168)	(124)
Net income	**1,201**	**1,139**	**1,133**
Operating expenses excluding amortisation of intangible assets	(494)	(499)	(425)
Amortisation of intangible assets	(4)	(3)	(2)
Operating expenses	**(498)**	**(502)**	**(427)**
Share of post-tax results of associates and joint ventures	(1)	-	-
Profit on disposal of subsidiaries, associates and joint ventures	-	14	-
Profit before tax	**702**	**651**	**706**

Balance Sheet Information

Loans and advances to customers	£67.5bn	£63.7bn	£60.4bn
Customer accounts	£61.3bn	£60.8bn	£59.8bn
Total assets	£81.0bn	£74.6bn	£69.8bn

Performance Ratios

Return on average economic capital [1]	28%	29%	31%
Cost:income ratio [1]	37%	38%	34%
Cost:net income ratio [1]	41%	44%	38%

Other Financial Measures

Risk tendency [1,2]	£360m	£305m	£290m
Economic profit [1]	£305m	£303m	£332m
Risk weighted assets (Basel I)	-	£54.3bn	£51.1bn
Risk weighted assets (Basel II)	£63.0bn	£62.1bn	-

Key Facts

Total number of customers	81,000	81,000	77,000

1 *Defined on page 121 .*
2 *Further information on risk tendency is included on page 58 .*

Results by Business

Barclays Commercial Bank

Barclays Commercial Bank profit before tax decreased 1% (£4m) to £702m (2007: £706m), with good income growth in challenging market conditions offset by increased impairment charges and operating expenses.

Income increased 7% (£92m) to £1,349m (2007: £1,257m).

Net interest income improved 1% (£7m) to £874m (2007: £867m). There was very strong growth in customer assets, predominantly term loans, which increased 12% to £59.0bn (2007: £52.7bn). The assets margin decreased 25 basis points to 1.60% (2007: 1.85%) reflecting a lower level of fee recognition in the effective interest rate calculation than in 2007 and a continued focus on higher-quality term lending in 2008 . Average customer accounts grew 2% to £47.3bn (2007: £46.5bn), and the deposit margin remained broadly stable at 1.48% (2007: 1.50%).

Non-interest income increased to 35% of total income (2007: 31%), partly reflecting continued focus on cross sales and efficient balance sheet utilisation. There was strong growth in net fee and commission income, which increased 13% (£45m) to £397m (2007: £352m) due to increased income from foreign exchange and derivative sales, particularly interest rate derivatives.

Income from principal transactions fell to £12m (2007: £32m) due to fewer equity realisations.

Other income of £66m (2007: £6m) included a £42m gain arising from the restructuring of Barclays interest in a third party finance operation. This gain was offset by a broadly similar tax charge. Other income also included £11m (2007: £ 1m) rental income from operating leases.

Impairment charges increased 19% (£24m) to £148m (2007: £124m) reflecting higher impairment losses in Larger Business partially offset by a reduction in incurred but not individually identified impairment. There was a small increase in impairment as a percentage of period-end loans and advances to customers to 0.44% (2007: 0.4 1%).

Operating expenses increased 17% (£71m) to £498m (2007: £427m) reflecting increased investment in payments, risk and operations infrastructure , product specialists and sales capability. Growth in operating lease business and lower gains on the sale of property of £10m (2007: £25m) contributed 7% of the increase in operating expenses .

Results by Business

Income Statement Information

	Half Year Ended		
	30.06.08	31.12.07	30.06.07
	£m	£m	£m
Net interest income	787	688	686
Net fee and commission income	584	567	576
Net trading income	1	(2)	2
Net investment income	16	11	-
Principal transactions	**17**	**9**	**2**
Net premiums from insurance contracts	18	19	21
Other income	18	(2)	(23)
Total income	**1,424**	**1,281**	**1,262**
Net claims and benefits incurred under insurance contracts	(6)	(6)	(7)
Total income net of insurance claims	**1,418**	**1,275**	**1,255**
Impairment charges and other credit provisions	(477)	(392)	(435)
Net income	**941**	**883**	**820**
Operating expenses excluding amortisation of intangible assets	(525)	(553)	(504)
Amortisation of intangible assets	(27)	(21)	(15)
Operating expenses	**(552)**	**(574)**	**(519)**
Share of post-tax results of associates and joint ventures	(1)	(5)	(2)
Profit before tax	**388**	**304**	**299**

Balance Sheet Information

Loans and advances to customers	£22.1bn	£19.7bn	£18.2bn
Total assets	£24.3bn	£22.1bn	£20.4bn

Performance Ratios

Return on average economic capital [1]	22%	20%	21%
Cost:income ratio [1]	39%	45%	41%
Cost:net income ratio [1]	59%	65%	63%

Other Financial Measures

Risk tendency [1,2]	£1,115m	£955m	£975m
Economic profit [1]	£147m	£98m	£115m
Risk weighted assets (Basel I)	-	£19.7bn	£16.9bn
Risk weighted assets (Basel II)	£25.0bn	£22.5bn	-

Key Facts

Number of Barclaycard UK customers	11.9m	10.1m	9.6m
Number of retailer relationships	93,000	93,000	95,000
UK credit cards - average outstanding balances	£9.3bn	£8.4bn	£8.5bn
UK credit cards - average extended credit balances	£7.5bn	£6.8bn	£7.0bn
International - average outstanding balances	£5.1bn	£4.4bn	£3.8bn
International - average extended credit balances	£4.2bn	£3.6bn	£3.0bn
International - cards in issue	11.2m	10.5m	9.2m
Secured lending - average outstanding loans	£4.7bn	£4.4bn	£4.2bn

1 *Defined on page 121 .*
2 *Further information on risk tendency is included on page 58 .*

Results by Business

Barclaycard

Barclaycard profit before tax increased 30% (£89m) to £388m (2007: £299m), driven by strong international income growth and a significant improvement in UK impairment charges. 2008 profit include d £41m from Goldfish .

Income increased 13% (£163m) to £1,418m (2007: £1,255m) reflecting strong growth in Barclaycard International and £56m from the inclusion of Goldfish, partially offset by a decline in UK Cards and FirstPlus.

Net interest income increased 15% (£101m) to £787m (2007: £686m) driven by strong growth in international average extended credit card balances, up 40 % to £4.2bn. Margins were unchanged at 6.77%.

Net fee and commission income increased 1% (£8m) to £584m (2007: £576m) with growth in Barclaycard International partially offset by lower volumes in FirstPlus.

Principal transactions increased £15m to £17m (2007: £2m) reflecting a £16m gain from the sale of shares in Master Card.

Other income increased £ 41m to £18m (2007: £23m loss) reflecting a gain from a portfolio sale in the US in 2008 and £27m loss on disposal of part of the Monument card portfolio in 2007.

Impairment charges increased 10% (£42m) to £477m (2007: £435m), reflecting £77m growth in charges in the international businesses and £27m from the inclusion of Goldfish. These factors were partially offset by £62m lower impairment in the UK businesses with reduced flows into delinquency and lower levels of arrears.

Operating expenses increased 6% (£33m) to £552m (2007: £519m) reflecting continued international growth, development of the UK partnerships business and increased marketing investment. Operating expenses include £89m negative goodwill from the acquisition of Goldfish offset by restructuring charges of £ 5 4m and other Goldfish expenses of £23m.

Barclaycard International continued to gain momentum, delivering a 64% (£ 39m) increase in profit before tax to £100m (2007: £61m). Barclaycard US recorded strong average balance growth, despite difficult market conditions and continued to deliver the financial plan set out at the time of acquisition. The Entercard joint venture continued to build presence across its markets in Norway, Sweden and Denmark.

Results by Business

Global Retail and Commercial Banking - Western Europe

Income Statement Information	Half Year Ended		
	30.06.08	31.12.07	30.06.07
	£m	£m	£m
Net interest income	378	284	243
Net fee and commission income	190	166	156
Net trading income	11	7	6
Net investment income	52	46	47
Principal transactions	**63**	**53**	**53**
Net premiums from insurance contracts	183	100	45
Other income	16	4	3
Total income	**830**	**607**	**500**
Net claims and benefits incurred under insurance contracts	(189)	(110)	(60)
Total income net of insurance claims	**641**	**497**	**440**
Impairment charges and other credit provisions	(103)	(44)	(32)
Net income	**538**	**453**	**408**
Operating expenses excluding amortisation of intangible assets	(417)	(362)	(303)
Amortisation of intangible assets	(6)	(4)	(4)
Operating expenses	**(423)**	**(366)**	**(307)**
Profit on disposal of subsidiaries, associates and joint ventures	-	4	4
Profit before tax	**115**	**91**	**105**
Balance Sheet Information			
Loans and advances to customers	£41.1bn	£35.0bn	£29.7bn
Customer accounts	£11.4bn	£9.4bn	£7.7bn
Total assets	£51.1bn	£43.7bn	£36.7bn
Performance Ratios			
Return on average economic capital [1]	26%	10%	12%
Cost:income ratio [1]	66%	74%	70%
Cost:net income ratio [1]	79%	81%	75%
Other Financial Measures			
Risk tendency [1,2]	£185m	£135m	£105m
Economic profit [1, 3]	£133m	£2m	£14m
Risk weighted assets (Basel I)	-	£24.5bn	£20.4bn
Risk weighted assets (Basel II)	£29.2bn	£25.1bn	-
Key Facts			
Number of customers	2.0m	1.8m	1.6m
Number of branches	881	752	709
Number of sales centres	108	46	21
Number of distribution points	989	798	730

1 *Defined on page 121.*
2 *Further information on risk tendency is included on page 58.*
3 *Half year ended 30th June 2008 includes £139m release of a deferred tax liability.*

Results by Business

Global Retail and Commercial Banking - Western Europe

Global Retail and Commercial Banking - Western Europe profit before tax grew 10% (£10m) to £115m (2007: £105m), despite challenging market conditions in Spain and accelerated investment in the expansion of the franchise. Distribution points increased 191 to 989 (31st December 2007: 798), reflecting growth in all countries. Very strong income growth and the effects of the strengthening of the Euro were partially offset by higher operating expenses and impairment charges.

Income increased 46% (£201m) to £641m (2007: £440m) reflecting strong growth in net interest income and net fee and commission income.

Net interest income increased 56% (£135m) to £378m (2007: £243m) driven by very strong volume growth in unsecured lending, credit cards, commercial lending and mortgages with average customer assets up 36% to £38.7bn (2007: £28 .5 bn). The a sset s margin was stable at 1.13% reflecting a favourable change in the product mix offsetting lower margins on mortgages. Average customer liabilities grew 3 2 % to £9.6bn (2007: £7. 3 bn) at lower margins of 1.29% (2007: 1.72%) reflecting competition for customer deposit balances.

Net fee and commission income increased 22% (£34m) to £190m (2007: £156m) due to an increase in investments, insurance and commercial lending .

Principal transactions grew 19% (£10m) to £63m (2007: £53m) including a £17m gain from the sale of shares in MasterCard.

Impairment charges increased £71m to £103m (2007: £32m). This increase was principally due to higher charges in the Spanish commercial portfolios as a consequence of a rapid slowdown in the property and construction sectors .

Operating expenses increased 38% (£116m) to £423m (2007: £307m) reflecting the expansion of the retail distribution network , growth of the SME business and the strengthening of the Premier segment . Operating expenses included £37m (2007: nil) gains from the sale of property assets.

Results by Business

Global Retail and Commercial Banking - Emerging Markets

Income Statement Information	Half Year Ended		
	30.06.08	31.12.07	30.06.07
	£m	£m	£m
Net interest income	251	181	138
Net fee and commission income	96	71	69
Net trading income	42	42	14
Net investment income	17	13	3
Principal transactions	**59**	**55**	**17**
Other income	4	5	(3)
Total income	**410**	**312**	**221**
Impairment charges and other credit provisions	(66)	(27)	(12)
Net income	**344**	**285**	**209**
Operating expenses excluding amortisation of intangible assets	(290)	(239)	(152)
Amortisation of intangible assets	(2)	(7)	3
Operating expenses	**(292)**	**(246)**	**(149)**
Share of post-tax results of associates and joint ventures	-	1	-
Profit before tax	**52**	**40**	**60**
Balance Sheet Information			
Loans and advances to customers	£6.7bn	£5.1bn	£3.4bn
Customer accounts	£7.1bn	£6.2bn	£4.8bn
Total assets	£11.4bn	£9.2bn	£6.3bn
Performance Ratios			
Return on average economic capital [1]	5%	7%	27%
Cost:income ratio [1]	71%	79%	67%
Cost:net income ratio [1]	85%	86%	71%
Other Financial Measures			
Risk tendency [1,2]	£240m	£140m	£50m
Economic (loss)/profit [1]	(£21m)	(£3m)	£29m
Risk weighted assets (Basel I)	-	£6.1bn	£4.0bn
Risk weighted assets (Basel II)	£11.7bn	£10.2bn	-
Key Facts			
Number of customers	2.9m	2.0m	1.3m
Number of branches	524	425	317
Number of sales centres	347	125	11
Number of distribution points	871	550	328

1 *Defined on page 121 .*
2 *Further information on risk tendency is included on page 58 .*

Results by Business

Global Retail and Commercial Banking - Emerging Markets

Global Retail and Commercial Banking - Emerging Markets profit before tax decreased 13% (£8m) to £52m (2007: £60m), with very strong income growth more than offset by accelerated investment in existing markets and increased impairment charges. The number of distribution points increased 321 to 871 (31st December 2007:

550).

Income increased 86% (£189m) to £410m (2007: £221m), driven by net interest income, principal transactions and net fees and commissions.

Net interest income increased 82% (£113m) to £251m (2007: £138m), driven by very strong retail and commercial balance sheet growth with average customer assets up 87% to £5.6bn (2007: £3.0bn). The assets margin decreased 157 basis points to 5.10% (2007: 6.67%) reflecting higher funding costs. Average customer liabilities increased 47% to £6.6bn (2007: £4.5bn) primarily driven by deposit growth in India and Egypt with the margin up 98 basis points to 1.89% (2007: 0.91%).

Net fee and commission income increased 39% (£27m) to £96m (2007: £69m) primarily driven by very strong growth in retail and treasury fee income.

Principal transactions increased £42m to £59m (2007: £17m) reflecting higher foreign exchange income and a gain of £14m from the sale of shares in MasterCard.

Impairment charges increased £54m to £66m (2007: £12m) reflecting asset growth, particularly in India, and increased wholesale impairment in Africa.

Operating expenses increased 96% (£143m) to £292m (2007: £149m) reflecting continued investment in expansion of the business, with investment in infrastructure and the rollout of global platforms.

Results by Business

Global Retail and Commercial Banking - Absa

Income Statement Information	Half Year Ended		
	30.06.08	31.12.07	30.06.07
	£m	£m	£m
Net interest income	499	582	473
Net fee and commission income	348	344	340
Net trading income	77	2	(2)
Net investment income	49	23	47
Principal transactions	**126**	**25**	**45**
Net premiums from insurance contracts	111	110	117
Other income	23	40	37
Total income	**1,107**	**1,101**	**1,012**
Net claims and benefits incurred under insurance contracts	(60)	(59)	(55)
Total income net of insurance claims	**1,047**	**1,042**	**957**
Impairment charges and other credit provisions	(125)	(90)	(56)
Net income	**922**	**952**	**901**
Operating expenses excluding amortisation of intangible assets	(603)	(605)	(607)
Amortisation of intangible assets	(24)	(30)	(25)
Operating expenses	**(627)**	**(635)**	**(632)**
Share of post-tax results of associates and joint ventures	3	5	1
Profit on disposal of subsidiaries, associates and joint ventures	-	4	1
Profit before tax	**298**	**326**	**271**
Balance Sheet Information			
Loans and advances to customers	£28.5bn	£29.9bn	£25.4bn
Customer accounts	£13.1bn	£13.0bn	£12.2bn
Total assets	£34.2bn	£36.4bn	£31.9bn
Performance Ratios			
Return on average economic capital [1]	18%	22%	18%
Cost:income ratio [1]	60%	61%	66%
Cost:net income ratio [1]	68%	67%	70%
Other Financial Measures			
Risk tendency [1,2]	£195m	£190m	£185m
Economic profit [1]	£42m	£59m	£39m
Risk weighted assets (Basel I)	-	£22.4bn	£20.7bn
Risk weighted assets (Basel II)	£15.4bn	£17.2bn	-
Key Facts			
Number of branches	871	837	812
Number of sales centres	290	164	41
Number of distribution points	1,161	1,001	853
Number of ATMs	8,338	8,162	7,621
Number of retail customers	10.0m	9.7m	8.7m
Number of corporate customers	104,000	100,000	87,000

1 *Defined on page 121.*
2 *Further information on risk tendency is included on page 58.*

Global Retail and Commercial Banking - Absa

Impact of Absa Group Limited on Barclays Results

Absa Group Limited's profit before tax of R7,616m (2007: R6,429m) is translated into Barclays results at an average exchange rate of R15.15/£ (2007: R14.11/£), a 7% depreciation in the average value of the Rand against Sterling . Consolidation adjustments reflected the amortisation of intangible assets of £27m (2007: £27m) and internal funding and other adjustments of £68m (2007: £61m). The resulting profit before tax of £408m (2007: £368m) is represented within Global Retail and Commercial Banking - Absa £298m (2007: £271m), Barclays Capital £88m (2007: £67m) and Barclaycard £22m (2007: £30m).

Absa Group Limited's total assets were R737,577m (31st December 2007: R640,909m), growth of 15%. This is translated into Barclays results at a period-end exchange rate of R15.56/£ (2007: R13.64/£).

Global Retail and Commercial Banking - Absa

Global Retail and Commercial Banking - Absa profit before tax increased 10% (£27m) to £298m (2007: £271m) despite challenging market conditions and investment in the expan sion of the franchise by 160 distribution points to 1,161 (31st December 2007: 1,001). Very strong Rand income and profit growth was partially offset by the 7% depreciation in the average value of the Rand against Sterling . Profit before tax included a gain of £46m relating to the Visa IPO.

Income increased 9% (£95m) to £1,107m (2007: £1,012m) primarily driven by principal transactions and net interest income.

Net interest income improved 5% (£26m) to £499m (2007: £473m) reflecting strong balance sheet growth. Average customer assets increased 9% to £26.3bn (2007: £24.1bn) primarily driven by retail mortgages, commercial asset based finance and retail current accounts. The a sset s margin decreased to 2.57% (2007: 2.72%) as higher funding costs were partially offset by a shift of the mix to higher yielding products. Average customer liabilities increased 1 3 % to £12.5bn (2007: £11.1bn), primarily driven by retail savings, with margins up 53 basis points to 3.43% (2007: 2.90%) reflecting the impact of successive interest rate rises.

Net fee and commission income increased 2% (£8m) to £348m (2007:£340m), underpinned by retail transaction volume growth.

Principal transactions increased £81m to £126m (2007: £45m) reflecting £46m from the Visa IPO and higher treasury transaction income.

Impairment charges increased £69m to £125m (2007: £56m) as a result of rising delinquency levels in the retail portfolios, which have been impacted by the effect on consumers of rising interest and inflation rates and increasing consumer indebtedness.

Operating expenses decreased 1% (£5m) to £627m (2007: £632m). As a result the cost:income ratio improved from 66% to 60%.

Results by Business

Barclays Capital

Income Statement Information	Half Year Ended		
	30.06.08	31.12.07	30.06.07
	£m	£m	£m
Net interest income	702	612	567
Net fee and commission income	566	621	614
Net trading income	1,836	978	2,761
Net investment income	304	747	206
Principal transactions	**2,140**	**1,725**	**2,967**
Other income	3	8	5
Total income	**3,411**	**2,966**	**4,153**
Impairment charges	(1,226)	(836)	(10)
Net income	**2,185**	**2,130**	**4,143**
Operating expenses excluding amortisation of intangible assets	(1,664)	(1,466)	(2,453)
Amortisation of intangible assets	(15)	(24)	(30)
Operating expenses	**(1,679)**	**(1,490)**	**(2,483)**
Share of post-tax results of associates and joint ventures	18	35	-
Profit before tax	**524**	**675**	**1,660**
Balance Sheet Information			
Corporate lending portfolio	£62.1bn	£52.3bn	£44.5bn
Total assets excluding derivatives	£566.8bn	£592.3bn	£622.4bn
Total assets	£966.1bn	£839.9bn	£796.4bn
Performance Ratios			
Return on average economic capital [1]	7%	17%	54%
Cost:income ratio [1]	49%	50%	60%
Cost:net income ratio [1]	77%	70%	60%
Compensation:net income ratio	53%	47%	47%
Other Financial Measures			
Risk tendency [1,2]	£200m	£140m	£110m
Economic (loss)/profit [1]	(£106m)	£203m	£969m
Risk weighted assets (Basel I)	-	£169.1bn	£152.5bn
Risk weighted assets (Basel II)	£163.4bn	£173.0bn	-
Average DVaR [1]	£58.0m	£44.6m	£39.3m
Average net income generated per member of staff [1,3] ('000)	£149	£137	£329

Key Facts **First Half 2008** **First Half 2007**

	League Table Position	Issuance Value	League Table Position	Issuance Value
Global debt [4]	4th	$211.6bn	4th	$252.0bn
All international bonds (all currencies)	2nd	$156.2bn	1st	$187.7bn
Europe overall debt	4th	$102.1bn	2nd	$152.5bn
Sterling bonds	3rd	£7.4bn	1st	£10.9bn

1 *Defined further on page 121 .*
2 *Further information on risk tendency is included on page 58 .*
3 *Adjusted to exclude contribution and headcount from HomEq and EquiFirst.*
4 *League tables compiled by Barclays Capital including Dealogic and Thomson Financial*

Results by Business

Barclays Capital

Barclays Capital profit before tax decreased 68% (£1,136m) to £524m (2007: £1,660m). Absa Capital delivered strong growth in profit before tax of 31% to £88m (2007: £67m), despite a 7% depreciation in the Rand against Sterling .

Credit market exposures were actively managed and declined over the period. Barclays Capital's results reflected net losses related to the credit market dislocation of £1,979m, of which £871m was included in income and £1,108m in impairment. These were net of gains of £852m arising from the widening of credit spreads on the fair valuation of notes issued by Barclays Capital. Further detail is provided on pages 35 to 45 .

Net income was down 47% at £2,185m (2007: £4,143m). Excluding net losses related to credit market dislocation , net income was in line with the record result in 2007. There was very strong growth in Continental Europe, Asia and Africa, and modest growth in the UK , demonstrating the breadth of the client franchise. In the US , income declined due to the continued credit market dislocation, although there was significant growth in commodities, prime services and foreign exchange. Globally there was record income in interest rate s , commodit ies, prime services and emerging market s and strong growth in private equity and currency products.

Net trading income decreased 34% (£925m) to £1,836m (2007: £2,761m) reflecting losses from the credit market dislocation. T here was growth of 45% (£880m) to £2,832m in Rates businesses including significant growth in interest rates, prime services, foreign exchange, emerging markets and commodities. Average DVaR increased 48% to £58.0m (2007: £39.3m) driven by an increase in interest rate and credit spread risk.

Net investment income increased 48% (£98m) to £304m (2007: £206m) as a result of a number of private equity gains and structured capital markets transactions. Net interest income increased 24% (£135m) to £702m (2007: £567m), driven by higher contributions from money markets. Net f ee and commission income from advisory and origination activities decreased 8% (£48m) to £566m, compared to the record 2007 result of £614m. The corporate lending portfolio , including leveraged finance , increased 19% to £62.1bn (31st December 2007: £52.3bn) primarily as a result of new loan facilities extended at current terms to financial and manufacturing institutions.

Impairment charges and other credit provisions of £1,226m included £1,108m as described above. O ther impairment charges of £118m (2007: £10m) principally related to charges in the prime services and global loans businesses.

Operating expenses decreased 32% (£804m) to £1,679m (2007: £2,483m). The cost:net income ratio increased to 77% (2007: 60%) and the compensation cost:net income ratio increased to 53% (2007: 47%). Performance related pay, discretionary investment spend and short term contractor resources reduced to 24 % (2007: 54%) of the cost base. Amortisation of intangible assets of £15m (2007: £30m) principally related to mortgage service rights.

Total headcount increased 100 to 16,300 (31st December 2007: 16,200) as Barclays Capital continue d to invest selectively in key growth areas.

Results by Business

Barclays Global Investors

Income Statement Information

	Half Year Ended		
	30.06.08	31.12.07	30.06.07
	£m	£m	£m
Net interest expense	(20)	(6)	(2)
Net fee and commission income	987	996	940
Net trading income	(5)	4	1
Net investment income	24	(12)	3
Principal transactions	**19**	**(8)**	**4**
Other income	1	1	1
Total income	**987**	**983**	**943**
Operating expenses excluding amortisation of intangible assets	(718)	(633)	(551)
Amortisation of intangible assets	(4)	(4)	(4)
Operating expenses	**(722)**	**(637)**	**(555)**
Profit before tax	**265**	**346**	**388**

Balance Sheet Information

Total assets	£79.0bn	£89.2bn	£90.4bn

Performance Ratios

Return on average economic capital [1]	83%	244%	238%
Cost:income ratio [1]	73%	65%	59%

Other Financial Measures

Economic profit [1]	£122m	£220m	£210m
Risk weighted assets (Basel I)	-	£2.0bn	£1.6bn

Risk weighted assets (Basel II)	£4.4bn	£4.3bn	-
Average net income generated per member of staff [1] ('000)	£278	£302	£325

Key Facts

Assets under management	£988bn	£1,044bn	£1,003bn
- indexed	£612bn	£615bn	£589bn
- iShares	£189bn	£205bn	£179bn
- active	£187bn	£224bn	£235bn
Net new assets in period	£12bn	£17bn	£25bn
Assets under management	US$1,967bn	US$2,079bn	US$2,013bn
- indexed	US$1,218bn	US$1,225bn	US$1,183bn
- iShares	US$376bn	US$408bn	US$359bn
- active	US$373bn	US$446bn	US$471bn
Net new assets in period	US$25bn	US$36bn	US$50bn
Number of iShares products	338	324	294
Number of institutional clients	3,000	3,000	3,000

1 *Defined on page 121 .*

Results by Business

Barclays Global Investors

Barclays Global Investors profit before tax decreased 32% (£123m) to £265m (2007: £388m). Profit was impacted by selective support of liquidity products of £196m (2007: nil).

Income grew 5% (£44m) to £987m (2007: £943m).

Net fee and commission income grew 5% (£47m) to £987m (2007: £940m). This was primarily attributable to increased securities lending and management fees, partially offset by reduced incentive fees of £ 39m (2007: £ 109m).

Operating expenses increased 30% (£167m) to £722m (2007: £555m). Operating expenses included charges of £196m (2007: nil) related to selective support of liquidity products. The cost:income ratio increased to 73% (2007: 59%).

Headcount increased 300 to 3,700 (31st December 2007: 3,400). Headcount increased primarily in the support functions and iShares business, reflecting continued investment to support future growth.

Total assets under management decreased 5% (£56bn) to £988bn (31st December 2007: £1,044bn) comprising £12bn of net new assets, £6bn of favourable exchange movements and £74bn of adverse market movements. In US$ terms assets under management decreased 5% (US$112bn) to US$1,967bn (31st December 2007: US$2,079bn), comprising US$25bn of net new assets, US$10bn of positive exchange rate movements and US$147bn of negative market movements.

Results by Business

Barclays Wealth

Income Statement Information

	Half Year Ended		
	30.06.08	31.12.07	30.06.07
	£m	£m	£m
Net interest income	225	226	205
Net fee and commission income	349	380	359
Net trading income	1	(4)	7
Net investment income	(170)	(7)	59
Principal transactions	**(169)**	**(11)**	**66**
Net premium from insurance contracts	82	95	100
Other income	8	10	9
Total income	**495**	**700**	**739**
Net claims and benefits incurred under insurance contracts	173	(48)	(104)
Total income net of insurance claims	**668**	**652**	**635**
Impairment charges and other credit provisions	(12)	(5)	(2)
Net income	**656**	**647**	**633**
Operating expenses excluding amortisation of intangible assets	(469)	(509)	(458)
Amortisation of intangible assets	(5)	(4)	(2)
Operating expenses	**(474)**	**(513)**	**(460)**
Profit before tax	**182**	**134**	**173**

Balance Sheet Information

Loans and advances to customers	£9.4bn	£9.0bn	£7.1bn

Customer accounts	£36.7bn	£34.4bn	£30.9bn
Total assets	£17.7bn	£18.2bn	£16.7bn

Performance Ratios

Return on average economic capital [1]	59%	47%	56%
Cost:income ratio [1]	71%	79%	72%

Other Financial Measures

Risk tendency [1,2]	£15m	£10m	£10m
Economic profit [1]	£123m	£119m	£114m
Risk weighted assets (Basel I)	-	£7.7bn	£6.9bn
Risk weighted assets (Basel II)	£8.8bn	£8.0bn	-
Average net income generated per member of staff [1] ('000)	£92	£94	£94

Key Facts

Total client assets	£132.5bn	£132.5bn	£126.8bn

1 *Defined on page 121 .*
2 *Further information on risk tendency is included on page 58 .*

Results by Business

Barclays Wealth

Barclays Wealth profit before tax grew 5% (£9m) to £182m (2007: £173m). Performance was driven by broadly based income growth and tight cost control as the business continued to invest in client-facing staff and infrastructure to facilitate future growth.

Income increased 5% (£33m) to £668m (2007: £635m).

Net interest income increased 10% (£20m) to £225m (2007: £205m) reflecting strong growth in both customer deposits and lending. Average deposits grew 24% to £36.0bn (2007: £29.1bn). Average lending grew 43% to £9.3bn (2007: £6.5bn) driven by increased lending to high net worth, affluent and intermediary clients. The a sset s margin decreased 10 basis points to 1.02% (2007: 1.12%) reflecting changes in the product mix. The liabilities margin reduced by 13 basis points to 0.95% (2007: 1.08%) driven by competitive pricing of products and changes in the product mix.

Net fee and commission income decreased 3% (£10m) to £349m (2007: £359m) driven by falling equity markets offset by increased client assets.

Principal transactions decreased £235m to a charge of £169m (2007: £66m gain) reflecting a decrease in the value of assets backing unit linked insurance contracts. Net premiums from insurance contracts decreased £18m to £82m (2007: £100m). The decreases in principal transactions and net premiums from insurance contracts were more than offset by a n associated reduction of £277m in net claims and benefits incurred under insurance contracts to a credit of £173m (2007: charge of £104m) , driven by the decrease in the value of unit linked liabilities and the impact of favourable experience on non-linked insurance contract liabilities.

Impairment charges increased £10m to £12m (2007: £2m) from a very low base.

Operating expenses increased 3% to £474m (2007: £460m) as a result of the ongoing progress in upgrading the technology and operating platforms and continued hiring of client facing staff , partially offset by cost savings.

Total client assets, comprising customer deposits and client investments, remained at £132.5bn with net new asset inflows of £3.5bn offset ting the impact of market and foreign exchange movements .

Results by Business

Head Office Functions and Other Operations

Income Statement Information

	Half Year Ended		
	30.06.08	31.12.07	30.06.07
	£m	£m	£m
Net interest income	21	123	5
Net fee and commission income	(242)	(230)	(194)
Net trading (loss)/income	(183)	(86)	20
Net investment income	45	(18)	1
Principal transactions	**(138)**	**(104)**	**21**
Net premiums from insurance contracts	71	80	72
Other income	24	19	16
Total income	**(264)**	**(112)**	**(80)**

Impairment charges and other credit provisions	(3)	8	(11)
Net income	**(267)**	**(104)**	**(91)**
Operating expenses excluding amortisation of intangible assets	(195)	(121)	(112)
Amortisation of intangible assets	-	3	(4)
Operating expenses	**(195)**	**(118)**	**(116)**
Profit on disposal of associates and joint ventures	-	1	-
Loss before tax	**(462)**	**(221)**	**(207)**

Balance Sheet Information

Total assets	£4.5bn	£5.7bn	£5.4bn

Other Financial Measures

Risk tendency [1,2]	£5m	£10m	£5m
Risk weighted assets (Basel I)	-	£1.6bn	£1.5bn
Risk weighted assets (Basel II)	£1.1bn	£1.1bn	-

1 *Defined on page 121 .*
2 *Further information on risk tendency is included on page 58 .*

Results by Business

Head Office Functions and Other Operations

Head Office Functions and Other Operations loss before tax increased £255m to £462m (2007: £207m).

Group segmental reporting is performed in accordance with Group accounting policies. This means that inter-segment transactions are recorded in each segment as if undertaken on an arm's length basis. Adjustments necessary to eliminate inter-segment transactions are included in Head Office Functions and Other Operations. The impact of such inter-segment adjustments increased £31m to £140m (2007: £109m). These adjustments included internal fees for structured capital market activities of £98m (2007: £79m) and fees paid to Barclays Capital for debt and equity raising and risk management advice of £67m (2007: £18m). In addition a consolidation adjustment between net interest income and principal transactions is required to match the booking of certain derivative hedging transactions between different segments in the Group. This resulted in a £101m increase in net interest income with an equal and opposite decrease in principal transactions.

Net interest income increased £16m to £21m (2007: £5m) reflecting the £101m increase in the consolidation adjustment on hedging derivatives partially offset by lower interest earned due to the reduction of the centrally held capital surplus.

Principal transactions decreased £159m to a loss of £138m (2007: income of £21m) reflecting the £101m decrease in the consolidation adjustment on hedging derivatives as well as other fair value and hedging adjustments.

Operating expenses increased £79m to £195m (2007: £116m) driven by costs related to an internal review of Barclays compliance with US economic sanctions, and lower rental income and lower proceeds on property sales.

Risk Management

There have been no material changes to the risk management processes as described in the Risk Management section of our Annual Report and Accounts for the year ended 31 st December 2007.

Principal Risks and Uncertainties

The overall risk environment remains challenging for broad areas of the financial services industry. The continued dislocation in the wholesale credit markets, with wider credit spreads and constrained market liquidity, is exacerbated by slower economic growth in many parts of the world.

Wholesale Credit Risk

As we entered 2008, the wholesale credit environment reflected concerns about weakening economic conditions in our major markets. That environment led to a more cautious approach to credit assessment, pricing and ongoing control in the financial services industry, which we expect to continue in the second half of the year. At the half-year stage, our assessment of our wholesale credit risk is broadly unchanged. Wholesale credit market conditions remain difficult, with reduced liquidity in cash and securitised products.

Overall, our wholesale credit impairment for 2008 is at a level broadly commensurate with our wholesale models' prediction for a stress level that might occur once in twenty years. The key driver of impairment continues to be losses seen in US RMBS and related exposures, where the value of the underlying collateral has continued to deteriorate through 2008. This reflects the high levels of default seen in the US mortgage market, particularly in the sub-prime and Alt-A segments. There have also been some industry losses from exposure to a number of hedge fund counterparties where extreme market turbulence led to sudden loss of value of collateral, which ultimately proved insufficient to cover exposure in full.

Our corporate banking portfolios are generally performing in line with expectations. However, our portfolio in Spain is affected by the rapid cooling of the housing market and the impact on a range of counterparties in the residential development and construction sectors. Some signs of strain are being seen in Barclays Commercial Bank in the UK with an increased flow of cases into our Business Support turnaround and recovery team. Our Risk Tendency in this area has increased since the year-end, partly reflecting more difficult credit conditions.

In Absa, the wholesale portfolios have continued to perform well, reflecting the focus on the property, agriculture and sovereign sectors. This is in line with other banks in the region and contrasts with the declining performance of retail portfolios.

In response to the weakening environment in some of our core markets, we have reduced our risk profile in a number of areas. Examples of steps taken include reducing portfolio concentration limits in key sectors such as leveraged finance and property, as well as tightening underwriting criteria. We have taken actions across major business areas with the intention to reduce losses if the environment continues to weaken.

As we enter the second half of 2008, the principal uncertainties relating to the performance of the wholesale portfolios are:

Performance of the underlying collateral supporting US RMBS and related positions, which may deteriorate further

The impact of a deeper or more prolonged economic downturn on our businesses in the UK, US, Spain and South Africa

The potential for idiosyncratic losses in different sectors and geographies where credit positions are sensitive to economic downturn

The potential for losses in respect of other market related exposures to counterparties in the financial services industry

Risk Management

Further information regarding the credit risk profile of our wholesale and corporate portfolios may be found in the business reviews on pages 14 to 15 and 18 and 29, the summaries of credit market exposures on pages 35 to 45, the impairment review on pages 52 to 53 and the review of Risk Tendency on pages 58 to 59.

Retail Credit Risk

Retail credit risk conditions in a number of Barclays major markets have deteriorated since the start of 2008 as a rise in consumer prices and weaker housing markets have accompanied the effects of dislocation in the wholesale credit markets and slower economic growth.

In the UK, impairment charges in our credit card portfolio reduced. Average credit scores and vintage analysis indicate continued improvement in the quality of business written in during 2007. Overall delinquencies and charge-offs are lower than a year ago, although there is some evidence of deterioration in the second quarter. In the UK unsecured loan portfolios, overall delinquencies have been stable and charge-offs have declined slightly as a result of tighter underwriting criteria.

Home Finance delinquency and possession rates remain well below the Council of Mortgage Lenders industry average and losses remain contained by conservative loan to value (LTV) ratios. The average LTV on business written in the first half of the year was 51% and the average current valuation LTV on our stock of mortgages was 35%. For our residential Home Finance portfolio, 4% of our loans are above 85% LTV on an indexed basis. While there has been some increase in Home Finance delinquency following deterioration in the UK housing market, it remains low relative to historical levels at 0.97%. Our other secured lending portfolios are operating as expected, and are being managed to reduce exposure.

In response to the worsening economic environment in Spain, we have tightened lending criteria and increased collections activities. In the Home Finance portfolio, which comprises the large majority of retail balances, the average LTV on new business written in the first half of the year was 64% and we estimate the average current LTV on our mortgage stock to be 45%.

While delinquency in US credit cards has been affected by the weakening economy, credit actions taken towards the end of 2007 have raised new customer quality and improved recent vintage performance.

In Absa, credit conditions remain challenging, given the prolonged series of interest rate rises and inflationary pressures. The arrears rates for recent vintages of the cards portfolio have improved after the introduction of tighter controls during the past year. Delinquency in the secured portfolios has risen as the economy continues to weaken. In order to stabilise delinquency rates, underwriting criteria have been significantly tightened and collections investment increased. The average mark to market LTV on our mortgage stock stood at 44%.

As we enter the second half of the year, the principal uncertainties relating to the performance of the retail portfolios are:

The impact of global inflationary pressure on household disposable income and the ability of consumers to service debt

The possibility of rises in unemployment and a marked slowdown in the UK, US, Spanish and South African economies

The impact of further, sustained falls in house prices in the UK, Spain and South Africa

The reduced availability of credit in mortgage markets, leading to further declines in property values

Risk Management

The second half outlook for the South African and Spanish retail credit environments is expected to be challenging with macroeconomic indicators suggesting further weakening. The US portfolio will also be affected by a more difficult environment. While we expect the less favourable economic environment in the UK to continue in the second half of the year, the credit market dislocation has constrained the competitive position of some other financial institutions and Barclays is well-positioned to continue to provide financing to customers.

Further information regarding credit risk profile of our retail portfolios may be found in the business reviews on pages 12 to 13, 16 to 17, 18 to 23 and 28 to 29, the impairment review on pages 52 to 53 and the review of Risk Tendency on pages 58 to 59.

Market Risk

Volatility across financial markets increased due to the continuation of the credit market dislocation , high global inflation b r ought on by higher commodity prices , especially oil, and recessionary concerns for the western economies.

Against this background, Barclays Capital's market risk exposure, as measured by average total Daily Value at Risk (DVaR), increased 30% to £58m compared with the second half of 2007 and increased 4 8 % compared with the first half . This was mainly due to increases in interest rate positions and higher market volatility within the credit spread and interest rate DVaR . Average daily trading revenue of £26m was 29% higher than the second half of 2007 , in line with the increase in DVaR. Further discussion of traded market risk is set out on page 60 .

As we enter the second half of the year , the principal uncertainties which may impact our market risk relate to volatility in interest rates, commodities, credit spreads, equity prices and foreign exchange rates. Some of these markets are also experiencing periods of reduced liquidity , creating the potential for significant price adjustments and instability in the historical correlation across risk factors.

Liquidity Risk

Despite a continued lack of term liquidity relative to overall demand, and constrained securitisation and covered bond markets, the Group's liquidity position has remained strong and stable and we have improved the overall term of our wholesale liabilities due to the diverse range of funding source s in terms of geography, currency and counterparty. Retail and commercial deposits continue to grow. In the UK and Europe , the Group continues to be able to fund its retail and commercial assets without recourse to wholesale markets. Given our limited reliance on securitisation as a source of funding, we do not regard uncertainty over the securitisation markets as likely to impact our liquidity risk profile in the second half of the year .

Legal Risk and Regulatory Compliance Risk

These risks affect the Group through the extensive range of legal obligations, regulations and codes in force in the territories in which the Group operates. The principal uncertainties regarding these risks are further discussed on pages 104 to 106 .

Risk Management

Barclays Capital Credit Market Exposures

Barclays Capital's credit market exposures resulted in net losses of £1,979m in the first half of 2008, due to continuing dislocation in the credit markets. The net losses , which included £1,108m in impairment charges , comprised : £875m against ABS CDO Super Senior exposures; and £1,956m against other credit market exposures ; partially offset by gains of £852m from the general widening of credit spreads on issued notes measured at fair value through the profit and loss account .

The credit market dislocation resulted in l osses in the following categories:

		Pro-forma [1]	Net Exposures	
		As at 30.06.08	As at 31.12.07	As at 30.06.07
	Notes	£m	£m	£m
ABS CDO Super Senior	A	**3,229**	4,671	7,432
Other US sub-prime				
- Other US sub-prime		3,258	5,037	6,046
- Whole loan sales post period end		(828)	-	-
Net Other US sub-prime	B	**2,430**	5,037	6,046
Alt-A	C	**3,510**	4,916	3,760
Monoline insurers	D	**2,584**	1,335	140
SIVs and SIV-Lites	E	**429**	784	1,617
Commercial mortgages	F	**10,988**	12,399	8,282
Leveraged f inance				
- Net l ending and commitments		7,326	7,368	7,317
- Contingent repayment		(2,306)	-	-
Net l everaged f inance	G	**5,020**	7,368	7,317

1 The above table includes net exposures as at 30th June 2008 less reductions to US sub-prime and leveraged finance totalling £3,134m that are expected to complete in the second half of 2008.

Risk Management

A. ABS CDO Super Senior

Net ABS CDO Super Senior exposures were £3,229m (31st December 2007: £4,671m). Net exposures are stated after writedowns and charges of £875m incurred in 2008 (2007: £1,412m) and hedges of £204m (31st December 2007: £1,347m).

ABS CDO Super Senior high grade exposure of £3,055m comprised liquidity facilities which were fully drawn and classified within loans and receivables. ABS CDO Super Senior mezzanine exposure of £378m (£174m net of hedges) comprised undrawn commitments. The marks applied to the notional collateral are set out in the table below:

	As at 30.06.08			
Mix of ABS Super Senior Notional Collateral	**High Grade**	**Mezzanine**	**Total**	**Marks** [1]
	£m	£m	£m	%
2005 and earlier	942	364	1,306	76%
2006	576	31	607	30%
2007 and 2008	18	33	51	49%
Sub-prime	**1,536**	**428**	**1,964**	**61%**
2005 and earlier	677	63	740	83%
2006	461	41	502	78%
2007 and 2008	45	8	53	56%
Alt-A	**1,183**	**112**	**1,295**	**80%**
Prime	584	73	657	98%
RMBS CDO	317	51	368	0%
Sub-prime second lien	118	-	118	0%
Total RMBS	**3,738**	**664**	**4,402**	**65%**
CMBS	122	112	234	87%
Non-RMBS CDO	423	18	441	54%
CLOs	26	18	44	76%
Other ABS	75	35	110	58%
Total other ABS	**646**	**183**	**829**	**65%**
Total notional collateral	**4,384**	**847**	**5,231**	**66%**
Subordination	(462)	(293)	(755)	
Gross exposure pre impairment	**3,922**	**554**	**4,476**	
Impairment	(867)	(176)	(1,043)	
Hedges	-	(204)	(204)	
Net exposure	**3,055**	**174**	**3,229**	
Collateral marks including liquidated structures				44%

1 *Marks above reflect the gross exposure after impairment and subordination and do not include the benefit of hedges*

Risk Management

A. ABS CDO Super Senior (continued)

ABS CDO Super Senior high grade and mezzanine exposure as at 31st December 2007 included exposures which contained or comprised a derivative at inception. These derivative exposures, which were measured at fair value through profit and loss, were liquidated or consolidated in 2008. The notional collateral of ABS CDOs liquidated or consolidated in 2008 was £4.3bn.

Collateral and hedges related to liquidated and consolidated exposures remaining at 30th June 2008 is stated at fair value net of hedges within 'Other US sub - prime' exposures below. The valuation for such collateral at 30th June 2008 is approximately 17%. The collateral valuation for all ABS CDO Super Senior deals, including those liquidated and consolidated in 2008, is approximately 44%.

Hedges of £204m (31st December 2007: £1,347m) comprise trades in the liquid index swap market with market counterparties. The counterparty exposure is managed through a standard derivative collateralisation process. None of the hedge counterparties are monoline insurers.

The collateral for the outstanding ABS CDO Super Senior exposures primarily comprises residential mortgage backed securities (RMBS). Within this the majority of the sub-prime and Alt-A collateral was originated in 2005 or earlier with minimal exposure to 2007 or later. The vintages of the sub-prime, Alt-A and US RMBS collateral are set out in the table below.

Sub-prime Collateral by Vintage	As at 30.06.08	As at 31.12.07
2005 and earlier	**66%**	54%
2006	**31%**	40%
2007 and 2008	**3%**	6%

Alt-A Collateral by Vintage		
2005 and earlier	**57%**	49%
2006	**39%**	40%
2007 and 2008	**4%**	11%

US RMBS Collateral by Vintage		
2005 and earlier	**58%**	52%
2006	**39%**	41%
2007 and 2008	**3%**	7%

RMBS collateral for the ABS CDO Super Senior exposures is subject to public ratings. The ratings of sub-prime, Alt-A and total RMBS CDO collateral as at 30 th June 2008 are set out in the table below.

Sub-prime RMBS Ratings	High Grade	Mezzanine	Total
AAA/AA	51%	4%	40%
A/BBB	21%	66%	31%
Non-investment Grade	28%	30%	29%

Alt-A RMBS Ratings	High Grade	Mezzanine	Total
AAA/AA	85%	38%	81%
A/BBB	7%	31%	9%
Non-investment Grade	8%	31%	10%

Total RMBS Ratings	High Grade	Mezzanine	Total
AAA/AA	63%	17%	55%
A/BBB	16%	52%	22%
Non-investment Grade	21%	31%	23%

Risk Management

B. Other US Sub-Prime

	Pro-forma [1] 30.06.08 £m	As at 31.12.07 £m	Marks at 30.06.08	Marks at 31.12.07
Whole loans - performing	2,145	2,805	84%	100%
Whole loans - more than 60 days past due	272	372	50%	65%
Total whole loans	**2,417**	**3,177**	**78%**	**94%**
Sale s post period end	(828)	-		
Net exposure	**1,589**	**3,177**	**79%**	**94%**
Securities (net of hedges) [2]	89	637	42%	71%
Residuals	30	233	3%	24%
Other exposures with underlying sub-prime collateral:				
- Derivatives	290	333	93%	100%
- Loans/other	432	657	73%	100%
Total other direct and indirect exposure	**841**	**1,860**		
Total other US sub-prime	**2,430**	**5,037**		

The majority of other US sub-prime exposures are measured at fair value through profit and loss.

Whole loans included £2,279m (31st December 2007: £2,843m) acquired on or originated since the acquisition of EquiFirst in March 2007. Of this balance £253m of new loans were originated in 2008. At 30th June 2008 the average loan to value at origination of all of the sub-prime whole loans was 80%.

After the period end, sales have been contractually agreed that will reduce whole loan exposure by £828m. These sales have been made in line with period end marks. In the six months to 30th June 2008 there were net sales, paydowns of collateral and movements in hedges and in US sub-prime collateral of liquidated and consolidated ABS CDO Super Senior structures of approximately £880m.

Included above are senior AAA securities of £44m (31st December 2007: £57m) held by consolidated conduits on which a mark to market loss of £10m has been recognised in equity in the six months to 30th June 2008 (2007: £ nil). This is expected to reverse over time. The securities have protection provided by subordination of 32%.

Exposure is stated net of hedges traded in the liquid index swap market with market counterparties. The counterparty exposure is managed through a standard derivative collateralisation process and none of the hedge counterparties are monoline insurers.

Other exposures with underlying sub-prime collateral include counterparty derivative exposures to vehicles which hold sub-prime collateral. The majority of this exposure is the most senior obligation of the vehicles.

1 *Pro-forma exposure represents net exposures as at 30 th June 2008 less material sales agreed in July*
2 *Marks based on gross collateral*

Risk Management

C. Alt-A

Net exposure to the Alt-A market was £3,510m (31st December 2007: £4,916m), through a combination of whole loans, securities and residuals held on the balance sheet, including those held in consolidated conduits .

	As at 30.06.08	As at 31.12.07	Marks at 30.06.08	Marks at 31.12.07
	£m	£m		
AAA securities	2,322	3,442	69%	87%
Other Alt-A securities	149	208	30%	75%
Whole Loans	716	909	80%	97%
Residuals	13	25	40%	66%
Other exposures with underlying Alt-A collateral:				
- Derivatives	184	221	100%	100%
- Loans/other	126	111	76%	97%
Total	**3,510**	**4,916**		

Alt-A securities, whole loans and residuals are measured at fair value through profit and loss. Alt-A securities held in conduits are categorised as available for sale.

Included above are senior AAA securities of £598m (31st December 2007 : £823m) held by consolidated conduits on which a mark to market loss of £132m has been recognised in equity in the six months to 30th June 2008 (2007: £nil). This is expected to reverse over time. The securities have protection provided by subordination of 22%.

