

EXHIBIT 61

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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

Master File No.:
1:09-cv-01989-PAC

IN RE BARCLAYS BANK PLC:
SECURITIES LITIGATION

This Document Relates to:

ALL ACTIONS.

Deposition of Sir Richard Broadbent
London, England
Friday, October 30, 2015

** CONFIDENTIAL UNDER PROTECTIVE ORDER **

Court Reporter:
Rhiannon Mason-Edwards (Veritext Legal Solutions)
Accredited Realtime Reporter

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1 speculate or guess.

2 BY MR. NIRMUL:

3 Q. Let me -- let me ask you in a -- in
4 a different way because I don't want you to guess, I don't
5 want you to put yourself in management's -- I'm asking you
6 this question in your capacity as a --

7 A. Yeah.

8 Q. -- as a -- as a former board member.

9 A. Okay.

10 Q. What would be your expectation of management?

11 A. Fine.

12 Q. Right? In -- you know, in -- in terms of
13 reviewing other banks' disclosures and deciding how Barclays
14 should disclose information.

15 MR. TOMAINO: If you had an expectation in that
16 regard --

17 MR. NIRMUL: Yeah --

18 MR. TOMAINO: -- which would have been
19 a foundational question. Objection to the form.

20 THE WITNESS: You expect management to bring
21 forward, after analysis and thought, a recommendation for
22 disclosure that meets all the requirements and, beyond the
23 requirements, the sort of goals you have of trying to
24 clarify what is happening in -- in a volatile market. And
25 as a board member I think you -- you would hope that one of

1 the things they would do in these particular circumstances
2 would be to be aware what other banks were doing, simply
3 because the market would be looking at you in comparison to
4 other banks and if you unwittingly gave out substantially
5 less information than other banks, then investors might draw
6 conclusions from that which might be misleading. They might
7 draw a misleading conclusion that your performance was less
8 good than it -- you -- than it was, for example.

9 So in these particular circumstances, where there
10 is volatility, market volatility, it seems to me as a board
11 director entirely reasonable that the management would look
12 elsewhere and just make sure that they were not
13 materially -- significantly out of line with what other
14 banks were doing.

15 BY MR. NIRMUL:

16 Q. And in that respect, in the use of
17 terminology to represent exposures, you would expect
18 management's disclosures, or proposed disclosures, to be
19 consistent with those of its peers; correct?

20 MR. TOMAINO: Objection, form.

21 THE WITNESS: I think as a director I would not
22 expect them to -- I just would expect them to have
23 considered the issues. As I say, this was a particular set
24 of circumstances where I can see that it might well have
25 been relevant to have looked at what other people were

1 doing. But it's not a -- it's very much to do with the
2 circumstances in particular cases.

3 BY MR. NIRMUL:

4 Q. What would be your -- as a -- as a -- as
5 a director in approving these disclosures, would you expect
6 Barclays' disclosures to the market to be better than its
7 peers?

8 MR. TOMAINO: "Better" in what sense? What does
9 that mean? Objection to the form of the question.

10 THE WITNESS: I mean, as a director of the
11 company, you have to have regard to your own business and to
12 be clear what you're trying to do for your own business.
13 Now, as I said, it might be relevant to consider what other
14 banks were doing in certain circumstances, but the fact that
15 it might be relevant to consider it doesn't mean to say it's
16 necessarily right to follow it, because other banks are also
17 dealing with their own circumstances.

18 So I -- I wouldn't come to a sort of -- a
19 premature conclusion. I would just recognize there might be
20 circumstances where it was appropriate to consider it and,
21 depending on that consideration, you might take into account
22 in the form of disclosure you made.

23 BY MR. NIRMUL:

24 Q. You said you wouldn't want -- you wouldn't
25 expect management to recommend disclosures that would be

1 "This was principally driven by certain weaknesses
2 remaining undiscovered for lengthy periods of time, such as
3 the whistleblower issue and Project Ash."

4 Do you know what Project Ash is?

5 A. I can't remember what Project Ash was, I'm
6 afraid.

7 Q. Okay.

8 A. It rings a faint bell, but I just can't
9 remember what it was.

10 Q. Do you know what the "whistleblower issue"
11 was?

12 A. No, can't remember that either.

13 Q. What about Project Spring? Is that --

14 A. That I think was a sanctions issue.

15 Q. I'm sorry, say again?

16 A. That -- that I believe was a sanctions issue.

17 Q. Oh, okay. And then in (a) it states:

18 "The FSA reiterated, in view of the current
19 liquidity crisis, the continued importance of Barclays
20 stress testing its funding and capital position."

21 Do you see that?

22 A. I see that, yes.

23 Q. And do you recall what the FSA's concern was
24 specifically with respect to the bank's funding and capital
25 position?

1 A. As I say, I can't be sure --

2 MR. TOMAINO: Objection to form.

3 THE WITNESS: Sorry. I can't be sure I'm
4 recalling this particular meeting. But I do remember in
5 a general sense, it's not at all surprising that at the end
6 of 2007/beginning of 2008 the regulator became much more
7 focused on the capital position and on risk controls, and
8 they were saying, as you would expect, it's important to
9 continue stress-testing them, which is a sentiment I wholly
10 agreed with.

11 BY MR. NIRMUL:

12 Q. Was the FSA concerned that Barclays was
13 thinly capitalized relative to its peers?

14 MR. TOMAINO: Objection to form.

15 THE WITNESS: I mean, I'm not -- I'm struggling
16 because I don't remember a -- you know, a specific event.
17 I have a general recollection that increasingly over this
18 period the FSA was getting -- was focusing more and more
19 closely on capital. I don't necessarily think it was
20 particularly a Barclays-specific issue. I think -- I don't
21 know -- my sense is that they were doing that for all banks.
22 But clearly we were a major bank, and I certainly have
23 a recollection in general terms that we came under greater
24 scrutiny; there was more concern on the part of the FSA to
25 ensure that we were managing the business as -- as tightly

1 as we could.

2 BY MR. NIRMUL:

3 Q. Okay. And if you look at page 14 of this
4 document, at number 4 at the bottom of the page, does that
5 discussion with respect to the risk appetite report relate
6 to the risk appetite report that had been presented to the
7 risk committee and which you were going to recommend to the
8 board?

9 A. Yep. I believe so, yes.

10 Q. And the board in fact approved the risk
11 appetite?

12 A. I'll turn the page. The board approved --
13 yes, the board approved it.

14 Q. So you can set that aside.

15 With respect to annual reporting, did -- so the
16 annual report, did the risk committee have a role in the
17 preparation in -- in any way of the -- of the annual report?

18 A. Not specifically in relation to the annual
19 report. There is one section of the report which is
20 a report by the risk committee, I -- I recollect, which
21 I think takes the form of a -- a sort of covering note from
22 the chairman and then there's some material on risk and...

23 It would depend on the timing, actually.

24 Certainly the -- if there was a covering note, that would be
25 reviewed by the chairman of the committee. The material

1 A. I see that.

2 MR. TOMAINO: "Equity Tier 1".

3 MR. NIRMUL: Thank you.

4 BY MR. NIRMUL:

5 Q. You recall that as being the -- the basis for
6 the group's -- that description being the basis for the --
7 the group's capital ratio targets?

8 A. I'm afraid I have no sort of direct recall of
9 this discussion but, I mean, the generality of it is
10 familiar.

11 Q. Okay. And if you look at the next page,
12 there's a reference to an "STP Capital Plan". What does
13 "STP" stand for?

14 A. I infer that's a short-term plan.

15 Q. Okay. And reading this paragraph here, does
16 that reflect that with respect to the short-term capital
17 plan that had been previously approved, the current market
18 conditions had reduced equity ratios and the tier 1 capital
19 ratios?

20 MR. TOMAINO: Objection to form.

21 THE WITNESS: I mean, reading this, I think
22 what -- what comes across is that the original plan was
23 having a -- that the assumptions made, in particular about
24 capital and RWAs, were -- I mean, the reality was different
25 from the assumptions made.

1 BY MR. NIRMUL:

2 Q. And that was being driven by the -- by the
3 current credit markets; correct?

4 A. It was being driven by the valuation of
5 assets and impairment of assets, which meant that balance
6 sheet capacity was being taken up by those items.

7 Q. And then if you look at (d), there's
8 a "Proposed Capital Issuance". Do you see that?

9 A. Yes.

10 Q. And you see there's reference to discussions
11 with a Japanese bank and a Korean insurance company?

12 A. Yes.

13 Q. Do you recall the nature of those
14 discussions?

15 MR. TOMAINO: Objection to form.

16 THE WITNESS: I don't specifically recall these
17 discussions. I do recall that at this time or hereabouts --
18 clearly there's a reference in the board minutes -- that
19 there were discussions, I believe it was with Sumitomo;
20 I don't think I -- I don't recall a Korean insurance company
21 at all. But the Sumitomo discussions I think I do recall
22 being referred to, and I think did develop into
23 a subscription, if I remember rightly.

24 BY MR. NIRMUL:

25 Q. Did that develop into a rights offering?

1 doesn't have significance. I mean, capital ratios go up and
2 down the whole time in line with the business. As with all
3 these things, you have to look at the -- the context and the
4 particular circumstances at the time.

5 BY MR. NIRMUL:

6 Q. There's a target ratio that Barclays had,
7 correct, for its tier 1 capital?

8 A. Well, Barclays had both target ratios and
9 regulatory ratios, and sought to run its business in
10 relation, you know --

11 THE COURT REPORTER: Sorry, "had...
12 regulatory..."?

13 THE WITNESS: Had both target ratios and
14 regulatory ratios, and sought to run its business in line
15 with both.

16 BY MR. NIRMUL:

17 Q. If capital ratios start approaching the
18 target ratio, then -- is the target ratio a -- a minimum
19 target that the bank had for its capital ratio?

20 MR. TOMAINO: Objection, form.

21 THE WITNESS: You know, a target is a target.
22 It's inefficient to run your business with more capital than
23 you need: the return on capital goes down. It is, you know,
24 a commercial judgment where you seek to optimize your
25 position. On the one hand you want to have prudence; on the

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BARCLAYS PLC

15th November 2007



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

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

John Varley, Group Chief Executive

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

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

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

Robert E Diamond Jr, President

Barclays Capital – October 2007 year to date

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

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

Sub Prime ABS Positions

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

ABS CDO Super Senior Exposure

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

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

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

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

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

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

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

Other US Sub Prime Exposure

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

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

ABS and CDO positions held on the trading book were acquired for market-making, ABS and CDO structuring purposes. These positions, which include ABS bonds, CDOs and sub prime residuals, are valued by reference to observable transactions including the level of the ABX

indices and on a pool-by-pool basis, implied cumulative loss projections. RMBS backed CDOs have been valued consistently to the ABS CDO super senior exposure as noted above.

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

SIVs and SIV-lites

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

Leveraged Finance and Own Credit

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

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

Other capital markets business

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

Liquidity and Funding

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

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

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

Summary of Barclays Capital net charges and write downs

£bn	Net charges and write downs		Comments
	Q3 2007	Oct 2007	
ABS CDO Super Senior High Grade	(0.3)	(0.4)	<ul style="list-style-type: none"> - All RMBS CDO principal valued at zero - All second lien collateral valued at zero - Sub Prime collateral marked down 50%
Mezzanine	(0.1)	(0.3)	<ul style="list-style-type: none"> - As above - Used fair value with impairment horizon to 2008
Other US Subprime Whole loans and trading book positions	(0.2)	(0.2)	- Trading book assessed at fair value based on current market parameters
SIVs/SIV-lites	(0.1)	0.0	<ul style="list-style-type: none"> - Minimal sub prime exposure in SIVs - No undrawn SIV-lite facilities
Leveraged Finance / Own Credit	0.2	0.1	
Net Charges and Write Downs in the period	(0.5)	(0.8)	

Barclays Capital Trading Update conference call and webcast details

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

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Forward Looking Statements

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

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

EXHIBIT 63

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BARCLAYS PLC

MINUTES OF A MEETING OF THE BOARD OF DIRECTORS HELD AT WARREN HOUSE, WARREN ROAD, KINGSTON-ON-THAMES, SURREY KT2 7HY ON THURSDAY 15 NOVEMBER 2007

Present:

Marcus Agius - Chairman

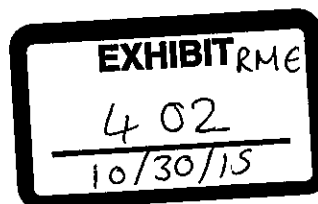
David Booth	Sir Richard Broadbent
Dr Danie Cronjé	Professor Dame Sandra Dawson
Bob Diamond***	Gary Hoffman
Sir Andrew Likierman****	Chris Lucas***
Sir Nigel Rudd	Stephen Russell
Frits Seegers	Sir John Sunderland
John Varley***	

In Attendance:

Lawrence Dickinson	Company Secretary
Patrick Gonsalves	Deputy Secretary
Mark Harding	General Counsel (in attendance from Item 1.3(2) to part way through Item 2.1(2), returning part way through Item 2.2(1))
Paul Idzik	Chief Operating Officer (in attendance for Items 2.2 - 3 only)
Blake Grossman*	Chief Executive Officer, BGI (in attendance for Item 2.2(3) only)
Rich Ricci**	Chief Operating Officer, Investment Banking and Management (in attendance for Item 2.2(3) only)

Apologies: Leigh Clifford
Fulvio Conti

* via video conference
** via audio conference
*** in attendance from Item 1.3(2)
**** in attendance until Item 2.2(1) then for Item 2.2(4)



1. CHAIRMAN'S MATTERS

1.1 APPROVAL OF MINUTES AND ACTIONS ARISING FROM PREVIOUS MEETINGS

(1) Minutes

The minutes of the Board meeting held on 20 September 2007 and Pegasus Board and Committee meetings held on 5 October 2007, which had been sent to Directors in advance of the meeting, were approved for signature by the Chairman.

(2) Actions Arising

Lawrence Dickinson drew the Board's attention to the schedule of Actions Arising from the 20 September 2007 Board meeting, which had been sent to Directors in advance of the meeting and noted that all actions arising from previous meetings were in hand.

(3) External Appointments

The Board noted the appointments of Fulvio Conti as a Non-executive Director of AON Corporation and Danie Cronje as a Director of Sappi Ltd, both to be effective from 1 January 2008. It was noted that Sir Nigel Rudd was already a Director of Sappi Ltd.

(4) Board Composition

Marcus Agius reported that consideration was being given to identifying a successor to Stephen Russell as Chairman of the Board Audit Committee. Sir Michael Rake, who had recently retired as Senior Partner of KPMG, had confirmed that he would be interested in joining the Barclays Board and that he would have sufficient time to perform the role on the Board Audit Committee. He would be meeting certain Board members in the coming weeks.

A search had also been under-way for a female Director to broaden the diversity of the Board. Patience Wheatcroft was a journalist who had been the City Editor of the FT before moving to the Sunday Telegraph, which she had recently left. She had been proposed as a potential Non-executive Director and she would also be meeting Board members in the coming weeks. Both proposed appointments would be considered at the forthcoming Board Corporate Governance and Nominations Committee. The size of the Board would be further enlarged by the appointment of the CDB nominated Director. The Board would, however, be reduced in size as Danie Cronje had advised the Chairman that he did not wish to seek re-election to the Board at the next Annual General Meeting.

1.2 BOARD EVALUATION PROCESS

Mr Agius presented the Board Evaluation Process paper for 2007, which had been sent to the Directors in advance of the meeting, and noted that in view of the challenging year that the Group had experienced, it seemed appropriate for a full, externally facilitated Board Evaluation to be conducted.

The Board approved the recommendations for the 2007 Board Evaluation. The Board also approved the approach to the Evaluation in respect of the Chairman.

1.3 BOARD COMMITTEE REPORTS

(1) Report of the Board HR and Remuneration Committee Meeting on 8 October 2007

Sir Richard Broadbent presented his Report on the key issues discussed at the meeting of the Board HR and Remuneration Committee meeting held on 8 October 2007, which had been sent to the Directors in advance of the meeting, and highlighted the following points:

(a) Reward Framework

The Committee had reviewed updated reward frameworks for Barclays Capital ("BarCap") and BGI. The frameworks were helpful to the Committee in providing clarity and certainty in making reward decisions.

(b) BGI EOP

The reward framework for BGI anticipated implementing a successor to the BGI EOP. There was a possibility that Management would propose a successor scheme that included settlement in equity or an instrument that was very close to equity. If that were the case, the Committee would recommend that shareholder approval be obtained for any new scheme, even if not strictly required given institutional shareholder interest in the scheme. The Committee's preference was for settlement to be by way of an instrument that replicated the commercial benefits of equity.

The Board noted the report from the Board HR and Remuneration Committee Chairman.

Bob Diamond, Mark Harding, Chris Lucas and John Vorley joined the meeting.

(2) **Report of the Board Audit Committee Meeting on 14 November 2007**

Stephen Russell presented his Report on the key issues discussed at the meeting of the Board Audit Committee meeting held on 14 November 2007, which had been laid on table, and highlighted the following points:

(a) BarCap Trading Update

The Committee had spent some time reviewing the BarCap Trading Update which had been released to the market earlier that morning.

(b) Control Issues of Group Level Significance (CIGLS)

The number of CIGLS that were behind schedule had increased but there were good reasons for most of those situations and there was no sign of a reduction in Management's determination to address control issues.

(c) Project Spring

Mark Harding updated the Board on

Redacted:
Redacted For Privilege

**Redacted:
Redacted For Privilege**

(d) Global Payments

The creation of GRCB had brought into sharp focus the weaknesses in the Group's payment systems. Complex and out-dated systems had struggled to cope with the additional burden of manual sanctions checking. A series of tactical fixes had stabilised the position but a new payments system was now required. That would cost £210 million and take 3-4 years to implement.

(e) Control Environment Reviews

The BarCap and Emerging Markets businesses had reported to the Committee on their Control Environments. BarCap had provided good reassurance as to how their controls had coped in the recent difficult markets. Emerging

Markets had successfully filled many of the vacancies that had concerned the Committee when they had last reported in June 2007.

The Board noted the report from the Board Audit Committee Chairman.

2. CHIEF EXECUTIVE'S MATTERS

2.1 BUSINESS REPORTS

(1) Chief Executive's Report

John Varley presented his monthly Report, which had been sent to the Directors in advance of the meeting, and highlighted the following:

(a) BarCap Trading Update

The release of the BarCap Trading Update earlier that morning had gone well. There had been a great deal of interest with nearly 300 participating at the Analysts' conference call. The detailed nature of the disclosure had been well received.

(b) Zimbabwe

A recent Sunday Times article had suggested that the Group's Zimbabwe business was not complying with sanctions legislation and was effectively supporting the Mugabe regime. A decision had been taken to remain in Zimbabwe in order to support the Group's staff and customers there. The Brand and Reputation Committee had considered the matter and endorsed that approach. The allegations that we were in breach of sanctions regulations were unfounded as Barclays Bank EU sanctions regulations do not apply to Barclays Bank of Zimbabwe Limited and it is in fact illegal in Zimbabwe to comply with international sanctions requirements. The safety of Barclays staff in Zimbabwe was an on-going concern. If the newspapers pursued this matter further, Mr Varley would voice his concerns to the Chief Editor.

(c) Regulatory Issues

The FSA would be attending the December Board meeting to present the Arrow Report. The Report had still not been received although it was likely to contain some criticisms.

The Group had recently been lobbying the Bank of England to implement an alternative to the current Standby Facility that was not at a penal rate. It was hoped that a pilot scheme around the end of the year might be agreed.

(d) Market Turbulence

Bob Diamond briefed the Board on the impact of the recent difficult market conditions on BarCap and BGI. BarCap's risk management systems had worked well and risks had been hedged well earlier in the year as concerns had grown about slipping standards in mortgage origination. The Bear Stearns position reflected a management misjudgement rather than a failure of controls. All BarCap's trading operations had now been realigned under Jerry Del Missier's leadership. Impairment in the Leveraged Finance portfolio compared favourably to peers representing both good judgement and a degree of good fortune in not being included in deals such as First Data. BGI's investment performance over the difficult summer months had compared well to the funds managed by their main competitor Goldman Sachs, particularly in the flagship funds. The current dislocation in the sub-prime markets would take 1-3 years to be worked through although other markets may recover earlier.

The Board noted the report.

Mark Harding left the meeting part way through the item below.

(2) Finance Director's Report

Chris Lucas presented his monthly Report for October 2007, which had been sent to Directors in advance of the meeting, and highlighted the following:

(a) October 2007

Profit Before Tax ("PBT") for October 2007 was £315 million which was below that of August 2007 and September 2007. GRCB had an extremely good month but the Group's performance had been adversely affected by the difficult market conditions for BarCap.

(b) October Year-to-Date

PBT for the year-to-date was £5,794 million which was consistent with the same period in 2006.

(c) Revised Annual Forecast (RAF) For the Year to 31 December 2007

Current RAF for the year remained at £7,072 million and the GRCB businesses were on track to achieve their forecast. IBIM remained on track to achieve their forecast but there had to be some downside risk to this. Consensus remained at £7,179 million and would likely move towards the current RAF.

(d) Group Balance Sheet

As usual, the balance sheet would be managed down towards the year-end. There had been growth in Home Finance balances since September and contraction in unsecured consumer loans and Barclaycard, reflecting a tightening of lending criteria in those businesses.

The Board discussed the Finance Director's report and noted that there was little advantage in the business stretching to exceed the 2007 RAF, as it would only make the delivery of growth in 2008 even harder. In response to a question, Frits Seegers and Mr Diamond confirmed that there were no signs yet of the end of the credit cycle having a material impact on impairment. The Board also discussed the status of the share buyback programme which was now 78% complete with 261 million shares purchased so far, at an average price of 609p per share. The brokers had been instructed to run the program smoothly to the year-end.

It was noted that the projected equity tier 1 ratio for the year-end would be just below the group's target level. This would not be a surprise to the market.

The Board noted the report.

Paul Idzik joined the meeting.

Mark Harding rejoined the meeting.

2.2 GROUP STRATEGY

(1) Strategy Update

Mr Varley referred the Board to the Strategy Update presentation (including Asia Pacific and Brand and Marketing Strategy), which had been sent to Directors in advance of the meeting and highlighted the following points:

(a) Strategic Context

The Group had targeted internationalisation of earnings to align with industry revenue pools and areas of growth. £3 billion of extra profits by 2009 had been targeted by increasing profit growth from under delivering businesses and pushing harder on the potential in international platforms. Even without optimal execution of this organic strategy, the medium term plan was predicting £8.8 billion of PBT in 2009. On inorganic activity, the Group had been pursuing a Merger of Equals as senior partner as the preferred inorganic option for the Group.

(b) Progress Update

Between 2003 and 2007 the Group had nearly doubled its profits and significantly diversified its sources of profit so that in 2007 47% of profits were earned outside of the UK and GRCB accounted for 55% of Group profits with IBIM at 45%. Barclays was being re-shaped from a UK clearing bank into a global universal bank. A major initiative had been launched to exploit cross cluster revenue synergies. These initiatives were targeted to deliver an annual revenue uplift of £1.6 billion in 2010.

(c) The Road Ahead

Despite making solid progress in the execution of the strategy in recent years, total shareholder return had not been in the top quartile. At the same time Barclays had slipped down the global banks' ranking by market capitalisation. However, the level of growth indicated in the Medium Term Plan exceeded market expectations although four key structural imperatives needed to be addressed:

- (i) Significantly increased returns on total capital employed;
- (ii) Continue build up of the key universal banking capabilities, particularly capital management, marketing and brand management and the global operations and technology platforms;
- (iii) Accelerate the pace of change in portfolio composition through growth of GRCB internationally; and
- (iv) Focus inorganic efforts on sizeable deals in support of the required change in portfolio composition, particularly in Asia.

(d) Brand and Marketing

The Group's Brand and Marketing capability needed to be enhanced to match the scope and scale of Barclays. A suite of work steps had been launched and a further report would be given to the Board no later than the second quarter of 2008 with a game plan.

(e) Pace of Change in Portfolio Composition

BarCap's growth was expected to slow but would remain healthy at industry-leading levels. The Alpha Plan had aimed for growth of between 15% and 20% but in fact had achieved 30% growth. That rate of growth could not be continued and 15% to 20% growth was what should be expected in the medium term. The next objective therefore was to move GRCB to a 15% compound annual growth rate trajectory over time. International Retail and Commercial Banking was the business that was most under represented compared to the Group's target business mix. It would need to grow at a rapid pace to compensate for slower growth in the UK Retail and Commercial Banking markets. The Rest of World markets represented significant growth opportunities for GRCB but given the levels of concentration in those markets GRCB would need to define their strategy at regional, rather than individual country level.

The Board discussed the change in emphasis on the growth ambitions for the UK Retail Bank. Given the regulatory headwinds facing UK retail banking, the Group's ambitions in this area had been reined back. This was because the potential profit opportunity was now seen as being smaller and the returns available on the necessary investment would be better applied to support the international retail and commercial banking ambitions. The UK Retail Bank under Deanna Oppenheimer had been successful in growing both profits and customers. Some 70% of Branch Managers had been changed and £100 million had been invested to date, principally in improving the product set. Future investments in the UK Retail Bank would need to be funded by productivity gains and by exploiting synergy opportunities across Barclays Commercial and UK Retail Bank. The Board noted that the UK Retail Bank was effectively the Group's shop window to customers and investors and allowing the branch network to deteriorate could represent a reputational risk that could have a disproportionate impact on the Group's valuation.

Mr Varley introduced four areas for Board discussion:

- Mergers and Acquisitions Activity Post ABN

Mr Varley reviewed the current status of relations with potential 'merger of equals' partners. HSBC was considered to be dysfunctional but any merger would require the sale of one of the UK banks. Efforts had been made to improve the relationship with the Standard Chartered leadership.

The Board discussed the Group's appetite for potential merger of equals opportunities and noted that while the Group could not afford to be seen to try and fail a second time on such a deal, complete withdrawal from the forces of industry concentration would be a strategic mistake. It was therefore important to preserve the twin options to participate in a merger of equals or to productively dislocate others' merger of equals attempts.

The strategic shareholdings by CDB and Temasek created new opportunities for the Group in the mergers and acquisitions area, which could potentially be very productive. Temasek's shareholding in Standard Chartered could equally create opportunities with the financial support of CDB. The Board expressed open-mindedness on the possibility of participating in a consortium transaction, initiating a hostile offer for a potential partner or intervening in someone else's transaction.

- Reviewing the Universal Banking Model

Mr Varley observed that despite the recent de-rating of universal banks, over time they had outperformed other banks. The Group would need to be clear about its adhesion to the universal banking model, even though it was possible that some hedge funds would like to attack the Group and break it up for this reason. The Board discussed what universal banking should mean for Barclays and noted the importance for Barclays of the internal synergies that were available resulting from the business model. It was important that the Group's strategy was coherent and well communicated. It must be clear what it would do and where, so that it remained focused on business areas and geographies where market leading positions could be achieved and the Barclays brand could be leveraged. It was noted that universal did not mean ubiquitous. Successful practitioners were very selective about where they chose to compete. Effectively communicating the Group's business model was a differentiator and

its policies as to capital allocation would be important in driving the Group's market valuation over time.

- Accelerating Growth in Asia

In 2007 PBT from Asia would amount to 7% of Group profit. While this reflected significant growth, it was well short of where the Group desired to be. The Medium Term Plan projected strong organic growth in Asia with profits from Asia rising to £890 million in 2010. The Group would require a further £620 million of PBT per annum to reach the Group's target of 15% of earnings from Asia. That gap would need to be filled by inorganic deals which would equate to spending on acquisitions of approximately £6.5 billion, given the high multiples that could be expected in the region.

Mr Seegers briefed the Board on the rapid growth in the Cards and Unsecured Loans business in India, where the Group now employed 9,500 people. BarCap was also growing its business in India but the cost of doing business in India was now starting to rise. The Indian government's stated intention of liberalising the banking market by 2009 seemed unlikely to materialise.

It was also noted that the Group would be applying for a banking license for Pakistan and a number of acquisition opportunities where a majority stake was possible were under review.

- Enhancing Capital Management

Barclays had achieved relatively high returns on equity but returns on total capital employed were relatively low compared to its peers. Shareholders were now expressing greater interest in the flexibility of the Group's balance sheet and might value higher returns on capital ahead of profit before tax growth. In recent years, the Group had increased its leverage in order to fund growth such as the acquisition of ABSA but there is little opportunity to increase leverage further.

The Board discussed how the Group's ambitious growth plans would be funded in the future and noted that there would be increased tension between different parts of the Group's demands for capital and more difficult decisions to make. Mr Lucas briefed the Board on the tools that the Group would need to develop in order to support those decisions. The work would initially focus on the flow

of new business proposals but the stock of the existing businesses would also be reviewed. It was agreed that if this analysis indicated that the Group's business mix was inappropriate, the Board would need to revisit this issue as soon as possible. The Board were reassured that the Group had the necessary skills to assess the Group's capital efficiency but this area would require greater focus in the future. Given that the market's judgement of capital efficiency was likely to become more important, the capital measure that had the greatest impact on the Group's market valuation should drive its decision-making. It was agreed that an update would be provided to the Board in 2008.

The Board approved the strategy update.

(2) **Medium Term Plan 2008-2010**

Mr Lucas presented the Medium Term Plan (MTP), which had been sent to Directors in advance of the meeting, and highlighted the following:

(a) Growth Profile

The MTP indicated a reasonable growth profile over the plan timescale albeit at a lower level than that predicted in the prior year's MTP. A top-down haircut had been applied for 2008, 2009 and 2010 to offset the capital issues that could result in lower RWA growth, as well as the expected significant one-off events such as the regulatory challenge on current account charges where the full impact could be worse than was provided for in the Plan. Significant work was being undertaken to establish the Group approach to allocating RWAs to those businesses that provided a higher return on capital. The MTP delivers PBT that is ahead of consensus estimates in each of the years.

(b) IBIM and GRCB Balance

The MTP showed a good balance between IBIM and GRCB in terms of both PBT and economic profit growth as a result of increasing growth rates in GRCB to levels consistent with IBIM. IBIM growth rates were very close to those in the previous MTP.

(c) Assumptions

The MTP included provision for smaller acquisitions but larger acquisitions would need to be funded by capital raising. The economic conditions

supporting the projections in the MTP were those that had applied in September 2007. There had been no real economic change at present. There was likely to be some deterioration in the economic outlook for 2009 and 2010. Similarly, there was some downside risk for IBIM if the credit markets did not improve in the first half of 2008.

(d) Geographical Mix

Over the life of the MTP the Group's reliance on the core UK businesses' profits was reduced and the contribution from the US increases significantly following a reduction in 2007 as a result of the US sub prime crisis and recent credit crunch.

(e) Impairment

Impairment would increase significantly driven by expansion of the international businesses. This was considered to be a reasonably prudent approach. The analysis had, however, been done before the recent credit crunch which could have an impact on BarCap's impairment levels.

The Board discussed the work that would be done on capital efficiency and noted that the capital jaws and free cash flow during the period of the Plan would be flat and whilst a number of smaller acquisitions had been built into the plan, there would be no free capital to make significant acquisitions. Medium sized acquisitions could require a difficult judgement call as to whether to issue equity in order to fund them. As the Group made efforts to increase its return on capital, it might be necessary to also review the risk appetite.

The Board also discussed the reasons for and the potential impact on the businesses of the central haircut that had been applied to the MTP.

The Board approved the MTP, subject to the additional work that was being done on the Group's capital efficiency.

Blake Grossman and Rich Ricci joined the meeting.

(3) **BGI Execution Update**

Mr Diamond, Blake Grossman and Rich Ricci presented the BGI Execution Update paper, which had been sent to Directors in advance of the meeting, and highlighted that:

- (a) BGI had become an important part of the Group in terms of its contribution and being a part of the Group was increasingly important to BGI. There was still a significant growth opportunity for BGI, although growth was likely to become harder to come by.

- (b) Performance in Difficult Market Conditions

Although BGI had made good returns in its portfolios from the carrying trade, there were signs earlier in the year that it would come under pressure. The decision was therefore made to remove such positions from the Global Macro portfolio and BGI had been able to save some 5% to 6% of Alpha performance as a result.

- (c) Product Innovation and Expansion

The intention was to step up the growth plans for i-Shares again in 2008. That market was becoming increasingly competitive, however, as others tried to establish themselves. Alternatives and Active Equity would also be a key area of focus as BGI builds out those capabilities further. The Asian markets were particularly attractive areas for expansion, leveraging on the relationships that the Group and CDB already had in the region.

- (d) Market Developments

It was noted that there was a blurring of the distinction between Asset Management, Investment Banking and Private Banking. This would create an important opportunity for BGI to manufacture products such as the iPath Exchange Traded Notes for BarCap once the current market uncertainty had eased.

- (e) Operating Platform

It was essential that the businesses infrastructure continued to keep ahead of the evolving business needs.

The Board discussed the impact of the recent market turbulence on BGI's ability to recruit and retain key employees. It was noted that there had not been a dramatic impact to date, but there was the possibility of more talent becoming available after the year-end. The Board also discussed the challenges that BGI faced in expanding in Asia. BGI had acquired some attractive mandates in Asia and was optimistic for the medium term outlook but often found that the pricing for many plans was below market rates. It was also often quite difficult to obtain listings for investment vehicles although the brand was now well established in the region. In response to a question, Mr Grossman confirmed that it could become more difficult to achieve Alpha as the business grew. However, size also brought some advantages, including having sufficient resource to do detailed analysis to identify opportunities.

The Board noted the paper.

Blake Grossman and Rich Ricci left the meeting.

Papers circulated for information

Committee minutes:

Board Risk Committee Meeting on 19 September 2007

Board HR and Remuneration Committee Meeting on 8 October 2007

Economic Presentation

EXHIBIT 64

Barclays calculates £1.3bn sub-prime loss

Graphic:

Julia Finch, City editor

Friday 16 November 2007 06.32 EST

The following correction was printed in the Guardian's Corrections and clarifications column, Wednesday November 21 2007

In the article below we made the mistake of referring to the US mortgage group owned by Barclays as Equifax; we meant Equifirst. Equifax is a credit reference agency unconnected to Barclays. This has been corrected.

Barclays bank has taken a £1.3bn hit on the sub-prime mortgage crisis in the US. Britain's third biggest bank said it had written off £500m during July, August and September, and £800m in October alone.

ADVERTISING



Barclays' share price has been under severe pressure in recent days as concern mounted about losses the bank could be facing. Last Friday shares were suspended as rumours swirled of £10bn, and investors rushed to sell.

Yesterday, to settle nerves, the bank unexpectedly brought forward by a fortnight a trading statement of its Barclays Capital investment banking operation.

The write-off was less than expected and the shares reacted with a bounce from 533p to 569p, but they later lost ground and closed down 9p at 524p as investors showed concern about the

unpredictable outlook.

BarCap chief Bob Diamond described the sub-prime market as "a mess" that would take up to two years to be sorted out. The statement was the latest in a series of monthly updates to reassure shareholders issued since the crisis hit in August. Yesterday's contained far more detail.

John Varley, the bank's chief executive, said the "extensive disclosure demonstrates the strength and resilience of our performance during the year and in particular during the turbulent month of November".

The £1.3bn writedown includes £700m against the bank's top-rated mortgage-backed securities. Other hits include £400m for mezzanine finance exposures and £400m on other sub-prime positions.

"They've given us some clarity but the numbers are still pretty big," said Philip Richards, analyst at Execution, pointing to Barclays' £5bn exposure to CDOs (collateralised debt obligations), £5.4bn for its whole loans and trading book, and a £7.3bn exposure from unsold leveraged finance underwriting positions.

Varley said the bank had looked ahead at potential defaults in order to make "consciously conservative" write-off estimates. Its most risky residential mortgage-backed securities, including all those where Barclays does not have first call on the mortgaged property, are now assumed to be worthless.

The big increase in the October write-down, said Diamond, was the result of a "second leg down" in the sub-prime market when credit rating agencies downgraded a huge number of CDOs. He said BarCap had been "actively managing" its risks.

The group has also tightened lending criteria at Equifirst, a US mortgage originator it acquired this year before the sub-prime crisis hit to package up more mortgage-backed securities.

