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 of $ and expenses payable by us estimated at $, are estimated to be $. These proceeds will be used for general corporate purposes.

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 % 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, we will not pay a dividend on the preference shares if payment of the dividend would cause a breach of the applicable capital adequacy requirements of the FSA in the United Kingdom.

A "dividend period" is the period from and including the most recent dividend payment date (or the date of issuance) 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.

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 (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 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, 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 will have no right or claim to participate further in our assets available for distribution among our shareholders 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 consist entirely of cash, will not be deemed a return of capital in respect of our liquidation, dissolution or winding-up.

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, 201[3] 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.

Purchases

Subject to the requirements of the Companies Acts and 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 persons holding or representing by proxy at least one-third of the outstanding preference shares, 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.

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, pursuant to a special resolution passed at a separate general meeting of the holders of the preference shares or with the written consent of holders of three-fourths of the issued 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 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.

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, and without any consent or sanction of the holders of the preference shares, create or issue further preference shares or other share capital 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.

[***Regulatory call provisions remain under consideration.***]

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 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;
- 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.

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 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.

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 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 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.

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 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-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.

Taxation of Dividends

We will not be required to withhold tax at source when paying a dividend on the preference shares.

Non-resident holders of preference shares or ADSs will not have any other liability to United Kingdom tax on such dividends.

Non-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-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.

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.

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. Also, we understand that HM Revenue & Customs will not charge stamp duty reserve tax ("SDRT") 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, although in cases of transfers where no ad valorem stamp duty arises, a fixed UK stamp duty of £5 may be payable.

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.

CAPITALIZATION AND INDEBTEDNESS

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

	As of December 31, 2007	Adjusted for the issuance of the preference shares [*To be updated*]
	'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
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	
Preference shares — issued and fully paid shares of €100 each	240	240
	£ million	*£ million*
Group shareholders' equity		
Called up share capital	2,382	
Share premium account	10,751	
Other reserves	(170)	(170)
Other shareholders' funds	2,687	2,687
Retained earnings	14,222	14,222
Shareholders' equity excluding minority interests	**29,872**	
Minority interests	1,949	1,949
Total shareholders' equity	**31,821**	
Group indebtedness(1)		
Subordinated liabilities(2)	18,150	18,150
Debt securities in issue(3)	120,228	120,228
Total indebtedness	**138,378**	**138,378**
Total capitalization and indebtedness	**170,199**	
Group contingent liabilities		
Acceptances and endorsements	365	365
Guarantees and assets pledged as collateral security	35,692	35,692
Other contingent liabilities	9,717	9,717
Total contingent liabilities	**45,774**	**45,774**

Notes:

[(1) "Group indebtedness" includes interest accrued as at [June 30], 2007, in accordance with International Financial Reporting Standards.]

(2) 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.

(3) In addition, there were £53,320 million of debt securities in issue accounted on a fair value basis as at December 31, 2007.

[TABLE ABOVE TO BE UPDATED]

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 , 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**
Barclays Capital Securities Limited	
Citigroup Global Markets Inc	
[•]	
Total	

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 $ per ADS, provided, however, that such concession for sales to certain institutions will not be in excess of $ per ADS. The underwriters may allow, and such dealers may reallow, a concession not in excess of $ per ADS to brokers and dealers.

We estimate that our total expenses for the offering, excluding underwriting commissions, will be approximately $.

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 , and the ISIN is .

We expect that delivery of the ADSs will be made against payment on or about April , 2008, which will be the [fifth] business day following the date of this prospectus supplement (such settlement cycle being referred to as "T+[5]"). [Under Rule 15c6-1 under the Securities Exchange Act of 1934, trades in the secondary market generally are required to settle in three business days, unless the parties to the trade expressly agree otherwise. Accordingly, if you wish to trade ADSs on the date of this prospectus supplement or the next succeeding business day you will be required, by virtue of the fact that the ADSs will initially settle in T+5, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement and should therefore consult your own advisor.]

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 ADSs at the public offering price on the cover page of this prospectus supplement, less the underwriting compensation, [on or before , 2008] [for days from the date of this prospectus supplement]. 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.

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 the 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 ADSs shall require the underwriter or us to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

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 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, 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.