At 30th June 2008, 94% of the Alt-A whole loan exposure was performing, and the average loan to value ratio at origination was 81%.

In the six months to 30th June 2008 there were net sales, paydowns of collateral and movements in Alt-A collateral of liquidated and consolidated ABS CDO Super Senior structures of approximately £530m.

Other exposures with underlying Alt-A collateral include counterparty derivative exposures to vehicles which hold Alt-A collateral. The majority of this exposure is the most senior obligation of the vehicle.

Risk Management

D. Monoline Insurers

Assets are held with insurance protection or other credit enhancements from monoline insurers. Declines in fair value of the underlying assets are reflected in increases in the value of potential claims on monoline insurers. These are measured at fair value through profit and loss.

The net exposure to monoline insurers under these contracts increased to £2,584m by 30th June 2008 (31st December 2007: £1,335m) reflecting declines in fair value of the underlying asset on existing contracts. There have been no claims due under these contracts as none of the underlying assets were in default at 30th June 2008.

At 30th June 2008, 67% of the underlying assets comprised collateralised loan obligations (CLOs), 9% US RMBS and 24% other collateral, primarily US CMBS.

	As at 30.06.2008				
Exposure by Credit Rating of Monoline Insurer	**Notional**	**Fair Value of Underlying Asset**	**Gross Exposure**	**Total Write-downs**	**Net Exposure**
	£m	£m	£m	£m	£m
AAA/AA	10,738	9,587	1,151	(98)	1,053
A/BBB	5,592	4,193	1,399	(242)	1,157
Non-investment grade	5,151	4,684	467	(93)	374
Total	**21,481**	**18,464**	**3,017**	**(433)**	**2,584**

	As at 31.12.07				
Exposure by Credit Rating of Monoline Insurer	**Notional**	**Fair Value of Underlying Asset**	**Gross Exposure**	**Total Write-downs**	**Net Exposure**
	£m	£m	£m	£m	£m
AAA/AA	**21,573**	**20,179**	**1,394**	**(59)**	**1,335**

The notional value of the assets wrapped with insurance protection are set out below, analysed by the current rating of the monoline. Of the US RMBS assets, 97% are protected by monolines with investment grade ratings as at 30th June 2008.

	Rating of Monoline Insurer As at 30.06.08			
Notional Assets Wrapped by Monoline Insurers	**AAA/AA**	**A/BBB**	**Non-investment grade**	**Total**
	£m	£m	£m	£m
2005 and earlier	112	-	-	112
2006	359	562	-	921
2007 and 2008	-	374	-	374
High Grade	**471**	**936**	**-**	**1,407**
Mezzanine - 2005 and earlier	-	508	63	571
CDO[2] **- 2005 and earlier**	38	-	-	38
US RMBS	**509**	**1,444**	**63**	**2,016**
CMBS	50	2,392	311	2,753
CLOs	8,801	1,050	4,556	14,407
Other	1,378	706	222	2,306
Total	**10,738**	**5,592**	**5,15 2**	**21,48 2**

Risk Management

E. SIVs/SIV-Lites

SIVs/SIV-lites	**As at 30.06.08** £m	**As at 31.12.07** £m	**Marks at 30.06.08** %	**Marks at 31.12.07** %
Drawn liquidity f acilities	15 0	167		
Undrawn liquidity f acilities	2 6	299		
Total liquidity f acilities [1]	176	466	78%	100%
Bond inventory and derivatives [2]	253	318	23%	37%
Total	**429**	**784**		

Loans and advances to customers included £176m (31st December 2007: £466m) of drawn and undrawn liquidity facilities in respect of SIV-lites and other structured investment vehicles. In the six months to June 30th 2008, £240m undrawn SIV liquidity facilities were cancelled.

Drawn liquidity facilities are classified as loans and receivables and are stated at cost less impairment. Undrawn liquidity facilities are included in commitments . The remainder of the exposure is fair valued through profit and loss.

1 *Marks above reflect the exposure afte r impairment*
2 *Marks above relate to bond inventory only*

Risk Management

F . Commercial Mortgages

Exposures in Barclays Capital's commercial mortgages portfolio, all of which are measured at fair value, comprised commercial real estate exposure of £10,354m (31st December 2007: £11,103m) and commercial mortgage-backed securities (CMBS) of £634m (31st December 2007: £1,296m).

The commercial real estate loan exposure comprises 54% US , 43% Continental Europe and UK and 3% Asia . Of the total exposure 92% is tenanted; 4% relates to land or property under construction.

The US exposure includes two large facilities which comprise 45% of the total US exposure. These facilities have paid down approximately £390m in the first half of 2008. The remaining 55% of the US exposure comprises 86 facilities.

The UK and Continental European portfolio is well diversified with 76 facilities in place at 30th June 2008. In Europe protection is provided by loan covenants and annual LTV retests, which cover 90% of the portfolio. Of the Continental European exposure 61% relates to Germany . Exposure to the Spanish market represents less than 1% of total exposure at 30th June 2008.

At the start of the year exposure increased through additional drawdowns on facilities. Exposure subsequently declined following sales and paydowns of approximately £870m in the UK and Continental Europe and £880m in the US .

	As at 30.06.08	**As at 31.12.07**	**Marks at 30.06.08**	**Marks at 31.12.07**
Commercial Real Estate Exposure by Region	£m	£m	%	%
US	5,558	5,947	96%	99%
Germany	2,153	1,783	98%	100%

Sweden	269	250	100%	100%
France	226	289	95%	100%
Switzerland	137	127	98%	100%
Spain	92	89	97%	100%
Other Continental Europe	656	779	97%	100%
UK	925	1,422	97%	100%
Asia	338	417	99%	100%
Total	**10,354**	**11,103**		

Commercial Real Estate Exposure Metrics	**WALTV [1]**	**WAM [2]**	**WALA [3]**
US	68.1%	1.7 yrs	1.1 yrs
Continental Europe	80.0%	5.0 yrs	1.2 yrs
UK	70.1%	6.3 yrs	1.3 yrs
Asia	81.3%	6.8 yrs	0.8 yrs

1 *Weighted-average loan-to-value based on the most recent valuation*
2 *Weighted-average number of years to initial maturity*
3 *Weighted-average loan age*

Risk Management

F. Commercial Mortgages (continued)

			As at 30.06.08		
	US	**Continental Europe**	**UK**	**Asia**	**Total**
Commercial Real Estate Exposure by Industry	£m	£m	£m	£m	£m
Office	2,708	1,191	212	95	4,206
Residential	1,271	1,103	248	85	2,707
Retail	93	554	134	85	866
Hotels	751	391	35	21	1,198
Leisure	-	-	258	-	258
Land	138	-	-	-	138
Industrial	466	213	38	12	729
Mixed/Others	241	81	-	40	362
Hedges	(110)	-	-	-	(110)
Total	**5,558**	**3,533**	**925**	**338**	**10,354**

	As at 30.06.08	**As at 31.12.07**	**Marks at 30.06.08 [1]**	**Marks at 31.12.07 [1]**
Commercial Mortgage Backed Securities (net of hedges)	£m	£m	%	%
AAA securities	543	1,008		
Other securities	91	288		
Total	**634**	**1,296**	**68%**	**98%**

Exposure is stated net of hedges traded in the liquid index swap market with market counterparties. The counterparty exposure is managed through a standard derivative collateralisation process and none of the hedge counterparties are monoline insurers.

1 *Marks are based on gross collateral*

Risk Management

G. Leveraged Finance

At 30th June 2008, the exposure relating to leveraged finance loans was £9,217m (31st December 2007: £9,217m). This in cludes original targeted holds at commitment date of £1,722m (31st December 2007: £1,659m). Barclays Capital expects to hold these leveraged finance positions until redemption .

Leveraged loans are classified within loans and receivables and are stated at amortised cost less impairment. The credit performance of the assets remains satisfactory.

	Pro-forma [1] 30.06.08	As at 31.12.07
Leveraged Finance Exposure by Region	£m	£m
UK	4,436	4,401
US	2,961	3,037
Europe	1,609	1,568
Asia	211	211
Total lending and commitments	**9,217**	**9,217**
Original targeted hold	(1,722)	(1,659)
Unrecognised fees	(169)	(190)
Net lending and commitments	**7,326**	**7,368**
Contingent repayment	(2,306)	-
Net exposure	**5,020**	**7,368**

The industry classification of the exposure was as follows:

	As at 30.06.08			As at 31.12.07		
	Drawn	Undrawn	Total	Drawn	Undrawn	Total
Leveraged Finance Exposure by Industry	£m	£m	£m	£m	£m	£m
Insurance	2,389	147	2,536	2,456	78	2,534
Telecoms	2,192	222	2,414	2,259	240	2,499
Retail	834	142	976	828	132	960
Healthcare	604	159	763	577	141	718
Media	489	130	619	469	127	596
Services	487	172	659	388	134	522
Manufacture	385	97	482	371	125	496
Chemicals	287	37	324	46	286	332
Other	211	233	444	233	327	560
Total	**7,878**	**1,339**	**9,217**	**7,627**	**1,590**	**9,217**

New leveraged finance commitments originated after 30th June 2007 comprised £1,275m (31st December 2007: £1,148m) .

1 Pro-forma represents exposures as at 30th June 2008 less leveraged finance loans of £2,306m that have become subject to an announced intention to be repaid at par. This transaction is contingent upon regulatory approvals and is likely to be completed in the fourth quarter of 2008.

Risk Management

Own Credit

The carrying amount of issued notes that are designated under the IAS 39 fair value option is adjusted to reflect the effect of changes in own credit spreads. The resulting gain or loss is recognised in the income statement.

At 30th June 2008, the own credit adjustment arose from the fair valuation of £ 48.1 bn of Barclays Capital structured notes (31st December 2007: £ 40.7 bn). The widening of Barclays credit spreads in the first half of 2008 affected the fair value of these notes and as a result revaluation gains of £852m were recognised in trading income. Of this, £703m was recognised in the first quarter of 2008.

Risk Management

Valuation of Financial Instruments

Some of the Group's financial instruments are carried at fair value through profit or loss such as those held for trading, designated by management under the fair value option and non-cash flow hedging derivatives. Other non-derivative financial assets may be designated as available for sale. Available for sale financial investments are initially recognised at fair value and are subsequently held at fair value. Gains and losses arising from changes in fair value of such assets are included as a separate component of equity.

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

Valuation Methodology

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

a) **Unadjusted quoted prices in active markets** where the quoted price is readily available and the price represents actual and regularly occurring market transactions on an arm's length basis.

b) **Valuation techniques using market observable inputs**. Such techniques may include:

   i) using recent arm's length market transactions;

   ii) reference to the current fair value of similar instruments;

   iii) discounted cash flow analysis, pricing models or other techniques commonly used by market participants.

c) **Valuation techniques used above, but which include significant inputs that are not observable.** On initial recognition of financial instruments measured using such techniques the transaction price is deemed to provide the best evidence of fair value for accounting purposes.

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

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

To the extent that valuation is based on models or inputs that are not observable in the market, the determination of fair value can be more subjective, dependent on the significance of the unobservable input to the overall valuation. Unobservable inputs are determined based on the best information available, for example by reference to similar assets, similar maturities, appropriate proxies, or other analytical techniques. The effect of changing the assumptions for those financial instruments for which the fair values were measured using valuation techniques that are determined in full or in part on assumptions that are not supported by observable inputs to a range of reasonably possible alternative assumptions, would be to provide a range of £1. 6 bn (31st December 2007: £1.2bn) lower to £1. 9 bn (31 st December 2007: £1.5bn) higher than the fair values recognised in the financial statements.

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

Risk Management

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

Corporate Bonds

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

Mortgage Whole Loans

The fair value s of mortgage whole loans are determined using observable quoted prices or recently executed transactions for comparable assets. Where observable price quotations or benchmark proxies are not available, fair value is determined using cash flow models where significant inputs include yield curves, collateral specific loss assumptions, asset specific prepayment assumptions, yield spreads and expected default rates.

Commercial Mortgage Backed Securities and Asset Backed Securities

Commercial mortgage backed securities and asset backed securities are generally valued using observable information. Wherever possible, the fair value is determined using quoted prices or recently executed transactions. Where observable price quotations are not available, fair value is determined based on cash flow models where the significant inputs may include yield curves, credit spreads, prepayment rates. Securities that are backed by the residual cash flows of an asset portfolio are generally valued using similar cash flow models.

The fair value of home equity loan bonds are determined using models which use scenario analysis with significant inputs including age, rating, internal grade, and index prices.

Collateralised Debt Obligations

The valuation of collateralised debt obligations notes is first based on an assessment of the probability of an event of default occurring due to a credit deterioration. This is determined by reference to the probability of event of default occurring and the probability of exercise of contractual rights related to event of default. The notes are then valued by determining appropriate valuation multiples to be applied to the contractual cash flows. These are based on inputs including the prospective cash flow performance of the underlying securities, the structural features of the transaction and the net asset value of the underlying portfolio.

Private Equity

The fair value of private equity is determined using appropriate valuation methodologies which, dependent on the nature of the investment, may include discounted cash flow analysis, enterprise value comparisons with similar companies, price:earnings comparisons and turnover multiples. For each investment the relevant methodology is applied consistently over time.

Risk Management

Derivatives

Derivative contracts can be exchange traded or over the counter (OTC). OTC derivative contracts include forward, swap and option contracts related to interest rates, bonds, foreign currencies, credit standing of reference entities, equity prices, fund levels, commodity prices or indices on these assets.

The fair value of OTC derivative contracts are modelled using a series of techniques, including closed form analytical formulae (such as the Black-Scholes option pricing model) and simulation based models. The choice of model is depend e nt on factors such as; the complexity of the product, inherent risks and hedging strategy: statistical behaviour of the underlying, and ability of the model to price consistently with observed market transactions. For many pricing models there is no material subjectivity because the methodologies employed do not necessitate significant judgement and the pricing inputs are observed from actively quoted markets, as is the case for generic interest rate swaps and option markets. In the case of more established derivative products, the pricing models used are widely accepted and used by the other market participants.

Significant inputs used in these models may include yield curves, credit spreads, recovery rates, dividend rates, volatility of underlying interest rates, equity prices or foreign exchange rates and, in some cases, correlation between these inputs. These inputs are determined with reference to quoted prices, recently executed trades, independent market quotes and consensus data.

New, long dated or complex derivative products may require a greater degree of judgement in the implementation of appropriate valuation techniques, due to the complexity of the valuation assumptions and the reduced observability of inputs. The valuation of more complex products may use more generic derivatives as a component to calculating the overall value.

Derivatives where valuation involves a significant degree of judgement include:

Fund Derivatives

Fund derivatives are derivatives whose underlyings include mutual funds, hedge funds, indices and multi- asset portfolios. They are valued using underlying fund prices, yield curves and available market information on the level of the hedging risk. Some fund derivatives are valued using unobservable information, generally where the level of the hedging risk is not observable in the market. These are valued taking account of risk of the underlying fund or collection of funds, diversification of the fund by asset, concentration by geographic sector, strategy of the fund, size of the transaction and concentration of specific fund managers.

Commodity Derivatives

Commodity derivatives are valued using models where the significant inputs may include interest rate yield curves, commodity price curves, volatility of the underlying commodities and, in some cases, correlation between these inputs, which are generally observable. This approach is applied to base metal, precious metal, energy, power, gas, emissions, soft commodities and freight positions. Due to the significant time span in the various market closes, curves are constructed using differentials to a benchmark curve to ensure that all curves are valued using the dominant market base price.

Structured Credit Derivatives

Collateralised synthetic obligations (CSOs) are structured credit derivatives which reference the loss profile of a synthetic portfolio of loans, debts or other underlyings. The reference asset can be a corporate credit or an asset backed credit. For CSOs that reference corporate credits an analytical model is used. For CSOs on asset backed underlyings, due to the path dependent nature of a CSO on an amortising portfolio a Monte Carlo simulation is used rather than analytic approximation. The expected loss probability for each reference credit in the portfolio is derived from the single name credit default swap spread curve and in addition, for ABS references, a prepayment rate assumption. A simulation is then used to compute survival time which allows us to calculate the marginal loss over each payment period to be calculated by reference to estimated recovery rates. Significant inputs include prepayment rates, cumulative default rates, and recovery rates.

Risk Management

Off -Balance Sheet Arrangements

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

Guarantees

The Group issues guarantees on behalf of its customers. In the majority of cases, the Group will hold collateral against the exposure, have a right of recourse to the customer or both. In addition, the Group issues guarantees on its own behalf. The main types of guarantees provided are: financial guarantees given to banks and financial institutions on behalf of customers to secure loans: overdrafts; and other banking facilities, including stock borrowing indemnities and standby letters of credit. Other guarantees provided include performance guarantees, advance payment guarantees, tender guarantees, guarantees to Her Majesty's Revenue and Customs and retention guarantees.

Loan Commitments

The Group enters into commitments to lend to its customers subject to certain conditions. Such loan commitments are made either for a fixed period, or are cancellable by the Group subject to notice conditions.

Special Purpose Entities

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

Transactions with SPEs take a number of forms, including:

The provision of financing to fund asset purchases, or commitments to provide finance for future purchases.

Derivative transactions to provide investors in the SPE with a specified exposure.

The provision of liquidity or backstop facilities which may be drawn upon if the SPE experiences future funding difficulties.

Direct investment in the notes issued by SPEs.

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

i) the Group acquires additional interests in the entity; or if

ii) the contractual arrangements of the entity are amended such that the relative exposures to risks and rewards change; or if

iii) the Group acquires control over the main operating and financial decisions of the entity.

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

Risk Management

Collateralised Debt Obligations

The Group has structured and underwritten CDOs. At inception, the Group's exposure principally takes the form of a liquidity facility provided to support future funding difficulties or cash shortfalls in the vehicles. If required by the vehicle, the facility is drawn with the amount advanced included within loans and advances in the balance sheet. Upon an event of default or other triggering event, the Group may acquire control of a CDO and, therefore, be required to fully consolidate the vehicle for accounting purposes. The potential for transactions to hit default triggers has been assessed and included in the determination of impairment charges and other credit provisions.

Structured Investment Vehicles (SIVs)

The Group has not structured or managed SIVs.

SIV-Lites

The Group structures and helps to underwrite SIV-Lite transactions. The Group is not involved in their ongoing management.

Commercial Paper and Medium-term Note Conduits

The Group provides undrawn backstop liquidity facilities to its own sponsored commercial paper conduits. The Group fully consolidates these entities such that the underlying assets are reflected on the Group balance sheet.

Asset Securitisations

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

The Group has used SPEs to securitise part of its originated and purchased retail and commercial lending portfolios and credit card receivables. These SPEs are usually consolidated and derecognition only occurs when the Group transfers its contractual right to receive cash flows from the financial assets, or retains the contractual rights to receive the cash flows, but assumes a contractual obligation to pay the cash flows to another party without material delay or reinvestment, and also transfers substantially all the risks and rewards of ownership, including credit risk, prepayment risk and interest rate risk

Risk Management

Impairment Charges and Other Credit Provisions

	Half Year Ended		
	30.06.08	31.12.07	30.06.07
	£m	£m	£m
Impairment charges on loans and advances	1,933	1,343	963
Charges/(release) in respect of undrawn facilities and guarantees	328	480	(4)
Impairment charges on loans and advances and other credit provisions	**2,261**	**1,823**	**959**
Impairment charges on reverse repurchase agreements	103	-	-
Impairment charges on available for sale assets	84	13	-
Impairment charges and other credit provisions	**2,448**	**1,836**	**959**

Impairment charges and other credit provisions on ABS CDO Super Senior and other credit market exposures included above:

Half Year Ended

	30.06.08	31.12.07	30.06.07
	£m	£m	£m
Impairment charges on loans and advances	663	300	-
Charges in respect of undrawn facilities	322	469	-
Impairment charges on loans and advances and other credit provisions on ABS CDO Super Senior and other credit market exposures	**985**	**769**	**-**
Impairment charges on reverse repurchase agreements	53	-	-
Impairment charges on available for sale assets	70	13	-
Impairment charges and other credit provisions on ABS CDO Super Senior and other credit market exposures	**1,108**	**782**	**-**

Impairment charges and other credit provisions increased £1,489m to £2,448m (2007: £959m).

Impairment charges on loans and advances and other credit provisions increased £1,302m to £2,261m (2007: £959m) reflecting charges of £ 985 m against ABS CDO Super Senior and other credit market exposure s and increased impairment in the international portfolios within Global Retail and Commercial Banking. Total loans and advances grew 24% to £454,857m (30th June 2007: £367,711m). As a result impairment charges on loans and advances and other credit provisions as a percentage of period end Group total loans and advances increased to 0.99% (2007: 0.52%).

In the retail portfolios, impairment charges on loans and advances and other credit provisions rose 23% (£18 5 m) to £ 98 5 m (2007: £ 800 m) principally as a consequence of increased impairment in the international portfolios, whilst total loans and advances increased 19% to £175,397m (30th June 2007: £147, 730 m). As a result impairment charges as a percentage of period end total loans and advances increased to 1.12% (2007: 1.08%).

In the wholesale and corporate portfolios, impairment charges on loans and advances and other credit provisions rose £1, 117 m to £1, 276 m (2007: £159m) whilst total loans and advances increased 27% to £279,460m (30th June 2007: £2 19 , 981 m). As a result impairment charges as a percentage of period end total loans and advances increased to 0.91% (2007: 0.14%).

Risk Management

Impairment Charges and Other Credit Provisions (continued)

Global Retail and Commercial Banking

Impairment charges in **UK Retail Banking** increased 4% (£11m) to £288m (2007: £277m), reflecting growth in the book and current economic conditions. In UK Home Finance, whilst mortgage delinquencies as a percentage of outstanding balances increased from 0.91% to 0.97%, impairment charges and amounts charged off remained low.

The impairment charge in **Barclays Commercial Bank** increased 19% (£24m) to £148m (2007: £124m) reflecting higher impairment losses in Larger Business partially offset by a reduction in incurred but not individually identified impairment. There was a small increase in impairment as a percentage of period-end loans and advances to customers to 0.4 4 % (2007: 0. 4 1 %).

Impairment charges in **Barclaycard** increased 10% (£42m) to £477m (2007: £435m), reflecting £77m growth in charges in the international businesses and £27m from the inclusion of Goldfish. These factors were partially offset by £62m lower impairment in the UK businesses with reduced flows into delinquency and lower levels of arrears.

Impairment charges in Global **Retail and Commercial Banking - Western Europe** increased £71m to £103m (2007: £32m) principally due to higher charges in the Spanish commercial portfolios as a consequence of a rapid slowdown in the property and construction sectors.

Impairment charges in **Global Retail and Commercial Banking - Emerging Markets** increased £54m to £66m (2007: £12m) reflecting asset growth, particularly in India , and increased wholesale impairment in Africa .

Impairment charges in **Global Retail and Commercial Banking - Absa** increased £69m to £125m (2007: £56m) as a result of rising delinquency levels in the retail portfolios, which have been impacted by rising interest and inflation rates and increasing consumer indebtedness.

Investment Banking and Investment Management

Barclays Capital impairment charges and other credit provisions of £1,226m (2007: £10m) included a charge of £1,1 08 m against ABS CDO Super Senior and other credit market positions. Other impairment charges increased £ 108 m to £1 18 m (2007: £10m) primarily related to charges in the prime services and global loans business .

The impairment charge in **Barclays Wealth** rose £10m to £12m (2007: £2m) from a very low base.

Risk Management

Allowance for Impairment on Loans and Advances

	As at 30.06.08	As at 31.12.07	As at 30.06.07
	£m	£m	£m
At beginning of period	3,772	3,277	3,335
Acquisitions and disposals	97	2	(75)
Exchange and other adjustments	(26)	59	(6)
Unwind of discount	(63)	(60)	(53)
Amounts written off	(911)	(952)	(1,011)
Recoveries	74	103	124
Amounts charged against profit	1,933	1,343	963
At end of period	**4,876**	**3,772**	**3,277**

Amounts Written Off

United Kingdom	(670)	(710)	(820)
Other European Union	(55)	(97)	(46)
United States	(99)	(58)	(87)
Africa	(87)	(87)	(58)
Rest of the World	-	-	-
	(911)	**(952)**	**(1,011)**

Recoveries			
United Kingdom	61	61	93
Other European Union	(1)	25	7
United States	-	(1)	8
Africa	13	19	15
Rest of the World	1	(1)	1
	74	**103**	**124**
New and Increased Impairment Allowances			
United Kingdom	998	1,019	941
Other European Union	176	107	85
United States	757	349	82
Africa	207	157	111
Rest of the World	58	16	4
	2,196	**1,648**	**1,223**
Less: Releases of Impairment Allowance			
United Kingdom	(118)	(131)	(82)
Other European Union	(44)	(26)	(11)
United States	(8)	(29)	(21)
Africa	(13)	(11)	(9)
Rest of the World	(6)	(5)	(13)
	(189)	**(202)**	**(136)**
Recoveries	(74)	(103)	(124)
Total impairment charges on loans and advances	**1,933**	**1,343**	**963**
Allowance	£m	£m	£m
United Kingdom	2,785	2,526	2,396
Other European Union	449	344	334
United States	1,007	356	72
Africa	552	514	452
Rest of the World	83	32	23
At end of period	**4,876**	**3,772**	**3,277**

Risk Management

Potential Credit Risk Loans

	As at 30.06.08	**As at 31.12.07**	**As at 30.06.07**
Impaired Loans	£m	£m	£m
Loans and advances	6,498	5,230	4,693
ABS CDO Super Senior	3,922	3,344	-
SIV and SIV-lites	150	-	-
	10,570	**8,574**	**4,693**
Accruing loans which are contractually overdue			
90 days or more as to principal or interest	813	794	598
Impaired and restructured loans	378	273	61
Total credit risk loans	**11,761**	**9,641**	**5,352**
Potential Problem Loans			
Loans and advances	1,467	846	735
ABS CDO Super Senior	-	801	-
SIV and SIV-lites	-	150	-
	1,467	**1,797**	**735**
Total potential credit risk loans	**13,228**	**11,438**	**6,087**

Geographical Split

Impaired Loans			
United Kingdom	3,764	3,605	3,548
Other European Union	805	472	456
United States	4,599	3,703	76
Africa	1,310	757	589
Rest of the World	92	37	24
Total	**10,570**	**8,574**	**4,693**
Accruing Loans Which are Contractually Overdue			
90 days or more as to principal or interest			
United Kingdom	661	676	508
Other European Union	82	79	61
United States	12	10	4
Africa	57	29	25
Rest of the World	1	-	-
Total	**813**	**794**	**598**

Risk Management

Potential Credit Risk Loans (continued)

	As at 30.06.08	As at 31.12.07	As at 30.06.07
Impaired and Restructured Loans	£m	£m	£m
United Kingdom	311	179	3
Other European Union	14	14	12
United States	52	38	28
Africa	1	42	18
Rest of the World	-	-	-
Total	**378**	**273**	**61**
Total Credit Risk Loans			
United Kingdom	4,736	4,460	4,059
Other European Union	901	565	529
United States	4,663	3,751	108
Africa	1,368	828	632
Rest of the World	93	37	24
Total	**11,761**	**9,641**	**5,352**
Potential Problem Loans			
United Kingdom	936	419	409
Other European Union	366	59	23
United States	18	964	9
Africa	143	355	271
Rest of the World	4	-	23
Total	**1,467**	**1,797**	**735**
Total Potential Credit Risk Loans			
United Kingdom	5,672	4,879	4,468
Other European Union	1,267	624	552
United States	4,681	4,715	117
Africa	1,511	1,183	903
Rest of the World	97	37	47
Total	**13,228**	**11,438**	**6,087**

Risk Management

Potential Credit Risk Loans (continued)

	As at 30.06.08	As at 31.12.07	As at 30.06.07
Allowance Coverage of Total Credit Risk Loans	%	%	%
United Kingdom	58.8	56.6	59.0
Other European Union	49.8	60.9	63.1
United States	21.6	9.5	66.7
Africa	40.4	62.1	71.5
Rest of the World	89.2	86.5	95.8
Total	**41.5**	**39.1**	**61.2**
Allowance Coverage of Total Potential Credit Risk Loans	%	%	%
United Kingdom	49.1	51.8	53.6
Other European Union	35.4	55.1	60.5
United States	21.5	7.6	61.5
Africa	36.5	43.4	50.0
Rest of the World	85.6	86.5	48.9
Total	**36.9**	**33.0**	**53.8**
Allowance Coverage of Credit Risk Loans	%	%	%
Retail	52.1	55.8	61.4
Wholesale and corporate	32.1	24.9	60.9
Total	**41.5**	**39.1**	**61.2**
Total Excluding ABS CDO Super Senior Exposure	**52.3**	**55.6**	**61.2**
Allowance Coverage of Total Potential Credit Risk Loans	%	%	%
Retail	48.7	51.0	55.6
Wholesale and corporate	27.4	19.7	49.7
Total	**36.9**	**33.0**	**53.8**
Total Excluding ABS CDO Super Senior Exposure	**43.9**	**49.0**	**53.8**

Allowance coverage of credit risk loans and of potential credit risk loans excluding the drawn ABS CDO Super Senior exposure decreased to 52.3 % (31st December 2007: 55.6%) and 43.9 % (31st December 2007: 49.0%), respectively. The decrease in these ratios reflected a change in the mix of credit risk loans and potential credit risk loans as secured retail and wholesale and corporate exposure, where the recovery outlook is relatively high, increased as a proportion of credit risk loans and potential credit risk loans.

Additional protection on ABS CDO Super Senior credit risk loans was provided by subordination and hedges.

Risk Management

Risk Tendency

As part of its credit risk management system, the Group uses a model-based methodology to assess the point-in-time expected loss of credit portfolios across different customer categories. The approach is termed Risk Tendency and applies to credit exposures not reported as Credit Risk Loans . Risk Tendency models provide statistical estimates of average expected loss levels for a rolling 12-month period based on averages in the ranges of possible losses expected from each of the current portfolios. This contrasts with impairment charges as required under accounting standards, which derive from Credit Risk Loans where there is objective evidence of impairment as at the balance sheet date.

Since Risk Tendency and impairment allowances are calculated for different parts of the portfolio, for different purposes and on different bases, Risk Tendency does not predict loan impairment. Risk Tendency is provided to present a view of the evolution of the quality of the credit portfolios.

	Half Year Ended		
	30.06.08	**31.12.07**	**30.06.07**
	£m	£m	£m
UK Retail Banking	495	470	580
Barclays Commercial Bank	360	305	290
Barclaycard	1,115	955	975
GRCB - Western Europe	185	135	105
GRCB - Emerging Markets	240	140	50
GRCB - Absa	195	190	185
Barclays Capital	200	140	110
Barclays Wealth	15	10	10
Head Office Functions and Other Operations	5	10	5
	2,810	**2,355**	**2,310**

Risk Tendency increased 19 % (£4 55 m) to £2,81 0 m (31st December 2007: £2,355m), broadly in line with the 17% growth in the Group's loans and advances balances.

UK Retail Banking Risk Tendency increased £25m to £495m (31st December 2007: £470m). This reflected a higher risk profile in the unsecured loans portfolios and asset growth.

Risk Tendency in **Barclays Commercial Bank** increased £55m to £360m (31st December 2007: £305m). This reflected asset growth and deterioration in credit conditions.

Barclaycard Risk Tendency increased £160m to £1,115m (31st December 2007: £955m) primarily reflecting the inclusion of the Goldfish portfolio, an increase in the international portfolio and a deterioration in credit conditions in Barclaycard US and secured loans portfolios.

Risk Tendency at **GRCB - Western Europe** increased £50m to £185m (31st December 2007: £135m) principally reflecting balance sheet growth and weaker credit conditions .

Risk Tendency at **GRCB - Emerging Markets** increased £100m to £240m (31st December 2007: £140m) reflecting asset growth and a change in the risk profile following a broadening of the product offering through new product launches and new market entry in India and UAE.

Risk Management

Risk Tendency (continued)

Risk Tendency at **GRCB - Absa** increased £5m to £195m (31st December 2007: £190m) reflecting a continued weakening of retail credit conditions in South Africa and asset growth in Rand terms largely offset by a movement in the Rand/Sterling exchange rate.

Risk Tendency in **Barclays Capital** increased £60m to £200m (31st December 2007: £140m) reflecting asset growth and credit downgrades. The drawn liquidity facilities on ABS CDO Super Senior positions are classified as credit risk loans and therefore no Risk Tendency is calculated on them.

Risk Tendency at **Barclays Wealth** increased £ 5m to £ 15 m (31st December 2007: £10m) reflecting the transfer of a number of assets from GRCB - Western Europe .

Risk Management

Market Risk

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

Barclays Capital's market risk exposure, as measured by average total Daily Value at Risk (DVaR), increased to £58.0m in the first half of 2008. This was mainly due to increases in interest rate positions and higher market volatility within the credit spread and interest rate DVaR .

Barclays Capital's DVaR as at 30th June 2008 was £61.2m (31 st December 2007: £53.9m).

Analysis of Barclays Capital's Market Risk Exposures

The daily average, maximum and minimum values of DVaR were calculated as below:

	Half Year Ended 30.06.08		
	Average	High [1]	Low [1]
	£m	£m	£m
Interest rate risk	37.9	58.3	27.9
Credit spread risk	37.7	41.9	32.0
Commodity risk	23.7	29.6	18.7
Equity risk	9.7	12.9	6.7
Foreign exchange risk	5.3	9.0	2.9
Diversification effect	(56.3)	n/a	n/a
Total DVaR	**58.0**	**73.3**	**49.2**

	Half Year Ended 31.12.07		
	Average	High [1]	Low [1]
	£m	£m	£m
Interest rate risk	20.2	33.3	12.6
Credit spread risk	29.3	43.3	16.1
Commodity risk	20.9	24.8	17.4
Equity risk	12.3	17.6	9.8
Foreign exchange risk	5.4	9.6	3.2
Diversification effect	(43.4)	n/a	n/a
Total DVaR	**44.6**	**59.3**	**38.4**

	Half Year Ended 30.06.07		
	Average	High [1]	Low [1]
	£m	£m	£m
Interest rate risk	19.7	27.2	13.0
Credit spread risk	20.4	28.1	14.6
Commodity risk	19.5	27.2	14.8
Equity risk	10.1	15.3	7.3
Foreign exchange risk	4.3	6.7	2.9
Diversification effect	(34.7)	n/a	n/a
Total DVaR	**39.3**	**47.1**	**33.1**

1 The high (and low) DVaR figures reported for each category did not necessarily occur on the same day as the high (and low) DVaR reported as a whole. Consequently a diversification effect number for the high (and low) DVaR figures would not be meaningful and it is therefore omitted from the above table.

Regulatory Capital

Capital Ratios

	As at 30.06.08	As at 31.12.07	As at 30.06.07
	Basel II	Basel II	Basel I
Risk Weighted Assets	£m	£m	£m
Credit risk	239,767	244,474	237,467
Counterparty risk	43,979	41,203	46,765
Market risk	40,462	39,812	33,811
Operational risk	28,531	28,389	-
Total risk weighted assets	**352,739**	**353,878**	**318,043**
Capital Resources			
Tier 1			
Called up share capital	1,642	1,651	1,637
Eligible reserves	22,603	22,939	21,323
Minority interests [1]	11,922	10,551	8,405
Tier 1 notes [2]	902	899	887
Less: intangible assets	(8,063)	(8,191)	(7,757)
Less: deductions from Tier 1 capital	(1,306)	(1,106)	(26)
Total qualifying Tier 1 capital	**27,700**	**26,743**	**24,469**
Tier 2			
Revaluation reserves	25	26	24
Available for sale-equity gains	228	295	440
Collectively assessed impairment allowances	999	440	2,527
Minority interests	445	442	441
Qualifying subordinated liabilities: [3]			
Undated loan capital	4,913	3,191	3,174
Dated loan capital	12,165	10,578	8,626
Less: deductions from Tier 2 capital	(1,306)	(1,106)	(26)
Total qualifying Tier 2 capital	**17,469**	**13,866**	**15,206**
Less: Regulatory Deductions			

Investments not consolidated for supervisory purposes	(523)	(633)	(947)
Other deductions	(194)	(193)	(1,276)
Total deductions	**(717)**	**(826)**	**(2,223)**
Total net capital resources	**44,452**	**39,783**	**37,452**
Equity Tier 1 ratio	5.0%	5.1%	5.3%
Tier 1 ratio	7.9%	7.6%	7.7%
Risk asset ratio	12.6%	11.2%	11.8%

1 *Includes equity minority interests o f £1,526 m(31st December 2007: £1,608m; 30th June 2007: £1,499m).*
2 *Tier 1 notes are included in subordinated liabilities in the consolidated balance sheet.*
3 *Subordinated liabilities included in Tier 2 c apital are subject to limits laid down in the regulatory requirements.*

Regulatory Capital

Reconciliation of Regulatory Capital

Capital is defined differently for accounting and regulatory purposes. A reconciliation of shareholders' equity for accounting purposes to called up share capital and eligible reserves for regulatory purposes is set out below:

	As at 30.06.08	As at 31.12.07	As at 30.06.07
	Basel II	Basel II	Basel I
	£m	£m	£m
Shareholders' equity excluding minority interests	22,289	23,291	20,973
Available for sale reserve	363	(154)	(238)
Cash flow hedging reserve	419	(26)	407
Adjustments to retained earnings			
Defined benefit pension scheme	1,099	1,053	1,261
Additional companies in regulatory consolidation and non-consolidated companies	(1)	(281)	(230)
Foreign exchange on RCIs and upper Tier 2 loan stock	420	478	533
Adjustment for own credit	(969)	(461)	-
Other adjustments	625	690	254
Called up share capital and eligible reserves for regulatory purposes	**24,245**	**24,590**	**22,960**

Regulatory Capital

Total Assets

	As at 30.06.08	As at 31.12.07	As at 30.06.07
	£m	£m	£m
UK Retail Banking	96,314	88,477	84,267
Barclays Commercial Bank	80,955	74,566	69,830
Barclaycard	24,278	22,121	20,362
GRCB - Western Europe	51,133	43,702	36,724
GRCB - Emerging Markets	11,380	9,188	6,323
GRCB - Absa	34,178	36,368	31,908
Barclays Capital	966,109	839,850	796,389
Barclays Global Investors	79,030	89,218	90,440
Barclays Wealth	17,749	18,188	16,663
Head Office Functions and Other Operations	4,528	5,683	5,356
	1,365,654	**1,227,361**	**1,158,262**

Total assets increased 11% to £1,365.7bn (31st December 2007: £1,227.4bn).

UK Retail Banking total assets increased 9% to £96.3bn (31st December 2007: £88.5bn). This was mainly attributable to growth in mortgage balances.

Barclays Commercial Bank total assets grew 9% to £81.0bn (31st December 2007: £74.6bn) driven by growth across lending products.

Barclaycard total assets increased 10% to £24.3bn (31st December 2007: £22.1bn) primarily driven by the acquisition of Goldfish and increases in international assets.

GRCB - Western Europe total assets grew 17% to £51.1bn (31st December 2007: £43.7bn). This growth was mainly driven by increases in retail mortgages and unsecured lending.

GRCB - Emerging Markets total assets grew 24% to £11.4bn (31st December 2007: £9.2bn) reflecting increases in retail and commercial lending.

GRCB - Absa total assets decreased 6% to £34.2bn (31st December 2007: £36.4bn) reflecting broad based asset growth, more than offset by the weakening of the Rand .

Barclays Capital total assets rose 15% to £966.1bn (31st December 2007: £839.9bn). This primarily reflected continuing volatility across various derivative indices, resulting in significant increases in grossed-up derivative positions. Excluding derivatives, assets decreased 4% to £566.8bn (31st December 2007: £592.3 bn)

Barclays Global Investors total assets decreased 11% to £79.0bn (31st December 2007: £89.2bn), mainly attributable to adverse market movements in certain asset management products recognised as investment contracts.

Barclays Wealth total assets decreased 2 % to £17.7bn (31st December 2007: £18.2bn) reflecting a fall in the value of unit linked insurance contracts partially offset by strong growth in lending to high net worth and intermediary clients.

Head Office Functions and Other Operations total assets decreased 21% to £4.5bn (31st December 2007: £5.7bn).

Regulatory Capital

Risk Weighted Assets

	As at 30.06.08	As at 31.12.07	As at 30.06.07
	Basel II	Basel II	Basel I
	£m	£m	£m
UK Retail Banking	30,855	30,540	42,498
Barclays Commercial Bank	62,991	62,056	51,106
Barclaycard	24,955	22,457	16,898
GRCB - Western Europe	29,170	25,084	20,370
GRCB - Emerging Markets	11,744	10,176	4,049
GRCB - Absa	15,400	17,213	20,692
Barclays Capital	163,352	172,974	152,467
Barclays Global Investors	4,413	4,266	1,616
Barclays Wealth	8,808	8,011	6,871
Head Office Functions and Other Operations	1,051	1,101	1,476
	352,739	**353,878**	**318,043**

Risk weighted assets remained flat at £352.7bn (31st December 2007: £353.9bn).

UK Retail Banking risk weighted assets increased by 1% to £30.9bn (31st December 2007: £30.5bn) with growth in mortgages partially offset by a reduction in operational risk.

Barclays Commercial Bank risk weighted assets increased 2% to £63.0bn (31st December 2007: £62.1bn) . The increase in risk weighted assets was lower than asset growth, reflecting a relative increase in lower risk weighted portfolios.

Barclaycard risk weighted assets increased 11% to £25.0bn (31st December 2007: £22.5bn), primarily reflecting the acquisition of the Goldfish cards portfolio and redemption of securitisation transactions.

GRCB - Western Europe risk weighted assets increased 16% to £29.2bn (31st December 2007: £25.1bn), primarily reflecting underlying lending growth of 8% and the strengthening of the Euro.

GRCB - Emerging Markets risk weighted assets increased 15% to £11.7bn (31st December 2007: £10.2bn), reflecting asset growth and a change in the product mix.

GRCB - Absa risk weighted assets decreased 11% to £15.4bn (31st December 2007: £17.2bn), mainly due to weakening of the Rand .

Barclays Capital risk weighted assets decreased 6% to £163.4bn (31st December 2007: £173.0bn) due to changes in the asset class mix and the roll-out of Basel II models.

Barclays Global Investors risk weighted assets increased 3% to £4.4bn (31st December 2007: £4.3bn) mainly attributed to overall business growth.

Barclays Wealth risk weighted assets increased 10% to £8.8bn (31st December 2007: £8.0bn) driven by strong organic business growth, partially offset by increased benefit from collateral taken.

Head office functions risk weighted assets remained broadly stable at £1.1bn (31st December 2007: £1.1bn).

Performance Management

Economic Capital

Barclays assesses capital requirements by measuring the Group's risk profile using both internally and externally developed models. The Group assigns economic capital primarily within seven risk categories: credit risk, market risk, business risk, operational risk, insurance risk, fixed assets and private equity.

The Group regularly enhances its economic capital methodology and benchmarks outputs to external reference points. The framework uses default probabilities during average credit conditions, rather than those prevailing at the balance sheet date, thus seeking to remove cyclicality from the economic capital calculation. The framework also adjusts economic capital to reflect time horizon, correlation of risks and risk concentrations.

Economic capital is allocated on a consistent basis across all of Barclays businesses and risk activities with allocations reflecting varying levels of risk. A single cost of equity is applied to calculate the cost of risk.

The total average economic capital required by the Group, as determined by risk assessment models and after considering the Group's estimated portfolio effects, is compared with the supply of economic capital to evaluate economic capital utilisation. Supply of economic capital is calculated as the average available shareholders' equity after adjustment and including preference shares.

Economic capital forms the basis of the Group's submission for the Basel II Internal Capital Adequacy Assessment Process (ICAAP).

Performance Management

Economic Capital Demand [1]

	Half Year Ended		
	30.06.08	**31.12.07**	**30.06.07**
	£m	£m	£m
UK Retail Banking	3,600	3,400	3,400
Barclays Commercial Bank	3,500	3,300	3,150
Barclaycard	2,500	2,150	2,000
GRCB - Western Europe	1,700	1,400	1,100
GRCB - Emerging Markets	950	550	300
GRCB - Absa	1,100	950	900
Barclays Capital	8,000	6,050	4,400
Barclays Global Investors	350	200	200
Barclays Wealth	500	550	500
Head Office Functions and Other Operations [2]	100	100	250
Economic Capital requirement (excluding goodwill)	22,300	18,650	16,200
Average historic goodwill and intangible assets [3]	9,000	8,700	8,100
Total economic capital requirement [4]	**31,300**	**27,350**	**24,300**

UK Retail Banking economic capital allocation increased £200m to £3,600m (31st December 2007: £3,400m), reflecting mortgage asset growth and house price movements.

Barclays Commercial Bank economic capital allocation increased £200m to £3,500m (31st December 2007: £3,300m) as a consequence of asset growth partially offset by improved portfolio diversification.

Barclaycard economic capital allocation increased £350m to £2,500m (31st December 2007: £2,150m) due to the acquisition of the Goldfish cards portfolio, asset growth in Barclaycard US and the redemption of securitisation transactions .

GRCB - Western Europe economic capital allocation increased £300m to £1,700m (31st December 2007: £1,400m) reflecting asset growth together with the strengthening of the Euro .

GRCB - Emerging Markets economic capital allocation increased £400m to £950m (31st December 2007: £550m) due to asset growth in newer markets.

GRCB - Absa economic capital allocation increased £150m to £1,100m (31st December 2007: £950m) reflecting asset growth and the transfer of assets from Absa Capital into Absa Commercial Bank offset by exchange rate movements.

Barclays Capital economic capital allocation increased £1,950m to £8,000m (31st December 2007: £6,050m). This was driven by growth towards the end of 2007 in the investment portfolio, exposure to drawn leveraged finance underwriting positions and a deterioration in credit quality principally in the US .

Barclays Global Investors economic capital allocation increased £150m to £350m (31st December 2007: £200m) primarily reflecting the selective support of liquidity products.

1 *Calculated using a four point average over the half year and rounded to the nearest £50m for presentation purposes.*
2 *Includes Transition Businesses and capital for central functional risks.*
3 *Average goodwill relates to purchased goodwill and intangible assets from business acquisitions.*
4 *Total period end economic capital requirement as at 30th June 2008 stood at £31,700m (31st December 2007: £29,650m; 30th June 2007 : £26,800m).*

Performance Management

Economic Capital Supply

The capital resources to support economic capital comprise adjusted shareholders' equity including preference shares but excluding other minority interests. Preference shares have been issued to optimise the long-term capital base of the Group.

The capital resources to support economic capital are impacted by a number of factors arising from the application of IFRS and are modified in calculating available funds for economic capital. This applies specifically to:

Cash flow hedging reserve - to the extent that the Group undertakes the hedging of future cash flows, shareholders' equity will include gains and losses which will be offset against the gain or loss on the hedged item when it is recognised in the income statement at the conclusion of the future hedged transaction. Given the future offset of such gains and losses, they are excluded from shareholders' equity when calculating economic capital supply .

Available for sale reserve - unrealised gains and losses on Available for sale securities are included in shareholders' equity until disposal or impairment. Such gains and losses are excluded from shareholders' equity for the purposes of calculating economic capital supply . Realised gains and losses, foreign exchange translation differences and any impairment charges recorded in the income statement will impact economic profit.

Retirement benefits liability - the Group has recorded a net liability with a consequent reduction in shareholders' equity. This represents a non-cash reduction in shareholders' equity. For the purposes of calculating economic capital supply , the Group does not deduct the pension liability from shareholders' equity.

Own credit gains - gains on the fair valuation of notes issued are included in the income statement but are excluded from shareholders' equity when calculating economic capital supply.

The average supply of capital to support the economic capital framework is set out below [1] :

	Half Year Ended		
	30.06.08	31.12.07	30.06.07
Shareholders' equity excluding minority interests less goodwill [2]	15,100	15,200	13,250
Retirement benefits liability	1,100	1,100	1,250
Cashflow hedging reserve	100	150	350
Available for sale reserve	100	(200)	(150)
Gains on own credit	(850)	(200)	-
Preference shares	5,050	4,050	3,400
Available funds for economic capital excluding goodwill	20,600	20,100	18,100
Average historic goodwill and intangible assets [2]	9,000	8,700	8,100
Available funds for economic capital including goodwill [3]	**29,600**	**28,800**	**26,200**

In addition, the Group holds other Tier 1 Instruments of £4,874m as at 30th June 2008 (31st December 2007: £4,807m; 30th June 2007: £4,109m) consisting of Tier 1 notes of £902m and reserve capital instruments of £3,972m.

As at 30th June 2008 the total period end economic capital requirement of £31,700m exceeded the available funds for economic capital of £30,350m. On 25th June 2008, Barclays announced a share issue to raise approximately £4.5bn thus providing pro-forma available funds for economic capital of £34,850m.

1 *Averages for the period will not correspond to period-end balances disclosed in the balance sheet. Numbers are rounded to the nearest £50m for presentational purposes only.*
2 *Average goodwill relates to purchased goodwill and intangible assets from business acquisitions.*
3 *Available funds for economic capital as at 30th June 2008 stood at £30,350 m (31st December 2007: £29, 700 m, 30th June 2007: £30,950m).*

Performance Management

Economic Profit

Economic profit comprises:

Profit after tax and minority interests; less

Capital charge (average shareholders' equity excluding minority interests multiplied by the Group cost of capital).

The Group cost of capital has been applied at a uniform rate of 10.5% [1]. The costs of servicing preference shares are included in minority interests, and so preference shares are excluded from average shareholders' equity for economic profit purposes.