In its statement Barclays said it had "progressively tightened underwriting criteria" and that Equifirst mortgages were at an average loan-to-value of 82%. In addition, the bank said it had first call on more than 99% of Equifirst's mortgage exposure.

The scale of the write-downs, however, has not held the bank back. The BarCap business has still generated huge profits -£1.9bn in the first 10 months of the year, which is ahead of last year's October total. In the full 2006 year BarCap made a record £2.2bn.

Diamond said that other parts of the BarCap business had been making profits - with "strong growth" across commodity, equity, currency and interest rate products, and "excellent contributions from continental Europe and Asia and good results in UK markets".

Varley added: "We have been firing on a lot of cylinders."

Analyst Alex Potter, at Collins Stewart, describe the statement as "pretty confidence-inspiring". He added: "They've gone through it with a fine-tooth comb and taken some realistic decisions."

Analysts at Credit Suisse said that the statement was "useful; and will put a backstop, at least for now, on the speculation that much bigger losses had emerged".

Credit Suisse also questioned whether Barclays has been as conservative as it claims: "It represents about 12% of the exposure, net of tax, in line with several of the other European bank write-downs.

"However, [it's] well below levels at certain US banks. Merrill Lynch and Morgan Stanley have written down about 30%."

Banks have announced collective losses and write-downs of almost \$50bn in the past month.

Barclays will give a full trading update for the group, including the high street banking arm, on November 27.

BarCap's Diamond

Bob Diamond was teaching at the University of Connecticut when a **passion for the markets** led him to become a bond trader at Morgan Stanley. Twenty-seven years later he landed as head of investment banking at Barclays. The Massachusetts native is now the **highest paid director** in the FTSE 100, earning £23m in 2006, of which £12m was made up of share options. He counts **charitable work and Chelsea FC** among his interests. He recently gained **British citizenship**, though he still considers himself "very, very American".

Topics

Barclays Banking Credit crunch

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EXHIBIT 65

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UNITED STATES
 SECURITIES AND EXCHANGE COMMISSION
 Washington, DC 20549

 FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
 PURSUANT TO RULE 13A-16 OR 15D-16
 UNDER THE SECURITIES EXCHANGE ACT OF 1934

November 2007

Barclays PLC and
 Barclays Bank PLC
 (Names of Registrants)

1 Churchill Place
 London E14 5HP
 England
 (Address of Principal Executive Offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F ☒ Form 40-F ☐

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ☐ No ☒

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):

 This Report is a joint Report on Form 6-K filed by Barclays PLC and Barclays Bank PLC. All of the issued ordinary share capital of Barclays Bank PLC is owned by Barclays PLC.

This Report comprises:

Information given to The London Stock Exchange and furnished pursuant to General Instruction B to the General Instructions to Form 6-K.

EXHIBIT INDEX

Trading Update, 27 November 2007

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, each of the registrants has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BARCLAYS PLC
(Registrant)

Date: November 27, 2007

By: /s/ Patrick Gonsalves

Patrick Gonsalves
Deputy Secretary

BARCLAYS BANK PLC
(Registrant)

Date: November 27, 2007

By: /s/ Patrick Gonsalves

Patrick Gonsalves
Joint Secretary

27th November 2007

Barclays PLC
Trading Update

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

John Varley, Group Chief Executive

Business Commentary

Global Retail and Commercial Banking

In UK Retail Banking we have delivered good growth in profit before tax after excluding the impact of settlements on overdraft fees from prior years, reflecting good growth in mortgages and customer deposits. Impairment performance in unsecured credit continued to improve and charges remained

negligible in mortgages. Barclays Commercial Bank (formerly UK Business Banking) also saw good growth in profit before tax. This was driven by good growth in income, with expenses growing broadly in line with income and impairment rising at a slower rate than in the first half. UK Banking remains on course to achieve its targeted full year cost:income ratio improvement of two percentage points, excluding the impact of settlements on overdraft fees.

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

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

Investment Banking and Investment Management

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

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

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

Capital

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

2007 outlook

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

- ENDS -

Notes

1. Key trends in the income statement set out above, unless stated otherwise, relate to the nine months to 30th September 2007, and are compared to the corresponding nine months of 2006. Balance sheet references relate to 30th September 2007 and are compared to the balance sheet as at 31st December 2006.
2. Trends in income are expressed after the deduction of 'net claims and benefits on insurance contracts'.

3. UK Business Banking has been renamed Barclays Commercial Bank.
4. As at close of business 26th November 2007, the market consensus derived by Barclays Investor Relations for 2007 PBT was GBP7,099m and for 2007 earnings per share was 68.8p.

Trading Update conference call and webcast details

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

Timetable

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

All dates are provisional and subject to change.

For further information please contact

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

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

Forward Looking Statements

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

Group's forward-looking statements.

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

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EXHIBIT 66

FILED UNDER SEAL

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

In re BARCLAYS BANK PLC SECURITIES
LITIGATION

Master File No. 1:09-cv-01989-PAC

**REPORT OF FIACHRA T. O'DRISCOLL
SUBMITTED ON BEHALF OF LEAD PLAINTIFF**

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I. SCOPE OF OPINION

1. In the above-captioned action, counsel for Lead Plaintiff, Dennis Askelson, requested that I address the following subjects: (i) the nature of Barclays PLC's and Barclays Bank PLC's (collectively, "Barclays") credit market positions as of year-end 2007, including those in collateralized debt obligations ("CDOs"), Structured Investment Vehicles ("SIVs"), commercial mortgages, and leveraged finance, and the risk associated with these positions; (ii) Barclays' risk management efforts around these positions; and (iii) adverse trends that had materialized in relation to these positions in the first quarter of 2008.

II. BACKGROUND AND QUALIFICATIONS

2. Over a span of more than 15 years between 1992 and 2008, I worked with complex structured financial products and, for much of that time I concentrated on arranging securities issued by residential mortgage-backed securities ("RMBS") securitization trusts, CDOs, collateralized loan obligations ("CLOs"), and SIVs. During those years, I worked in various investment banking and trading capacities within the Credit Suisse corporate group. I arranged RMBS and supervised others who did so from 1996, soon after I joined Credit Suisse's Asset Finance Group, until 2003. From 2003 to 2008, I was responsible for arranging CDOs and for restructuring SIVs. As a result, I have extensive experience in and knowledge concerning the market for and the risk associated with these products.

3. Prior to my employment at Credit Suisse, I earned undergraduate degrees in Mathematics and Engineering from Trinity College, Dublin, and a Master's Degree in Business Administration from Harvard Business School.

4. I began working at Credit Suisse in 1992. From 1992 to 1994, I marketed and arranged debt securities issues and derivatives transactions for companies and financial institutions in the United Kingdom and the Russian Federation.

5. In 1995, I joined Credit Suisse's Asset Finance Group in New York, NY, where I was responsible for arranging and underwriting new issues of RMBS and asset backed securities. My responsibilities from 1996 onwards included soliciting RMBS underwriting engagements and negotiating purchases of pools of mortgage loans from mortgage loan originators. I was promoted to Vice President in 1996 and Director in 1998. Beginning in 2000, I had management responsibility for RMBS transactions and supervised a team of bankers engaged in arranging and underwriting RMBS and purchasing whole loan mortgages. I was named Managing Director in 2001.

6. During the years 1995 to 2003, I was responsible for arranging more than 100 asset backed securitizations where Credit Suisse was the lead securities underwriter.

7. In 2003, I joined Credit Suisse's CDO Group. From 2005 to 2008 I was the co-head of CDO Structuring for the Americas at Credit Suisse. As such, I was jointly responsible for the CDO structuring team, which comprised approximately 18 people who arranged, structured and marketed CDO transactions to debt investors. The majority of the assets held by the CDOs that my team and I arranged were RMBS but I was also

responsible for CLOs and CDOs of commercial mortgage securities (“CRE CDOs” and “CMBS CDOs”).

8. Since 2009, I have been a partner in KFSO Investments, a portfolio manager of investment funds focused on analyzing banks, financial institutions and other companies with structured assets or liabilities.

9. A copy of my curriculum vitae, which includes a list of the cases in which I have testified as an expert at trial or by deposition in the past four (4) years is annexed to this report as **Exhibit 1**.

10. My opinions are based on my experience and knowledge of the structured credit markets, and my review of documents produced, and testimony given, in this litigation. A list of the documents I considered in forming the opinions set forth herein is annexed to this report as **Exhibit 2**. I have no personal or financial interest in the outcome of this litigation. I am being compensated for my work at the rate of \$600 per hour. Payment of my fee is not contingent upon the opinions expressed herein or on the outcome of this action.

11. The opinions expressed herein are as of the date of this report and I reserve the right to supplement these opinions at any time.

III. SUMMARY OF OPINIONS

12. Barclays’ 2007 Form 20-F filed with the United States Securities and Exchange Commission on March 26, 2008 (the “2007 20-F”): (i) reflected an incomplete and inaccurate disclosure of Barclay’s credit market positions as of year-end 2007,

understated the losses associated with certain of those positions, and thus understated their risks; and (ii) mischaracterized Barclay's risk management around certain positions, particularly Barclay's CDO positions. Furthermore, during the first quarter of 2008, prior to the commencement of the April 8, 2008 offering of Non-Cumulative Callable Dollar Preference Shares, Series 5 (the "Offering"), certain of Barclays credit market exposures that I have examined increased significantly, presenting additional risks to Barclays from the dislocations in the credit markets.

IV. RMBS AND THEIR RISKS IN 2007 - 2008

13. The term "securitization" refers to the process of pooling assets that generate cash flow and selling securities that finance the purchase of those assets. The holders of the securities then receive interest and principal payments from the cash flows generated by the assets in the pool.

14. RMBS are securitizations in which the securities are backed by residential mortgage loans. First, a prospective homeowner takes out a loan in order to purchase her home. Second, lenders who extend that financing sell the loan after it is made to an entity that bundles numerous loans into an RMBS, which then issues certificates to investors. Approximately three-quarters of residential mortgage loans in the United States end up in RMBS.¹

¹ According the Federal Reserve System, as of the fourth quarter of 2007, 72.5% of all one- to four-family mortgage holdings were in pooled form or held by GSEs and 27.5% of all one-to four-family mortgages were held by depository institutions in non-pooled form. Board of Governors of the Federal Reserve System: Mortgage Debt Outstanding (Historical Data), *available at* <http://www.federalreserve.gov/econresdata/releases/mortoutstand/current.htm>.

15. Residential mortgage loans are securitized both by federal agencies, such as Fannie Mae and Freddie Mac (“Agency RMBS”), and by private parties, such as finance companies and banks (“Private Label RMBS”), often referred to as the “sponsor” of the RMBS. In Agency RMBS transactions, the federal agencies that securitize the mortgage pools also guarantee the RMBS against default.² In order to be eligible for Agency RMBS, the loans must meet certain criteria and are generally referred to as “prime” loans. Private Label RMBS refer to RMBS backed by loans that do not meet the qualifications of the federal agencies, and may include subprime, Alt-A, and “jumbo” loans. “Subprime” generally refers to loans that do not fit the federal agencies’ guidelines with respect to the borrowers’ creditworthiness. “Alt-A” denotes other loans that fail to meet the federal agencies’ guidelines, often for reasons not related to the borrowers’ credit history, such as loans with a high loan-to-value ratio (“LTV”) or loans backed by an investment property rather than an owner-occupied property. “Jumbo” refers to loans whose principal amounts exceed federal agencies’ limits.³ Private Label RMBS do not have a government guarantee in the event of default.⁴ If borrowers fail to pay on the underlying mortgages the investors will not be paid principal and interest.

² See Fabozzi, Frank J., “The Handbook of Fixed Income Securities.” 7th Ed., McGraw Hill, 2005, p. 490.

³ See Sengupta, Rajdeep, “Alt-A: The Forgotten Segment of the Mortgage Market,” Federal Reserve Bank of St. Louis Review, January/February 2010, pp. 56, *available at*: <https://research.stlouisfed.org/publications/review/2010/01/04/alt-a-the-forgotten-segment-of-the-mortgage-market/>.

⁴ Fabozzi, p.18.

16. In an RMBS transaction, whether Agency or Private Label, thousands of residential mortgage loans are collected in a single “pool.” Payments on RMBS certificates are based on the cash flow from the mortgage loans and therefore the coupon rates, the sales prices, and the ultimate investment return on the certificates depend in large part on the characteristics and quality of the underlying mortgage loans. RMBS certificates are, in simple terms, only as good as the mortgage loans underlying them and the relevant contractual obligations.⁵

17. Each RMBS certificate has a relative ranking or priority in each securitization. This means that senior RMBS certificates will only lose principal or interest after the lower priority RMBS certificates have lost all of their principal and interest payments.⁶ The lower priority RMBS certificates can be very risky, in that even a tiny increase in the number of defaulting mortgages can result in these RMBS certificates losing the entirety of their principal. These are usually referred to as “subordinate” or “mezzanine” RMBS.

18. Among the most risky of RMBS interests are the “residual interests” and “NIM” securities that are created from residual interests in each securitization. The residual interest is generally the most junior (or subordinate) class of certificates in a securitization and is often referred to in the industry as the “first loss” position.⁷ This

⁵ *Ibid.*

⁶ Fabozzi, p. 64.

⁷ References to residuals in subprime securitizations are generally referred to as the REMIC residual (usually called the Class R) or the economic residual (usually called the Class CE or Class X). The Class

“first loss” position received all of the interest and fees received from the borrowers that were not needed to pay interest on the other RMBS in the securitization. In RMBS securitizations of subprime loans, the sponsors typically retained the residual interests resulting from the securitization. While the residuals are typically difficult or impossible to sell outright,⁸ often sponsors could re-securitize part of the “excess interest” payable to the residual. These “NIMS” (for “net interest margin”) certificates were pledged all of the RMBS’ excess cash flows. If the underlying loans performed, the NIMS would be fully repaid in about two years from these cash flow streams.⁹ However, as losses on the underlying loans began to be realized, any portion of the NIM principal not repaid in the first two years might not be recouped for years, if ever. Any excess cash flow remaining if and when the NIM was paid off was known as the “post-NIM” residual.”

19. Once issued, investors buy and sell RMBS through Wall Street broker-dealers. Unlike with stocks and shares, there is no exchange where RMBS are traded. However, on January 19, 2006, an index of 20 subprime RMBS securitizations, the ABX

R certificate was a creature of tax law; each REMIC had to have only one residual interest but could have many “regular interests”. The Class CE was intended to absorb all cash flow on a distribution date after the payments to the senior and mezzanine certificates. There was also a Class P interest, irrelevant for present purposes, which received all “prepayment penalties” paid by borrowers redeeming their loans during a certain period. References to residuals herein refer to the economic residual.

⁸ Frankel, Allan, “Prime or not so prime? An exploration of US housing finance in the new century,” BIS Quarterly Review, March (2006), p. 71, *available at*: http://www.bis.org/publ/qtrpdf/r_qt0603f.pdf (“It has become standard for an MBS issuer to securitise its own residual interests in deals through the issuance of net interest margin securities.”).

⁹ *Ibid*, p. 72.

Index, began trading.¹⁰ Like the Dow Jones Industrial Average or the S&P500, by 2007, the ABX Index became the main way in which the market prices of subprime RMBS were tracked in the market. The ABX Index was a credit default swap on all 20 of the underlying RMBS it referenced. Therefore, if there are no defaults, an investor who goes long a series of the ABX, by selling protection, will profit from the income on the portfolio. If defaults arise, the protection seller will suffer losses identical to the losses on a cash investment in all 20 of the underlying RMBS.¹¹ New series of the ABX were issued every six months during the relevant time period, and by the end of 2007 there were four series traded, ABX.HE 2006-1, ABX.HE 2006-2, ABX.HE 2007-1, and ABX.HE 2007-2.¹²

20. In the 1980s and 1990s, subprime and Alt-A mortgage lending was more of a cottage industry, in which the large banks did not typically participate. In the early 2000s, coinciding with an increase in the volume and size of mortgage loan securitizations, competition among mortgage originators to extend mortgages to subprime and Alt-A borrowers, and to sell such mortgages to RMBS sponsors, soared. By 2003, major Wall Street firms started to buy and build their own platforms to originate and securitize mortgages, which offered far greater profits than their traditional businesses.

¹⁰ “ABX Launch Prompts Dispersion, Arbitrage Trading,” *Derivatives Week*, January 30, 2006, p. 1.

¹¹ “Introduction to the ABX and CMBX Indices,” Goldman Sachs, November 2006.

¹² Fender, Ingo and Scheicher, Martin, “The pricing of subprime mortgage risk in good times and bad - evidence from the ABX.HE indices,” BIS Working Papers No. 279, March 2009.

21. Some of the subprime mortgage firms owned by the major Wall Street RMBS dealers are listed below:

Securitization Sponsor Parent	Mortgage Originator / Servicer	Date Acquired
Barclays Capital	Equifirst Corp. ¹³	April 2007
The Bear Stearns Companies, Inc.	Encore Credit Corp. ¹⁴	Oct. 2006
Deutsche Bank AG	MortgageIT Holdings Inc. ¹⁵	July 2006
Goldman Sachs & Co.	Litton Loan Servicing LP ¹⁶	Dec. 2007
Lehman Brothers Holdings Inc.	BNC Mortgage LLC ¹⁷	May 2003
Merrill Lynch	First Franklin Financial Corp. ¹⁸	Sept. 2006
Morgan Stanley	Saxon Capital Inc. ¹⁹	August 2006

¹³ Jackson, Paul. "Barclays Completes EquiFirst Acquisition; Purchase Price Plummets on Subprime Woes," *Housing Wire*, April 2, 2007, *available at*: <http://www.housingwire.com/articles/barclays-completes-equifirst-acquisition-purchase-price-plummets-subprime-woes>

¹⁴ Jackson, Paul. "Bear Stearns Completes Acquisition of ECC Capital," *Housing Wire*, February 12, 2007, *available at*: <http://www.housingwire.com/articles/bear-stearns-completes-acquisition-ecc-capital>.

¹⁵ Onaran, Yalman. "Lehman Brothers Shuts Down Subprime Unit, Fires 1,200 (Update4)," *Bloomberg*, August 22, 2007, *available at*: http://www.bloomberg.com/apps/news?pid=newsarchive&refer=home&sid=a_jFXHzh0PFc.

¹⁶ Kraut, Dan. "Goldman Sachs Buys Litton Loan Servicing From C-Bass (Update1)," *Bloomberg*, December 10, 2007, *available at*: <http://www.bloomberg.com/apps/news?pid=newsarchive&sid=av8fOkC1HHEc>.

¹⁷ Sources: Lehman Buying Rest of BNC Mortgage, *National Mortgage News*, May 22, 2003, *available at*: http://www.nationalmortgagenews.com/on_issues/12_12/-427936-1.html.

¹⁸ Godt, Nick. "National City sells First Franklin to Merrill for \$1.3 billion," *Marketwatch*, September 5, 2006, *available at*: <http://www.marketwatch.com/story/national-city-sells-first-franklin-to-merrill-for-13-billion>.

¹⁹ "Morgan Stanley to Acquire Residential Mortgage Servicer and Originator Saxon Capital for \$706 Million," August 9, 2006, *available at*: http://www.morganstanley.com/press-releases/morgan-stanley-to-acquire-residential-mortgage-servicer-and-originator-saxon-capital-for-706-million_3769.

22. There has been considerable research and analysis in the aftermath of the credit crisis that began in 2007 of how progressively looser mortgage lending standards contributed to the credit crisis.²⁰

23. Beginning in the fall of 2006 the quality of subprime mortgages began to deteriorate. This became clear when house prices started falling, exposing lenders to losses on mortgage borrowers who failed to pay. House prices, as measured by the S&P/Case-Shiller National Home Price Index, declined steadily from a peak in July 2006, throughout 2007 and 2008. As of the first quarter of 2007, housing prices declined in 13 out of the 20 cities in the index, averaging a 1.4% annual rate of decline in the quarter; the first quarterly decline since 2001.²¹ The National Association of Realtors reported in April 2007 that its Pending Home Sales Index fell 4.9% year-on-year in March 2007, to its then lowest level since February 2003, a 10.5% decrease year over year.²²

24. House price inflation is correlated with the rate of mortgage delinquency and foreclosure,²³ and the proportion of mortgage borrowers falling delinquent on their

²⁰ Demyanyk, Yuliya S. and Van Hemert, Otto, “Understanding the Subprime Mortgage Crisis,” December 8, 2008, *available at* <http://ssrn.com/abstract=1020396> or <http://dx.doi.org/10.2139/ssrn.1020396>; “2007 Annual Report: The Subprime Mortgage Market, *National and Twelfth District Developments*,” Federal Reserve Bank of San Francisco, 2007; DellAriccia, Giovanni, Deniz Igan, and Luc Laeven, “Credit booms and lending standards: Evidence from the subprime mortgage market,” International Monetary Fund, April 2008, *available at*: <https://www.imf.org/external/pubs/ft/wp/2008/wp08106.pdf>

²¹ “Subprime Market Events,” The Mortgage Strategist, UBS Global Markets, June 5, 2007.

²² “Pending Home Sales Remain Soft Near-Term,” The National Association of Realtors, April 2007.

²³ See Demyanyk and Van Hemert, (“The only variable in the considered proportional odds model that contributed substantially to the crisis is the low subsequent house price appreciation for vintage 2006 and 2007 loans, which can explain about a factor of 1:24 and 1:39, respectively, higher-than-average likelihood for a current loan to turn delinquent.”).

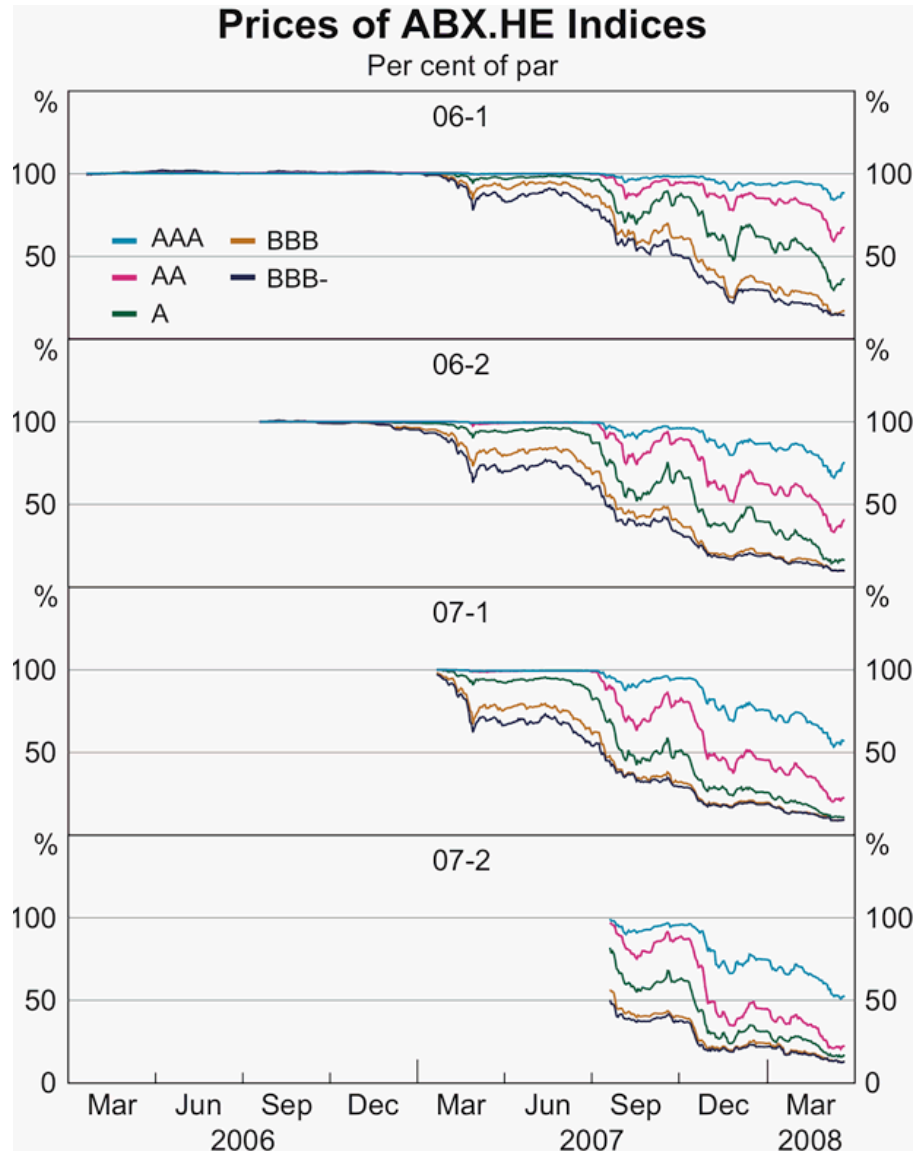
payments started to rise in the fall of 2006.²⁴ Newly released subprime RMBS monthly reports during this time period showed steeply rising delinquency rates and beginning in September 2006, the credit spreads at which the lower-rated newly-issued subprime mortgage backed securities traded began to widen and their prices began to fall.

25. Subprime RMBS monthly reports from March 2007 continued to show steeply rising delinquencies. Similarly, Alt-A RMBS fell in price as Alt-A mortgages proved to have delinquency performance that was similar to subprime mortgages.²⁵

²⁴ Peters, Jeremy W., "Bankers Report More Mortgages Being Paid Late or Not at All". The New York Times. December 14, 2006, *available at*: <http://www.nytimes.com/2006/12/14/business/14mortgage.html>.

²⁵ Shenn, Jody, "Moody's Says Some 'Alt A' Mortgages Are Like Subprime (Update3)," *Bloomberg*, July 31, 2007, *available at*: <http://webcache.googleusercontent.com/search?q=cache:eQS6WbQO6RQJ:www.bloomberg.com/apps/news%3Fpid=newsarchive%26sid=aMoeHFRFze1o%26refer=home+&cd=1&hl=en&ct=clnk&gl=us&client=safari>.

26. The chart below shows prices for the four major ABX indices from 2006 to March 2008:



Source: Reserve Bank of Australia, Financial Stability Report, March 2008, available at: <http://www.rba.gov.au/publications/fsr/2008/mar/html/graphs.html>

27. As subprime RMBS prices started to fall below 100 cents on the dollar, RMBS investors became unwilling to buy newly issued subprime securities. This was evidenced by a noticeable decline in subprime RMBS issuance over the 2006–2007 time

period. For example, in 2006, subprime RMBS issuance was \$418 billion. In 2007, it declined to \$216 billion—a 55% drop year-over-year.²⁶

28. By the third quarter of 2007, the S&P/Case-Shiller U.S. National Home Price Index had also fallen at an annualized 4.5% rate, the worst decline in 21 years.²⁷

29. As the market for subprime and Alt-A mortgages dried up, many of the largest nonagency mortgage originators failed. On February 13, 2007, ResMae Mortgage filed for bankruptcy after Merrill Lynch demanded that ResMae repurchase \$308 million in defaulted or problematic loans. On April 2, New Century Financial, one of the largest originators, filed for Chapter 11 bankruptcy. On September 21, HSBC closed its Decision One subprime mortgage unit and cut 750 jobs. On October 3, Bear Stearns announced 310 layoffs in its mortgage origination businesses.²⁸

30. In summary, by the end of 2007, delinquencies on nonagency mortgages has soared, few nonagency mortgages were still being originated, and RMBS backed by subprime mortgages originated between 2005 and 2007 were trading at steep discounts to their face value.

V. CDOs AND THEIR RISKS IN 2007 - 2008

31. A CDO is a fund that invests in debt securities. The fund raises money from investors and then uses that money to buy assets. As with a traditional investment trust, a

²⁶ “Mortgage-Related Issuance & Outstanding,” Securities Industry and Financial Markets Association.

²⁷ European Securitised Products Outlook 2008, Citigroup Global Markets, January 25, 2008, p. 7

²⁸ “2007: A Look Back At The Credit Crisis,” *Total Securitization*, December 24, 2007.

bank (the “Arranging Bank”) creates the transaction and markets the CDO to investors. Also as with a traditional investment trust, an investment manager (the “Investment Manager”) is appointed to purchase the assets for the CDO and to trade the assets on an ongoing basis. CDOs finance the purchase of their collateral pool by issuing “notes” to investors. The investors receive CDO notes that are paid from the income produced by the pool of assets purchased by the Investment Manager. One can think of a CDO as a re-securitization. For example, an RMBS is one step removed from the underlying loans, whereas an RMBS CDO is two steps removed from the underlying loans. However, just like RMBS, CDOs are ultimately dependent on the performance of the underlying loans, as defaults in the underlying asset pools will lead to losses for CDO noteholders.

32. CDOs usually buy one or more specific types of “fixed income” securities – corporate bonds, bank preferred stock, commercial mortgage backed securities (“CMBS”) or RMBS. The CDOs held by Barclays that are most at issue here were known as ABS CDOs or “Structured Finance” CDOs. Typically, an ABS CDO portfolio was made up of 100 or more RMBS, CMBS and/or CDO Notes issued by other ABS CDOs (often called the “collateral”).

33. CDOs issue different tranches of notes to investors, with different levels of payment priority or “subordination.” Senior notes get paid first and junior notes get paid only after the senior notes have received the principal and interest due—i.e., they are subordinated to the senior notes. The “equity” tranche gets paid after all other tranches have been paid, but receives all the cash that is not required to pay the other tranches. The

most senior notes in a CDO were often denoted the “super senior” notes and usually had certain specific rights, including the right to accelerate the notes on an event of default.

34. The Arranging Bank usually acquires debt securities for the pre-launch CDO through a process called warehousing.²⁹ Typically, a CDO has purchased 70-100% of its assets before investors make an investment, but the CDO’s Investment Manager has no resources to buy the debt securities until the closing date of the CDO. Therefore the Arranging Bank typically extends a “warehousing” loan to the pre-closing CDO to purchase the CDO collateral.

35. Some CDOs were known as “synthetic” CDOs or “hybrid” CDOs. A “synthetic” CDO is a security that you do not actually buy, but that you acquire exposure to through a credit default swap (“CDS”). A hybrid CDO invests in conventional securities but also takes on exposure through entering into CDS.

36. At times, Arranging Banks would contract for a financial guaranty insurer to guarantee payments on the CDO’s senior notes, to make them more attractive to low-risk investors. These types of arrangements are called “negative basis trades.”

37. As discussed above, in late 2006, as more and more subprime borrowers began defaulting on their mortgage loans, delinquency rates on subprime RMBS rose.³⁰ On February 14, 2007, a consortium of 16 investment banks launched a tranching version of the ABX. Index, known as the “TABX”, which referenced the BBB-rated tranches of

²⁹ *E.g.* BARC-ADS-01026147, p.1.

³⁰ “2007 Annual Report: The Subprime Mortgage Market, *National and Twelfth District Developments*,” Federal Reserve Bank of San Francisco, 2007, p.10, Figure 3.

the subprime RMBS making up the ABX 06-2 and the ABX 07-1 index series.³¹ The TABX indices looked similar to a structured finance CDO, with 40 securities pooled together and then tranced.³² Purchasers could assume a layer of loss exposure or buy a corresponding layer of loss protection. Importantly, however, unlike cash CDO tranches which were almost impossible to short, investors could either go long or short the TABX.

38. The creation of the TABX had a negative effect on the CDO market. The TABX provided investors holding CDO equity positions or “super-senior” positions with market-observable prices with which to value their investments, which were hard to sell.³³ By the end of the TABX’s first week, intense short selling caused its prices to decline significantly, reflecting an overwhelmingly negative market sentiment as to the values of securities backed by subprime mortgages. During the same period, the underlying ABX Index had drastically widened in spread, meaning that buyers of CDS protection were paying much higher premiums than before to purchase default protection on the RMBS making up the ABX Index.

39. As a result, CDO buyers were forced to re-examine the prices at which they were valuing their positions. For example, by the end of the first week of March 2007, the market witnessed the first forced liquidations of CDO warehouses, where investment

³¹ “2007: A Look Back At The Credit Crisis,” Total Securitization, December 24, 2007.

³² Kendra, Kevin, “Tranche ABX and Basis Risk in Subprime RMBS Structured Portfolios,” DerivativeFitch, February 20, 2007.

³³ Zuckerman, Greg, “The Greatest Trade Ever: The Behind-the-Scenes Story of How John Paulson Defied Wall Street and Made Financial History,” Crown Publishing Group, November 3, 2009, p.176 (“The top-rates slices of these CDOs could be hard to sell ... So the banks often kept or bought those “supersenior” pieces for themselves.”).

banks sought to shed their exposure to subprime RMBS and CDO risk by closing warehouses and selling off the assets accumulated for forthcoming CDOs.³⁴

40. The widening gap between cash CDO valuations and the observed prices of the ABX and TABX indexes affected CDO investments during this early to mid-2007 time period. There was almost no trading of cash CDO bonds during these weeks, and at first traders were slow to mark down the cash bonds. Many investors simply focused on managing their existing positions rather than reviewing new offerings.³⁵

41. In June, Bear Stearns Asset Management's ("BSAM") approximately \$5 billion Bear Stearns High Grade Structured Credit Strategies ("HGSC") funds became unable to meet margin calls due to their subprime exposure.³⁶ BSAM was one of the biggest and most levered investors in RMBS and CDO securities and it became apparent that more than 20 banks had secured loan facilities outstanding to BSAM's funds.

³⁴ "CDO Warehouses Close, Tighten Lines," *Securitization News*, March 5, 2007, p.1; "Monolines Backing Down from ABS CDO Mart," *Total Securitization*, April 9, 2007, p.16 ("CDO warehouses have already had to liquidate assets as widening ABS spreads have made ramp-up more difficult while reducing spread arbitrage.").

³⁵ "Monolines Backing Down from ABS CDO Mart," *Total Securitization*, April 9, 2007, p.16 ("With traditional mezzanine ABS CDO players going away, bankers are looking for alternative takers.").

³⁶ Margin call means a demand, usually overnight, for the delivery of additional collateral to maintain the "margin" of overcollateralization that had been agreed upon. See Wilmer Hale Letter dated March 30, 2010, available at: http://fcic-static.law.stanford.edu/cdn_media/fcic-docs/2010-03-30_Letter_from_Reginald_J_Brown_and_Michael_J_Sharp_to_Thomas_Krebs_Re_Merrill_Lynch_Board_Update_Regarding_Bear_Stearns.pdf ("Wilmer Hale Letter").

42. BSAM called a meeting of their HGSC funds' creditors the following week, and asked them for forbearance,³⁷ but most creditors instead wanted to quickly liquidate their collateral. The CDO market anticipated a rapid liquidation of the HGSC funds' assets,³⁸ and that had a negative impact on continued CDO investing.

43. The BSAM HGSC funds' default had a far broader significance in the fixed income markets, because the drama surrounding the events made its way not only to the business press,³⁹ but also to general interest newspapers such as the *New York Post* and the *Evening Standard* in London,⁴⁰ bringing the developments in the subprime RMBS and CDO markets to the attention of investors in bank debt and equity securities, as well as regulators.⁴¹

44. On July 10, 2007, S&P watch-listed 612 classes of RMBS for potential downgrade of their credit ratings.⁴² Moody's followed the same day by announcing

³⁷ Forbearance means to agree, either temporarily or indefinitely, not to pursue remedies against a debtor after the debtor breaches the terms of their debt. See Wilmer Hale Letter, *supra*.

³⁸ "Bear Stearns's Attempt to Save Hedge Funds May Falter," *Bloomberg*, June 20, 2007, available at: <http://www.bloomberg.com/apps/news?pid=newsarchive&sid=amq21ivLHQeI>.

³⁹ See, e.g., "Two Big Funds At Bear Stearns Face Shutdown," *Wall Street Journal*, June 20, 2007, available at: <http://online.wsj.com/article/SB118230204193441422.html> ("As a result, investors far beyond the reach of the funds could find their holdings of similar debt worth less than they thought.").

"Lane called to restore Bear's confidence," *ft.com*, June 29, 2007," available at: <http://www.ft.com/intl/cms/s/0/f3386498-2687-11dc-8e18-000b5df10621.html> - axzz2EcVJE47o_

⁴⁰ Boyd, Roddy. "Lost Bearings Cayne Feels Subprime Pain; Shuffles Heads," *New York Post*, July 1, 2007, available at: http://www.nypost.com/p/news/business/item_yfgJ4bXX3YYc0J3TDWJP7K; see also http://hereisthecity.com/2007/07/20/the_bear_stearns_let/.