STANDARD & POOR'S

RATINGSDIRECT®

January 30, 2008

Summary:
Barclays Bank PLC

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

Secondary Credit Analyst:
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Table Of Contents

Summary:

Barclays Bank PLC

Credit Rating: AA/Negative/A-1+

Rationale

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

Barclays has a range of strongly profitable businesses across multiple product lines, including retail banking and business banking in the U.K. and abroad, investment banking, and asset management. Growth has generally been rapid, and until mid-2007 heavily driven by wholesale banking toward which Barclays' business profile has been shifting. Since that time, the investment bank--like many others--has been pressured by markdowns on structured assets and leveraged loans, and we expect this to result in a weaker, but still profitable, second half. Domestic retail growth has been lower than for many banks in recent years, but seems to be responding to various management initiatives.

Diversification, both by business line and geography, has been increasing, and about 50% of group profits now come from outside the U.K. In part, this has come through the organic growth of global product lines including investment banking and asset management, but also through acquisitions, notably in South Africa and Spain. This has helped sustain a good overall performance during difficult recent trading conditions.

Standard & Poor's Ratings Services regards Barclays as having a broad and effective system of risk management with a relatively advanced approach to economic capital, but we judge the group's risk appetite to be high. We consider Barclays' liquidity position to be strong thanks to a large and diversified deposit base, and that Barclays has navigated the recent tight money market conditions well.

Barclays' loan impairment charge in its U.K. unsecured lending and credit card business has leveled off in 2007 following the large increases in previous years, and its mortgage book has a low risk profile. Nevertheless, Barclays remains exposed to further changes in the U.K. economic climate.

We regard Barclays' capitalization as weaker than some similarly rated peers, notwithstanding some recent improvement. Barclays is shareholder focused and has used hybrid capital rather than ordinary shares to fund much of its recent expansion and is now engaged in a share buyback following its 2007 capital injections from Temasek and China Development Bank.

Outlook

The negative outlook on Barclays reflects our view that profitability could come under pressure in 2008 if economic and capital market conditions deteriorate rapidly. This would likely affect the evolution of impairment losses in the commercial banking divisions, with particular regard to real estate lending, and could lead to a sharp upturn in losses on large corporate leveraged lending. Revenues in investment banking may also suffer from further write-downs, reduced private equity realizations, and lower debt issuance activity in such an environment. A negative rating action could follow if profitability declines materially, if there were evidence of a material failure in risk controls, or if Barclays does not meet its capital targets, although we do not currently regard such events as the most likely scenario. The outlook could return to stable if Barclays continues to show resilience though a challenging environment. A positive rating action is considered unlikely in the current environment, and would require a major improvement in capitalization beyond expectations, but a tight capital policy is likely to act as a rating constraint.

Additional Contact:
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Moody's Investors Service

Global Credit Research
Credit Opinion
23 OCT 2007

Credit Opinion: Barclays Bank PLC

Barclays Bank PLC

London, United Kingdom

Ratings

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

Contacts

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Edward Vincent/London	
Adel Satel/London	

Key Indicators

Barclays Bank PLC

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

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

Opinion

SUMMARY RATING RATIONALE

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

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

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

Credit Strengths

- Strong positions in all key areas of UK financial markets

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

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

- Solid funding profile and strong liquidity

Credit Challenges

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

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

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

- Managing the cost structure of the bank as a whole

Rating Outlook

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

What Could Change the Rating - Up

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

What Could Change the Rating - Down

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

Recent Results

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

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

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

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

DETAILED RATING CONSIDERATIONS

Detailed considerations for Barclays ratings are as follows:

Bank Financial Strength Rating

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

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

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

Qualitative Rating Factors (50%)

Factor 1: Franchise Value

Trend: Neutral

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

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

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

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

Factor 2: Risk Positioning

Trend: Neutral

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

Factor 3: Regulatory Environment

Trend: Neutral

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

Factor 4: Operating Environment

Trend: Neutral

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

Quantitative Rating Factors (50%)

Factor 5: Profitability

Trend: Neutral

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

Factor 6:

Liquidity

Trend: Neutral

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

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

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

Factor 7: Capital Adequacy

Trend: Neutral

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

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

Factor 8: Efficiency

Trend: Neutral

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

Factor 9: Asset Quality

Trend: Neutral

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

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

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

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

Global Local Currency Deposit Rating (Joint Default Analysis)