The economic profit in 2008 and 2007 is shown below:

	Half Year Ended		
	30.06.08	31.12.07	30.06.07
	£m	£m	£m
Profit after tax and minority interests	1,718	1,783	2,634
Addback of amortisation charged on acquired intangible assets [2]	73	78	59
Profit for economic profit purposes	**1,791**	**1,861**	**2,693**
Average shareholders' equity excluding minority interests [3, 4]	15,100	15,200	13,250
Adjust for unrealised loss/(gains) on available for sale investments [4]	100	(200)	(150)
Adjust for unrealised loss on cashflow hedge reserve [4]	100	150	350
Adjust for gains on own credit	(850)	(200)	-
Add: retirement benefits liability	1,100	1,100	1,250
Goodwill and intangible assets arising on acquisitions [4]	9,000	8,700	8,100
Average shareholders' equity for economic profit purposes [3,4]	**24,550**	**24,750**	**22,800**
Capital charge at 10.5% (2007: 9.5%)	**(1,290)**	**(1,180)**	**(1,084)**
Economic profit	**501**	**681**	**1,609**

1 *The Group cost of capital changed from 1st January 2008 from 9.5% to 10.5%.*

2 *Amortisation charged for purchased intangibles, adjusted for tax and minority interests.*
3 *Average ordinary shareholders' equity for Group economic profit calculation is the sum of adjusted equity and reserves plus goodwill and intangible assets arising on acquisition, but excludes preference shares.*
4 *Averages for the period will not correspond exactly to period end balances disclosed in the balance sheet. Numbers are rounded to the nearest £50m for presentation purposes only.*

Performance Management

Economic Profit Generated by Business

	Half Year Ended		
	30.06.08	**31.12.07**	**30.06.07**
	£m	£m	£m
UK Retail Banking	324	306	311
Barclays Commercial Bank	305	303	332
Barclaycard	147	98	115
GRCB - Western Europe	133	2	14
GRCB - Emerging Markets	(21)	(3)	29
GRCB - Absa	42	59	39
Barclays Capital	(106)	203	969
Barclays Global Investors	122	220	210
Barclays Wealth	123	119	114
Head Office Functions and Other Operations	(318)	(285)	(185)
	751	1,022	1,948
Historic goodwill and intangibles arising on acquisition	(472)	(413)	(387)
Variance to average shareholders' funds (excluding minority interest)	222	72	48
Economic profit	**501**	**681**	**1,609**

Economic profit for the Group decreased 69% (£1,108m) to £501m (2007: £1,609m) due to a decrease of £916m in attributable profit and a £206m increase in the economic capital charge.

UK Retail Banking economic profit increased 4% (£13m) to £324m (2007: £311m) due to a 7% increase in profit before tax partially offset by a 4% increase in the economic capital charge reflecting mortgage asset growth and house price movements.

Barclays Commercial Bank economic profit decreased 8% (£27m) to £305m (2007: £332m) due to a 1% decrease in profit before tax and an 8% increase in the economic capital charge arising from the impact of asset growth.

Barclaycard economic profit increased 28% (£32m) to £147m (2007: £115m), reflecting a 30% increase in profit before tax and a 25 % increase in the economic capital charge arising from the acquisition of Goldfish cards portfolio, asset growth in Barclaycard US and the redemption of securitisation deals.

GRCB - Western Europe economic profit increased £119m to £133m (2007: £14m), due to a £ 139m release of a deferred tax liability and a 10% increase in profit before tax, partially offset by a 51% increase in the economic capital charge reflecting asset growth.

GRCB - Emerging Markets economic profit decreased 172% (£50m) to a loss of £21m (2007: profit of £29m) due to a 13% decrease in profit before tax and a 1 93 % increase in the economic capital charge due to asset growth in the newer markets .

GRCB - Absa economic profit increased 8% (£3m) to £42m (2007: £39m) principally due to a 10% increase in profit before tax .

Barclays Capital economic profit decreased to a loss of £106m (2007: profit of £969m), due to a 68% decrease in profit before tax and a 90% increase in the economic capital charge.

Barclays Global Investors economic profit decreased 42% (£88m) to £122m (2007: £210m), due to a 32% decrease in profit before tax and a n 82% increase in the economic capital charge primarily reflecting the selective support of liquidity products.

Barclays Wealth economic profit increased 8% (£9m) to £123m (2007: £114m), principally due to a 5% increase in profit before tax.

Performance Management

Staff Numbers

	Half Year Ended		
	30.06.08	**31.12.07**	**30.06.07**
UK Retail Banking	30,700	30,700	33,900
Barclays Commercial Bank	10,000	9,200	7,900
Barclaycard	9,600	8,900	8,700
GRCB - Western Europe	10,200	8,800	7,600
GRCB - Emerging Markets	19,200	13,900	9,600
GRCB - Absa	38,700	35,800	33,100
Barclays Capital	16,300	16,200	15,700
Barclays Global Investors	3,700	3,400	3,100
Barclays Wealth	7,300	6,900	6,900
Head Office Functions and Other Operations	900	1,100	1,200
Total Group permanent and fixed term contract staff worldwide	**146,600**	**134,900**	**127,700**

Staff numbers are shown on a full-time equivalent basis. Total Group permanent and fixed term contract staff comprised 63,100 (31st December 2007: 61,900) in the UK and 83,500 (31st December 2007: 73,000) internationally.

UK Retail Banking headcount was stable at 30,700 (31st December 2007: 30,700).

Barclays Commercial Bank headcount increased 800 to 10,000 (31st December 2007: 9,200) reflecting increased investment in risk and operations infrastructure and new initiatives in product development and sales capability. Headcount at 31st December 2007 include d 1,200 operations staff transferred from UK Retail B anking in the second half of 2007.

Barclaycard staff numbers increased 700 to 9,600 (31st December 2007: 8,900), primarily due to the acquisition of Goldfish.

GRCB - Western Europe staff numbers increased 1,400 to 10,200 (31st December 2007: 8,800), reflecting expansion of the retail distribution network .

GRCB - Emerging Markets staff numbers increased 5 ,300 to 19,200 (31st December 2007: 13,900) due to continued expansion of the business and investment in infrastructure.

GRCB - Absa staff numbers increased 2,900 to 38,700 (31st December 2007: 35,800), reflecting continued growth in the business and investment in collections capacity .

Barclays Capital staff numbers increased 100 to 16,300 (31st December 2007: 16,200) as Barclays Capital continues to invest selectively in key areas.

Barclays Global Investors staff numbers increased 300 to 3,700 (31st December 2007: 3,400). Headcount increased primarily in the support functions and iShares business, reflecting continued investment to support further growth.

Barclays Wealth staff numbers increased 400 to 7,300 (31st December 2007: 6,900) principally due to increased client facing professionals and a short-term increase in infrastructure staff to support transformation projects.

Performance Management

Balances and Margins

Business Margins

	Half Year Ended		
	30.06.08	31.12.07	30.06.07
	%	%	%
UK Retail Banking assets	1.09	1.19	1.20
UK Retail Banking liabilities	2.12	2.16	2.15
Barclays Commercial Bank assets	1.60	1.75	1.85
Barclays Commercial Bank liabilities	1.48	1.49	1.50
Barclaycard assets	6.77	6.27	6.77
GRCB - Western Europe assets	1.13	1.13	1.13
GRCB - Western Europe liabilities	1.29	1.56	1.72
GRCB - Emerging Markets assets	5.10	6.56	6.67
GRCB - Emerging Markets liabilities	1.89	0.63	0.91
GRCB - Absa assets	2.57	2.70	2.72
GRCB - Absa liabilities	3.43	3.49	2.90
Barclays Wealth assets	1.02	1.10	1.12
Barclays Wealth liabilities	0.95	0.98	1.08

Average Balances

	Half Year Ended		
	30.06.08	31.12.07	30.06.07
	£m	£m	£m
UK Retail Banking assets	87,083	80,228	76,747
UK Retail Banking liabilities	85,669	83,456	80,213
Barclays Commercial Bank assets	59,037	55,232	52,661
Barclays Commercial Bank liabilities	47,252	46,245	46,489
Barclaycard assets	21,472	19,372	18,579
GRCB - Western Europe assets	38,659	31,766	28,498
GRCB - Western Europe liabilities	9,604	7,691	7,284
GRCB - Emerging Markets assets	5,599	4,164	2,953
GRCB - Emerging Markets liabilities	6,591	5,686	4,544
GRCB - Absa assets	26,273	26,583	24,062
GRCB - Absa liabilities	12,466	11,911	11,106
Barclays Wealth assets	9,271	8,332	6,458
Barclays Wealth liabilities	35,984	33,130	29,140

Performance Management

Balances and Margins (continued)

Business Net Interest Income

	Half Year Ended		
	30.06.08	31.12.07	30.06.07
	£m	£m	£m
UK Retail Banking assets	474	483	456
UK Retail Banking liabilities	905	909	854
Barclays Commercial Bank assets	471	486	484
Barclays Commercial Bank liabilities	348	348	345
Barclaycard assets	723	612	624
GRCB - Western Europe assets	217	181	160
GRCB - Western Europe liabilities	62	61	62

GRCB - Emerging Markets assets	142	137	98
GRCB - Emerging Markets liabilities	62	19	20
GRCB - Absa assets	334	362	324
GRCB - Absa liabilities	212	209	160
Barclays Wealth assets	47	46	36
Barclays Wealth liabilities	169	164	156
Business net interest income	**4,166**	**4,017**	**3,779**

Reconciliation of Business Net Interest Income to Group Net Interest Income

	Half Year Ended		
	30.06.08	31.12.07	30.06.07
	£m	£m	£m
Business net interest income	4,166	4,017	3,779
Other:			
- Barclays Capital	702	612	567
- Barclays Global Investors	(20)	(6)	(2)
- Other	322	398	245
Group net interest income	**5,170**	**5,021**	**4,589**

Business net interest income is derived from the interest rate earned on average assets or paid on average liabilities relative to the average Bank of England base rate, local equivalents for international businesses or the rate managed by the bank using derivatives. The margin is expressed as annualised business interest income over the relevant average balance. Asset and liability margins cannot be added together as they are relative to the average Bank of England base rate, local equivalent for international businesses or the rate managed by the bank using derivatives. The benefit of capital attributed to these businesses is excluded from the calculation of business margins and business net interest income.

Average balances are calculated on daily averages for most UK banking operations and monthly averages elsewhere.

Within the reconciliation of Group net interest income, there is an amount captured as Other. This relates to the benefit of capital excluded from the business margin calculation, Head Office Functions and Other Operations and net funding on non-customer assets and liabilities.

Statement of Directors ' Responsibilities

The Directors confirm to the best of their knowledge that the condensed consolidated interim financial statements set out on pages 7 6 to 117 have been prepared in accordance with International Accounting Standards 34 , 'Interim Financial Reporting', as adopted by the European Union, and that the interim management report herein includes a fair review of the information required by Disclosure and Transparency Rules 4.2.7 and 4.2.8 namely :

an indication of important events that have occurred during the six months ended 30th June 2008 and their impact on the condensed consolidated interim financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

material related-party transactions in the six months ended 30th June 2008 and any material changes in the related party transactions described in the last annual report.

On behalf of the Board

John Varley	**Chris Lucas**
Group Chief Executive	Group Finance Director

Independent Auditors ' Review Report

Independent Review Re port to Barclays PLC

Introduction

We have been engaged by Barclays PLC to review the condensed consolidated interim financial statements in the interim results announcement for the six months ended 30 th June 2008, which comprises the consolidated interim income statement, consolidated interim balance sheet, condensed consolidated interim statement of recognised income and expense, condensed consolidated interim cash flow statement and related notes. We have read the other information contained in the interim results announcement and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated interim financial statements.

Directors' Responsibilities

The interim results announcement is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim results announcement in accordance with the Disclosure and Transparency Rules of the United Kingdom 's Financial Services Authority.

As disclosed in section 'Accounting Policies' , the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed consolidated interim financial statements included in this interim results announcement ha ve been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the company a conclusion on the condensed consolidated interim financial statements in the interim results announcement based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom . A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independent Auditors' Review Report

Independent Review Report to Barclays PLC (continued)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements in the interim results announcement for the six months ended 30th June 2008 are not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PricewaterhouseCoopers LLP

Chartered Accountants

London , United Kingdom

7 August 2008

Notes:
a) The maintenance and integrity of the Barclays website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website, and
b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Accounting Policies

Basis of Preparation

The condensed consolidated interim financial statements for the half year ended 30th June 2008 on pages 77 to 117 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34, 'Interim F inancial R eporting' as published by the International Accounting Standards Board (IASB). They are also in accordance with IAS 34 as adopted by the European Union. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31st December 2007, which have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as published by the IASB. The annual financial statements are also prepared in accordance with IFRS as published by the IASB and IFRIC interpretations as adopted by the European Union.

The accounting policies adopted are consistent with those of the accounting policies described in the 2007 Annual report, except IFRS 8 'Operating Segments' has been adopted as at 1st January 2008. The standard was issued in November 2006 and excluding early adoption would first be required to be applied to the Group 's accounting period beginning on 1st January 2009. The standard replaces IAS 14 'Segmental Reporting' and aligns operating segmental reporting with segments reported to senior management as well as requiring amendments and additions to the existing segmental reporting disclosures. The standard does not change the recognition, measurement or disclosure of specific transactions in the condensed consolidated interim financial statements but has impacted the segmental reporting as set out in note 34 on page 112 .

Consolidated Interim Income Statement (Unaudited)

Continuing Operations		Half Year Ended		
		30.06.08	31.12.07	30.06.07
	Notes	£m	£m	£m
Interest income		13,356	13,271	12,037
Interest expense		(8,186)	(8,250)	(7,448)
Net interest income	1	**5,170**	**5,021**	**4,589**
Fee and commission income		4,461	4,386	4,292
Fee and commission expense		(547)	(490)	(480)
Net fee and commission income	2	**3,914**	**3,896**	**3,812**
Net trading income		1,784	948	2,811
Net investment income		345	820	396
Principal transactions	3	**2,129**	**1,768**	**3,207**
Net premiums from insurance contracts	4	568	569	442
Other income	5	163	88	100

Total income		**11,944**	**11,342**	**12,150**
Net claims and benefits incurred under insurance contracts	6	(101)	(244)	(248)
Total income net of insurance claims		**11,843**	**11,098**	**11,902**
Impairment charges and other credit provisions	7	(2,448)	(1,836)	(959)
Net income		**9,395**	**9,262**	**10,943**
Staff costs	8	(3,888)	(3,824)	(4,581)
Administration and general expenses		(2,408)	(2,189)	(1,952)
Depreciation of property, plant and equipment		(274)	(240)	(227)
Amortisation of intangible assets		(94)	(99)	(87)
Operating expenses	8	**(6,664)**	**(6,352)**	**(6,847)**
Share of post-tax results of associates and joint ventures	9	23	42	-
Profit on disposal of subsidiaries, associates and joint ventures	10	-	23	5
Profit before tax		**2,754**	**2,975**	**4,101**
Tax	11	(620)	(823)	(1,158)
Profit after tax		**2,134**	**2,152**	**2,943**
Attributable To				
Minority interests	12	416	369	309
Equity holders of the parent	13	1,718	1,783	2,634
		2,134	**2,152**	**2,943**
Basic earnings per ordinary share	13	27.0p	27.5p	41.4p
Diluted earnings per ordinary share	13	26.2p	26.6p	40.1p
Proposed Dividend per Ordinary Share				
Interim dividend	14	11.5p	-	11.5p
Final dividend	14	-	22.5p	-

The notes on pages 83 to 117 form an integral part of this condensed consolidated interim financial information.

Consolidated Interim Balance Sheet (Unaudited)

Assets	Notes	**As at 30.06.08** £m	**As at 31.12.07** £m	**As at 30.06.07** £m
Cash and balances at central banks		6,432	5,801	4,785
Items in the course of collection from other banks		2,478	1,836	2,533
Trading portfolio assets		177,628	193,691	217,573
Financial assets designated at fair value:				
- held on own account		46,697	56,629	46,171
- held in respect of linked liabilities to customers under investment contracts		79,486	90,851	92,194
Derivative financial instruments	15	400,009	248,088	174,225
Loans and advances to banks	18	54,514	40,120	43,191
Loans and advances to customers	19	395,467	345,398	321,243
Available for sale financial investments	21	42,765	43,072	47,764
Reverse repurchase agreements and cash collateral on securities borrowed		139,955	183,075	190,546
Other assets		6,012	5,150	6,289
Current tax assets		808	518	345
Investments in associates and joint ventures		316	377	228
Goodwill		6,932	7,014	6,635
Intangible assets		1,200	1,282	1,228
Property, plant and equipment		2,991	2,996	2,538
Deferred tax assets		1,964	1,463	774
Total assets		**1,365,654**	**1,227,361**	**1,158,262**

The notes on pages 83 to 117 form an integral part of this condensed consolidated interim financial information.

Consolidated Interim Balance Sheet (Unaudited)

Liabilities	Notes	**As at 30.06.08** £m	**As at 31.12.07** £m	**As at 30.06.07** £m
Deposits from banks		89,944	90,546	87,429
Items in the course of collection due to other banks		2,791	1,792	2,206
Customer accounts		319,281	294,987	292,444
Trading portfolio liabilities		56,040	65,402	79,252
Financial liabilities designated at fair value		86,162	74,489	63,490
Liabilities to customers under investment contracts		80,949	92,639	93,735
Derivative financial instruments	15	396,357	248,288	177,774
Debt securities in issue		115,739	120,228	118,745
Repurchase agreements and cash collateral on securities lent		146,895	169,429	181,093

Other liabilities		8,998	10,499	10,908
Current tax liabilities		1,532	1,311	1,003
Insurance contract liabilities, including unit-linked liabilities		3,679	3,903	3,770
Subordinated liabilities	22	21,583	18,150	15,067
Deferred tax liabilities		655	855	258
Provisions	23	624	830	527
Retirement benefit liabilities	24	1,603	1,537	1,840
Total liabilities		**1,332,832**	**1,194,885**	**1,129,541**
Shareholders' equity				
Called up share capital	25	1,642	1,651	1,637
Share premium account	25	72	56	5,859
Other reserves		(198)	874	271
Retained earnings		20,965	20,970	13,461
Less: treasury shares		(192)	(260)	(255)
Shareholders' equity excluding minority interests		**22,289**	**23,291**	**20,973**
Minority interests		10,533	9,185	7,748
Total shareholders' equity	26	**32,822**	**32,476**	**28,721**
Total liabilities and shareholders' equity		**1,365,654**	**1,227,361**	**1,158,262**

The notes on pages 83 to 117 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Interim Statement of Recognised Income and Expense (Unaudited)

	Half Year Ended		
	30.06.08	**31.12.07**	**30.06.07**
Consolidated Statement of Recognised Income and Expense	£m	£m	£m
Net movements in available for sale reserve	(660)	(93)	95
Net movements in cash flow hedging reserve	(573)	639	(280)
Net movements in currency translation reserve	(500)	102	(48)
Tax	381	17	37
Other movements	22	(1)	23
Amounts included directly in equity	**(1,330)**	**664**	**(173)**
Profit after tax	2,134	2,152	2,943
Total recognised income and expense	**804**	**2,816**	**2,770**
Attributable To			
Equity holders of the parent	616	2,352	2,502
Minority interests	188	464	268
	804	**2,816**	**2,770**

A n analysis of the statement of recognised income and expense is provided in note 27 .

Notes on pages 83 to 117 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Interim Cash Flow Statement (Unaudited)

	Half Year Ended		
	30.06.08	**31.12.07**	**30.06.07**
Reconciliation of Profit Before Tax to Net Cash Flows From Operating Activities	£m	£m	£m
Profit before tax	2,754	2,975	4,101
Adjustment for non-cash items	67	1,436	716
Changes in operating assets and liabilities	2,136	(17,264)	(1,128)
Tax Paid	(986)	(623)	(960)
Net cash from operating activities	**3,971**	**(13,476)**	**2,729**
Net cash from investing activities	812	6,074	3,990
Net cash from financing activities	2,588	2,948	410
Effect of exchange rates on cash and cash equivalents	(407)	(354)	(196)
Net increase/(decrease) in cash and cash equivalents	**6,964**	**(4,808)**	**6,933**
Cash and cash equivalents at beginning of period	33,077	37,885	30,952
Cash and cash equivalents at end of period	**40,041**	**33,077**	**37,885**

No tes on pages 83 to 117 form an integral part of this condensed consolidated interim financial information.

Notes to the Condensed Consolidated Interim Financial Statements

1. Net Interest Income

	Half Year Ended		
	30.06.08	**31.12.07**	**30.06.07**
	£m	£m	£m
Cash and balances with central banks	76	133	12
Available for sale investments	993	1,136	1,444
Loans and advances to banks	573	808	608
Loans and advances to customers	11,121	10,505	9,054
Other	593	689	919
Interest income	**13,356**	**13,271**	**12,037**
Deposits from banks	(1,069)	(1,249)	(1,471)
Customer accounts	(3,071)	(2,208)	(1,902)
Debt securities in issue	(3,086)	(3,657)	(2,994)
Subordinated liabilities	(573)	(480)	(398)
Other	(387)	(656)	(683)
Interest expense	**(8,186)**	**(8,250)**	**(7,448)**
Net interest income	**5,170**	**5,021**	**4,589**

Group net interest income increased 13% (£581m) to £5,170m (2007: £4,589m) reflecting balance sheet growth across a number of businesses.

Group net interest income reflects structural hedges which function to reduce the impact of the volatility of short-term interest rate movements on equity and customer balances that do not re-price with market rates. The co st of structural hedges relative to average base rates decreased to £73m (2007: £126m), largely due to the smoothing effect of the structural hedge on changes in interest rates.

2. Net Fee and Commission Income

	Half Year Ended		
	30.06.08	**31.12.07**	**30.06.07**
	£m	£m	£m
Brokerage fees	43	8	101
Investment management fees	850	925	862
Securities lending	180	129	112
Banking and credit related fees and commissions	3,271	3,242	3,121
Foreign exchange commission	117	82	96
Fee and commission income	**4,461**	**4,386**	**4,292**
Fee and commission expense	**(547)**	**(490)**	**(480)**
Net fee and commission income	**3,914**	**3,896**	**3,812**

Net fee and commission income increased 3% (£102m) to £3,914m (2007: £3,812m).

Fee and commission income increased 4% (£169m) to £4,461m (2007: £4,292m) reflecting increased securities lending fees in Barclays Global Investors and increased volume s in GRCB - Western Europe and GRCB - Emerging Markets.

Fee and commission expense largely comprises brokerage fees.

Notes to the Condensed Consolidated Interim Financial Statements

3. Principal Transactions

	Half Year Ended		
	30.06.08	**31.12.07**	**30.06.07**
	£m	£m	£m
Rates related business	2,780	2,160	2,002
Credit related business	(996)	(1,212)	809
Net trading income	**1,784**	**948**	**2,811**
Net gain from disposal of available for sale assets	119	401	159
Dividend income	5	8	18
Net gain from financial instruments designated at fair value	125	191	102
Other investment income	96	220	117
Net investment income	**345**	**820**	**396**
Principal transactions	**2,129**	**1,768**	**3,207**

Principal transactions decreased 34% (£1,078m) to £2,129m (2007: £3,207m).

Net trading income decreased 37% (£1,027m) to £1,784m (2007: £2,811m). The majority of the Group's net trading income arises in Barclays Capital. Growth in the Rates related business reflected growth in fixed income, prime services, foreign exchange, commodities and emerging markets. The Credit related business included net losses from credit market dislocation partially offset by attributable income and the benefits of widening credit spreads on the fair value of issued notes.

Net investment income decreased 13% (£51m) to £345m (2007: £396m). The cumulative gain from disposal of available for sale assets decreased 25% (£40m) to £119m (2007: £159m) reflecting profits realised on the sale of investments.

4. Net Premiums f rom Insurance Contracts

Half Year Ended

	30.06.08	31.12.07	30.06.07
	£m	£m	£m
Gross premiums from insurance contracts	593	597	465
Premiums ceded to reinsurers	(25)	(28)	(23)
Net premiums from insurance contracts	**568**	**569**	**442**

Net premiums from insurance contracts increased 29% (£126m) to £568m (2007: £442m), primarily due to expansion in GRCB - Western Europe .

Notes to the Condensed Consolidated Interim Financial Statements

5. Other Income

	Half Year Ended		
	30.06.08	31.12.07	30.06.07
	£m	£m	£m
(Decrease)/increase in fair value of assets held in respect of linked liabilities to customers under investment contracts	(5,609)	2,782	2,810
Decrease/(increase) in liabilities to customers under investment contracts	5,609	(2,782)	(2,810)
Property rentals	37	26	27
Other income	126	62	73
	163	**88**	**100**

Certain asset management products offered to institutional clients by Barclays Global Investors are recognised as investment contracts. Accordingly the invested assets and the related liabilities to investors are held at fair value and changes in those fair values are reported within Other income. Other income in 2008 includes a £42m gain on the re-organisation of Barclays interest in a third party finance operation. This gain was offset by a broadly similar tax charge.

6. Net Claims and Benefits Incurred under Insurance Contracts

	Half Year Ended		
	30.06.08	31.12.07	30.06.07
	£m	£m	£m
Gross claims and benefits incurred under insurance contracts	106	266	254
Reinsurers' share of claims incurred	(5)	(22)	(6)
Net claims and benefits incurred under insurance contracts	**101**	**244**	**248**

Net claims and benefits incurred under insurance contracts decreased 59% (£147m) to £101m (2007: £248m) principally due to a decrease in the value of unit linked insurance contracts and reduced non-linked insurance contract liabilities due to falls in equity markets in Barclays Wealth .

Notes to the Condensed Consolidated Interim Financial Statements

7. Impairment Charges and Other Credit Provisions

	Half Year Ended		
	30.06.08	31.12.07	30.06.07
	£m	£m	£m
Impairment charges on loans and advances	1,933	1,343	963
Charges/(release) in respect of undrawn facilities and guarantees	328	480	(4)
Impairment charges on loans and advances and other credit provisions	**2,261**	**1,823**	**959**
Impairment charges on reverse repurchase agreements	103	-	-
Impairment charges on available for sale assets	84	13	-
Impairment charges and other credit provisions	**2,448**	**1,836**	**959**

Impairment charges and other credit provisions on ABS CDO Super Senior and other credit market exposures included above:

	Half Year Ended		
	30.06.08	31.12.07	30.06.07
	£m	£m	£m
Impairment charges on loans and advances	663	300	-
Charges in respect of undrawn facilities	322	469	-
Impairment charges on loans and advances and other credit provisions on ABS CDO Super Senior and other credit market exposures	**985**	**769**	**-**
Impairment charges on reverse repurchase agreements	53	-	-
Impairment charges on available for sale assets	70	13	-
Impairment charges and other credit provisions on ABS CDO Super Senior and other credit market exposures	**1,108**	**782**	**-**

Notes to the Condensed Consolidated Interim Financial Statements

8. Operating Expenses

	Half Year Ended		
	30.06.08	31.12.07	30.06.07

	£m	£m	£m
Staff costs	3,888	3,824	4,581
Administrative expenses	2,353	2,085	1,893
Depreciation	274	240	227
Impairment loss - property and equipment and intangible assets	30	14	2
Operating lease rentals	234	210	204
Gain on property disposals	(120)	(120)	(147)
Amortisation of intangible assets	94	99	87
Gain on acquisition	(89)	-	-
Operating expenses	**6,664**	**6,352**	**6,847**

Operating expenses fell 3% (£183m) to £6,664m (2007: £6,847m). The decrease was driven by a 15% fall (£693m) in staff costs to £3,888m (2007: £4,581m). Administrative expenses grew 24% (£ 460m) to £2, 353m (2007: £1,893) reflecting continued expansion and investment in the distribution network and infrastructure of the international businesses within Global Retail and Commercial Banking and the cost of selective support of liquidity products in B arclays Global Investors .

Operating expenses were reduced by gains from the sale of property of £120m (2007: £147m) as the Group continued the sale and leaseback of some of its freehold portfolio, principally in UK Retail Banking, Barclays Commercial Bank and GRCB - Western Europe.

Amortisation of intangible assets increased 8 % (£7m) to £94m (2007: £87m).

Gain on acquisition represents the e xcess of fair value of net a ssets over cost i n respect of the purchase of Discover's UK credit card business Goldfish .

Staff Costs

	Half Year Ended		
	30.06.08	**31.12.07**	**30.06.07**
	£m	£m	£m
Salaries and accrued incentive payments	3,193	3,137	3,856
Social security costs	247	207	301
Pension costs			
- defined contribution plans	84	70	71
- defined benefit plans	43	73	77
Other post retirement benefits	15	(2)	12
Other	306	339	264
Staff costs	**3,888**	**3,824**	**4,581**

Staff costs decreased 15% (£693m) to £3,888m (2007: £4,581m). Salaries and accrued incentive payments fell 17% (£663m) to £3,193m (2007: £3,856m), reflecting lower performance related costs in Barclays Capital.

Defined benefit plan pension costs decreased 44% (£34m) to £43m (2007: £77m). This was due to recognition of actuarial gains , higher expected return on assets and reduction in past service costs; partiall y offset by higher interest costs.

Notes to the Condensed Consolidated Interim Financial Statements

9. Share of Post-Tax Results of Associates and Joint Ventures

	Half Year Ended		
	30.06.08	**31.12.07**	**30.06.07**
	£m	£m	£m
Profit from associates	**23**	30	3
Profit/(loss) from joint ventures	**-**	12	(3)
Share of post-tax results of associates and joint ventures	**23**	**42**	**-**

The overall share of post-tax results of associates and joint ventures increased £23m to £23m (2007: £nil). This mainly relates to an increase in profits generated by the private equity associates.

10. Profit on Disposal of Subsidiaries, Associates and Joint Ventures

	Half Year Ended		
	30.06.08	**31.12.07**	**30.06.07**
	£m	£m	£m
Profit on disposal of subsidiaries, associates and joint ventures	**-**	23	5

11. Tax

The tax charge for the period is based upon a UK corporation tax rate of 28.5% for the calendar year 2008 (2007: 30%). The effective rate of tax for the first half of 2008, based on profit before tax, was 23% (2007: 28%). The effective tax rate differs from 28.5% primarily due to the different tax rates which are applied to the profits earned outside the UK , disallowable expenditure, non-taxable gains and income, and the release of prior year tax provisions and a deferred tax liability no longer required . The effective tax rate for this interim period is lower than the 2007 full year and anticipated 2008 full year rate principally because of the release of prior year tax provisions and a deferred tax liability no longer required .

12. Profit Attributable to Minority Interests

	Half Year Ended		
	30.06.08	**31.12.07**	**30.06.07**
	£m	£m	£m
Absa Group Limited	149	170	129
Preference shares	167	108	90
Reserve capital instruments	47	43	44
Upper tier 2 instruments	6	8	8
Barclays Global Investors minority interests	8	18	22

Other minority interests	39	22	16
Profit attributable to minority interests	**416**	**369**	**309**

Notes to the Condensed Consolidated Interim Financial Statements

13. Earnings Per Share

	Half Year Ended		
	30.06.08	**31.12.07**	**30.06.07**
	£m	£m	£m
Profit attributable to equity holders of the parent	1,718	1,783	2,634
Dilutive impact of convertible options	(2)	(12)	(13)
Profit attributable to equity holders of the parent including dilutive impact of convertible options	**1,716**	**1,771**	**2,621**
Basic weighted average number of shares in issue	6,369m	6,481m	6,356m
Number of potential ordinary shares [1]	191m	165m	178m
Diluted weighted average number of shares	**6,560m**	**6,646m**	**6,534m**
Basic earnings per ordinary share	27.0p	27.5p	41.4p
Diluted earnings per ordinary share	26.2p	26.6p	40.1p

The calculation of basic earnings per share is based on the profit attributable to equity holders of the parent and the weighted average number of shares excluding own shares held in employee benefit trusts and shares held for trading.

The basic and diluted weighted average number of shares in issue in the half year ended 31st December 2007 reflected 336.8 million shares issued on 14th August 2007 of which 299.5 million were repurchased by 31st December 2007. The buyback programme was subsequently completed on 31st January 2008. The weighted average number of shares in issue in the half year ended 31st December 2007 was increased by 54 million shares as a result of this temporary increase.

When calculating the diluted earnings per share, the profit attributable to equity holders of the parent is adjusted for the conversion of outstanding options into shares within Absa Group Limited and Barclays Global Investors UK Holdings Limited. The weighted average number of ordinary shares excluding own shares held in employee benefit trusts and shares held for trading, is adjusted for the effects of all dilutive potential ordinary shares, totalling 191 million (2007: 178 million).

14. Dividends on Ordinary S hares

	Half Year Ended		
	30.06.08	**31.12.07**	**30.06.07**
Dividends Paid During the Period	£m	£m	£m
Final dividend (paid 25th April 2008, 27th April 2007)	**1,438**	-	1,311
Interim dividend (paid 1st October 2007)	-	768	-
Final dividend	22.5p	-	20.5p
Interim dividend	-	11.5p	-

Dividend P roposed

The Directors have recommended an interim dividend for the year ended 31st December 2008 of 11.5p per ordinary share. Based on the number of shares outstanding at 30th June 2008 the amount payable in relation to this dividend would be £732m. This amount does not include the effects of the capital raising described in note 33 on page 111 . This amount also excludes £23m payable on own shares held by employee benefit trusts.

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

Notes to the Condensed Consolidated Interim Financial Statements

15 . Derivative Financial Instruments

		As at 30.06.08	
		Fair Value	
	Contract Notional Amount	Assets	Liabilities
Derivatives Designated as Held for Trading	£m	£m	£m
Foreign exchange derivatives	2,602,857	40,424	(39,440)
Interest rate derivatives	29,385,311	203,890	(204,137)
Credit derivatives	2,417,896	73,273	(67,675)
Equity and stock index and commodity derivatives	1,261,136	81,577	(83,988)
Total derivative assets/(liabilities) held for trading	**35,667,200**	**399,164**	**(395,240)**
Derivatives Designated in Hedge Accounting Relationships			
Derivatives designated as cash flow hedges	45,180	176	(448)
Derivatives designated as fair value hedges	22,623	560	(371)
Derivatives designated as hedges of net investments	8,530	109	(298)
Total derivative assets/(liabilities) designated in hedge accounting relationships	**76,333**	**845**	**(1,117)**
Total recognised derivative assets/(liabilities)	**35,743,533**	**400,009**	**(396,357)**

		As at 31.12.07 Fair Value	
	Contract Notional Amount	Assets	Liabilities
Derivatives Designated as Held for Trading	£m	£m	£m
Foreign exchange derivatives	2,208,369	30,348	(30,300)
Interest rate derivatives	23,608,949	139,940	(138,426)
Credit derivatives	2,472,249	38,696	(35,814)
Equity and stock index and commodity derivatives	910,328	37,966	(42,838)
Total derivative assets/(liabilities) held for trading	**29,199,895**	**246,950**	**(247,378)**
Derivatives Designated in Hedge Accounting Relationships			
Derivatives designated as cash flow hedges	55,292	458	(437)
Derivatives designated as fair value hedges	23,952	462	(328)
Derivatives designated as hedges of net investments	12,620	218	(145)
Total derivative assets/(liabilities) designated in hedge accounting relationships	**91,864**	**1,138**	**(910)**
Total recognised derivative assets/(liabilities)	**29,291,759**	**248,088**	**(248,288)**

Notes to the Condensed Consolidated Interim Financial Statements

15. Derivative Financial Instruments (continued)

		As at 30.06.07 Fair Value	
	Contract Notional Amount	Assets	Liabilities
Derivatives Designated as Held for Trading	£m	£m	£m
Foreign exchange derivatives	2,113,080	23,852	(22,325)
Interest rate derivatives	21,671,954	102,959	(103,722)
Credit derivatives	1,755,840	13,430	(12,916)
Equity and stock index and commodity derivatives	620,500	32,254	(37,814)
Total derivative assets/(liabilities) held for trading	**26,161,374**	**172,495**	**(176,777)**
Derivatives Designated in Hedge Accounting Relationships			
Derivatives designated as cash flow hedges	42,193	162	(433)
Derivatives designated as fair value hedges	22,246	324	(483)
Derivatives designated as hedges of net investments	16,094	1,244	(81)
Total derivative assets/(liabilities) designated in hedge accounting relationships	**80,533**	**1,730**	**(997)**
Total recognised derivative assets/(liabilities)	**26,241,907**	**174,225**	**(177,774)**

Total derivative notionals have grown primarily due to increases in the volume of fixed income derivatives, reflecting the continued growth in client based activity and increased use of electronic trading platforms in Europe and the US. Commodity derivative values have also increased significantly, largely due to growth in the markets for these products, along with price increases.

Derivative assets and liabilities subject to counterparty netting agreements amounted to £341bn (31st December 2007: £199bn; 30th June 2007: £134bn).

16. Fair Value Measurement of Financial Instruments

Where a financial instrument is stated at fair value, this is determined by reference to the quoted price in an active market wherever possible. Where no such active market exists for the particular asset or liability, the Group uses an appropriate valuation technique to arrive at the fair value.

Fair value amounts can be analysed into the following categories:

Unadjusted quoted prices in active markets where the quoted price is readily available and the price represents actual and regularly occurring market transactions on an arm's length basis.

Valuation techniques based on market observable inputs. Such techniques may include:

using recent arm's length market transactions;

reference to the current fair value of similar instruments;

discounted cash flow analysis, pricing models or other techniques commonly used by market participants.

Valuation techniques used above, but which include significant inputs that are not observable. On initial recognition of financial instruments measured using such techniques the transaction price is deemed to provide the best evidence of fair value for accounting purposes.

Notes to the Condensed Consolidated Interim Financial Statements

16. Fair Value Measurement of Financial Instruments (continued)

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

	As at 30.06.08	
	Unobservable Inputs	Total
Assets Stated at Fair Value	£m	£m
Trading portfolio assets	3,996	177,628
Financial assets designated at fair value:		
- held on own account	15,262	46,697
- held in respect of linked liabilities to customers under investment contracts	-	79,486
Derivative financial instruments	6,909	400,009
Available for sale financial investments	1,213	42,765
Total	**27,380**	**746,585**
Liabilities Stated at Fair Value		
Trading Portfolio Liabilities	-	56,040
Financial liabilities designated at fair value	7,076	86,162
Liabilities to customers under investment contracts	-	80,949
Derivative financial instruments	3,833	396,357
Total	**10,909**	**619,508**

	As at 31.12.07	
	Unobservable Inputs	Total
Assets Stated at Fair Value	£m	£m
Trading portfolio assets	4,457	193,691
Financial assets designated at fair value:		
- held on own account	16,819	56,629
- held in respect of linked liabilities to customers under investment contracts	-	90,851
Derivative financial instruments	2,707	248,088
Available for sale financial investments	810	43,072
Total	**24,793**	**632,331**
Liabilities Stated at Fair Value		
Trading portfolio liabilities	42	65,402
Financial liabilities designated at fair value	6,172	74,489
Liabilities to customers under investment contracts	-	92,639
Derivative financial instruments	4,382	248,288
Total	**10,596**	**480,818**

Notes to the Condensed Consolidated Interim Financial Statements

16. Fair Value Measurement of Financial Instruments (continued)

Unobservable Profit

The amount that has yet to be recognised in income that relates to the difference between the transaction price (the fair value at initial recognition) and the amount that would have arisen had valuation models using unobservable inputs been used on initial recognition, less amounts subsequently recognised, was as follows:

	Half Year Ended	Year Ended
	30.06.08	31.12.07
	£m	£m
Opening balance	**154**	**534**
Additions	79	134
Amortisation and releases	(61)	(514)
Closing balance	**172**	**154**

Notes to the Condensed Consolidated Interim Financial Statements

17. Barclays Capital Credit Market Exposures

Barclays Capital's credit market exposures resulted in net losses of £1,979m in the first half of 2008, due to continuing dislocation in the credit markets. The net losses, which included £1,108m in impairment charges, comprised: £875m against ABS CDO Super Senior exposures; and £1,956m against other credit market exposures; partially offset by gains of £852m from the general widening of credit spreads on issued notes measured at fair value through the profit and loss account .

For the purposes of this note, exposures represent the carrying value of assets and commitments (being either fair value or amortised cost less impairment) , less hedging and subordination .

	Net Exposures		
	As at 30.06.08	As at 31.12.07	As at 30.06.07
	£m	£m	£m
ABS CDO Super Senior	**3,229**	4,671	7,432

Net Other US sub-prime	**3,258**	5,037	6,046
Alt-A	**3,510**	4,916	3,760
Monoline insurers	**2,584**	1,335	140
SIVs and SIV -Lites	**429**	784	1,617
Commercial mortgages	**10,988**	12,399	8,282
Leveraged Finance	**9,217**	9,217	8,575

Notes to the Condensed Consolidated Interim Financial Statements

18 . Loans and Advances to Banks

By Geographical Area	**As at 30.06.08** £m	**As at 31.12.07** £m	**As at 30.06.07** £m
United Kingdom	9,840	5,518	8,933
Other European Union	16,175	11,102	13,538
United States	16,346	13,443	12,351
Africa	3,409	2,581	2,252
Rest of the World	8,749	7,479	6,120
	54,519	**40,123**	**43,194**
Less: Allowance for impairment	(5)	(3)	(3)
Total loans and advances to banks	**54,514**	**40,120**	**43,191**

Loans and advances to banks includes £9,236m (31st December 2007: £4,210m; 30th June 2007: £10,272m) of settlement balances and £16,430m (31st December 2007: £10,739m; 30th June 2007: £8,376m) of cash collateral balances.

Notes to the Condensed Consolidated Interim Financial Statements

19 . Loans and Advances to Customers

	As at 30.06.08 £m	**As at 31.12.07** £m	**As at 30.06.07** £m
Retail business	175,397	164,062	147,730
Wholesale and corporate business	224,941	185,105	176,787
	400,338	**349,167**	**324,517**
Less: Allowances for impairment	(4,871)	(3,769)	(3,274)
Total loans and advances to customers	**395,467**	**345,398**	**321,243**

By Geographical Area

United Kingdom	211,132	190,347	183,756
Other European Union	72,519	56,533	52,178
United States	50,444	40,300	33,767
Africa	37,991	39,167	34,175
Rest of the World	28,252	22,820	20,641
	400,338	**349,167**	**324,517**
Less: Allowance for impairment	(4,871)	(3,769)	(3,274)
Total loans and advances to customers	**395,467**	**345,398**	**321,243**

By Industry

Financial institutions	96,829	71,160	67,125
Agriculture, forestry and fishing	3,332	3,319	3,144
Manufacturing	20,509	16,974	14,086
Construction	6,388	5,423	4,764
Property	18,754	17,018	17,489
Government	3,053	2,036	-
Energy and water	10,602	8,632	8,000
Wholesale and retail distribution and leisure	19,233	17,768	17,209
Transport	6,736	6,258	6,012
Postal and communication	7,414	5,404	3,793
Business and other services	29,660	30,363	36,533
Home loans	120,971	112,087	104,319
Other personal	46,301	41,535	31,713
Finance lease receivables	10,556	11,190	10,330
	400,338	**349,167**	**324,517**
Less: Allowance for impairment	(4,871)	(3,769)	(3,274)
Total loans and advances to customers	**395,467**	**345,398**	**321,243**

Loans and advances to customers includes £3 0 , 140m (31st December 2007: £18, 249 m; 30th June 2007: £3 3,928 m) of settlement balances and £17,901m (31st December 2007: £13,441m; 30th June 2007: £8,177m) of cash collateral balances .

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

Notes to the Condensed Consolidated Interim Financial Statements

20 . Allowance for Impairment on Loans and Advances

	As at 30.06.08 £m	As at 31.12.07 £m	As at 30.06.07 £m
At beginning of period	3,772	3,277	3,335
Acquisitions and disposals	97	2	(75)
Exchange and other adjustments	(26)	59	(6)
Unwind of discount	(63)	(60)	(53)
Amounts written off	(911)	(952)	(1,011)
Recoveries	74	103	124
Amounts charged against profit	1,933	1,343	963
At end of period	**4,876**	**3,772**	**3,277**

	As at 30.06.08	As at 31.12.07	As at 30.06.07
Allowance	£m	£m	£m
United Kingdom	2,785	2,526	2,396
Other European Union	449	344	334
United States	1,007	356	72
Africa	552	514	452
Rest of the World	83	32	23
At end of period	**4,876**	**3,772**	**3,277**

21 . Available for Sale Financial Instruments

	As at 30.06.08 £m	As at 31.12.07 £m	As at 30.06.07 £m
Debt securities	38,131	38,673	42,729
Equity securities	1,653	1,676	1,648
Treasury bills and other eligible bills	2,981	2,723	3,387
Available for sale financial investments	**42,765**	**43,072**	**47,764**

Notes to the Condensed Consolidated Interim Financial Statements

22 . Subordinated Liabilities

		Dated	
	30.06.08	31.12.07	30.06.07
	£m	£m	£m
Opening balance	11,519	9,371	8,364
Issuances	1,606	1,606	1,900
Redemptions	(195)	(11)	(670)
Other	325	553	(223)
Closing balance	**13,255**	**11,519**	**9,371**
Issuances			
Floating Rate Subordinated Step-Up Callable Notes 2017 (US$1.5bn)	-	-	762
Floating Rate Subordinated Step-Up Callable Notes 2017 (€1.5bn)	-	-	1,017
8.8% Subordinated Fixed Rate Callable Notes 2019 (ZAR1,725m)	-	-	121
6.05% Fixed Rate Subordinated Notes 2017 (US$2.25bn)	-	1,098	-
Fixed/Floating Rate Callable Subordinated Floating Rate Notes 2023	-	500	-
Floating Rate Subordinated Notes 2014 (KES1,000m)	-	8	-
6% Fixed Rate Subordinated Notes due 2018 (€1.75bn)	1,303	-	-
CMS-Linked Subordinated Notes due 2018 (€100m)	75	-	-
CMS-Linked Subordinated Notes due 2018 (€135m)	105	-	-
Subordinated Unsecured Fixed Rate Capital Notes 2015 (BWP90m)	8	-	-
Subordinated Callable Notes 2018 (ZAR1,525m)	115	-	-
	1,606	**1,606**	**1,900**
Redemptions			
Step-up Callable Floating Rate Subord Bonds 2012 (ex-Woolwich PLC)	-	-	(150)
Floating Rate Subordinated Notes 2012	-	-	(300)
Callable Subordinated Floating Rate Notes 2012	-	-	(44)
Callable Subordinated Floating Rate Notes 2012 (US$150m)	-	-	(76)
Floating Rate Subordinated Notes 2012 (US$100m)	-	-	(50)
Capped Floating Rate Subordinated Notes 2012 (US$100m)	-	-	(50)
Subordinated Floating Rate Notes 2011 (€30m)	-	(11)	-
5.5% Subordinated Notes 2013 (DM 500m)	(195)	-	-
	(195)	**(11)**	**(670)**

Notes to the Condensed Consolidated Interim Financial Statements

22 . Subordinated Liabilities (continued)

		Undated	
	30.06.08	31.12.07	30.06.07

	£m	£m	£m
Opening balance	6,631	5,696	5,422
Issuances	2,010	618	500
Redemptions	(300)	-	-
Other	(13)	317	(226)
Closing balance	**8,328**	**6,631**	**5,696**
Issuances			
6.3688% Step- u p Callable Perpetual Reserve Capital Instruments	-	-	500
7.434% Step-up Callable Perpetual Reserve Capital Instruments (US$1.25bn)	-	618	-
8.25% Undated Subordinated Notes	1,000	-	-
7.7% Undated Subordinated Notes (US$2bn)	1,010	-	-
	2,010	**618**	**500**
Redemptions			
9.875% Undated Subordinated Notes	(300)	-	-
	(300)	**-**	**-**

23 . Provisions

	As at 30.06.08	As at 31.12.07	As at 30.06.07
	£m	£m	£m
Redundancy and restructuring	**87**	82	104
Undrawn contractually committed facilities and guarantees	**266**	475	38
Onerous contracts	**55**	64	68
Sundry provisions	**216**	209	317
	624	**830**	**527**

24 . Retirement Benefit Liabilities

The Group's IAS 19 pension surplus across all schemes as at 30th June 2008 was £141m (31st December 2007: £393m; 30th June 2007: £540m). There are net recognised liabilities of £1,567m (31st December 2007: £1,501m; 30th June 2007: £1,804m) and unrecognised actuarial gains of £1,708m (31st December 2007: £1,894m; 30th June 2007: £2,344m). The net recognised liabilities comprised retirement benefit liabilities of £1,603m (31st December 2007: £1,537m; 30th June 2007: £1,840m) and assets of £36m (31st December 2007: £36m; 30th June 2007: £36m).

The Group's IAS 19 pension surplus in respect of the main UK scheme as at 30th June 2008 was £439m (31st December 2007: £668m; 30th June 2007: £867m). This change primarily reflects lower investment returns over the period, following general market movements, which led to a fall in the market value of the scheme assets. This was partially offset by an increase in the real discount rate used to value the scheme liabilities, reflecting an increase in AA corporate bond yields which resulted in a higher discount rate of 6.70% (31st December 2007: 5.82%; 30th June 2007: 5.82%).

Notes to the Condensed Consolidated Interim Financial Statements

25 . Share Capital and Share Premium

	Number of shares	Called up share capital	Share premium	Total
	m	£m	£m	£m
At 1st January 2008	**6,601**	**1,651**	**56**	**1,707**
Issued to staff under the Sharesave Share Option Scheme	3	1	13	14
Issued under the Incentive Share Option Plan	1	-	3	3
Repurchase of shares	(37)	(10)	-	(10)
At 30th June 2008	**6,568**	**1,642**	**72**	**1,714**
At 1st July 2007	**6,545**	**1,637**	**5,859**	**7,496**
Issued to staff under the Sharesave Share Option Scheme	17	5	55	60
Issued under the Incentive Share Option Plan	2	-	7	7
Issued under the Woolwich Executive Share Option Plan	-	-	1	1
Transfer to retained earnings	-	-	(7,223)	(7,223)
Issue of new ordinary shares	337	84	1,357	1,441
Repurchase of shares	(300)	(75)	-	(75)
At 31st December 2007	**6,601**	**1,651**	**56**	**1,707**
At 1st January 2007	**6,535**	**1,634**	**5,818**	**7,452**
Issued to staff under the Sharesave Share Option Scheme	2	1	7	8
Issued under the Incentive Share Option Plan	8	2	33	35
Issued under the Executive Share Option Scheme	-	-	1	1
At 30th June 2007	**6,545**	**1,637**	**5,859**	**7,496**

	Half Year Ended		
	30.06.08	31.12.07	30.06.07
Ordinary Shares	£m	£m	£m
At beginning of period	1,650	1,636	1,633
Issued to staff under the Sharesave Share Option Scheme	1	5	1
Issued under the Incentive Share Option Plan	-	-	2
Issue of new ordinary shares	-	84	-
Repurchase of shares	(9)	(75)	-
At end of period	**1,642**	**1,650**	**1,636**
Staff Shares			
At beginning of period	**1**	**1**	**1**

Repurchase	(1)	-	-
At end of period	**-**	**1**	**1**
Total	**1,642**	**1,651**	**1,637**

The authorised share capital of Barclays PLC is £2,540m, $77.5m, €40m and ¥4,000m. (31st December 2007: £2,500m) comprising 9,996 million (31st December 2007: 9,996 million) ordinary shares of 25p each, 0.4 million sterling preference shares of £100 each, 0.4 million US dollar preference shares of $100 each, 150 million US dollar preference shares of $0.25 each, 0.4 million euro preference shares of €100 each, 0.4 million yen preference shares of ¥10,000 each and 1 million (31st December 2007: 1 million) staff shares of £1 each.