⁴¹ Creswell, Julie. "A New Genre on Wall St.: Bailout Blog," *New York Times*, June 28, 2007, available at: <http://www.nytimes.com/2007/06/28/business/28bear.html?pagewanted=all>.

⁴² "S&P Warns on Subprime-Backed Issues," *Bloomberg*, July 10, 2007, available at: <http://www.bloomberg.com/bw/stories/2007-07-10/s-and-p-warns-on-subprime-backed->

credit ratings downgrades on 399 subprime RMBS originated in 2006. According to a Moody's press release issued that day, securities with an original face value of over \$5.2 billion were downgraded,⁴³ representing 6.8% of all subprime RMBS issued during 2006.

45. These downgrades had a negative effect on many outstanding CDO notes. Most CDOs are structured with "par value coverage tests," which are designed to ensure that, if losses on the CDO's assets cause the net assets of the CDO to be eroded beyond a certain point (the "overcollateralization test"), then monies otherwise payable to the junior tranches will be diverted to pay principal on the more senior tranches until the net assets are restored. CDOs in this situation are deemed to be "undercollateralized." Additionally, rating agency downgrades in excess of defined limits are also deemed to be losses of value within the CDO. For instance, if an RMBS's credit rating is downgraded to single-B by either Moody's Investor Service ("Moody's") or Standard & Poor's ("S&P"), the CDO is required to calculate its net asset value assuming that the downgraded security has lost 30% of its face value.⁴⁴ Thus, having almost 7% of the subprime RMBS issued in 2006 downgraded in a single day meant that investors in many

issuesbusinessweek-business-news-stock-market-and-financial-advice ("The ratings agency places \$12 billion in residential mortgage-backed securities on CreditWatch negative, due to poor-performing underlying loans.").

⁴³ "Moody's downgrades 399 subprime RMBS issued in 2006," Moody's Investors Service, July 10, 2007, *available at*: https://www.moody's.com/research/Moodys-downgrades-399-subprime-RMBS-issued-in-2006-32-additional--PR_137464.

⁴⁴ *E.g.* Citius I Funding, Ltd., Citius I Funding LLC, Offering Circular dated November 13, 2006. P. C-17, *available at*: http://www.ise.ie/debt_documents/citius_2374.pdf?v=772015.

2006 and 2007 CDOs' junior tranches faced the prospect of having their cash flows cut off.

46. From July 10, 2007 forward, liquidity in CDO notes worsened. Even though a few CDOs priced after that date,⁴⁵ little or no actual placement of securities occurred. CDO notes, which traded in an illiquid market even before the spring of 2007, became extremely difficult to trade from the summer of 2007 onwards.

47. On October 11, 2007, the first Event of Default occurred on a CDO called Webster CDO I Ltd.⁴⁶ Events of Default (which came to be known as "EODs") were typically triggered when deemed losses within the CDOs reached the point at which the AAA-rated note classes became undercollateralized i.e. holding insufficient asset value to satisfy the return of principal to all note classes. An EOD usually gives the senior-most creditor the right to require the trustee to auction off the CDO's assets and wind up the CDO. This almost invariably resulted in a 100% loss to all of the holders of the more junior CDO tranches.

48. The start of the EODs in October 2007 marked the end of originations in the structured finance CDO market. On November 26, 2007, Derivatives Week, a well-known trade journal, reported that "The numbers of CDOs reaching EOD are racking up. Broderick CDO III, a USD1.5 billion high-grade deal ... also hit EOD last week, the 12th

⁴⁵ "2008 U.S. CDO Outlook and 2007 Review," Moody's Investors Service, March 3, 2008, p.12. "Moody's rated more than 100 SF CDO transactions in each of the first two quarters, but the number fell sharply to 40 in the third quarter and to just eight in the fourth quarter." *Id.*

⁴⁶ "2007: A Look Back At The Credit Crisis," *Total Securitization*, December 24, 2007.

deal to do so. The previous week seven deals reached EOD.”⁴⁷ On December 10, 2007, *Total Securitization*, another trade journal, ran a front page story reporting that “Half of ABS CDO Managers May Go”, quoting David Yan, head of CDO research at Credit Suisse, saying “[m]ore than half of the roughly 200 U.S. managers of collateralized debt obligations of asset-backed securities could exit the ABS CDO business next year as dwindling CDO issuance and the increasing number of deals hitting event of default turn the taps off on manager fees.”⁴⁸

49. By year-end 2007, no new CDOs had been issued for months and “at least 50” CDOs had defaulted, according to lists maintained by *Total Securitization*.⁴⁹ On March 24, 2008, *Derivatives Week* reported that “at least 26 CDOs that have already elected to liquidate” and “it is unlikely much value will be found now at the auction block.”⁵⁰

VI. CDS, THE “MONOLINES” AND THEIR RISKS IN 2007- 2008

50. Credit default swaps, or “CDS”, were one of the key mechanisms to transfer risk during the financial crisis. CDS are much like a credit insurance policy – that is, an insurer promises to pay a policyholder certain losses that were caused by the default of a specified third party.⁵¹ These third parties are called “reference entities” and

⁴⁷ “First CDO Squared Hits Event Of Default,” *Derivatives Week*, November 26, 2007, p. 4.

⁴⁸ “Half of ABS CDO Managers May Go,” *Total Securitization*, December 10, 2007.

⁴⁹ “CDO Liquidation Bid Lists Ring in the New Year,” *Total Securitization*, January 7, 2008.

⁵⁰ “CDO Investors Grapple To Stave Off Liquidation,” *Derivatives Week*, March 24, 2008, p. 5.

⁵¹ Morgan Stanley Credit Derivatives Insights, p.8 (3d ed. 2007).

are generally countries or major corporations with outstanding debt. Credit insurance has a long tradition in financing international trade (where it is often called an export guarantee), in financing infrastructure through financial guaranty policies, and in bank letters of credit. CDS, however, were only invented in the 1990s. There is one major difference between credit insurance and CDS. Credit insurance, like all insurance, only covers a policyholder's actual losses rather than allowing the policyholder to profit from the risk. CDS do not require the policyholder – known as the “protection buyer” – to suffer any loss to an owned asset. For this reason they are often used as an instrument of speculation on Wall Street.

51. Under a typical CDS contract, the protection buyer pays a quarterly fee (the “credit spread” or simply “spread”) to the insurer - the “protection seller.” If the reference entity goes bankrupt (or otherwise defaults) before the end of the contract, the protection seller makes good the losses on the reference entity, up to an amount agreed in the CDS agreement.

52. Investors could also buy or sell CDS on subprime RMBS. If the RMBS experienced a loss (a “write-down”) the protection seller would pay the amount of the loss to the protection buyer.

53. ABS CDS are privately negotiated agreements traded “over the counter” (i.e. not exchange traded). Therefore, unlike the stock market there is no “tape” where market prices of the specific CDS could be observed. Further, because these were not exchange-traded products, until the financial crisis there was little regulation of CDS

from either the Securities and Exchange Commission or the U.S. Commodity Futures Trading Commission.⁵² Only the passage of the *Dodd-Frank Wall Street Reform and Consumer Protection Act* of 2011 gave the SEC and CFTC such powers.

54. The largest sellers of ABS CDS protection on RMBS and CDOs were monoline financial insurance companies. The “monolines” remain little understood outside of Wall Street even though MBIA Inc. (“MBIA”) and Ambac Financial Group, Inc. (“Ambac”), the largest two, ranked in 2008 among the top ten financial institutions in the country as measured by outstanding credit exposure alongside Citigroup, Bank of America⁵³ and government-sponsored mortgage lenders Fannie Mae and Freddie Mac.

55. The sole business of the monolines has been to issue financial guaranty insurance policies, guaranteeing the payment of principal and interest on securities and other instruments. Ambac, the oldest monoline, began as the American Municipal Bond Assurance Corporation in 1971, guaranteeing principal and interest payments on municipal bonds,⁵⁴ usually “general obligation” bonds issued by U.S. cities and by state authorities.

56. The key to profits in the business was that the monolines rarely took losses on the policies written. From time to time, monolines would have to make interest

⁵² Anson, Mark J. P.; Fabozzi, Frank J.; Choudhry, Moorad; Chen, Ren-Row, “Credit Derivatives: Instruments, Applications, and Pricing” (Wiley 2004).

⁵³ “How Healthy Are Big U.S. Banks?” *Bloomberg*, September 16, 2008, available at: <http://www.bloomberg.com/bw/stories/2008-09-16/how-healthy-are-big-u-dot-s-dot-banks-businessweek-business-news-stock-market-and-financial-advice>.

⁵⁴ “Insurance for Tax-Exempts,” *The New York Times*, November 18, 1973.

payments on bonds where the municipal borrower had run short of money.⁵⁵ While the monoline would have to wait to be reimbursed by the municipality, the tax raising power of most cities meant that few cities ultimately defaulted. The monolines thus claimed to underwrite their risks to a “zero loss” standard.⁵⁶

57. This allowed them to operate at levels of leverage that far exceeded that of banks or of other insurance companies. For example, MBIA’s Net Par Amount Written of insurance was \$148 billion at year-end 2007 – 40.5 times its shareholders’ equity of 3,656 million and 8.7 times its \$17 billion of total claims-paying resources in February 2008.

58. In the 1980s, the major monolines expanded to insure housing-related risks. Initially, they insured housing finance bonds issued by state authorities, an extension of their experience in municipal credit. As late as the mid 1990s, however, less than 5% of MBIA’s insurance in force was on asset backed securities and mortgage backed securities.⁵⁷

59. In the 1990s, the monolines began to shift their business mix away from municipal guarantees and toward structured finance. In 1999, 28% MBIA’s “net par

⁵⁵ Metz, Robert, “Market Place; Insurers' Effect On Municipals,” *The New York Times*, July 26, 1982.

⁵⁶ Indeed, monolines make the same claim to this day. See AFGI, The Basics, <http://www.afgi.org/who-fact.htm>.

⁵⁷ MBIA Inc., 1994 10-K, Financial Statements, Note 11, *available at*: <http://edgar.sec.gov/Archives/edgar/data/814585/0000814585-95-000002.txt>.

insured” was categorized as “structured finance” risks.⁵⁸ By the end of 2007, however, that percentage increased to nearly 60%, as \$88.4 billion was “Structured Finance” and only \$59.5 billion was “Municipal Finance.” Of this Structured Finance risk, no less than \$59.1 billion was collateralized debt obligations,⁵⁹ which had represented \$6 billion of net par insured in 1999 – a ten-fold expansion of exposure.

60. Similarly, in 1999, only 9% of Ambac’s “Net Par Amount [of insurance] Outstanding” consisted of structured finance risks.⁶⁰ By the end of 2007, however, this figure increased to about 42%, as \$215.6 billion was “Structured Finance” and \$299.1 billion was “Public Finance.” Of this Structured Finance risk, \$67 billion was in the form of protection to collateralized debt obligations.

61. Furthermore, much of the assets of the monolines was made up of nonprime mortgage securities, doubling down on their exposure to the asset class. For example, \$7,193 million of Ambac’s total fixed income investments portfolio by amortized cost at December 31, 2007 - 39% - was made up of RMBS and ABS.⁶¹ Similarly, for MBIA Inc., \$12,558 million, or 33%, of their available-for-sale investments by amortized cost at December 31, 2007 was made up of RMBS and ABS.

⁵⁸ MBIA Inc., 1999 10-K, p.5, *available at*:
<http://edgar.sec.gov/Archives/edgar/data/814585/000095012300002915/0000950123-00-002915.txt>.

⁵⁹ MBIA Inc., 2007 10-K, pp.5-6, *available at*:
<http://edgar.sec.gov/Archives/edgar/data/814585/000119312508042602/d10k.htm>.

⁶⁰ *Ibid*, p.12.

⁶¹ AMBAC Inc., 1999 10-K, p.41, *available at*:
<http://edgar.sec.gov/Archives/edgar/data/874501/0000950130-97-001432.txt>.

This meant that the assets that the monolines would rely on to pay claims on RMBS losses were themselves exposed to the same losses.

62. The monolines' risks were broadly discussed in late 2007 and early 2008. Congressional hearings were held in February 2008 on "[t]he state of the bond insurance industry."⁶² Among the witnesses were the Chief Executive Officer of Ambac, the Chief Financial Officer of MBIA, and the Hon. Eliot Spitzer, Governor of New York State, the domicile of many of the monolines. Gov. Spitzer referred to the monolines' "expansion from monolines to dual lines [i.e. structured finance] is what has generated the crisis that we are faced with and what we must think about."⁶³ The *New York Times* pointed out on February 20, 2008, that "talk of rescuing municipal bond insurance companies, like Ambac and MBIA, has not reassured investors."⁶⁴

63. Furthermore, the monolines capital position had fallen dramatically in 2007 and their leverage had correspondingly increased. For example, Ambac incurred losses in 2007 of \$6,260 million, causing its shareholders' equity to fall from \$6,190

⁶² The State of the Bond Insurance Industry, Hearing Before the Subcommittee on Capital Markets, Insurance and Government Sponsored Enterprises of the House Committee on Financial Services, U.S. House of Representatives, February 14, 2008.

⁶³ *Ibid.*

⁶⁴ Norris, Floyd. "Auctions Yield Chaos for Bonds," *The New York Times*, p. C1, February 20, 2008, available at: <http://www.nytimes.com/2008/02/20/business/20place.html>.

million to \$2,280 million.⁶⁵ Similarly MBIA incurred losses in 2007 of \$4,305 million, causing its shareholders' equity to fall from \$7,204 million to \$3,655 million.⁶⁶

64. A further risk to parties buying CDO protection from the monolines' was that their CDO protection was different in form and in economic essence from their other exposures. First, the monolines did not directly guarantee the CDOs they "wrapped." Instead, they sold CDS protection to banks like Barclays who held CDOs on their balance sheet. Second, if a subprime RMBS that a monoline wrapped experienced a principal or interest shortfall, the monolines paid it immediately. On CDOs, however, the CDS contracts only required them to pay any interest shortfalls immediately. Principal only came due if there was a shortfall at the legal maturity of the CDO, generally 40 years into the future, or upon the acceleration of the CDO notes following a CDO event of default. What this meant was that investors who purchased CDS protection on CDOs from the monolines could only expect to receive payment from the assets remaining after monoline-guaranteed RMBS investors had been paid in full.

65. In summary, by the end of 2007 and early 2008, the monoline financial guarantors were in "crisis,"⁶⁷ had incurred enormous losses and were of questionable creditworthiness.

⁶⁵ Ambac, 2007 10-K p. 45 ((a) Losses and Loss Expenses plus (b) Net mark-to-market (losses) gains on credit derivative contracts).

⁶⁶ MBIA, Inc., 2011 10-K at p. 40 ((a) Losses and LAE plus (b) Net gains (losses) on financial instruments at fair value and foreign exchange).

VII. LEVERAGED LOANS AND CLOs AND THEIR RISKS IN 2007 - 2008

66. A leveraged loan is a commercial loan to a company that has creditworthiness rated below investment grade, usually because the company has borrowed a large amount of debt relative to its equity capital (“leverage”), because the company’s business is relatively risky or small, or all three.

67. Leveraged loans are usually provided by a group of lenders that intend to sell most or all of their exposure to the loan in the leveraged loan market. Among the largest buyers of leveraged loans are CLOs, which are CDOs collateralized by leveraged loans. A total of \$104 billion of CLOs were issued in 2007, absorbing 56% of all leveraged loans arranged.⁶⁸

68. Just like other CDOs, CLOs buy loans and fund themselves by issuing CLO notes with varying priorities of payment. CLOs are more diversified than ABS CDOs because the leveraged loans they hold are made to businesses in many different industries, not just to RMBS. However, they had many similar risks, including rapidly growing lending volume and looser lending standards.⁶⁹ In 2007-2009, falling lending standards led banks increasingly to make “covenant-lite” loans, which had fewer protections for the

⁶⁷ New York State Assembly Standing Committee on Insurance, March 14, 2008 (“The purpose of this hearing is to examine the current state of the Bond Insurance Industry, including past decisions and policies that have led to the present crisis.”).

⁶⁸ “CLO Market Overview,” Wells Fargo Securities, January 27, 2012, pp.11 and 21.

⁶⁹ “Financial Market Update,” Monetary and Capital Markets Department, International Monetary Fund July 2007, *available at*: <https://www.imf.org/External/Pubs/FT/fmu/eng/2007/0707.pdf> (“The recent recognition of credit risk has begun to translate into higher market risk, notably on products based on U.S. subprime mortgages and leverage loans.”).

lenders than traditional loans.⁷⁰ “Covenant-lite” loans lack financial covenants (such as maximum leverage, minimum coverage of fixed charges, and limits on total debt) with which a borrower must remain in compliance throughout the loan term. S&P’s complained in July 2007 that: “Such favorable market factors, combined with growing investor demand from structured finance vehicles and hedge funds, have allowed bank facilities with weakened “covenant-lite” loan structures to emerge as the instruments of choice for many issuers” and complained that “Covenant-lite structures could delay an eventual default and allow the value of the collateral securing a loan to slip.”⁷¹

69. In addition, ABS CDOs added to their risk concentrations by buying subordinate notes in other ABS CDOs, CLOs before the financial crisis were permitted to buy “junk bonds” as well as leveraged loans, further adding to their potential riskiness.⁷²

70. The similarity of the structure and nature of ABS CDOs and CLOs, and the fact that many investors (including Barclays) invested in both asset classes caused commentators to note, as early as July 2007, that “while US leveraged loan performance remains quite good, investors are starting to shown signs of nervousness. Issuer leverage

⁷⁰ Collins, Allison. “Loosening Up With Covenant-Lite Loans,” American Banker, July 28, 2014, *available at*: <http://www.americanbanker.com/news/consumer-finance/loosening-up-with-covenant-lite-loans-1068935-1.html?zkPrintable=1&nopagination=1>.

⁷¹ “The Leveraging Of America: Covenant-Lite Loan Structures Diminish Recovery Prospects,” S&P RatingsDirect, July 18, 2007.

⁷² “Alternative Investments Practice Client Alert: CLO 3.0 – Volcker’s Impact on CLOs,” Milbank, Tweed, Hadley & McCloy LLP, February 18, 2014, *available at*: <http://www.milbank.com/images/content/1/5/15664/Milbank-2-18-14-AIP-Volcker-Client-Alert.pdf>. (“The majority of CLOs that closed prior to issuance of the Volcker Rule allow the CLO manager to invest a portion of note issuance proceeds and asset sale proceeds, subject to certain concentration limits, in securities, including senior secured bonds and high-yield bonds.”).

has been creeping higher, and is currently at 5.1x total debt/EBITDA, only slightly below the average level of 5.2x during the 1990s.”⁷³

71. As with residential mortgages, this manifested itself in falling prices of leveraged loans and CLO notes during this period. The Credit Suisse Leveraged Loan Index Average (DLJLPX at Bloomberg.com), an index of leveraged loans, fell to 85% in February 2008 before plunging to 65% at year-end 2008.⁷⁴ The same applied to CLOs, which for certain tranches magnified the risks of their underlying leveraged loans. CLO AAA-rated securities traded at spreads to swap rates of around 550 basis points (that is, 5.5%) by the end of 2008,⁷⁵ equivalent to a price of around 70% of face value.

72. By late 2007 and early 2008, while the crisis was not as manifest in leveraged finance and CLOs as in residential mortgages, substantial risks were present, as manifested in falling prices.

VIII. COMMERCIAL MORTGAGES AND CMBS AND THEIR RISKS IN 2007 - 2008

73. A commercial mortgage backed security (“CMBS”) is very similar to an RMBS except that, instead of residential mortgages, it is backed by mortgages on commercial properties.

⁷³ “JPMorgan Q&A: Subprime Meltdown, the Repricing of Credit, and the Impact Across Asset Classes,” J.P. Morgan Securities Inc., July 19, 2007, *available at*: <http://graphics8.nytimes.com/packages/pdf/business/01jpmorgan.pdf>.

⁷⁴ *See, e.g.*, http://1.bp.blogspot.com/_xlGBqqM0muE/TRejlx9C20I/AAAAAAAAAFQY/6D6LmfOVtWA/s1600/Screenshot+2010-12-26+at+2.18.34+PM.png.

⁷⁵ “The Resurgence of the CLO Market,” The Loan Syndication and Trading Association, 2012. p 4.

74. As with RMBS and leveraged loans, by the spring of 2008, CMBS were vulnerable to losses in an economic downturn, especially ones based on loans secured by office developments, shopping malls and hotels. These properties had their own risks but as with other assets, in 2005-2008, falling lending standards led to banks making many “pro forma underwriting” commercial mortgage loans, where the banks valued properties based on the properties’ potential rent if fully occupied at peak rents rather than based on the properties’ current rent rolls.⁷⁶

75. The other key risk preoccupying CMBS investors in late 2007 and early 2008 was concentration risk. The commercial mortgage market had come to be the main source of financing for mortgages on large office buildings, shopping malls, apartment blocks and hotels and many of these mortgages were placed in more than one CMBS securitization. Therefore, investors who bought what appeared to be a diversified portfolio of CMBS could find themselves exposed to a single loan’s default in more than one CMBS investment.⁷⁷

⁷⁶ Chittum, Ryan and Hudson, Michael, “Hints of Broader Problems Arise in Real-Estate Loans,” *Wall Street Journal*, July 29, 2007, available at: <http://www.wsj.com/articles/SB118554771673180353>. (“Indications are that [the delinquency increase] could be due to the relaxed loan underwriting,” said Larry Kay, S&P director of structured finance....Underwriters have been optimistic in determining the values of the commercial real estate backing loans and the ability of borrowers to repay loans.”).

⁷⁷ Menchaca, Paul, “Liquidity Crisis Draining CMBS Pools of Loan Diversity,” Asset Securitization Report, November 19, 2007, available at: http://www.structuredfinancenews.com/issues/2007_47/179164-1.html.

76. As with residential mortgages, these lending standards problems manifested themselves in rising delinquency rates, and as S&P reported in its CMBS Quarterly Insights, by July 2007 CMBS delinquencies had risen 13% in the second quarter.⁷⁸

77. The rising delinquency rates manifested themselves in falling prices for CMBS securities. The CMBX is the main index for CMBS securities. By April 2008, the CMBX.AAA Series 5 index was trading around 85% of face value and the CMBX.BBB- Series 5 index was trading around 30% of face value. Both traded around 100% of face in early 2007.⁷⁹

IX. SIVS and SIV-LITES AND THEIR RISKS IN 2007 - 2008

78. SIVs were one of a range of innovations created by banks in response to the Basel reforms of the 1980s, which had the effect of limiting banks' ability to buy highly rated corporate and consumer debt. These innovations allowed banks to lawfully take these debt securities off their balance sheets lawfully⁸⁰ by employing substantial leverage while still keeping the income from the securities – the “carry”, as it is known.

79. SIVs purchased highly-rated debt securities and funded this purchase by issuing short-to-medium term senior debt (i.e. short-term commercial paper (“CP”) and

⁷⁸ Chittum, Ryan and Hudson, Michael, “Hints of Broader Problems Arise in Real-Estate Loans,” *Wall Street Journal*, July 29, 2007, available at: <http://www.wsj.com/articles/SB118554771673180353>.

⁷⁹ See, e.g., <http://fm.cnbc.com/applications/cnbc.com/resources/files/2013/12/11/CMBX-prices-by-risk.png>.

⁸⁰ See Bank for International Settlements, 78th Annual Report, p.5, available at: <http://www.bis.org/publ/arpdf/ar2008e1.pdf>.

medium term notes (“MTNs”)) and subordinate “capital notes.”⁸¹ The capital notes were longer-dated, usually maturing in 10 years or more, and were subordinated to the senior debt if an “enforcement event” occurred. These events could range from a temporary period in which no new assets were purchased to an insolvency of the SIV, but in either situation the capital notes would not be paid until the senior notes had been redeemed in full.

80. Rating agencies assigning credit ratings to these transactions also required some support in the form of bank-committed liquidity facilities. These were essentially bank overdrafts that the SIV could draw upon if it was unable to issue commercial paper for a period of time but rarely constituted more than 10% of any SIV’s liabilities. SIVs only had small amounts of “bank liquidity” – committed credit agreements with banks that they could draw upon to repay their SIV debt as it came due. In general, no one bank could provide more than 50% of the total amount of bank provided liquidity facilities (unless the bank had a long term rating of AAA).⁸² Therefore a fundamental assumption underlying SIVs was that they would only hold assets that they could sell quickly and for an amount sufficient to repay their senior debt in full.

81. The asset portfolios of SIVs were comprised primarily of medium and long-term fixed income securities, including asset backed securities and financial institution senior debt. Both corporate and individual debt issuers were subject to

⁸¹ The capital notes could bear various names: Mezzanine Notes, Subordinated Notes, Capital Securities etc., but were generally required by the rating agencies to follow the rules described above.

⁸² “Structured Investment Vehicle Criteria: New Developments,” Standard & Poor’s, September 4, 2003.

diversification requirements imposed by the rating agencies.⁸³ For example, a SIV's portfolio might be required to hold no more than 20% CMBS, 20% RMBS and 10% CDOs. SIVs had rating-agency-specified capital models that were run on each day to calculate the maximum amount of assets that could be held by the SIV given the amount of "equity" the SIV had outstanding. This could vary depending on the asset types, their ratings, maturities and their concentrations.⁸⁴

82. The manager was required to mark all of its assets to market at least weekly. Mostly, the marks were received from pricing services such as FT Interactive and Bloomberg, but SIVs also received prices from broker-dealers, especially on illiquid or unique assets for which the pricing services do not have data.

83. SIVs were market value arbitrage vehicles that took advantage of the difference in interest rates between their assets and their liabilities. In general, SIVs issued CP with the highest short-term ratings: A-1+ from S&P and P-1 from Moody's. The MTNs issues also had the highest ratings, AAA and Aaa from S&P and Moody's respectively. SIVs invested in highly rated but complex securities that had relatively long (or uncertain) maturities. SIVs' high credit ratings were only obtained because SIVs adhered to the rating agencies' rule with respect to the ratings and diversification of the assets purchased, the amount of equity in the SIVs, the liquidity they held and the ability of the investment manager to manage the vehicle.

⁸³ See, e.g., Tabe, Henry, "The Unravelling of Structured Investment Vehicles: How Liquidity Leaked Through SIVs," Thoth Capital, London, 2010.

⁸⁴ *Ibid.*

84. The growth of the SIV market coupled with the growth in the mortgage market allowed hedge funds and CDO managers to exploit certain aspects of SIV products and led to the creation of a product known as “SIV-Lites.” SIV-Lites incorporated many characteristics of SIVs but invested heavily in mortgage-related securities that had been deemed “too risky” by the existing SIVs. Furthermore, while SIV-Lites were structured like mortgage backed CDOs with ABCP tranches, they lacked the full liquidity support that most CDOs that issued ABCP possessed.⁸⁵

85. The first SIV-Lite, Golden Key Ltd., was arranged by Barclays Capital at the end of 2005⁸⁶ and was typical of later SIV-Lites. Golden Key had a fixed final maturity date, unlike a normal company or SIV, after which it would be wound up. It had little or no external liquidity support. The market value triggers that would cause an unwind of the SIV-lite were much simpler than for a SIV. Finally, it invested almost entirely in a narrow range of permitted assets –Residential Mortgage Backed Securities (“RMBS”) AAA and AA rated securities⁸⁷.

86. By 2007, there were 31 SIVs in existence with almost \$340 billion in outstanding commercial paper and MTNs, an increase of almost \$200 billion in two years

⁸⁵ *Ibid.*

⁸⁶ “Presale: Golden Key Ltd. and Golden Key U.S. LLC,” Standard & Poor’s, November 8, 2005.

⁸⁷ *Ibid.* RMBS comprises a large amount of pooled residential debt, whereby RMBS holders are issued securities in tranches entitling them to principal and interest payments on the pooled debt. The pooled residential debt included prime mortgages, home-equity loans, and sub-prime mortgages.

(see **Exhibit 3**). A further five SIV-lites were active by 2007. Four were arranged by Barclays Capital in London and one, Duke/EGAM, by my team at Credit Suisse.⁸⁸

87. As discussed above, in the week of June 10, 2007, Bear Stearns Asset Management’s approximately \$5 billion Bear Stearns High Grade Structured Credit Strategies (“HGSC”) funds failed to meet margin calls.

88. While BSAM did not sponsor a SIV, it was one of the biggest and most leveraged investors in ABS, RMBS and CDO debt securities. The structured finance market anticipated a rapid liquidation of the HGSC funds’ assets, and that had an enormously negative impact on investors because HGSC mostly held highly-rated RMBS, ABS, CDO and other structured finance debt – exactly the same assets as those in many SIVs and SIV-Lites – and investors thus assumed that asset prices and SIV NAVs would be sharply lowered.⁸⁹

89. In July 2007, short-term investors started to roll their asset-backed commercial paper (“ABCP”) (that is, reinvest maturing ABCP in newly issued ABCP) only overnight, whereas until June much of the ABCP had been issued with maturities of three weeks to 60 days, and occasionally up to three months. Nevertheless, SIVs continued to place small amounts of one-year MTNs (and on a few occasions, longer MTNs).

⁸⁸ “Duke Funding Prices Unique SIV Lite,” *Securitization News*, October 9, 2006.

⁸⁹ “Unwind of the BSAM Funds Cause a Flight to Quality—And Opportunities,” *UBS Mortgage Strategist*, June 26, 2007.

90. On July 27, 2007, Rhineland Funding Capital Corporation, an ABCP conduit and Rhinebridge Plc, its sister SIV that had begun operations only four weeks before, were unable to roll over their CP, and had to draw on their liquidity lines when their dealers refused to purchase the vehicles' CP.⁹⁰ This had a calamitous impact on CP and MTN investors' remaining appetite. That day, SIVs were unable to place CP or MTNs, and were faced with a "buyers' strike." With only rare exceptions, the SIVs never again succeeded in selling significant amounts of senior unsecured debt.

91. By late summer to early fall 2007, all of the credit markets were in a state of decline.⁹¹ Because of their asset and liability structures and the prevailing market conditions SIVs could readily be foreseen to face unwinding or failure, barring a government intervention that could only be wishful thinking.⁹²

92. By August 2007, news of SIVs' troubles were reported almost daily in the financial news. On August 21, 2007, S&P downgraded two SIV-Lites arranged by Barclays Capital (Golden Key and Mainsail II) and placed two others (Sachsen Funding I and Cairn High Grade Funding I) on Watch Negative.⁹³

⁹⁰ Dunbar, Nicholas, "The Devil's Derivatives: The Untold Story of the Slick Traders and Hapless Regulators Who Almost Blew Up Wall Street . . . and Are Ready to Do It Again," Harvard Business School Publishing, 2011.

⁹¹ See, e.g., CRS Report for Congress: Financial Crisis? The Liquidity Crunch of August 2007. Congressional Research Service, September 21, 2007, pages 7 *et seq.*

⁹² "SIV 'superfund' plan shelved; Project nixed due to lack of interest, diminished need for bailout," MarketWatch, December 21, 2007, *available at*: http://articles.marketwatch.com/2007-12-21/news/30725988_1_sivs-assets-credit-market.

⁹³ "European Securitised Products Outlook 2008," Citigroup Global Markets Ltd., January 25, 2008.

93. On September 7, 2007, J.P Morgan concluded, regarding the fate of SIVs: “The outlook for Structured Investment Vehicles (SIVs) is grim. We believe that the survival of the SIV business model is in serious jeopardy owing to its ongoing liquidity drought and the resulting difficulties SIVs face in issuing new debt.”⁹⁴ On September 12, 2007, S&P downgraded the Rhinebridge SIV’s mezzanine capital notes and combination notes and placed its CP and MTN programs on “Watch Negative.”⁹⁵ On November 30, 2007, Moody’s downgraded \$14 billion of SIV debt, while placing another \$105 billion on review for possible downgrade.⁹⁶

94. In the last quarter of 2007, three outcomes emerged for the SIV problem, none of them pleasant. Some SIVs were bailed out by their sponsors providing them with liquidity support – essentially bank loans that paid off the short-term debt as it came due. For instance, on October 31, 2007, Citigroup decided to bail out the SIVs it sponsored (Beta, Centauri, Dorada, Five, Sedna, Vetra, and Zeta) with a \$7.6 billion infusion of emergency funding.⁹⁷ By November 26, 2007, HSBC took \$45 billion of the Asscher and Cullinan SIVs onto its balance sheet by agreeing to redeem the SIVs’ senior debt as it came due.⁹⁸ A week later, WestLB, the Harrier and Kestrel SIVs’ sponsor, stepped in by

⁹⁴ “SIVs: More Questions Than Answers,” J.P. Morgan Securities, Short Duration Strategy, Sept. 7, 2007.

⁹⁵ “European Securitised Products Outlook 2008,” Citigroup Global Markets Ltd., January 25, 2008.

⁹⁶ *Ibid.*

⁹⁷ Citigroup Inc. Form 10-Q, Third Quarter, 2007, at page 7.

⁹⁸ FACTBOX-Structured investment vehicles and managers. Reuters, December 7, 2007.

guaranteeing principal and interest to its SIVs' senior note investors.⁹⁹ By December 6, 2007, Tango Finance's sponsor, Rabobank, determined it would take \$7.6 billion of assets onto its balance sheet.¹⁰⁰

95. The other SIVs went into enforcement – runoff or administration – as discussed above, through insolvency (*e.g.* Axon, Whistlejacket, Orion, and Victoria). On October 19, 2007, Rhinebridge Plc defaulted on certain commercial paper obligations.¹⁰¹ Four days later on October 23, 2007, the Axon SIV-Lite entered enforcement.¹⁰² By December 3, 2007, the Cheyne Finance PLC SIV, then managed by Neville Kahn of Deloitte & Touche's insolvency practice in London,¹⁰³ was “considering its options” for restructuring.¹⁰⁴ On December 4, 2007, Orion Finance entered into enforcement.

96. By November 27, 2007, MBIA, the sponsor of Hudson-Thames Capital, was providing bondholders with a vertical slice of assets to wind down the SIV.¹⁰⁵

97. By December 5, 2007, Links Finance Corp. and Parkland Finance were “working with investors” to resolve their funding issues,¹⁰⁶ and Whistlejacket Capital began using vertical slices to wind down.¹⁰⁷

⁹⁹ *Ibid.*

¹⁰⁰ *Ibid.*

¹⁰¹ “IKB's Rhinebridge Unit Defaults on Commercial Paper,” Bloomberg, October 19, 2007, *available at*: <http://www.bloomberg.com/apps/news?pid=newsarchive&sid=aUJq7fvhxNA4>.

¹⁰² “FACTBOX-Structured investment vehicles and managers,” Reuters, December 7, 2007.

¹⁰³ “Neville Kahn,” *Financial Times*, October 25, 2007, *available at*: <http://www.ft.com/intl/cms/s/0/1fd19b58-8297-11dc-a5ae-0000779fd2ac.html#axzz2DxWRBqlX>.

¹⁰⁴ “Cheyne Finance vehicle revamp,” *Financial Times*, December 3, 2007.

¹⁰⁵ “MBIA Collapses its Hudson Thames SIV, Takes Writedown,” *Bloomberg*, November 27, 2007.

98. In summary, by year's-end 2007, all of the SIVs except for Sigma Finance Corporation had either been bailed out or were on the path to enforcement.¹⁰⁸

99. Much of the SIVs' short-term debt discussed above was held by very large money market mutual funds and the sponsors of these funds chose to bail out their investors to avoid "breaking the buck" – allowing the money market funds' redemption value, through losses, to fall below \$1.00. For instance, Bank of America bailed out its Columbia Asset Management subsidiary's \$120 billion money market funds, paying "up to" \$600mm to support its funds.¹⁰⁹ Legg Mason, who had bought Citigroup's money market funds in 2006, committed \$1.1 billion in bank loans and guarantees to avoid breaking the buck on its funds.¹¹⁰

X. BARCLAYS' EXPOSURE TO CREDIT MARKET ASSETS IN 2007 AND 2008

100. Barclays disclosed "credit market exposures" in their 2007 20-F totaling £29,100 million.¹¹¹ It is my opinion that Barclays' actual exposures were considerably greater than this total and were of a riskier nature than Barclays disclosed to investors.