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

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

Notching Considerations

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

Foreign Currency Deposit Rating

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

Foreign Currency Debt Rating

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

ABOUT MOODY'S BANK RATINGS

Bank Financial Strength Rating

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

Global Local Currency Deposit Rating

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

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

National scale ratings

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

Foreign Currency Deposit Rating

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

Foreign Currency Debt Rating

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

Rating Factors

Barclays Bank PLC

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

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

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

United Kingdom
Credit Analysis

Barclays Bank PLC

Ratings

Barclays Bank PLC
Foreign Currency

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

Barclays PLC
Foreign Currency

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

Sovereign Risk

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

* IDR – Issuer Default Rating

Financial Data

Barclays PLC

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

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Rating Rationale

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

Support

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

Rating Outlook and Key Rating Drivers

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

Profile

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

Profile

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

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

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

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

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

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

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

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

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

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

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

■ Performance

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

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

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

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

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

Table 1: Divisional Profitability

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

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

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

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

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

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

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

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

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

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

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

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

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

■ Risk Management

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

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

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

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

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

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

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

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

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

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

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

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

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

There are clear limitations in using a VaR methodology for assessing market risk, and the stated figures are likely to underestimate the level of risk run given benign markets in 2006 and 2005. Nevertheless, the VaR amounts are low.