Notes to the Condensed Consolidated Interim Financial Statements

26. Total Shareholders' Equity

	As at 30.06.08	As at 31.12.07	As at 30.06.07
	£m	£m	£m
Called up share capital	1,642	1,651	1,637
Share premium account	72	56	5,859
Available for sale reserve	(363)	154	238
Cash flow hedging reserve	(419)	26	(407)
Capital redemption reserve	394	384	309
Other capital reserve	617	617	617
Currency translation reserve	(427)	(307)	(486)
Other reserves	(198)	874	271
Retained earnings	20,965	20,970	13,461
Less: treasury shares	(192)	(260)	(255)
Shareholders' equity excluding minority interests	**22,289**	**23,291**	**20,973**
Preference shares	6,198	4,744	3,431
Reserve Capital instruments	1,923	1,906	1,921
Upper tier 2 instruments	586	586	586
Absa minority interests	1,519	1,676	1,541
Other minority interests	307	273	269
Minority interests	**10,533**	**9,185**	**7,748**
Total shareholders' equity	**32,822**	**32,476**	**28,721**

Total shareholders' equity increased £346m to £32,822m (31st December 2007: £ 32,476m).

Called up share capital comprises 6,568 million ordinary shares of 25p each (2007: 6, 600 million ordinary shares of 25p each and 1 million staff shares of £1 each). Called up share capital decreased by £9m reflecting the net impact of share buy-backs over and above new issuances in relation to the exercise of employee share options. Share premium increased by £16m from the exercise of employee options. The capital redemption reserve increased by £10m representing the nominal value of the share buy-backs.

Retained earnings decreased £5m. Reductions primarily arose from external dividends paid of £1,438m, the total cost of share repurchases of £173m and a net share based payments impact of £119m. The reductions were largely offset by profit attributable to equity holders of the parent of £1,718m.

Movements in other reserves, except the capital redemption reserve, reflect the relevant amounts recorded in the consolidated statement of recognised income and expense on page 80 .

Minority interests increased £1,348m to £10,533m (2007: £9,185m). The increase primarily reflect s a preference share issuance by Barclays Bank PLC of £1, 431m .

Notes to the Condensed Consolidated Interim Financial Statements

27. Analysis of Statement of Recognised Income and Expense

	Half Year Ended		
	30.06.08	**31.12.07**	**30.06.07**
Available for Sale Reserve	£m	£m	£m
- Net (losses)/gains from changes in fair value	(629)	284	200
- Losses transferred to net profit due to impairment	84	13	-
- Net gains transferred to net profit on disposal	(120)	(402)	(161)
- Net losses transferred to net profit due to fair value hedging	5	12	56
Net movement s in available for sale reserve	**(660)**	**(93)**	**95**
Cash Flow Hedging Reserve			
- Net (losses)/gains from changes in fair value	(638)	526	(420)
- Net losses transferred to net profit	65	113	140
Net movements in cash flow hedging reserve	**(573)**	**639**	**(280)**
Net movements in currency translation reserve	(500)	102	(48)
Tax	381	17	37
Other movements	22	(1)	23
Amounts included directly in equity	**(1,330)**	**664**	**(173)**
Profit after tax	2,134	2,152	2,943
Total recognised income and expense	**804**	**2,816**	**2,770**

The consolidated statement of recognised income and expense reflects all items of income and expense for the period, including items taken directly to equity. Movements in individual reserves are shown including amounts which relate to minority interest s ; the impact of such amounts is then reflected in the amount attributable to such interests. Movements in individual reserves are also shown on a pre-tax basis with any related tax recorded on the s eparate tax line.

The available for sale reserve reflects gains or losses arising from the change in fair value of available for sale financial assets until disposal. The exceptions to reflect fair value movements through the income statement are impairment losses, gains or losses transferred to the income statement due to fair value hedge accounting and foreign exchange gains or losses on monetary items such as debt securities. When an available for sale asset is impaired or derecognised, the cumulative gain or loss previously recognised in the available for sale reserve is transferred to the income statement. The loss of £629m (2007: gain of £200m) from changes in fair value reflects the downturn across the US sub-prime market and increases in European and Japanese interest rates. The decrease in net gains transferred to net profit is primarily due to the lower levels of disposals.

Cash flow hedging aims to minimise exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss. The fair value gain or loss associated with the effective portion of the hedge is initially recognised in shareholders' equity, and recycled to the income statement in the periods when the hedged item will affect profit or loss. Any ineffective portion of the gain or loss on the hedging instrument is recognised in the income statement immediately. The current period movement in the cash flow hedge reserve relates to a reduction in the fair value of interest rate swaps used in cash flow hedging due to increases in interest rates.

Exchange differences arising on the net investments in foreign operations and effective hedges of net investments are recognised in the currency translation reserve and transferred to the income statement on the disposal of the net investment. The movement in the first half of 2008 primarily reflects the impact of changes in the value of the Rand, Yen, Euro and Swiss Franc against Sterling. These movements reflect both the Group and minority interests in Absa Group Limited, the value of other currency movements on net investments which are hedged on a post-tax basis and net investments which are economically hedged through preference share capital that is not revalued for accounting purposes.

Notes to the Condensed Consolidated Interim Financial Statements

28. Contingent Liabilities and Commitments

	As at 30.06.08	As at 31.12.07	As at 30.06.07
	£m	£m	£m
Acceptances and endorsements	473	365	295
Guarantees and letters of credit pledged as collateral security	51,439	35,692	33,445
Other contingent liabilities	9,804	9,717	7,757
Contingent liabilities	**61,716**	**45,774**	**41,497**
Documentary credits and other short-term trade related transactions	843	522	511
Undrawn note issuance and revolving underwriting facilities:			
Forward asset purchases and forward deposits placed	204	283	165
Standby facilities, credit lines and other	209,512	191,834	194,134
Commitments	**210,559**	**192,639**	**194,810**

Guarantees and letters of credit pledged as collateral security have increased due to the expansion of Barclays Global Investors business activity and the selected support of liquidity products.

Standby facilities, credit lines and other have increased primarily due to the acquisition of Discover's UK credit card business, Goldfish.

Notes to the Condensed Consolidated Interim Financial Statements

29. Legal Proceedings

Barclays has for some time been party to proceedings, including a class action, in the United States against a number of defendants following the collapse of Enron; the class action claim is commonly known as the Newby litigation. On 20th July 2006, Barclays received an Order from the United States District Court for the Southern District of Texas Houston Division which dismissed the claims against Barclays PLC, Barclays Bank PLC and Barclays Capital Inc. in the Newby litigation. On 4th December 2006, the Court stayed Barclays dismissal from the proceedings and allowed the plaintiffs to file a supplemental complaint. On 19th March 2007, the United States Court of Appeals for the Fifth Circuit issued its decision on an appeal by Barclays and two other financial institutions contesting a ruling by the District Court allowing the Newby litigation to proceed as a class action. The Court of Appeals held that because no proper claim against Barclays and the other financial institutions had been alleged by the plaintiffs, the case could not proceed against them. The plaintiffs applied to the United States Supreme Court for a review of this decision. On 22nd January 2008, the United States Supreme Court denied the plaintiffs' request for review. Following the Supreme Court's decision, the District Court ordered a further briefing concerning the status of the plaintiffs' claims. Barclays is seeking the dismissal of the plaintiffs' claims.

Barclays considers that the Enron related claims against it are without merit and is defending them vigorously. It is not possible to estimate Barclays possible loss in relation to these matters, nor the effect that they might have upon operating results in any particular financial period.

Barclays has been in negotiations with the staff of the US Securities and Exchange Commission with respect to a settlement of the Commission's investigations of transactions between Barclays and Enron. Barclays does not expect that the amount of any settlement with the Commission would have a significant adverse effect on its financial position or operating results.

Like other UK financial services institutions, Barclays faces numerous County Court claims and complaints by customers who allege that its unauthorised overdraft charges either contravene the Unfair Terms in Consumer Contracts Regulations 1999 ("UTCCR") or are unenforceable penalties or both. In July 2007, by agreement with all parties, the OFT commenced proceedings against seven banks and one building society including Barclays, to resolve the matter by way of a "test case" process (the "test case"). Preliminary issues hearings took place in January / February and July 2008. In relation to the January / February hearing the Judge found in favour of the banks on the issue of the penalty doctrine, and in favour of the OFT on the issue of the applicability of the UTCCR. The OFT is not pursuing an appeal in relation to the penalty doctrine. The banks have been granted permission to appeal the decision in relation to the applicability of the UTCCR. The Court of Appeal proceedings are likely to be heard in the Autumn of 2008 and this will dictate the further course of the action. There are likely to be further hearings and the proceedings may take a significant period of time to conclude. Pending resolution of the test case process, existing and new claims in the County Courts remain stayed, and there is an FSA waiver of the complaints handling process and a standstill of Financial Ombudsman Service decisions. Barclays is defending the test case vigorously. It is not practicable to estimate Barclays possible loss in relation to these matters, nor the effect that they may have upon operating results in any particular financial period.

Barclays is engaged in various other litigation proceedings both in the United Kingdom and a number of overseas jurisdictions, including the United States, involving claims by and against it which arise in the ordinary course of business. Barclays does not expect the ultimate resolution of any of the proceedings to which Barclays is party to have a significant adverse effect on the financial position of the Group and Barclays has not disclosed the contingent liabilities associated with these claims either because they cannot reasonably be estimated or because such disclosure could be prejudicial to the conduct of the claims.

Notes to the Condensed Consolidated Interim Financial Statements

30. Competition and Regulatory Matters

The scale of regulatory change remains challenging, arising in part from the implementation of some key European Union ("EU") directives. Many changes to financial services legislation and regulation have come into force in recent years and further changes will take place in the near future. Concurrently, there is continuing political and regulatory scrutiny of the operation of the retail banking and consumer credit industries in the UK and elsewhere. The nature and impact of future changes in policies and regulatory action are not predictable and beyond the Group's control but could have an impact on the Group's businesses and earnings. In June 2005, an inquiry into retail banking in all of the then 25 Member States was launched by the European Commission's Directorate General for Competition. The inquiry looked at retail banking in Europe generally. In January 2007, the European Commission announced that the inquiry had identified barriers to competition in certain areas of retail banking, payment cards and payment systems in the EU. The European Commission indicated it will use its powers to address these barriers, and will encourage national competition authorities to enforce European and national competition laws where appropriate. Any action taken by the European Commission and national competition authorities could have an impact on the payment cards and payment systems businesses of the Group and on its retail banking activities in the EU countries in which it operates.

In September 2005, the OFT received a super-complaint from the Citizens Advice Bureau relating to payment protection insurance ("PPI"). As a result, the OFT commenced a market study on PPI in April 2006. In October 2006 the OFT announced the outcome of the market study and the OFT referred the PPI market to the UK Competition Commission for an in-depth inquiry in February 2007. The Competition Commission published its provisional findings on 5th June 2008 in which it indicated that there was a lack of competition in the UK PPI market. The commission will now consult on the provisional findings and remedies and intends to publish its final report at the end of 2008. In October 2006, the FSA also published the outcome of its broad industry thematic review of PPI sales practices in which it concluded that some firms fail to treat customers fairly. The Group has cooperated fully with these investigations and will continue to do so.

The OFT has carried out investigations into Visa and MasterCard credit card interchange rates. The decision by the OFT in the MasterCard interchange case was set aside by the Competition Appeals Tribunal in June 2006. The OFT's investigation in the Visa interchange case is at an earlier stage and a second MasterCard interchange case is ongoing. The outcome is not known but these investigations may have an impact on the consumer credit industry in general and therefore on the Group's business in this sector. In February 2007 , the OFT announced that it was expanding its investigation into interchange rates to include debit cards.

In April 2007, the UK consumer interest association known as Which? submitted a super-complaint to the OFT pursuant to the Enterprise Act 2000. The super-complaint criticises the various ways in which credit card companies calculate interest charges on credit card accounts. In June 2007, the OFT announced a new programme of work with the credit card industry and consumer bodies in order to make the costs of credit cards easier for consumers to understand. This OFT decision follows the receipt by the OFT of the super-complaint from Which? . This new work will explore the issues surrounding the costs of credit for credit cards including purchases, cash advances, introductory offers and payment allocation. On 11th February 2008, the OFT announced its recommendations, which include the introduction of an FSA price comparison website, improvements to customer information in summary boxes and the use of standard terminology.

Notes to the Condensed Consolidated Interim Financial Statements

30 . Competition and Regulatory Matters ((continued)

In September 2006, the OFT announced that it had decided to undertake a fact find on the application of its statement on credit card fees to current account unauthorised overdraft fees. The fact find was completed in March 2007. On 29th March 2007, the OFT announced its decision to conduct a formal investigation into the fairness of bank current account charges. The OFT initiated a market study into personal current accounts ("PCAs") in the UK on 26th April 2007. The study's focus was PCAs but it also included an examination of other retail banking products, in particular savings accounts, credit cards, personal loans and mortgages in order to take into account the competitive dynamics of UK retail banking. On 16th July 2008, the OFT published its market study report, in which it concluded that certain features of the UK PCA market were not working well for consumers. The OFT reached the provisional view that some form of regulatory intervention is necessary in the UK PCA market. On 16th July 2008 , the OFT also announced a consultation to seek views on the findings and possible measures to address the issues raised in its report. Barclays has participated fully in the market study process and will continue to do so. The consultation period closes on 31st October 2008.

US laws and regulations require compliance with US economic sanctions, administered by the Office of Foreign Assets Control, against designated foreign countries, nationals and others. HM Treasury regulations similarly require compliance with sanctions adopted by the UK government. The Group has been conducting an internal review of its conduct with respect to US dollar payments involving countries, persons and entities subject to these sanctions and has been reporting to governmental authorities about the results of that review. The Group received inquiries relating to these sanctions and certain US dollar payments processed by its New York branch from the New York County District Attorney's Office and the US Department of Justice, which along with other authorities, has been reported to be conducting investigations of sanctions compliance by non-US financial institutions. The Group has responded to those inquiries and is cooperating with the regulators, the Department of Justice and the District Attorney's Office in connection with their investigations of Barclays conduct with respect to sanctions compliance. Barclays has also been keeping the FSA informed of the progress of these investigations and Barclays internal review. Barclays review is ongoing. It is currently not possible to predict the ultimate resolution of the issues covered by Barclays review and the investigations, including the timing and potential financial impact of any resolution, which could be substantial.

3 1 . Acquisitions and Disposals

Acquisitions

On 31st March 2008 , Barclays completed the acquisition of Discover's UK credit card business, Goldfish, for a cash consideration of £ 3 8m (including attributable costs of £3m), for fair value of net assets of £127m, which gave rise to a gain on acquisitions of £89m .

On 7th March 2008 , Absa acquired, for a consideration of £5m a further 24% of Meeg B ank Limited, bringing Absa's shareholding up to 74%. Meeg Bank is based in South Africa .

Disposals

On 31st January 2008 , Barclays completed the sale of Barclays Global Investors Japan Trust & Banking Co. Ltd, a Japanese trust administration and custody operation.

Notes to the Condensed Consolidated Interim Financial Statements

3 2 . Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions, or one other party controls both. The definition includes subsidiaries, associates, joint ventures and the Group's pension schemes, as well as other persons.

Subsidiaries

Transactions between Barclays PLC and subsidiaries also meet the definition of related party transactions. Where these are eliminated on consolidation, they are not disclosed in the Group financial statements.

Associates, Joint Ventures and Other Entities

The Group provides banking services to its associates, joint ventures and Group pension funds (principally the UK Retirement Fund), providing loans, overdrafts, interest and non-interest bearing deposits and current accounts to these entities as well as other services. Group companies, principally within Barclays Global Investors, also provides investment management and custodian services to the Group pension schemes. The Group also provides banking services for unit trusts and investment funds managed by Group companies and are not individually material.

Key Management Personnel

The Group provides banking services to Directors and other key management personnel and persons connected to them. No related parties transactions have taken place in the first six months of the current financial year that have materially affected the financial position or the performance of the Group during that period; and there were no material changes in the related parties transactions described in the last Annual Report that could have a material effect on the financial position or performance of the Group in the first six months of the current financial year.

Notes to the Condensed Consolidated Interim Financial Statements

32. Related Party Transactions (continued)

All of these transactions are conducted on the same terms to third-party transactions and are not individually material.

Amounts included, in aggregate, by category of related party entity are as follows:

Six months ending 30th June 2008	Associates	Joint ventures	Entities under common directorship	Pension funds unit trusts and investment funds	Total
Income Statement	£m	£m	£m	£m	£m
Interest received	-	60	-	-	60
Interest paid	(1)	(22)	-	-	(23)
Fees received for services rendered (including investment management and custody and commissions)	1	9	-	4	14
Fees paid for services provided	(32)	(67)	-	-	(99)
Principal transactions	5	19	(44)	-	(20)
Assets					
Loans and advances to banks and customers	129	1,512	67	-	1,708
Derivative transactions	-	4	38	-	42
Other assets	220	124	5	8	357
Liabilities					
Deposits from banks	-	-	-	-	-
Customer accounts	-	142	102	11	255
Derivative transactions	-	11	87	-	98
Other liabilities	3	16	-	25	44

The amounts reported in prior periods have been restated to reflect new related parties.

Notes to the Condensed Consolidated Interim Financial Statements

32. Related Party Transactions (continued)

Six months ending 31st December 2007	Associates	Joint ventures	Entities under common directorship	Pension funds unit trusts and investment funds	Total
Income Statement	£m	£m	£m	£m	£m
Income statement:					
Interest received	4	44	1	-	49
Interest paid	-	(28)	(1)	-	(29)
Fees received for services rendered (including investment management and custody and commissions)	-	26	-	18	44
Fees paid for services provided	(25)	(20)	-	-	(45)
Principal transactions	(24)	47	(10)	-	13
Assets					
Loans and advances to banks and customers	142	1,285	40	-	1,467
Derivative transactions	-	4	36	-	40
Other assets	213	106	-	14	333
Liabilities					
Deposits from banks	11	-	-	-	11
Customer accounts	-	61	33	12	106
Derivative transactions	-	10	50	-	60
Other liabilities	4	125	-	-	129

The amounts reported in prior periods have been restated to reflect new related parties.

Notes to the Condensed Consolidated Interim Financial Statements

32. Related Party Transactions (c ontinued)

Six months ending 30th June 2007	Associates	Joint ventures	Entities under common directorship	Pension funds unit trusts and investment funds	Total
Income Statement	£m	£m	£m	£m	£m
Interest received	1	44	-	-	45
Interest paid	(1)	(30)	-	-	(31)
Fees received for services rendered (including investment management and custody and commissions)	1	8	-	8	17

Fees paid for services provided	(27)	(58)	-	-	(85)
Principal transactions	(3)	(2)	(6)	-	(11)
Assets					
Loans and advances to banks and customers	629	461	69	-	1,159
Derivative transactions	-	-	-	484	484
Other assets	90	138	-	12	240
Liabilities					
Deposits from banks	6	-	-	-	6
Customer accounts	16	10	2	41	69
Derivative transactions	3	-	8	-	11
Other liabilities	6	16	-	-	22

No guarantees, pledges or commitments have been given or received in respect of these transactions for the period s ending 30th June 2008 , 31st December 2007 and 30th June 2007.

There are no leasing transactions between related parties for the period s ending 30th June 2008 , 31st December 2007 and 30th June 2007.

Derivatives transacted on behalf of the Pensions Fund s Units Trust s and Investment Funds amounted to £nil (2007: £ 484m).

During the period Barclays paid £ 1 m (2007: £ 2m) charitable donations through the Charities Aid Foundation, a registered charitable organi s ation, in which a Director of the Company is a Trustee.

The amounts reported in prior periods have been restated to reflect new related parties.

Notes to the Condensed Consolidated Interim Financial Statements

3 3 . Events Occurring after the Balance Sheet Date

In July 2008 Barclays raised capital of approximately £4.5bn through the issue of 1,576 million new ordinary shares.

On 1st July 2008 Barclays acquired 100% of the shares of the Russian Bank, Expobank, for a consideration of approximately $745m (£373m).

On 8th July 2008 Barclays announced it would close its First Plus unit to new business in August 2008 .

On 5th August 2008 Barclays announced a sale of Barclays Life Assurance Company Limited to Swiss Reinsurance Company for a consideration of approximately £753 m.

Notes to the Condensed Consolidated Interim Financial Statements

3 4 . Segmental Reporting

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

Global Retail and Commercial Banking

UK Retail Banking

Barclays Commercial Bank

Barclaycard

Global Retail and Commercial Banking - Western Europe

Global Retail and Commercial Banking - Emerging Markets

Global Retail and Commercial Banking - Absa

Investment Banking and Investment Management

Barclays Capital

Barclays Global Investors

Barclays Wealth

Head Office Functions and Other Operations

UK Retail Banking

UK Retail Banking comprises Personal Customers, Home Finance, Local Business, Consumer Lending and Barclays Financial Planning. This cluster of businesses aims to build broader and deeper relationships with its Personal and Local Business customers through providing a wide range of products and financial services. Personal Customers and Home Finance provide access to current account and savings products, Woolwich branded mortgages and general insurance. Consumer Lending provides unsecured loan and protection products and Barclays Financial Planning provides investment advice and products. Local Business provides banking services, including money transmission, to small businesses.

Barclays Commercial Bank

Barclays Commercial Bank provides banking services to organisations with an annual turnover of more than £1m. Customers are served via a network of relationship and industry sector specialists, which provides solutions constructed from a comprehensive suite of banking products, support, expertise and services, including specialist asset financing and leasing facilities. Customers are also offered access to the products and expertise of other businesses in the Group, particularly Barclays Capital, Barclaycard and Barclays Wealth.

Barclaycard

Barclaycard is a multi-brand credit card and consumer lending business which also processes card payments for retailers and merchants and issues credit and charge cards to corporate customers and the UK Government. It is one of Europe's leading credit card businesses and has an increasing presence in the United States .

Notes to the Condensed Consolidated Interim Financial Statements

34 . Segmental Reporting (continued)

In the UK , Barclaycard comprises Barclaycard UK Cards, Barclaycard Partnerships (SkyCard, Thomas Cook, Argos and Solution Personal Finance), Barclays Partner Finance and FirstPlus.

Outside the UK, Barclaycard provides credit cards in the United States, Germany, South Africa (through management of the Absa credit card portfolio) and in the Nordic region , where Barclaycard operates through Entercard, a joint venture with Swedbank.

Barclaycard works closely with other parts of the Group, including UK Retail Banking, Barclays Commercial Bank and Global Retail and Commercial Banking - Western Europe and Global Retail and Commercial Banking - Emerging Markets, to leverage their distribution capabilities.

Global Retail and Commercial Banking - Western Europe

GRCB - Western Europe encompasses Barclays Global Retail and Commercial Banking as well as Barclaycard operations in Spain , Italy , Portugal , France and Greece . GRCB - Western Europe serves customers through a variety of distribution channels including more than 980 distribution points and over 880 ATMs. GRCB - Western Europe provides a variety of products including retail mortgages, current and deposit accounts, commercial lending, unsecured lending, credit cards, investments, and insurance serving the needs of Barclays retail, mass affluent, and corporate customers.

Global Retail and Commercial Banking - Emerging Markets

GRCB - Emerging Markets encompasses Barclays Global Retail and Commercial Banking, as well as Barclaycard operations, in 14 countries organised in 6 geographic areas: India and Indian Ocean (India, Mauritius and Seychelles); Middle East and North Africa (UAE and Egypt); East and West Africa (Ghana, Tanzania, Uganda and Kenya); Southern Africa (Botswana, Zambia and Zimbabwe); Russia ; and Pakistan (from 23rd July 2008). GRCB - Emerging Markets serves its customers through a network of over 870 branches and sales centres, and more than 890 ATMs. GRCB - Emerging Markets provides a variety of traditional retail and commercial products including retail mortgages, current and deposit accounts, commercial lending, unsecured lending, credit cards, treasury and investments. In addition to this, it provides specialist services such as Sharia compliant products and mobile banking.

Global Retail and Commercial Banking - Absa

GRCB - Absa represents Barclays consolidation of Absa, excluding Absa Capital which is included as part of Barclays Capital and Absa Card which is included as part of Barclaycard. Absa Group Limited is one of South Africa 's largest financial services organisations serving personal, commercial and corporate customers predominantly in South Africa . GRCB - Absa serves retail customers through a variety of distribution channels and offers a full range of banking services, including current and deposit accounts, mortgages, instalment finance, credit cards, bancassurance products and wealth management services. It also offers customised business solutions for commercial and large corporate customers.

Notes to the Condensed Consolidated Interim Financial Statements

3 4. Segmental Reporting (continued)

Barclays Capital

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

Barclays Capital services a wide variety of client needs, from capital raising and managing foreign exchange, interest rate, equity and commodity risks, through to providing technical advice and expertise. Activities are organised into three principal areas: Rates, which includes fixed income, foreign exchange, commodities, emerging markets, money markets, prime services and equity products; Credit, which includes primary and secondary activities for loans and bonds for investment grade, high yield and emerging market credit, as well as hybrid capital products, asset based finance, mortgage backed securities, credit derivatives, structured capital markets and large asset leasing; and Private Equity. Barclays Capital includes Absa Capital, the investment banking business of Absa. Barclays Capital works closely with all other parts of the Group to leverage synergies from client relationships and product capabilities.

Barclays Global Investors

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

BGI offers structured investment strategies such as indexing, global asset allocation and risk controlled active products including hedge funds and provides related investment services such as securities lending, cash management and portfolio transition services. In addition, BGI is the global leader in assets and products in the exchange traded funds business, with over 33 5 funds for institutions and individuals trading globally. BGI's investment philosophy is founded on managing all dimensions of performance: a consistent focus on controlling risk, return and cost. BGI collaborates with the other Barclays businesses, particularly Barclays Capital and Barclays Wealth, to develop and market products and leverage capabilities to better serve the client base.

Barclays Wealth

Barclays Wealth serves high net worth, affluent and intermediary clients worldwide, providing private banking, asset management, stockbroking, offshore banking, wealth structuring and financial planning services and manages the closed life assurance activities of Barclays and Woolwich in the UK .

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

Head Office Functions and Other Operations

Head Office Functions and Other Operations comprises head office and central support functions , businesses in transition and consolidation adjustments .

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

Businesses in transition principally relate to certain lending portfolios that are centrally managed with the objective of maximising recovery from the assets. Consolidation adjustments largely reflect the elimination of inter-segment transactions.

Notes to the Condensed Consolidated Interim Financial Statements

3 4 . Segmental Reporting (continued)

Group Reporting Changes In 2008

Barclays announced on 22nd July 2008 the impact of certain changes in Group structure and reporting on the 2007 results. There was no impact on the Group income statement or balance sheet.

The businesses previously managed and reported as International Retail and Commercial Banking - excluding Absa are now reported and managed separately as Global Retail and Commercial Banking - Western Europe and Global Retail and Commercial Banking - Emerging Markets going forward.

Barclays Commercial Bank . The Marine Finance business, previously part of Barclaycard , is now managed and reported within Barclays Commercial Bank .

Barclaycard . The Absa credit card portfolio, previously part of International Retail and Commercial Banking - Absa is now managed and reported within Barclaycard . Certain credit card portfolios previously part of Barclaycard are now managed and reported as part of Global Retail and Commercial Banking - Western Europe . The Marine Finance business, previously part of Barclaycard is now managed and reported within Barclays Commercial Bank.

Global Retail and Commercial Banking - Western Europe . Certain credit card portfolios previously part of Barclaycard are now managed and reported as part of Global Retail and Commercial Banking - Western Europe .

International Retail and Commercial Banking - Absa . This business will be known going forward as Global Retail and Commercial Banking - Absa . The Absa credit card portfolio previously part of Global Retail and Commercial Banking - Absa is now managed and reported within Barclaycard .

Certain expenses, assets and staff previously reported within International Retail and Commercial Banking - excluding Absa have been allocated across UK Retail Banking, Barclays Commercial Bank, Barclaycard, Global Retail and Commercial Banking - Western Europe , Global Retail and Commercial Banking - Emerging Markets and Global Retail and Commercial Banking - Absa.

Certain pension assets and liabilities have been reclassified from Head Office and Other Operations to the other businesses in the Group.

UK Banking which previously reflected UK Retail Banking and Barclays Commercial Bank combined is no longer reported as a separate segment.

The structure remains unchanged for Barclays Capital, Barclays Global Investors, Barclays Wealth and Head Office and Other Operations.

Notes to the Condensed Consolidated Interim Financial Statements

3 4. Segmental Reporting (continued)

	UK Retail Banking	Barclays Commercial Bank	Barclaycard	GRCB - Western Europe
Six months ending 30th June 2008	£m	£m	£m	£m
Income from external customers, net of insurance claims	2,204	1,316	1,377	643
Inter-segment income	(28)	33	41	(2)
Total income net of insurance claims	**2,176**	**1,349**	**1,418**	**641**
Business segment performance before tax	690	702	388	115

	UK Retail Banking	Barclays Commercial Bank	Barclaycard	GRCB - Western Europe
Six months ending 31st December 2007	£m	£m	£m	£m
Income from external customers, net of insurance claims	2,210	1,297	1,211	500
Inter-segment income	(34)	10	64	(3)
Total income net of insurance claims	**2,176**	**1,307**	**1,275**	**497**
Business segment performance before tax	629	651	304	91

	UK Retail Banking	Barclays Commercial Bank	Barclaycard	GRCB - Western Europe
Six months ending 30th June 2007	£m	£m	£m	£m
Income from external customers, net of insurance claims	2,167	1,249	1,179	446
Inter-segment income	(46)	8	76	(6)
Total income net of insurance claims	**2,121**	**1,257**	**1,255**	**440**
Business segment performance before tax	646	706	299	105

Notes to the Condensed Consolidated Interim Financial Statements

3 4. Segmental Reporting (continued)

GRCB - Emerging Markets	GRCB - Absa	Barclays Capital	Barclays Global Investors	Barclays Wealth	Head Office Functions and Other Operations	Total
£m	£m	£m	£m	£m	£m	£m
410	1,032	3,288	984	706	(117)	11,843
-	15	123	3	(38)	(147)	-
410	**1,047**	**3,411**	**987**	**668**	**(264)**	**11,843**
52	298	524	265	182	(462)	2,754

GRCB - Emerging Markets	GRCB - Absa	Barclays Capital	Barclays Global Investors	Barclays Wealth	Head Office Functions and Other Operations	Total
£m	£m	£m	£m	£m	£m	£m
312	1,031	2,868	978	684	7	11,098
-	11	98	5	(32)	(119)	-
312	**1,042**	**2,966**	**983**	**652**	**(112)**	**11,098**

40	326	675	346	134	(221)	2,975

GRCB - Emerging Markets	GRCB - Absa	Barclays Capital	Barclays Global Investors	Barclays Wealth	Head Office Functions and Other Operations	Total
£m	£m	£m	£m	£m	£m	£m
221	941	4,066	937	659	37	11,902
-	16	87	6	(24)	(117)	-
221	**957**	**4,153**	**943**	**635**	**(80)**	**11,902**
60	271	1,660	388	173	(207)	4,101

Other Information

Share Capital

The Group manages its debt and equity capital actively. The Group's authority to buy back ordinary shares (up to 984.9 million ordinary shares) was renewed at the 2008 Annual General Meeting. The Group will seek to renew its authority to buy back ordinary shares at the 2009 Annual General Meeting to provide additional flexibility in the management of the Group's capital resources.

At the 2008 Annual General Meeting, shareholders approved the creation of sterling, dollar, euro and yen preference shares ('Preference Shares') in order to provide the Group with more flexibility in managing its capital resources. No preference shares have been issued.

During the first half of 2008 Barclays repurchased in the market 36,150,000 of its ordinary shares of 25p each at a total cost of £171,923,243. This was the completion of the repurchase programme in order to minimise the dilutive effect on its existing shareholders of the issuance of a total of 336,805,556 Barclays ordinary shares to Temasek Holdings and China Development Bank in 2007.

Barclays purchased all of its staff shares in issue following approval for such purchase being given at the 2008 Annual General Meeting at a total cost of £1,023,054 .

Group S>hare Schemes

The independent trustees of the Group's share schemes may make purchases of Barclays PLC ordinary shares in the market at any time or times following this announcement of the Group's results for the purposes of those schemes' current and future requirements. The total number of ordinary shares purchased would not be material in relation to the issued share capital of Barclays PLC.

Dividend Information

For qualifying US and Canadian resident ADR holders, the interim dividend of 11.5p per ordinary share becomes 46.0p per ADS (representing four shares). The ADR depositary will mail the interim dividend on 1st October 2008 to ADR holders on the record on 22nd August 2008.

Shareholders may have their dividends reinvested in Barclays PLC shares by participating in the Barclays Dividend Reinvestment Plan. The plan is available to all shareholders, including members of Barclays Sharestore, provided that they neither live in nor are subject to the jurisdiction of any country where their participation in the plan would require Barclays or The Plan Administrator to take action to comply with local government or regulatory procedures or any similar formalities. Any shareholder wishing to obtain details and a form to join the plan should contact The Plan Administrator by writing to: The Plan Administrator to Barclays, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA , United Kingdom, or, by telephoning 0871 384 2055 (calls to this number are charged at 8p per minute if using a BT landline. Other telephony provider costs may vary). The completed form should be returned to The Plan Administrator on or before 10th September 2008 for it to be effective in time for the payment of the dividend on 1st October 2008. Shareholders who are already in the plan need take no action unless they wish to change their instructions in which case they should write to The Plan Administrator.

Other Information

General Information

The information in this announcement, which was approved by the Board of Directors on 6th August 2008, does not comprise statutory accounts within the meaning of Section 240 of the Companies Act 1985 (the 'Act'). Statutory accounts for the year ended 31st December 2007, which included certain information required for the Joint Annual Report on Form 20-F of Barclays PLC and Barclays Bank PLC to the US Securities and Exchange Commission (SEC) and which contained an unqualified audit report under Section 235 of the Act and which did not make any statements under Section 237 of the Act, have been delivered to the Registrar of Companies in accordance with Section 242 of the Act.

Registered Office

1 Churchill Place, London , E14 5HP , United Kingdom . Tel: +44 (0) 20 7116 1000.

Company number: 48839.

Website

www.barclays.com

Registrar

The Registrar to Barclays PLC, Aspect House, Spencer Road , Lancing, West Sussex , BN99 6DA , United Kingdom . Tel: 0871 384 2055 (calls to this number are charged at 8p per minute if using a BT landline. Other telephony provider costs may vary) or +44 121 415 7004 from overseas.

Listing

The principal trading market for Barclays PLC ordinary shares is the London Stock Exchange. Trading on the New York Stock Exchange is in the form of ADSs under the ticker symbol 'BCS'. Each ADS represents four ordinary shares of 25p each and is evidenced by an ADR. The ADR depositary is The Bank of New York Mellon whose international telephone number is +1-212-815-3700, whose domestic telephone number is 1-888-BNY-ADRS and whose address is The Bank of New York Mellon , Investor Relations, PO Box 11258, Church Street Station, New York, NY 10286-1258.

On or around 11th August 2008, JPMorgan Chase Bank, N.A will become the ADR deposit a ry. Their international telephone number is +1-651-453-2128, domestic telephone number is 1- 800 -990-1135 and address is JPMorgan Chase Bank, N.A., PO Box 64504 , St. Paul , MN 55164-0504 , USA .

Filings with the SEC

The results will be furnished as a Form 6-K to the US Securities and Exchange Commission (SEC) as soon as practicable following the publication of these results.

Statutory accounts for the year ended 31st December 2007, which also include certain information required for the Joint Annual Report on Form 20-F of Barclays PLC and Barclays Bank PLC to the SEC, can be obtained from Corporate Communications, Barclays Bank PLC, 200 Park Avenue, New York, NY 10166, United States of America or from the Director, Investor Relations at Barclays registered office address, shown above. Copies of the form 20-F are also be available from the Barclays Investor Relations website (details below) and from the SEC's website (www.sec.gov).

Other Information

General Information (continued)

Results Timetable

Item	Date
Ex Dividend Date	Wednesday, 20th August 2008
Dividend Record Date	Friday, 22nd August 2008
Dividend Payment Date	Wednesday, 1st October 2008
Interim Management Statement [1]	Tuesday, 18th November 2008
2008 Preliminary Results Announcement [1]	Tuesday, 17th February 2009

Economic Data

	30.06.08	31.12.07	30.06.07
Period end - US$/£	1.99	2.00	2.01
Average - US$/£	1.98	2.00	1.97
Period end - €/£	1.26	1.36	1.49
Average - €/£	1.29	1.46	1.48
Period end - ZAR/£	15.56	13.64	14.12
Average - ZAR/£	15.15	14.11	14.11

For Further Information Please Contact

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More information on Barclays can be found on our website at the following address:

www.barclays.com/investorrelations

1 *Note that these announcement dates are provisional and subject to change*

Other Information

Glossary of Terms

'Income' refers to total income net of insurance claims, unless otherwise specified.

'Cost:income ratio' is defined as operating expenses compared to total income net of insurance claims.

'Cost:net income ratio' is defined as operating expenses compared to total income net of insurance claims less impairment charges.

'Compensation:net income ratio' is defined as staff compensation based costs compared to total income net of insurance claims less impairment charges.

'Return on average economic capital' is defined as attributable profit compared to average economic capital.

'Average net income generated per member of staff' is defined as total operating income compared to the average of staff numbers for the reporting period.

'Risk tendency' is a statistical estimate of the average loss for each loan portfolio for a 12-month period, taking into account the size of the portfolio and its risk characteristics under current economic conditions, and is used to track the change in risk as the portfolio of loans changes over time.

'Economic profit' is defined as profit after tax and minority interests less capital charge (average shareholder's equity excluding minority interests multiplied by the Group cost of capital.)

'Daily Value at Risk (DVaR)' is an estimate of the potential loss which might arise from unfavourable market movements, if the current positions were to be held unchanged for one business day, measured to a confidence level of 98%.

Absa Definitions

'Absa Group Limited' refers to the consolidated results of the South African group of which the parent company is listed on the Johannesburg Stock Exchange (JSE Limited) in which Barclays owns a controlling stake.

'Absa' refers to the results for Absa Group Limited as consolidated into the results of Barclays PLC; translated into Sterling with adjustments for amortisation of intangible assets, certain head office adjustments, transfer pricing and minority interests.

'Absa Capital' is the portion of Absa's results that is reported by Barclays within Barclays Capital.

'Absa Card' is the portion of Absa's results that is reported by Barclays within Barclaycard.

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EXHIBIT 10

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Update on capital, dividend and current trading

13 Oct 2008 06:10

This announcement is not for distribution directly or indirectly in or into any jurisdiction into which the same would be unlawful.

Following the announcement made by the UK Government on 8 October 2008 in relation to UK banking sector capital and funding, Barclays has been in detailed discussions with the UK Financial Services Authority ("FSA") and HM Treasury.

Capital and dividend

Barclays is well capitalised, profitable and has access to the liquidity required to support its business. Taking into account the new higher capital targets which the FSA has set for all UK banks, the Board has determined that it will raise in excess of £6.5bn of Tier 1 Capital. This would result in a pro forma Tier 1 Capital ratio as at 30 June 2008 of over 11%.

Given the strength of Barclays well diversified business and the existing capital base, the Board expects that the additional capital will be raised from investors without calling on the Government funding which has been offered to UK Banks. Accordingly, a plan has been agreed with and approved by the FSA which envisages:

- The issue of preference shares to raise c£3bn by 31 December 2008 as Barclays contribution to the commitment made by UK banks to increase Tier 1 capital by £25 billion in aggregate by year-end.
- The issue of new ordinary shares to raise £0.6bn ($1bn) as announced on 17 September as part of our announcement concerning the acquisition of Lehman Brothers North American investment banking and capital markets businesses ('the Lehman Acquisition').
- The issue of new ordinary shares to raise a further c£3bn as soon as practicable after the announcement of our full year 2008 results and our intention is that this should be before 31 March 2009. The offer of such shares will be structured so as to give existing shareholders full rights of participation.
- Balance sheet management and operational efficiencies to release at least a further £1.5bn in equity resources.

As part of the above issuance of shares, Barclays has agreement in principle with an existing shareholder to contribute £1bn in new capital, to be allocated between the component parts listed above.

In the light of the new capital ratios agreed with the FSA and in recognition of the need to maximise capital resources in the current economic climate, the Board of Barclays has concluded that it would not be appropriate to recommend the payment of a final dividend for 2008. This dividend, amounting to c£2bn, would otherwise have been payable in April 2009. Our intention is to resume dividend payments in the second half of 2009.

The effect of the above is that more than £6.5bn is raised through capital issuance and at least a further £3.5bn through dividend and other actions.

In the event that any of the proposed capital issuances do not proceed, Barclays, along with the other UK banks, would be eligible to have access to the capital facilities announced by the UK Government on 8

October 2008. The terms of such facilities would be negotiated at the time and may be on terms less favourable than those made available today. The UK Government has also confirmed that Barclays is eligible to use the extended facilities with the Bank of England and the UK Government guarantee of term unsecured issuance which have been made available to UK Banks.

Current trading

We will provide our usual Interim Management Statement on 18 November 2008. When we announced the Lehman Acquisition on 17 September 2008, we commented that Barclays had traded satisfactorily during the months of July and August. In the month of September, profit before tax very significantly exceeded the monthly run rate for the first half of the year, with strong contributions from Global Retail and Commercial Banking and from Investment Banking and Investment Management, and strong inflows of new customers and customer deposits.

Notes to editors

For further information please contact: Media Relations Howell James +44 (0) 20 7116 6132 Investor Relations Mark Merson +44 (0) 20 7116 5752 John McIvor +44 (0) 20 7116 2929 About Barclays Barclays is a major global financial services provider engaged in retail and commercial banking, credit cards, investment banking, wealth management and investment management services with an extensive international presence in Europe, the United States, Africa and Asia. With over 300 years of history and expertise in banking, Barclays operates in over 50 countries and employs over 150,000 people. Barclays moves, lends, invests and protects money for over 47 million customers and clients worldwide. For further information about Barclays, please visit our website www.barclays.com. This announcement is for information only and shall not constitute an offer to buy, sell, issue, or subscribe for, or the solicitation of an offer to buy, sell or issue, or subscribe for any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The securities referred to herein have not been, and will not be, registered under the Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements. Forward-looking Statements This announcement contains (or may contain) certain forward-looking statements with respect to certain of Barclays plans and its current goals and expectations relating to its future financial condition and performance and which involve a number of risks and uncertainties. Barclays cautions readers that no forward-looking statement is a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking statements. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as ‘will’, ‘would’, ‘could’, ‘aim’, ‘anticipate’, ‘target’, ‘expect’, ‘envisage’, ‘estimate’, ‘intend’, ‘intention’, ‘plan’, ‘goal’, ‘believe’, or other words of similar meaning. Examples of forward-looking statements include, among others, statements regarding Barclays future financial position, income growth, impairment charges, business strategy, projected levels of growth in the banking and financial markets, projected costs, estimates of capital expenditure, plans to raise additional capital without calling on the Government funding specified herein, plans with respect to dividend payments, and plans and objectives for future operations of Barclays and other statements that are not historical fact. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, including, but not limited to, UK domestic and global economic and business conditions, the effects of continued volatility in credit markets, liquidity conditions in the market, 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, 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 Barclays control. As a result, Barclays actual future results may differ materially from the plans, goals, and expectations set forth in Barclays forward-looking statements. Any forward-looking statements made herein by or on behalf of Barclays speak only as of the date they are made. Except as required by the FSA, the London Stock Exchange or applicable law, Barclays expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this announcement to reflect any changes in Barclays expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based. Persons (including, without limitation, nominees and trustees) who have a contractual or other legal obligation to forward a copy of this announcement should seek appropriate advice before taking any action. Neither the content of Barclays website nor any website accessible by hyperlinks on Barclays website is incorporated in, or forms part of, this announcement.

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EXHIBIT 11

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 6-K

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

January, 2009
Barclays PLC and
Barclays Bank PLC
(Names of Registrants)
1 Churchill Place
London E14 5HP
England

(Address of Principal Executive Offices)

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

Form 20-F x Form 40-F

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

Yes No x

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

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

This Report comprises:

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

EXHIBIT INDEX

Open letter from Marcus Agius and John Varley - 26 January 2009

SIGNATURES

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

BARCLAYS PLC
(Registrant)

Date: January 26, 2009

By: /s/ Patrick Gonsalves

Patrick Gonsalves
Deputy Secretary

BARCLAYS BANK PLC
(Registrant)

Date: January 26, 2009

By: /s/ Patrick Gonsalves

Patrick Gonsalves
Joint Secretary

This announcement is not for distribution directly or indirectly in or into any jurisdiction into which the same would be unlawful.

26th January 2009

BARCLAYS PLC

Open letter from Marcus Agius and John Varley

- **SIGNIFICANT PRE TAX PROFITS IN 2008**
- **RECORD INCOME LEVELS ABSORB £8BN OF GROSS CREDIT MARKET WRITE DOWNS IN 2008 (£5BN NET)**
- **RELEASE OF RESULTS AGREED WITH AUDITORS BROUGHT FORWARD TO 9th FEBRUARY 2009**
- **CAPITAL RESOURCES WELL IN EXCESS OF REGULATORY REQUIREMENTS CREATE LARGE PERFORMANCE CUSHION**
- **NO FURTHER CAPITAL SUBSCRIPTION SOUGHT**

In view of the events in the banking sector last week, we have decided to communicate now with employees, customers, clients, and shareholders in this open letter in order to address the principal causes of concern which we are hearing. Writing in this way ahead of the release of results is unusual, of course, but the turn of events is also unusual.

Our starting point is that Barclays has £36bn of committed equity capital and reserves; we are well funded, and we are profitable. However, we know that our stakeholders want to see the detailed figures for 2008 as quickly as possible. To enable that, we will bring forward the release of our 2008 financial results, as agreed by our auditors, to Monday, 9th February.

When we announce our results for 2008, we will report a profit before tax for the year well ahead of the consensus estimate of £5.3bn. This is as reported in our statement to the stock market of 16th January. The profit is struck after all costs, impairment and market valuations. Whilst it includes a number of individually significant items, it mainly reflects strong operating profit generation.

The profit includes the gains arising from the acquisition of the Lehman Brothers North American business, and also the gain on the sale of our closed life business.

Also included in the 2008 results are some £8bn of gross write downs (£5bn net of own credit, hedging and attributable income) relating to credit market exposures in Barclays Capital. This amount is arrived at by applying year end valuations and marks to market. It is derived on a consistent basis with, and includes, the comparable numbers for the first half of 2008 which were £3.3bn gross and £2bn net. In the interests of clarity and transparency, we are reporting these numbers on a gross and net basis. We will provide extensive details as to the level of write downs and marks by asset class when we report our results on 9th February 2009.

Our ability to absorb this level of write downs is derived from the strong and diversified income performance in Barclays Capital and from the substantial revenue generation of our retail and commercial banking and investment management and wealth businesses in the rest of the Group. In other words, these figures demonstrate that although we have been heavily impacted by the credit crunch, our income generation was at a record level in 2008 and has enabled us to withstand this impact and still produce strong profits.

As a result of the capital raising announced on 31st October 2008, our capital base has been substantially strengthened in accordance with the capital plan agreed with the UK Financial Services Authority. In consequence, our year end capital ratios, expressed on a proforma basis to reflect the conversion of the Mandatorily Convertible Notes, are approximately 6.5% for the Equity Tier 1 ratio, and 9.5% for the Tier 1 ratio. These ratios are as we announced in our statement to the market of 16th January, and are computed after including the combined impacts on our risk weighted assets of the weakening of sterling and the pro-cyclical effects of the International Basel Accord.

On the basis of the above year end capital ratios, we calculate that the Group's Tier 1 capital exceeds the regulatory minimum required by the FSA by an amount equivalent to some £17bn in PBT. This scale of loss absorption capability, when looked at in the context both of the solid and diversified profitability of the Group during the stress test of 2008, and of the substantial write downs that we have taken, gives us confidence that our capital resources are sufficient to manage Barclays safely and prudently even in these difficult markets. For these reasons we confirm in this letter that we are not seeking subscription for further capital - either from the private sector or from the UK Government.

Our capital position could benefit further from two other sources, which we describe below.

First, on 19th January the UK Government announced a comprehensive package of measures designed to support the UK economy by helping borrowers and lenders. We welcome that package and, alongside other banks, have started a dialogue with the Tripartite Authorities which will enable us to determine the terms on which, and the extent to which, we would wish to insure certain assets on our balance sheet through the UK Treasury's asset protection scheme. The procuring of insurance would have the effect of reducing capital consumption (which would allow the writing of new business in the UK).

Second, the FSA has announced a programme of work to reduce significantly the requirement for additional capital resulting from the pro-cyclical effects of the International Basel Accord. That reduction would be a source of further ratio strengthening.