¹⁰⁶ "FACTBOX-Structured investment vehicles and managers," *Reuters*, December 7, 2007.

¹⁰⁷ "WhistleJacket reduces holdings by 40% since August in asset sales to capital note holders," *Bloomberg*, December 5, 2007.

¹⁰⁸ "European Securitised Products Outlook 2008," Citigroup Global Markets, January 25, 2008, p. 27.

¹⁰⁹ "Bank of America Latest Firm to Bail Out Money Market Fund," Money Management Executive, November 15, 2007, *available at*: <http://www.mmexecutive.com/news/74455-1.html>.

¹¹⁰ "Legg plans \$1bn bail-out to cut funds' SIV exposure," *Financial Times*, December 29, 2007, *available at*: <http://www.ft.com/intl/cms/s/0/e6bee3e2-b5af-11dc-896e-0000779fd2ac.html-axzz3tfrRqTab>.

¹¹¹ 2007 20-F at p. 53.

101. Barclays' 2007 20-F reported net losses related to its credit market exposures of £1,635 million.¹¹² This was divided into £795 million of mark-to-market losses (net of £658 million of "own credit" gains) plus "impairment charges" of £840 million against "ABS CDO Super Senior exposures, other credit market exposures and drawn leveraged finance underwriting positions."¹¹³

102. Barclays' total credit market exposures and losses resulting from them at year-end 2007 were in fact considerably greater than Barclays disclosed in the 2007 20-F.

A. BARCLAYS' EXPOSURE TO CDOS

103. In the 2007 20-F, Barclays represented that it possessed a net exposure after hedges of £4,671 million in "Net ABS CDO Super Senior[s]".¹¹⁴ Barclays further represented that its gross CDO exposure totaled £6,018 million from three groups: (a) £3,782 million in liquidity facilities to purportedly "High Grade CDOs"; (b) £1,149 million in liquidity facilities to "Mezzanine CDOs"; and (c) £1,087 million in purported "consolidated High Grade CDOs accounted for on a fair value basis."¹¹⁵ Barclays claimed to value its liquidity facilities by assessing the impairment of the facilities, and to value its consolidated High Grade CDO positions on a mark-to-market basis.¹¹⁶ It is my opinion that the 2007 20-F understated the true size of, and risk associated with,

¹¹² *Ibid.*

¹¹³ 2007 20-F at p. 25.

¹¹⁴ 2007 20-F at p. 53.

¹¹⁵ 2007 20-F at p. 51.

¹¹⁶ BARC-ADS-00781565-581.

Barclays' ABS CDO position. First, internal documents show that Barclays held a further undisclosed exposure to ABS CDOs and CDOs of CDOs of up to \$12,391 million, as of November 2007,¹¹⁷ which was equivalent at year-end 2007 to £6,186 million.¹¹⁸

104. This additional hidden risk was in the form of “negative basis trades,” discussed above, that Barclays Capital had entered into beginning before 2005 and continuing into 2007.¹¹⁹ Approximately £5,072 million of this undisclosed exposure was linked to CDS with monoline insurers, the majority of which would default or have to be bailed out over the following two years.¹²⁰ As noted above, exposure to monoline insurers during the relevant time period represented a material risk as the monoline insurers were exposed to subprime RMBS risk and CDO risk many times greater than their capital bases. Therefore, as CDOs actually took losses, the monolines' ability to pay claims in full declined. Furthermore, with the exception of protection purchased in the form of CDS from AIG Financial Products, most of the CDS that Barclays entered into did not require the monoline counterparties to collateralize Barclays' exposure.¹²¹ Indeed, as the creditworthiness of those monolines deteriorated beginning in early 2008

¹¹⁷ PX 356.

¹¹⁸ This amount includes \$1,362 million (£671 million) in CDOs that were a mixture of commercial Real Estate and ABS CDOs. *Ibid.* When converting between U.S. dollars and Pounds Sterling, I use the 2007 year-end exchange rate of US\$2.0033 reflected on page 136 of the 2007 20-F.

¹¹⁹ BARC-ADS-01495112.

¹²⁰ PX 356.

¹²¹ “AIG Discloses Counterparties to CDS, GIA and Securities Lending Transactions,” March 15, 2009, at Attachment A – “Collateral Postings Under AIGFP CDS”, *available at*: http://www.aig.com/aigweb/internet/en/files/CounterpartyAttachments031809_tcm385-155645.pdf.

and prior to the Offering, Barclays was forced to reserve its own collateral against its monoline exposures.¹²²

105. Furthermore, internal documents show that Barclays had similar exposures to negative basis trades with banks totaling of \$2,232 million (approximately £1,115 million) as of November 2007.¹²³ Of this exposure, \$1,892 million was to financial institutions that would default or have to be bailed out over the following year. *See Exhibit 4.*

106. Thus, Barclays' actual gross ABS CDO exposures alone totaled up to £12.2 billion, representing nearly a third of Barclays PLC's £32.5 billion shareholders' equity at year end.¹²⁴

107. Second, the 2007 20-F stated that Barclays had reduced its ABS CDO super senior positions. In the "2007 Developments / Wholesale credit risk" section of the 2007 20-F, Barclays stated that "our risks in these portfolios were identified in the first half [of 2007] and management actions were taken to reduce limits and positions. ... Our ABS CDO Super Senior positions were reduced during the year ..."¹²⁵

108. In fact, Barclays Capital added gross positions of \$5,566 million in new ABS CDO super senior positions in the first half of 2007 (*see Exhibit 5 hereto*) and I

¹²² For example, in January 2008, Barclays reserved \$235 million against its monoline exposures. *See* PX 207 (Barclays' "Price Testing" team noted that "if the monolines are downgraded then their protection could become ineffective if the appropriate collateral is not in place").

¹²³ PX 356.

¹²⁴ 2007 20-F at p. 7.

¹²⁵ *Ibid.*, p.65.

have seen no evidence that they disposed of any existing ABS CDO super senior positions during that time. Internal documents¹²⁶ indicate that Barclays recorded no losses on ABS CDO super senior positions in the first half of 2007 and it is highly unlikely that they could have sold such a position without recognizing a loss. During the second half of 2007 Barclays Capital did not originate or sell any further super senior CDO positions, and while Barclays did mark down the value of its positions in the second half of 2007, by £1,412 million,¹²⁷ a writedown does not constitute a reduction of a position.

109. Third, Barclays' description of its ABS CDO positions did not relay the full extent of Barclays' risk because it gave the impression that any potential losses would be modest because the majority of its ABS CDO assets were characterized "High Grade." As discussed above, Barclays disclosed in its 2007 20-F an exposure of £4,869 million to "High Grade CDOs" versus an exposure of only £1,149 million to "Mezzanine CDOs".¹²⁸ The 2007 20-F did not define the terms "High Grade CDO" or "Mezzanine CDO."

110. However, internal documents show that the High Grade CDOs in question (*see Exhibit 6* hereto) had far less protection against default (on average 10.5% of CDO notes subordinate to Barclays' exposure)¹²⁹ than the supposedly more risky Mezzanine CDOs. For example, a review of internal documents concerning Barclays High Grade

¹²⁶ BARC-ADS-01026147.

¹²⁷ BARC-ADS-01554000.

¹²⁸ 2007 20-F at p. 51.

¹²⁹ BARC-ADS-00781565-581.

CDOs revealed that Barclays' High Grade CDO positions were collateralized by underlying CDO notes that were poised to wipe out its entire subordination protection.¹³⁰ As discussed, ABS CDOs were defaulting and being liquidated throughout this period, so "high grade" CDOs that held underlying CDOs were losing asset value every time such an underlying default occurred. In addition, the same documents show that subprime assets and downgraded assets underlying the CDOs could wipe out the subordination and result in imminent losses to Barclays' supposedly "High Grade CDOs".¹³¹

CDO	Barclays comments
Buckingham I	\$21mm second lien, \$100mm 2005 A+ or lower subprime vs. \$100mm subordination
Buckingham II	\$70mm second lien, \$114mm 2005 A+ or lower subprime vs. \$130mm subordination
Buckingham III	\$100mm CCC/CC S&P assets vs. \$150mm subordination
Citius I	\$200mm CCC/CC S&P assets vs. \$200mm subordination
Citius II	\$300mm CCC/CC S&P assets vs. \$200mm subordination
Liberty Harbour I	\$135mm ABS bespoke vs. \$195mm subordination; most collateral v seasoned
Tourmaline I	\$149mm 05-06 BBB subprime vs. \$262.5mm subordination
Tourmaline II	\$195mm 2005+, A+ or lower subprime vs. \$300mm subordination

111. Fourth, the 2007 Form 20-F also overstated the value and understated the risk associated with the disclosed £6,018 million gross ABS CDO position. For example, Barclays overvalued its CDO liquidity facilities. Barclays' valuation of the liquidity facilities relied on a fragile, problematic set of assumptions, some of which were proven

¹³⁰ BARC-ADS-00898760.

¹³¹ *Ibid.*

false even before the Offering commenced. In addition, when those assumptions were proven wrong, Barclays made no effort to correct the assumption and disclose further losses. Specifically, Barclays decided not to mark the liquidity facilities to market if it determined that an Event of Default was not likely to occur to the CDO within two years.¹³² However, if the EOD was deemed likely to occur within two years, Barclays would value its exposure at market value. When Barclays performed this analysis in January 2008, it concluded that the Buckingham I and II, Citius II and Tourmaline I and II CDOs would not default within two years.¹³³ For the Tourmaline transactions, Barclays had made no loss provision at year end, whereas the mark-to-market Mezzanine CDO super seniors had been written down to \$338 million – 16% of their face value.¹³⁴ While few CDO super seniors traded after August 2007, so as to provide Barclays with comparable CDO sales that it could use to value its mark-to-market CDO portfolio, other observable pricing proxies existed, such as the ABX and TABX.

112. Contrary to Barclays' assumption, Tourmaline I defaulted on April 3, 2008, and Tourmaline II defaulted on March 31, 2008. Both had defaulted due to the CDOs becoming undercollateralized as discussed above.¹³⁵ These defaults required Barclays to

¹³² BARC-ADS-00781565-581.

¹³³ *Ibid.*, p. 27.

¹³⁴ BARC-ADS-01633167-69.

¹³⁵ "Cash Flow And Hybrid CDO Of ABS Event Of Default Notices Received As Of April 7, 2008," S&P, April 8, 2008.

mark these positions to market, yet Barclays did not to disclose this information prior to the Offering.

113. Furthermore, Barclays had become the “Controlling Counterparty” on both transactions, with the right to accelerate the notes. Barclays had in fact done so on April 8, 2008¹³⁶ with respect to the Tourmaline I notes. Barclays then took a provision of £176 million, approximately \$350 million for Tourmaline I and II,¹³⁷ which it disclosed to investors in connection with the Interim Results Announcement for the first half of 2008, later in the summer. Failure to properly value these CDO assets and the failure to disclose 1Q08 writedowns had the effect of masking the true riskiness and toxicity of the positions. In summary, if Barclays’ liquidity facilities had been valued in conformity with its mark-to-market CDOs, they should have been written down by approximately \$3.6 billion at year end, in accordance with observed trading prices. [See **Exhibit 6**].

114. Fifth, Barclays’ presentation of Barclays’ ABS CDO writedowns and charges also understated the true risk of these positions because the disclosed writedowns had been netted against income earned on Barclays’ ABS CDO positions. While Barclays disclosed £1,412 million in writedowns and charges on its ABS CDO positions in the 2007 20-F,¹³⁸ it disclosed after the Offering that it had actually recorded gross writedowns and charges of £1,816 million on these positions in 2007 – a £404 million

¹³⁶ *U.S. Bank National Association v. Barclays Bank PLC and Morgan Stanley Capital Services Inc.*, Southern District of New York (Manhattan), No. 09-cv-462, Interpleader Complaint.

¹³⁷ BARC-ADS-01028335.

¹³⁸ 2007 20-F at p. 53.

difference.¹³⁹ Similarly, unbeknownst to the public, Barclays had recorded £2,999 million in gross writedowns and charges on its credit market positions in 2007,¹⁴⁰ an 83% difference from, and £1,365 million more than, the £1,635 million figure disclosed in the 2007 20-F.¹⁴¹ This difference alone represented 4% of Barclays' shareholders' equity.

B. BARCLAYS' EXPOSURE TO MONOLINES

115. As noted above, Barclays held an undisclosed ABS CDO position of £6.2 billion as of year-end 2007, which related to negative basis trades with monoline insurers. But those were not Barclays' only negative basis trades. In fact, Barclays held a total of £21.5 billion in undisclosed credit market positions that had been insured by monoline insurance companies and other entities. For example, while Barclays disclosed £7,368 million in exposure to "drawn leveraged finance positions,"¹⁴² internal documents¹⁴³ show a further undisclosed exposure to CLOs of US\$24,383 million at November 2007, equivalent at year-end to £12,173 million. Thus, Barclays' actual CLO exposure was £19,541 million – more than three times its disclosed exposure and almost 84% of Barclays PLC's shareholders' equity excluding non-controlling interests at year-end 2007. Further, 85% of Barclays' CLO-related negative basis trades were with monoline insurers who subsequently defaulted.

¹³⁹ 2008 20-F at p. 95.

¹⁴⁰ 2008 20-F at p. 45

¹⁴¹ 2007 20-F at p. 53.

¹⁴² *Ibid.*

¹⁴³ PX 356.

116. Additionally, Barclays disclosed £12,339 million in commercial mortgage-related positions at year-end 2007.¹⁴⁴ But, internal documents¹⁴⁵ show a further undisclosed exposure to commercial mortgages, CMBS and “CRE CDOs” – CDOs of subordinated commercial mortgages – through negative basis trades of \$4,895 million at November 2007, equivalent at year-end to £2,444 million. Thus, Barclays’ actual exposure was more than 20% greater than its disclosed gross exposure. Essentially all of this added exposure was linked to CDS with monoline insurers, all of which subsequently defaulted.¹⁴⁶

117. None of the £21.5 billion in negative basis trade monoline exposures were included within the £29,100 million in total “Barclays Capital credit market positions” disclosed in the 2007 20-F. Instead, the 2007 20-F’s only disclosure relating to Barclays’ monoline exposures and negative basis trades stated the following: “Barclays Capital held assets with insurance protection or other credit enhancement from monoline insurers. The value of exposure to monoline insurers under these contracts was £1,335 [million] (30th June 2007: £140m). There were no claims due under these contracts as none of the underlying assets were in default.”¹⁴⁷

118. Barclays’ disclosure that it held £1,335 million “in value of exposure to monoline insurers” did not disclose the actual risks it faced from £21 billion in negative

¹⁴⁴ 2007 20-F at p. 53.

¹⁴⁵ PX 356.

¹⁴⁶ See **Exhibit 5**.

¹⁴⁷ 2007 20 F at p. 53.

basis trades with monoline insurers. Barclays measured the “value of exposure” by reference to the diminution in the fair value of the notional monoline exposure as of year-end 2007. This expression of exposure is termed “current exposure” and is one of six metrics used to measure exposure to a counterparty.¹⁴⁸ The other metrics include: Counterparty Exposure (essentially replacement cost), Potential Future Exposure (potential maximum exposure), Expected Exposure (average exposure on a future date), Expected Positive Exposure (the Expected Exposure in a given time interval), and Right-way/Wrong-way Exposures (exposures that are positively/negatively correlated with the credit quality of the counterparty, i.e. the worse the exposure gets the less likely the counterparty is to be able to pay). Of these six measures for exposure, Current Exposure is the method that produces the lowest exposure, and that is the measure that Barclays chose to share with its investors.

119. However, when Barclays identified its monoline exposure to its primary regulator, the United Kingdom’s Financial Services Authority (the “FSA”) in November 2007, it used a very different metric, disclosing that: “Barclays exposure to monolines is c\$7.3bn (plus c\$1.5bn headroom), and is largely in the form of negative basis trades (credit protection on securities held) – the notional value of these trades is c[irca] \$40 [billion].”¹⁴⁹ Thus, Barclays expressed its monoline exposure to the FSA by referencing

¹⁴⁸ See, e.g., Canabarro, Eduardo; Duffie, Darrell, “Asset/Liability Management of Financial Institutions, Euromoney Books, 2003; see also Bielecki, T.; Brigo, D.; Patras, F., “Credit Risk Frontiers: Subprime Crisis, Pricing and Hedging, CVA, MBS, Ratings, and Liquidity” Bloomberg Financial/ Wiley 2011, p.398 *et. seq.*

¹⁴⁹ BARC-ADS-00833240.

both the notional value of these positions and their “Potential Future Exposure” or “PFE” – not the smaller exposure figure it disclosed in the 2007 20-F.

120. Risk Magazine, et al., the primary journal for banking quantitative risk analysts, defines PFE as “The potential maximum value of a portfolio over its lifetime. PFE is a measure used primarily for credit risk measurement to assess the expected exposure to a counterparty.”¹⁵⁰ Cannabaro and Duffie explain PFE in more detail as “the maximum amount of exposure expected to occur on a future date with a high degree of statistical confidence. For example, the 95% PFE is the level of potential exposure that is exceeded with only 5% probability.”¹⁵¹

121. Furthermore, a much larger monoline exposure was provided to the Board Risk Committee, which on December 5th, 2007, was informed that “[a] potential new area of concern is the exposure to monoline insurers ... Credit equivalent exposure¹⁵² to these monolines is \$7.8bn”¹⁵³ Further reflecting the risks associated with Barclays’ exposure to monoline insurers, Steve Pearson, who at the time was Barclays Capital’s Chief Credit Officer for Structured Credit and Commercial Real Estate during the relevant time period, said in an email on the topic: “Our credit view on the monolines is

¹⁵⁰ Available at: <http://www.risk.net/energy-risk/glossary/2270593/potential-future-exposure-pfe>.

¹⁵¹ Canabarro, Eduardo; Duffie, Darrell. “Asset/Liability Management of Financial Institutions, Euromoney Books, 2003.

¹⁵² Credit Equivalent Exposure is a regulatory standard measure of Current Exposure plus Potential Future Exposure, discussed above.

¹⁵³ PX 385.

negative. We are particularly concerned about Ambac and FGIC out of the top 4 monolines”.¹⁵⁴

122. Finally, the 2007 20-F again references monoline insurers where it states, in relation to the £6,018 million in disclosed ABS CDO positions that were not negative basis trades, that “[n]one of the above hedges of ABS CDO Super Senior exposures as at 31st December 2007 were held with monoline insurer counterparties.”¹⁵⁵ As shown above, however, Barclays held an additional £ 5.1 billion in undisclosed ABS CDO positions that were hedged entirely with monoline insurer counterparties.

123. In summary, instead of disclosing to investors its notional exposure to monoline insurers of £21.5 billion, the \$7.3 billion (approximately £3.7 billion) exposure it disclosed to the FSA, or the exposure it reported to the Board Risk Committee (\$7.8 billion, approximately £ 3.9 billion), Barclays provided the lowest exposure measure, the £1,335 million of current exposure. This lowest measure understated Barclays’ risk exposure to monoline insurers because it did not disclose the likely future exposure and maximum potential exposure to monoline insurers in a turbulent credit market, in which monoline insurers were being downgraded and collapsing. In reality, the maximum exposure of £21.5 billion was over 16 times greater than the disclosed exposure, and Barclays’ PFE was approximately three times greater. In my opinion, disclosing PFE or

¹⁵⁴ PX 354.

¹⁵⁵ *Ibid.*

another measure would have provided a more complete assessment of Barclays' exposure to monoline insurers.

C. BARCLAYS EXPOSURE TO STRUCTURED INVESTMENT VEHICLES

124. Barclays disclosed that Barclays Capital had exposure to SIVs in the form of bank liquidity facilities and trading positions. The liquidity facilities to SIVs and SIV-Lites totaled \$933 million¹⁵⁶ at year-end 2007 and were provided to eight SIVs. In addition, Barclays Capital had bond trading positions of \$101 million.¹⁵⁷

125. However, this disclosure of Barclays' SIV exposure was not complete as of the time of the Offering. Barclays Global Investors ("BGI"), Barclays PLC's asset management arm, also had a SIV exposure that was not disclosed. As mentioned above, much of the SIVs' BGI held notes issued by SIVs and monoline-wrapped ABCP with a total invested amount of \$3.5 billion.¹⁵⁸ Among these were Cheyne, Whistlejacket, Links, Parkland, Sigma and K2.¹⁵⁹ BGI's funds held approximately \$1.8 billion of Whistlejacket paper alone.¹⁶⁰ Of this, \$975 million was repurchased by Barclays Global Investors¹⁶¹ to reduce the risk of fund net asset values "breaking the buck" – allowing the money market funds' redemption value, through losses, to fall below \$1.00. Barclays'

¹⁵⁶ \$635 million to SIVs and \$298 million to [Golden Key], a SIV-Lite. BARC-ADS-00889582-86.

¹⁵⁷ *Ibid.*

¹⁵⁸ BARC-ADS-01551355-58.

¹⁵⁹ BARC-ADS-00903614.

¹⁶⁰ BARC-ADS-01601045.

¹⁶¹ PX413.

decision to provide this support appears to have been taken on February 4, 2008, well before the Offering.

XI. CONCLUSION

126. In its 2007 20-F filing Barclays disclosed £ 29,100 million in credit market positions as of year-end. My review of the evidence demonstrates that Barclays held more than £ 20 billion in additional undisclosed credit market positions. It also understated the loss provisions it had taken with respect to its credit market positions. Barclays represented that it was actively reducing its risk positions, particularly with respect to CDOs, when in fact it had grown its positions in 2007. Barclays' understatement of its credit market positions and losses on those positions concealed the true risk from investors in the Offering.

127. Barclays also failed to disclose the adverse trends that had developed in relation to these positions in the first quarter of 2008 prior to the commencement of the Offering. Further, Barclays failed to disclose that its own traders were substantially marking down Barclays' credit market exposures between year-end 2007 and the Offering.

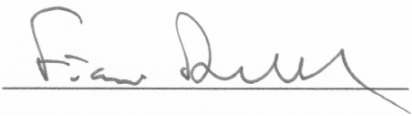
The opinions and statements set forth herein represent my conclusions based upon the information available and provided to me through December 15, 2015. I reserve the right to supplement, refine or add to my opinions and statements based on any additional information, such as deposition testimony and additional documents. I also reserve my

right to provide additional explanation to rebut any opinions and/or testimony that are given by other experts.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Dated: December 15, 2015

New York, New York

A handwritten signature in dark ink, appearing to read "Fiachra T. O'Driscoll", written over a horizontal line.

Fiachra T. O'Driscoll

Fiachra T. O'Driscoll

2009-date KFSO Investments New York, New York

Partner

Portfolio manager of investment fund focused on analysis of banks, financial institutions, and other companies with structured assets or liabilities

- Long-short approach
- Fundamental research orientation
- Seeking value in preferred and common stock and subordinate debt

**1992-2008 Credit Suisse New York, New York
Moscow, Russian Federation
London, England**

**Managing Director, Co-Head of CDO Structuring, Americas
(2005– 2008)**

Jointly responsible for arranging and marketing CDOs in the Americas, including ABS, MBS and CMBS and IG and HY corporates. Also responsible for restructuring entities with structured finance assets (SIVs etc.)

- Ran a team of up to 18 people with a \$70mm budget
- Credit Default Swaps, both portfolio CDS and "single-name"
- Cash ABS CDOs, balance sheet synthetic CLOs
- Synthetic single-tranche CDOs, CDO-squareds
- CMBS / CRE synthetic CDOs, structured finance CDOs
- Synthetic RMBS securitizations

Managing Director, Synthetic CDO Trading (2003– 2005)

Responsible for all structured trading of synthetic CDOs in the Americas, including IG and HY corporates, loans, and ABS, MBS and CMBS.

- Ran a team of up to 8 people
- \$40mm budget
- CS representative on CDS industry committees to establish tranching

loan credit default swap ISDA documentation

Managing Director, Asset Finance Group (2001– 2002)

Led team marketing securitization, structured derivatives and structured finance M&A services to banks and finance companies in North America and Australia. Covered residential mortgages, auto loans, credit cards, catastrophe bonds, equipment leases.

Spent much of time on bankruptcies and on M&A assignments

- WaMu, Consec, Tyco/CIT, GreenPoint, Associates/CitiFinancial
- Commonwealth Bank, WestPac, St George Bank

Director, Asset Finance Group (1998 – 2000) / Vice President (1996 – 1997) / Associate (1995 – 1996)

Marketed auto, manufactured housing loan and home equity loan securitizations and interest rate derivatives to leading finance companies in the US:

- Green Tree, Associates, Oakwood, Deutsche Financial, IndyMac, GreenPoint Financial, United Companies

Associate, Moscow Investment Banking (1994 – 1995)

Handled range of investment banking assignments for Russian companies. Transactions included:

- Sale of AOOT Lyubyatovo biscuit company, Pskov Region
- Investment in Tomskneft oil production company, Western Siberia
- Preliminary work on OAO LUKOIL's first convertible bond issue

Associate, UK Capital Markets Group (1992 – 1994)

Marketed equity, debt, equity-linked debt and derivative products to 35 of UK's largest companies. Transactions included:

- National Power £250mm convertible bond issue, August 1993
- HMC Mortgage 10 £100 mm FRN issue, 1993 – mortgage repackaging
- British Gas £200 mm 50 year issue, 1994 – landmark long-dated sterling

Summer 1991 Goldman, Sachs and Company New York, NY

Summer Associate, Pension Services Group

Developed Europe implementation plan after interviewing major European pension funds.

1987-1990 Bain and Company London, England

Consultant (1989-1990)

- \$300 million French gas boiler acquisition, valuation and due diligence.
- Worked with US healthcare multinational's France, Spain and Benelux offices to replace country subsidiaries with a pan-European organization. Ran taskforce groups to restructure organization, cutting headcount 15%.

Associate Consultant (1987-1989)

- Worked with a pro-bono client, *Business in the Community*, helping Sheffield, UK, to rebuild its industrial base. Demonstrated that Sheffield needed modern factory space to attract industry.

Education

1990-1992 Harvard Business School Boston, MA

Masters Degree in Business Administration. Focused on capital markets, financial risk management and investment management.

1982-1987 Trinity College Dublin, Ireland

Bachelor's Degree in Computer Engineering, with First Class Honors – equivalent to US *Summa cum laude*; Bachelor's Degree in Mathematics. Elected Entrance Exhibitioner in 1982, a scholarship awarded to top 14 candidates in university's entrance exams. Elected by student body to university's governing body, 1984-85.

**Witness
Engagements
And Related
Matters**

**2006 OHC Liquidation Trust v. Credit Suisse First Boston, et al.,
(United States District Court, Del.)**

Fact witness for defendant in securities litigation case

**2010 Greywolf Capital Management L.P. v. Fortis Securities
LLC and Fortis Bank SA/NV (NY State Supreme Court)**

Expert witness for defendants in litigation re. synthetic CDO-squared transaction

**2010 Board of Trustees of the AFTRA Retirement Fund et. al. v.
JP Morgan Chase Bank N.A. (United States District Court, Southern Dist.
NY)**

Expert witness for plaintiffs in SIV securities investment case

2011 Compsource Oklahoma et. al v. BNY Mellon, N.A., and The

Bank Of New York Mellon (United States District Court, Eastern Dist. Ok.)

Expert witness for plaintiffs in SIV securities investment case

**2012 Securities and Exchange Commission v. Edward S. Steffelin
(United States District Court, Southern Dist. NY)**

Expert witness for SEC in investigation re. CDO-squared transaction

**2012 King County v. Merrill Lynch & Co., Inc. et al (United States
District Court, Western Dist. Wash.)**

Expert witness for plaintiff in SIV securities investment case

**2013 The City of Farmington Hills Employees Retirement System et
al. v. Wells Fargo Bank, NA (United States District Court, Minn.)**

Expert witness for plaintiffs in SIV securities investment case

**2013 Securities and Exchange Commission v. RBS Securities Inc.,
Civil Action 3:13-cv-01643 (District of Connecticut, Complaint filed
November 7, 2013)**

Expert witness for SEC in settlement re. mortgage securities offering

**2014 Dandong et al. v. Pinnacle Performance Ltd. et al., 10 Civ.
8086 (NY State Supreme Court)**

Expert witness for plaintiffs in litigation re. synthetic CDO/CLN transactions

**2014 In Re The Grande Holdings Ltd. (Provisional Liquidators
Appointed), HCCW 177/2011 (High Court of Hong Kong SAR)**

Expert witness for creditor in litigation re. interest rate swap transaction

**2014 CIFG Assurance North America, Inc. v. Goldman, Sachs &
Co. (FINRA Arbitration Case No. 13-01411)**

Expert witness for plaintiff in litigation re. hybrid ABS CDO

EXHIBIT 2: MATERIALS CONSIDERED

PX 23
PX 59
PX 64
PX 82
PX 111
PX 127
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PX 413
BARC-ADS-00079762-66
BARC-ADS-00090241-42
BARC-ADS-00300780-83
BARC-ADS-00781565-581
BARC-ADS-00833226-40
BARC-ADS-00833241-42
BARC-ADS-00881284-85
BARC-ADS-00889582-86
BARC-ADS-00898758-60
BARC-ADS-00903614
BARC-ADS-00927802-14
BARC-ADS-01017009
BARC-ADS-01020326-36
BARC-ADS-01022256
BARC-ADS-01026147
BARC-ADS-01028335
BARC-ADS-01288298-99
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Exhibit 3: SIVs and SIV-Lites

Manager	SIV	Launched	<u>Senior debt \$mm</u>		Termination or Rescue Announced	Liquidn Date	Bndhldr recovery (%)	Bailed out by ...
			Dec-05	Jul-07				
Citigroup	Beta Finance Corp	1989	15,300	20,175	7-Nov-07			Citigroup (1)
Gordian Knot	Sigma Finance	1995	34,000	52,641	1-Oct-08	Dec-08	6%	
Citigroup	Centauri Corp	1996	16,100	21,838	7-Nov-07			Citigroup (1)
Citigroup	Dorada Corp	1996	10,500	12,484	7-Nov-07			Citigroup (1)
Eiger Capital Mgmt	Orion Finance	1996	1,100	2,298	30-Nov-07			
Bank of Montreal	Links Finance Corp	1999	13,500	22,301	19-Feb-08			Bank of Montreal (14)
Citigroup	Five Finance Corp	1999	2,200	12,843	7-Nov-07			Citigroup (1)
Dresdner Kleinwort	K2 Corp	1999	20,600	29,056	21-Feb-08			Dresdner (4)
NSM Capital Mgmt / Emirates Bank	Abacas Investments Ltd.	1999	1,100	1,007	2007			Emirates (11)
Bank of Montreal	Parkland Finance Corp	2001	1,600	3,414	21-Feb-08			Bank of Montreal (14)
Ceres Capital Partners	Victoria Finance	2002	4,900	13,243	11-Jan-08	25-Sep-09	55%	
Societe Generale	Premier Asset Collateralise Entity Ltd.	2002	2,200	4,312	10-Dec-07			Societe Generale (5)
Standard Chartered plc	Whistlejacket Capital Ltd.	2002	4,200	8,844	12-Feb-08	29-Apr-09	67%	(3)
Standard Chartered plc	White Pine Corp	2002	6,600	7,854	NA			Merged with Whistlejacket
Rabobank	Tango Finance	2002	6,000	14,039	6-Dec-07			Rabobank (6)
WestLB	Harrier Finance Funding	2002	5,000	12,343	4-Dec-07			WestLB (7)
Citigroup	Sedna Finance Corp	2004	1,200	14,415	7-Nov-07			Citigroup (1)
Cheyne Capital Mgmt	Cheyne Finance	2005	0	9,726	28-Aug-07	Jul-08	44%	(8)
HSBC	Cullinan Finance	Jul-05	0	35,142	26-Nov-07			HSBC (1)
Eaton Vance	Eaton Vance Variable Leveraged Fund	2006	0	542	NA			(13)
Citigroup	Vetra Finance Corp	Jun-06	0	2,616	7-Nov-07			Citigroup (1)
HSH Nordbank	Carrera Capital Finance	Jul-06	0	4,283	3-Dec-07			HSH Nordbank (1)
WestLB	Kestrel Funding	Aug-06	0	3,315	4-Dec-07			WestLB7 (7)
Citigroup	Zela Finance Corp	Nov-06	0	4,188	7-Nov-07			Citigroup (1)
Natixis/Ontario Teach	Cortland Capital	Nov-06	0	1,344				(4) (10)
MBIA	Hudson-Thames Capital	Dec-06	0	1,767			100%	MBIA (12)
Axon Asset Mgmt	Axon Financial Funding	Mar-07	0	11,193	19-Nov-07	July-10	35%	
Deutsche IKB	Rhinebridge Plc	Apr-07	0	2,199	12-Oct-07	Aug-08	55%	(9)
AIG-FP Cap Mgmt Ltd	Nightingale Finance	May-07	0	2,330	NA			AIG (2)
HSBC	Asscher Finance	Jun-07	0	7,330	26-Nov-07			HSBC (1)
Gordian Knot	Theta Finance	2007	0	NA	NA			???
		31	146,100	339,082				

Manager	SIV-Lite	Launched	Senior debt \$mm Dec-05	Jul-07	Termination or Rescue Announced	Liquidn Date	Bndhldr recovery (%)	Bailed out by ...
Avendis Financial Services	Golden Key	?-05	0	5,500	23-Aug-07			(15)
Solent Capital Partners	Mainsail II	?-06	0	4,500	20-Aug-07			(16)
Sachsen LB Europe	Sachsen Funding I	?-06	0	7,000	17-Aug-07			(17)
Cairn Financial Products	Cairn High Grade Funding	?-06	0	1,600	31-Aug-07			Barclays plc (18)
Ellington Global Asset Management	Duke Funding High Grade II-S/EGAM I	?-06	0	4,500	16-Jan-09			(19)

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- (3) Whistlejacket Failed SIV Sells Assets at 33% Discount (Update1). April 30, 2009
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- (12) MBIA Collapses its Hudson Thames SIV, Takes Writedown (Update1) By Christine Richard and Neil Unmack. November 27, 2007
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Counterparty Type	Counterparty Name per Barclays	Outcome	Approx Date	High Grade						Emerging Market			Synthetic CDO	Trust Preferred	Grand Total	
				ABS CDO	Mezz ABS CDO	CDO of CDO	CLO	CRE CDO	Distressed Loans	Securities	Infrastructure	REIT TRUPs	Corporate Bonds	Certificates		
Monollne	AIG FP NEGATIVE BASIS	Bailed out	28-Oct-08	1,176,048,250	1,500,000,000		288,176,567									2,964,224,827
	AMBAC ASSURANCE CORPORATION	Defaulted	8-Nov-10	610,000,000	349,112,799	185,000,000	5,932,814,321				918,496,944					7,995,424,064
	ASSURED GUARANTY CORPORATION	OK					3,288,646,171	1,470,853,800				224,140,438		94,965,779	5,078,605,188	
	CIFG	Defaulted	21-Jan-09				2,689,934,880							147,000,000	2,636,934,800	
	FINANCIAL GUARANTY INSURANCE COMPANY	Defaulted	24-Nov-09	161,068,289			3,690,737,160								3,651,805,469	
	FINANCIAL SECURITY ASSURANCE INC	Parent (Dexia) Bailed Out	30-Sep-08				5,956,862,571						67,000,000	95,388,601	6,119,251,172	
	MBIA INSURANCE CORPORATION	Defaulted	18-Feb-09	4,330,984,902	1,847,000,000		1,050,105,746	2,805,000,000	350,000,000						10,383,050,648	
	SWISS RE FINANCIAL PRODUCTS CORPORATION	OK									91,802,333				91,802,333	
XL CAPITAL ASSURANCE INC	Defaulted	6-Aug-08				1,394,997,529	620,000,000		191,500,000					2,206,497,529		
Monoline Total				6,278,101,441	3,696,112,799	185,000,000	24,292,274,945	4,895,853,800	350,000,000	191,500,000	1,010,299,277	224,140,438	67,000,000	337,354,380	41,127,596,030	
Bank	ACA CREDIT PRODUCTS 2004-B LLC	Defaulted	8-Aug-08													37,229,850
	AUSTRALIA & NEW ZEALAND BANKING GROUP LIMITED	OK									780,319,833				780,319,833	
	BANCA INTESA SPA -NEGATIVE BASIS TRADES	OK			200,000,000										200,000,000	
	CANADIAN IMPERIAL BANK OF COMMERCE -LONDON BRANCH	OK				140,055,150	91,326,795				187,195,118		444,480,693	863,057,756		
	DEXIA BANK BELGIUM SA	Bailed Out	30-Sep-08								738,872,712				738,872,712	
	DEXIA CREDIT LOCAL SA	Bailed Out	30-Sep-08								721,502,000				721,502,000	
	DRESDNER BANK AG-LONDON BRANCH	Acquired	31-Aug-08								2,484,911,188				2,484,911,188	
	GOLDMAN SACHS INTERNATIONAL	Bailed Out	28-Oct-08		415,195,212								150,000,000	99,000,000	664,195,212	
	IXIS CORPORATE & INVESTMENT BANK	Bailed Out	7-Nov-08								268,057,168				268,057,168	
	MERRILL LYNCH INTERNATIONAL	Acquired	1-Jan-09		199,074,985									173,929,558	373,004,543	
TOKIO MARINE & NICHIDO FIRE INSURANCE COMPANY LIMITED	OK									656,386,683				656,386,683		
WESTLB AG (FOR HOEF II ONLY)	Bailed Out	4-Nov-08	1,240,983,440											1,240,983,440		
Bank Total				1,240,983,440	814,270,197	177,285,000	91,326,795	0	0	0	5,837,244,702	0	150,000,000	717,410,251	9,028,520,385	
Grand Total				7,519,084,881	4,510,382,996	362,285,000	24,383,603,739	4,895,963,800	350,000,000	191,500,000	6,847,543,980	224,140,438	217,000,000	1,064,794,631	50,556,159,476	