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

Table 2: DVaR

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

n.a. – Not available
Source: Barclays

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

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

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

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

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

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

■ Funding and Capital

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

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

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

Balance Sheet Analysis
BARCLAYS PLC

	30 Jun 2007				31 Dec 2006		31 Dec 2005	
	6 Months - Interim USDm Original	6 Months - Interim GBPm Original	As % of Assets Original	Average GBPm Original	Year End GBPm Original	As % of Assets Original	Year End GBPm Original	As % of Assets Original
A. LOANS								
1. Private	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-
2. Corporate	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-
3. Government	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-
4. Other	650,621.5	324,517.0	28.02	305,074.0	285,631.0	28.66	272,342.0	29.46
5. Loan impairment	6,564.0	3,274.0	0.28	3,302.5	3,331.0	0.33	3,446.0	0.37
6. Loan Impairment (memo)	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-
7. Less: Loans from the Insurance Business	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-
TOTAL A	**644,057.5**	**321,243.0**	**27.73**	**301,771.5**	**282,300.0**	**28.32**	**268,896.0**	**29.09**
B. OTHER EARNING ASSETS								
1. Loans and Advances to Banks	468,617.4	233,737.0	20.18	220,580.5	207,424.0	20.81	193,404.0	20.92
2. Government Securities	6,790.6	3,387.0	0.29	30,299.0	57,211.0	5.74	59,509.0	6.44
3. Trading Assets	436,210.4	217,573.0	18.78	170,324.5	123,076.0	12.35	98,437.0	10.65
4. Derivatives	349,302.3	174,225.0	15.04	156,289.0	138,353.0	13.88	136,823.0	14.80
5. Other Securities and Investments	178,226.9	88,896.0	7.67	84,303.5	79,711.0	8.00	62,928.0	6.81
6. Equity Investments	3,769.2	1,880.0	0.16	1,739.5	1,599.0	0.16	1,796.0	0.19
7. Insurance	184,839.0	92,194.0	7.96	87,496.0	82,798.0	8.31	83,193.0	9.00
TOTAL B	**1,627,755.7**	**811,892.0**	**70.10**	**751,032.0**	**690,172.0**	**69.24**	**636,090.0**	**68.81**
C. TOTAL EARNING ASSETS (A+B)	**2,271,813.2**	**1,133,135.0**	**97.83**	**1,052,803.5**	**972,472.0**	**97.56**	**904,986.0**	**97.90**
D. TANGIBLE FIXED ASSETS	**5,088.4**	**2,538.0**	**0.22**	**2,515.0**	**2,492.0**	**0.25**	**2,754.0**	**0.30**
E. NON-EARNING ASSETS								
1. Cash and Due from Banks	14,671.8	7,318.0	0.63	7,331.5	7,345.0	0.74	3,906.0	0.42
2. Other	30,616.7	15,271.0	1.32	14,874.5	14,478.0	1.45	12,711.0	1.38
F. TOTAL ASSETS	**2,322,190.1**	**1,158,262.0**	**100.00**	**1,077,524.5**	**996,787.0**	**100.00**	**924,357.0**	**100.00**
G. DEPOSITS & MONEY MARKET FUNDING								
1. Due to Customers - Current	586,318.6	292,444.0	25.25	213,390.5	134,337.0	13.48	128,429.0	13.89
2. Due to Customers - Savings	n.a.	n.a.	-	n.a.	65,786.0	6.60	60,945.0	6.59
3. Due to Customers - Term	n.a.	n.a.	-	n.a.	113,754.0	11.41	103,549.0	11.20
4. Deposits with Banks	542,780.4	270,728.0	23.37	216,172.0	161,616.0	16.21	144,407.0	15.62
5. Other Deposits and Short-term Borrowings	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-
TOTAL G	**1,129,099.0**	**563,172.0**	**48.62**	**519,332.5**	**475,493.0**	**47.70**	**437,330.0**	**47.31**
H. OTHER LIABILITIES								
1. Derivatives	356,417.7	177,774.0	15.35	159,235.5	140,697.0	14.12	137,971.0	14.93
2. Trading Liabilities	158,891.7	79,252.0	6.84	75,563.0	71,874.0	7.21	71,564.0	7.74
3. Fair Value Portion of Debt	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-
4. Insurance	195,487.0	97,505.0	8.42	93,010.0	88,515.0	8.88	88,968.0	9.62
TOTAL H	**710,796.3**	**354,531.0**	**30.61**	**327,808.5**	**301,086.0**	**30.21**	**298,503.0**	**32.29**
I. OTHER FUNDING								
1. Long-term Borrowing	365,361.5	182,235.0	15.73	173,679.5	165,124.0	16.57	136,713.0	14.79
2. Subordinated Debt	30,207.7	15,067.0	1.30	14,426.5	13,786.0	1.38	12,463.0	1.35
3. Other Funding	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-
TOTAL I	**395,569.2**	**197,302.0**	**17.03**	**188,106.0**	**178,910.0**	**17.95**	**149,176.0**	**16.14**
J. NON-INTEREST BEARING	**29,143.1**	**14,536.0**	**1.25**	**14,107.0**	**13,678.0**	**1.37**	**14,988.0**	**1.62**
K. HYBRID CAPITAL								
1. Hybrid capital accounted for as equity	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-
2. Hybrid Capital accounted for as debt	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-
L. TOTAL LIABILITIES	**2,264,607.6**	**1,129,541.0**	**97.52**	**1,049,354.0**	**969,167.0**	**97.23**	**899,997.0**	**97.36**
M. EQUITY								
1. Common Equity	42,048.6	20,973.0	1.81	20,654.0	20,335.0	2.04	16,975.0	1.84
2. Minority Interest	15,533.9	7,748.0	0.67	7,669.5	7,591.0	0.76	7,004.0	0.76
3. Revaluation Reserves	0.0	0.0	0.00	-153.0	-306.0	-0.03	381.0	0.04
TOTAL M	**57,582.5**	**28,721.0**	**2.48**	**28,170.5**	**27,620.0**	**2.77**	**24,360.0**	**2.64**
MEMO:CORE CAPITAL	**42,728.3**	**21,312.0**	**1.84**	**21,191.0**	**21,070.0**	**2.11**	**17,271.0**	**1.87**
MEMO: ELIGIBLE CAPITAL	**n.a.**	**n.a.**	**-**	**n.a.**	**n.a.**	**-**	**n.a.**	**-**
N. TOTAL LIABILITIES & EQUITY	**2,322,190.1**	**1,158,262.0**	**100.00**	**1,077,524.5**	**996,787.0**	**100.00**	**924,357.0**	**100.00**
Exchange Rate		USD1 = GBP 0.4988			USD1 = GBP 0.5094		USD1 = GBP 0.5808	