Before closing, we should say a word about current trading. Recognising that 2009 is not yet a month old, and that the global economy will remain weak, we can tell you that customer and client activity levels have been high. As a result, we have had a good start to 2009. In particular the operating performance of Barclays Capital, benefitting as it is from the now completed integration of the Lehman business, has been extremely strong. The trends that lie behind the strong operating performance in Global Retail and Commercial Banking in 2008 are again observable in its performance in January.

We take this opportunity to thank the employees of Barclays for staying focused, and also to thank our customers and clients for their business.

Marcus Agius John Varley
Chairman Group Chief Executive

-ENDS-

For further information please contact:

Investor Relations Media Relations
Mark Merson Howell James
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John McIvor
+44 (0) 20 7116 2929

About Barclays

Barclays is a major global financial services provider engaged in retail and commercial banking, credit cards, investment banking, wealth management and investment management services with an extensive international presence in Europe, the United States, Africa and Asia. With over 300 years of history and expertise in banking, Barclays operates in over 50 countries and employs over 150,000 people. Barclays moves, lends, invests and protects money for over 47 million customers and clients worldwide. For further information about Barclays, please visit our website www.barclays.com.

This announcement is for information only and shall not constitute an offer to buy, sell, issue, or subscribe for, or the solicitation of an offer to buy, sell or issue, or subscribe for any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

Forward-looking Statements

This announcement contains (or may contain) certain forward-looking statements with respect to certain of Barclays plans and its current goals and expectations relating to its future financial condition and performance and which involve a number of risks and uncertainties. Barclays cautions readers that no forward-looking statement is a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking statements. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as 'will', 'would', 'could', 'aim', 'anticipate', 'target', 'expect', 'envisage', 'estimate', 'intend', 'intention', 'plan', 'goal', 'believe', or other words of similar meaning. Examples of forward-looking statements include, among others, statements regarding Barclays future financial position, income growth, profit before tax, impairment charges, business strategy, projected levels of growth in the banking and financial markets, projected costs, estimates of capital expenditure, expected capital ratios, plans with respect to dividend payments, and plans and objectives for future operations of Barclays and other statements that are not historical fact.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, including, but not limited to, UK domestic and global economic and business conditions, the effects of continued volatility in credit markets, liquidity conditions in the market, 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, 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 Barclays control. As a result, Barclays actual future results may differ materially from the plans, goals, and expectations set forth in Barclays forward-looking statements. Any forward-looking statements made herein by or on behalf of Barclays speak only as of the date they are made. Except as required by the FSA, the London Stock Exchange or applicable law, Barclays expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this announcement to reflect any changes in Barclays expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

Persons (including, without limitation, nominees and trustees) who have a contractual or other legal obligation to forward a copy of this announcement should seek appropriate advice before taking any action.

Neither the content of Barclays website nor any website accessible by hyperlinks on Barclays website is incorporated in, or forms part of, this announcement.

EXHIBIT 12

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 6-K

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

9 February 2009

Barclays PLC and Barclays Bank PLC
(Names of Registrants)

**1 Churchill Place
London E14 5HP
England**
(Address of principal executive offices)

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

Form 20-F ☒ Form 40-F ☐

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

Yes ☐ No ☒

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

THIS REPORT ON FORM 6-K SHALL BE DEEMED TO BE INCORPORATED BY REFERENCE IN THE REGISTRATION STATEMENTS ON FORM F-3 (NO. 333-145845) AND FORM S-8 (NOS. 333-112796, 333-112797, 333-149301 AND 333-149302) OF BARCLAYS BANK PLC AND THE REGISTRATION STATEMENT ON FORM S-8 (NO. 333-153723) OF BARCLAYS PLC AND TO BE A PART THEREOF FROM THE DATE ON WHICH THIS REPORT IS FURNISHED, TO THE EXTENT NOT SUPERSEDED BY DOCUMENTS OR REPORTS SUBSEQUENTLY FILED OR FURNISHED.

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

The Report comprises:

The results of Barclays PLC as of, and for the year ended, 31st December 2008.

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SIGNATURES

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

	BARCLAYS PLC (Registrant)
Date: February 9, 2009	By: /s/ Marie Smith Name: Marie Smith Title: Assistant Secretary
	BARCLAYS BANK PLC (Registrant)
Date: February 9, 2009	By: /s/ Marie Smith Name: Marie Smith Title: Assistant Secretary

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BARCLAYS PLC AND BARCLAYS BANK PLC

This document includes portions from the previously published results announcement of Barclays PLC for the year ended December 31, 2008, as revised to comply with the requirements of Regulation G and Item 10(e) of Regulation S-K promulgated by the U.S. Securities and Exchange Commission (the "SEC"). The purpose of this document is to provide such additional disclosure as required by Regulation G and Regulation S-K Item 10(e), to delete certain information not in compliance with SEC regulations and to include reconciliations of certain non-International Financial Reporting Standards (IFRS) figures to the most directly equivalent IFRS figures, as of, and for the period ended, December 31, 2008. This document does not update or otherwise supplement the information contained in the previously published results announcement.

In this document certain non-IFRS measures are reported. Barclays management believes that these non-IFRS measures provide valuable information to readers of its financial statements because they enable the reader to focus more directly on the underlying day-to-day performance of its businesses and provide more detail concerning the elements of performance which the managers of these businesses are most directly able to influence. They also reflect an important aspect of the way in which operating targets are defined and performance is monitored by Barclays management. However, any non-IFRS measures in this document are not a substitute for IFRS measures and readers should consider the IFRS measures as well.

An audit opinion has not been rendered in respect of this announcement.

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

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The Listing Rules of the UK Listing Authority (LR 9.7A.1) require that preliminary unaudited statements of annual results must be agreed with the listed company's auditors prior to publication, even though an audit opinion has not yet been issued. In addition, the Listing Rules require such statements to give details of the nature of any likely modification that may be contained in the auditors' report to be included with the annual report and accounts. Barclays PLC confirms that it has agreed this preliminary statement of annual results with PricewaterhouseCoopers LLP and that the Board of Directors has not been made aware of any likely modification to the auditors' report required to be included with the annual report and accounts for the year ended 31st December 2008.

The information in this announcement, which was approved by the Board of Directors on 8th February 2009, does not comprise statutory accounts for the years ended 31st December 2008 or 31st December 2007, within the meaning of Section 240 of the Companies Act 1985 (the 'Act'). Statutory accounts for the year ended 31st December 2008, which also include certain information required for the Joint Annual Report on Form 20-F of Barclays PLC and Barclays Bank PLC to the US Securities and Exchange Commission (SEC), will be delivered to the Registrar of Companies in accordance with Section 242 of the Act. Statutory accounts for the year ended 31st December 2007 have been delivered to the Registrar of Companies and the Group's auditors have reported on those accounts and have given an unqualified report which does not contain a statement under Section 237(2) or (3) of the Act. The 2008 Annual Review and Summary Financial Statements will be posted to shareholders together with the Group's full Annual Report for those shareholders who request it.

Forward-looking statements

This document contains certain forward-looking statements within the meaning of Section 21E of the US Securities Exchange Act of 1934, as amended, and Section 27A of the US Securities Act of 1933, as amended, with respect to certain of the Group's plans and its current goals and expectations relating to its future financial condition and performance. Barclays cautions readers that no forward-looking statement is a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking statements. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as "may", "will", "seek", "continue", "aim", "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe" or other words of similar meaning. Examples of forward-looking statements include, among others, statements regarding the Group's future financial position, income growth, assets, impairment charges, business strategy, capital ratios, leverage, payment of dividends, projected levels of growth in the banking and financial markets, projected costs, estimates of capital expenditures, and plans and objectives for future operations and other statements that are not historical fact. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, including, but not limited to, UK domestic and global economic and business conditions, the effects of continued volatility in credit markets, market related risks such as changes in interest rates and exchange rates, effects of changes in valuation of credit market exposures, changes in valuation of issued notes, the policies and actions of governmental and regulatory authorities, changes in legislation, the further development of standards and interpretations under 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 the Lehman Brothers North American businesses into the Group's business and the quantification of the benefits resulting from such acquisition, 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 herein speak only as of the date they are made. Except as required by the UK Financial Services Authority FSA, the London Stock Exchange or applicable law, Barclays expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this announcement to reflect any change in Barclays expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. The reader should, however, consult any additional disclosures that Barclays has made or may make in documents it has filed or may file with the SEC.

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Key Information

	Year Ended 31.12.08 £m	Year Ended 31.12.07 £m	% Change
Group Results			
Total income net of insurance claims	23,115	23,000	1
Impairment charges and other credit provisions	(5,419)	(2,795)	94
Operating expenses	(14,366)	(13,199)	9
Gains on acquisitions	2,406	—	
Profit before tax	6,077	7,076	(14)
Profit after tax	5,287	5,095	4
Profit attributable to equity holders of the parent	4,382	4,417	(1)
Basic earnings per share	59.3p	68.9p	(14)
Diluted earnings per ordinary share	57.5p	66.7p	(14)
Dividend per share	11.5p	34.0p	(66)
Performance Ratios			
Cost:income ratio	62%	57%	

	£m	£m	% Change
Profit Before Tax by Business[1]			
UK Retail Banking	1,369	1,275	7
Barclays Commercial Bank	1,266	1,357	(7)
Barclaycard	789	603	31
GRCB—Western Europe	257	196	31
GRCB—Emerging Markets	134	100	34
GRCB—Absa	552	597	(8)
Barclays Capital	1,302	2,335	(44)
Barclays Global Investors	595	734	(19)
Barclays Wealth	671	307	119

	Pro Forma[2] 31.12.08	As at 31.12.08	As at 31.12.07
Capital and Balance Sheet			
Equity Tier 1 ratio	6.7%	5.8%	5.1%
Tier 1 ratio	9.7%	8.6%	7.6%
Risk asset ratio	14.4%	13.6%	11.2%
Total shareholders' equity		£ 47.4bn	£ 32.5bn
Total assets		£ 2,053bn	£ 1,227bn
Risk weighted assets		£ 433bn	£ 354bn

1 *Summary excludes Head Office functions and other operations.*

2 *Reflects conversion of Mandatorily Convertible Notes and inclusion of all innovative instruments in Tier 1 capital.*

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Outlook

We expect 2009 to be another challenging year with continuing downturns or recessions in many of the economies in which we are represented. In 2008 our profits were reduced by the impacts of substantial gross credit market losses. In 2009, we expect the impact of such credit market losses to be lower. Whilst we are confident in the relative quality of our major books of assets, we also expect the recessionary environments in the UK, Spain, South Africa and the US to increase the loan loss rates on our loans and advances. Our planning assumption for 2009 reflects an increase in impairment charges as a percentage of loans and advances to a range of 130-150bps.

Official interest rates in the UK and elsewhere have reduced significantly in response to the emerging recession. This will have the impact of substantially reducing the spread generated on our retail and commercial banking liabilities, particularly in the UK. We expect this to endure while interest rates are low. The impact on Barclays will be reduced to an extent by our interest rate hedges, which we expect to mitigate around two thirds of the impact. As well as interest rate reduction, governments in the UK and elsewhere have taken significant measures to assist borrowers and lenders. We expect the combined impact of these measures and the lower interest rate environment to be positive for the economy in time.

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Consolidated Income Statement

	Notes[1]	Year Ended 31.12.08 £m	Year Ended 31.12.07 £m
Interest income		28,010	25,308
Interest expense		(16,541)	(15,698)
Net interest income	1	**11,469**	**9,610**
Fee and commission income		9,489	8,678
Fee and commission expense		(1,082)	(970)
Net fee and commission income	2	**8,407**	**7,708**
Net trading income		1,329	3,759
Net investment income		680	1,216
Principal transactions	3	**2,009**	**4,975**
Net premiums from insurance contracts	4	1,090	1,011
Other income	5	377	188
Total income		**23,352**	**23,492**
Net claims and benefits incurred on insurance contracts	6	(237)	(492)
Total income net of insurance claims		**23,115**	**23,000**
Impairment charges and other credit provisions	7	(5,419)	(2,795)
Net income		**17,696**	**20,205**
Staff costs	8	(7,779)	(8,405)
Administration and general expenses		(5,666)	(4,141)
Depreciation of property, plant and equipment		(630)	(467)
Amortisation of intangible assets		(291)	(186)
Operating expenses	8	**(14,366)**	**(13,199)**
Share of post-tax results of associates and joint ventures	9	14	42
Profit on disposal of subsidiaries, associates and joint ventures	10	327	28
Gains on acquisitions	11	2,406	—
Profit before tax		**6,077**	**7,076**
Tax	12	(790)	(1,981)
Profit after tax		**5,287**	**5,095**
Attributable To			
Minority interests	13	905	678
Equity holders of the parent	14	4,382	4,417
		5,287	**5,095**
Earnings per Share			
Basic earnings per ordinary share	14	59.3p	68.9p
Diluted earnings per ordinary share	14	57.5p	66.7p
Dividend per Ordinary Share			
Interim dividend	15	11.5p	11.5p
Final dividend	15	—	22.5p
Total dividend		**11.5p**	**34.0p**

1 *Notes start on page 76*

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Consolidated Balance Sheet

	Notes[1]	As at 31.12.08 £m	As at 31.12.07 £m
Assets			
Cash and balances at central banks		30,019	5,801
Items in the course of collection from other banks		1,695	1,836
Trading portfolio assets		185,637	193,691
Financial assets designated at fair value:			
– held on own account		54,542	56,629
– held in respect of linked liabilities to customers under investment contracts		66,657	90,851
Derivative financial instruments	16	984,802	248,088
Loans and advances to banks	19, 21	47,707	40,120
Loans and advances to customers	20, 21	461,815	345,398
Available for sale financial investments		64,976	43,072
Reverse repurchase agreements and cash collateral on securities borrowed		130,354	183,075
Other assets		6,302	5,150
Current tax assets		389	518
Investments in associates and joint ventures		341	377
Goodwill		7,625	7,014
Intangible assets		2,777	1,282
Property, plant and equipment		4,674	2,996
Deferred tax assets		2,668	1,463
Total assets		**2,052,980**	**1,227,361**

1 Notes start on page 76

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Consolidated Balance Sheet

	Notes[1]	As at 31.12.08 £m	As at 31.12.07 £m
Liabilities			
Deposits from banks		114,910	90,546
Items in the course of collection due to other banks		1,635	1,792
Customer accounts		335,505	294,987
Trading portfolio liabilities		59,474	65,402
Financial liabilities designated at fair value		76,892	74,489
Liabilities to customers under investment contracts		69,183	92,639
Derivative financial instruments	16	968,072	248,288
Debt securities in issue		149,567	120,228
Repurchase agreements and cash collateral on securities lent		182,285	169,429
Other liabilities		12,640	10,499
Current tax liabilities		1,216	1,311
Insurance contract liabilities, including unit-linked liabilities		2,152	3,903
Subordinated liabilities		29,842	18,150
Deferred tax liabilities		304	855
Provisions	22	535	830
Retirement benefit liabilities	23	1,357	1,537
Total liabilities		**2,005,569**	**1,194,885**
Shareholders' Equity			
Called up share capital	24	2,093	1,651
Share premium account	24	4,045	56
Other reserves		2,793	874
Other equity		3,652	—
Retained earnings		24,208	20,970
Less: treasury shares		(173)	(260)
Shareholders' equity excluding minority interests		**36,618**	**23,291**
Minority interests		10,793	9,185
Total shareholders' equity	25	**47,411**	**32,476**
Total liabilities and shareholders' equity		**2,052,980**	**1,227,361**

1 *Notes start on page 76*

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Condensed Consolidated Statement of Recognised Income and Expense

	Year Ended 31.12.08 £m	Year Ended 31.12.07 £m
Consolidated Statement of Recognised Income and Expense		
Net movements in available for sale reserve	(1,570)	2
Net movements in cash flow hedging reserve	376	359
Net movements in currency translation reserve	2,407	54
Tax	841	54
Other movements	(5)	22
Amounts included directly in equity	**2,049**	**491**
Profit after tax	5,287	5,095
Total recognised income and expense	**7,336**	**5,586**
Attributable To		
Equity holders of the parent	6,213	4,854
Minority interests	1,123	732
	7,336	**5,586**

An analysis of the statement of recognised income and expense is provided in note 26 on page 97.

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Condensed Consolidated Cash Flow Statement

	Year Ended 31.12.08 £m	Year Ended 31.12.07 £m
Reconciliation of Profit Before Tax to Net Cash Flows from Operating Activities		
Profit before tax	6,077	7,076
Adjustment for non-cash items	4,852	2,152
Changes in operating assets and liabilities	24,518	(18,392)
Tax paid	(1,731)	(1,583)
Net cash from operating activities	**33,716**	**(10,747)**
Net cash from investing activities	(8,755)	10,064
Net cash from financing activities	12,272	3,358
Effect of exchange rates on cash and cash equivalents	(5,801)	(550)
Net increase in cash and cash equivalents	**31,432**	**2,125**
Cash and cash equivalents at beginning of period	33,077	30,952
Cash and cash equivalents at end of period	**64,509**	**33,077**

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Results by Business

UK Retail Banking

	Year Ended 31.12.08 £m	Year Ended 31.12.07 £m
Income Statement Information		
Net interest income	2,996	2,858
Net fee and commission income	1,299	1,183
Net premiums from insurance contracts	205	252
Other income	17	47
Total income	**4,517**	**4,340**
Net claims and benefits incurred under insurance contracts	(35)	(43)
Total income net of insurance claims	**4,482**	**4,297**
Impairment charges and other credit provisions	(602)	(559)
Net income	**3,880**	**3,738**
Operating expenses excluding amortisation of intangible assets	(2,499)	(2,461)
Amortisation of intangible assets	(20)	(9)
Operating expenses	**(2,519)**	**(2,470)**
Share of post-tax results of associates and joint ventures	8	7
Profit before tax	**1,369**	**1,275**
Balance Sheet Information		
Loans and advances to customers	£ 94.4bn	£ 82.0bn
Customer accounts	£ 89.6bn	£ 87.1bn
Total assets	£ 101.4bn	£ 88.5bn
Performance Ratios		
Cost:income ratio[1]	56%	57%
Other Financial Measures		
Risk tendency[1,2]	£ 520m	£ 470m
Risk weighted assets	£ 30.5bn	£ 31.5bn

1 *Defined on page 103.*
2 *Further information on risk tendency is included on page 67.*

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Results by Business

UK Retail Banking

UK Retail Banking profit before tax increased 7% (£94m) to £1,369m (2007: £1,275m) through solid income growth and continued good control of impairment and costs. The launch of new products and propositions supported a significant increase in customer accounts, with Current Accounts increasing 4% (0.4m) to 11.7m (2007: 11.3m), Savings Accounts increasing 8% (0.9m) to 12.0m (2007: 11.1m) and Mortgage Accounts increasing 8% (62,000) to 816,000 (2007: 754,000).

Income grew 4% (£185m) to £4,482m (2007: £4,297m) reflecting strong growth in Home Finance and solid growth in Consumer Lending and Local Business, partially offset by reduced income from Personal Customer Savings Accounts due to the impact of the reductions in the UK base rates in the second half of 2008.

Net interest income increased 5% (£138m) to £2,996m (2007: £2,858m) driven by strong growth in loans and advances. Total average customer deposit balances increased 5% to £85.9bn (2007: £81.8bn), reflecting solid growth in Personal Customer and Local Business balances.

Mortgage balances grew 18%, driven by increased share of new lending and higher levels of balance retention. Mortgage balances were £82.3bn at the end of the period (31st December 2007: £69.8bn), a market share of 7% (2007: 6%). Gross advances were stable at £22.9bn, with redemptions of £10.4bn (2007: £15.0bn). Net new lending was £12.5bn (2007: £8.0bn), a market share[1] of 36% (2007: 8%). The average loan to value ratio of the mortgage book (including buy-to-let) on a current valuation basis was 40% (2007: 34%). The average loan to value ratio of new mortgage lending was 47% (2007: 49%).

Net fee and commission income increased 10% (£116m) to £1,299m (2007: £1,183m) reflecting £116m settlements on overdraft fees in 2007.

Impairment charges increased 8% (£43m) to £602m (2007: £559m), reflecting growth in customer assets of 15% and the impact of the current economic environment. Mortgage impairment charges were £24m (2007: release of £3m). Impairment charges within Consumer Lending increased 3%.

Operating expenses increased 2% (£49m) to £2,519m (2007: £2,470m) reflecting reduced gains from the sale of property of £75m (2007: £193m). Continued strong and active management of expense lines, including back office consolidation and process efficiencies, funded increased investment in product development and distribution channels.

The cost:income ratio improved one percentage point to 56% (2007: 57%).

Total assets increased 15% to £101.4bn (31st December 2007: £88.5bn) driven by growth in mortgage balances. Risk weighted assets decreased 3% to £30.5bn (31st December 2007: £31.5bn) as lending growth mainly in high quality, low risk mortgages was more than offset in capital terms by active risk management.

1 Excludes Housing Associations

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Results by Business

Barclays Commercial Bank

	Year Ended 31.12.08 £m	Year Ended 31.12.07 £m
Income Statement Information		
Net interest income	1,757	1,747
Net fee and commission income	861	750
Net trading income	3	9
Net investment income	19	47
Principal transactions	**22**	**56**
Other income	105	11
Total income	**2,745**	**2,564**
Impairment charges and other credit provisions	(414)	(292)
Net income	**2,331**	**2,272**
Operating expenses excluding amortisation of intangible assets	(1,048)	(924)
Amortisation of intangible assets	(15)	(5)
Operating expenses	**(1,063)**	**(929)**
Share of post-tax results of associates and joint ventures	(2)	—
Profit on disposal of subsidiaries, associates and joint ventures	—	14
Profit before tax	**1,266**	**1,357**
Balance Sheet Information		
Loans and advances to customers	£ 67.5bn	£ 63.7bn
Customer accounts	£ 60.6bn	£ 60.8bn
Total assets	£ 84.0bn	£ 74.6bn
Performance Ratios		
Cost:income ratio[1]	39%	36%
Other Financial Measures		
Risk tendency[1,2]	£ 400m	£ 305m
Risk weighted assets	£ 63.1bn	£ 57.0bn

1 *Defined on page 103.*
2 *Further information on risk tendency is included on page 67.*

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Barclays Commercial Bank

Barclays Commercial Bank profit before tax decreased 7% (£91m) to £1,266m (2007: £1,357m) reflecting a resilient performance in challenging market conditions. The impact of growth in net fee and commission income and continued strong growth in customer lending was offset by increased impairment charges and higher operating expenses.

Income increased 7% (£181m) to £2,745m (2007: £2,564m).

Net interest income improved 1% (£10m) to £1,757m (2007: £1,747m). There was strong growth in average customer assets, particularly term loans, which increased 14% to £61.7bn (2007: £53.9bn) reflecting the continued commitment to lend to viable businesses.

Non-interest income increased to 36% of total income (2007: 32%) partly reflecting continued focus on cross sales and efficient balance sheet utilisation. Net fee and commission income increased 15% (£111m) to £861m (2007: £750m) due to increased income from foreign exchange, derivative sales and debt fee income.

Income from principal transactions fell to £22m (2007: £56m) due to lower equity realisations.

Other income of £105m (2007: £11m) included a £39m gain arising from the restructuring of Barclays interest in a third party finance operation. This gain was offset by a broadly similar tax charge. Other income also included £29m (2007: £7m) rental income from operating leases.

Impairment charges increased 42% (£122m) to £414m (2007: £292m) primarily reflecting higher impairment losses in Larger Business, particularly in the final quarter as the UK corporate credit environment deteriorated. Impairment as a percentage of period-end loans and advances to customers and banks increased to 0.60% (2007: 0.45%).

Operating expenses increased 14% (£134m) to £1,063m (2007: £929m) reflecting lower gains on the sale of property of £10m (2007: £40m), investment in a new payments capability (2008: £69m, 2007: £42m), growth in the operating lease business (2008: £31m, 2007: £7m) and investment in risk and operations infrastructure, sales force capability and product specialists.

Total assets grew 13% to £84.0bn (31st December 2007: £74.6bn) driven by higher loans and advances. Risk weighted assets increased 11% to £63.1bn (31st December 2007: £57.0bn). This was slightly lower than asset growth, reflecting a relative increase in lower risk portfolios.

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Results by Business

Barclaycard

	Year Ended 31.12.08 £m	Year Ended 31.12.07 £m
Income Statement Information		
Net interest income	1,786	1,374
Net fee and commission income	1,299	1,143
Net trading income	2	—
Net investment income	80	11
Principal transactions	**82**	**11**
Net premiums from insurance contracts	44	40
Other income/(loss)	19	(25)
Total income	**3,230**	**2,543**
Net claims and benefits incurred under insurance contracts	(11)	(13)
Total income net of insurance claims	**3,219**	**2,530**
Impairment charges and other credit provisions	(1,097)	(827)
Net income	**2,122**	**1,703**
Operating expenses excluding amortisation of intangible assets	(1,361)	(1,057)
Amortisation of intangible assets	(61)	(36)
Operating expenses	**(1,422)**	**(1,093)**
Share of post-tax results of associates and joint ventures	(3)	(7)
Gain on acquisition	92	—
Profit before tax	**789**	**603**
Balance Sheet Information		
Loans and advances to customers	£ 27.4bn	£ 19.7bn
Total assets	£ 30.9bn	£ 22.1bn
Performance Ratios		
Cost:income ratio[1]	44%	43%
Other Financial Measures		
Risk tendency[1,2]	£ 1,475m	£ 955m
Risk weighted assets	£ 27.3bn	£ 20.2bn

1 *Defined on page 103.*
2 *Further information on risk tendency is included on page 67.*

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Results by Business

Barclaycard

Barclaycard profit before tax increased 31% (£186m) to £789m (2007: £603m) driven by strong international income growth and lower UK impairment charges. 2008 profit included £40m from the acquisition of, and contribution from, Goldfish, Discover's UK credit card business, acquired on 31st March 2008. The scale of the UK and international businesses increased substantially with total customer numbers up 31% to 23.3m.

Income increased 27% (£689m) to £3,219m (2007: £2,530m) reflecting strong growth in Barclaycard International and £156m from the inclusion of Goldfish, partially offset by a decline in FirstPlus following its closure to new business.

Net interest income increased 30% (£412m) to £1,786m (2007: £1,374m) driven by 58% growth in international average extended credit card balances to £5.2bn.

Net fee and commission income increased 14% (£156m) to £1,299m (2007: £1,143m) driven by growth in Barclaycard International.

Investment income increased £69m to £80m (2007: £11m) reflecting a £64m gain from the Visa IPO and a £16m gain from the sale of shares in MasterCard.

Other income increased £44m to £19m (2007: £25m loss) reflecting a gain from a portfolio sale in the US. 2007 results reflected a £27m loss on disposal of part of the Monument card portfolio.

Impairment charges increased 33% (£270m) to £1,097m (2007: £827m) reflecting £252m growth in charges in the international businesses and £68m from the inclusion of Goldfish. These factors were partially offset by £50m lower impairment in the other UK businesses with reduced flows into delinquency and lower levels of arrears.

Operating expenses increased 30% (£329m) to £1,422m (2007: £1,093m) reflecting continued international growth and increased marketing investment. Operating expenses reflected Goldfish expenses of £140m, including restructuring costs of £64m.

The acquisition of Goldfish resulted in a gain on acquisition of £92m.

Barclaycard International maintained its strong growth momentum, delivering a 71% (£108m) increase in profit before tax to £260m (2007: £152m). Barclaycard US profit before tax was US$249m which exceeded delivery of the financial plan of US$150m set out at the time of acquisition. Strong balance sheet growth in Barclaycard US included US$1.9bn of credit card receivables acquired from FIA Card Services in August 2008, furthering the existing partnership agreement with US Airways. The acquisition of a majority stake in Woolworths Financial Services in October 2008, added 1.6 million customers to the existing Absa credit card business in South Africa. The Entercard joint venture with Swedbank continued to build presence in Norway, Sweden and Denmark.

Total assets increased 40% to £30.9bn (31st December 2007: £22.1bn) reflecting increases in International assets, the acquisition of Goldfish and the appreciation of the Euro and US Dollar against Sterling. Risk weighted assets increased 35% to £27.3bn (31st December 2007: £20.2bn), driven by acquisitions, the redemption of securitisation deals and exposure growth predominantly in the US.

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Results by Business

Global Retail and Commercial Banking - Western Europe

	Year Ended 31.12.08 £m	Year Ended 31.12.07 £m
Income Statement Information		
Net interest income	856	527
Net fee and commission income	383	322
Net trading income	4	13
Net investment income	161	93
Principal transactions	**165**	**106**
Net premiums from insurance contracts	352	145
Other income	39	7
Total income	**1,795**	**1,107**
Net claims and benefits incurred under insurance contracts	(365)	(170)
Total income net of insurance claims	**1,430**	**937**
Impairment charges and other credit provisions	(296)	(76)
Net income	**1,134**	**861**
Operating expenses excluding amortisation of intangible assets	(915)	(665)
Amortisation of intangible assets	(14)	(8)
Operating expenses	**(929)**	**(673)**
Profit on disposal of subsidiaries, associates and joint ventures	—	8
Gain on acquisition	52	—
Profit before tax	**257**	**196**
Balance Sheet Information		
Loans and advances to customers	£ 53.5bn	£ 35.0bn
Customer accounts	£ 15.3bn	£ 9.4bn
Total assets	£ 64.7bn	£ 43.7bn
Performance Ratios		
Cost:income ratio[1]	65%	72%
Other Financial Measures		
Risk tendency[1,2]	£ 270m	£ 135m
Risk weighted assets	£ 36.5bn	£ 25.0bn

1 *Defined on page 103.*
2 *Further information on risk tendency is included on page 67.*

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Results by Business

Global Retail and Commercial Banking - Western Europe

Global Retail and Commercial Banking - Western Europe profit before tax grew 31% (£61m) to £257m (2007: £196m), despite challenging market conditions in Spain and accelerated investment in the expansion of the franchise. Distribution points increased 347 to 1,145 (2007: 798), including 149 in Italy. Strong income growth including gains of £82m from the Visa IPO and the sale of shares in MasterCard was partially offset by increased impairment and higher operating costs. Profit before tax was favourably impacted by the 16% appreciation in the average value of the Euro against Sterling.

Income increased 53% (£493m) to £1,430m (2007: £937m) reflecting growth in both net interest income and net fee and commission income.

Net interest income increased 62% (£329m) to £856m (2007: £527m) driven by a 63% increase in customer liabilities to £15.3bn (2007: £9.4bn) and a 53% increase in customer assets to £53.5bn (2007: £35.0bn).

Net fee and commission income increased 19% (£61m) to £383m (2007: £322m). Increased fees in retail and in the life insurance businesses were offset by lower market-related investment revenue.

Principal transactions grew £59m to £165m (2007: £106m) including gains from the Visa IPO (£65m) and the sale of shares in MasterCard (£17m) which enabled Western Europe to invest in the expansion of the business.

Impairment charges increased £220m to £296m (2007: £76m). This increase was principally due to higher charges in Spanish commercial property (£82m) and deterioration of the Spanish credit card portfolio (£66m) as a consequence of the rapid slowdown in the Spanish economy.

Operating expenses increased 38% (£256m) to £929m (2007: £673m) reflecting the rapid expansion of the retail distribution network and the strengthening of the Premier segment. Operating expenses also included £55m (2007: £22m) gains from the sale of property.

Gain on acquisition of £52m (2007: nil) arose from the purchase of the Italian residential mortgage business of Macquarie Bank Limited in November 2008.

Total assets grew 48% to £64.7bn (31st December 2007: £43.7bn) reflecting growth in retail mortgages, unsecured lending, commercial lending and a 31% appreciation over the year in the value of the Euro against Sterling. Risk weighted assets increased 46% to £36.5bn (31st December 2007: £25.0bn), primarily reflecting underlying lending growth and the appreciation of the Euro.

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Results by Business

Global Retail and Commercial Banking - Emerging Markets

	Year Ended 31.12.08 £m	Year Ended 31.12.07 £m
Income Statement Information		
Net interest income	616	319
Net fee and commission income	223	140
Net trading income	78	56
Net investment income	91	16
Principal transactions	**169**	**72**
Other income	11	2
Total income	**1,019**	**533**
Impairment charges and other credit provisions	(166)	(39)
Net income	**853**	**494**
Operating expenses excluding amortisation of intangible assets	(711)	(391)
Amortisation of intangible assets	(8)	(4)
Operating expenses	**(719)**	**(395)**
Share of post-tax results of associates and joint ventures	—	1
Profit before tax	**134**	**100**
Balance Sheet Information		
Loans and advances to customers	£ 10.1bn	£ 5.1bn
Customer accounts	£ 9.6bn	£ 6.2bn
Total assets	£ 14.7bn	£ 9.2bn
Performance Ratios		
Cost:income ratio[1]	71%	74%
Other Financial Measures		
Risk tendency[1,2]	£ 350m	£ 140m
Risk weighted assets	£ 15.1bn	£ 10.5bn

1 *Defined on page 103.*

2 *Further information on risk tendency is included on page 67.*

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Global Retail and Commercial Banking - Emerging Markets

Global Retail and Commercial Banking – Emerging Markets profit before tax increased 34% (£34m) to £134m (2007: £100m). Very strong income growth, including £82m from the Visa IPO and the sale of shares in MasterCard, absorbed the increased investment across existing and new markets and higher impairment charges. The number of distribution points increased 286 to 836 (2007: 550). New market entries in 2008 comprised the acquisition of Expobank in Russia, the launch of a new business in Pakistan and the announced acquisition of Bank Akita in Indonesia.

Income increased 91% (£486m) to £1,019m (2007: £533m) reflecting growth in lending, deposit taking and fee-driven transactional revenues.

Net interest income increased 93% (£297m) to £616m (2007: £319m) as loans and advances to customers increased 98% to £10.1bn (2007: £5.1bn). Customer accounts increased 55% to £9.6bn (2007: £6.2bn).

Net fee and commission income increased 59% (£83m) to £223m (2007: £140m) primarily driven by very strong growth in commercial banking and treasury fee income.

Principal transactions increased £97m to £169m (2007: £72m) reflecting higher foreign exchange income, a gain of £68m relating to the Visa IPO and a gain of £14m from the sale of shares in MasterCard.

Impairment charges increased £127m to £166m (2007: £39m) reflecting higher assets and delinquencies, particularly in India and increased wholesale impairment in Africa.

Operating expenses increased 82% (£324m) to £719m (2007: £395m) reflecting continued investment in new markets and expansion of the business in existing markets, with investment in infrastructure and the rollout of global platforms.

Total assets grew 60% to £14.7bn (31st December 2007: £9.2bn) reflecting increases in retail and commercial lending combined with the impact of Sterling depreciation. Risk weighted assets increased 44% to £15.1bn (31st December 2007: £10.5bn), reflecting portfolio growth.

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Results by Business

Global Retail and Commercial Banking - Absa

	Year Ended 31.12.08 £m	Year Ended 31.12.07 £m
Income Statement Information		
Net interest income	1,104	1,055
Net fee and commission income	762	684
Net trading income	6	—
Net investment income	105	70
Principal transactions	**111**	**70**
Net premiums from insurance contracts	234	227
Other income	113	77
Total income	**2,324**	**2,113**
Net claims and benefits incurred under insurance contracts	(126)	(114)
Total income net of insurance claims	**2,198**	**1,999**
Impairment charges and other credit provisions	(347)	(146)
Net income	**1,851**	**1,853**
Operating expenses excluding amortisation of intangible assets	(1,255)	(1,212)
Amortisation of intangible assets	(50)	(55)
Operating expenses	**(1,305)**	**(1,267)**
Share of post-tax results of associates and joint ventures	5	6
Profit on disposal of subsidiaries, associates and joint ventures	1	5
Profit before tax	**552**	**597**
Balance Sheet Information		
Loans and advances to customers	£ 32.7bn	£ 29.9bn
Customer accounts	£ 17.0bn	£ 13.0bn
Total assets	£ 40.4bn	£ 36.4bn
Performance Ratios		
Cost:income ratio[1]	59%	63%
Other Financial Measures		
Risk tendency[1,2]	£ 255m	£ 190m
Risk weighted assets	£ 18.8bn	£ 17.8bn

1 *Defined on page 103.*

2 *Further information on risk tendency is included on page 67.*

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Results by Business

Global Retail and Commercial Banking - Absa

Global Retail and Commercial Banking - Absa profit before tax decreased 8% (£45m) to £552m (2007: £597m) owing to challenging market conditions and the 7% depreciation in the average value of the Rand against Sterling. Profit before tax included a gain of £47m relating to the Visa IPO. Very strong Rand income growth was partially offset by increased impairment and investment in the expansion of the franchise by 176 distribution points to 1,177 (2007: 1,001).

Income increased 10% (£211m) to £2,324m (2007: £2,113m).

Net interest income improved 5% (£49m) to £1,104m (2007: £1,055m) reflecting strong balance sheet growth. Average customer assets increased 9% to £27.7bn (2007: £25.3bn) primarily driven by retail and commercial mortgages and commercial cheque accounts. Average customer liabilities increased 17% to £13.5bn (2007: £11.5bn), primarily driven by retail savings.

Net fee and commission income increased 11% (£78m) to £762m (2007: £684m), underpinned by retail transaction volume growth.

Principal transactions increased £41m to £111m (2007: £70m) reflecting gains on economic hedges relating to the Commercial Property Finance and liquid asset portfolios.

Other income increased £36m to £113m (2007: £77m) reflecting a gain of £47m from the Visa IPO.

Impairment charges increased £201m to £347m (2007: £146m) as a result of rising delinquency levels in the retail portfolios, which have been impacted by rising interest and inflation rates and increasing consumer indebtedness.

Operating expenses increased 3% (£38m) to £1,305m (2007: £1,267m). The cost:income ratio improved from 63% to 59%.

Total assets increased 11% to £40.4bn (31st December 2007: £36.4bn) reflecting broad based asset growth. Risk weighted assets increased 6% to £18.8bn (31st December 2007: £17.8bn), reflecting balance sheet growth.

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Results by Business

Barclays Capital

	Year Ended 31.12.08 £m	Year Ended 31.12.07 £m
Income Statement Information		
Net interest income	1,724	1,179
Net fee and commission income	1,429	1,235
Net trading income	1,506	3,739
Net investment income	559	953
Principal transactions	**2,065**	**4,692**
Other income	13	13
Total income	**5,231**	**7,119**
Impairment charges	(2,423)	(846)
Net income	**2,808**	**6,273**
Operating expenses excluding amortisation of intangible assets	(3,682)	(3,919)
Amortisation of intangible assets	(92)	(54)
Operating expenses	**(3,774)**	**(3,973)**
Share of post-tax results of associates and joint ventures	6	35
Gain on acquisition	2,262	—
Profit before tax	**1,302**	**2,335**
Balance Sheet Information		
Corporate lending portfolio	£ 76.6bn	£ 52.3bn
Loans and advances to banks and customers	£ 206.8bn	£ 135.6bn
Total assets	£1,629.1bn	£ 839.9bn
Performance Ratios		
Cost:income ratio[1]	72%	56%
Other Financial Measures		
Risk tendency[1,2]	£ 415m	£ 140m
Risk weighted assets	£ 227.4bn	£ 178.2bn
Average DVaR (95%)	£ 53.4m	£ 32.5m

1 *Defined further on page 103.*
2 *Further information on risk tendency is included on page 67.*

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Results by Business

Barclays Capital

In an exceptionally challenging market environment Barclays Capital profit before tax decreased 44% (£1,033m) to £1,302m (2007: £2,335m). Profit before tax included a gain on the acquisition of Lehman Brothers North American business of £2,262m. Absa Capital profit before tax grew 13% to £175m (2007: £155m).

Net income included gross losses of £8,053m (2007: £2,999m) due to continuing dislocation in the credit markets. These losses were partially offset by income and hedges of £1,433m (2007: £706m), and gains of £1,663m (2007: £658m) from the general widening of credit spreads on issued notes by Barclays Capital. The gross losses, comprised £6,290m (2007: £2,159m) against income and £1,763m (2007: £782m) in impairment charges. Further detail is provided on page 36.

The integration of the Lehman Brothers North American business is complete and the acquired businesses made a positive contribution, with good results in equities, fixed income and advisory. There was a gain on acquisition of £2,262m. Not included in this gain is expenditure relating to integration of the acquired business.

Income was down 27% at £5,231m (2007: £7,119m) driven by the impact of the market dislocation. There was very strong underlying growth in the US driven by fixed income, prime services and the acquired businesses. In other regions income fell driven by the challenging environment.

Net trading income decreased 60% (£2,233m) to £1,506m (2007: £3,739m) reflecting losses from the credit market dislocation and weaker performance in credit products and equities. This was partially offset by significant growth in interest rates, foreign exchange, emerging markets and prime services. Average DVaR at 95% increased by 64% to £53.4m driven by higher credit spread and interest rate risk.

Net investment income decreased 41% (£394m) to £559m reflecting the market conditions. Net interest income increased 46% (£545m) to £1,724m (2007: £1,179m), driven by strong results in global loans and money markets. Net fee and commission income from advisory and origination activities increased 16% (£194m) to £1,429m. The corporate lending portfolio, including leveraged finance, increased 46% to £76.6bn (31st December 2007: £52.3bn) driven by the decline in the value of Sterling relative to other currencies as well as draw downs on existing loan facilities and the extension of new loans at current terms to financial and manufacturing institutions.

Impairment charges and other credit provisions of £2,423m (2007: £846m) included £1,763m (2007: £782m) due to the credit market dislocation. Other impairment charges of £660m (2007: £64m) principally related to private equity, prime services and the loan book.

Operating expenses fell 5% (£199m) to £3,774m (2007: £3,973m) due to lower performance related pay, partially offset by operating costs of the acquired businesses.

Total headcount increased 6,900 to 23,100 (31st December 2007: 16,200). Prior to the acquisition of Lehman Brothers North American business, headcount during 2008 was materially unchanged except for hiring associated with the annual global graduate programme. The acquisition initially added 10,000 to the headcount but there were reductions in the fourth quarter as the US businesses were integrated.

Total assets increased 94% (£789.2bn) to £1,629.1bn (31st December 2007: £839.9bn) due to an increase in derivative assets of £736.6bn, predominantly driven by significant volatility and movements in yield curves during the year, together with a substantial depreciation in Sterling against most major currencies. Risk weighted assets increased 28% to £227.4bn (31st December 2007: £178.2bn). This was driven by the depreciation in Sterling against the US Dollar and Euro, and an increase in market volatility.

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Results by Business

Barclays Global Investors

	Year Ended 31.12.08 £m	Year Ended 31.12.07 £m
Income Statement Information		
Net interest expense	(38)	(8)
Net fee and commission income	1,917	1,936
Net trading (loss)/income	(14)	5
Net investment loss	(29)	(9)
Principal transactions	**(43)**	**(4)**
Other income	8	2
Total income	**1,844**	**1,926**
Operating expenses excluding amortisation of intangible assets	(1,234)	(1,184)
Amortisation of intangible assets	(15)	(8)
Operating expenses	**(1,249)**	**(1,192)**
Profit before tax	**595**	**734**
Balance Sheet Information		
Total assets	£ 71.3bn	£ 89.2bn
Performance Ratios		
Cost:income ratio[1]	68%	62%
Other Financial Measures		
Risk weighted assets	£ 3.9bn	£ 4.4bn

1 *Defined on page 103.*

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Barclays Global Investors

Barclays Global Investors profit before tax decreased 19% (£139m) to £595m (2007: £734m). Profit was impacted by the cost of provision of selective support of liquidity products of £263m (2007: £80m) and an 8% appreciation in the average value of the US Dollar against Sterling.

Income declined 4% (£82m) to £1,844m (2007: £1,926m).

Net fee and commission income declined 1% (£19m) to £1,917m (2007: £1,936m). This was primarily attributable to reduced incentive fees of £49m (2007: £198m), partially offset by increased securities lending revenue.

Operating expenses increased 5% (£57m) to £1,249m (2007: £1,192m). Operating expenses included charges of £263m (2007: £80m) related to selective support of liquidity products partially offset by a reduction in performance related costs. The cost:income ratio increased to 68% (2007: 62%).

Total assets under management remained flat at £1,040bn (2007: £1,044bn) comprising £61bn of net new assets, £234bn of favourable exchange movements and £299bn of adverse market movements. In US$ terms assets under management decreased 28% (US$584bn) to US$1,495bn (2007: US$2,079bn), comprising US$99bn of net new assets, US$130bn of negative exchange rate movements and US$553bn of negative market movements.

Total assets decreased 20% to £71.3bn (31st December 2007: £89.2bn), mainly attributable to adverse market movements in certain asset management products recognised as investment contracts. Risk weighted assets decreased 11% to £3.9bn (31st December 2007: £4.4bn) mainly attributed to changes in the asset class mix, partially offset by the weakening of Sterling against other currencies.

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Results by Business

Barclays Wealth

	Year Ended 31.12.08 £m	Year Ended 31.12.07 £m
Income Statement Information		
Net interest income	486	431
Net fee and commission income	720	739
Net trading (loss)/income	(11)	3
Net investment (loss)/income	(333)	52
Principal transactions	**(344)**	**55**
Net premium from insurance contracts	136	195
Other income	26	19
Total income	**1,024**	**1,439**
Net claims and benefits incurred under insurance contracts	300	(152)
Total income net of insurance claims	**1,324**	**1,287**
Impairment charges and other credit provisions	(44)	(7)
Net income	**1,280**	**1,280**
Operating expenses excluding amortisation of intangible assets	(919)	(967)
Amortisation of intangible assets	(16)	(6)
Operating expenses	**(935)**	**(973)**
Profit on disposal of subsidiaries, associates and joint ventures	326	—
Profit before tax	**671**	**307**
Balance Sheet Information		
Loans and advances to customers	£ 11.4bn	£ 9.0bn
Customer accounts	£ 42.4bn	£ 34.4bn
Total assets	£ 13.3bn	£ 18.2bn
Performance Ratios		
Cost:income ratio[1]	71%	76%
Other Financial Measures		
Risk tendency[1,2]	£ 20m	£ 10m
Risk weighted assets	£ 10.3bn	£ 8.2bn

1 *Defined on page 103.*
2 *Further information on risk tendency is included on page 67.*

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Barclays Wealth

Barclays Wealth profit before tax grew 119% (£364m) to £671m (2007: £307m). Profit before gains on disposal of £326m increased 12% (£38m) driven by solid income growth and tight cost control, offset by an increase in impairment charges. The closed life assurance business contributed profit before tax of £104m (2007: £110m) prior to its sale in October 2008, which generated a profit on disposal of £326m.

Income increased 3% (£37m) to £1,324m (2007: £1,287m).

Net interest income increased 13% (£55m) to £486m (2007: £431m) reflecting strong growth in both customer deposits and lending. Average deposits grew 19% to £37.2bn (2007: £31.2bn). Average lending grew 31% to £9.7bn (2007: £7.4bn).

Net fee and commission income decreased 3% (£19m) to £720m (2007: £739m) driven by falling equity markets partially offset by increased client assets.

Net investment income, net premiums from insurance contracts and net claims and benefits paid on insurance contracts related wholly to the closed life assurance business. Their overall net impact on income increased marginally to £103m (2007: £95m). The decrease in net investment income, driven by a fall in the value of unit linked contracts and reduced premium income, were offset by reduced net claims and benefits as a result of a fall in the value of linked and non-linked liabilities.

Impairment charges increased £37m to £44m (2007: £7m) from a very low base. This increase reflected both the substantial increase in the loan book over the last three years and the impact of the current economic environment on client liquidity and collateral values.

Operating expenses decreased 4% to £935m (2007: £973m) with significant cost savings including a reduction in performance related costs partially offset by increased expenditure in upgrading technology and operating platforms and continued hiring of client facing staff.

Total client assets, comprising customer deposits and client investments, increased 10% (£12.6bn) to £145.1bn (2007: £132.5bn) with underlying net new asset inflows of £3.2bn and the acquisition of the Lehman Brothers North American business offsetting the impact of market and foreign exchange movements and the sale of the closed life assurance book.

Total assets decreased 27% to £13.3bn (31st December 2007: £18.2bn) reflecting the sale of the closed life assurance business partially offset by strong growth in lending to high net worth and intermediary clients. Risk weighted assets increased 26% to £10.3bn (31st December 2007: £8.2bn) reflecting strong growth in lending.

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Results by Business

Head Office Functions and Other Operations

	Year Ended 31.12.08 £m	Year Ended 31.12.07 £m
Income Statement Information		
Net interest income	182	128
Net fee and commission income	(486)	(424)
Net trading loss	(245)	(66)
Net investment income/(loss)	27	(17)
Principal transactions	**(218)**	**(83)**
Net premiums from insurance contracts	119	152
Other income	26	35
Total income	**(377)**	**(192)**
Impairment charges and other credit provisions	(30)	(3)
Net income	**(407)**	**(195)**
Operating expenses excluding amortisation of intangible assets	(451)	(233)
Amortisation of intangible assets	—	(1)
Operating expenses	**(451)**	**(234)**
Profit on disposal of associates and joint ventures	—	1
Loss before tax	**(858)**	**(428)**
Balance Sheet Information		
Total assets	£ 3.1bn	£ 5.7bn
Other Financial Measures		
Risk tendency[1,2]	£ 5m	£ 10m
Risk weighted assets	£ 0.4bn	£ 1.1bn

1 *Defined on page 103.*

2 *Further information on risk tendency is included on page 67.*

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Head Office Functions and Other Operations

Head Office Functions and Other Operations loss before tax increased £430m to £858m (2007: £428m).

Total income decreased £185m to a loss of £377m (2007: loss of £192m).

Group segmental reporting is performed in accordance with Group accounting policies. This means that inter-segment transactions are recorded in each segment as if undertaken on an arm's length basis. Adjustments necessary to eliminate inter-segment transactions are included in Head Office Functions and Other Operations. The impact of such inter-segment adjustments increased £32m to £265m (2007: £233m). These adjustments included internal fees for structured capital market activities of £141m (2007: £169m) and fees paid to Barclays Capital for debt and equity raising and risk management advice of £151m (2007: £65m), both of which reduce net fees and commission income.