Source of Barclays Data : BARC-ADS-00090241-42

EXHIBIT 5

	Deal	Issue Date	Attachment	Original Deal Notional	Subordination	Liquidity Notional	Valuation [Method]	
<u>Liquidity Facilities</u>								
High Grade	Buckingham I	28-Jul-05	10%	\$ 1,000	\$ 100	\$ 900	CF PV	Liquidity Facility
High Grade	Buckingham II	28-Nov-05	10%	\$ 1,300	\$ 130	\$ 1,170	CF PV	Liquidity Facility
High Grade	Buckingham III	29-Aug-06	10%	\$ 1,500	\$ 150	\$ 1,350	CF PV	Liquidity Facility
High Grade	Citius I	3-May-06	10%	\$ 1,808	\$ 175	\$ 1,633	CF PV	Liquidity Facility
High Grade	Citius II	1-Dec-06	10%	\$ 1,925	\$ 193	\$ 1,732	CF PV	Liquidity Facility
High Grade	Liberty Harbor	27-Feb-07	13%	\$ 1,800	\$ 234	\$ 1,566	CF PV	Liquidity Facility
				\$ 9,333	\$ 982	\$ 8,351		
					10.5%			
Mezz	Camber VI	28-Jun-06	35%	\$ 750	\$ 263	\$ 487	NAV	Liquidity Facility
Mezz	Tourmaline I	22-Dec-05	35%	\$ 750	\$ 263	\$ 488	CF PV	Liquidity Facility
Mezz	Tourmaline II	30-Mar-06	30%	\$ 1,000	\$ 300	\$ 700	CF PV	Liquidity Facility
Mezz	Slack 2005-2	20-Dec-05	30%	\$ 500	\$ 150	\$ 350	NAV	Liquidity Facility
Mezz	Tenorite	10-May-07	36%	\$ 1,250	\$ 450	\$ 800	NAV	Liquidity Facility
Mezz	Silverton	31-Oct-06	40%	\$ 750	\$ 300	\$ 450	NAV	Liquidity Facility
				\$ 5,000	\$ 1,726	\$ 3,275		
					34.5%			
Total Liquidity Facilities				14,333	2,708	11,626		
MTM SS Risk								
High Grade	Pampelonne I	19-Oct-06	15%	\$ 1,251	\$ 188	\$ 1,063	NAV	CDS Trade
High Grade	Pampelonne II	6-Mar-07	20%	\$ 2,000	\$ 400	\$ 1,600	NAV	CDS Trade
High Grade	Markov	1-May-07	20%	\$ 2,000	\$ 400	\$ 1,600	NAV	CDS Trade
Total MTM SS Risk				\$ 5,251	\$ 988	\$ 4,263		
					18.8%			
Total SS Exposure				\$ 19,584	\$ 3,696	\$ 15,889		
Exposure added in 2007						\$ 5,566		

Source: BARC-ADS-00781565-581

EXHIBIT 6

		Controller Products Detailed Analysis	\$m	Deal size	Subprime Assets	Jun '07	Oct'07	Dec '07	Jan '08	Feb '08	Mar '08	Jan mvmt	Feb mvmt	Mar mvmt
High Grade MTM														
TMC	SP	TMC SP Pampelonne 1		1,250	1,024	1,063	1,063	1,063	1,063	1,063				-1,063
TMC	SP	TMC SP Pampelonne 2		2,000	1,617	1,600	1,600	1,600	1,600	1,600				-1,600
TMC	SP	TMC SP Markov		2,000	1,850	1,600	1,600	1,600	1,600	1,600				-1,600
	SP	SP Total Notional		5,250	4,490	4,263	4,263	4,263	4,263	4,263				-4,263
TMC	SP	TMC SP Hedges				-700	-1,922	-1,922	-1,922	-1,307			615	1,307
TMC	SP	TMC SP Write-downs/impairment				-99	-2,080	-2,085	-2,306	-2,800		-221	-494	2,800
	SP	SP Net exposure		5,250	4,490	3,464	260	256	35	156		-221	121	-156
						84%	55%	55%	55%	69%				
SP High Grade Non MTM SP														
TMC	SP	TMC SP Buckingham I		1,000	759	900	900	900	900	900	900			
TMC	SP	TMC SP Buckingham II		1,300	845	1,170	1,170	1,170	1,170	1,170	1,170			
TMC	SP	TMC SP Buckingham III		1,500	1,075	1,350	1,350	1,330	1,330	1,330	1,330			
TMC	SP	TMC SP Citius I		1,808	940	1,619	1,619	1,606	1,606	1,606	1,606			
TMC	SP	TMC SP Citius II		1,926	696	1,724	1,724	1,713	1,713	1,713	1,713			
TMC	SP	TMC SP Liberty Harbor		1,800	1,060	1,437	1,437	1,437	1,437	1,437	1,437			
	SP	SP Total Notional		9,334	5,375	8,200	8,200	8,156	8,156	8,156	8,156			
TMC	SP	TMC SP Hedges												
TMC	SP	TMC SP Write-downs/impairment				0	-581	-581	-674	-775	-966	-93	-101	-191
	SP	SP Net exposure SP		9,334	5,375	8,200	7,619	7,575	7,482	7,381	7,190	-93	-101	-191
	SP	SP High Grade net exposure SP		14,584	9,865	11,664	7,879	7,831	7,517	7,537	7,190	-314	20	-347
						100%	93%	93%	92%	90%				
Mark Difference % (MTM vs. non-MTM)								-38%						
Mark Difference \$								-3,096						
SP Mezzanine MTM														
	SP	Camber VI		750	697	487	487	487	487	487				-487
TMC	SP	Stack 2005-2		500	409	350	350	350	350	350	350			
TMC	SP	Tenorite		1,250	1,213	800	800	800	800	800				-800
TMC	SP	Silverton		750	681	450	450	450	450	450	-350			-450
	SP	Total Notional		3,250	3,001	2,087	2,087	2,087	2,087	2,087				-1,737
TMC	SP	Hedges					-776	-584	-584	-557	-167	192	27	390
TMC	SP	Write-downs/impairment					-843	-973	-1,112	-1,253	-183	-139	-141	1,070
	SP	Net exposure		3,250	3,001	2,087	1,244	338	391	277		53	-114	-277
						100%	60%	53%	47%	40%				
SP Mezzanine Non MTM														
	SP	Tourmaline I		750	511	488	488	488	488	488	488			
TMC	SP	Tourmaline II		1,000	743	700	700	700	700	700	700			
TMC	SP	Total Notional		1,750	1,254	1,188	1,188	1,188	1,188	1,188	1,188			
	SP	Hedges												
	SP	Write-downs/impairment								-48	-50		-48	-2
TMC	SP	Net exposure		1,750	1,254	1,188	1,188	1,188	1,188	1,140	1,138		-48	-2
	SP	Mezzanine Net Exposure		5,000	4,255	3,275	2,432	1,526	1,579	1,417	1,138	53	-162	-279
						100%	100%	100%	100%	96%				
Mark Difference % (MTM vs. non-MTM)								-47%						
Mark Difference \$								-554						
SP	Total ABS CDO Super Senior Exposure					15,738	15,738	15,694	15,694	15,694	9,344			
Hedges						-700	-1,922	-2,698	-2,506	-1,864	-167			
Write-downs/impairment						-99	-3,504	-3,639	-4,092	-4,876	-1,199			
Net ABS CDO Super Senior Exposure						14,939	10,311	9,357	9,096	8,954	8,328			
Total Mark Difference								-3,650						

Source: BARC-ADS-01633167-69

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Short Seller Sinks Teeth Into Insurer - The New York Times

The New York Times**BUSINESS DAY | TALKING BUSINESS**

Short Seller Sinks Teeth Into Insurer

By JOE NOCERA DEC. 1, 2007

Correction Appended

"I'm going to try to give shorter answers," said William Ackman, with an awkward smile.

It was Wednesday, and Mr. Ackman, a 41-year-old hedge fund manager, was in the middle of a surprisingly well-attended news conference. He had just finished an hourlong presentation at an investment conference in Midtown Manhattan, and if truth be told, the only reason it had been contained to an hour is that Mr. Ackman had rushed through it, burying his audience in a blizzard of facts, while flipping through an astonishing 145 slides.

If the presentation and ensuing news conference proved anything, it was that Mr. Ackman was incapable of giving short answers. Then again, that's usually the way it is with obsessives.

Mr. Ackman is an emerging star in the "shareholder activist" division of the hedge fund big leagues. In the last few years, he has taken aim at McDonald's, Wendy's and, most recently, Target, usually emerging from these tugs of war with profits for his hedge fund.

His firm, Pershing Square Capital, which he founded in 2004, now bulges with over \$6 billion in assets. "If I think I'm right, I can be the most persistent and most relentless person in America," he says. But for sheer, obsessive doggedness, nothing he has ever done can compare with his pursuit of a company called MBLA Inc. In

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Short Seller Sinks Teeth Into Insurer - The New York Times

fact, I don't think I've ever seen a fund manager grab a company by the tail and simply not let go the way Mr. Ackman has done with this once-obscure holding company, whose main subsidiary, MBIA Insurance, is the nation's largest bond insurer.

Though he says he is not typically a short seller, Mr. Ackman has been shorting MBIA's stock since 2002. He began his assault with a highly unusual move for a short seller — he posted a lengthy report, laying out his case against MBIA, on the Internet, for all to see. ("I believe in free speech," he says now, by way of explanation.)

He purchased credit default swaps as a way to profit in the event of a bankruptcy by the holding company. He talked to the S.E.C., the New York State Insurance Commission and the New York attorney general's office about the company. (He also claims that MBIA was behind a short-lived investigation by the attorney general's office aimed at him. MBIA declined to comment on the accusation.)

And that's not all. He held hours of meetings with analysts at Moody's and Standard & Poor's, the two big bond rating agencies, trying to persuade them to lower MBIA's credit rating. He once buttonholed the chief executive of PriceWaterhouseCoopers, MBIA's accountant, at a charity dinner, and sent him his report. He has made allegations of accounting shenanigans. He has talked to reporters and analysts, and given presentations like the one he gave this week. All the while, he has continued to dig into the company, searching for dirt he could use against it.

For most of that time, his efforts have come to naught. Despite the fact that MBIA, at one point, had to restate five years of earnings — after being tripped up on an accounting problem that Mr. Ackman brought to light — its stock continued to do well. The analysts and rating agencies continued to side with the company. Indeed, the more dogged Mr. Ackman became, the more the company seemed impervious to his slings and arrows.

And then came the subprime crisis, which in recent months has wreaked havoc on MBIA's stock price, and raised questions about its business model. Sean Egan,

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the co-founder of Egan-Jones, an independent bond rater, believes that MBIA and the other big bond insurers will be saddled with billions of dollars in losses as collateralized debt obligations stuffed with subprime debt — so-called C.D.O.'s — they have insured continue to go south. So does Mr. Ackman, who believes that as losses pile up and the bond insurer has to pay them off, it will have to shut off the supply of money it sends to the holding company.

At the investor presentation he held this week, Mr. Ackman predicted that the holding company could be bankrupt by the second quarter of 2008, which MBIA says is preposterous. ("MBIA does not expect material losses in its C.D.O.'s because they were structured with high levels of subordination in excess of triple-A levels and other structural protections," said its chief financial officer, Chuck Chaplin.) Mr. Ackman now stands to make, personally, hundreds of millions of dollars on his bet against MBIA — which he says he will donate to his charitable foundation. If you sense some defensiveness in that gesture, well, so do I. The question — and it's the one that always seems to crop up when short sellers are involved — is whether Mr. Ackman's single-minded pursuit of MBIA is something he should feel defensive about.

There's no doubt about what drives Bill Ackman crazy about MBIA. For all the many issues he has raised, his objection really comes down to a single fact: MBIA has a triple-A rating, the highest any company can get — indeed, a rating more normally associated with Treasury bills, which are backed by the full faith and credit of the federal government. And it's not just the fact of MBIA's triple-A rating that drives Mr. Ackman batty; it's its transcendent importance to the company's business. As Gary C. Dunton, the company's chief executive, told me recently, "Our triple-A rating is a fundamental driver of our business model." No triple-A, no business.

This fact has been widely accepted on Wall Street and in the marketplace. "The model is the model," shrugged one person who keeps close tabs on the company (and who declined to be quoted by name because he isn't supposed to talk to the press). Mr. Ackman, however, thinks it is lunacy — and he's right.

Think about it: if a company needs a triple-A rating just to stay in business, that fact alone probably means it doesn't deserve the rating. After all, if triple-A-rated General Electric got a downgrade, would it really affect its business? Not really. Companies that merit triple-A ratings are those that are impervious to small — or even medium-sized — bumps in the road. Besides, MBIA takes on a lot of risk for a company with a triple-A rating.

It wasn't always thus, which explains how MBIA got its rating in the first place. MBIA began life in the early 1970s guaranteeing nice, safe municipal bonds. (Its initials originally stood for Municipal Bond Insurance Association.) But while municipal bonds rarely default, most don't get triple-A ratings — and the lower the rating the more a municipality had to pay in interest. By “wrapping” such bonds, MBIA could envelop them in its triple-A rating, and in so doing save money for towns and cities all over the country.

Gradually, though, the business model changed. In the 1990s, MBIA began to guarantee not just muni bonds but so-called structured finance vehicles, including those now infamous C.D.O.'s that are causing so much trouble. “If you analogize it to life insurance,” said Mr. Egan — who uses the kind of pithy language that escapes Mr. Ackman — “it is as if they once insured only 18-year-old women who didn't smoke or drink. Now they are insuring the Evel Knievels of the world.” (He said this before Mr. Knievel died yesterday.)

Nonetheless, MBIA insists that the C.D.O.'s it guarantees are the *crème de la crème* — not just plain-vanilla triple-A tranches, but the so-called “super senior triple-As.” (“Super senior?” You gotta love Wall Street.) These C.D.O.'s, it says, are the least likely to default, and, according to its analysis, it would take an unprecedented cataclysm for it to have to pay off insurance claims.

Except that Merrill Lynch and Citigroup and a dozen other big investment banks held super senior C.D.O.'s, and they have indeed dropped in value — so much so that the banks have written down billions of dollars. The market has come to realize that the triple-A rating for these derivatives is pretty meaningless — that the rating agencies were just as blind to the coming subprime meltdown as everyone on Wall Street, and developed models for rating C.D.O.'s that were far too optimistic.

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The problem for investors is that it is impossible to know what, exactly, is in the individual C.D.O.'s that MBIA insures. "The company is something of a black box," said that same person who won't be quoted by name. MBIA executives have been loudly making the case that the C.D.O.'s it insures are fine, that it has plenty of capital to cover any possible claims, and that its triple-A rating is safe — even though the rating agencies are currently reviewing their ratings of the bond insurers. But the rating agencies know full well how important the triple-A is to these companies, and they are loath to lower the ratings.

(When I spoke to Moody's, its executives denied showing any special favoritism toward MBIA, and insisted that its rating system was as pure as the driven snow.)

Which brings me back to Mr. Ackman. On Wall Street, his nonstop assault on MBIA is highly controversial, and a number of people I talked to about MBIA spoke of it — and him — with distaste. Their central point is that MBIA is in a business that depends, to a large degree, on the market's confidence in its ability to insure bonds — and that Mr. Ackman's attacks are an effort to undermine that confidence. They pointed to his prediction that the holding company might soon be bankrupt as an example.

MBIA insists that the holding company has only \$80 million in annual debt service and \$500 million in cash and that it is completely healthy. Indeed, it says that his bankruptcy prediction "reflects a fundamental misunderstanding of MBIA Inc.'s capital structure and financial statements." When Mr. Ackman uses the word bankruptcy, he is, in effect, tossing gasoline on a fire.

On the other hand, Mr. Ackman has been remarkably prescient. When I went back and reread his original report, "Is MBIA Triple- A?," I could see a few incendiary claims. But I also saw him make the case that those C.D.O.'s MBIA insures would eventually come a cropper. And now they have. Companies that are knee-deep in C.D.O. exposure have routinely had their own debt downgraded in recent months, as the rating agencies have belatedly woken up to the problem. Why should the bond insurers be exempt?

It is easy to understand why MBIA's executives are unhappy with Mr. Ackman. But the other participants in the marketplace — the analysts and rating agencies and

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institutional investors? They should be thanking him. He may be aggressive, he may be over the top, he may not be able to speak in short sentences. But he's doing the hard work, and thinking the hard thoughts, that they refused to do for far too long.

Correction: December 6, 2007

The Talking Business column in Business Day on Saturday, about the hedge fund manager William Ackman's pursuit of MBIA Inc., a holding company whose main subsidiary is the nation's largest bond insurer, misstated his forecast about the company's financial health. Mr. Ackman predicted the company could be bankrupt by the second quarter of 2008, not by February. The article also referred incorrectly to the company's liabilities. It has \$80 million in annual debt service, not in corporate debt. A version of this article appears in print on , on page C1 of the New York edition with the headline: Short Seller Sinks Teeth Into Insurer.

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EXHIBIT 68

FILED UNDER SEAL

From: Vallis, John: Barclays PLC
[O=BZW/OU=EUROPE/CN=BARCLAYSGROUP/CN=RETAIL.JOHN.VALLIS-GIA]
Sent: Tuesday, February 26, 2008 3:46:27 PM
To: Le Blanc, Robert: Group Risk (LDN); Williams, David: Group Risk (LDN); Muirhead, Martin: Barclays PLC; Schnadt, Norbert: GMR (LDN); Vasarhelyi, Lara: Barclays PLC; Shelley, Stephen: Barclays PLC; Anderson, Ling: Barclays PLC; Rozelle.Dewrance@absa.co.za; Guy, Lee: GFRM (LDN); Lopez, Lionel: Barclays PLC; Walters, Mike: Barclays PLC; Chan, David: Barclaycard; Endersby, Robert: Barclays PLC; Harding, Mark: Barclays PLC; Britton, Jonathan: Barclays PLC; Vallis, John: Barclays PLC; Veillette, Mathieu: Group Risk (LDN); Bennett, Tim: GFRM (LDN); Izumi, Sachiko: GFRM (LDN); Staveley, Mark: Barclaycard
CC: Whittaker, John: Operational Risk (LDN); Egeriis, Carsten: Barclays PLC; Eyre, Mark: Group Risk (LDN); Bruce, Andrew: Group Risk (LDN); Watson, Terry: Barclays Global Investors; Garcia Rivas, Eduardo: Barclays Private Clients Europe; Cole, Barry: GFRM (LDN); King, Linda: GFRM (LDN); Carawan, Mark: Barclays PLC; Webber, Lianne: GFRM (LDN); Plews, Jean: Group Risk (LDN); Cole, Joanna: Group Risk (LDN); James, Sally: GMR (LDN); Orsich, Alison: GFRM (LDN); Rice, Nina: Barclays PLC; Luong, Chevon: Barclays PLC; Dempsey, Marilyn: Group Risk (LDN); Angela.Meshier@groupcomm.barclays.co.uk; Swain, Dawn: Barclays PLC; Tervit, Emma: GFRM (LDN); Taiani, Sarah: GFRM (LDN); Bayley-Winchester, Lisa: Barclays PLC; Stokes, Liz: Barclays PLC; Riley, Yvonne: Barclays PLC; Broom, Teri: Barclays PLC; Lisa.Benny@gloucester.mail.barclays.co.uk; Hernandez Toledano, Raquel: Barclays Private Clients Europe
Subject: GROC Papers part 2/3 - 29 February
Attachments: GROC Part 2.zip

All,

Part 2 of the papers for Friday's meeting are attached.



GROC Part 2.zip

This mail includes papers for Agenda items:

- 03/08 – Risk Update (1 Paper)
- 04/08 – Stress Testing (3 Papers*)

* Note – Only Sections 1 and 2 of the Stress Testing papers should be printed for inclusion in the GROC Pack – the Appendix paper is being forwarded for information and future reference.

Regards
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Document Produced in Native Format

Risk Update

ExCo Discussion
4th February 2008

Robert Le Blanc

Risk Appetite Trends Feb 08

This paper updates ExCo on risk appetite trends in some business areas where the environment is changing and/or our growth rates are increasing. An appendix provides an update on actions agreed following the Oct 07 risk

Pg	Area	Comments	ExCo Action	Risk Trend
2)	Equifirst	Equifirst origination continues at reduced levels on tightened criteria. Forward portfolio performance is difficult to predict and opportunity to sell assets remains limited. BarCap management continues to monitor performance and review strategy.	Active Watchlist	➡
3)	BCB Leveraged Finance	Exposure to Financial Sponsors leveraged loans fell in 2007, with some growth in the corporate leveraged book. For 2008, the Financial Sponsors book is constrained.	Active Watchlist	➡
4)	Indian Retail Lending	Retail lending is expanding rapidly. We are reviewing risk appetite for 2008 business plans in consideration of delays in infrastructure roll out.	Active Watchlist	⬆
5)	Kenya	Civil unrest after contested elections has hit Kenya's key foreign exchange earners. Transfer and convertibility risks have escalated in the absence of a political solution.	Active Watchlist	⬆
6)	BarCap Impairment and Watch Lists	Corporate credit performance remains steady but the wholesale environment remains challenging. Watch list balances have grown, largely due to CDO and FI counterparties being added.	Active Watchlist	⬆
7)	Monolines	Barclays has exposure mainly via guarantees provided for securities that we hold ("negative basis" trades). Losses would require significant financial deterioration of the monoline guarantors.	Active Watchlist	⬆
8)	Barclaycard US (Middle Market)	Delinquency levels have increased and we have tightened credit criteria. Portfolio performance remains in an acceptable range and is monitored closely.	Active Watchlist	⬆
9)	Absa Mortgages, Cards and Loans	Delinquent balances have been rising and 2008 impairment is forecast to rise 36% to £183m. Although portfolio performance remains acceptable, the impact of a downside stress is not fully understood.	Active Watchlist	⬆
10)	FirstPlus	Tightened underwriting criteria over the past year reflect our reduced risk appetite. As a result, balance sheet growth has slowed and the credit quality of new business has improved.	Active Watchlist	➡
11)	UK Pension Fund	The fund trustees plan to rotate £6bn of investments out of bonds into funds and derivatives. This could also allow us to de-risk the scheme and we should consider recommending this to the trustees.	Agree next steps	➡
12)	BarCap DVaR	Underlying DVaR has risen sharply due to price volatility and lower diversification. A new permanent limit of £70m is now set, allowing BarCap to create sufficient headroom against agreed MTP appetite.	For noting	⬆
13)	Commercial Property	The environment for commercial property lending is weakening and we are holding caps steady. Selective origination may see moderate growth within these caps, which will be reviewed again in July.	For noting	➡

Equifirst Origination of Sub-Prime whole loans

Equifirst origination continues at reduced levels on tightened criteria. Forward portfolio performance is difficult to predict and opportunity to sell assets remains limited. BarCap management continues to monitor performance and review strategy.

Environment/Trends

- Sub-prime collateral performance will continue to deteriorate in 2008 (ARM resets, tightened underwriting, declining HPA driving rising delinquencies). Further downside may develop from a potential US slowdown and limited liquidity as investors remain on the sidelines.
- Liquidity for securitisation or whole loan sales will be low in 2008.

Barclays Positioning & Exposure

- Barclays continues to originate sub-prime mortgages via Equifirst, with a view to exit via securitisation when the market reopens. Origination totals about \$200m per month, down from \$700m per month in mid-2007. We have originated 90% of our \$6.5bn sub-prime whole loans through Equifirst.
- Underwriting criteria have been significantly tightened. Over 99% of loans are for primary residence owner occupiers and no second liens are now being originated. Average LTVs are now 78% with over half of loans at lower-risk fixed rates instead of ARMs.
- Our exposure to sub-prime and Alt-A (near-prime) whole loans and originator “warehouse” lines (structured as whole loan repos) was reduced markedly during H1 07 as problems began to emerge. Further de-risking remains impacted by limited liquidity.

Risk Appetite & Next Steps

- Other than the much reduced and more selective origination via Equifirst, we have no appetite for any additional sub-prime or Alt-A mortgage exposure.
- Origination is at a minimum level for current operations.
- The business strategy for Equifirst (and HomeEq) continues to be discussed by BarCap senior management.

	Apr 07 - Aug 07 Monthly Weighted Average	Sep 07 - Dec 07 Monthly Weighted Average
Production \$m	694	204
Weighted Average Coupon	8.8	9.8
FICO	624	606
Full Documentation %	68.7	77.3
Debt-To-Income %	40.7	40.2
Second Liens %	1.5	0.0
Combined LTV %	84.7	77.9
Occupancy Status:		
Primary %	91.0	99.7
Investment %	7.3	0.1
Second Home %	1.7	0.2
Mortgage Type:		
ARM	66%	49%
Fixed	34%	51%

BCB Leveraged Portfolio

Exposure to Financial Sponsors leveraged loans fell in 2007, with some growth in the corporate leveraged book. For 2008, the Financial Sponsors book is constrained.

Environment/Trends

- Terms on offer within the market remain aggressively structured but are now more conservative than in late 2006/early 2007. Leveraged multiples have reduced slightly and senior debt pricing for mezzanine risk is no longer being offered by competitors.
- There is limited evidence in the mid market of reduced competition with significant sponsor activity remaining. Pricing is increasing but there is less upside available on underwriting income.
- In the corporate leveraged market, M&A activity continues to generate deal flow and pricing has not improved.

Barclays Positioning & Exposure

- BCB differentiates between higher risk leveraged finance business introduced by Financial Sponsors and generally lower leveraged corporate finance provided to existing customers involved in M&A activity.
- Exposure to Financial Sponsors Leveraged business has reduced by one-third during the past 18 months from a peak of c£4bn to c£2.6bn at end December 2007. This has been achieved through greater distribution and reduced hold appetite.
- Mezzanine exposure in Financial Sponsor transactions has also reduced £146m at May 07 to £83m at end Dec 07 as a result of aggressive sell-down of subordinated debt on new originations. Corporate leveraged exposure grew by £300m to £3.5bn during 2007.
- Currently £500m of Corporate exposure is included in Corban 2 (completed in 2007), which provides second loss protection.

Risk Appetite/Justification

- Maintain conservative stance on Financial Sponsors given potential vulnerability of market to weaker economic conditions.
- Continue to grow corporate leveraged finance business which is both lower risk and critical to our business franchise, but increase market distribution once investor demand returns.

BCB Leveraged Finance Caps and Exposure

Mandate & Scale Limits £m	Jan-07		Jun-07		Dec-07		2008 Est
	Limit	Position	Limit	Position	Limit	Position	Limit
UKBB Financial Sponsors	4,050	3,255	3,500	2,637	3,000	2,552	2,750
UKBB Corporate LF	3,230	3,190	3,480	3,220	3,730	3,518	4,000
Total	7,280	6,445	6,980	5,857	6,730	6,070	6,750

Indian Personal Loans, Business Loans and Credit Cards

Retail lending is expanding rapidly. We are reviewing risk appetite for 2008 business plans in consideration of delays in infrastructure roll out.

Environment/Trends

- Economic growth has been 9% over five years, and India is expected to become the world's fifth-largest consumer economy within 20 years.

Barclays Positioning

- Card and Loan products were launched in May 07. We are now the leading foreign bank originator of personal loans and credit cards in the four main cities where we operate. We acquire clients mainly through third party Direct Sales Agents (10,000 in place at Dec 07).
- Our market share of balances in India will be 4% to 5% at end Q1, and our business loan delinquency to date is less than 200 accounts.
- By the end of Q1 08, based on Dec 07 volumes, we project lending balances of £530m, comprising £200m business loans, £270m personal loans and £60m cards. Card issuance reached 60,000 in Nov 07 and since May 07 we have issued 290,000 cards with limits totalling £160m.
- Delinquency roll rates are above plan levels and management has responded with urgent initiatives.
- Key technology infrastructure has been delayed to the end of Q1 08, with business loan implementation now due in H2 08.
- Given growth targets and the pace of expansion across product portfolios, there is limited opportunity for Test and Learn initiatives, although we have taken actions to adjust credit criteria based on early performance.

Strategic System Roll-Out

Risk Capability	Front-End Application	Score Cards	Decision Engine	Fraud	Collections
Planned Launch	All strategic solutions were planned for implementation to be completed in Q4 07				
Revised PIL	Feb-08	Feb-08	Feb-08	Mar-08	Complete Dec 07
Revised Cards	Mar-08	Feb-08	Mar-08	Mar-08	Mar-08
Revised BIL	H2 08	No card	H2 08	H2 08	H2 08

Risk Appetite/Justification/Next Steps

- The expansion plans in India require significant risk appetite, as balances and limits will continue to grow rapidly during 2008.
- We need to supplement our reliance on credit bureau data (currently the primary basis for about 80% of decisions) with new scoring models and decision strategies. Implementation of credit scoring and analytic tools, technology and fraud risk infrastructure is needed to improve underwriting, detect the reasons for any deterioration promptly and have sufficient confidence that target loss rates are achievable.
- Management is confident that current tactical solutions are effective, however we should consider focusing our efforts on completing systems work for personal loans and cards and slowing the growth rate of business loans until infrastructure is completed in H2 08.

Kenya

Civil unrest after contested elections has hit Kenya's key foreign exchange earners. Transfer and convertibility risks have escalated in the absence of a political solution.

Environment/Trends

- Kenya has been placed on Watch List since early Jan 08 with GRCB Country Risk Committee meeting on a weekly basis.
- The Shilling has depreciated 17% since the disputed elections. The tourism and horticulture industry (generating foreign earnings of c.US\$1.3bn in 2007) have slowed down significantly, as a result of the violence in the key towns, and has placed significant downward pressure on foreign reserves. News and information sources are becoming more unreliable due to political positioning.

Barclays Positioning & Exposure

- Kenya has been downgraded from a DG16 to DG17. Our top-20 corporate exposures total £240m; five of them (totalling £150m) have been placed on EWL and are being closely monitored. Total country financing limits are £1,220m and our largest sector exposures are to manufacturing and agriculture, which make up 37% of the book.
- Shilling/Dollar convertibility and the prospect of exchange controls pose a risk to the serviceability of cross-border foreign currency loans. Foreign currency limits are £354m of £1,220m total country limits. Manufacturing and agriculture comprise 37% of the book.
- Financial Institution limits total £96m, half of which are in foreign currency. Our exposure is mostly short-dated FX trading (less than 180 days) and money market placing lines. All these limits are currently under review.
- Sovereign exposure is £376m, of which only 2% is in foreign currency.
- All non-country Barclays staff have been evacuated. In-country staff in high-risk areas have been moved to safe havens, with the situation reviewed daily.

Risk Appetite/Justification

- We now operate a strict maintain policy with daily monitoring.
- There is no lending without approval from country risk committee and referral one level of credit discretion higher.
- Options under consideration to reduce foreign currency exposure include conversion of exposure into local currency but this will require a legal opinion.
- We should develop tactical steps to control the loan book, pending further country developments.
- Any action will need to be carefully considered against brand and reputational issues, given our leading position in the country.

Kenyan exposure summary

Default Grade	17
Sovereign Total Financing Limits	£376m
Local currency	£374m
Foreign currency	£2m
Country Total Financing Limits	£1,220m
Local currency	£866m
Foreign currency	£354m
Country LGD Guideline	£218m
Country LGD Utilisation	£179m

BarCap Impairment Outlook and Watch Lists

Corporate credit performance remains steady but the wholesale environment remains challenging. Watch list balances have grown, largely due to CDO and FI counterparties being added.

Environment/Trends

- Well publicised disruption in the US sub-prime and wider ABS markets has resulted in widespread downgrades in this sector and has impacted global liquidity and investor risk appetite.

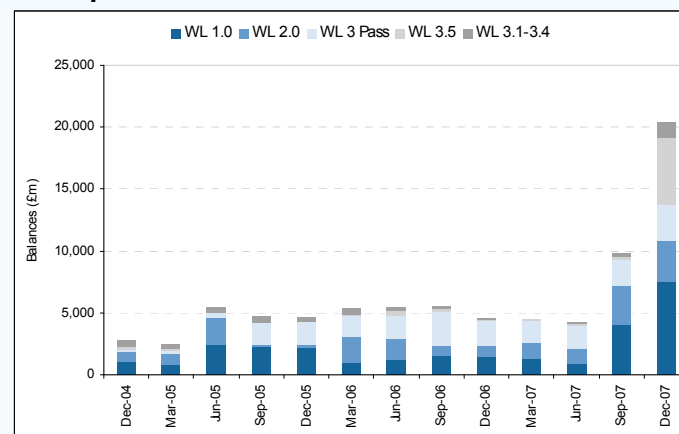
Barclays Positioning & Exposure

- As a result, BarCap Watch List balances have risen sharply since mid-2007, and as a range of largely CDO and Financial Institution counterparties directly impacted by the US sub-prime market have been added. Impairment has been taken against a number of these names which could increase if conditions deteriorate further. Watch list balances are disproportionate to anticipated losses because we have collateral support from these counterparties.
- Additionally, there may be further Watch List growth and ultimately impairment as a result of some signs of distress emerging in the consumer-led and business service sectors. We also expect the number of Watch Listed hedge funds to grow further, although the broader financial sector portfolio is holding up well.
- The underlying performance of our unsold leveraged underwritings (c£8bn) is broadly steady although there are no signs of liquidity returning to the market. There is the potential for further increases in Watch List if performance deteriorates before positions can be sold.
- Watch List growth could also come from our large commercial property portfolios in the UK and US, if these markets continue to cool rapidly.

Next Steps

- Continued heightened awareness of identifying and escalating deterioration in credit quality.
- Proactive and close monitoring where deterioration occurs and in particular of financial collateral.
- Maintain vigilance and networks with other market participants.
- Exploit ability to dispose of or restructure exposure where market conditions permit.

BarCap Watch Lists



Monolines

Barclays has exposure mainly via guarantees provided for securities that we hold (“negative basis” trades). Losses would require significant financial deterioration of the monoline guarantors.

Environment/Trends

- The AAA ratings of the monoline bond insurers are under pressure because of uncertainty over their exposure to sub-prime losses. Insurance of sub-prime assets comprises about 25% of the monolines’ portfolio exposure of \$2tn. Their credit spreads have widened.
- Fitch downgraded Ambac to AA and SCA to A and with most monolines on negative watch, further downgrades are expected over the next month unless various attempts to introduce new capital (e.g. from major US banks) are successful.
- An acceleration of downgrades would threaten the monolines’ business franchise. In an extreme situation, the insurance policies sold on municipal bonds could be negated by downgrades, forcing pension funds to sell municipal debt because of investment rating restrictions.