Income Statement Analysis
BARCLAYS PLC

	30 Jun 2007		31 Dec 2006		31 Dec 2005	
	Income Expenses GBPm Original	As % of Total AV Earning Assts Original	Income Expenses GBPm Original	As % of Total AV Earning Assts Original	Income Expenses GBPm Original	As % of Total AV Earning Assts Original
1. Interest Income	12,055.0	2.29	21,820.0	2.32	17,254.0	2.42
2. Interest Expense	7,448.0	1.41	12,662.0	1.35	9,157.0	1.28
3. NET INTEREST REVENUE	**4,607.0**	**0.88**	**9,158.0**	**0.98**	**8,097.0**	**1.14**
4. Net Fees & Commissions	3,812.0	0.72	7,177.0	0.76	5,705.0	0.80
5. Net Insurance Revenue	194.0	0.04	485.0	0.05	227.0	0.03
6. Other Operating Income	3,289.0	0.62	4,821.0	0.51	3,349.0	0.47
7. Personnel Expenses	4,581.0	0.87	8,169.0	0.87	6,318.0	0.89
8. Other Operating Expenses	2,411.0	0.46	4,916.0	0.52	4,200.0	0.59
9. PRE-IMPAIRMENT OPERATING PROFIT	**4,910.0**	**0.93**	**8,556.0**	**0.91**	**6,860.0**	**0.96**
10. Loan Impairment Charge	959.0	0.18	2,074.0	0.22	1,574.0	0.22
11. Other Credit Impairment and Provisions	n.a.	-	n.a.	-	n.a.	-
12. OPERATING PROFIT	**3,951.0**	**0.75**	**6,482.0**	**0.69**	**5,286.0**	**0.74**
13. Other Income and Expenses	150.0	0.03	654.0	0.07	-6.0	0.00
14. PUBLISHED PRE-TAX PROFIT	**4,101.0**	**0.78**	**7,136.0**	**0.76**	**5,280.0**	**0.74**
15. Taxes	1,158.0	0.22	1,941.0	0.21	1,439.0	0.20
16. Profit/(Loss) from Discontinued Operations	n.a.	-	n.a.	-	n.a.	-
17. Change in Value of AFS investments	n.a.	-	-93.0	-0.01	-89.0	-0.01
18. CurrencyTranslation Differences	n.a.	-	-594.0	-0.06	214.0	0.03
19. Other Gains/(Losses) not in Published Net Income	n.a.	-	n.a.	-	n.a.	-
20. FITCH COMPREHENSIVE INCOME	**n.a.**	-	**4,508.0**	**0.48**	**3,966.0**	**0.56**
21. Total Gains/(Losses) not in Published Net Income	n.a.	-	-687.0	-0.07	125.0	0.02
22. IFRS Dividends included in Fitch Interest Expense	n.a.	-	n.a.	-	n.a.	-
23. PUBLISHED NET INCOME	**2,943.0**	**0.56**	**5,195.0**	**0.55**	**3,841.0**	**0.54**

Ratio Analysis
BARCLAYS PLC

		30 Jun 2007	31 Dec 2006	31 Dec 2005
		6 Months - Interim	Year End	Year End
		GBPm	GBPm	GBPm
		Original	Original	Original
I. PERFORMANCE				
1. Net Interest Margin	%	0.88	0.98	1.14
2. Loan Yield	%	n.a.	5.52	4.54
3. Cost of Funds	%	2.11	2.04	1.82
4. Costs/Average Assets	%	1.30	1.36	1.44
5. Costs/Income	%	58.75	60.59	60.68
6. Pre-Impairment Operating ROAA	%	0.91	0.89	0.94
7. Operating ROAA	%	0.73	0.67	0.72
8. Pre-Impairment Operating ROAE	%	34.86	32.92	33.62
9. Operating ROAE	%	28.05	24.94	25.91
II. CAPITAL ADEQUACY				
1. Internal Capital Generation	%	-2.59	9.76	11.17
2. Core Capital/Total Assets	%	1.85	2.13	1.88
3. Eligible Capital/Regulatory Weighted Risks	%	n.a.	n.a.	n.a.
4. Eligible Capital+Eligible Revaluation Reserves/Regulatory Weighted Risks	%	n.a.	-0.10	0.14
5. Tier 1 Regulatory Capital Ratio	%	7.70	7.70	7.00
6. Total Regulatory Capital Ratio	%	11.80	11.70	11.30
7. Free Capital/Equity	%	76.54	80.37	75.70
III. LIQUIDITY (year end)				
1. Liquid Assets/Deposits & Money Mkt Funding	%	8.35	38.01	39.22
2. Loans/Deposits	%	109.85	89.94	91.80
IV. ASSET QUALITY				
1. Loan Impairment Charge/Gross Loans (av.)	%	0.63	0.74	0.59
2. Total Credit Impairment/Pre-impairment Operating Profit	%	19.53	24.24	22.94
3. Loan Impairment/Gross Impaired Loans	%	69.76	74.95	75.74
4. Individual Loan Impairment/Gross Impaired Loans	%	n.a.	n.a.	n.a.
5. Impaired Loans Gross / Loans Gross	%	1.45	1.56	1.67
6. Impaired Loans Net/Eligible Capital	%	n.a.	n.a.	n.a.
7. Net Charge-offs/Gross Loans (av.)	%	n.a.	n.a.	n.a.

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

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

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

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

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

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