Net interest income increased £54m to £182m (2007: £128m) primarily due to a consolidation adjustment between net interest income and trading income required to match the booking of certain derivative hedging transactions between different segments in the Group. This resulted in a £111m increase in net interest income to £143m (2007: £32m) with an equal and opposite decrease in principal transactions. This was partially offset by an increase in costs in central funding activity due to the money market dislocation, in particular LIBOR resets.

Principal transactions loss increased £135m to £218m (2007: £83m) reflecting the £111m increase in consolidation reclassification adjustment on derivative hedging transactions.

Impairment charges increased £27m to £30m (2007: £3m) mainly reflecting losses on Floating Rate Notes held for hedging purposes.

Operating expenses increased £217m to £451m (2007: £234m). The main drivers of this increase were: a £101m charge for the Group's share of levies that will be raised by the UK Financial Services Compensation Scheme; £64m costs relating to an internal review of Barclays compliance with US economic sanctions; the non-recurrence of a £58m break fee relating to the ABN Amro transaction; lower rental income and lower proceeds on property sales.

Total assets decreased 46% to £3.1bn (31st December 2007: £5.7bn). Risk weighted assets decreased 64% to £0.4bn (31st December 2007: £1.1bn). The decrease in the year was mainly attributable to the increased netting of Group deferred tax assets and liabilities.

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Risk Management

On pages 31 to 71 we have provided an analysis of the key risks faced by the Group across a number of asset classes and businesses, referencing significant portfolios and including summary measures of asset quality. Additional information referenced in this section is to be found in the notes to the financial information.

We set out on pages 31 to 34 a detailed analysis of the Group's total assets by valuation basis and underlying asset class, to provide an overview of the nature of the Group's assets and risks.

Detailed disclosures and analysis are provided on Barclays Capital's credit market exposures by asset class, covering current exposures, losses in the year, sales and pay downs, foreign exchange movements and where appropriate details of collateral held; geographic spread, vintage and credit quality. These are set on pages 35 to 51.

On pages 52 to 68, we review the Group's other credit risk exposures, focusing on the quality of the Group's loans and advances to customer and banks, as well as the credit quality of the Group's debt securities.

The Group's principal exposure to market risk is set out on pages 69, as captured through a review of Barclays Capital's average daily value at risk (DVaR).

Finally, on pages 70 to 71, we provide summary information in respect of Barclays liquidity risk.

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Analysis of Total Assets

	Notes[1]	As at 31.12.08 £m	Accounting Basis Fair Value £m	Accounting Basis Cost Based Measure £m
Assets				
Cash and balances at central banks		**30,019**		**30,019**
Items in the course of collection from other banks		**1,695**		**1,695**
Treasury & other eligible bills		4,544	4,544	
Debt securities		148,686	148,686	
Equity securities		30,535	30,535	
Traded loans		1,070	1,070	
Commodities[7]		802	802	
Trading portfolio assets		**185,637**	**185,637**	
Financial assets designated at fair value				
Loans and advances		30,187	30,187	
Debt securities		8,628	8,628	
Equity securities		6,496	6,496	
Other financial assets[8]		9,231	9,231	
Held for own account		**54,542**	**54,542**	
Held in respect of linked liabilities to customers under investment contracts[9]		**66,657**	**66,657**	
Derivative financial instruments	16	**984,802**	**984,802**	
Loans and advances to banks	19, 21	**47,707**		**47,707**
Loans and advances to customers	20, 21	**461,815**		**461,815**
Debt securities		58,831	58,831	
Equity securities		2,142	2,142	
Treasury & other eligible bills		4,003	4,003	
Available for sale financial instruments		**64,976**	**64,976**	
Reverse repurchase agreements and cash collateral on securities borrowed		130,354		130,354
Other assets		6,302		6,302
Current tax assets		389		389
Investments in associates and joint ventures		341		341
Goodwill		7,625		7,625
Intangible assets		2,777		2,777
Property, plant and equipment		4,674		4,674
Deferred tax assets		2,668		2,668
		2,052,980	**1,356,614**	**696,366**

1 *Notes start on page 76.*
2 *Further analysis of loans and advances is on pages 52 to 66.*
3 *Further analysis of debt securities and other bills is on page 68*
4 *Reverse repurchase agreements comprise primarily short-term cash lending with assets pledged by counterparties securing the loan.*
5 *Equity securities comprise primarily equity securities determined by available quoted prices in active markets.*

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Risk Management

Analysis of Total Assets						Sub Analysis
Derivatives £m	Loans and Advances[2] £m	Debt Securities and Other Bills[3] £m	Reverse Repurchase[4] £m	Equity Securities[5] £m	Other £m	Credit Market Exposures[6] £m
					30,019	
					1,695	
		4,544				
		148,686				4,745
				30,535		
	1,070					
					802	
	1,070	**153,230**		**30,535**	**802**	
	30,057				130	14,429
		8,628				
				6,496		
	1,469		7,283		479	
	31,526	**8,628**	**7,283**	**6,496**	**609**	
					66,657	
984,802						9,234
	47,707					
	461,815					12,808
		58,831				727
				2,142		
		4,003				
		62,834		**2,142**		
			130,354			
					6,302	109
					389	
					341	
					7,625	
					2,777	
					4,674	
					2,668	
984,802	**542,118**	**224,692**	**137,637**	**39,173**	**124,558**	

6 *Further analysis of Barclays Capital credit market exposures is on pages 35 to 51. Off-balance sheet commitments of £1,030m not included in the table above.*

7 *Commodities primarily consists of physical inventory positions.*

8 *These instruments consist primarily of loans with embedded derivatives and reverse repurchase agreements designated at fair value.*

9 *Financial assets designated at fair value in respect of linked liabilities to customers under investment contracts have not been further analysed as the Group is not exposed to the risks inherent in these assets.*

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Analysis of Barclays Capital Credit Market Exposures by Asset Class

	As at 31.12.08 £m	ABS CDO Super Senior £m	Other US Sub-prime £m	Alt-A £m	RMBS Wrapped by Monoline Insurers £m
Debt securities	4,745		782	2,532	
Trading portfolio assets	**4,745**		782	2,532	
Loans and advances	**14,429**		1,565	778	
Financial assets designated at fair value	**14,429**		1,565	778	
Derivative financial instruments	**9,234**		643	398	1,639
Loans and advances to customers	**12,808**	3,104	195		
Debt securities	727		147	580	
Available for sale financial instruments	**727**		147	580	
Other assets	**109**		**109**		
Exposure on balance sheet		**3,104**	**3,441**	**4,288**	**1,639**

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Risk Management

Commercial Real Estate Loans £m	Commercial Mortgage Backed Securities £m	CMBS Wrapped by Monoline Insurers £m	Leveraged Finance £m	SIVs and SIV-lites £m	CDPCs £m	CLO and Other Exposure Wrapped by Monoline Insurers £m
	1,420			11		
	1,420			11		
11,555				531		
11,555				531		
23	(685)	1,854		273	150	4,939
			9,361	148		
11,578	**735**	**1,854**	**9,361**	**963**	**150**	**4,939**

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Barclays Capital Credit Market Exposures

Barclays Capital's credit market exposures primarily relate to US residential mortgages, commercial mortgages and leveraged finance businesses that have been significantly impacted by the continued deterioration in the global credit markets. The exposures include both significant positions subject to fair value movements in the profit and loss account and positions that are classified as loans and advances and available for sale. None of the exposure disclosed below has been reclassified to loans and advances under the amendments to IAS 39.

The exposures are set out by asset class in US Dollars and Sterling below:

		$m[1]		£m[1]	
US Residential Mortgages	Notes	As at 31.12.08	As at 31.12.07	As at 31.12.08	As at 31.12.07
ABS CDO super senior	A1	4,526	9,356	3,104	4,671
Other US sub-prime	A2	5,017	10,089	3,441	5,037
Alt-A	A3	6,252	9,847	4,288	4,916
US RMBS exposure wrapped by monoline insurers	A4	2,389	1,462	1,639	730
Commercial Mortgages					
Commercial real estate	B1	16,882	22,239	11,578	11,103
Commercial mortgage-backed securities	B1	1,072	2,596	735	1,296
CMBS exposure wrapped by monoline insurers	B2	2,703	395	1,854	197
Other Credit Market Exposures					
Leveraged finance	C1	15,152	18,081	10,391	9,027
SIVs and SIV-lites	C2	1,404	1,570	963	784
CDPCs	C3	218	39	150	19
CLO and other exposure wrapped by monoline insurers	C4	7,202	817	4,939	408

These exposures have been actively managed during the year in an exceptionally challenging market environment and have been reduced by net sales and paydowns of £6,311m, offset by the 37% appreciation of the US Dollar against Sterling. In January 2009, there was an additional sale of £3,056m of leveraged finance exposure which was repaid at par. Exposures at 31st December 2008 included £1,060m of securities from the acquisition of Lehman Brothers North American businesses. Exposures wrapped by monolines have increased during the course of 2008 as a result of declines in the fair value of the underlying assets.

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

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Risk Management

There were gross losses of £8,053m (2007: £2,999m) in the year to 31st December 2008. These losses were partially offset by related income and hedges of £1,433m (2007: £706m), and gains of £1,663m (2007: £658m) from the general widening of credit spreads on issued notes measured at fair value through the profit and loss account.

The gross losses, which included £1,763m (2007: £782m) in impairment charges, comprised: £5,584m (2007: £2,811m) against US RMBS exposures; £1,488m (2007: £14m) against commercial mortgage exposures; and £981m (2007: £174m) against other credit market exposures.

	Fair Value Losses £m	Impairment Charge £m	Gross Losses £m
ABS CDO super senior	(78)	(1,383)	(1,461)
Other US sub-prime	(1,560)	(168)	(1,728)
Alt-A	(1,858)	(125)	(1,983)
US RMBS wrapped by monoline insurers	(412)	—	(412)
Total US residential mortgages	**(3,908)**	**(1,676)**	**(5,584)**
US	(671)	—	(671)
Europe	(350)	—	(350)
Total commercial real estate	**(1,021)**	**—**	**(1,021)**
Commercial mortgage-backed securities	(127)	—	(127)
CMBS wrapped by monoline insurers	(340)	—	(340)
Total commercial mortgages	**(1,488)**	**—**	**(1,488)**
SIVs and SIV-Lites	(143)	(87)	(230)
CDPCs	(14)	—	(14)
CLO and other assets wrapped by monoline insurers	(737)	—	(737)
Total other credit market	**(894)**	**(87)**	**(981)**
Total	**(6,290)**	**(1,763)**	**(8,053)**

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A. US Residential Mortgages

US residential mortgage exposures have reduced by 19% in Sterling terms, since 31st December 2007.

A1. ABS CDO Super Senior

During the year ABS CDO Super Senior exposures reduced by £1,567m to £3,104m (31st December 2007: £4,671m). Net exposures are stated after writedowns and charges of £1,461m incurred in 2008 (2007: £1,816m) and hedges of £nil (31st December 2007: £1,347m). There were no hedges in place at 31st December 2008 as the corresponding liquidity facilities had been terminated. There were liquidations and paydowns of £2,318m in the year; weaker Sterling and a reduction in hedges increased exposure by £865m and £1,347m respectively.

The remaining ABS CDO Super Senior exposure at 31st December 2008 comprised five high grade liquidity facilities which were fully drawn and classified within loans and receivables, and no remaining mezzanine exposure. At 31st December 2007 there were 15 facilities of which nine were high grade and six mezzanine.

The impairment assessment of remaining super senior positions is based on cash flow methodology using standard market assumptions such as default curves and remittance data to calculate the net present value of the future losses for the collateral pool over time. As a result, future potential impairment charges depend on changes in these assumptions.

We have included all ABS CDO Super Senior exposure in the US residential mortgages section as nearly 90% of the underlying collateral relates to US RMBS. The impairment applied to the notional collateral is set out in the table opposite.

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A1. ABS CDO Super Senior

	As at 31.12.08 High Grade £m	As at 31.12.08 Total £m	As at 31.12.07 High Grade £m	As at 31.12.07 Mezzanine £m	As at 31.12.07 Total £m	As at 31.12.08 Marks %	As at 31.12.07 Marks %
2005 and earlier	1,226	1,226	1,458	1,152	2,610	90%	69%
2006	471	471	1,654	314	1,968	37%	47%
2007 and 2008	25	25	176	87	263	69%	53%
Sub-prime	**1,722**	**1,722**	**3,288**	**1,553**	**4,841**	**75%**	**60%**
2005 and earlier	891	891	714	102	816	77%	96%
2006	269	269	594	68	662	75%	90%
2007 and 2008	62	62	163	13	176	37%	80%
Alt-A	**1,222**	**1,222**	**1,471**	**183**	**1,654**	**74%**	**92%**
Prime	520	520	662	123	785	100%	100%
RMBS CDO	402	402	842	445	1,287	0%	19%
Sub-prime second lien	127	127	158	—	158	0%	32%
Total US RMBS	**3,993**	**3,993**	**6,421**	**2,304**	**8,725**	**68%**	**63%**
CMBS	44	44	189	110	299	100%	96%
Non-RMBS CDO	453	453	429	80	509	56%	49%
CLOs	35	35	26	—	26	100%	100%
Other ABS	51	51	136	4	140	100%	100%
Total Other ABS	**583**	**583**	**780**	**194**	**974**	**66%**	**72%**
Total Notional Collateral	**4,576**	**4,576**	**7,201**	**2,498**	**9,699**	**68%**	**64%**
Subordination	(459)	(459)	(1,001)	(864)	(1,865)		
Gross exposure pre-impairment	**4,117**	**4,117**	**6,200**	**1,634**	**7,834**		
Impairment allowances	(1,013)	(1,013)	(290)	(432)	(722)		
Trading losses gross of hedges	—	—	(1,041)	(53)	(1,094)		
Hedges	—	—	(960)	(387)	(1,347)		
Net exposure	**3,104**	**3,104**	**3,909**	**762**	**4,671**		
Collateral marks including liquidated structures						**32%**	**62%**

1 *Marks above reflect the gross exposure after impairment and subordination and do not include the benefit of hedges. The change in marks since 31st December 2007 primarily results from the liquidation during 2008 of the most impaired structures*

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Consolidated collateral of £8.4bn relating to the ten CDOs that were liquidated in 2008 has been sold or are stated at fair value net of hedges within Other US sub-prime, Alt-A and CMBS exposures. The notional collateral remaining at 31st December 2008 is marked at approximately 12%. The collateral valuation for all ABS CDO Super Senior deals, including those liquidated and consolidated in 2008, is approximately 32% (31st December 2007: 62%).

The collateral for the outstanding ABS CDO Super Senior exposures primarily comprises residential mortgage backed securities (RMBS). At 31st December 2008 the residual exposure contains a higher proportion of collateral originated in 2005 and earlier than at 31st December 2007. There is minimal exposure to collateral originated in 2007 or later. The vintages of the sub-prime, Alt-A and US RMBS collateral are set out in the table below.

	As at 31.12.08	As at 31.12.07
Sub-prime Collateral by Vintage		
2005 and earlier	**71%**	54%
2006	**27%**	41%
2007 and 2008	**2%**	5%
Alt-A Collateral by Vintage		
2005 and earlier	**73%**	49%
2006	**22%**	40%
2007 and 2008	**5%**	11%
US RMBS Collateral by Vintage		
2005 and earlier	**72%**	53%
2006	**25%**	40%
2007 and 2008	**3%**	7%

RMBS collateral for the ABS CDO Super Senior exposures is subject to public ratings. The ratings of sub-prime, Alt-A and total US RMBS CDO collateral are set out in the table below.

	31.12.08 High Grade	31.12.07 High Grade	31.12.07 Mezzanine	31.12.07 Total
Sub-prime US RMBS Ratings				
AAA/AA	42%	43%	2%	30%
A/BBB	21%	51%	82%	60%
Non-investment Grade	37%	6%	16%	10%
Alt-A RMBS Ratings				
AAA/AA	66%	89%	47%	85%
A/BBB	7%	8%	45%	12%
Non-investment Grade	27%	3%	8%	3%
Total US RMBS Ratings				
AAA/AA	50%	63%	14%	50%
A/BBB	13%	31%	70%	41%
Non-investment Grade	37%	6%	16%	9%

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A2. Other US Sub-Prime

	As at 31.12.08 £m	As at 31.12.07 £m	Marks at 31.12.08	Marks at 31.12.07
Whole loans - performing	1,290	2,805	80%	100%
Whole loans - more than 60 days past due	275	372	48%	65%
Total whole loans	**1,565**	**3,177**	**72%**	**94%**
AAA securities	111	735	40%	92%
Other sub-prime securities	818	525	23%	61%
Total securities gross of hedges	**929**	**1,260**	**25%**	**76%**
Hedges	—	(369)		
Securities (net of hedges)	**929**	**891**		
Residuals	—	233	0%	24%
Other exposures with underlying sub-prime collateral:				
– Derivatives	643	333	87%	100%
– Loans	195	346	70%	100%
– Real Estate	109	57	46%	68%
Total other direct and indirect exposure	**1,876**	**1,860**		
Total	**3,441**	**5,037**		

The majority of Other US sub-prime exposures are measured at fair value through profit and loss. US sub-prime securities held in conduits and a collateralised debt obligation (CDO) are categorised as available for sale and are recognised in equity.

Exposure declined from £5,037m to £3,441m driven by gross losses of £1,728m and net sales, paydowns and other movements of £1,649m. Weaker Sterling resulted in an increase in exposure of £1,086m. Exposures at 31st December 2008 included assets acquired from Lehman Brothers North American business of £83m in AAA securities and £124m in other US sub-prime securities.

At 31st December 2008, 82% of the whole loan exposure was performing. Whole loans included £1,422m (31st December 2007: £2,843m) acquired on or originated since the acquisition of EquiFirst in March 2007. Of this balance, £281m of new sub-prime loans were originated in 2008. At 31st December 2008, the average loan to value at origination of all the sub-prime whole loans was 79%. Loans guaranteed by Federal Housing Administration (FHA) are not included in the exposure above. An FHA loan is a mortgage loan fully insured by the US Federal Housing Administration and therefore not considered to be a credit sensitive product. EquiFirst has only originated FHA eligible loans since April 2008, and held £132m of these loans at 31st December 2008.

Securities included £37m held by consolidated conduits and £110m held in a CDO on which impairment charges of £16m and £53m respectively have been recorded.

Other exposures with underlying sub-prime collateral include counterparty derivative exposures to vehicles which hold sub-prime collateral. The majority of this exposure was the most senior obligation of the vehicles.

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A3. Alt-A

	As at 31.12.08 £m	As at 31.12.07 £m	Marks at 31.12.08 %	Marks at 31.12.07 %
AAA securities	1,847	3,553	43%	87%
Other Alt-A securities	1,265	208	9%	75%
Whole Loans	776	909	67%	97%
Residuals	2	25	6%	66%
Derivative exposure with underlying Alt-A collateral	398	221	100%	100%
Total	**4,288**	**4,916**		

Alt-A securities, whole loans and residuals are measured at fair value through profit and loss. Alt-A securities held in conduits and a collateralised debt obligation (CDO) are categorised as available for sale and are recognised in equity.

Net exposure to the Alt-A market was £4,288m (31st December 2007: £4,916m), through a combination of whole loans, securities and residuals, including those held in consolidated conduits. There were gross losses of £1,983m in the year and net sales, paydowns and other movements of £181m. Weaker Sterling resulted in an increase in exposure of £1,190m. Exposures at 31st December 2008 included assets acquired from Lehman Brothers North American business of £300m in AAA securities and £324m in other Alt-A securities.

Securities included £491m held by consolidated conduits and £89m held in a CDO on which impairment charges of £65m and £58m respectively have been recorded.

At 31st December 2008, 75% of the Alt-A whole loan exposure was performing, and the average loan to value ratio at origination was 81%.

Other exposures with underlying Alt-A collateral included counterparty derivative exposures to vehicles which hold Alt-A collateral. The majority of this exposure was the most senior obligation of the vehicles.

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A4. US Residential Mortgage Backed Securities Exposure Wrapped by Monoline Insurers

The deterioration in the US residential mortgage market has resulted in exposure to monoline insurers and other financial guarantors that provide credit protection.

The table below shows RMBS assets where we held protection from monoline insurers at 31st December 2008. These are measured at fair value through profit and loss. Declines in fair value of the underlying assets are reflected in increases in the value of potential claims against monoline insurers. Such declines have resulted in net exposure to monoline insurers under these contracts increasing to £1,639m by 31st December 2008 (2007: £730m).

Claims would become due in the event of default of the underlying assets and losses would only be realised if both the underlying asset and monoline defaulted. At 31st December 2008 while 81% of the underlying assets were non-investment grade, 97% are wrapped by monolines with investment grade ratings.

There is some uncertainty whether all of the monoline insurers would be able to meet all liabilities if such claims were to arise: certain monoline insurers have been subject to downgrades in 2008. Consequently, a fair value loss of £412m has been recognised in the year. There have been no claims due under these contracts as none of the underlying assets were in default at 31st December 2008.

The fair value is determined by a credit valuation adjustment calculation which incorporates stressed cashflow shortfall projections, current market valuations, stressed Probability of Default (PDs) and a range of Loss Given Default (LGD) assumptions. The cashflow shortfall projections are stressed to ensure that we consider the potential for further market deterioration and resultant additional cashflow shortfall in underlying collateral. Monoline ratings are based on external ratings analysis and where appropriate significant internal analysis conducted by the independent Credit Risk function. In addition, we reflect the potential for further deterioration of monolines by using stressed PDs which results in all monolines having an implied sub-investment grade rating. LGDs range from 45% to 100% depending on the monoline.

Exposure by Credit Rating of Monoline Insurer

	Notional £m	Fair Value of Underlying Asset £m	Fair Value Exposure £m	Credit Valuation Adjustment £m	Net Exposure £m
As at 31.12.08					
AAA/AA	—	—	—	—	—
A/BBB	2,567	492	2,075	(473)	1,602
Non-investment grade	74	8	66	(29)	37
Total	**2,641**	**500**	**2,141**	**(502)**	**1,639**
As at 31.12.07					
AAA/AA	**2,807**	**2,036**	**771**	**(41)**	**730**

The notional value of the assets, split by the current rating of the monoline insurer, is shown below.

	Rating of Monoline Insurers - As at 31.12.08			
	AAA/AA £m	A/BBB £m	Non-Investment Grade £m	Total £m
2005 and earlier	—	143	—	143
2006	—	1,240	—	1,240
2007 and 2008	—	510	—	510
High Grade	**—**	**1,893**	**—**	**1,893**
Mezzanine - 2005 and earlier	—	625	74	699
CDO^2 - 2005 and earlier	—	49	—	49
US RMBS	**—**	**2,567**	**74**	**2,641**

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The notional value of the assets, split by the current rating of the underlying asset, is shown below.

	Rating of Underlying Asset – As at 31.12.08			
	AAA/AA £m	A/BBB £m	Non-Investment Grade £m	Total £m
2005 and earlier	143	—	—	143
2006	—	—	1,240	1,240
2007 and 2008	—	—	510	510
High Grade	**143**	**—**	**1,750**	**1,893**
Mezzanine - 2005 and earlier	31	330	338	699
CDO^2 - 2005 and earlier	—	—	49	49
US RMBS	**174**	**330**	**2,137**	**2,641**

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B. Commercial Mortgages

Commercial mortgages have increased by 12% in Sterling terms.

B1. Commercial Mortgages

Exposures in Barclays Capital's commercial mortgages portfolio, all of which are measured at fair value, comprised commercial real estate loan exposure of £11,578m (31st December 2007: £11,103m) and commercial mortgage-backed securities (CMBS) of £735m (31st December 2007: £1,296m). During the year there were gross losses of £1,148m. Gross sales and paydowns of £1,034m in the UK and Continental Europe and £2,167m in the US were partially offset by additional drawdowns. Weaker Sterling increased exposure by £3,058m.

The commercial real estate loan exposure comprised 55% US, 41% UK and Europe and 4% Asia. 5% of the total relates to land or property under construction.

The US exposure included two large transactions which comprised 42% of the total US exposure and have paid down approximately £789m in the year. The remaining 58% of the US exposure comprised 76 transactions. The remaining weighted average number of years to initial maturity of the US portfolio is 1.4 years.

The UK and Europe portfolio is well diversified with 64 transactions in place as at 31st December 2008. In Europe protection is provided by loan covenants and periodic LTV retests, which cover 90% of the portfolio. 47% of the German exposure relates to one transaction secured on multifamily residential assets. Exposure to the Spanish market represents less than 1% of global exposure at 31st December 2008.

	As at 31.12.08 £m	As at 31.12.07 £m	Marks at 31.12.08 %	Marks at 31.12.07 %
Commercial Real Estate Exposure by Region				
US	6,329	5,947	88%	99%
Germany	2,467	1,783	95%	100%
Sweden	265	250	96%	100%
France	270	289	94%	100%
Switzerland	176	127	97%	100%
Spain	106	89	92%	100%
Other Continental Europe	677	779	90%	100%
UK	831	1,422	89%	100%
Asia	457	417	97%	100%
Total	**11,578**	**11,103**		

	WALTV[1]	WAM[2]	WALA[3]
Commercial Real Estate Exposure Metrics			
US	79.5%	1.4 yrs	1.6 yrs
Germany	79.4%	4.6 yrs	1.5 yrs
Other Europe	82.2%	4.5 yrs	1.7 yrs
UK	77.8%	5.8 yrs	1.8 yrs
Asia	93.3%	4.7 yrs	1.3 yrs

1 Weighted-average loan- to- value based on the most recent valuation
2 Weighted-average number of years to initial maturity
3 Weighted-average loan age

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	US £m	Germany £m	Other Europe £m	UK £m	Asia £m	Total £m
Commercial Real Estate Exposure by Industry As at 31.12.08						
Office	2,081	436	802	192	145	3,656
Residential	1,957	1,268	—	229	128	3,582
Retail	66	567	96	110	118	957
Hotels	1,145	—	441	29	18	1,633
Leisure	—	—	—	233	—	233
Land	232	—	—	—	—	232
Industrial	582	126	131	38	10	887
Mixed/Others	243	70	24	—	38	375
Hedges	23	—	—	—	—	23
Total	**6,329**	**2,467**	**1,494**	**831**	**457**	**11,578**

	As at 31.12.08 £m	As at 31.12.07 £m	Marks[1] at 31.12.08 %	Marks[1] at 31.12.07 %
Commercial Mortgage Backed Securities (Net of Hedges)				
AAA securities	588	1,008		
Other securities	147	288		
Total	**735**	**1,296**	**21%**	**98%**

Exposure is stated net of hedges traded in the liquid index swap market with market counterparties. The counterparty exposure is managed through a standard derivative collateralisation process and none of the hedge counterparties are monoline insurers.

Exposures at 31st December 2008 included assets acquired from Lehman Brothers North American business of £143m in AAA securities and £86m in other securities.

1 *Marks are based on gross collateral.*

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B2. CMBS Exposure Wrapped by Monoline Insurers

The deterioration in the commercial mortgage market has resulted in exposure to monoline insurers and other financial guarantors that provide credit protection.

The table below shows Commercial Mortgage Backed Security (CMBS) assets where we held protection from monoline insurers at 31st December 2008. These are measured at fair value through profit and loss. Declines in fair value of the underlying assets are reflected in increases in the value of potential claims against monoline insurers. Such declines have resulted in net exposure to monoline insurers under these contracts increasing to £1,854m by 31st December 2008 (31st December 2007: £197m).

Claims would become due in the event of default of the underlying assets and losses would only be realised if both the underlying asset and monoline defaulted. At 31st December 2008 all underlying assets were rated AAA/AA and 89% are wrapped by monolines with investment grade ratings.

There is some uncertainty whether all of the monoline insurers would be able to meet all liabilities if such claims were to arise: certain monoline insurers have been subject to downgrades in 2008. Consequently, a fair value loss of £340m has been recognised in the year. There have been no claims due under these contracts as none of the underlying assets were in default at 31st December 2008.

The fair value is determined by a credit valuation adjustment calculation which incorporates stressed cashflow shortfall projections, current market valuations, stressed Probability of Default (PDs) and a range of Loss Given Default (LGD) assumptions. The cashflow shortfall projections are stressed to ensure that we consider the potential for further market deterioration and resultant additional cashflow shortfall in underlying collateral. Monoline ratings are based on external ratings analysis and where appropriate significant internal analysis conducted by the independent Credit Risk function. In addition, we reflect the potential for further deterioration of monolines by using stressed PDs which results in all monolines having an implied sub-investment grade rating. LGDs range from 45% to 100% depending on the monoline.

Exposure by Credit Rating of Monoline Insurer

	Notional £m	Fair Value of Underlying Asset £m	Fair Value Exposure £m	Credit Valuation Adjustment £m	Net Exposure £m
As at 31.12.08					
AAA/AA	69	27	42	(4)	38
A/BBB	3,258	1,301	1,957	(320)	1,637
Non-investment grade	425	181	244	(65)	179
Total	**3,752**	**1,509**	**2,243**	**(389)**	**1,854**
As at 31.12.07					
AAA/AA	**3,614**	**3,408**	**206**	**(9)**	**197**

The notional value of the assets, split by the current rating of the monoline insurer, is shown below.

	Rating of Monoline Insurers – As at 31.12.08			
	AAA/AA £m	A/BBB £m	Non-investment Grade £m	Total £m
2005 and earlier	—	437	—	437
2006	69	544	—	613
2007 and 2008	—	2,277	425	2,702
CMBS	**69**	**3,258**	**425**	**3,752**

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The notional value of the assets split by the current rating of the monoline insurer, is shown below. All CMBS assets were rated AAA/AA at 31st December 2008.

	Rating of underlying asset – As at 31.12 08			
	AAA/AA £m	A/BBB £m	Non-Investment Grade £m	Total £m
2005 and earlier	437	—	—	437
2006	613	—	—	613
2007 and 2008	2,702	—	—	2,702
CMBS	**3,752**	**—**	**—**	**3,752**

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C. Other Credit Market Exposures

In the year ended 31st December 2008 these exposures increased by 61% in Sterling terms.

C1. Leveraged Finance

Leveraged loans are classified within loans and advances and are stated at amortised cost less impairment. The overall credit performance of the assets remains satisfactory.

At 31st December 2008, the gross exposure relating to leveraged finance loans was £10,506m (31st December 2007: £9,217m). Barclays Capital expects to hold these leveraged finance positions until redemption. Material movements since 31st December 2007 reflect exchange rate changes rather than changes in loan positions.

The net exposure relating to leverage finance loans of £10,391m (31st December 2007: £9,027m) was reduced to £7,335m following a repayment of £3,056m at par in January 2009.

	As at 31.12.08 £m	As at 31.12.07 £m
Leveraged Finance Exposure by Region		
UK	4,810	4,401
US	3,830	3,037
Europe	1,640	1,568
Asia	226	211
Total lending and commitments	**10,506**	**9,217**
Identified and unidentified impairment[1]	(115)	(190)
Net lending and commitments	**10,391**	**9,027**

The industry classification of the exposure was as follows:

	As at 31.12.08			As at 31.12.07		
	Drawn £m	Undrawn £m	Total £m	Drawn £m	Undrawn £m	Total £m
Leveraged Finance Exposure by Industry						
Insurance	2,546	31	2,577	2,456	78	2,534
Telecoms	2,998	211	3,209	2,259	240	2,499
Retail	904	128	1,032	828	132	960
Healthcare	659	144	803	577	141	718
Media	655	89	744	469	127	596
Services	568	131	699	388	134	522
Manufacture	500	102	602	371	125	496
Chemicals	317	26	343	46	286	332
Other	329	168	497	233	327	560
Total	**9,476**	**1,030**	**10,506**	**7,627**	**1,590**	**9,217**

New leveraged finance commitments originated after 30th June 2007 comprised £573m (31st December 2007: £1,148m).

1 *The movement in impairment during the period is primarily due to the release of the provision on the post year end repayment, for which there was a binding commitment as at 31st December 2008.*

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C2. SIVs and SIV-Lites

	As at 31.12.08 £m	As at 31.12.07 £m	Marks at 31.12.08 %	Marks at 31.12.07 %
SIVs/SIV-Lites				
Liquidity facilities	679	466	62%	100%
Bond inventory	11	52	7%	37%
Derivatives	273	266		
Total	**963**	**784**		

SIV exposure increased from £784m to £963m during the year. There were £230m of gross losses against SIVs and SIV lites in the year. Weaker Sterling resulted in an increase in exposure of £281m.

At 31st December 2008 liquidity facilities of £679m (31st December 2007: £466m) include £531m designated at fair value through profit and loss relating to a SIV-lite which had previously been hedged with Lehman Brothers. Following the Lehman Brothers bankruptcy this facility was reflected as a new exposure to the underlying assets. The remaining £148m represented drawn liquidity facilities in respect of SIV-lites and other structured investment vehicles classified as loans and advances stated at cost less impairment.

Bond inventory and derivatives are fair valued through profit and loss.

Movement in derivative exposure primarily related to CDS exposure due to general spread widening. At 31st December 2008 exposure was broadly in line with the prior year.

C3. CDPC Exposure

Credit derivative product companies ("CDPCs") are specialist providers of credit protection principally on corporate exposures in the form of credit derivatives. The Group has purchased protection from CDPCs against a number of securities with a notional value of £1,772m. The fair value of the exposure to CDPCs at 31st December 2008 was £150m. There were £14m of gross losses in the year.

Of the notional exposure, 45% related to AAA/AA rated counterparties, with the remainder rated A/BBB.

Exposure by Credit Rating of CDPC

	Notional £m	Gross Exposure £m	Credit Valuation Adjustment £m	Net Exposure £m
As at 31.12.08				
AAA/AA	796	77	(14)	63
A/BBB	976	87	—	87
Total	**1,772**	**164**	**(14)**	**150**
As at 31.12.07				
AAA/AA	**1,262**	**19**	**—**	**19**

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C4. CLO and Other Exposure Wrapped by Monoline Insurers

The table below shows Collateralised Loan Obligations (CLOs) and other assets where we held protection from monoline insurers at 31st December 2008. The deterioration in markets for these assets has resulted in exposure to monoline insurers and other financial guarantors that provide credit protection. These are measured at fair value through profit and loss. Declines in fair value of the underlying assets are reflected in increases in the value of potential claims against monoline insurers. Such declines have resulted in net exposure to monoline insurers under these contracts increasing to £4,939m by 31st December 2008 (31st December 2007: £408m).

Claims would become due in the event of default of the underlying assets and losses would only be realised if both the underlying asset and monoline defaulted. At 31st December 2008 all of the underlying assets have investment grade ratings and 39% are wrapped by monolines rated AAA/AA. 87% of the underlying assets were CLOs, all of which were rated AAA/AA.

There is some uncertainty whether all of the monoline insurers would be able to meet all liabilities if such claims were to arise: certain monoline insurers have been subject to downgrades in 2008. Consequently, a fair value loss of £737m, has been recognised in the year. There have been no claims due under these contracts as none of the underlying assets were in default at 31st December 2008.

The fair value is determined by a credit valuation adjustment calculation which incorporates stressed cashflow shortfall projections, current market valuations, stressed Probability of Default (PDs) and a range of Loss Given Default (LGD) assumptions. The cashflow shortfall projections are stressed to ensure that we consider the potential for further market deterioration and resultant additional cashflow shortfall in underlying collateral. Monoline ratings are based on external ratings analysis and where appropriate significant internal analysis conducted by the independent Credit Risk function. In addition, we reflect the potential for further deterioration of monolines by using stressed PDs for non-AAA rated monolines, which results in all other monolines having an implied sub-investment grade rating. LGDs range from 45% to 100% depending on the monoline.

Exposure by Credit Rating of Monoline Insurer

	Notional £m	Fair Value of Underlying Asset £m	Fair Value Exposure £m	Credit Valuation Adjustment £m	Net Exposure £m
As at 31.12.08					
AAA/AA	8,281	5,854	2,427	(55)	2,372
A/BBB	6,446	4,808	1,638	(204)	1,434
Non-investment grade	6,148	4,441	1,707	(574)	1,133
Total	**20,875**	**15,103**	**5,772**	**(833)**	**4,939**
As at 31.12.07					
AAA/AA	**15,152**	**14,735**	**417**	**(9)**	**408**

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The notional value of the assets, split by the current rating of the monoline insurer, is shown below.

	Rating of Monoline Insurer - As at 31.12.08			
	AAA/AA £m	A/BBB £m	Non-investment grade £m	Total £m
2005 and earlier	2,064	1,647	2,326	6,037
2006	1,803	2,173	1,918	5,894
2007 and 2008	3,324	1,369	1,602	6,295
CLOs	**7,191**	**5,189**	**5,846**	**18,226**
2005 and earlier	131	661	70	862
2006	145	158	232	535
2007 and 2008	814	438	—	1,252
Other	**1,090**	**1,257**	**302**	**2,649**
Total	**8,281**	**6,446**	**6,148**	**20,875**

The notional value of the assets split by the current rating of the underlying asset is shown below. All of the underlying assets had investment grade ratings as at 31st December 2008.

	Rating of Underlying Asset - As at 31.12.08			
	AAA/AA £m	A/BBB £m	Non-investment grade £m	Total £m
2005 and earlier	6,037	—	—	6,037
2006	5,894	—	—	5,894
2007 and 2008	6,295	—	—	6,295
CLOs	**18,226**	**—**	**—**	**18,226**
2005 and earlier	862	—	—	862
2006	535	—	—	535
2007 and 2008	785	467	—	1,252
Other	**2,182**	**467**	**—**	**2,649**
Total	**20,408**	**467**	**—**	**20,875**

Own Credit

The carrying amount of issued notes that are designated under the IAS 39 fair value option is adjusted to reflect the effect of changes in own credit spreads. The resulting gain or loss is recognised in the income statement.

At 31st December 2008, the own credit adjustment arose from the fair valuation of £54.5bn of Barclays Capital structured notes (31st December 2007: £40.7bn). The widening of Barclays credit spreads in the year affected the fair value of these notes and as a result revaluation gains of £1,663m were recognised in trading income (2007: £658m).

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Credit Risk

Loans and Advances to Customers and Banks

Total loans and advances to customers and banks net of impairment allowance grew 32% to £542,118m. Loans and advances at amortised cost were £509,522m (2007: £385,518m) and loans and advances at fair value were £32,596m (2007: £25,271m).

Loans and Advances at Amortised Cost

	Gross Loans & Advances £m	Impairment Allowance £m	Loans & Advances Net of Impairment £m	Credit Risk Loans £m	CRLs % of Gross Loans & Advances %	Impairment Charge £m	Loan Loss Rates bp
As at 31.12.08							
Wholesale - customers	266,750	2,784	263,966	8,144	3.1%	2,540	95
Wholesale - banks	47,758	51	47,707	48	0.1%	40	8
Total wholesale	**314,508**	**2,835**	**311,673**	**8,192**	**2.6%**	**2,580**	**82**
Retail - customers	201,588	3,739	197,849	7,508	3.7%	2,333	116
Total retail	**201,588**	**3,739**	**197,849**	**7,508**	**3.7%**	**2,333**	**116**
Total	**516,096**	**6,574**	**509,522**	**15,700**	**3.0%**	**4,913**	**95**
As at 31.12.07							
Wholesale - customers	187,086	1,309	185,777	5,157	2.8%	1,190	64
Wholesale - banks	40,123	3	40,120	—	—	(13)	(3)
Total wholesale	**227,209**	**1,312**	**225,897**	**5,157**	**2.3%**	**1,177**	**52**
Retail - customers	162,081	2,460	159,621	4,484	2.8%	1,605	99
Total retail	**162,081**	**2,460**	**159,621**	**4,484**	**2.8%**	**1,605**	**99**
Total	**389,290**	**3,772**	**385,518**	**9,641**	**2.5%**	**2,782**	**71**

Gross loans and advances to customers and banks at amortised cost grew 33% to £516,096m (31st December 2007: £389,290m).

The principal driver in the wholesale portfolio was Barclays Capital which grew by £72,514m (53%). This was driven by a decline in the value of Sterling relative to other currencies, increased draw downs on existing corporate lending facilities and the extension of new loans to corporate clients at current terms. Additionally, continuing market volatility resulted in increased cash collateral being placed with clients relating to OTC derivatives.

The principal drivers in the retail portfolio were: GRCB – Western Europe, which grew £14,436m (59%) as a result of growth in new personal products and currency movements, and UK Retail Banking, which grew £12,319m (15%), principally in the Home Finance business.

Credit risk loans rose 63% to £15,700m (31st December 2007: £9,641m). As a percentage of gross loans and advances, credit risk loans rose to 3.0% (31st December 2007: 2.5%). CRL balances were higher in all businesses as credit conditions deteriorated across Barclays areas of operations. The most notable increases were in Barclays Capital, the international businesses in Global Retail & Commercial Banking, and the UK home finance portfolios.

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Risk Management

Impairment charges on loans and advances increased 77% (£2,131m) to £4,913m (2007: £2,782m), and included charges of £1,763m against ABS CDO Super Senior and other credit market exposures. Further analysis of these charges is provided on pages 63, 64 and 78.

Impairment charges on loans and advances as a percentage of period-end Group total loans and advances ("loan loss rate") increased to 95bp (2007: 71bp).

In the wholesale and corporate portfolios, impairment charges on loans and advances rose 119% (£1,403m) to £2,580m (31st December 2007: £1,177m). Gross loans and advances rose 38% to £314,508m (31st December 2007: £227,209m). The loan loss rate on the wholesale and corporate portfolio rose to 82bp (2007: 52bp).

In the retail portfolios, impairment charges on loans and advances rose 45% (£728m) to £2,333m (2007: £1,605m), principally as a consequence of increased impairment in the international portfolios, whilst gross loans and advances increased 24% to £201,588m (31st December 2007: £162,081m). The retail loan loss rate increased to 116bp (2007: 99bp).

Impairment allowances increased 74% to £6,574m (31st December 2007: £3,772m). The Group's CRL coverage ratio increased to 41.9% (31st December 2007: 39.1%). The most significant drivers were higher coverage of ABS CDO super senior CRLs, offset by an increase in CRLs in well-secured home loan portfolios, and in the general corporate portfolio where the recovered outlook is relatively high, and increased early-cycle delinquent balances in retail unsecured portfolios. The Group's PCRL coverage ratio also increased to 36.2% (31st December 2007: 33.0%), see page 65 for more detail.

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Wholesale Credit Risk

Gross loans and advances to wholesale customers and banks grew 38% to £314,508m (31st December 2007: £227,209m), largely due to Barclays Capital where loans and advances increased £72,514m (53%).

Credit Risk Loans (CRLs) rose 59% to £8,192m (31st December 2007: £5,157m). As a percentage of gross loans and advances, CRLs increased 13% to 2.6% (31st December 2007: 2.3%). CRL balances were higher in all businesses, reflecting the downturn in economic conditions, with some deterioration across default grades, higher levels of Early Warning List balances and a rise in impairment and loan loss rates in most wholesale portfolios. The largest rises were in Barclays Capital and GRCB Western Europe.

Impairment charges on loans and advances rose 119% (£1,403m) to £2,580m (31st December 2007: £1,177m), primarily in Barclays Capital, although all other businesses were higher than the previous year. Impairment in Barclays Commercial Bank rose in both the Larger and Medium Business divisions. Deterioration in the Spanish commercial and residential property markets led to higher impairment in GRCB Western Europe, while in GRCB Absa, wholesale credit impairment began to rise from a low base and credit indicators began to show deterioration. The loan loss rate on the wholesale and corporate portfolio rose to 82bp (2007: 52bp).

In the wholesale and corporate portfolios impairment allowances increased 116% to £2,835m (31st December 2007: £1,312m).

Wholesale Loans and Advances to Customers and Banks

	Gross Loans and Advances £m	Impairment Allowance £m	Loans and Advances Net of Impairment £m	Credit Risk Loans £m	CRLs % of Gross Loans and Advances %	Impairment Charge £m	Loan Loss Rates bp
As at 31.12.08							
BCB	68,904	504	68,400	1,181	1.7%	414	60
Barclaycard	301	2	299	20	6.6%	11	365
GRCB WE	15,432	232	15,200	578	3.7%	125	81
GRCB EM	7,551	122	7,429	191	2.5%	36	48
GRCB Absa	8,648	140	8,508	304	3.5%	19	22
Barclays Capital	208,596	1,796	206,800	5,743	2.8%	1,936	93
BGI	834	—	834	—	—	—	—
Barclays Wealth	3,282	28	3,254	174	5.3%	28	85
Head Office	960	11	949	1	0.1%	11	115
Total	**314,508**	**2,835**	**311,673**	**8,192**	**2.6%**	**2,580**	**82**
As at 31.12.07							
BCB	65,535	483	65,052	956	1.5%	292	45
Barclaycard	295	3	292	17	5.8%	9	305
GRCB WE	10,927	63	10,864	93	0.9%	19	17
GRCB EM	4,833	79	4,754	119	2.5%	10	21
GRCB Absa	5,321	112	5,209	97	1.8%	11	21
Barclays Capital	136,082	514	135,568	3,791	2.8%	833	61
BGI	211	—	211	—	—	—	—
Barclays Wealth	2,745	7	2,738	47	1.7%	—	—
Head Office	1,260	51	1,209	37	2.9%	3	24
Total	**227,209**	**1,312**	**225,897**	**5,157**	**2.3%**	**1,177**	**52**

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Barclays largest corporate loan portfolios continue to be in Barclays Capital and Barclays Commercial Bank. Barclays Capital's corporate loan book grew 43% to £72,796m, driven by the decline in the value of Sterling relative to other currencies as well as draw downs on existing loan facilities and the extension of new loans at current terms to financial and manufacturing institutions. Loans and advances at amortised cost grew 5% in Barclays Commercial Bank and was focused in lower-risk portfolios in Larger Business.

Portfolio growth rates were higher in the international businesses, where GRCB's wholesale portfolios in Western Europe, Emerging Markets and Absa grew by 40%, 56% and 63%, respectively.

Analysis of Wholesale Loans and Advances Net of Impairment Allowances

	Corporate		Government		Settlement Balances & Cash Collateral		Other Wholesale		Total Wholesale	
	2008 £m	2007 £m	2008 £m	2007 £m	2008 £m	2007 £m	2008 £m	2007 £m	2008 £m	2007 £m
Wholesale										
BCB	67,741	64,773	659	279	—	—	—	—	68,400	65,052
Barclaycard	299	292	—	—	—	—	—	—	299	292
GRCB WE	15,017	10,721	32	4	—	—	151	139	15,200	10,864
GRCB EM	5,283	3,276	1,709	1,193	—	—	437	285	7,429	4,754
GRCB Absa	8,480	5,204	28	5	—	—	—	—	8,508	5,209
Barclays Capital	72,796	51,038	3,760	1,220	79,418	46,639	50,826	36,671	206,800	135,568
BGI	834	211	—	—	—	—	—	—	834	211
Barclays Wealth	3,254	2,738	—	—	—	—	—	—	3,254	2,738
Head Office	949	1,209	—	—	—	—	—	—	949	1,209
Total	**174,653**	**139,462**	**6,188**	**2,701**	**79,418**	**46,639**	**51,414**	**37,095**	**311,673**	**225,897**

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Analysis of Barclays Capital Wholesale Loans and Advances Net of Impairment Allowances

	Gross Loans & Advances £m	Impairment Allowance £m	Loans and Advances Net of Impairment £m	Credit Risk Loans £m	CRLs % of Gross Loans & Advances %	Impairment Charge £m	Loan Loss Rates bp
As at 31.12.08							
Loans & Advances Bank							
Cash collateral & settlement balances	19,264	—	19,264	—	—	—	—
Interbank lending	24,086	51	24,035	48	0.2%	40	17
Loans & Advances to Customers							
Corporate lending	77,042	486	76,556	1,100	1.4%	305	40
ABS CDO Super Senior	4,117	1,013	3,104	4,117	100.0%	1,383	3,359
Other wholesale lending	23,933	246	23,687	478	2.0%	208	87
Cash collateral and settlement balances	60,154	—	60,154	—	—	—	—
Total	**208,596**	**1,796**	**206,800**	**5,743**	**2.8%**	**1,936**	**93**

Barclays Capital wholesale loans and advances increased 53% to £208,596m (2007: £136,082m). This was driven by a decline in the value of Sterling relative to other currencies, increased drawdowns on existing corporate lending facilities and the extension of new loans to corporate clients at current terms. Additionally, continuing market volatility resulted in increased cash collateral being placed with clients relating to OTC derivatives.

The corporate lending portfolio, including leveraged finance, increased 47% to £76,556m (2007: £52,258) primarily due to draw downs on existing loan facilities and the extension of new loans at current terms to financial and manufacturing institutions.

Included within corporate lending and other wholesale lending portfolios are £7,674m of loans backed by retail mortgage collateral.

Barclays Capital Loans and Advances Held at Fair Value

Barclays Capital loans and advances held at fair value were £19,630m (2007: £18,259m). These assets are primarily made up of US RMBS whole loans and commercial real estate loans, £14,429m of which is discussed within the credit market exposures.

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Analysis of Barclays Commercial Bank Loans and Advances

The tables below analyses the industry split of Barclays Commercial Bank loans and advances after impairment allowance of £504m. The loan book consists of both loans and advances held at amortised cost and loans and advances held at fair value.

	Total £m
Loans and Advances to Banks at Amortised Cost	
Financial institutions services	867
Total	**867**

	Total £m
Loans and Advances to Customers at Amortised Cost	
Business and other services	16,611
Construction	3,974
Energy and water	1,112
Financial institutions and services	6,427
Finance Lease receivables	6,644
Manufacturing	8,378
Postal and communications	1,303
Property	8,985
Transport	2,014
Wholesale and retail distribution and leisure	11,426
Government	659
Total	**67,533**

	Total £m
Loans and Advances Held at Fair Value	
Business and other services	535
Construction	39
Financial institutions and services	32
Property	7,366
Government	4,994
Total	**12,966**

Loans and advances held at fair value were £12,966m as at 31st December 2008. Of these, £12,360m related to Government, Local Authority and Social Housing. Fair value exceeds amortised cost by £3,018m. Fair value is calculated using a valuation model with reference to observable market inputs and is matched by offsetting fair value movements on hedging instruments.