Barclays Positioning & Exposure

- BarCap has exposure via a portfolio of asset-backed securities which is guaranteed by monolines (“negative basis” book). Exposure on a CEE basis (current mark plus potential future exposure to a 98% confidence level) is c\$6.5bn; the total notional is c\$40bn. Losses would require deterioration in underlying securities as well as significant financial deterioration of the monoline, which we continue to regard as unlikely. We also have some primary exposure to monolines (c\$750m) and some additional trading exposure.
- BGI cash funds hold \$520m of monoline insured bonds, and \$3.5bn of monoline-supported SIV and ABCP exposure.

Risk Appetite/Next Steps

- Headroom has been reduced and limits suspended. Monoline exposure is currently illiquid.
- Internal ratings will be updated reflecting our outlook for capital raises plus rating agency actions that could impact business models.
- We expect that our internal ratings will typically be in the BBB range for the holding companies and A to AA range at the operating subsidiaries.
- GFRM’s Structured Products Team has engaged CRAG and outside legal counsel for advice on various options and alternatives.

Monoline CDS Spreads



US Cards – Middle Market

Delinquency levels have increased and we have tightened credit criteria. Portfolio performance remains in an acceptable range and is monitored closely.

Environment/Trends

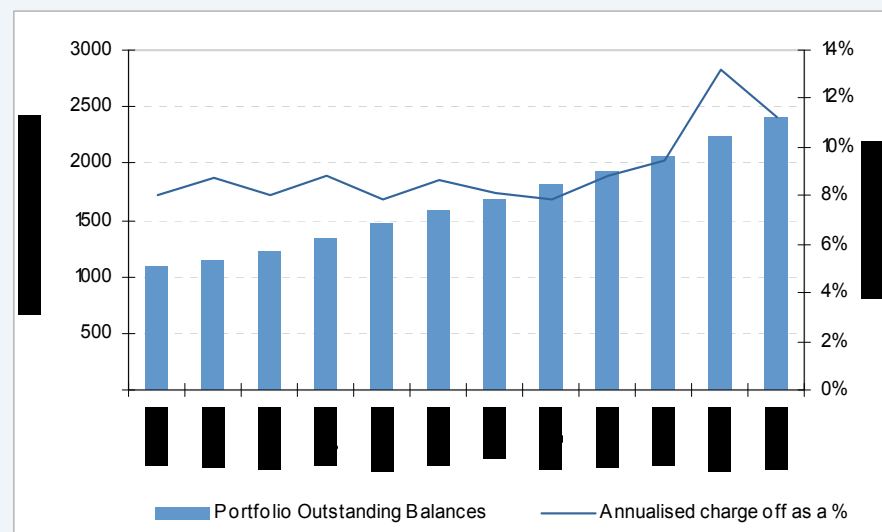
- Across the US card industry, delinquency is rising because of housing market stress, a slowing retail sector and the effects of minimum payment legislation.
- The US economic environment has begun to weaken, with unemployment rising from 4.4% in Mar 07 to 5.0% in Dec 07.

Barclays Positioning & Exposure

- US Middle Market card balances grew by 149% to \$2,413m in 2007, 65% ahead of original STP estimates.
- Within the middle market, 53% of accounts booked in 2007 were below FICO 660, one measure of sub-prime. Between H1 07 and H2 07, 30+ delinquency levels rose from 5.0% to 5.5%. Annualised charge-off rates rose from 8.6% to 11.2% over the same period.
- Total delinquency levels are a concern and early cycle delinquencies exceed planned levels. Much of this is attributed to 'min-pay' structures, quantified as a \$40m P&L impact in 07. Increased delinquencies have been observed throughout the market.
- Extensive credit actions have been taken in Q4 07 to mitigate the impact of the economic downturn, faster than competitor reaction to changing conditions.

Risk Appetite/Justification/Next Steps

- The full effects of the economic deceleration in the US economy, overlaid with min pay legislation are still not fully clear.
- As a result of the rising industry delinquency trends and the failing sub-prime mortgage market we have tightened middle market underwriting.
- We must monitor portfolio performance closely, being prepared to tighten criteria further if it deteriorates relative to our projected loss curves.



Absa Mortgages, Cards and Loans

Delinquent balances have been rising and 2008 impairment is forecast to rise 36% to £183m. Although portfolio performance remains acceptable, the impact of a downside stress is not fully understood.

Environment/Trends

- Successive rises in interest rates took the Prime lending rate to 14.5% in Dec 07, up 400bps since Jun 06. House price growth has moderated and there are signs that consumer demand is tapering off, with a moderate slowdown in year-on-year growth in consumer credit demand in Dec 07. Rolling power cuts are problematic, and currency volatility remains a threat.
- The National Credit Act (NCA) of Jun 06 controls borrowing and lending practices and constrains industry collection techniques.

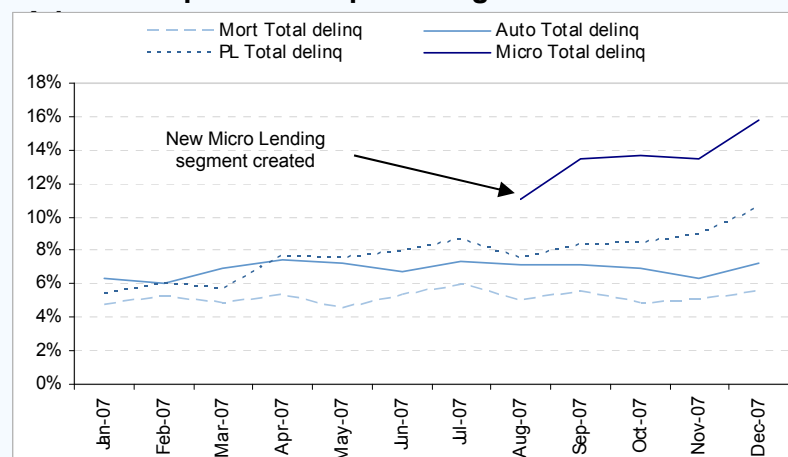
Barclays Positioning & Exposure

- As at Dec 07, outstanding advances comprised £14.8bn for mortgages, £920m for cards and £816m for consumer and micro loans.
- Current mandate allows for secured (1st charge) residential mortgages with appetite of 50% of flow above 90% LTV at origination (currently under review). Mortgage market share held steady at 34% in 2007 compared with 29% for second-placed Standard Bank. Following implementation of the NCA, approval rates fell from 55% in May 07 to 40% in Dec 07.
- Delinquency levels have increased in most portfolios, most notably in Personal and Micro Loans.
- Recent vintage performance for cards is improving as a result of tightened lending criteria, with balances more than 30 days in arrears at three months on book decreasing by 65% in H2 07.

Risk Appetite/Justification/Next Steps

- We do not yet understand the full effects of the NCA, the significant rises in interest rates, a potential consumer downturn and the softening housing market.
- Infrastructure improvements and a tightening of lending criteria have supported our ongoing business volumes.
- We must track vintage performance, and be prepared to reduce risk appetite quickly if the portfolio does not perform within the acceptable range. We should determine that the recent underwriting and NCA changes are sufficient to address the deterioration in vintage performance.

Total Delinquencies as percentage of Loans and



FirstPlus

Tightened underwriting criteria over the past year reflect our reduced risk appetite. As a result, balance sheet growth has slowed and the credit quality of new business has improved.

Environment/Trends

- Following the adoption of re-aging controls in 2006, delinquencies and charge-offs increased sharply, driving the impairment charge above budget. However, the position has stabilised somewhat in recent months, as shown in the chart below.
- Rising consumer indebtedness, continued pressure on discretionary income and a weakening in the UK housing market continue to present challenging trading conditions despite the recent interest rate cut.

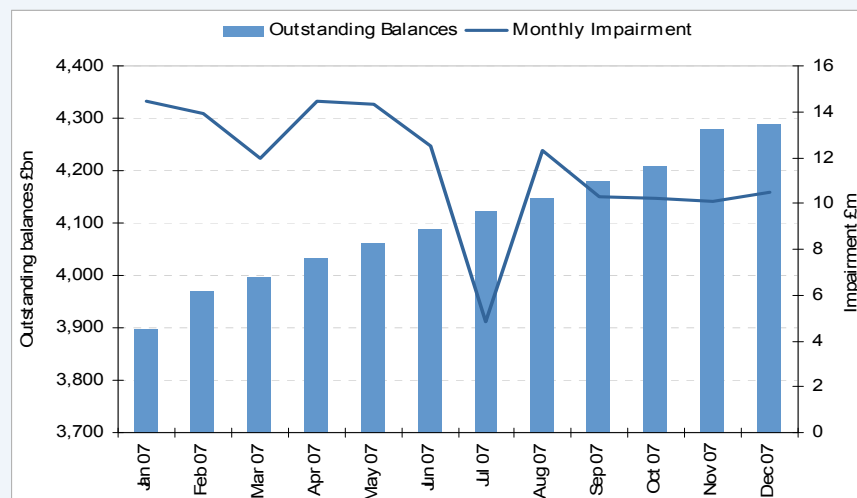
Barclays Positioning & Exposure

- Secured (2nd charge) debt consolidation is sold through direct advertising and brokers. Current loan balances are £4.5bn.
- The business targets “non-conforming sector” including high LTVs. During 2007, we tightened lending criteria on three occasions, including a recent reduction in maximum LTV from 125% to 100%, not including PPI advances.
- Delinquent balances had increased to 6.5% of the portfolio by Aug 07, and were broadly steady at 6.3% by the year end.

Risk Appetite/Justification/Next Steps

- We will continue to review products and customer segments to identify propositions, such as the recent launch of the ‘Fair and Square’ product, so as to improve profitability.
- We will track portfolio performance, being alert to any rises in delinquencies should the UK economy show signs of slowing.
- We expect total balances to remain broadly flat in 2008.
- The strategy for this business is being reviewed by Barclaycard management.

Asset growth and monthly impairment charge



UK Retirement Fund – Market Risk

The fund trustees plan to rotate £6bn of investments out of bonds into funds and derivatives. This could also allow us to de-risk the scheme and we should consider recommending this to the trustees.

Environment/Trends

- Volatility in pension funding positions has led many schemes to invest assets so they match liabilities more closely, a trend known as liability driven investment or “LDI”. This is usually executed through an interest rate and inflation swap “overlay” which can be tailored closely to pension liabilities (indexed to inflation and very long-term) and is distinct from underlying investments, which may remain in equities, bonds or property.
- Whilst Trustees are responsible for investments, it is common for corporate sponsors to define a risk appetite around any strategy.

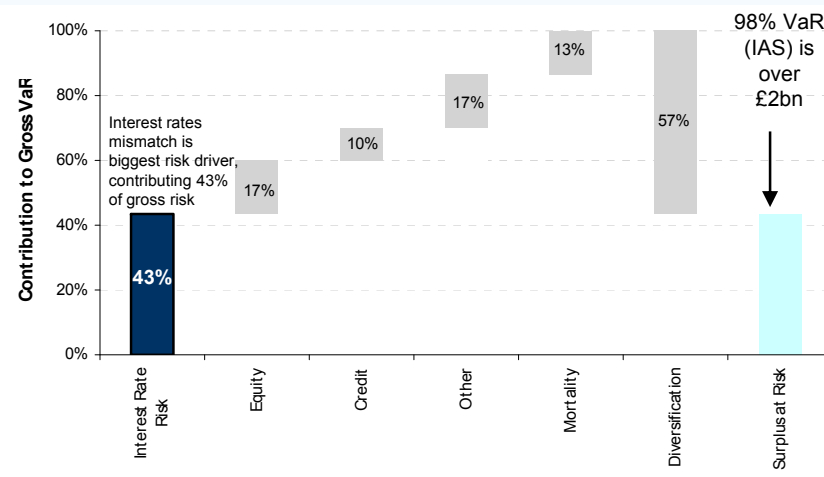
Trustee Positioning

- The UKRF has a £6bn bond portfolio (50% index linked gilts, 50% corporate bonds) which in duration terms is still much shorter than pension liabilities and is only 50% indexed to inflation. Real interest rates are therefore a more significant driver of pension risk than equity volatility. The Bank measures this risk using a one-year VaR, which also underpins pension risk economic capital.
- The Trustee is proposing to rotate out of bonds into a mixture of managed funds, using derivatives (LDI) to maintain the extant duration of the assets (but increase inflation indexation).

Risk Appetite/Justification/Next Steps

- Higher market volatility and correlation imply pension risk and capital will most likely rise. Recent capital guidance from the FSA asserts that our pension risk economic capital is too low.
- The market action by the Trustee is an opportunity to de-risk the scheme – this would require extending the duration of the LDI strategy beyond what is currently being planned.
- A request needs to be communicated to the Trustee now, in anticipation of agreeing a more formal risk appetite within the scheme funding discussions which are currently underway but which will not be final until H2 08.

UKRF Risk Drivers as % of Gross VaR



Barclays Capital DVaR Limit for 2008

Underlying DVaR has risen sharply due to price volatility and lower diversification. A new permanent limit of £70m is now set, allowing BarCap to create sufficient headroom against agreed MTP appetite.

Environment/Trends

- Large price moves in Nov and Dec 07 and higher correlation across markets have driven up underlying DVaR. These tail events will remain in the price history for the next two years, raising the run-rate for DVaR.
- BarCap updates its price history daily, so large price moves have an immediate impact on DVaR. Whilst VaR increases have been observed in several peers (UBS, Lehman), some banks (CS, Citi, Merrill) only update historical prices monthly, delaying the impact in their disclosed VaR.

Barclays Positioning

- Volatile and busy markets are creating opportunities across the rates business; interest rate risk appetite and profitability have increased. Commodity risk profile remains close to appetite (i.e. VaR/stress limits), with significant opportunities in energy, metals and power and gas.
- Credit risk is being actively reduced, as reflected in lower stress test results although basis risks and idiosyncratic risks remain significant.

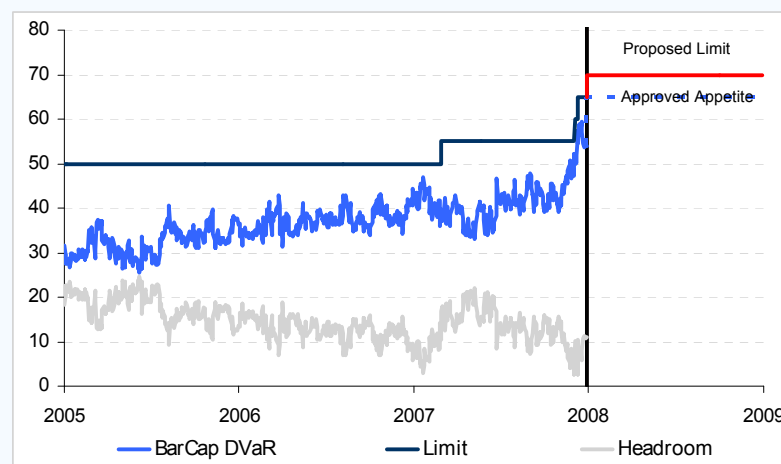
Risk Appetite/Justification/Next Steps

- BarCap risk appetite (average annual DVaR) of £65m has been agreed for the 2008 MTP. An increased limit of £70m for 2008 is appropriate to support this appetite and ensure adequate headroom.

	Approved Risk Appetite	BarCap Limit	Standby Limits (temporary)	Total Capacity	Appetite vs Capacity
2007	£55m	£55m	£15m	£70m	80%
2008	£65m	£70m	£10m	£80m	80%

- Subject to ExCo approval, this limit proposal will be submitted to Board Risk Committee (who have approved our 2008 appetite).

BarCap DVaR Limit and Headroom: 2005 to date



Commercial Property

The environment for commercial property lending is weakening and we are holding caps steady. Selective origination may see moderate growth within these caps, which will be reviewed again in July.

Environment/Trends

- The environment for commercial property lending is showing signs of rapid deterioration, particularly in the UK, US and Spain.
- IPD Index reported capital falls in all major classes of UK commercial property averaging 4.2% for Dec 2007 and several property funds have restricted redemptions to avoid forced sales in the face of heavy investor demand for redemptions.
- Spanish residential property price falls are widely expected in 2008 and 2009 and analysts are predicting a 10%-15% fall in US commercial property prices in 2008

Barclays Positioning & Exposure

- Key markets are UK (BCB, BarCap and Wealth), US (BarCap), Spain and South Africa (where about 50% of the ACBB portfolio relates to property exposure).
- Our UK commercial property lending has been less aggressive than our peers over recent years which has led to smaller UK portfolios than RBS and HBoS, with little high-risk speculative commercial development.
- In Spain, where the environment is most difficult, we saw significant increases our EWL in H2 07 as well as impairment in excess of STP as problems emerged across a range of property exposures.
- European and US CMBS markets are all but shut; our exposure is predominantly in UK/Europe where deal structure provides an alternative exit in the form of the bank syndication market (as partially evidenced by the £1bn exposure reduction between Oct 07 and Dec 07).

Risk Appetite & Next Steps

- Key take and hold limits are shown opposite. Additional exposure arises in some other areas including CMBS warehousing, where we have reduced European warehouse limits from £10bn to £7bn.
- Caps have been held flat or reduced and will be reviewed in Jul 07. We remain comfortable with selective origination and modest growth in our core markets within these caps.

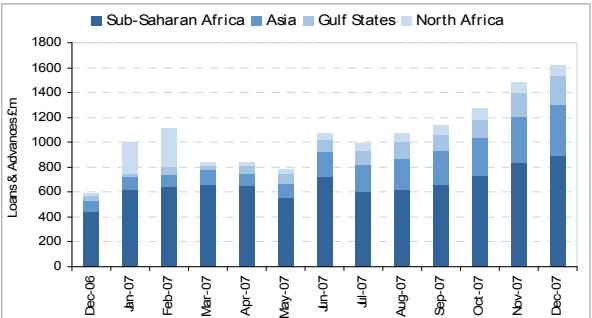
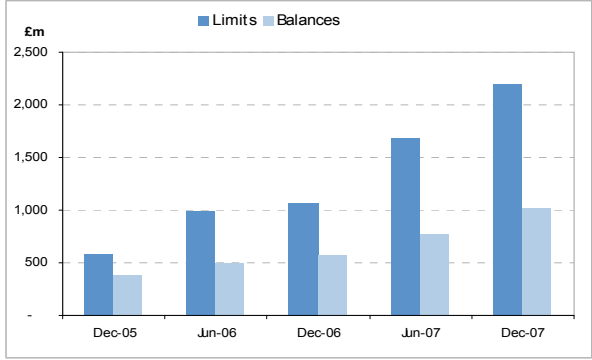
Commercial Property Mandate and Scale Limits and Exposures

	Cap	Exposure
UK Commercial	£12.6bn	£9.5bn
UK Residential	£8.9bn	£6.7bn
US Commercial	£6.9bn	£6.7bn
ABSA	£5.9bn	£4.7bn
Spain	£3.6bn	£3.3bn
Total	£37.9bn	£30.9bn

Data as at 31.12.2007; Absa cap is subject to additional concentration criteria.

Updates to risk appetite actions agreed by ExCo in Oct 07

Emerging Market Retail, UAE Corporate, BGI

Action/Comments	Update	Supporting materials																		
<p>Emerging Market Retail</p> <p>Demand for risk appetite is significant, with the mass market being targeted through new products and Direct Sales Agents. The management challenge will be how to prioritise infrastructure build-out, whether to slow growth if build-out is delayed and how to monitor performance to respond quickly should it deteriorate.</p>	<p>EM risk appetite demand continues to be significant and 75% year-on-year balance growth is forecast for 2008. There were 23 proposals submitted to credit committee in H2 07 requesting approval for expansion plans and new product launches to support the growth. Infrastructure development to keep up with growth remains a significant challenge.</p>	 <p>Loans & Advances £m</p> <p>■ Sub-Saharan Africa ■ Asia ■ Gulf States ■ North Africa</p>																		
<p>UAE Corporates</p> <p>Recent rapid growth in the corporate 'take and hold' book is planned to continue. We should be aware of the event risk and the limitations in our risk infrastructure and develop a fuller set of Mandate & Scale limits, especially relating to SMEs.</p>	<p>Book growth continues and we remain primarily concerned about event / political risk rather than simple credit risk - this is being managed via scenario / stress testing which we are conducting and developing each quarter.</p>	 <p>£m</p> <p>■ Limits ■ Balances</p>																		
<p>BGI</p> <p>BGI has recommended capital investment in its active products to capture revenue from currently idle capacity. This will introduce investment risk and requires new controls, including an overall Mandate and Scale limit.</p>	<p>Mandate and scale limits are under discussion with Group Market Risk. Additional risk exposure arises from money fund investments, where investors do not expect investments to fall below par (break the buck), so an implicit guarantee exists.</p>	<table border="1"> <thead> <tr> <th>Current Investments</th><th></th><th>Note</th></tr> </thead> <tbody> <tr> <td>Lakeville</td><td>£292m</td><td>Invested in BGI MultiStrategy fund</td></tr> <tr> <td>External Alpha</td><td>£54m</td><td>Invested in 2 external FoHF</td></tr> <tr> <td>CDO investments</td><td>£13m</td><td>Junior tranche of BGI managed CDO</td></tr> <tr> <td>Other (seed capital)</td><td>£6m</td><td></td></tr> <tr> <td>Total</td><td>£365m</td><td></td></tr> </tbody> </table>	Current Investments		Note	Lakeville	£292m	Invested in BGI MultiStrategy fund	External Alpha	£54m	Invested in 2 external FoHF	CDO investments	£13m	Junior tranche of BGI managed CDO	Other (seed capital)	£6m		Total	£365m	
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Updates to risk appetite trends discussed at ExCo in Oct 07

UK Mortgages, Europe Cards and Loans, Barclays Branded Cards

Action/Comments	Update	Supporting materials																																																																	
UK Mortgages There is continued growth in line with the Medium Term Plan and within agreed underwriting criteria. While profitability is thin, mortgages are a key lead product.	Despite pressure on funding costs and the potential for an economic downturn, profitability is expected to improve in 2008 with the most recent product refresh producing an all-in margin of 84 bps compared with the 2008 STP margin of 35 bps. The main threat to overall profitability is likely to come from sharply reduced volumes if the recent contraction in market completions continues through the year.	<table border="1"><caption>UK Mortgages: Loans & Advances and Impairment (Jan 07 to Dec 07)</caption><thead><tr><th>Month</th><th>Loans & Advances (£m)</th><th>Impairment (£m)</th></tr></thead><tbody><tr><td>Jan 07</td><td>62,000</td><td>1.5</td></tr><tr><td>Feb 07</td><td>62,000</td><td>1.5</td></tr><tr><td>Mar 07</td><td>63,000</td><td>1.5</td></tr><tr><td>Apr 07</td><td>63,000</td><td>1.5</td></tr><tr><td>May 07</td><td>63,000</td><td>1.5</td></tr><tr><td>Jun 07</td><td>63,000</td><td>1.5</td></tr><tr><td>Jul 07</td><td>63,000</td><td>1.5</td></tr><tr><td>Aug 07</td><td>63,000</td><td>1.5</td></tr><tr><td>Sep 07</td><td>63,000</td><td>1.5</td></tr><tr><td>Oct 07</td><td>63,000</td><td>1.5</td></tr><tr><td>Nov 07</td><td>63,000</td><td>1.5</td></tr><tr><td>Dec 07</td><td>63,000</td><td>1.5</td></tr></tbody></table>	Month	Loans & Advances (£m)	Impairment (£m)	Jan 07	62,000	1.5	Feb 07	62,000	1.5	Mar 07	63,000	1.5	Apr 07	63,000	1.5	May 07	63,000	1.5	Jun 07	63,000	1.5	Jul 07	63,000	1.5	Aug 07	63,000	1.5	Sep 07	63,000	1.5	Oct 07	63,000	1.5	Nov 07	63,000	1.5	Dec 07	63,000	1.5																										
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Europe Cards and Loans Overall risk appetite for expansion is confirmed subject to continued infrastructure build-out. A regional modelling and analytics centre is being established in Madrid and a loans risk reward profit model is under development.	The businesses are currently preparing risk appetite statements by country, for agreement with Barclaycard over the next month. The German Loans platform is expected to be implemented in Q2. New collections systems will begin testing and development in Q4 08. A new data mining and analytics environment will be delivered in H2 08. Personal Loans launched to Open Market in Spain, Portugal and Italy during H2 07. Italy Mortgage risk appetite was increased through changes in lending criteria in Q3 07. Personal Loan and Mortgage delinquencies have been largely stable with the exception of Portugal where they increased in 2007.	<table border="1"><caption>Europe Cards and Loans: Loans & Advances by Country (Jan 07 to Dec 07)</caption><thead><tr><th>Month</th><th>Germany (£m)</th><th>Portugal (£m)</th><th>Spain (£m)</th><th>Italy (£m)</th></tr></thead><tbody><tr><td>Jan 07</td><td>850</td><td>100</td><td>100</td><td>100</td></tr><tr><td>Feb 07</td><td>850</td><td>100</td><td>100</td><td>100</td></tr><tr><td>Mar 07</td><td>850</td><td>100</td><td>100</td><td>100</td></tr><tr><td>Apr 07</td><td>850</td><td>100</td><td>100</td><td>100</td></tr><tr><td>May 07</td><td>850</td><td>100</td><td>100</td><td>100</td></tr><tr><td>Jun 07</td><td>850</td><td>100</td><td>100</td><td>100</td></tr><tr><td>Jul 07</td><td>850</td><td>100</td><td>100</td><td>100</td></tr><tr><td>Aug 07</td><td>850</td><td>100</td><td>100</td><td>100</td></tr><tr><td>Sep 07</td><td>850</td><td>100</td><td>100</td><td>100</td></tr><tr><td>Oct 07</td><td>850</td><td>100</td><td>100</td><td>100</td></tr><tr><td>Nov 07</td><td>850</td><td>100</td><td>100</td><td>100</td></tr><tr><td>Dec 07</td><td>850</td><td>100</td><td>100</td><td>100</td></tr></tbody></table>	Month	Germany (£m)	Portugal (£m)	Spain (£m)	Italy (£m)	Jan 07	850	100	100	100	Feb 07	850	100	100	100	Mar 07	850	100	100	100	Apr 07	850	100	100	100	May 07	850	100	100	100	Jun 07	850	100	100	100	Jul 07	850	100	100	100	Aug 07	850	100	100	100	Sep 07	850	100	100	100	Oct 07	850	100	100	100	Nov 07	850	100	100	100	Dec 07	850	100	100	100
Month	Germany (£m)	Portugal (£m)	Spain (£m)	Italy (£m)																																																															
Jan 07	850	100	100	100																																																															
Feb 07	850	100	100	100																																																															
Mar 07	850	100	100	100																																																															
Apr 07	850	100	100	100																																																															
May 07	850	100	100	100																																																															
Jun 07	850	100	100	100																																																															
Jul 07	850	100	100	100																																																															
Aug 07	850	100	100	100																																																															
Sep 07	850	100	100	100																																																															
Oct 07	850	100	100	100																																																															
Nov 07	850	100	100	100																																																															
Dec 07	850	100	100	100																																																															
Barclays Branded Cards New application quality remains strong. We are looking for new accounts and increased balance growth in very strong credit categories.	The overall acceptance rate increased in each of last three months. Securitization data shows that BBC is best in industry in charge-off rates and speed of improvement of portfolio credit quality.	<table border="1"><caption>Barclays Branded Cards: Loans & Advances and Impairment (Jan 07 to Dec 07)</caption><thead><tr><th>Month</th><th>Loans & Advances (£m)</th><th>Impairment (£m)</th></tr></thead><tbody><tr><td>Jan 07</td><td>8,350</td><td>100</td></tr><tr><td>Feb 07</td><td>8,250</td><td>100</td></tr><tr><td>Mar 07</td><td>8,150</td><td>100</td></tr><tr><td>Apr 07</td><td>8,200</td><td>100</td></tr><tr><td>May 07</td><td>8,100</td><td>100</td></tr><tr><td>Jun 07</td><td>8,300</td><td>100</td></tr><tr><td>Jul 07</td><td>8,300</td><td>100</td></tr><tr><td>Aug 07</td><td>8,300</td><td>100</td></tr><tr><td>Sep 07</td><td>8,350</td><td>100</td></tr><tr><td>Oct 07</td><td>8,300</td><td>100</td></tr><tr><td>Nov 07</td><td>8,350</td><td>100</td></tr><tr><td>Dec 07</td><td>8,500</td><td>100</td></tr></tbody></table>	Month	Loans & Advances (£m)	Impairment (£m)	Jan 07	8,350	100	Feb 07	8,250	100	Mar 07	8,150	100	Apr 07	8,200	100	May 07	8,100	100	Jun 07	8,300	100	Jul 07	8,300	100	Aug 07	8,300	100	Sep 07	8,350	100	Oct 07	8,300	100	Nov 07	8,350	100	Dec 07	8,500	100																										
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Dec 07	8,500	100																																																																	

Updates to risk appetite trends discussed at ExCo in Oct 07

Commodities, BarCap Leveraged Finance, Traded Credit

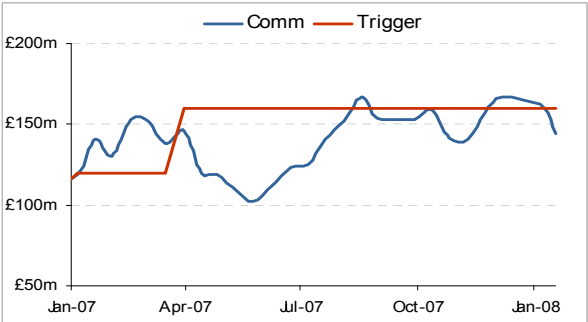
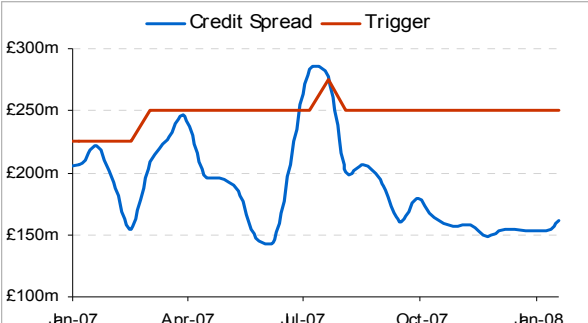
Action/Comments	Update	Supporting materials														
<p>Commodities</p> <p>An increase in risk appetite has been confirmed, with expansion into new areas (physical oil trading) subject to timely infrastructure build-out.</p>	<p>Build-out of physical oil trading is on track. Significant exposures in European and US power and gas mean business remains very close to its stress trigger. No increase in DVaR or stress limit has been agreed to date.</p>															
<p>BarCap Leveraged Finance</p> <p>We have reset conservative guidelines for new business, covering deal size, leverage, covenants, sponsors, distribution and overall Book Hold positions for the near term.</p>	<p>We continue to hold the unsold underwrites from before the start of the market turmoil as we believe credit quality on the major positions is strong and we do not wish to take the current market price, though we are making some sales where investor appetite is beginning to return (e.g Boots Mezz). New business is being undertaken on more conservative parameters (e.g. stronger covenants, lower leverage levels) and at lower volume levels.</p>	<table><tr><th>Primary Leveraged Exposure</th><th>Total £m</th></tr><tr><td>Underwriting - committed positions</td><td>£8,709</td></tr><tr><td><i>Of which Junior Debt is:</i></td><td><i>£2,544</i></td></tr><tr><td><i>Holds - existing portfolio</i></td><td><i>£905</i></td></tr><tr><td><i>Holds - targeted in underwriting positions</i></td><td><i>£753</i></td></tr><tr><td>Total targeted holds</td><td>£1,657</td></tr><tr><td>Total Primary LevLoan Exposure (excl swaps)</td><td>£10,366</td></tr></table> <p>Figures as at Dec 07</p>	Primary Leveraged Exposure	Total £m	Underwriting - committed positions	£8,709	<i>Of which Junior Debt is:</i>	<i>£2,544</i>	<i>Holds - existing portfolio</i>	<i>£905</i>	<i>Holds - targeted in underwriting positions</i>	<i>£753</i>	Total targeted holds	£1,657	Total Primary LevLoan Exposure (excl swaps)	£10,366
Primary Leveraged Exposure	Total £m															
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Total targeted holds	£1,657															
Total Primary LevLoan Exposure (excl swaps)	£10,366															
<p>Traded Credit</p> <p>Traded credit exposure has been reduced in the currently difficult environment, although existing DVaR and stress limits will be maintained at present levels.</p>	<p>Traded credit exposures remain at a lower level. The business is looking to reduce its cash exposures as these are balance sheet and capital intensive, and lead to cash vs. CDS basis risk, which is difficult to manage. CS1% has risen in the flow business as structured trading, which is typically short, has taken exposure down, thereby increasing overall CS1% across the business.</p>															

EXHIBIT 69

FILED UNDER SEAL

From: King, Stephen: CDO (NYK) [/O=BZW/OU=USA/CN=NYK AD
USERS/CN=USERS/CN=KINGST]
Sent: Monday, November 19, 2007 12:51:56 PM
To: del Missier, Jerry: Barclays Capital (LDN); Bommensath, Eric: Markets (NYK);
Yoss, Eric: Market Risk (NYK); Balducci, Vince: Credit Derivatives (NYK); Carroll,
John: Credit Trading (NYK); Garcha, Sarvjeet: Credit Derivatives (NYK); Guy, Lee:
GFRM (LDN); Keegan, Mike : Barclays Capital
Subject: NotionalRiskbyProduct_111507 (with non-mtm and other books)
Attachments: NotionalRiskbyProduct_111507 with Non-MTM SS New.xls

All,

Attached is a draft of the summary risk report for the various rmbs/cdos books. Also, in the file is summary of the negative basis book by monoline and product type, and a mtd pandl estimate based on abx mapping.

Thanks



NotionalRiskbyPr
oduct_111507...

**PLAINTIFF'S
EXHIBIT**

356

**Document Produced in Native
Format**

SUMMARY RISK REPORT (DRAFT)
COB 11/15/2007 (Notionals & MID MVs in USD mm)

SUPER SENIOR																			
Sub-Prime RMBS Single Names/Index		via		NY CDO Trading (\$K)		MTM		NAV		CF PV		RMBS Warehouses		NY RMBS Trading (EB/TH)		NY ABS Trading (JC)		Aggregate	
		Notional	MV	Notional	MV	Notional	MV	Notional	MV	Notional	MV	Notional	MV	Notional	MV	Notional	MV	Notional	MV
AAA		(400)	(324)	48	36	-	-	160	218	1,852	1,466	-	-	157	136	1,817	1,532		
AA		(898)	(497)	488	260	67	46	1,339	1,085	756	601	-	-	-	-	1,751	1,495		
A		(2,265)	(930)	2,132	899	167	92	1,337	812	8	162	-	-	(213)	(186)	1,166	848		
BBB		64	15	-	-	1,128	495	529	468	0	-	-	-	-	-	1,720	977		
BBB-		66	26	-	-	690	234	185	129	0	-	-	-	-	-	941	389		
Total		(3,434)	(1,710)	2,668	1,195	2,052	867	3,549	2,711	2,616	2,228	-	-	(55)	(50)	7,396	5,241		
Non-Subprime RMBS																			
AAA		(31)	(28)	315	283	22	13	2,721	2,180	388	335	5,067	4,573	-	-	8,482	7,356		
AA		(37)	(28)	318	246	23	15	1,284	977	38	28	-	-	-	-	1,627	1,238		
A		-	-	-	-	40	17	430	314	8	2	251	179	-	-	729	512		
BBB		-	-	-	-	37	21	9	7	-	-	-	-	-	-	46	29		
BBB-		-	-	-	-	18	10	-	-	-	-	-	-	-	-	18	10		
Total		(68)	(56)	633	529	140	77	4,445	3,478	434	365	5,318	4,752	-	-	10,902	9,145		
CDO																			
AAA		311	106	314	85	250	-	569	-	36	18	-	-	-	-	1,480	-		
AA		(182)	(94)	566	194	35	-	405	-	-	-	-	-	-	-	826	-		
A		(21)	(6)	175	24	206	-	4	-	-	-	-	-	-	-	364	-		
BBB		49	2	-	-	304	-	100	-	-	-	-	-	-	-	453	-		
BBB-		-	0	-	-	-	-	33	-	-	-	-	-	-	-	33	-		
Equity		5	0	-	-	-	-	-	-	-	-	-	-	-	-	5	-		
Total		163	9	1,055	303	795	162	1,112	208	36	18	-	-	-	-	3,160	700		
CMBS																			
AAA		-	-	114	109	-	-	72	-	30	28	-	-	-	-	215	-		
AA		-	-	32	31	-	-	265	-	-	-	-	-	-	-	297	-		
A		(25)	(21)	4	4	8	-	80	-	-	-	-	-	-	-	66	-		
BBB		(25)	(18)	-	-	36	-	13	-	-	-	-	-	-	-	24	-		
BBB-		-	-	-	-	17	-	148	-	-	-	-	-	-	-	165	-		
Total		(50)	(38)	149	143	60	32	578	403	30	28	-	-	-	-	767	568		
Other ABS																			
AAA		-	-	-	-	-	-	32	-	62	-	-	-	-	-	94	-		
AA		-	-	-	-	-	-	37	-	26	-	-	-	-	-	63	-		
A		-	-	-	-	2	-	91	-	4	-	-	-	-	-	97	-		
BBB		-	-	-	-	5	-	-	-	-	-	-	-	-	-	5	-		
Total		-	-	-	-	7	-	160	-	92	-	-	-	-	-	259	-		
Whole Loans																			
Whole Loans		-	-	-	-	-	-	-	-	-	-	1,857	1,884	6,391	6,304	8,248	8,188		
Reside / NIMs																			
Reside		-	-	-	-	-	-	-	-	-	-	85	85	-	-	85	85		
NIMs		-	-	-	-	-	-	-	-	-	-	-	-	-	-	455	444		
Post NIMs		-	-	-	-	-	-	-	-	-	-	-	-	-	-	940	688		
Total		-	-	-	-	-	-	-	-	-	-	85	85	1,395	1,132	1,480	1,217		
Credit Cards																			
AAA		596	593	-	-	-	-	-	-	-	-	-	-	-	-	596	593		

Notes: For Subprime RMBS the reported notional is the ABX index delta equivalent based on the relevant index CS01.