Property balances within loans and advances at amortised cost and held at fair value totalled £16,351m, of which £8,795m related to social housing.

The weighted average of the drawn balance loss given default, for all of the above loans and advances, is 31%.

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Barclays Commercial Bank Financial Sponsor Leveraged Finance

As at 31st December 2008, the exposure relating to Financial Sponsor related leveraged finance loans in Barclays Commercial Bank was £2,445m, of which £1,875m related to drawn amounts recorded in loans and advances.

	As at 31.12.08 £m
Leveraged Finance Exposure by Region	
UK	2,111
Europe	323
Other	11
Total lending and commitments	**2,445**
Underwriting	28
Total exposure	**2,473**

The industry classification of the exposure was as follows:

	Drawn £m	Undrawn £m	Total £m
Leveraged Finance Exposure by Industry - As at 31.12.08			
Business and other services	1,083	288	1,371
Construction	12	5	17
Energy and water	43	17	60
Financial institutions and services	58	10	68
Manufacturing	307	130	437
Postal and communications	35	2	37
Property	26	5	31
Transport	14	43	57
Wholesale and retail distribution and leisure	297	70	367
Total exposure	**1,875**	**570**	**2,445**

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Retail Credit Risk

Gross Loans and Advances to retail customers grew 24% to £201,588m (31st December 2007: £162,081m). The principal drivers were GRCB Western Europe, UK Retail Banking, and Barclaycard. The GRCB Western Europe retail portfolio grew by £14,436m (59%) to £38,918m, largely driven by Home Loans in Spain and Italy, and the appreciation in the value of the Euro against Sterling. The UK Retail Banking portfolio increased by £12,319m (15%) to £96,083m, primarily driven by UK Home Loans. The Barclaycard Retail portfolios grew by £8,866m (43%) to £29,390m, with growth across the US, UK and Western European card portfolios.

Credit Risk Loans rose 67% to £7,508m (31st December 2007: £4,484m). As a percentage of gross loans and advances, Credit Risk Loans increased to 3.7% (31st December 2007: 2.8%). CRL balances were higher in all businesses as credit conditions deteriorated across Barclays areas of operations. The most notable increases were in the international businesses in GRCB, particularly Absa.

Impairment charges on loans and advances increased 45% (£728m) to £2,333m (2007: £1,605m), mainly due to adverse performances in the international portfolios, partially offset by improvement in some UK portfolios. Impairment charges on loans and advances as a percentage of period-end retail loans and advances ("loan loss rate") increased to 116bp (2007: 99bp).

Impairment allowances increased 52% to £3,739m (31st December 2007: £2,460m). The CRL coverage ratio decreased to 49.8% (31st December 2007: 54.9%). The PCRL coverage ratio also decreased to 46.7% (31st December 2007: 49.4%).

Retail Loans and Advances to Customers Net of Impairment Allowances

	Gross Loans & Advances £m	Impairment Allowance £m	Loans & Advances Net of Impairment £m	Credit Risk Loans £m	CRLs % of Gross Loans & Advances %	Impairment Charge £m	Loan Loss Rates bp
As at 31.12.08							
UKRB	96,083	1,134	94,949	2,403	2.5%	602	63
Barclaycard	29,390	1,677	27,713	2,566	8.7%	1,086	370
GRCB WE	38,918	302	38,616	794	2.0%	171	44
GRCB EM	4,083	191	3,892	179	4.4%	130	318
GRCB Absa	24,677	411	24,266	1,518	6.2%	328	133
Barclays Wealth	8,437	24	8,413	48	0.6%	16	19
Total	**201,588**	**3,739**	**197,849**	**7,508**	**3.7%**	**2,333**	**116**
As at 31.12.07							
UKRB	83,764	1,005	82,759	2,063	2.5%	559	67
Barclaycard	20,524	1,093	19,431	1,601	7.8%	818	399
GRCB WE	24,482	81	24,401	250	1.0%	57	23
GRCB EM	1,881	44	1,837	67	3.6%	29	154
GRCB Absa	24,994	235	24,759	499	2.0%	135	54
Barclays Wealth	6,436	2	6,434	4	0.1%	7	11
Total	**162,081**	**2,460**	**159,621**	**4,484**	**2.8%**	**1,605**	**99**

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Risk Management

Total home loans to retail customers grew by 27% to £135,077m, driven by the 58% rise in GRCB – Western Europe, reflecting currency movements and book growth. The UK home finance portfolios within UK Retail Banking grew 18% to £82,303m (31st December 2007: £69,805m).

Unsecured retail credit (credit card and unsecured loans) portfolios grew 43% to £38,856m, (31st December 2007: £27,256m), principally as a result of growth in Barclaycard US and GRCB – Western Europe as well as the acquisition of Goldfish in the UK.

Analysis of Retail Loans and Advances Net of Impairment Allowances

	Home Loans		Cards and Unsecured Loans		Other Retail		Total Retail	
	2008 £m	2007 £m	2008 £m	2007 £m	2008 £m	2007 £m	2008 £m	2007 £m
UKRB	82,303	69,805	8,294	8,297	4,352	4,657	94,949	82,759
Barclaycard	—	—	23,224	14,930	4,489	4,501	27,713	19,431
GRCB WE	33,760	21,393	4,395	2,660	461	348	38,616	24,401
GRCB EM	603	285	2,900	1,369	389	183	3,892	1,837
GRCB Absa	18,411	15,136	43	—	5,812	9,623	24,266	24,759
Barclays Wealth	—	—	—	—	8,413	6,434	8,413	6,434
Total	**135,077**	**106,619**	**38,856**	**27,256**	**23,916**	**25,746**	**197,849**	**159,621**

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Home Loans

The Group's principal home loans portfolios continue to be in the UK Retail Banking Home Finance business (61% of the Group's total), GRCB – Western Europe (25%) primarily Spain, and South Africa (14%). During the year, the Group managed the risk profile of these portfolios by strengthening underwriting criteria and reducing the maximum loan to value (LTV) ratios, with greater discrimination between purchases and remortgages and, within the UK buy to let (BTL) segment, between portfolio customers and single property investors.

Credit quality of the principal Home Loan portfolios reflected relatively low levels of high LTV lending. Using current valuations, the LTV of the portfolios as at 31st December 2008 was 40% for UK Home Finance, 48% for Spain and 41% for South Africa. The average LTV for new mortgage business during 2008 at origination was 47% for UK Home Finance, 63% for Spain and 58% for South Africa. The percentage of balances with an LTV of over 85% based on current values was 10% for UK Home Finance, 5% for Spain and 25% for South Africa. In the UK, BTL mortgages comprised 6.8% the total stock.

Impairment charges rose across the home loans portfolios, reflecting the impact of lower house prices as well as some increase in arrears rates. Three-month arrears as at 31st December 2008 were 0.91% for UK mortgages, 0.76% for Spain and 2.11% for South Africa. To support the Group's risk profile, we increased collections staff across the businesses and improved operational practices to boost effectiveness.

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

	UK		Spain		South Africa	
	2008 %	2007 %	2008 %	2007 %	2008 %	2007 %
<= 75%	78.2%	90.1%	86.7%	92.2%	60.5%	68.6%
> 75% & <= 80%	6.1%	4.7%	4.8%	4.2%	7.5%	7.2%
> 80% & <= 85%	5.5%	2.5%	3.7%	1.6%	7.2%	7.1%
> 85% & <= 90%	4.5%	1.5%	1.6%	0.7%	7.6%	5.9%
> 90% & <= 95%	2.5%	0.9%	1.3%	0.6%	6.7%	6.1%
> 95%	3.1%	0.3%	1.9%	0.7%	10.5%	5.1%
MTM LTV %	40%	34%	48%	45%	41%	38%
Avg. LTV on New Mortgages	47%	49%	63%	63%	58%	59%

Home Loans – Three-Month Arrears[2]

	As at 31.12.08 %	As at 30.06.08 %	As at 31.12.07 %
UK	0.91%	0.70%	0.63%
Spain	0.76%	0.46%	0.24%
South Africa	2.11%	0.96%	0.25%

1 *Based on the following portfolios: UK: UKRB Residential Mortgage and Buy to Let portfolios Spain: GRCB Western Europe Spanish retail home finance portfolio South Africa: GRCB Absa retail home finance portfolio.*

2 *Defined as total 90 day + delinquent balances as a percentage of outstandings.*

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Credit Cards and Unsecured Loans

The Group's largest card and unsecured loan portfolios are in the UK (47% of Group total). The US accounts for 19%, where Barclaycard's portfolio is largely Prime credit quality (FICO score of 660 or more). To address the impact of economic deterioration and the impact of weaker labour markets on the unsecured portfolios in 2008, the Group used a range of measures to improve new customer quality and control the risk profile of existing customers.

In the UK Cards portfolio, initial credit lines were made more conservative, followed by selective credit limit increases using more accurately assessed customer behaviour. The overall number of credit limit increases were reduced by strengthening qualification criteria and a proportion of higher-risk dormant accounts were closed. Arrears rates in the UK Cards portfolio fell slightly during the year, reflecting measures taken to improve customer quality in 2007 and 2008. Repayment Plan balances grew to support government initiatives to supply relief to customers experiencing financial difficulty. Payment rates in repayment plans remained relatively stable.

As a percentage of the portfolio, three-month arrears rates rose during 2008 to 1.87% for UK Loans and 2.15% for US Cards. The rate reduced to 1.28% at UK Cards.

Unsecured Lending 3 Month Arrears[1]

	As at 31.12.08 %	As at 30.06.08 %	As at 31.12.07 %
UK Cards[2]	1.28%	1.36%	1.36%
UK Loans[3]	1.87%	1.40%	1.35%
US Cards[4]	2.15%	2.08%	1.83%

1 *Defined as total 90 day + delinquent balances as a percentage of outstandings. Excludes legal and repayment plans.*
2 *UK Cards now based on Barclaycard branded cards, excluding Goldfish.*
3 *UK Loans based on Barclayloan.*
4 *Excludes Business Card and US Airways portfolios.*

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Impairment Charges and Other Credit Provisions

	Year Ended 31.12.08 £m	Year Ended 31.12.07 £m
UK Retail Banking	602	559
Barclays Commercial Bank	414	292
Barclaycard	1,097	827
GRCB - Western Europe	296	76
GRCB - Emerging Markets	166	39
GRCB - Absa	347	146
Barclays Capital	419	64
Barclays Wealth	44	7
Head Office Functions & Other Operations	11	3
Group Total	**3,396**	**2,013**
ABS CDO Sub-Prime & Other Credit Market Provisions	1,763	782
Group Total (Including ABS CDO)	**5,159**	**2,795**
Other AFS Assets & Reverse Repos	260	—
Group Total (Including ABS CDO & AFS/Reverse Repos)	**5,419**	**2,795**

Global Retail and Commercial Banking

Impairment charges in **UK Retail Banking** increased £43m to £602m (2007: £559m), reflecting growth in the book and deteriorating economic conditions. In UK Home Finance, whilst 3 month arrears increased from 0.63% to 0.91%, the quality of the book and conservative loan to value ratios meant that the impairment charges and amounts charged off remained low at £24m (2007: £3m release). Impairment charges in Consumer Lending increased 3% reflecting the current economic environment and loan growth.

The impairment charge in **Barclays Commercial Bank** increased £122m to £414m (2007: £292m), primarily reflecting higher impairment losses in Larger Business, particularly in the final quarter as the UK corporate credit environment deteriorated.

The impairment charge in **Barclaycard** increased £270m (33%) to £1,097m (2007: £827m) reflecting higher charges in Barclaycard International portfolios, particularly Barclaycard US which was driven by loan growth, rising delinquency due to deteriorating economic conditions and exchange rate movements; and £68m from the inclusion of Goldfish. These factors were partially offset by lower charges in UK Cards and secured consumer lending.

Impairment charges in **GRCB - Western Europe** increased £220m to £296m (2007: £76m) principally due to deteriorating economic trends and asset growth in Spain, where there were higher charges in the commercial portfolios as a consequence of the slowdown in the property and construction sectors. In addition higher household indebtedness and rising unemployment has driven up delinquency and charge-offs in the personal sector.

Impairment charges in **GRCB - Emerging Markets** increased £127m to £166m (2007: £39m), reflecting: weakening credit conditions which adversely impacted delinquency trends in the majority of the retail portfolios; asset growth, particularly in India; and increased wholesale impairment in Africa.

Impairment charges in **GRCB - Absa** increased £201m to £347m (2007: £146m) as a result of rising delinquency levels in the retail portfolios, which have been impacted by rising interest and inflation rates and increasing consumer indebtedness.

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Investment Banking and Investment Management

Barclays Capital impairment charges of £2,423m (2007: £846m) included a charge of £1,763m (2007: £782m) against ABS CDO Super Senior and other credit market positions. Further impairment charges of £241m were incurred in respect of available for sale assets and reverse repos (2007: nil). Other impairment charges increased £355m to £419m (2007: £64m) and primarily related to charges in the private equity and other loans business.

The impairment charge in **Barclays Wealth** increased £37m to £44m (2007: £7m) from a very low base. This increase reflected both the substantial increase in the loan book over the last three years and the impact of the current economic environment on client liquidity and collateral values.

The impairment charge In **Head Office Functions and Other Operations** increased £8m to £11m (2007: £3m) mainly reflecting losses on Floating Rate Notes held for hedging purposes. An additional £19m (2007: nil) of impairment charges were incurred on available for sale assets.

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Potential Credit Risk Loans and Coverage Ratios

	CRLs		PPLs		PCRLS	
	31.12.08	31.12.07	31.12.08	31.12.07	31.12.08	31.12.07
Retail Secured	2,783	1,474	280	317	3,063	1,791
Retail Unsecured and other	4,725	3,010	217	183	4,942	3,193
Retail	**7,508**	**4,484**	**497**	**500**	**8,005**	**4,984**
Corporate/Wholesale (excl ABS)	4,075	1,813	1,959	496	6,034	2,309
Group (excl ABS)	**11,583**	**6,297**	**2,456**	**996**	**14,039**	**7,293**
ABS CDO Super Senior	4,117	3,344	—	801	4,117	4,145
Group	**15,700**	**9,641**	**2,456**	**1,797**	**18,156**	**11,438**

	Impairment Allowance		CRL Coverage		PCRL Coverage	
	31.12.08	31.12.07	31.12.08	31.12.07	31.12.08	31.12.07
Retail Secured	561	320	20.2%	21.7%	18.3%	17.9%
Retail Unsecured and other	3,178	2,140	67.3%	71.1%	64.3%	67.0%
Retail	**3,739**	**2,460**	**49.8%**	**54.9%**	**46.7%**	**49.4%**
Corporate/Wholesale (excl ABS)	1,822	1,022	44.7%	56.4%	30.2%	44.3%
Group (excl ABS)	**5,561**	**3,482**	**48.0%**	**55.3%**	**39.6%**	**47.7%**
ABS CDO Super Senior	1,013	290	24.6%	8.7%	24.6%	7.0%
Group	**6,574**	**3,772**	**41.9%**	**39.1%**	**36.2%**	**33.0%**

Credit Risk Loans

Credit risk loans (CRLs) rose 63% to £15,700m (2007: £9,641m). Balances were higher in all businesses as credit conditions deteriorated across Barclays areas of operations and mirrored the overall growth in loans and advances. The most notable increases were in Barclays Capital and the non-UK businesses in Global Retail and Commercial Banking.

CRLs in retail secured mortgage products increased by £1,309m (89%) to £2,783m (2007: £1,474m). The key driver was Absa Home Finance where balances increased significantly as a result of higher interest rates and increasing consumer indebtedness. Increases were also seen in UK Home Finance, reflecting weakening UK house prices and the slowing economy, and in Spain, as economic conditions deteriorated.

CRLs in the unsecured and other retail portfolios increased by £1,715m (57%) to £4,725m (2007: £3,010m). The key drivers for this increase were: Absa, which was impacted by higher interest rates and increasing consumer indebtedness, Barclaycard US, due to deteriorating credit conditions which resulted in rising delinquency rates, asset growth and exchange rate movements, and in Spain, as economic conditions deteriorated and consumer indebtedness increased.

Corporate/Wholesale CRLs increased by £3,035m (59%) to £8,192m (2007: £5,157m). Corporate/Wholesale CRLs, excluding ABS CDO Super Senior positions of £4,117m, increased by £2,262m (125%) to £4,075m (2007: £1,813m). The key drivers were in Barclays Capital, following a number credit downgrades, increasing default probabilities and Spain, primarily due to increases to the property-related names. Balances also increased in Barclays Commercial Bank and Absa Commercial and Banking Business as corporate credit conditions deteriorated, particularly in the last quarter of 2008.

CRLs on ABS CDO Super Senior positions increased £773m (23%) to £4,117m (2007: £3,344m). The majority of this increase resulted from a migration of assets, totalling £801m, from potential problem loans (PPLs) to CRLs.

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Potential Problem Loans

Balances within the Group's potential problem loans (PPLs) category rose by £659m to £2,456m (31st December 2007: £1,797m). The principal movements were in the corporate and wholesale portfolios, where PPLs rose £1,463m to £1,959m (31st December 2007: £496m) as credit conditions deteriorated. This rise was offset by a fall in PPLs relating to ABS CDO positions, as those balances moved into the CRL category. Broadly flat PPLs from retail portfolios reflected methodology alignments affecting the South African portfolio which transferred balances of just over £200m previously reported as PPLs to CRLs. This was offset by rises in UK Retail Banking, GRCB Western Europe and GRCB Emerging Markets.

Potential Credit Risk Loans

Combining CRLs and PPLs, total potential credit risk loans (PCRL) balances in the corporate and wholesale portfolios increased by 161% to £6,034m (31st December 2007: £2,309m) as a number of names migrated into the CRL and PPL categories, reflecting higher default probabilities in the deteriorating global wholesale environment. PCRLs relating to ABS CDO positions remained stable at £4,117m (31st December 2007: £4,145m).

Total retail PCRL balances increased 61% to £8,005m (31st December 2007: £4,984m) as delinquency rates rose across a number of secured and unsecured portfolios following a deterioration in credit conditions, particularly in the UK, US, Spain and South Africa.

Group PCRL balances rose 59% to £18,156m (31st December 2007: £11,438m). Excluding ABS CDO Super Senior positions of £4,117m, PCRLs increased 92% to £14,039m (31st December 2007: £7,293m).

Impairment Allowances and Coverage Ratios

Impairment allowances increased 74% to £6,574m (31st December 2007: £3,772m). Excluding allowances for ABS CDO Super Senior positions of £1,013m, allowances increased by 60% to £5,561m (31st December 2007: £3,482m). Allowances increased in all businesses as credit conditions deteriorated, but most notably in Barclays Capital and GRCB international businesses.

Reflecting this 74% rise in impairment allowance compared with the 63% rise in total CRLs, the Group's CRL coverage ratio rose to 41.9% (31st December 2007: 39.1%). Coverage ratios for PCRLs also rose, to 36.2% (31st December 2007: 33.0%).

The largest driver for these increases was the near four-fold increase in the impairment held against ABS CDO Super Senior positions as the LGD of these assets increased.

Allowance coverage ratios of CRLs and PCRLs excluding allowances for the drawn ABS CDO Super Senior positions of £1,013m decreased to 48.0% (31st December 2007: 55.3%) and 39.6% (31st December 2007: 47.7%), respectively. These movements in coverage ratios reflected:

- An increase in CRLs and PCRLs in the well-secured home loan portfolios.
- Higher CRLs and PCRLs in the corporate sector, where the recovery outlook is relatively high.
- Increased early-cycle delinquent balances in the retail unsecured portfolios, as credit conditions worsened. These earlier-cycle balances, which tend to attract relatively lower impairment requirements, have increased as a proportion of the total delinquent balances.

The decrease in the PCRL coverage ratio, excluding the allowances for drawn ABS CDO Super Senior positions of £1,013m, was also driven by the overall increase in the PPLs as a proportion of total PCRLs. Since, by definition, PPLs attract lower levels of impairment than CRLs, a higher proportion of PPLs in total PCRLs will tend to lower the overall coverage ratio.

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Risk Tendency

Risk tendency is a statistical estimate of average expected loss levels for a rolling 12-month period based on averages in the range of possible losses expected, differing from impairment where there must be objective evidence of incurred impairment as at the balance sheet date, and applies to credit exposures not reported as credit risk loans.

Since Risk Tendency and impairment allowances are calculated for different parts of the portfolio, for different purposes and on different bases, Risk Tendency does not predict loan impairment. Risk Tendency is provided to present a view of the evolution of the quality of the credit portfolios.

	Year Ended 31.12.08 £m	Year Ended 31.12.07 £m
Risk Tendency		
UK Retail Banking	520	470
Barclays Commercial Bank	400	305
Barclaycard	1,475	955
GRCB - Western Europe	270	135
GRCB - Emerging Markets	350	140
GRCB - Absa	255	190
Barclays Capital	415	140
Barclays Wealth	20	10
Head Office Functions & Other Operations	5	10
Group total	**3,710**	**2,355**

Risk Tendency increased 58% (£1,355m) to £3,710m (31st December 2007: £2,355m), compared with 32% growth in the Group's loans and advances balances. This was reflective of the higher credit risk profile, weakening credit conditions across our main businesses, and changing mix, as a consequence of planned growth, in a number of businesses and portfolios. Risk Tendency in 2008 also increased as a result of the weakening of Sterling against a number of other foreign currencies, including the US Dollar and the Euro.

UK Retail Banking Risk Tendency increased £50m to £520m (31st December 2007: £470m). This reflected a higher risk profile in the unsecured and secured loans portfolios, weakening UK credit conditions, and asset growth, primarily in the Home Finance portfolio.

Risk Tendency in **Barclays Commercial Bank** increased £95m to £400m (31st December 2007: £305m). This reflected the deteriorating UK corporate credit environment and asset growth.

Barclaycard Risk Tendency increased £520m to £1,475m (31st December 2007: £955m) primarily reflecting the inclusion of new business acquisitions (£260m) as well as asset growth, exchange rate movements, and the economic conditions in the US. Risk Tendency in the UK Cards portfolio remained stable as improvements in portfolio quality were offset by deterioration in the UK economic environment.

Risk Tendency at **GRCB - Western Europe** increased £135m to £270m (31st December 2007: £135m) principally reflecting weakening credit conditions across Europe, particularly in Spain, asset growth and movements in the Euro/Sterling exchange rate.

Risk Tendency at **GRCB - Emerging Markets** increased £210m to £350m (31st December 2007: £140m) reflecting weakening credit conditions across the majority of regions, a change in the risk profile following a broadening of the product offering through new product launches and new market entry in India and UAE, and asset growth.

Risk Tendency at **GRCB - Absa** increased £65m to £255m (31st December 2007: £190m) reflecting weakening retail and, to a lesser extent, corporate credit conditions in South Africa and asset growth and movements in the Rand/Sterling exchange rate.

Risk Tendency in **Barclays Capital** increased £275m to £415m (31st December 2007: £140m) reflecting credit downgrades and asset growth. The drawn liquidity facilities on ABS CDO Super Senior positions are classified as credit risk loans and therefore no Risk Tendency is calculated on them.

Risk Tendency at **Barclays Wealth** increased £10m to £20m (31st December 2007: £10m) reflecting a weakening credit risk profile and asset growth.

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Debt Securities and Other Bills

The following table presents an analysis of the credit quality of debt and similar securities, other than loans held within the Group. Securities rated as investment grade amounted to 91.6% of the portfolio (2007: 88.0%).

	Treasury and Other Eligible Bills £m	Debt Securities £m	Total £m	%
As at 31.12.08				
AAA to BBB- (investment grade)	7,314	198,493	205,807	91.6%
BB+ to B	1,233	15,309	16,542	7.4%
B- or lower	—	2,343	2,343	1.0%
Total	**8,547**	**216,145**	**224,692**	**100.0%**
Of Which Issued By:				
– governments and other public bodies	8,547	73,881	82,428	36.7%
– US agency	—	34,180	34,180	15.3%
– mortgage and asset-backed securities	—	34,844	34,844	15.5%
– corporate and other issuers	—	55,244	55,244	24.6%
– bank and building society certificates of deposit	—	17,996	17,996	7.9%
Total	**8,547**	**216,145**	**224,692**	**100.0%**
Of Which Classified As:				
– trading portfolio assets	4,544	148,686	153,230	68.2%
– financial instruments designated at fair value	—	8,628	8,628	3.8%
– available-for-sale securities	4,003	58,831	62,834	28.0%
Total	**8,547**	**216,145**	**224,692**	**100.0%**

	£m	£m	£m	%
As at 31.12.07				
AAA to BBB- (investment grade)	4,114	189,794	193,908	88.0%
BB+ to B	703	24,693	25,396	11.5%
B- or lower	—	1,181	1,181	0.5%
Total	**4,817**	**215,668**	**220,485**	**100.0%**
Of Which Issued By:				
– governments and other public bodies	4,817	63,798	68,615	31.1%
– US agency	—	13,956	13,956	6.3%
– mortgage and asset-backed securities	—	28,928	28,928	13.1%
– corporate and other issuers	—	88,207	88,207	40.0%
– bank and building society certificates of deposit	—	20,779	20,779	9.5%
Total	**4,817**	**215,668**	**220,485**	**100.0%**
Of Which Classified As:				
– trading portfolio assets	2,094	152,778	154,872	70.2%
– financial instruments designated at fair value	—	24,217	24,217	11.0%
– available-for-sale securities	2,723	38,673	41,396	18.8%
Total	**4,817**	**215,668**	**220,485**	**100.0%**

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Market Risk

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

Measurement and Key Risk Controls

Daily Value at Risk (DVaR) is an important market risk control tool and is measured using the historical simulation method with a two-year unweighted historical period. In 2008, the confidence level was changed to 95% from 98% as an increasing incidence of significant market movements made the existing measure more volatile and less effective for risk management purposes. Switching to 95% made DVaR more stable and consequently improved transparency of the market risk profile. To further improve the control framework, formal daily monitoring of Expected Shortfall (ES) was started. This metric is the average of all the hypothetical losses beyond DVaR.

Other controls, including stress testing and scenario testing, and a large suite of non-DVaR limits such as foreign exchange position limits, option based limits and interest rate delta limits, are also in place.

Analysis of Barclays Capital's Market Risk Exposure

Barclays Capital's market risk exposure, as measured by average total DVaR (95%), increased by 64% to £53.4m in 2008. This was mainly due to higher market volatility within the credit spread and interest rate DVaRs. The average ES in 2008 was £70.0m, a rise of £34.7m, compared with 2007.

Total DVaR increased significantly in the fourth quarter, mainly due to extreme market volatility following the failure of several financial institutions and a material deterioration in the global economic outlook. Total DVaR (95%) as at 31st December 2008 was £86.6m (31st December 2007: £39.6m) which was within limit.

On a 98% basis, average total DVaR increased 82% to £76.5m.

The daily average, maximum and minimum values of DVaR, 95% and 98%, were calculated as below:

	Year Ended 31.12.08			Year Ended 31.12.07		
	Average £m	High[1] £m	Low[1] £m	Average £m	High[1] £m	Low[1] £m
DVaR (95%)						
Interest rate risk	28.9	47.8	15.1	15.3	26.5	10.0
Credit spread risk	31.1	71.7	15.4	17.3	28.0	10.8
Commodity risk	18.1	25.4	12.5	15.3	19.0	10.7
Equity risk	9.1	21.0	4.8	8.0	12.1	4.5
Foreign exchange risk	5.9	13.0	2.1	3.8	7.2	2.1
Diversification effect	(39.7)			(27.2)		
Total DVaR	**53.4**	**95.2**	**35.5**	**32.5**	**40.9**	**25.2**

	Year Ended 31.12.08			Year Ended 31.12.07		
	Average £m	High[1] £m	Low[1] £m	Average £m	High[1] £m	Low[1] £m
DVaR (98%)						
Interest rate risk	45.0	80.9	21.0	20.0	33.3	12.6
Credit spread risk	54.0	143.4	30.1	24.9	43.3	14.6
Commodity risk	23.9	39.6	16.5	20.2	27.2	14.8
Equity risk	12.8	28.9	6.7	11.2	17.6	7.3
Foreign exchange risk	8.1	21.0	2.9	4.9	9.6	2.9
Diversification effect	(67.3)			(39.2)		
Total DVaR	**76.5**	**158.8**	**47.5**	**42.0**	**59.3**	**33.1**

1 *The high (and low) DVaR figures reported for each category did not necessarily occur on the same day as the high (and low) DVaR reported as a whole. Consequently a diversification effect number for the high (and low) DVaR figures would not be meaningful and it is therefore omitted from the above table.*

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Liquidity Risk

Barclays has maintained a strong liquidity profile in 2008, sufficient to absorb the impact of a stressed funding environment. We have access to a substantial pool of liquidity both in secured markets and from unsecured depositors including numerous foreign governments and central banks. In addition our limited reliance on securitisations as a source of funding has meant that the uncertainty in securitisation markets has not impacted our liquidity risk profile.

Whilst funding markets have been extremely difficult in the past six months, and particularly since September 2008, Barclays has been able to increase available liquidity, extend the term of unsecured liabilities, and reduce reliance on unsecured funding. Barclays has participated in various government and central bank liquidity facilities, both to aid central banks implementation of monetary policy and support central bank initiatives, where participation has enabled the lengthening of the term of our refinancing. These facilities have improved access to term funding, and helped moderate money market rates.

For the Group, loans and advances to customers and banks are more than covered by the combination of customer deposits and longer term debt at 112% at 31st December 2008 (2007: 125%).

Global Retail and Commercial Banking

The sum of liabilities in Global Retail and Commercial Banking, Barclays Wealth and Head Office Functions exceeds assets in those businesses. As a result they have no reliance on wholesale funding. The balance sheet is modelled to reflect behavioural experience in both assets and liabilities, and is managed to maintain a positive cash profile.

	Up to 1yr £bn	1-3yr £bn	3-5yrs £bn	Over 5yrs £bn
Expected Net Cash Inflows (Outflows) on a Behavioural Basis				
As at 31.12.08	20	34	14	(95)

Throughout 2008 GRCB has continued to grow the amount of deposits despite competitive pressures.

	As at 31.12.06 £bn	As at 31.06.07 £bn	As at 31.12.07 £bn	As at 31.06.08 £bn	As at 31.12.08 £bn
GRCB Deposit Balances					
Total customer deposits	190	200	211	218	235

Barclays Capital

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

Funding reliability is maintained by accessing a wide variety of investors and geographies and by building and maintaining strong relationships with these providers of liquidity.

	Asset Managers %	Banks %	Corporates %	Money Funds %	Govts %	Central Banks %
Wholesale Depositor Split By Counterparty Type						
As at 31.12.08	30%	23%	4%	27%	11%	5%

	North America %	UK %	Europe %	Japan %	Far East (excl Japan) %	Emerging Markets %	Supra-National %
Wholesale Depositor Split By Geography							
As at 31.12.08	44%	14%	22%	9%	3%	7%	1%

Unsecured Funding

Additionally, unsecured funding is managed within specific term limits. The term of unsecured liabilities has been extended, with average life improving by 5 months from 8 months at the end of December 2007 to 13 months at the end of December 2008

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Our capital markets debt issuance includes issues of senior and subordinated debt in US registered offerings and medium term note programmes and European medium term note programs. Substantially all of our unsecured senior issuance is without covenants that trigger increased cost or accelerate maturity. Furthermore, between September and December 2008 we issued £11bn in government guaranteed debt in maturities of 1 to 3 years.

Barclays funds securities based on liquidity characteristics. Limits are in place for each security asset class reflecting liquidity in the cash and financing markets for these assets. Approximately 85% of assets funded in repurchase and stock loan transactions are fundable within central bank facilities (excluding Bank of England Emergency facilities and the Federal Reserve Primary Dealer Credit Facility).

Liquidity risk to secured funding is also mitigated by:

- selecting reliable counterparties
- maintaining term financing and by limiting the amount of overnight funding
- limiting overall secured funding usage

Secured Financing by Asset Class (% of Total Secured Funding)[1]

	Govt %	Agy %	MBS %	ABS %	Corp %	Equity %	Other %
By percentage	45	8	10	6	13	7	11

Scenario Analysis and Stress Testing

Substantial resources are maintained to offset maturing deposits and debt. These readily available assets are sufficient to absorb stress level losses of liquidity from unsecured as well as contingent cash outflows, such as collateral requirements on ratings downgrades. The sources of liquidity and contingent liquidity are from a wide variety of sources, including deposits held with central banks and unencumbered securities.

Sources of Readily Available Contingent Liquidity

	Deposits with Central Banks %	Deposits with Other Financial Institutions %	Government Guaranteed Issuance %	Collateral Eligible for Repo %	Other Contingent Liquidity %
By percentage	39	7	13	37	4

In addition, Barclays maintains significant pools of securitisable assets.

1 *MBS includes only agency mortgages. ABS includes private label issuance of residential mortgage backed securities.*

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Capital and Performance Management

Total Assets by Business

	As at 31.12.08 £m	As at 31.12.07 £m
UK Retail Banking	101,384	88,477
Barclays Commercial Bank	84,029	74,566
Barclaycard	30,925	22,121
GRCB - Western Europe	64,732	43,702
GRCB - Emerging Markets	14,653	9,188
GRCB - Absa	40,391	36,368
Barclays Capital	1,629,117	839,850
Barclays Global Investors	71,340	89,218
Barclays Wealth	13,263	18,188
Head Office Functions and Other Operations	3,146	5,683
Total assets	**2,052,980**	**1,227,361**

Risk Weighted Assets by Business

	As at 31.12.08 Basel II £m	As at 31.12.07[1] Basel II £m
UK Retail Banking	30,491	31,463
Barclays Commercial Bank	63,081	57,040
Barclaycard	27,316	20,199
GRCB - Western Europe	36,480	24,971
GRCB - Emerging Markets	15,080	10,484
GRCB - Absa	18,846	17,829
Barclays Capital	227,448	178,206
Barclays Global Investors	3,910	4,369
Barclays Wealth	10,300	8,216
Head Office Functions and Other Operations	350	1,101
Total risk weighted assets	**433,302**	**353,878**

Risk Weighted Assets by Risk

	As at 31.12.08 Basel II £m	As at 31.12.07 Basel II £m
Credit risk	266,912	244,474
Counterparty risk	70,902	41,203
Market risk	65,372	39,812
Operational risk	30,116	28,389
Total risk weighted assets	**433,302**	**353,878**

1 Under the Group's securitisation programme, certain portfolios subject to securitisation or similar risk transfer transaction are adjusted in calculating the Group's risk weighted assets. Previously, for pre-2008 transactions, regulatory capital adjustments were allocated to the business in proportion to their RWAs. From 1st January 2008, the regulatory capital adjustments for all transactions are allocated to the business undertaking the securitisation unless the transaction has been undertaken for the benefit of a cluster of businesses, in which case the regulatory capital adjustments are shared.

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Capital and Performance Management

	As at 31.12.08 £m	As at 31.12.07 £m
Capital Resources		
Tier 1		
Called up share capital	2,093	1,651
Eligible reserves	31,156	22,939
Minority interests[1]	13,915	10,551
Tier 1 notes[2]	1,086	899
Less: intangible assets	(9,964)	(8,191)
Less: deductions from Tier 1 capital	(1,036)	(1,106)
Total qualifying Tier 1 capital	**37,250**	**26,743**
Tier 2		
Revaluation reserves	26	26
Available for sale-equity gains	122	295
Collectively assessed impairment allowances	1,654	440
Minority interests	607	442
Qualifying Subordinated Liabilities:[3]		
Undated loan capital	6,745	3,191
Dated loan capital	14,215	10,578
Less: deductions from Tier 2 capital	(1,036)	(1,106)
Total qualifying Tier 2 capital	**22,333**	**13,866**
Less: Regulatory Deductions		
Investments not consolidated for supervisory purposes	(403)	(633)
Other deductions	(453)	(193)
Total deductions	**(856)**	**(826)**
Total net capital resources	**58,727**	**39,783**
Capital Ratios		
Equity Tier 1 ratio[4]	5.8%	5.1%
Tier 1 ratio	8.6%	7.6%
Risk asset ratio	13.6%	11.2%

1 *Includes equity minority interests of £1,981m (31st December 2007: £1,608m).*
2 *Tier 1 notes are included in subordinated liabilities in the consolidated balance sheet.*
3 *Subordinated liabilities include excess innovative Tier 1 instruments and are subject to limits laid down in the regulatory requirements.*
4 *Equity Tier 1 ratio is defined as the ratio of called-up share capital and eligible reserves plus equity minority interests less intangible assets, to risk weighted assets.*

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Capital Resources

Tier 1 capital increased by £10.5bn during the year, driven by issues of ordinary shares (£5.2bn), other capital issuances (£4.3bn), retained profits (£2.0bn) and exchange rate movements (£3.2bn). These movements were partially offset by an increase in intangible assets (£1.3bn), innovative Tier 1 capital in excess of regulatory limits being reclassified as Tier 2 capital (£1.3bn) and the reversal of gains on own credit, net of tax (£1.2bn).

Tier 2 capital increased by £8.5bn due to issuance of loan capital (£3.6bn) net of redemptions (£1.1bn), inclusion of innovative capital in excess of the Tier 1 limits (£1.3bn), increases in collective impairment (£1.2bn) and exchange rate movements (£3.9bn).

The Mandatorily Convertible Notes (MCNs) issued during the year (£4.1bn) will qualify as equity capital from the date of their conversion, on or before 30th June 2009.

All capital issuance referred to above is stated gross of issue costs.

Basel I Transitional Floor

Barclays commenced calculating capital requirements under the Basel II capital framework from 1st January 2008. The Group manages its businesses and reports capital requirements on a Basel II basis. During the transition period for the adoption of Basel II, banks' capital requirements may not fall below a transitional floor. In 2008 this floor was 90% of adjusted Basel 1 capital requirements. As at 31st December 2008, the Group had additional capital requirements under the transitional floor rules of £1.5bn. The Group's total capital resources of £58.7bn exceeded its capital requirements taking into account the transitional floor by £22.5bn. On 1st January 2009, the transitional floor reduced to 80% of adjusted Basel 1 capital requirements and there were no additional capital requirements resulting from its application.

Reconciliation of Regulatory Capital

Capital is defined differently for accounting and regulatory purposes. A reconciliation of shareholders' equity for accounting purposes to called up share capital and eligible reserves for regulatory purposes is set out below:

	As at 31.12.08 Basel II £m	As at 31.12.07 Basel II £m
Shareholders' equity excluding minority interests	36,618	23,291
MCNs not yet converted	(3,652)	—
Available for sale reserve	1,190	(154)
Cash flow hedging reserve	(132)	(26)
Adjustments to Retained Earnings		
Defined benefit pension scheme	849	1,053
Additional companies in regulatory consolidation and non-consolidated companies	(94)	(281)
Foreign exchange on RCIs and upper Tier 2 loan stock	(231)	478
Adjustment for own credit	(1,650)	(461)
Other adjustments	351	690
Called up share capital and eligible reserves for regulatory purposes	**33,249**	**24,590**

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Group Reporting Changes 2008

Barclays announced on 22 July 2008 the impact of certain changes in Group Structure and reporting on the 2007 results. There was no impact on the Group income statement or balance sheet.

The businesses previously managed and reported as International Retail and Commercial Banking – excluding Absa are now reported and managed separately as Global Retail and Commercial Banking – Western Europe and Global Retail and Commercial Banking – Emerging Markets.

Barclays Commercial Bank. The Marine Finance business, previously part of Barclaycard, is now managed and reported within Barclays Commercial Bank.

Barclaycard. The Absa credit card portfolio, previously part of International Retail and Commercial Banking – Absa is now managed and reported within Barclaycard. Certain credit card portfolios previously part of Barclaycard are now managed and reported as part of Global Retail and Commercial Banking – Western Europe. The Marine Finance business, previously part of Barclaycard is now managed and reported within Barclays Commercial Bank.

Global Retail and Commercial Banking - Western Europe. Certain credit card portfolios previously part of Barclaycard are now managed and reported as part of Global Retail and Commercial Banking – Western Europe.

International Retail and Commercial Banking – Absa. This business will be known going forward as **Global Retail and Commercial Banking – Absa.** The Absa credit card portfolio previously part of Global Retail and Commercial Banking – Absa is now managed and reported within Barclaycard.

Certain expenses, assets and staff previously reported within International Retail and Commercial Banking – excluding Absa have been allocated across UK Retail Banking, Barclays Commercial Bank, Barclaycard, Global Retail and Commercial Banking – Western Europe, Global Retail and Commercial Banking – Emerging Markets and Global Retail and Commercial Banking – Absa.

Certain pension assets and liabilities have been reclassified from Head Office and Other Operations to the other businesses in the Group.

UK Banking which previously reflected UK Retail Banking and Barclays Commercial Bank combined is no longer reported as a separate segment.

The structure remains unchanged for Barclays Capital, Barclays Global Investors, Barclays Wealth and Head Office and Other Operations.

Basis of Preparation

There have been no significant changes to the accounting policies described in the 2007 Annual report except:

a) IFRS 8 ‘Operating Segments’ has been adopted as at 1st January 2008. IFRS 8 was issued in November 2006 and excluding early adoption would first be required to be applied to the Group’s accounting period beginning on 1st January 2009. The standard replaces IAS 14 ‘Segmental Reporting’ and aligns operating segmental reporting with segments reported to senior management as well as requiring amendments and additions to the existing segmental reporting disclosures. The standard does not change the recognition, measurement or disclosure of specific transactions in the condensed consolidated financial statements.

b) Certain financial assets originally classified as held for trading have been reclassified to loans and receivables on 16th December 2008 as set out on page 90. Following the amendment to IAS 39 in October 2008, a non-derivative financial asset held for trading may be transferred out of the fair value through profit or loss category after 1st July 2008 where:

- In rare circumstances, it is no longer held for the purpose of selling or repurchasing in the near term; or
- It is no longer held for the purpose of selling or repurchasing in the near term, it would have met the definition of a loan and receivable on initial classification and the Group has the intention and ability to hold it for the foreseeable future or until maturity.

Other than the exceptions, the information in this announcement has been prepared using the accounting policies and presentation applied in 2007.

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Notes

1. Net Interest Income

	Year Ended 31.12.08 £m	Year Ended 31.12.07 £m
Cash and balances with central banks	174	145
Available for sale investments	2,355	2,580
Loans and advances to banks	1,267	1,416
Loans and advances to customers	23,754	19,559
Other	460	1,608
Interest income	**28,010**	**25,308**
Deposits from banks	(2,189)	(2,720)
Customer accounts	(6,697)	(4,110)
Debt securities in issue	(5,910)	(6,651)
Subordinated liabilities	(1,349)	(878)
Other	(396)	(1,339)
Interest expense	**(16,541)**	**(15,698)**
Net interest income	**11,469**	**9,610**

Group net interest income increased 19% (£1,859m) to £11,469m (2007: £9,610m) reflecting balance sheet growth across the Global Retail and Commercial Banking businesses and in particular very strong growth internationally driven by expansion of the distribution network and entrance into new markets. An increase in net interest income was also seen in Barclays Capital due to strong results from global loans and money markets.

Group net interest income includes the impact of structural hedges which function to reduce the impact of the volatility of short-term interest rate movements on equity and customer balances that do not re-price with market rates. The contribution of structural hedges relative to average base rates increased income by £117m (2007: £351m expense), largely due to the effect of the structural hedge on changes in interest rates.

2. Net Fee and Commission Income

	Year Ended 31.12.08 £m	Year Ended 31.12.07 £m
Brokerage fees	87	109
Investment management fees	1,616	1,787
Securities lending	389	241
Banking and credit related fees and commissions	7,208	6,363
Foreign exchange commission	189	178
Fee and commission income	**9,489**	**8,678**
Fee and commission expense	**(1,082)**	**(970)**
Net fee and commission income	**8,407**	**7,708**

Net fee and commission income increased 9% (£699m) to £8,407m (2007: £7,708m). Banking and credit related fees and commissions increased 13% (£845m) to £7,208m (2007: £6,363m), reflecting growth in Barclaycard International, increased fees from advisory and origination activities in Barclays Capital and increased foreign exchange, derivative and debt fees in Barclays Commercial Bank.

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3. Principal Transactions

	Year Ended 31.12.08 £m	Year Ended 31.12.07 £m
Rates related business	4,751	4,162
Credit related business	(3,422)	(403)
Net trading income	**1,329**	**3,759**
Net gain from disposal of available for sale assets	212	560
Dividend income	196	26
Net gain from financial instruments designated at fair value	33	293
Other investment income	239	337
Net investment income	**680**	**1,216**
Principal transactions	**2,009**	**4,975**

Principal transactions decreased 60% (£2,966m) to £2,009m (2007: £4,975m).

Net trading income decreased 65% (£2,430m) to £1,329m (2007: £3,759m). The majority of the Group's net trading income arises in Barclays Capital. Growth in the Rates related business reflected growth in fixed income, prime services, foreign exchange, commodities and emerging markets. The Credit related business included net losses from credit market dislocation partially offset by the benefits of widening credit spreads on the fair value of issued notes.

Net investment income decreased 44% (£536m) to £680m (2007: £1,216m). The cumulative gain from disposal of available for sale assets decreased 62% (£348m) to £212m (2007: £560m) reflecting the lower profits realised on the sale of investments. The £212m gain in 2008 included the £47m gain from sale of shares in MasterCard.

The dividend income increased £170m to £196m (2007: £26m) reflecting the Visa IPO dividend received by Western Europe, Emerging Markets and Barclaycard in the current year. The Absa gain on the Visa IPO of £47m has been recognised in other income.

Net gain from financial instruments designated at fair value decreased 89% (£260m) to £33m (2007: £293m), driven by the continued decrease in value of assets backing customer liabilities in Barclays Life Assurance; and fair value decreases of a number of investments reflecting the current market condition.

Other investment income decreased 29% (£98m) to £239m (2007: £337m) due to a number of non recurring disposals in the prior year.

4. Net Premiums from Insurance Contracts

	Year Ended 31.12.08 £m	Year Ended 31.12.07 £m
Gross premiums from insurance contracts	1,138	1,062
Premiums ceded to reinsurers	(48)	(51)
Net premiums from insurance contracts	**1,090**	**1,011**

Net premiums from insurance contracts increased 8% (£79m) to £1,090m (2007: £1,011m), primarily due to expansion in GRCB - Western Europe reflecting a full year's impact of a range of insurance products launched in late 2007, partially offset by lower net premiums following the sale of the closed life assurance book.

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5. Other Income

	Year Ended 31.12.08 £m	Year Ended 31.12.07 £m
(Decrease)/increase in fair value of assets held in respect of linked liabilities to customers under investment contracts	(10,422)	5,592
Decrease/(increase) in liabilities to customers under investment contracts	10,422	(5,592)
Property rentals	73	53
Other income	304	135
	377	**188**

Certain asset management products offered to institutional clients by Barclays Global Investors are recognised as investment contracts. Accordingly the invested assets and the related liabilities to investors are held at fair value and changes in those fair values are reported within Other income. Other income in 2008 includes a £47m gain from the Visa IPO.

6. Net Claims and Benefits Incurred Under Insurance Contracts

	Year Ended 31.12.08 £m	Year Ended 31.12.07 £m
Gross claims and benefits incurred under insurance contracts	263	520
Reinsurers' share of claims incurred	(26)	(28)
Net claims and benefits incurred under insurance contracts	**237**	**492**

Net claims and benefits incurred under insurance contracts decreased 52% (£255m) to £237m (2007: £492m) principally due to a decrease in the value of unit linked insurance contracts in Barclays Wealth; explained by falls in equity markets and disposal of the closed life business in October 2008. Partially offsetting these trends is the increase in contract liabilities associated with increased net premiums driven by the growth in GRCB – Western Europe.

7. Impairment Charges and Other Credit Provisions

	Year Ended 31.12.08 £m	Year Ended 31.12.07 £m
Impairment charges on loans and advances	4,584	2,306
Charges in respect of undrawn facilities and guarantees	329	476
Impairment charges on loans and advances and other credit provisions	**4,913**	**2,782**
Impairment charges on reverse repurchase agreements	124	—
Impairment charges on available for sale assets	382	13
Impairment charges and other credit provisions	**5,419**	**2,795**

Impairment charges and other credit provisions on ABS CDO Super Senior and other credit market exposures included above:

	Year Ended 31.12.08 £m	Year Ended 31.12.07 £m
Impairment charges on loans and advances	1,218	300
Charges in respect of undrawn facilities and guarantees	299	469
Impairment charges on loans and advances and other credit provisions on ABS CDO Super Senior and other credit market exposures	**1,517**	**769**
Impairment charges on reverse repurchase agreements	54	—
Impairment charges on available for sale assets	192	13
Impairment charges and other credit provisions on ABS CDO Super Senior and other credit market exposures	**1,763**	**782**

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8. Operating Expenses

	Year Ended 31.12.08 £m	Year Ended 31.12.07 £m
Staff costs	7,779	8,405
Administrative expenses	5,153	3,978
Depreciation	630	467
Impairment loss - property and equipment and intangible assets	30	16
Operating lease rentals	520	414
Gain on property disposals	(148)	(267)
Amortisation of intangible assets	291	186
Impairment of goodwill	111	—
Operating expenses	**14,366**	**13,199**

Operating expenses increased 9% (£1,167m) to £14,366m (2007: £13,199m).

Administrative expenses grew 30% (£1,175m) to £5,153m (2007: £3,978m) reflecting the impact of acquisitions (in particular Lehman Brothers North American business and Goldfish), fees associated with Group capital raisings, the cost of the Financial Services Compensation Scheme as well as continued investment in the Global Retail and Commercial Banking distribution network. In addition Barclays Global Investors selective support of liquidity products increased to £263m in the year (2007: £80m).

Operating expenses were reduced by gains from the sale of property of £148m (2007: £267m) as the Group continued the sale and leaseback of some of its freehold portfolio, principally in UK Retail Banking, Barclays Commercial Bank and GRCB - Western Europe.

Amortisation of intangible assets increased 56% (£105m) to £291m (2007: £186m) primarily related to intangible assets arising from the acquisition of Lehman Brothers North American business.

Goodwill impairment of £111m reflects the full writedown of £74m relating to EquiFirst, a US non-prime mortgage originator and a partial writedown of £37m relating to FirstPlus following its closure to new business in August 2008.

Staff Costs

	Year Ended 31.12.08 £m	Year Ended 31.12.07 £m
Salaries and accrued incentive payments	6,273	6,993
Social security costs	464	508
Pension costs		
– defined contribution plans	237	141
– defined benefit plans	89	150
Other post retirement benefits	1	10
Other	715	603
Staff costs	**7,779**	**8,405**

Staff costs decreased 7% (£626m) to £7,779m (2007: £8,405m). Salaries and accrued incentive payments fell overall by 10% (£720m) to £6,273m (2007: £6,993m), after absorbing increases of £718m relating to in year hiring and staff from acquisitions. Performance related costs were 48% lower, driven mainly by Barclays Capital.

Defined benefit plan pension costs decreased 41% (£61m) to £89m (2007: £150m). This was due to recognition of actuarial gains, higher expected return on assets and reduction in past service costs partially offset by higher interest costs and reduction in curtailment credit.

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Staff Numbers

	Year Ended 31.12.08	Year Ended 31.12.07
UK Retail Banking	30,400	30,700
Barclays Commercial Bank	9,800	9,200
Barclaycard	9,600	8,900
GRCB - Western Europe	10,900	8,800
GRCB - Emerging Markets	22,700	13,900
GRCB - Absa	36,800	35,800
Barclays Capital	23,100	16,200
Barclays Global Investors	3,700	3,400
Barclays Wealth	7,900	6,900
Head Office Functions and Other Operations	1,400	1,100
Total Group permanent and fixed term contract staff worldwide	**156,300**	**134,900**

Staff numbers are shown on a full-time equivalent basis. Total Group permanent and fixed term contract staff comprised 60,700 (2007: 61,900) in the UK and 95,600 (2007: 73,000) internationally.

UK Retail Banking staff numbers decreased 300 to 30,400 (2007: 30,700).

Barclays Commercial Bank staff numbers increased 600 to 9,800 (2007: 9,200) reflecting investment in product expertise, sales and risk capability and associated support areas.

Barclaycard staff numbers increased 700 to 9,600 (2007: 8,900), primarily due to the transfer of staff into Absacard as a result of the acquisition of a majority stake in the South African Woolworth Financial Services business in October 2008.

GRCB - Western Europe staff numbers increased 2,100 to 10,900 (2007: 8,800), reflecting expansion of the retail distribution network.

GRCB - Emerging Markets staff numbers increased 8,800 to 22,700 (2007: 13,900) driven by expansion into new markets and continued investment in distribution in existing countries.

GRCB - Absa staff numbers increased 1,000 to 36,800 (2007: 35,800), reflecting continued growth in the business and investment in collections capacity.

Barclays Capital staff numbers increased 6,900 to 23,100 (2007: 16,200) due principally to the acquisition of Lehman Brothers North American business.

Barclays Global Investors staff numbers increased 300 to 3,700 (2007: 3,400). Staff numbers increased primarily in the iShares business due to continued expansion in the global ETF franchise.

Barclays Wealth staff numbers increased 1,000 to 7,900 (2007: 6,900) principally due to the acquisition of the Lehman Brothers North American business.

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9. Share of Post-Tax Results of Associates and Joint Ventures

	Year Ended 31.12.08 £m	Year Ended 31.12.07 £m
Profit from associates	22	33
(Loss)/profit from joint ventures	(8)	9
Share of post-tax results of associates and joint ventures	**14**	**42**

The overall share of post-tax results of associates and joint ventures decreased £28m to £14m (2007: £42m). The share of results from associates decreased £11m mainly due to reduced contribution from private equity associates. The share of results from joint ventures decreased £17m mainly due to reduced contribution from Barclays Capital joint ventures.

10. Profit on Disposal of Subsidiaries, Associates and Joint Ventures

	Year Ended 31.12.08 £m	Year Ended 31.12.07 £m
Profit on disposal of subsidiaries, associates and joint ventures	**327**	28

On 31st October 2008 Barclays completed the sale of Barclays Life Assurance Company Ltd to Swiss Reinsurance Company for a net consideration of £729m leading to a net profit on disposal of £326m.

11. Acquisitions

The Group made the following material acquisitions in 2008:

a) Lehman Brothers North American businesses

On 22nd September 2008 Barclays completed the acquisition of Lehman Brothers North American businesses.

The acquired assets and liabilities summarised in the following table do not represent the entire balance sheet of Lehman Brothers North American businesses, or of discrete business lines within those operations. For this reason it is not practical to reliably determine the carrying amount of the assets and liabilities in the pre-acquisition books and records of Lehman Brothers.

Certain assets were received subsequent to the acquisition date, since it was first necessary to agree their status as assets of the Group with the relevant regulators, custodians, trustees, exchanges and bankruptcy courts. Such assets were initially classified within loans and advances. Once they were received, the related receivable was derecognised and the resulting asset recognised within the appropriate balance sheet category. In the table such assets are classified accordingly.

The initial accounting for the acquisition has been determined only provisionally. Any revisions to fair values that result from the conclusion of the acquisition process with respect to assets not yet received by the Group will be recognised as an adjustment to the initial accounting. Any such revisions must be effected within 12 months of the acquisition date and would result in a restatement of the 2008 income statement and balance sheet.

The excess of the fair value of net assets acquired over consideration paid resulted in £2,262m of gains on acquisition.

It is impracticable to disclose the profit or loss of the acquired Lehman Brothers North American businesses since the acquisition date. The acquired business has been integrated into the corresponding existing business lines and there is no reliable basis for allocating post-acquisition results between the acquirer and the acquiree. Similarly, it is impracticable to disclose the revenue and profit or loss of the combined entity as though the acquisition date had been 1 January 2008. Only parts of Lehman Brothers US and Canadian businesses, and specified assets and liabilities, were acquired. There is no reliable basis for identifying the proportion of the pre-acquisition results of Lehman Brothers that relates to the business acquired by the Group.

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b) Macquarie Bank Limited Italian residential mortgage businesses.

On 6th November 2008 Barclays purchased the Italian residential mortgage business of Macquarie Bank Limited for a cash consideration of £765m, for fair value net assets of £817m, which gave rise to a gain on acquisition of £52m.

The results of these businesses operations have been included from 6th November 2008 and contributed £1m loss to the consolidated profit before tax.

c) Goldfish credit card UK businesses.

On 31st March 2008, Barclays completed the acquisition of Discover's UK credit card business, Goldfish for a cash consideration of £38m (including attributable costs of £3m), for fair value net assets of £130m, which gave rise to a gain on acquisition of £92m.

The results of this business operation have been included from 31st March 2008 and contributed £40m to the consolidated profit before tax.

d) Expobank

On 1st July 2008, Barclays acquired 100% of the ordinary shares of the Russian bank Expobank for a cash consideration of £393m including attributable costs of £7m, for fair value net assets of £150m, which gave rise to goodwill of £243m

The results of the business's operations have been included from 1st July 2008 and contributed £13m loss to the consolidated profit before tax

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The fair value of the assets and liabilities of the material acquisitions, details of purchase price and the gain on acquisition arising are as follows:

	Lehman Brothers North American Businesses Fair Values £m	Goldfish Card Services Fair Values £m	Macquarie Bank Businesses Fair Values £m	Total Fair Values £m	Expobank Fair Values £m
Assets					
Cash and balances at central banks	861	172	3	1,036	73
Trading portfolio assets	23,837	—	—	23,837	52
Loans and advances to banks	—	8	—	8	—
Loans and advances to customers	3,642	1,963	813	6,418	451
Available-for-sale financial investments	1,948	—	—	1,948	—
Other assets	41	38	—	79	9
Intangible assets[1]	888	32	—	920	45
Property, plant and equipment	886	40	1	927	28
Deferred tax asset	229	12	—	241	—
Total assets	**32,332**	**2,265**	**817**	**35,414**	**658**
Liabilities					
Deposits from banks	—	—	—	—	71
Customer accounts	2,459	1,974	—	4,433	318
Derivative financial instruments	599	—	—	599	—
Debt securities in issue	—	—	—	—	103
Repurchase agreements and cash collateral on securities lent	24,409	—	—	24,409	—
Other liabilities	1,049	152	—	1,201	16
Deferred tax liabilities	517	9	—	526	—
Total liabilities	**29,033**	**2,135**	**—**	**31,168**	**508**
Net assets acquired (excludes Obligation to be settled in shares)	3,299	130	817	4,246	150
Obligation to be settled in shares[2]	(163)	—	—	(163)	—
Acquisition Cost					
Cash paid	834	35	765	1,634	386
Attributable costs	40	3	—	43	7
Total consideration	**874**	**38**	**765**	**1,677**	**393**
Goodwill	—	—	—	—	(243)
Gain on acquisition	**2,262**	**92**	**52**	**2,406**	—

The excess remaining after the reassessment of the acquiree's identifiable assets, liabilities and contingent liabilities which has been recognised within the consolidated income statement as a gain on acquisition is £2,406m.

1 *Intangible assets within the Lehman Brothers North American businesses acquisition included an amount of £636m relating to independently assessed customer lists.*

2 *Under the terms of the acquisition, the Group assumed an obligation to make payments to employees of the acquired business in respect of their pre-acquisition service provided to Lehman Brothers. This amount represents the equity-settled portion of that obligation and is recognised as a component of shareholders' equity.*

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12. Tax

The effective rate of tax for 2008, based on profit before tax, was 13% (2007: 28%). The effective tax rate differs from the 2007 effective rate and the UK corporation tax rate of 28.5% principally due to the Lehman Brothers North American businesses acquisition. Under IFRS the gain on acquisition of £2,262m is calculated net of deferred tax liabilities included in the acquisition balance sheet and is thus not subject to further tax in calculating the tax charge for the year. Furthermore, Barclays has tax losses previously unrecognised as a deferred tax asset but capable of sheltering part of this deferred tax liability. This gives rise to a tax benefit of £492m which, in accordance with IAS 12, is included as a credit within the tax charge for the year. The effective rate has been adversely impacted by the effect of the fall in the Barclays share price on the deferred tax asset recognised on share awards. In common with prior years there have been offsetting adjustments relating to different overseas tax rates, disallowable expenditure and non taxable gains and income.

13. Profit Attributable to Minority Interests

	Year Ended 31.12.08 £m	Year Ended 31.12.07 £m
Absa Group Limited	318	299
Preference shares	390	198
Reserve capital instruments	100	87
Upper Tier 2 instruments	12	16
Barclays Global Investors minority interests	17	40
Other minority interests	68	38
Profit attributable to minority interests	**905**	**678**

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14. Earnings Per Share

	Year Ended 31.12.08 £m	Year Ended 31.12.07 £m
Profit attributable to equity holders of the parent	4,382	4,417
Dilutive impact of convertible options	(24)	(25)
Profit attributable to equity holders of the parent including dilutive impact of convertible options	**4,358**	**4,392**
Basic weighted average number of shares in issue	7,389	6,410
Number of potential ordinary shares[1]	188	177
Diluted weighted average number of shares	**7,577**	**6,587**
Basic earnings per ordinary share	59.3p	68.9p
Diluted earnings per ordinary share	57.5p	66.7p

The calculation of basic earnings per share is based on the profit attributable to equity holders of the parent and the weighted average number of shares excluding own shares held in employee benefit trusts and shares held for trading.

The basic and diluted weighted average number of shares in issue in the year ended 31st December 2008 reflected 1,802 million shares issued during the year and the 2,642 million shares that will be issued following conversion in full of the Mandatorily Convertible Notes. The weighted average number of shares in issue in the year ended 31st December 2008 was increased by 1,034 million shares as a result of this increase.

As required by IAS 33 ‘Earnings per share’, the full 2,642 million shares that will be issued following conversion in full of the Mandatorily Convertible Notes issued during the year were included in the weighted average number of shares calculation from the date the contract was entered into. The basic and diluted earnings per ordinary share therefore reflected the impact of the Mandatorily Convertible Notes issued in 2008.

When calculating the diluted earnings per share, the profit attributable to equity holders of the parent is adjusted for the conversion of outstanding options into shares within Absa Group Limited and Barclays Global Investors UK Holdings Limited. The weighted average number of ordinary shares excluding own shares held in employee benefit trusts and shares held for trading, is adjusted for the effects of all dilutive potential ordinary shares, totalling 188 million (2007: 177 million).

15. Dividends on Ordinary Shares

	Year Ended 31.12.08 £m	Year Ended 31.12.07 £m
Dividends Paid During the Period		
Final dividend (paid 25th April 2008, 27th April 2007)	1,438	1,311
Interim dividend (paid 1st October 2008, 1st October 2007)	906	768
Final dividend	22.5p	20.5p
Interim dividend	11.5p	11.5p

Dividend Proposed

As announced on 13th October 2008, the Board of Barclays concluded that it would not be appropriate to pay a final dividend for 2008.

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

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16. Derivative Financial Instruments

	Contract Notional Amount £m	Assets £m	Liabilities £m
Derivatives Held for Trading – As at 31.12.08 Fair Value			
Foreign exchange derivatives	2,639,133	107,113	(113,818)
Interest rate derivatives	37,875,235	613,257	(605,521)
Credit derivatives	4,129,244	184,072	(170,011)
Equity and stock index and commodity derivatives	1,097,170	77,554	(74,721)
Total derivative assets/(liabilities) held for trading	**45,740,782**	**981,996**	**(964,071)**
Derivatives in Hedge Accounting Relationships			
Derivatives designated as cash flow hedges	83,554	1,322	(1,790)
Derivatives designated as fair value hedges	35,702	1,459	(572)
Derivatives designated as hedges of net investments	5,694	25	(1,639)
Total derivative assets/(liabilities) designated in hedge accounting relationships	**124,950**	**2,806**	**(4,001)**
Total recognised derivative assets/(liabilities)	**45,865,732**	**984,802**	**(968,072)**

	£m	£m	£m
Derivatives Held for Trading – As at 31.12.07 Fair Value			
Foreign exchange derivatives	2,208,369	30,348	(30,300)
Interest rate derivatives	23,608,949	139,940	(138,426)
Credit derivatives	2,472,249	38,696	(35,814)
Equity and stock index and commodity derivatives	910,328	37,966	(42,838)
Total derivative assets/(liabilities) held for trading	**29,199,895**	**246,950**	**(247,378)**
Derivatives in Hedge Accounting Relationships			
Derivatives designated as cash flow hedges	55,292	458	(437)
Derivatives designated as fair value hedges	23,952	462	(328)
Derivatives designated as hedges of net investments	12,620	218	(145)
Total derivative assets/(liabilities) designated in hedge accounting relationships	**91,864**	**1,138**	**(910)**
Total recognised derivative assets/(liabilities)	**29,291,759**	**248,088**	**(248,288)**

The £737bn (2007: £110bn) increase in the gross derivative assets has been predominantly driven by significant volatility and movements in yield curves during the year together with a substantial depreciation in Sterling against most major currencies.

Derivative assets and liabilities would be £917,074m (2007: £215,485m) lower than reported under IFRS if netting were permitted for assets and liabilities with the same counterparty or for which we hold cash collateral.

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The tables below set out the fair values of the derivative assets together with the value of those assets subject to enforceable counterparty netting arrangements for which the Group holds offsetting liabilities and eligible collateral.

	Gross Assets £m	Counterparty Netting £m	Net Exposure £m
Derivatives – As at 31.12.08			
Foreign Exchange	107,730	91,572	16,158
Interest Rate	615,321	558,985	56,336
Credit derivatives	184,072	155,599	28,473
Equity and stock index	28,684	20,110	8,574
Commodity derivatives	48,995	35,903	13,092
	984,802	**862,169**	**122,633**
Total collateral held			**54,905**
Net exposure less collateral			**67,728**

	£m	£m	£m
Derivatives – As at 31.12.07			
Foreign Exchange	30,824	22,066	8,758
Interest Rate	140,504	117,292	23,212
Credit derivatives	38,696	31,307	7,389
Equity and stock index	13,296	12,151	1,145
Commodity derivatives	24,768	15,969	8,799
	248,088	**198,785**	**49,303**
Total collateral held			**16,700**
Net exposure less collateral			**32,603**

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17. Fair Value Measurement of Financial Instruments

Financial assets and liabilities recognised and measured at fair value analysed by valuation technique

Financial instruments with a fair value based on observable inputs include valuations determined by unadjusted quoted prices in an active market and market standard pricing models that use observable inputs.

Financial instruments whose fair value is determined, at least in part, using unobservable inputs are futher categorised into Vanilla and Exotic products as follows:

- Vanilla products are valued using simple models such as discounted cashflow or Black Scholes models however some of the inputs are not observable
- Exotic products are over-the-counter products that are relatively bespoke, not commonly traded in the markets, and their valuation comes from sophisticated mathematical models where some of the inputs are not observable.

The table below shows the Group's financial assets and liabilities that are recognised and measured at fair value analysed by valuation technique:

	Valuations Based on Observable Inputs	Valuations Based on Unobservable Inputs			
	Total £m	Vanilla products £m	Exotic products £m	Total £m	Total £m
31st December 2008					
Trading Portfolio Assets	174,168	11,469	—	11,469	185,637
Financial Assets Designated at Fair Value					
– held on own account	37,618	16,559	365	16,924	54,542
– held in respect of linked liabilities to customers under investment contracts	66,657	—	—	—	66,657
Derivative Financial Assets	970,028	12,436	2,338	14,774	984,802
Available for Sale Assets	63,149	1,827	—	1,827	64,976
Total Assets	**1,311,620**	**42,291**	**2,703**	**44,994**	**1,356,614**
Trading Portfolio Liabilities	(59,436)	(38)	—	(38)	(59,474)
Financial Liabilities Designated at Fair Value	(71,044)	(290)	(5,558)	(5,848)	(76,892)
Liabilities to customers under investment contracts	(69,183)	—	—	—	(69,183)
Derivative Financial Liabilities	(959,518)	(6,151)	(2,403)	(8,554)	(968,072)
Total Liabilities	**(1,159,181)**	**(6,479)**	**(7,961)**	**(14,440)**	**(1,173,621)**
	£m	£m	£m	£m	£m
31st December 2007					
Trading Portfolio Assets	189,234	4,457	—	4,457	193,691
Financial Assets Designated at Fair Value					
– held on own account	39,810	16,819	—	16,819	56,629
– held in respect of linked liabilities to customers under investment contracts	90,851	—	—	—	90,851
Derivative Financial Assets	245,381	1,118	1,589	2,707	248,088
Available for Sale Assets	42,262	810	—	810	43,072
Total Assets	**607,538**	**23,204**	**1,589**	**24,793**	**632,331**
Trading Portfolio Liabilities	(65,360)	(42)	—	(42)	(65,402)
Financial Liabilities Designated at Fair Value	(68,317)	(951)	(5,221)	(6,172)	(74,489)
Liabilities to customers under investment contracts	(92,639)	—	—	—	(92,639)
Derivative Financial Liabilities	(243,906)	(1,178)	(3,204)	(4,382)	(248,288)
Total Liabilities	**(470,222)**	**(2,171)**	**(8,425)**	**(10,596)**	**(480,818)**

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Of the total assets of £1,356,614m measured at fair value, £44,994m, 3% of total assets measured at fair value, (£24,793m, 4% as at 31st December 2007) were valued using models with unobservable inputs

Valuations based on unobservable inputs primarily relate to asset backed securities (commercial and residential mortgage), loans and related derivatives; monoline counterparty, fund-linked and other structured and long dated derivatives (including those embedded in structured notes); and private equity and principal investments. The value of those assets measured using unobservable inputs increased by £20,201m to £44,994m as at 31st December 2008. While the derivative assets associated with our monoline exposure accounted for a significant portion of this, further increases arose due to weakness in Sterling, as well as increased illiquidity in the market.

As part of our risk management processes, we apply stress tests on the significant unobservable parameters to generate a range of potentially possible alternative valuations. The results of the most recent stress test showed a potential to increase the fair values by up to £2.4bn (2007: £1.5bn) or to decrease the fair values by up to £3.0bn (2007: £1.2bn) with substantially all the potential effect being recorded in profit or loss rather than equity. The widening of the stress sensitivity over 2007 levels is due to the continued market dislocation and increased volatility in unobservable inputs.

Unobservable Profit

	Year Ended 31.12.08 £m	Year Ended 31.12.07 £m
Opening balance	**154**	**534**
Additions	77	134
Amortisation and releases	(103)	(514)
Closing balance	**128**	**154**

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18. Reclassification of Financial Assets Held for Trading

On 16th December 2008 the Group reclassified certain financial assets originally classified as held for trading that were no longer held for the purpose of selling or repurchasing in the near term out of fair value through profit or loss to loans and receivables. At the time of transfer, the Group identified rare circumstances permitting such a reclassification, being severe illiquidity in the relevant market.

The following table shows carrying values and fair values of the assets reclassified at 16th December 2008.

	As at 16.12.08 Carrying Value £m	Year Ended 31.12.08 Carrying Value £m	Year Ended 31.12.08 Fair Value £m
Trading assets reclassified to loans and receivables	**4,046**	**3,986**	**3,984**

As at the date of reclassification, the effective interest rates on reclassified trading assets ranged from 0.18% to 9.29% with undiscounted interest and principal cash flows of £7.4bn.

If the reclassifications had not been made, the Group's income statement for 2008 would have included unrealised fair value losses on the reclassified trading assets of £1.5m.

After reclassification, the reclassified financial assets contributed the following amounts to the 2008 income before income taxes.

	Year Ended 31.12.08 £m
Net interest income	4
Provision for credit losses	—
Income before income taxes on reclassified trading assets	4

Prior to reclassification in 2008, £144m of unrealised fair value losses on the reclassified trading assets were recognised in the consolidated income statement for 2008 (2007: £218m loss).

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19. Loans and Advances to Banks

	As at 31.12.08 £m	As at 31.12.07 £m
By Geographical Area		
United Kingdom	7,532	5,518
Other European Union	12,600	11,102
United States	13,616	13,443
Africa	2,189	2,581
Rest of the World	11,821	7,479
	47,758	**40,123**
Less: Allowance for impairment	(51)	(3)
Total loans and advances to banks	**47,707**	**40,120**

Loans and advances to banks included £3,375m (31st December 2007: £4,210m) of settlement balances and £15,889m (31st December 2007: £10,739m) of cash collateral balances.

20. Loans and Advances to Customers

	As at 31.12.08 £m	As at 31.12.07 £m
Retail business	201,588	162,081
Wholesale and corporate business	266,750	187,086
	468,338	**349,167**
Less: Allowances for impairment	(6,523)	(3,769)
Total loans and advances to customers	**461,815**	**345,398**
By Geographical Area		
United Kingdom	216,018	190,347
Other European Union	92,063	56,533
United States	77,387	40,300
Africa	45,230	39,167
Rest of the World	37,640	22,820
	468,338	**349,167**
Less: Allowance for impairment	(6,523)	(3,769)
Total loans and advances to customers	**461,815**	**345,398**

Loans and advances to customers included £26,411m (31st December 2007: £18,249m) of settlement balances and £33,743m (31st December 2007: £13,441m) of cash collateral balances.

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21. Allowance for Impairment on Loans and Advances

	As at 31.12.08 £m	As at 31.12.07 £m
At beginning of period	3,772	3,335
Acquisitions and disposals	307	(73)
Exchange and other adjustments	791	53
Unwind of discount	(135)	(113)
Amounts written off	(2,919)	(1,963)
Recoveries	174	227
Amounts charged against profit	4,584	2,306
At end of period	**6,574**	**3,772**
Allowance		
United Kingdom	2,947	2,526
Other European Union	963	344
United States	1,561	356
Africa	857	514
Rest of the World	246	32
At end of period	**6,574**	**3,772**
Amounts Charged Against Profit		
New and Increased Impairment Allowances		
United Kingdom	2,160	1,960
Other European Union	659	192
United States	1,529	431
Africa	526	268
Rest of the World	242	20
	5,116	**2,871**
Less: Releases of Impairment Allowance		
United Kingdom	(212)	(213)
Other European Union	(68)	(37)
United States	(9)	(50)
Africa	(36)	(20)
Rest of the World	(33)	(18)
	(358)	**(338)**
Less: Recoveries		
United Kingdom	(131)	(154)
Other European Union	(4)	(32)
United States	(1)	(7)
Africa	(36)	(34)
Rest of the World	(2)	—
	(174)	**(227)**
Total amounts charged against profit	**4,584**	**2,306**

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22. Provisions

	As at 31.12.08 £m	As at 31.12.07 £m
Redundancy and restructuring	118	82
Undrawn contractually committed facilities and guarantees	109	475
Onerous contracts	50	64
Sundry provisions	258	209
	535	**830**

Undrawn contractually committed facilities and guarantees have decreased primarily as a result of liquidating the remaining mezzanine ABS CDO Super Senior exposures.

23. Retirement Benefit Liabilities

The Group's IAS 19 pension deficit across all schemes as at 31st December 2008 was £1,287m (31st December 2007: surplus of £393m). There are net recognised liabilities of £1,292m (31st December 2007: £1,501m) and unrecognised actuarial gains of £5m (31st December 2007: £1,894m). The net recognised liabilities comprised retirement benefit liabilities of £1,357m (31st December 2007: £1,537m) and assets of £65m (31st December 2007: £36m).

The Group's IAS 19 pension deficit in respect of the main UK scheme as at 31st December 2008 was £858m (31st December 2007: surplus of £668m). Among the reasons for this change were the large loss on the assets over the year and, to a lesser extent a strengthening of the allowance made for future improvement in mortality. Offsetting these were the increase in AA+ long-term corporate bond yields which resulted in a higher discount rate of 6.75% (31st December 2007: 5.82%), a decrease in the inflation assumption to 3.16% (31st December 2007: 3.45%) and contributions paid.

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24. Share Capital and Share Premium

	Number of Shares m	Called Up Share Capital £m	Share Premium £m	Total £m
At 1st January 2008	**6,601**	**1,651**	**56**	**1,707**
Issued to staff under the Sharesave Share Option Scheme	3	1	13	14
Issued under the Incentive Share Option Plan	1	—	3	3
Issued to staff under the Share Incentive Plan	1	—	2	2
Issue of new ordinary shares	1,803	451	3,971	4,422
Repurchase of shares	(37)	(10)	—	(10)
At 31st December 2008	**8,372**	**2,093**	**4,045**	**6,138**
At 1st January 2007	**6,535**	**1,634**	**5,818**	**7,452**
Issued to staff under the Sharesave Share Option Scheme	19	6	62	68
Issued under the Incentive Share Option Plan	10	2	40	42
Issued under the Executive Share Option Scheme	—	—	1	1
Issued under the Woolwich Executive Share Option Plan	—	—	1	1
Transfer to retained earnings	—	—	(7,223)	(7,223)
Issue of new ordinary shares	337	84	1,357	1,441
Repurchase of shares	(300)	(75)	—	(75)
At 31st December 2007	**6,601**	**1,651**	**56**	**1,707**

	Year Ended 31.12.08 £m	Year Ended 31.12.07 £m
Ordinary Shares		
At beginning of period	1,650	1,633
Issued to staff under the Sharesave Share Option Scheme	1	6
Issued under the Incentive Share Option Plan	—	2
Issue of new ordinary shares	451	84
Repurchase of shares	(9)	(75)
At end of period	**2,093**	**1,650**
Staff Shares		
At beginning of period	**1**	**1**
Repurchase	(1)	—
At end of period	—	**1**
Total	**2,093**	**1,651**

The authorised share capital of Barclays PLC is £3,540m, US$77.5m, €40m and ¥4,000m. (31st December 2007: £2,500m) comprising 13,996 million (2007: 9,996 million) ordinary shares of 25p each, 0.4 million Sterling preference shares of £100 each, 0.4 million US Dollar preference shares of $100 each, 150 million US Dollar preference shares of $0.25 each, 0.4 million Euro preference shares of €100 each, 0.4 million Yen preference shares of ¥10,000 each and 1 million (2007: 1 million) staff shares of £1 each.

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25. Total Shareholders' Equity

	As at 31.12.08 £m	As at 31.12.07 £m
Called up share capital	2,093	1,651
Share premium account	4,045	56
Available for sale reserve	(1,190)	154
Cash flow hedging reserve	132	26
Capital redemption reserve	394	384
Other capital reserve	617	617
Currency translation reserve	2,840	(307)
Other reserves	**2,793**	**874**
Other Equity	3,652	—
Retained earnings	24,208	20,970
Less: treasury shares	(173)	(260)
Shareholders' equity excluding minority interests	**36,618**	**23,291**
Preference shares	5,927	4,744
Reserve Capital instruments	1,908	1,906
Upper Tier 2 instruments	586	586
Absa minority interests	1,994	1,676
Other minority interests	378	273
Minority interests	**10,793**	**9,185**
Total shareholders' equity	**47,411**	**32,476**

Total shareholders' equity increased £14,935m to £47,411m (31st December 2007: £32,476m).

Called up share capital comprises 8,372 million ordinary shares of 25p each (2007: 6,600 million ordinary shares of 25p each and 1 million staff shares of £1 each).

Retained earnings increased £3,238m to £24,208m (2007: £20,970m). Profit attributable to the equity holders of the parent of £4,382m and the proceeds of capital raisings of £1,410m were partially offset by dividends paid to shareholders of £2,344m. Other equity of £3,652m relates to the issuance of Mandatorily Convertible Notes.

Movements in other reserves, except the capital redemption reserve, reflect the relevant amounts recorded in the consolidated statement of recognised income and expense on page 7.

Minority interests increased £1,608m to £10,793m (2007: £9,185m). The increase primarily reflects a preference share issuance by Barclays Bank PLC of £1,345m.

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Called up share capital comprises 8,372 million (31st December 2007: 6,600 million) ordinary shares of 25p each and nil (31st December 2007: 1 million) staff shares of £1 each.

During the year, the following share issues took place:

On 4th July 2008, Barclays PLC raised approximately £500m (before issue costs) through the issue of 168.9 million new ordinary shares at £2.96 per share in a firm placing to Sumitomo Mitsui Banking Corporation.

On 22nd July 2008, Barclays PLC raised approximately £3,969m (before issue costs) through the issue of 1,407.4 million new ordinary shares at £2.82 per share in a placing to Qatar Investment Authority, Challenger Universal Limited (a company representing the beneficial interests of His Excellency Sheikh Hamad Bin Jassim Bin Jabr Al-Thani, the chairman of Qatar Holding LLC, and his family), China Development Bank, Temasek Holdings (Private) Limited and certain leading institutional shareholders and other investors, which shares were available for clawback in full by means of an open offer to existing shareholders. Valid applications under the open offer were received from qualifying shareholders in respect of approximately 267 million new ordinary shares in aggregate, representing 19.0 per cent. of the shares offered pursuant to the open offer. Accordingly, the remaining 1,140.3 million shares were allocated to the various investors with whom they had been conditionally placed.

On 18th September 2008, Barclays PLC raised approximately £701m (before issue costs) through the issue of 226 million new ordinary shares at £3.10 per share to certain institutional investors. The proceeds of the issuance, in excess of the nominal value and issue costs, of £634m were credited to retained earnings. This resulted from the operation of section 131 of the Companies Act 1985 with regard to the issue of shares by Barclays PLC in exchange for shares in Long Island Investments Jersey No. 1 Limited and the subsequent redemption of redeemable preference shares of that company for cash.

During the period from 27th November 2008 to 31st December 2008, 33,000 ordinary shares have been issued following conversion of Mandatorily Convertible Notes (see below) at the option of their holders.

Mandatorily Convertible Notes

On 27th November 2008, Barclays Bank PLC issued £4,050m of 9.75% Mandatorily Convertible Notes (MCNs) maturing on 30th September 2009 to Qatar Holding LLC, and entities representing the beneficial interests of HH Sheikh Mansour Bin Zayed Al Nahyan, a member of the Royal Family of Abu Dhabi and existing institutional shareholders and other institutional investors. If not converted at the holders' option beforehand, these instruments mandatorily convert to ordinary shares of Barclays PLC on 30th June 2009. The conversion price is £1.53276, and, after taking into account MCNs that were converted on or before 31st December 2008, will result in the issue of 2,642 million new ordinary shares. Following conversion the relevant amounts will be credited to share capital and share premium.

Of the net proceeds of the MCNs, £233m have been included in liabilities being the fair value of the coupon. The remaining net proceeds are included in Other Equity until conversion (see Note 25).

Warrants

On 31st October 2008 Barclays PLC issued, in conjunction with a simultaneous issue of Reserve Capital Instruments issued by Barclays Bank PLC, warrants to subscribe for up to 1,516.9 million new ordinary shares at a price of £1.97775 to Qatar Holding and HH Sheikh Mansour Bin Zayed Al Nahyan. The fair value, net of transaction costs attributable to the warrants is recorded in retained earnings. These may be exercised at any time up to close of business 31st October 2013.

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26. Analysis of Statement of Recognised Income and Expense

	Year Ended 31.12.08 £m	Year Ended 31.12.07 £m
Available for Sale Reserve		
Net (losses)/gains from changes in fair value	(1,741)	484
Losses transferred to net profit due to impairment	382	13
Net gains transferred to net profit on disposal	(209)	(563)
Net (gains)/losses transferred to net profit due to fair value hedging	(2)	68
Net movements in available for sale reserves	**(1,570)**	**2**
Cash Flow Hedging Reserve		
Net gains from changes in fair value	305	106
Net losses transferred to net profit	71	253
Net movements in cash flow hedging reserve	**376**	**359**
Net movements in currency translation reserve	2,407	54
Tax	841	54
Other movements	(5)	22
Amounts included directly in equity	**2,049**	**491**
Profit after tax	5,287	5,095
Total recognised income and expense	**7,336**	**5,586**

The consolidated statement of recognised income and expense reflects all items of income and expense for the period, including items taken directly to equity. Movements in individual reserves are shown including amounts which relate to minority interests; the impact of such amounts is then reflected in the amount attributable to such interests. Movements in individual reserves are also shown on a pre-tax basis with any related tax recorded on the separate tax line.

The available for sale reserve reflects gains or losses arising from the change in fair value of available for sale financial assets until disposal. The exceptions to reflect fair value movements through the income statement are impairment losses, gains or losses transferred to the income statement due to fair value hedge accounting and foreign exchange gains or losses on monetary items such as debt securities. When an available for sale asset is impaired or derecognised, the cumulative gain or loss previously recognised in the available for sale reserve is transferred to the income statement. The loss of £1,741m (2007: gain of £484m) from changes in fair value and £382m (2007: £13m) due to impairment reflects the downturn across the US credit markets. The decrease in net gains transferred to net profit is primarily due to the lower level of disposals.

Cash flow hedging aims to minimise exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss. The fair value gain or loss associated with the effective portion of the hedge is initially recognised in shareholders' equity, and recycled to the income statement in the periods when the hedged item will affect profit or loss. Any ineffective portion of the gain or loss on the hedging instrument is recognised in the income statement immediately. The movement in 2008 relates to an increase in the fair value of received fixed interest rate swaps. These gains were partially offset by losses on interest rate swaps entered into as the payer of US Dollars.

Exchange differences arising on the net investments in foreign operations and effective hedges of net investments are recognised in the currency translation reserve and transferred to the income statement on the disposal of the net investment. The currency movement on net investments is also hedged through preference share capital that is not revalued for accounting purposes and therefore not recognised in the consolidated statement of recognised income and expense. The movement in 2008 primarily reflects the impact of changes in the value of the US Dollar, Euro and Yen against Sterling. These movements largely reflect the value of currency movements on net investments which are economically hedged through preference share capital that is not revalued for accounting purposes and on net investments which are hedged on a post-tax basis.

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27. Contingent Liabilities and Commitments

	As at 31.12.08 £m	As at 31.12.07 £m
Acceptances and endorsements	585	365
Guarantees and letters of credit pledged as collateral security	15,652	12,973
Securities lending arrangements	38,290	22,719
Other contingent liabilities	11,783	9,717
Contingent liabilities	**66,310**	**45,774**
Documentary credits and other short-term trade related transactions	859	522
Undrawn note issuance and revolving underwriting facilities:		
Forward asset purchases and forward deposits placed	291	283
Standby facilities, credit lines and other	259,666	191,834
Commitments	**260,816**	**192,639**

The Group facilitates securities lending arrangements for its investment management clients whereby securities held by funds are lent to third parties. The borrowers provide the funds with collateral in the form of cash or other assets equal to at least 100% of the securities lent plus a margin of at least 2% up to 8%. Over the period of the loan, the funds may make margin calls to the extent that the collateral is less than the market value of the securities lent. Amounts disclosed above represent the total market value of the lent securities at 31st December 2008. The market value of collateral held by the funds was £39,690m (2007: £23,559m).

28. Adjusted Gross Leverage

	Pro Forma 31.12.08 £m	As at 31.12.08 £m	As at 31.12.07 £m
Adjusted Gross Leverage			
Total assets		2,052,980	1,227,361
Counterparty net / collateralised derivatives (note 16)		(917,074)	(215,485)
Financial assets designated at fair value and associated cash balances			
– held in respect of linked liabilities to customers under investment contracts		(69,183)	(92,639)
Net Settlement Balances (note 19 and 20)		(29,786)	(22,459)
Goodwill and intangible assets		(10,402)	(8,296)
Adjusted total tangible assets		**1,026,535**	**888,482**
Total qualifying Tier 1 capital	42,246	37,250	26,743
Adjusted gross leverage	24	28	33

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29. Legal Proceedings

Barclays has for some time been party to proceedings, including a class action, in the United States against a number of defendants following the collapse of Enron; the class action claim is commonly known as the Newby litigation. On 20th July 2006 Barclays received an Order from the United States District Court for the Southern District of Texas Houston Division which dismissed the claims against Barclays PLC, Barclays Bank PLC and Barclays Capital Inc. in the Newby litigation. On 4th December 2006 the Court stayed Barclays dismissal from the proceedings and allowed the plaintiffs to file a supplemental complaint. On 19th March 2007 the United States Court of Appeals for the Fifth Circuit issued its decision on an appeal by Barclays and two other financial institutions contesting a ruling by the District Court allowing the Newby litigation to proceed as a class action. The Court of Appeals held that because no proper claim against Barclays and the other financial institutions had been alleged by the plaintiffs, the case could not proceed against them. The plaintiffs applied to the United States Supreme Court for a review of this decision. On 22nd January 2008, the United States Supreme Court denied the plaintiffs' request for review. Following the Supreme Court's decision, the District Court ordered a further briefing concerning the status of the plaintiffs' claims. Barclays is seeking the dismissal of the plaintiffs' claims. Barclays considers that the Enron related claims against it are without merit and is defending them vigorously. It is not possible to estimate Barclays possible loss in relation to these matters, nor the effect that they might have upon operating results in any particular financial period.

Like other UK financial services institutions, the Group faces numerous County Court claims and complaints by customers who allege that its unauthorised overdraft charges either contravene the Unfair Terms in Consumer Contracts Regulations 1999 ("UTCCR") or are unenforceable penalties or both. In July 2007, by agreement with all parties, the OFT commenced proceedings against seven banks and one building society, including Barclays, to resolve the matter by way of a "test case" process. Preliminary issues hearings took place in January, July and December 2008 with judgments handed down in April and October 2008 and January 2009 (a further judgment not concerning Barclays terms). As to current terms, in April 2008 the Court held in favour of the banks on the issue of the penalty doctrine. The OFT did not appeal that decision. In the same judgment the Court held in favour of the OFT on the issue of the applicability of the UTCCR. The banks appealed that decision. As to past terms, in a judgment on 8th October 2008, the Court held that Barclays historic terms, including those of Woolwich, were not capable of being penalties. The OFT indicated at the January 2009 hearing that it was not seeking permission to appeal the Court's findings in relation to the applicability of the penalty doctrine to historic terms. Accordingly, it is now clear that no declarations have or will be made against Barclays that any of its unauthorised overdraft terms assessed in the test case constitute unenforceable penalties and that the OFT will not pursue this aspect of the test case further. The banks' appeal against the decision in relation to the applicability of the UTCCR (to current and historic terms) took place at a hearing in late October 2008. The hearing concluded on 5th November with judgment reserved. A judgment from the Court of Appeal is expected in the first quarter of 2009. The proceedings will now concentrate exclusively on UTCCR issues. It is likely that they will still take a significant period of time to conclude. Pending resolution of the test case process, existing and new claims in the County Courts remain stayed, and there is an FSA waiver of the complaints handling process and a standstill of Financial Ombudsman Service decisions. The Group is defending the test case vigorously. It is not practicable to estimate the Group's possible loss in relation to these matters, nor the effect that they may have upon operating results in any particular financial period.

Barclays is engaged in various other litigation proceedings both in the United Kingdom and a number of overseas jurisdictions, including the United States, involving claims by and against it which arise in the ordinary course of business. Barclays does not expect the ultimate resolution of any of the proceedings to which Barclays is party to have a significant adverse effect on the financial position of the Group and Barclays has not disclosed the contingent liabilities associated with these claims either because they cannot reasonably be estimated or because such disclosure could be prejudicial to the conduct of the claims.

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30. Competition and Regulatory Matters

The scale of regulatory change remains challenging, arising in part from the implementation of some key European Union ("EU") directives. Many changes to financial services legislation and regulation have come into force in recent years and further changes will take place in the near future. Concurrently, there is continuing political and regulatory scrutiny of the operation of the retail banking and consumer credit industries in the UK and elsewhere. The nature and impact of future changes in policies and regulatory action are not predictable and beyond the Group's control but could have an impact on the Group's businesses and earnings.

In September 2005, the Office of Fair Trading ("OFT") received a super-complaint from the Citizens Advice Bureau relating to payment protection insurance ("PPI"). As a result, the OFT commenced a market study on PPI in April 2006. In October 2006 the OFT announced the outcome of the market study and the OFT referred the PPI market to the UK Competition Commission ("CC") for an in-depth inquiry in February 2007. In June 2008, the CC published its provisional findings. The CC published its final report into the PPI market on 29th January 2009. The CC's conclusion is that the businesses which offer PPI alongside credit face little or no competition when selling PPI to their credit customers. The CC has set out a package of measures which it considers will introduce competition into the market (the "Remedies"). The Remedies, which are expected to be implemented (following consultation) in 2010, are: a ban on sale of PPI at the point of sale; a prohibition on the sale of single premium PPI; mandatory personal PPI quotes to customers; annual statements for all regular premium policies, including the back book (for example credit card and mortgage protection policies); measures to ensure that improved information is available to customers; obliging providers to give information to the OFT to monitor the Remedies and to provide claims ratios to any person on request. Barclays is reviewing the report and considering the next steps, including how this might affect the Group's different products.

In October 2006, the FSA published the outcome of its broad industry thematic review of PPI sales practices in which it concluded that some firms fail to treat customers fairly and that the FSA would strengthen its actions against such firms. Tackling poor PPI sales practices remains a priority for the FSA, with their most recent update on their thematic work published in September 2008. Barclays voluntarily complied with the FSA's request to cease selling single premium PPI by the end of January 2009. There has been no enforcement action against Barclays in respect of its PPI products. The Group has cooperated fully with these investigations into PPI and will continue to do so.

The OFT has carried out investigations into Visa and MasterCard credit card interchange rates. The decision by the OFT in the MasterCard interchange case was set aside by the Competition Appeals Tribunal in June 2006. The OFT is progressing its investigations in the Visa interchange case and a second MasterCard interchange case in parallel and both are ongoing. The outcome is not known but these investigations may have an impact on the consumer credit industry in general and therefore on the Group's business in this sector. In February 2007 the OFT announced that it was expanding its investigation into interchange rates to include debit cards.

In September 2006, the OFT announced that it had decided to undertake a fact find on the application of its statement on credit card fees to current account unauthorised overdraft fees. The fact find was completed in March 2007. On 29th March 2007, the OFT announced its decision to conduct a formal investigation into the fairness of bank current account charges. The OFT initiated a market study into personal current accounts ("PCAs") in the UK on 26th April 2007. The study's focus was PCAs but it also included an examination of other retail banking products, in particular savings accounts, credit cards, personal loans and mortgages in order to take into account the competitive dynamics of UK retail banking. On 16th July 2008, the OFT published its market study report, in which it concluded that certain features of the UK PCA market were not working well for consumers. The OFT reached the provisional view that some form of regulatory intervention is necessary in the UK PCA market. On 16th July 2008, the OFT also announced a consultation to seek views on the findings and possible measures to address the issues raised in its report. The consultation period closed on 31st October 2008. The Group has participated fully in the market study process and will continue to do so.

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US laws and regulations require compliance with US economic sanctions, administered by the Office of Foreign Assets Control, against designated foreign countries, nationals and others. HM Treasury regulations similarly require compliance with sanctions adopted by the UK government. The Group has been conducting an internal review of its conduct with respect to US Dollar payments involving countries, persons and entities subject to these sanctions and has been reporting to governmental authorities about the results of that review. The Group received inquiries relating to these sanctions and certain US Dollar payments processed by its New York branch from the New York County District Attorney's Office and the US Department of Justice, which along with other authorities, has been reported to be conducting investigations of sanctions compliance by non-US financial institutions. The Group has responded to those inquiries and is cooperating with the regulators, the Department of Justice and the District Attorney's Office in connection with their investigations of Barclays conduct with respect to sanctions compliance. Barclays has also received a formal notice of investigation from the FSA, and has been keeping the FSA informed of the progress of the US investigations and Barclays internal review. Barclays review is ongoing. It is currently not possible to predict the ultimate resolution of the issues covered by Barclays review and the investigations, including the timing and potential financial impact of any resolution, which could be substantial.

The Financial Services Compensation Scheme provides compensation to customers of financial institutions in the event that an institution is unable, or is likely to be unable, to pay claims against it. During the year, a number of institutions failed, including Bradford & Bingley plc, Heritable Bank plc, Kaupthing Singer & Friedlander Limited, Landsbanki 'Icesave', and London Scottish Bank plc. In order to meet its obligations to the depositors of these institutions, the FSCS has borrowed £19.7 billion from HM Treasury, which is on an interest only basis until September 2011. These borrowings are anticipated to be repaid wholly or substantially from the realisation of the assets of the above named institutions. The FSCS raises annual levies from the banking industry to meet its management expenses and compensation costs. Individual institutions make payments based on their level of market participation (in the case of deposits, the proportion that their protected deposits represent of total market protected deposits) at 31st December each year. If an institution is a market participant on this date it is obligated to pay a levy. Barclays Bank PLC was a market participant at 31st December 2007 and 2008. The Group has accrued £101m for its share of levies that will be raised by the FSCS including the interest on the loan from HM Treasury in respect of the levy years to 31st March 2010. The accrual includes estimates for the interest FSCS will pay on the loan and estimates of Barclays market participation in the relevant periods. Interest will continue to accrue on the HM Treasury loan to the FSCS until September 2011 and will form part of future FSCS management expenses levies. If the assets of the failed institutions are insufficient to repay the HM Treasury loan in 2011, the FSCS will agree a schedule of repayments with HM Treasury, which will be recouped from the industry in the form of additional levies. At the date of these financial statements, it is not possible to estimate whether there will ultimately be additional levies on the industry, the level of Barclays market participation or other factors that may affect the amounts or timing of amounts that may ultimately become payable, nor the effect that such levies may have upon operating results in any particular financial period.

31. Events After the Balance Sheet Date

On 2nd February 2009, Barclays completed the acquisition of PT Bank Akita, which was announced initially on 17th September 2008, following the approval of the Central Bank of Indonesia.

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Share Capital

The Group manages its debt and equity capital actively. The Group's authority to buy back ordinary shares (up to 984.9 million ordinary shares) was renewed at the 2008 Annual General Meeting. The Group will seek to renew its authority to buy back ordinary shares at the 2009 Annual General Meeting to provide additional flexibility in the management of the Group's capital resources.

At the 2008 Annual General Meeting, shareholders approved the creation of Sterling, Dollar, Euro and Yen preference shares ('Preference Shares') in order to provide the Group with more flexibility in managing its capital resources. No preference shares have been issued.

During the first half of 2008 Barclays repurchased in the market 36,150,000 of its ordinary shares of 25p each at a total cost of £171,923,243. This was the completion of the repurchase programme in order to minimise the dilutive effect on its existing shareholders of the issuance of a total of 336,805,556 Barclays ordinary shares to Temasek Holdings and China Development Bank in 2007.

Barclays purchased all of its staff shares in issue, following approval for such purchase being given at the 2008 Annual General Meeting, at a total cost of £1,023,054.

Group Share Schemes

The independent trustees of the Group's share schemes may make purchases of Barclays PLC ordinary shares in the market at any time or times following this announcement of the Group's results for the purposes of those schemes' current and future requirements. The total number of ordinary shares purchased would not be material in relation to the issued share capital of Barclays PLC.

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Glossary of Terms

'Adjusted gross leverage' is calculated as set out in note 28

'Cost:income ratio' is defined as operating expenses compared to total income net of insurance claims.

'CRL' is defined as Credit Risk Loans.

'Daily Value at Risk (DVaR)' is an estimate of the potential loss which might arise from unfavourable market movements, if the current positions were to be held unchanged for one business day, measured to a defined confidence level.

'Gain on acquisition' is defined as the amount by which the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities, recognised in a business combination, exceeds the cost of the combination.

'Income' refers to total income net of insurance claims, unless otherwise specified.

'Risk tendency' is a statistical estimate of the average loss for each loan portfolio for a 12-month period, taking into account the size of the portfolio and its risk characteristics under current economic conditions, and is used to track the change in risk as the portfolio of loans changes over time.

Absa Definitions

'Absa' refers to the results for Absa Group Limited as consolidated into the results of Barclays PLC; translated into Sterling with adjustments for amortisation of intangible assets, certain head office adjustments, transfer pricing and minority interests.

'Absa Capital' is the portion of Absa's results that is reported by Barclays within Barclays Capital.

'Absa Card' is the portion of Absa's results that is reported by Barclays within Barclaycard.

'Absa Group Limited' refers to the consolidated results of the South African group of which the parent company is listed on the Johannesburg Stock Exchange (JSE Limited) in which Barclays owns a controlling stake.

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