SUPER SENIOR - MTM: PAMPELONNE I, PAMPELONNE II, MARKOV
SUPER SENIOR NAV: CAMBER VI, BFC SILVERTON, TENORITE, STACK 05-2 (Ratings for Non-Subprime assets are current ratings).
SUPER SENIOR CF PV: LIBERTY HARBOUR I, BUCKINGHAM I, II & III, CITIUS I & II, TOURMALINE I & II (Ratings for Non-Subprime assets are current ratings).
WAREHOUSE: EIGER, PRU M&G, MAINSAIL, COLLIERO (FOR EIGER, Non-US RMBS assets excluded)

SUMMARY RISK REPORT (DRAFT) continued
COB 11/15/2007 (Notionals & MID MVs in USD mm)

Subprime RMBS Single Names/Index	Risk Finance		Syndicate		UK Trading		CAIRN		CDO Swaps (Spencer Kelly) ? *	
	Notional	MV	Notional	MV	Notional	MV	Notional	MV	Notional	MV
AAA	(50)	(30)	-	-	-	-	4	-	261	261
AA	-	-	-	-	-	-	130	-	-	-
A	(188)	(93)	-	-	-	-	148	-	59	59
BBB	-	-	-	-	-	-	-	-	-	-
BBB-	-	-	-	-	-	-	-	-	-	-
Total	(238)	(123)	-	-	-	-	282	-	320	320
Non-Subprime RMBS										
AAA	-	-	-	-	-	-	9	-	380	380
AA	-	-	-	-	-	-	230	-	-	-
A	-	-	-	-	-	-	142	-	-	-
BBB	-	-	-	-	-	-	-	-	-	-
BBB-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	381	-	380	380
CDO										
AAA	-	-	-	-	-	-	47	-	16	16
AA	-	-	-	-	-	-	157	-	-	-
A	100	96	-	-	130	57	-	-	-	-
BBB	-	-	-	-	-	-	-	-	-	-
BBB-	-	-	-	-	-	-	-	-	-	-
Equity	-	-	-	-	-	-	-	-	-	-
Total	100	96	-	-	130	57	204	-	16	16
CMBS										
AAA	-	-	-	-	19	19	-	-	-	-
AA	-	-	-	-	-	-	-	-	-	-
A	-	-	-	-	80	76	1	-	-	-
BBB	-	-	-	-	-	-	-	-	-	-
BBB-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	99	95	1	-	-	-
Other ABS										
AAA	-	-	-	-	-	-	-	-	-	-
AA	-	-	-	-	-	-	-	-	-	-
A	-	-	-	-	-	-	-	-	-	-
BBB	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-
Whole Loans										
Whole Loans	-	-	-	-	-	-	-	-	-	-
Resids / NIMs										
Resids	12	12	-	-	-	-	-	-	-	-
NIMs	-	-	-	-	-	-	-	-	-	-
Post NIMs	-	-	-	-	-	-	-	-	-	-
Total	12	12	-	-	-	-	-	-	-	-
Credit Cards										
AAA	-	-	-	-	-	-	-	-	-	-

* CDO SWAPS: Are these additive?

Sub Prime Single Name/Index	MY CDO TRADING				MTM				SUPER SENIOR				CF PV				RMBS WAREHOUSES				TOTAL			
	Cash + Single Names:		ABX Index:		11-15 COB Index Price		NAV		NAV		NAV		NAV		NAV		NAV		NAV		NAV		NAV	
	Notional (USD mm)	Cost (USD mm)	Notional (USD mm)	Net MWP ³	Notional (USD mm)	Net MWP ³	Notional (USD mm)	Net MWP ³	Notional (USD mm)	Net MWP ³	Notional (USD mm)	Net MWP ³	Notional (USD mm)	Net MWP ³	Notional (USD mm)	Net MWP ³	Notional (USD mm)	Net MWP ³	Notional (USD mm)	Net MWP ³	Notional (USD mm)	Net MWP ³	Notional (USD mm)	Net MWP ³
06-1 AAA	-	-	(60)	55.4	86.9	85.1	-	18	84.5	84.5	74	95.5	1061	85.9	11	98.0	-	85	-	85	-	1,254	-	1,254
06-1 AA	(175)	(195)	(350)	62.3	563	561	88	46.4	477	52.4	477	52.4	432	55.2	0	72.2	-	581	-	581	-	1,131	-	1,131
06-1 A	263	277	(19)	37.6	-	-	737	52.4	432	55.2	159	58.8	33	92.6	607	88.7	-	612	-	612	-	515	-	515
06-1 BBB	373	341	(360)	30.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
06-1 BBB-	-	-	(125)	86.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
06-2 AAA	(17)	(17)	(345)	61.4	156	155	27	18.5	534	31.6	40	42.2	53	83.1	124	82.7	-	341	-	341	-	467	-	467
06-2 AA	(78)	(94)	(970)	38.8	987	939	236	30.6	156	16.9	10	10	137	49.7	177	48.4	-	314	-	314	-	244	-	244
06-2 A	280	305	(267)	20.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
06-2 BBB	172	178	(101)	18.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
06-2 BBB-	-	-	(275)	78.3	47	48	49	57.3	52	53.9	62	63.0	58	72.3	8	58.7	-	275	-	275	-	86	-	86
07-1 AAA	(32)	(31)	(445)	46.7	266	270	43.1	26.6	266	270	43.1	26.6	266	270	43.1	26.6	-	266	-	266	-	1,060	-	1,060
07-1 AA	58	29	(716)	28.7	701	631	155	63.9	155	63.9	155	63.9	155	63.9	155	63.9	-	331	-	331	-	331	-	331
07-1 A	81	75	(10)	18.5	-	-	-	-	-	-	-	-	-	-	-	-	-	275	-	275	-	275	-	275
07-1 BBB	28	9	(11)	18.5	-	-	-	-	-	-	-	-	-	-	-	-	-	86	-	86	-	86	-	86
07-1 BBB-	-	-	-	73.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
07-2 AAA	-	-	-	43.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
07-2 AA	-	-	-	30.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
07-2 A	-	-	-	22.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
07-2 BBB	-	-	-	21.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
06-1 Subtotal	461	423	(1,065)	-	620	625	1,314	-	1,314	-	2,203	-	758	-	182	-	-	3,652	-	3,652	-	-	-	-
06-2 Subtotal	357	402	(1,808)	-	1,142	1,094	419	-	419	-	758	-	588	-	1,015	-	-	1,880	-	1,880	-	-	-	-
07-1 Subtotal	136	82	(1,447)	-	1,014	949	319	-	319	-	588	-	-	-	1,419	-	-	1,910	-	1,910	-	-	-	-
07-2 Subtotal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Single Names/Index To	953	907	(4,341)	-	2,777	2,668	2,052	-	2,052	-	3,549	-	-	-	2,616	-	-	7,452	-	7,452	-	-	-	-

	Equity Index				Credit (USD)				Equity Index				Equity Index				Equity Index				Equity Index			
	Notional (USD)	Notional (USD)	Notional (USD)	Notional (USD)	Notional (USD)	Notional (USD)	Notional (USD)	Notional (USD)	Notional (USD)	Notional (USD)	Notional (USD)	Notional (USD)	Notional (USD)	Notional (USD)	Notional (USD)	Notional (USD)	Notional (USD)	Notional (USD)	Notional (USD)	Notional (USD)	Notional (USD)	Notional (USD)	Notional (USD)	Notional (USD)
Non-SubPrime RMBS	Net MIP	Net MIP	Net MIP	Net MIP	Net MIP	Net MIP	Net MIP	Net MIP	Net MIP	Net MIP	Net MIP	Net MIP	Net MIP	Net MIP	Net MIP	Net MIP	Net MIP	Net MIP	Net MIP	Net MIP	Net MIP	Net MIP	Net MIP	Net MIP
Non-SubPrime RMBS	(32)	9	77.3	89.9	26	289	139	89.9	22	1368	812	38	257	26	289	139	89.9	22	1368	812	38	257	26	289
Negam AAA	(26)	6	89.9	89.9	26	289	139	89.9	22	1368	812	38	257	26	289	139	89.9	22	1368	812	38	257	26	289
All-A AAA	(5)	1	77.3	89.9	26	289	139	89.9	22	1368	812	38	257	26	289	139	89.9	22	1368	812	38	257	26	289
All-A AA	(5)	1	77.3	89.9	26	289	139	89.9	22	1368	812	38	257	26	289	139	89.9	22	1368	812	38	257	26	289
All-A A	(5)	1	77.3	89.9	26	289	139	89.9	22	1368	812	38	257	26	289	139	89.9	22	1368	812	38	257	26	289
All-A BBB	(5)	1	77.3	89.9	26	289	139	89.9	22	1368	812	38	257	26	289	139	89.9	22	1368	812	38	257	26	289
All-A BBB	(5)	1	77.3	89.9	26	289	139	89.9	22	1368	812	38	257	26	289	139	89.9	22	1368	812	38	257	26	289
All-B AAA	(5)	1	77.3	89.9	26	289	139	89.9	22	1368	812	38	257	26	289	139	89.9	22	1368	812	38	257	26	289
All-B AA	(5)	1	77.3	89.9	26	289	139	89.9	22	1368	812	38	257	26	289	139	89.9	22	1368	812	38	257	26	289
All-B A	(5)	1	77.3	89.9	26	289	139	89.9	22	1368	812	38	257	26	289	139	89.9	22	1368	812	38	257	26	289
Jumbo AAA	(5)	1	77.3	89.9	26	289	139	89.9	22	1368	812	38	257	26	289	139	89.9	22	1368	812	38	257	26	289
Jumbo AA	(5)	1	77.3	89.9	26	289	139	89.9	22	1368	812	38	257	26	289	139	89.9	22	1368	812	38	257	26	289
Jumbo A	(5)	1	77.3	89.9	26	289	139	89.9	22	1368	812	38	257	26	289	139	89.9	22	1368	812	38	257	26	289
2nd Lien A	(5)	1	77.3	89.9	26	289	139	89.9	22	1368	812	38	257	26	289	139	89.9	22	1368	812	38	257	26	289
Prime RMBS AAA	(5)	1	77.3	89.9	26	289	139	89.9	22	1368	812	38	257	26	289	139	89.9	22	1368	812	38	257	26	289
Prime RMBS AA	(5)	1	77.3	89.9	26	289	139	89.9	22	1368	812	38	257	26	289	139	89.9	22	1368	812	38	257	26	289
Prime RMBS A	(5)	1	77.3	89.9	26	289	139	89.9	22	1368	812	38	257	26	289	139	89.9	22	1368	812	38	257	26	289
Non-SubPrime RMBS T	(58)	17	633	4,445	140	408	5,558	5,558	140	408	5,558	5,558	140	408	5,558	5,558	140	408	5,558	5,558	140	408	5,558	5,558
ABS CDO	41	6.4	6.4	6.4	37	6	41.5	9.1	210	92	20	314	314	37	6	41.5	9.1	210	92	20	314	314	37	6
High Grade AAA	43	3.4	3.4	3.4	37	6	41.5	9.1	210	92	20	314	314	37	6	41.5	9.1	210	92	20	314	314	37	6
High Grade AA	25	(0)	11.1	11.1	37	6	41.5	9.1	210	92	20	314	314	37	6	41.5	9.1	210	92	20	314	314	37	6
High Grade A	45	(0)	6.0	6.0	37	6	41.5	9.1	210	92	20	314	314	37	6	41.5	9.1	210	92	20	314	314	37	6
High Grade BBB	2	N/A	5.0	5.0	37	6	41.5	9.1	210	92	20	314	314	37	6	41.5	9.1	210	92	20	314	314	37	6
High Grade Equity	143	(19)	30.3	30.3	37	6	41.5	9.1	210	92	20	314	314	37	6	41.5	9.1	210	92	20	314	314	37	6
Mezz AAA	(235)	39	42.4	42.4	37	6	41.5	9.1	210	92	20	314	314	37	6	41.5	9.1	210	92	20	314	314	37	6
Mezz AA	(45)	1	18.9	18.9	37	6	41.5	9.1	210	92	20	314	314	37	6	41.5	9.1	210	92	20	314	314	37	6
Mezz A	(12)	(0)	31.6	31.6	37	6	41.5	9.1	210	92	20	314	314	37	6	41.5	9.1	210	92	20	314	314	37	6
Mezz BBB	3	N/A	3.0	3.0	37	6	41.5	9.1	210	92	20	314	314	37	6	41.5	9.1	210	92	20	314	314	37	6
Mezz Equity	128	(30)	46.2	46.2	37	6	41.5	9.1	210	92	20	314	314	37	6	41.5	9.1	210	92	20	314	314	37	6
CDO-2 AAA	10	(2)	42.3	42.3	37	6	41.5	9.1	210	92	20	314	314	37	6	41.5	9.1	210	92	20	314	314	37	6
CDO-2 AA	10	(2)	42.3	42.3	37	6	41.5	9.1	210	92	20	314	314	37	6	41.5	9.1	210	92	20	314	314	37	6
CDO-2 A	16	(1)	20.9	20.9	37	6	41.5	9.1	210	92	20	314	314	37	6	41.5	9.1	210	92	20	314	314	37	6
CDO-2 BBB	16	(1)	20.9	20.9	37	6	41.5	9.1	210	92	20	314	314	37	6	41.5	9.1	210	92	20	314	314	37	6
CDO-2 Equity	163	(17)	792	792	1,055	36	748	2,792	792	748	36	2,792	2,792	1,055	36	748	2,792	792	748	36	2,792	2,792	1,055	36
ABS CDO Total	163	(17)	792	792	1,055	36	748	2,792	792	748	36	2,792	2,792	1,055	36	748	2,792	792	748	36	2,792	2,792	1,055	36

MTM/ITM P&L ESTIMATE (Preliminary Draft)

ABX Prices	Price 10/31	Price 11/15	Diff 11/15-10/31	Price 11/16	Diff 11/16-11/15
ABX-HE-AAA 06-1	97.00	95.38	(1.62)	94.70	(0.68)
ABX-HE-AA 06-1	88.14	86.91	(1.23)	85.84	(1.07)
ABX-HE-A 06-1	63.69	62.34	(1.35)	60.19	(2.15)
ABX-HE-BBB 06-1	43.08	37.57	(5.51)	32.53	(5.04)
ABX-HE-BBB- 06-1	34.69	30.5	(4.19)	27.13	(3.37)
ABX-HE-AAA 06-2	89.83	86.53	(3.30)	85.45	(1.08)
ABX-HE-AA 06-2	64.06	61.41	(2.65)	59.97	(1.44)
ABX-HE-A 06-2	37.89	38.78	0.89	37.81	(0.97)
ABX-HE-BBB 06-2	20.72	20.23	(0.49)	19.78	(0.45)
ABX-HE-BBB- 06-2	19.94	18.11	(1.83)	17.84	(0.27)
ABX-HE-AAA 07-1	82.72	78.33	(4.39)	76.06	(2.27)
ABX-HE-AA 07-1	49.57	46.69	(2.88)	46.00	(0.69)
ABX-HE-A 07-1	28.94	28.72	(0.22)	28.00	(0.72)
ABX-HE-BBB 07-1	19.86	18.56	(1.30)	18.66	0.10
ABX-HE-BBB- 07-1	18.94	18.5	(0.44)	18.13	(0.37)

P&L Estimate by Book (10/31-11/16)

Date	SUPER SENIOR			Total
	NY GDO Trading	MTM	NAV	
Subprime	85,746,266	(46,550,013)	(126,989,869)	(223,815,689)
Non-Subprime	3,060,058	(26,433,785)	(5,032,905)	(64,926,693)
Total	88,806,324	(72,983,798)	(132,022,774)	(288,742,382)

Negative Basis Exposure by Counterparty - Entire Global Portfolio
National Exposure by Asset Type
All Figures in USD - Transactions through 11/1/07

Counterparty Type	Counterparty	High Grade ABS CDO	Mezz ABS CDO	CDO of CDO	GLO	CRE CDO	Distressed Loans	Emerging Market Securities	Infrastructure	REIT TRUPS	Synthetic CDO Corporate Bonds	Trust Preferred Certificates	Grand Total
Monoline	AG FP NEGATIVE BASIS	1,176,048,250	1,500,000,000	185,000,000	288,178,557								2,864,224,827
	AMBAC ASSURANCE CORPORATION	610,000,000	348,112,759	185,000,000	5,933,814,321				918,596,944	224,140,438		94,965,779	7,695,424,064
	ASSURED GUARANTY CORPORATION				2,288,646,171	1,470,853,800						147,000,000	5,078,608,188
	CIFG				2,889,994,860								2,889,994,860
	FINANCIAL GUARANTY INSURANCE COMPANY	161,066,269			5,937,757,150								3,651,825,469
	FINANCIAL SECURITY ASSURANCE INC				5,937,757,150								5,937,757,150
	FINANCIAL SECURITY ASSURANCE INC				5,937,757,150								5,937,757,150
	MBIA INSURANCE CORPORATION	4,330,964,972	1,847,020,000		1,050,195,746	2,605,000,000	350,000,000				67,000,000	95,368,601	10,383,990,646
	SWISS RE FINANCIAL PRODUCTS CORPORATION								91,802,333				91,802,333
	XL CAPITAL ASSURANCE INC				1,394,997,529	620,000,000		191,500,000					2,206,497,529
Monoline Total		6,278,101,451	3,686,112,759	185,000,000	24,292,278,844	4,585,853,800	350,000,000	191,600,000	1,010,399,278	224,140,438	67,000,000	337,364,380	41,637,639,090
Bank	ACA CREDIT PRODUCTS 2004-B LLC			37,229,850									37,229,850
	AUSTRALIA & NEW ZEALAND BANKING GROUP LIMITED								780,319,833				780,319,833
	BANCA INTESA SPA-NEGATIVE BASIS TRADES								187,185,119				187,185,119
	BANQUE PARISIENNE DE COMMERCE-LONDON BRANCH								738,872,712				738,872,712
	DEXIA BANK BELGIUM SA								731,502,000				731,502,000
	DEXIA CREDIT LOCAL SA								2,464,911,189				2,464,911,189
	DRESNER BANK AG-LONDON BRANCH												
	GOLDMAN SACHS INTERNATIONAL		415,195,212								150,000,000	86,000,000	651,195,212
	JPMORGAN CHASE & CO. INVESTMENT BANK												
	MERRILL LYNCH INTERNATIONAL								268,057,168				268,057,168
Bank Total	TOKIO MARINE & NICHIDO FIRE INSURANCE COMPANY LIMITED		189,074,985						656,366,983			173,929,558	656,366,983
	WESTLB AG (FOR HOEF I ONLY)	1,240,953,440											1,240,953,440
		1,240,953,440	814,370,187	177,288,000	8,138,796				6,837,344,703		169,600,000	717,410,341	15,589,094,367
	Grand Total	7,519,054,911	4,510,302,861	302,288,000	24,353,603,739	4,986,853,800	350,000,000	191,600,000	6,847,543,980	224,140,438	217,600,000	1,054,744,931	69,486,189,478

EXHIBIT 70

FILED UNDER SEAL



**PAPER FOR BOARD RISK COMMITTEE MEETING ON
WEDNESDAY 19 MARCH 2008**

Agenda Item No.

3.1

TO: Members of the Board Risk Committee
FROM: Robert Le Blanc and Rich Ricci
DATE: 12 March 2008
SUBJECT: KEY RISK ISSUE – UPDATE ON ABS AND LEVERAGED CREDIT MARKETS

Board Risk Committee

Update on ABS and Leveraged Credit Markets

Board Risk Committee

12 March 2008

Prepared by Barclays Capital
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Executive Summary

- The purpose of the paper is to provide the Board Risk Committee with a further update on Barclays exposures and market outlook for the ABS and Leveraged Credit markets.
- Net exposures as at January 2008 have been presented and they have not moved materially since year-end. Where available, February exposures have been provided. A full update for February exposures will be provided at the meeting.
- Looking forward there are some key risks that could significantly exacerbate the situation :
 - Further deterioration in the Alt A and commercial mortgages markets
 - Downgrade or financial stress of one of the AAA monoline insurers
 - A significant leveraged default
- The results of a severe stress test of the real estate and leveraged loan portfolio as prepared for the FSA have also been included in the presentation.

2007 results announcement summary – 19 Feb 2008

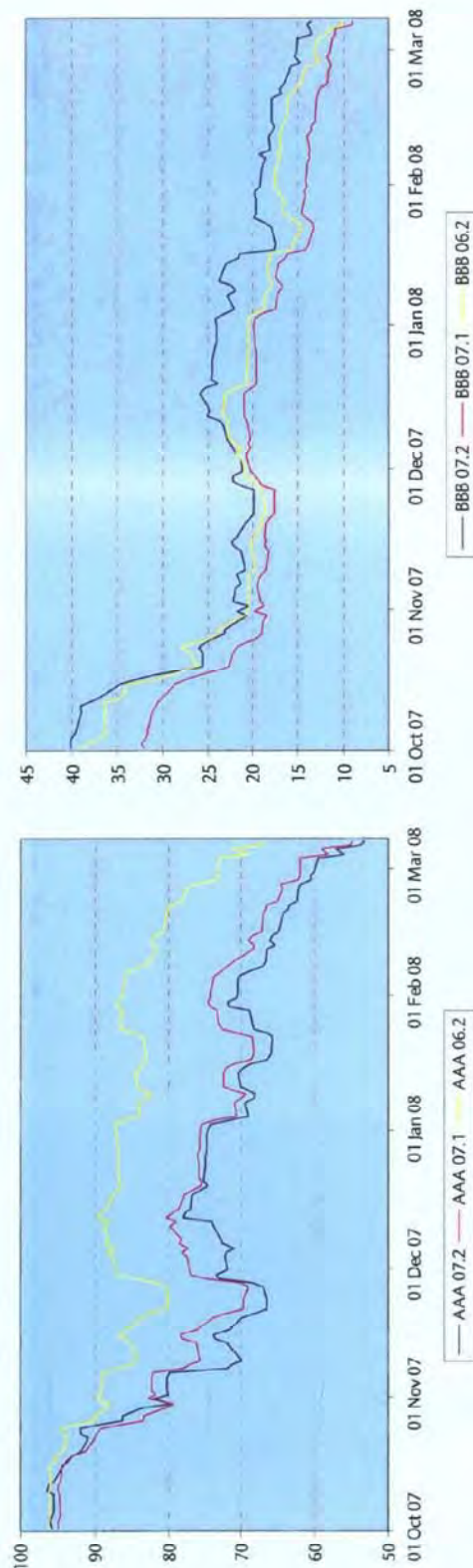
- Barclays Capital credit market exposures resulted in net losses of £1.635m in 2007, due to dislocations in the credit markets. The net losses primarily related to ABS CDO super senior exposures, with additional losses from other credit market exposures partially offset by gains from the general widening of credit spreads on issued notes held at fair value
 - ABS CDO super senior net exposure was £4.671m (30th June 2007: £7.432m). Exposures are stated net of writedowns and charges of £1.412m (30th June 2007: £56m) and hedges of £1.347m (30th June 2007: £348m).
 - Barclays Capital held other exposures impacted by the turbulence in credit markets, including: whole loans and other direct and indirect exposures to US sub-prime and Alt-A borrowers; exposures to monoline insurers; and commercial mortgage backed securities. The net losses in 2007 from these exposures were £823m.
 - At 31st December 2007, drawn leveraged finance positions were £7,368m (30th June 2007: £7,317m). The positions were stated net of fees of £130m and impairment of £58m driven by widening of corporate credit spreads.
 - At 31st December 2007, Barclays Capital had issued notes held at fair value of £57.2bn (30th June 2007: £44.6bn). The general widening of credit spreads affected the carrying value of these notes and as a result revaluation gains of £658m were recognised in trading income.
- Appropriate and conservative valuation principles were used to assess the write-downs, but additional losses could arise if markets deteriorate further.

Net exposure to super senior and other sub-prime has been significantly reduced since June 2007. Alt A and Commercial mortgage exposures are below their October 2007 peak.

Em	Deal size	Subprime Assets	Jun 07	Oct 07	Dec 07	Jan 08
ABS CDO Super Senior						
MTM	2,640	2,257	2,071	1,049	1,087	984
Non MTM	4,693	2,702	4,080	3,663	3,782	3,762
High Grade	7,332	4,960	6,151	4,712	4,869	4,745
MTM	1,634	1,509	1,038	598	556	490
Non MTM	880	631	591	571	593	597
Mezzanine	2,514	2,139	1,629	1,169	1,149	1,087
Net Exposure Before Hedging Hedges	9,846	7,099	7,780	5,881	6,018	5,832
			(348)	(924)	(1,347)	(1,260)
Net ABS CDO Super Senior	9,846	7,099	7,432	4,957	4,671	4,572
Other US sub-prime						
Whole loans			2,900	3,037	3,205	3,215
Residuals			709	540	233	224
Other direct and indirect exposures			2,437	1,991	1,599	1,521
Other US sub-prime			6,047	5,568	5,037	4,959
Alt-A			3,760	5,053	4,916	5,028
Monoline Insurers			140	250	1,335	1,755
Commercial Mortgages			8,282	13,751	12,399	12,439
SIV-Lite Liquidity Facilities			692	167	152	82
Structured investment vehicles			925	701	590	573
Leveraged Finance			7,317	7,310	7,368	7,368

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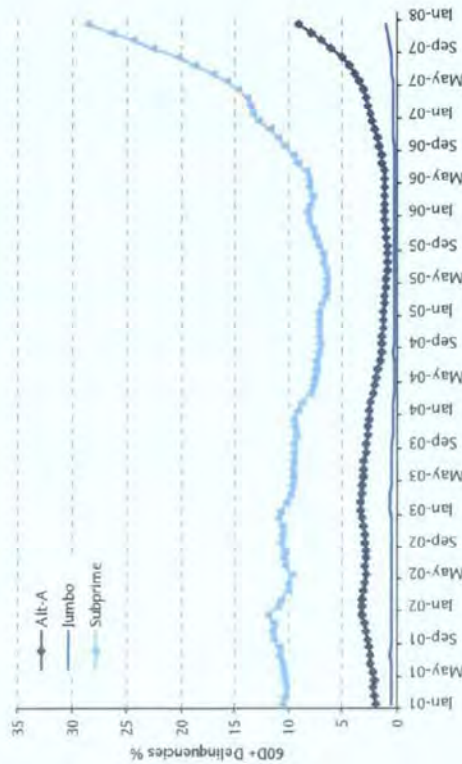
Significant market movements were experienced during October and November, and sub-prime markets have continued to decline



- Falling ABX prices reflect increasing delinquency rates and foreclosures in the U.S. as house prices have been falling on a national level.
- Rating agencies have been downgrading sub-prime securities in recent months which further depressed the indices prices; Moody's has also stated 2006 as the worst year for serious delinquencies since at least 2000. Accelerating delinquencies from 2007 bonds are likely to eclipse 2006.

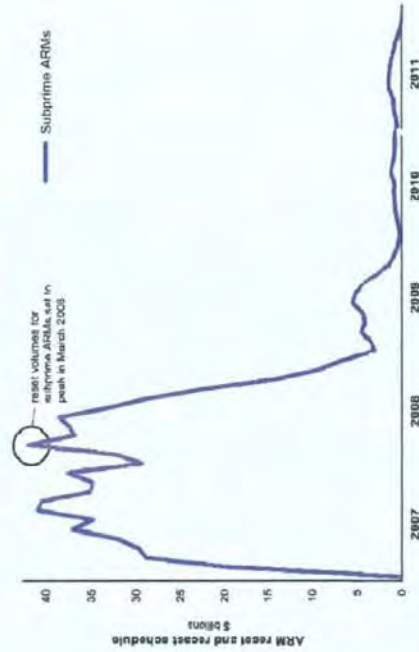
Sub-Prime Delinquency Levels reached record levels in mid-2007 and look set to increase further and then remain high through 2008.

Sub-Prime and Alt-A Delinquency Rates



Source: Barclays Capital Research (MBA definition of default)

ARM Reset Schedule



Source: Goldman Sachs Research

- Sub-prime delinquency rates are at record levels as at the end of September 2007. Their turning point has not yet been established.
- Delinquency rates are expected to climb further. Interest rate increases on low-start sub-prime mortgages (ARMs) which are a key driver of delinquency do not peak until March 2008.
- ARM interest rate increases will continue through 2008.
- The model used to assess our ABS CDO writedowns took prevailing delinquency levels on our assets (c.19% for 60+ days down) and applied a "roll rate" analysis which forecast that 70-100% of 60 day+ delinquencies, plus 15% of 30 day delinquencies (currently c.10% of sub-prime loans) will default over the next 18 months.

Other Areas of Concern – Exposure to Monoline Insurers

Total Global Financing Limits	31-Oct-07		10-Mar-08	
	GBP Millions	USD Millions	GBP Millions	USD Millions
ACA CAPITAL HOLDINGS GROUP	11	22	-	-
AMBAC FINANCIAL GROUP	853	1,766	459	925
ASSURED GUARANTY GROUP	386	799	364	734
CIFG (part of Natixis Group)	186	385	162	326
FGIC GROUP	537	1,111	175	352
FSA (part of Dexia Group)	1,507	3,120	1,506	3,032
MBIA GROUP	868	1,796	781	1,574
RADIANT GROUP	40	83	-	-
SECURITY CAPITAL ASSURANCE GROUP	235	487	215	432
TOTAL	4,622	9,568	3,662	7,374
Primary Exposure (principally liquidity support to Triple A One Funding (MBIA) & MBIA revolver)	159	330	164	330
Primary Exposure (liquidity support to Sheffield Receivables Corporation on Wrapped Securitizations)	30	62	189	380
Derivatives Limits, principally related to Negative Basis Trade Portfolio	2,352	4,868	2,027	4,082
Inflation Linked Derivative Exposure Wrapped by FSA UK Ltd & MBIA Assurance SA	1,193	2,470	1,238	2,493
Headroom	888	1,838	44	89
TOTAL	4,622	9,568	3,662	7,374

- Total direct exposure to Monoline Financial Guaranty Insurers ("monolines") totals \$7.3bn including uncommitted headroom of \$0.1bn. This has reduced from \$9.6bn (including \$1.8bn headroom) as at the end of October 2007.
- \$0.7bn of exposure is primary. \$6.5bn is in the form of trading limits where exposure is calculated on a potential future exposure basis ("PFE")*. FSA, MBIA, Ambac and Assured Guaranty account for 85% of the total exposure.
- Of the \$6.5bn the most significant element (\$4.1bn) relates to a portfolio of bonds which are guaranteed by monolines and booked as CDS Protection Purchases.
- Limits to monolines not part of a wider group are currently suspended pending review once the current position stabilises and ratings are more certain.

* PFE is an estimate of the potential exposure that could arise to a 98% confidence interval based on the spreads and ratings of the underlying bonds.

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Other Areas of Concern – Exposure to Monoline Insurers (cont'd)

Negative Basis Book Notionals		
Counterparty name used	CFRM Category	Current notional (€m)
MBIA	CRE Loans	219
	European CLO	678
	European Mezz ABS	1,361
	US CLO	1,386
	US CMBS	4,541
AMBAC	US High-Grade ABS	1,870
	US Mezzanine ABS	1,026
	CDOv2 (ABS)	11,080
FSA	European CLO	79
	Infrastructure	2,436
	US CLO	868
	US High-Grade ABS	4,503
AMBAC Total		949
FSA Total		8,835
ASSURED	Bank & Insurance TRUPs	95
	European CLO	216
	US CLO	5,915
FCIC	Bank & Insurance TRUPs	6,227
	CRE Loans	95
	Euro REIT Trust Preferred and CMBS	100
	European CLO	1,398
	REIT Trust Preferred	2,178
ASSURED Total		2,028
FCIC	European CLO	802
	US CLO	3,004
	US Mezzanine ABS	155
FCIC Total		3,962
CFCG	Bank & Insurance TRUPs	147
	European CLO	2,247
	US CLO	770
CFCG Total		3,164
XLCA	Emerging Markets Gov and Corp	192
	European CLO	1,433
	US CLO	606
	US CMBS	620
XLCA Total		107
TOTAL		2,958
		42,245

Negative Basis Book MTM (GBP Millions)

	31-Dec-07	31-Jan-08	25-Feb-08
MBIA	718	1,026	1,086
AMBAC	235	313	328
Assured	109	138	144
FSA	106	136	179
FCIC	102	122	122
XL	66	81	115
CFCG	50	58	56
ACA	9	-	-
Totals	1,395	1,874	2,030
Reserves	(60)	(119)	(101)
Net Exposure	1,335	1,755	1,929

- The notional value of the underlying securities in the negative basis book is \$42.3bn. The total includes \$4bn of US High Grade and Mezz ABS CDOs guaranteed by MBIA, Ambac and FCIC.
- In order for a loss to occur in the negative basis book a default in both the underlying security and the monoline is required. The underlying bonds were all originally rated AAA. So far, \$1.9bn of these bonds have been downgraded from AAA.
- The nature of the policies supporting the negative basis book obligate the insurer to continue to make payments of principal and interest according to the original contract of any defaulted reference obligation – there is no MTM settlement of the obligation at default but a continuing pay as you go obligation from the financial guarantor. This protects the monolines from a liquidity crunch in the event of a high level of defaults in the securities they guarantee.

Leveraged Loan underwrites at 29 Feb 08 of £8.9bn were broadly in line with the £8.7bn presented to BRC in December 2007

BarCap Primary Leverage Exposure	US eq Ems	Asia eq Ems	E'pe eq Ems	Total eq Ems	As at 29 February 2008
Underwriting - committed positions	£3,329	£83	£5,485	£8,896	'Hung' and 'new' deals, split £7.5bn 'hung' and £1.4bn 'new'
Of which Junior Debt is:					
Junior Debt Underwrite Cap is:	£1,007	£67	£1,508	£2,581	
Equity Bridge position:	£1,750	within E'pe	£3,000	£3,750	Primary Levlans relates to our exposure to the specific sponsor led LBO market. Top 3 'hung' positions are AA/Saga £2.5bn, Alltel £2.4bn and Alliance Boots £0.8bn
Equity Bridge Cap is:	£350	within E'pe	£2	£2	
Holds - existing portfolio	£392	£68	£491	£951	
Holds - targeted in underwriting positions	£241	£63	£532	£836	Existing portfolio is spread across 49 accounts globally with an average exposure per name of c.£20m
Total targeted holds	£632	£132	£1,023	£1,787	
Of which Junior Debt is:	£25	£0	£23	£48	
Total Primary Levlans Exposure	£3,961	£215	£6,508	£10,684	Our 'hung' exposure ranks us 11th globally (Top 3: Citi £30bn, BoA £27bn and JPM £21bn - source Lehman's Global Equity Research)
CLO Warehouse Positions	£364	nil	£771	£1,136	Warehouse positions pending securitisation
Total Return Swaps (TRS)	£9,185	£206	£3,045	£12,436	We have indirect exposure to the leveraged market via our hedge fund counterparty TRS financing book where we have haircuts in place assessed at a level which is assumed to equate to a nil risk position
First Lien Haircut # of trades	78% 24% 76	100% 25% 7	86% 28% 33	87% 25% 123	Ex Polypony facilities with similar structures to TRS market value trades. Actual loan advance is c.50% of par asset value c.£3.0bn given the level of credit enhancement available (updated end Feb)
Loan Investment Vehicles (LIVs)	n/a	n/a	£1,493	£1,493	

Exposure quoted net of swaps, Business Bank facilities, CDS and sub participations
Exposure also excludes secondary / distressed trading inventory positions
TRS haircut includes counterparty CDS and cash deposit against market value trades

- Barclays currently has leveraged underwriting positions of £8.9bn (excluding sanctioned holds). The increase to the October position is due to new business flows and currency movements.
- A series of steps have been taken to manage our risk :
 - We are selling debt where reasonable prices can be achieved - e.g. Alliance Boots mezzanine was at 95
 - We are being highly selective towards new business opportunities (e.g. no 100% underwrites, reduced leverage, improved terms/pricing and effective covenant packages)
 - We are in general comfortable with the credit quality of the assets and are therefore continuing to hold rather than sell them down. A writedown of £188m was taken during October (£58m after fees), to reflect market conditions.

BarCap's residential real estate portfolio was stress tested earlier in the year as part of an exercise for the FSA

- These stress test results were part of an exercise prepared for the FSA in Jan/Feb 2008 and intended to reflect a 1 in 20 stress from the current position
- It therefore assumes significant deterioration of an already distressed market.
- The exposures (drawn amounts) used for this exercise do not include indirect exposures and so will not tie directly to December or January month-end balances.

£m	Drawn amount	Stressed Amt	Relative stress	Loss horizon
US Subprime, Alt A and ABS Super Senior				
MTM positions (ex cashflow Super Senior)	997	176	N/A	Weeks
Cashflow PV Super Senior Migrating to NAV valuation	2,002	634	N/A	6-24 months but instant per deal
Cashflow PV Super Senior with Increased Cumulative Loss	2,153	311	N/A	6-24 months
Total ABS CDO SS exposure	5,152	1,121		
Sub-prime Whole Loans				
Sub-prime Post NIM Residuals	3,014	258	N/A	6-24 months
Sub-prime NIM	122	74	N/A	6-12 months
Total sub-prime	113	45	N/A	6-12 months
Alt A Securities: Prime/Relo				
Alt A Securities: Alt-A/ Option ARM	420	25	N/A	Weeks
Alt A Whole Loans	2,257	219	N/A	Weeks
Alt A Residuals	886	40	N/A	6-24 months
Total Alt A	26	9	N/A	6-12 months
Total Alt A	3,589	293		
European RMBS				
2a7 Backstop facilities	2,900	45	1.60%	3-6 months
European RMBS Secondary Trading	2,500	33	1.30%	3-6 months
Liquidity Facilities	1,900			
Residual Loans	270			
For Securitisation (warehouses)	2,000	95	4.80%	6-12 months
Total	9,570	173		

Analysis continued overleaf.....

BarCap's commercial real estate and leveraged loan portfolio was also stress tested earlier in the year as part of an exercise for the FSA

Em	Drawn amount	Stressed Amt	Relative stress	Loss horizon
Commercial Real Estate				
Securitisation UK & Europe	4,700	189	4% net of fees	3-6 months
Take and Hold US	2,750	392	14.20%	12-24 months
Secondary Trading UK & Europe	1,000	38	3.80%	0-3 months
Syndication US	3,800	150	3.90%	12-24 months
Securitisation US	310	2	6.40%	12-24 months
Secondary Trading US	200	14	7%	10 days
Total MTM	12,760	785		
Take and Hold UK & Europe	2,300	16 quoted	1.00%	12-24 months
		49 unquoted	2.60%	12-24 months
Syndication UK & Europe	1,400	108	7.7% net of fees	6-18 months
Total accrual	3,700	173	8.5% gross of fees	
Global Leveraged Loans				
Hung underwrites	7,500	360	4.8% net of fees	12-24 months
New underwrites	1,100	20	1.7% net of fees	3-6 months
Take and hold portfolio	1,700	75	4.5% gross of fees	12-24 months
Leveraged loan LIV portfolio	1,300	2	0.15%	6-12 months
CLO warehouse	1,100	58	5.0% gross of fees	6-12 months
Total	12,700	515		
Total Return Swaps	13,800	20	0.15%	6-9 months

BGI money funds comprise a small proportion of sub-prime and SIV-related ABCP; some funds have experienced NAV or ratings pressure and have received support from Barclays

UPDATE as of Mar 10th

Summary

- Poor market liquidity and price transparency of sub-prime and SIV-related assets has put downward pressure on valuation for Stable NAV cash funds ("money funds") which contain some (usually limited) exposures to these assets
- In the current climate US clients and media are focused on this issue and several competitors (Bank of America, Legg Mason, CSFB) have taken steps to prevent their funds from "breaking the buck".
- BGI has \$252bn in money funds outstanding as at 4 March, with approx. \$3.9bn in SIV-related ABCP paper that has not been brought on balance sheet by its bank sponsor (1.5%), \$3.4bn in sub-prime assets (1.4%), and \$1.8bn in Alt-A assets (0.7%) spread across a number of funds.
- Selected funds have experienced NAV and/or ratings pressure from defaulted or illiquid securities, and as such a series of support actions have been taken, incl. asset purchases from funds, credit support agreements, and investor payments. These actions are set out in the table.
- We are currently considering whether additional credit support of ~\$150-250m for selected funds is needed

Support Actions to Date

Support Type	Description or Notional Size	Fund Type
Asset Purchases	\$225m of ABCP - KKR (\$0 remaining on balance sheet)	US 2a-7
	\$225m of SIV - Cheyne (\$125m remaining on balance sheet)	US 2a-7
	\$975m of SIV - Whistlejacket (\$975m remaining on balance sheet)	US 2a-7, UK First
Support Agreements	\$359.1m	US CTF & Sweep
	\$37.4m	UK Liability Driven Investment Products
	\$10.0m	Delaware Cash Advantage (Enhanced Cash)
	\$5.3m	UK Plus
Investor Payments	\$3.6m	Cayman Cash Advantage (Enhanced Cash)

EXHIBIT 71

BARCLAYS BANK PLC

FORM 6-K (Report of Foreign Issuer)

Filed 08/07/08 for the Period Ending 08/07/08

Telephone	0044-20-3555-4999
CIK	0000312070
Symbol	JO
SIC Code	6029 - Commercial Banks, Not Elsewhere Classified
Industry	Regional Banks
Sector	Financial
Fiscal Year	12/31

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, DC 20549

FORM 6-K

**REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13A-16 OR 15D-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934**

7 August 2008

**Barclays PLC and
Barclays Bank PLC**
(Names of Registrants)

**1 Churchill Place
London E14 5HP
England**
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F ☒ Form 40-F ☐

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ☐ No ☒

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):

THIS REPORT ON FORM 6-K SHALL BE DEEMED TO BE INCORPORATED BY REFERENCE IN THE REGISTRATION STATEMENTS ON FORM F-3 (NO. 333-145845) AND FORM S-8 (NOS. 333-112796, 333-112797) OF BARCLAYS BANK PLC AND THE REGISTRATION STATEMENT ON FORM S-8 (NO. 333-12818) OF BARCLAYS PLC AND TO BE A PART THEREOF FROM THE DATE ON WHICH THIS REPORT IS FURNISHED, TO THE EXTENT NOT SUPERSEDED BY DOCUMENTS OR REPORTS SUBSEQUENTLY FILED OR FURNISHED.

This Report is a joint Report on Form 6-K filed by Barclays PLC and Barclays Bank PLC. All of the issued ordinary share capital of Barclays Bank PLC is owned by Barclays PLC.

The Report comprises:

The unaudited results of Barclays PLC and Barclays Bank PLC as of, and for the period ended, 30th June 2008.



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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, each of the registrants has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorised.

BARCLAYS PLC
(Registrant)

Date: August 7, 2008

By: /s/ Patrick Gonsalves
Name: Patrick Gonsalves
Title: Deputy Secretary

BARCLAYS BANK PLC
(Registrant)

Date: August 7, 2008

By: /s/ Patrick Gonsalves
Name: Patrick Gonsalves
Title: Joint Secretary



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BARCLAYS PLC AND BARCLAYS BANK PLC

This document includes portions from the previously published results announcement of Barclays PLC as of, and for the period ended, June 30, 2008, as amended to comply with the requirements of Regulation G and Item 10(e) of Regulation S-K promulgated by the U.S. Securities and Exchange Commission (the “SEC”), and also includes the reconciliation to certain financial information prepared in accordance with international financial reporting standards (IFRS). In addition, this document includes data relating to Barclays Bank PLC, the wholly owned subsidiary of Barclays PLC. The purpose of this document is to provide such additional disclosure as required by Regulation G and Regulation S-K Item 10 (e), to delete certain information not in compliance with SEC regulations and to include reconciliations of certain non-IFRS figures to the most directly equivalent IFRS figures, as of, and for the period ended, June 30, 2008, and does not update or otherwise supplement the information contained in the previously published results announcement.

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

An audit opinion has not been rendered in respect of this announcement.



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BARCLAYS PLC , 1 CHURCHILL PLACE , LONDON , E 14 5 HP , UNITED KINGDOM . TELEPHONE : +44 (0) 20 7116 1000. COMPANY NO . 48839

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Unless otherwise stated, the income statement analyses compare the six months to 30th June 2008 to the corresponding six months of 2007 (as restated on 22nd July 2008). Balance sheet comparisons, unless otherwise stated, relate to the corresponding position at 31st December 2007.

Forward-looking Statements

This document contains certain forward-looking statements within the meaning of Section 21E of the US Securities Exchange Act of 1934, as amended, and Section 27A of the US Securities Act of 1933, as amended with respect to certain of the Group's plans and its current goals and expectations relating to its future financial condition and performance. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as "aim", "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", or other words of similar meaning. Examples of forward-looking statements include, among others, statements regarding the Group's future financial position, income growth, impairment charges, business strategy, projected levels of growth in the banking and financial markets, projected costs, estimates of capital expenditures, and plans and objectives for future operations. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, including, but not limited to, UK domestic and global economic and business conditions, the effects of continued volatility in credit markets and of further writedowns and credit exposures, market related risks such as changes in interest rates and exchange rates, the policies and actions of governmental and regulatory authorities including classification of financial instruments for regulatory capital purposes, changes in legislation, the further development of standards and interpretations under International Financial Reporting Standards (IFRS) applicable to past, current and future periods, evolving practices with regard to the interpretation and application of standards under IFRS, the outcome of pending and future litigation, the success of future acquisitions and other strategic transactions and the impact of competition — a number of which factors are beyond the Group's control. As a result, the Group's actual future results may differ materially from the plans, goals, and expectations set forth in the Group's forward-looking statements. Additional risks and factors are identified in this document in "principal risks and uncertainties" and in our filings with the US Securities and Exchange Commission (the 'SEC') including in our annual report on form 20-F for the fiscal year ended 31st December 2007 which is available on the SEC website at <http://www.sec.gov>.

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

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Summary of Key Information

	Half Year Ended		
	30.06.08	30.06.07	Change
	£m	£m	%
Group Results			
Total income net of insurance claims	11,843	11,902	—
Impairment charges and other credit provisions	(2,448)	(959)	155
Operating expenses	(6,664)	(6,847)	(3)
Profit before tax	2,754	4,101	(33)
Profit attributable to equity holders of the parent	1,718	2,634	(35)
Basic earnings per share	27.0p	41.4p	(35)
Diluted earnings per ordinary share	26.2p	40.1p	(35)
Dividend per share	11.5p	11.5p	—
Net asset value per share	339p	320p	6
Performance Ratios			
Cost: income ratio	56%	58%	
	£m	£m	% Change
Profit Before Tax by Business ¹			
UK Retail Banking	690	646	7
Barclays Commercial Bank	702	706	(1)
Barclaycard	388	299	30
Global Retail & Commercial Banking Western Europe	115	105	10
Global Retail & Commercial Banking Emerging Markets	52	60	(13)
Global Retail & Commercial Banking Absa	298	271	10
Barclays Capital	524	1,660	(68)
Barclays Global Investors	265	388	(32)
Barclays Wealth	182	173	5
	As at 30.06.08	As at 31.12.07	
Capital			
Equity Tier 1 ratio	5.0%	5.1%	
Tier 1 ratio	7.9%	7.6%	
Risk asset ratio	12.6%	11.2%	
Total shareholders' equity	£32,822m	£32,476m	
Risk weighted assets (Basel II)	£ 352.7bn	£ 353.9bn	

¹ Summary excludes Head Office functions and other operations.

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Consolidated Interim Income Statement

	Half Year Ended		
	30.06.08	31.12.07	30.06.07
	£m	£m	£m
Continuing Operations			
Interest income	13,356	13,271	12,037
Interest expense	(8,186)	(8,250)	(7,448)
Net interest income	5,170	5,021	4,589
Fee and commission income	4,461	4,386	4,292
Fee and commission expense	(547)	(490)	(480)
Net fee and commission income	3,914	3,896	3,812
Net trading income	1,784	948	2,811
Net investment income	345	820	396
Principal transactions	2,129	1,768	3,207
Net premiums from insurance contracts	568	569	442
Other income	163	88	100
Total income	11,944	11,342	12,150
Net claims and benefits incurred under insurance contracts	(101)	(244)	(248)
Total income net of insurance claims	11,843	11,098	11,902
Impairment charges and other credit provisions	(2,448)	(1,836)	(959)
Net income	9,395	9,262	10,943
Staff costs	(3,888)	(3,824)	(4,581)
Administration and general expenses	(2,408)	(2,189)	(1,952)
Depreciation of property, plant and equipment	(274)	(240)	(227)
Amortisation of intangible assets	(94)	(99)	(87)
Operating expenses	(6,664)	(6,352)	(6,847)
Share of post-tax results of associates and joint ventures	23	42	—
Profit on disposal of subsidiaries, associates and joint ventures	—	23	5
Profit before tax	2,754	2,975	4,101
Tax	(620)	(823)	(1,158)
Profit after tax	2,134	2,152	2,943
Attributable To			
Minority interests	416	369	309
Equity holders of the parent	1,718	1,783	2,634
	2,134	2,152	2,943
Basic earnings per ordinary share	27.0p	27.5p	41.4p
Diluted earnings per ordinary share	26.2p	26.6p	40.1p
Proposed Dividend per Ordinary Share			
Interim dividend	11.5p	—	11.5p
Final dividend	—	22.5p	—

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Consolidated Interim Balance Sheet

	As at 30.06.08 £m	As at 31.12.07 £m	As at 30.06.07 £m
Assets			
Cash and balances at central banks	6,432	5,801	4,785
Items in the course of collection from other banks	2,478	1,836	2,533
Trading portfolio assets	177,628	193,691	217,573
Financial assets designated at fair value:			
– held on own account	46,697	56,629	46,171
– held in respect of linked liabilities to customers under investment contracts	79,486	90,851	92,194
Derivative financial instruments	400,009	248,088	174,225
Loans and advances to banks	54,514	40,120	43,191
Loans and advances to customers	395,467	345,398	321,243
Available for sale financial investments	42,765	43,072	47,764
Reverse repurchase agreements and cash collateral on securities borrowed	139,955	183,075	190,546
Other assets	6,012	5,150	6,289
Current tax assets	808	518	345
Investments in associates and joint ventures	316	377	228
Goodwill	6,932	7,014	6,635
Intangible assets	1,200	1,282	1,228
Property, plant and equipment	2,991	2,996	2,538
Deferred tax assets	1,964	1,463	774
Total assets	1,365,654	1,227,361	1,158,262

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Consolidated Interim Balance Sheet

	As at 30.06.08 £m	As at 31.12.07 £m	As at 30.06.07 £m
Liabilities			
Deposits from banks	89,944	90,546	87,429
Items in the course of collection due to other banks	2,791	1,792	2,206
Customer accounts	319,281	294,987	292,444
Trading portfolio liabilities	56,040	65,402	79,252
Financial liabilities designated at fair value	86,162	74,489	63,490
Liabilities to customers under investment contracts	80,949	92,639	93,735
Derivative financial instruments	396,357	248,288	177,774
Debt securities in issue	115,739	120,228	118,745
Repurchase agreements and cash collateral on securities lent	146,895	169,429	181,093
Other liabilities	8,998	10,499	10,908
Current tax liabilities	1,532	1,311	1,003
Insurance contract liabilities, including unit-linked liabilities	3,679	3,903	3,770
Subordinated liabilities	21,583	18,150	15,067
Deferred tax liabilities	655	855	258
Provisions	624	830	527
Retirement benefit liabilities	1,603	1,537	1,840
Total liabilities	1,332,832	1,194,885	1,129,541
Shareholders' Equity			
Called up share capital	1,642	1,651	1,637
Share premium account	72	56	5,859
Other reserves	(198)	874	271
Retained earnings	20,965	20,970	13,461
Less: treasury shares	(192)	(260)	(255)
Shareholders' equity excluding minority interests	22,289	23,291	20,973
Minority interests	10,533	9,185	7,748
Total shareholders' equity	32,822	32,476	28,721
Total liabilities and shareholders' equity	1,365,654	1,227,361	1,158,262

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Results by Business

UK Retail Banking

	Half Year Ended		
	30.06.08 £m	31.12.07 £m	30.06.07 £m
Income Statement Information			
Net interest income	1,453	1,451	1,407
Net fee and commission income	639	583	600
Net premiums from insurance contracts	103	165	87
Other income	—	(2)	49
Total income	2,195	2,197	2,143
Net claims and benefits incurred under insurance contracts	(19)	(21)	(22)
Total income net of insurance claims	2,176	2,176	2,121
Impairment charges and other credit provisions	(288)	(282)	(277)
Net income	1,888	1,894	1,844
Operating expenses excluding amortisation of intangible assets	(1,195)	(1,266)	(1,195)
Amortisation of intangible assets	(7)	(5)	(4)
Operating expenses	(1,202)	(1,271)	(1,199)
Share of post-tax results of associates and joint ventures	4	6	1
Profit before tax	690	629	646
Balance Sheet Information			
Loans and advances to customers	£89.1bn	£82.0bn	£77.5bn
Customer accounts	£88.4bn	£87.1bn	£84.5bn
Total assets	£96.3bn	£88.5bn	£84.3bn
Performance Ratios			
Cost:income ratio ¹	55%	58%	57%
Other Financial Measures			
Risk tendency ^{1,2}	£ 495m	£ 470m	£ 580m
Risk weighted assets (Basel I)	—	£46.1bn	£42.5bn
Risk weighted assets (Basel II)	£30.9bn	£30.5bn	—

¹ Defined on page 106.

² Further information on risk tendency is included on page 53.

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Results by Business

UK Retail Banking

UK Retail Banking profit before tax increased 7% (£44m) to £690m (2007: £646m) due to solid income growth and well controlled costs and impairment.

Income grew 3% (£55m) to £2,176m (2007: £2,121m), reflecting good growth in Personal Customer Savings Accounts and Local Business.

Net interest income increased 3% (£46m) to £1,453m (2007: £1,407m). Growth was driven by a higher contribution from deposits, through good balance sheet growth. Total average customer deposit balances increased 7% to £85.7bn (2007: £80.2bn), supported by the launch of new products.

Mortgage balances showed strong growth, driven by increased gross advances and higher levels of balance retention. Mortgage balances were £76.9bn at the end of the period (31st December 2007: £69.8bn), an approximate market share of 7% (2007: 6%). Gross advances were £12.7bn (2007: £10.5bn). Net new lending represented a market share of 26% (2007: 6%). The average loan to value ratio of the residential mortgage book on a current valuation basis was 35%. The average loan to value ratio of new residential mortgage lending was 51%.

Net fee and commission income increased 7% (£39m) to £639m (2007: £600m), reflecting good growth within Local Business. 2007 net fee and commission income included £87m settlements on overdraft fees.

Impairment charges increased 4% (£11m) to £288m (2007: £277m), reflecting growth in the book and current economic conditions. In UK Home Finance, whilst mortgage delinquencies as a percentage of outstanding balances increased from 0.91% to 0.97%, impairment charges and amounts charged off remained low.

Operating expenses were held flat at £1,202m (2007: £1,199m), reflecting strong and active management of expense lines, including continued back office consolidation. Gains from the sale of property were £65m (2007: £113m).

The cost:income ratio improved two percentage points to 55% (2007: 57%).

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Results by Business

Barclays Commercial Bank

	Half Year Ended		
	30.06.08 £m	31.12.07 £m	30.06.07 £m
Income Statement Information			
Net interest income	874	880	867
Net fee and commission income	397	398	352
Net trading income	4	7	2
Net investment income	8	17	30
Principal transactions	12	24	32
Other income	66	5	6
Total income	1,349	1,307	1,257
Impairment charges and other credit provisions	(148)	(168)	(124)
Net income	1,201	1,139	1,133
Operating expenses excluding amortisation of intangible assets	(494)	(499)	(425)
Amortisation of intangible assets	(4)	(3)	(2)
Operating expenses	(498)	(502)	(427)
Share of post-tax results of associates and joint ventures	(1)	—	—
Profit on disposal of subsidiaries, associates and joint ventures	—	14	—
Profit before tax	702	651	706
Balance Sheet Information			
Loans and advances to customers	£67.5bn	£63.7bn	£60.4bn
Customer accounts	£61.3bn	£60.8bn	£59.8bn
Total assets	£81.0bn	£74.6bn	£69.8bn
Performance Ratios			
Cost:income ratio ¹	37%	38%	34%
Other Financial Measures			
Risk tendency ^{1,2}	£ 360m	£ 305m	£ 290m
Risk weighted assets (Basel I)	—	£54.3bn	£51.1bn
Risk weighted assets (Basel II)	£63.0bn	£62.1bn	—

¹ Defined on page 106.

² Further information on risk tendency is included on page 53.

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Barclays Commercial Bank

Barclays Commercial Bank profit before tax decreased 1% (£4m) to £702m (2007: £706m), with good income growth in challenging market conditions offset by increased impairment charges and operating expenses.

Income increased 7% (£92m) to £1,349m (2007: £1,257m).

Net interest income improved 1% (£7m) to £874m (2007: £867m). There was very strong growth in customer assets, predominantly term loans, which increased 12% to £59.0bn (2007: £52.7bn). Average customer accounts grew 2% to £47.3bn (2007: £46.5bn).

Non-interest income increased to 35% of total income (2007: 31%), partly reflecting continued focus on cross sales and efficient balance sheet utilisation. There was strong growth in net fee and commission income, which increased 13% (£45m) to £397m (2007: £352m) due to increased income from foreign exchange and derivative sales, particularly interest rate derivatives.

Income from principal transactions fell to £12m (2007: £32m) due to fewer equity realisations.

Other income of £66m (2007: £6m) included a £42m gain arising from the restructuring of Barclays interest in a third party finance operation. This gain was offset by a broadly similar tax charge. Other income also included £11m (2007: £1m) rental income from operating leases.

Impairment charges increased 19% (£24m) to £148m (2007: £124m) reflecting higher impairment losses in Larger Business partially offset by a reduction in incurred but not individually identified impairment. There was a small increase in impairment as a percentage of period-end loans and advances to customers to 0.44% (2007: 0.41%).

Operating expenses increased 17% (£71m) to £498m (2007: £427m) reflecting increased investment in payments, risk and operations infrastructure, product specialists and sales capability. Growth in operating lease business and lower gains on the sale of property of £10m (2007: £25m) contributed 7% of the increase in operating expenses.

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Results by Business

Barclaycard

	Half Year Ended		
	30.06.08 £m	31.12.07 £m	30.06.07 £m
Income Statement Information			
Net interest income	787	688	686
Net fee and commission income	584	567	576
Net trading income	1	(2)	2
Net investment income	16	11	—
Principal transactions	17	9	2
Net premiums from insurance contracts	18	19	21
Other income	18	(2)	(23)
Total income	1,424	1,281	1,262
Net claims and benefits incurred under insurance contracts	(6)	(6)	(7)
Total income net of insurance claims	1,418	1,275	1,255
Impairment charges and other credit provisions	(477)	(392)	(435)
Net income	941	883	820
Operating expenses excluding amortisation of intangible assets	(525)	(553)	(504)
Amortisation of intangible assets	(27)	(21)	(15)
Operating expenses	(552)	(574)	(519)
Share of post-tax results of associates and joint ventures	(1)	(5)	(2)
Profit before tax	388	304	299
Balance Sheet Information			
Loans and advances to customers	£ 22.1bn	£19.7bn	£18.2bn
Total assets	£ 24.3bn	£22.1bn	£20.4bn
Performance Ratios			
Cost:income ratio ¹	39%	45%	41%
Other Financial Measures			
Risk tendency ^{1,2}	£1,115m	£ 955m	£ 975m
Risk weighted assets (Basel I)	—	£19.7bn	£16.9bn
Risk weighted assets (Basel II)	£ 25.0bn	£22.5bn	—

¹ Defined on page 106.

² Further information on risk tendency is included on page 53.

Table of Contents**Results by Business**

Barclaycard

Barclaycard profit before tax increased 30% (£89m) to £388m (2007: £299m), driven by strong international income growth and a significant improvement in UK impairment charges. 2008 profit included £41m from Goldfish.

Income increased 13% (£163m) to £1,418m (2007: £1,255m) reflecting strong growth in Barclaycard International and £56m from the inclusion of Goldfish, partially offset by a decline in UK Cards and FirstPlus.

Net interest income increased 15% (£101m) to £787m (2007: £686m) driven by strong growth in international average extended credit card balances, up 40% to £4.2bn.

Net fee and commission income increased 1% (£8m) to £584m (2007: £576m) with growth in Barclaycard International partially offset by lower volumes in FirstPlus.

Principal transactions increased £15m to £17m (2007: £2m) reflecting a £16m gain from the sale of shares in MasterCard.

Other income increased £41m to £18m (2007: £23m loss) reflecting a gain from a portfolio sale in the US in 2008 and £27m loss on disposal of part of the Monument card portfolio in 2007.

Impairment charges increased 10% (£42m) to £477m (2007: £435m), reflecting £77m growth in charges in the international businesses and £27m from the inclusion of Goldfish. These factors were partially offset by £62m lower impairment in the UK businesses with reduced flows into delinquency and lower levels of arrears.

Operating expenses increased 6% (£33m) to £552m (2007: £519m) reflecting continued international growth, development of the UK partnerships business and increased marketing investment. Operating expenses include £89m negative goodwill from the acquisition of Goldfish offset by restructuring charges of £54m and other Goldfish expenses of £23m.

Barclaycard International continued to gain momentum, delivering a 64% (£39m) increase in profit before tax to £100m (2007: £61m). Barclaycard US recorded strong average balance growth, despite difficult market conditions and continued to deliver the financial plan set out at the time of acquisition. The Entercard joint venture continued to build presence across its markets in Norway, Sweden and Denmark.

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Results by Business

Global Retail and Commercial Banking - Western Europe

	Half Year Ended		
	30.06.08 £m	31.12.07 £m	30.06.07 £m
Income Statement Information			
Net interest income	378	284	243
Net fee and commission income	190	166	156
Net trading income	11	7	6
Net investment income	52	46	47
Principal transactions	63	53	53
Net premiums from insurance contracts	183	100	45
Other income	16	4	3
Total income	830	607	500
Net claims and benefits incurred under insurance contracts	(189)	(110)	(60)
Total income net of insurance claims	641	497	440
Impairment charges and other credit provisions	(103)	(44)	(32)
Net income	538	453	408
Operating expenses excluding amortisation of intangible assets	(417)	(362)	(303)
Amortisation of intangible assets	(6)	(4)	(4)
Operating expenses	(423)	(366)	(307)
Profit on disposal of subsidiaries, associates and joint ventures	—	4	4
Profit before tax	115	91	105
Balance Sheet Information			
Loans and advances to customers	£41.1bn	£35.0bn	£29.7bn
Customer accounts	£11.4bn	£ 9.4bn	£ 7.7bn
Total assets	£51.1bn	£43.7bn	£36.7bn
Performance Ratios			
Cost:income ratio ¹	66%	74%	70%
Other Financial Measures			
Risk tendency ^{1,2}	£ 185m	£ 135m	£ 105m
Risk weighted assets (Basel I)	—	£24.5bn	£20.4bn
Risk weighted assets (Basel II)	£29.2bn	£25.1bn	—

¹ Defined on page 106.

² Further information on risk tendency is included on page 53.

Table of Contents**Results by Business**

Global Retail and Commercial Banking - Western Europe

Global Retail and Commercial Banking - Western Europe profit before tax grew 10% (£10m) to £115m (2007: £105m), despite challenging market conditions in Spain and accelerated investment in the expansion of the franchise. Distribution points increased 191 to 989 (31st December 2007: 798), reflecting growth in all countries. Very strong income growth and the effects of the strengthening of the Euro were partially offset by higher operating expenses and impairment charges.

Income increased 46% (£201m) to £641m (2007: £440m) reflecting strong growth in net interest income and net fee and commission income.

Net interest income increased 56% (£135m) to £378m (2007: £243m) driven by very strong volume growth in unsecured lending, credit cards, commercial lending and mortgages with average customer assets up 36% to £38.7bn (2007: £28.5bn). Average customer liabilities grew 32% to £9.6bn (2007: £7.3bn) at lower margins reflecting competition for customer deposit balances.

Net fee and commission income increased 22% (£34m) to £190m (2007: £156m) due to an increase in investments, insurance and commercial lending.

Principal transactions grew 19% (£10m) to £63m (2007: £53m) including a £17m gain from the sale of shares in MasterCard.

Impairment charges increased £71m to £103m (2007: £32m). This increase was principally due to higher charges in the Spanish commercial portfolios as a consequence of a rapid slowdown in the property and construction sectors.

Operating expenses increased 38% (£116m) to £423m (2007: £307m) reflecting the expansion of the retail distribution network, growth of the SME business and the strengthening of the Premier segment. Operating expenses included £37m (2007: nil) gains from the sale of property assets.

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Results by Business

Global Retail and Commercial Banking - Emerging Markets

	Half Year Ended		
	30.06.08 £m	31.12.07 £m	30.06.07 £m
Income Statement Information			
Net interest income	251	181	138
Net fee and commission income	96	71	69
Net trading income	42	42	14
Net investment income	17	13	3
Principal transactions	59	55	17
Other income	4	5	(3)
Total income	410	312	221
Impairment charges and other credit provisions	(66)	(27)	(12)
Net income	344	285	209
Operating expenses excluding amortisation of intangible assets	(290)	(239)	(152)
Amortisation of intangible assets	(2)	(7)	3
Operating expenses	(292)	(246)	(149)
Share of post-tax results of associates and joint ventures	—	1	—
Profit before tax	52	40	60
Balance Sheet Information			
Loans and advances to customers	£ 6.7bn	£ 5.1bn	£3.4bn
Customer accounts	£ 7.1bn	£ 6.2bn	£4.8bn
Total assets	£11.4bn	£ 9.2bn	£6.3bn
Performance Ratios			
Cost:income ratio ¹	71%	79%	67%
Other Financial Measures			
Risk tendency ^{1,2}	£ 240m	£ 140m	£ 50m
Risk weighted assets (Basel I)	—	£ 6.1bn	£4.0bn
Risk weighted assets (Basel II)	£11.7bn	£10.2bn	—

¹ Defined on page 106.

² Further information on risk tendency is included on page 53.

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Global Retail and Commercial Banking - Emerging Markets

Global Retail and Commercial Banking - Emerging Markets profit before tax decreased 13% (£8m) to £52m (2007: £60m), with very strong income growth more than offset by accelerated investment in existing markets and increased impairment charges. The number of distribution points increased 321 to 871 (31st December 2007: 550).

Income increased 86% (£189m) to £410m (2007: £221m), driven by net interest income, principal transactions and net fees and commissions.

Net interest income increased 82% (£113m) to £251m (2007: £138m), driven by very strong retail and commercial balance sheet growth with average customer assets up 87% to £5.6bn (2007: £3.0bn). Average customer liabilities increased 47% to £6.6bn (2007: £4.5bn) primarily driven by deposit growth in India and Egypt.

Net fee and commission income increased 39% (£27m) to £96m (2007: £69m) primarily driven by very strong growth in retail and treasury fee income.

Principal transactions increased £42m to £59m (2007: £17m) reflecting higher foreign exchange income and a gain of £14m from the sale of shares in MasterCard.

Impairment charges increased £54m to £66m (2007: £12m) reflecting asset growth, particularly in India, and increased wholesale impairment in Africa.

Operating expenses increased 96% (£143m) to £292m (2007: £149m) reflecting continued investment in expansion of the business, with investment in infrastructure and the rollout of global platforms.

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Results by Business

Global Retail and Commercial Banking - Absa

	Half Year Ended		
	30.06.08 £m	31.12.07 £m	30.06.07 £m
Income Statement Information			
Net interest income	499	582	473
Net fee and commission income	348	344	340
Net trading income	77	2	(2)
Net investment income	49	23	47
Principal transactions	126	25	45
Net premiums from insurance contracts	111	110	117
Other income	23	40	37
Total income	1,107	1,101	1,012
Net claims and benefits incurred under insurance contracts	(60)	(59)	(55)
Total income net of insurance claims	1,047	1,042	957
Impairment charges and other credit provisions	(125)	(90)	(56)
Net income	922	952	901
Operating expenses excluding amortisation of intangible assets	(603)	(605)	(607)
Amortisation of intangible assets	(24)	(30)	(25)
Operating expenses	(627)	(635)	(632)
Share of post-tax results of associates and joint ventures	3	5	1
Profit on disposal of subsidiaries, associates and joint ventures	—	4	1
Profit before tax	298	326	271
Balance Sheet Information			
Loans and advances to customers	£28.5bn	£29.9bn	£25.4bn
Customer accounts	£13.1bn	£13.0bn	£12.2bn
Total assets	£34.2bn	£36.4bn	£31.9bn
Performance Ratios			
Cost:income ratio ¹	60%	61%	66%
Other Financial Measures			
Risk tendency ^{1,2}	£ 195m	£ 190m	£ 185m
Risk weighted assets (Basel I)	—	£22.4bn	£20.7bn
Risk weighted assets (Basel II)	£15.4bn	£17.2bn	—

¹ Defined on page 106.

² Further information on risk tendency is included on page 53.

Table of Contents**Results by Business**

Global Retail and Commercial Banking - Absa

Global Retail and Commercial Banking - Absa profit before tax increased 10% (£27m) to £298m (2007: £271m) despite challenging market conditions and investment in the expansion of the franchise by 160 distribution points to 1,161 (31st December 2007: 1,001). Very strong Rand income and profit growth was partially offset by the 7% depreciation in the average value of the Rand against Sterling. Profit before tax included a gain of £46m relating to the Visa IPO.

Income increased 9% (£95m) to £1,107m (2007: £1,012m) primarily driven by principal transactions and net interest income.

Net interest income improved 5% (£26m) to £499m (2007: £473m) reflecting strong balance sheet growth. Average customer assets increased 9% to £26.3bn (2007: £24.1bn) primarily driven by retail mortgages, commercial asset based finance and retail current accounts. Average customer liabilities increased 13% to £12.5bn (2007: £11.1bn), primarily driven by retail savings, with increased margins reflecting the impact of successive interest rate rises.

Net fee and commission income increased 2% (£8m) to £348m (2007: £340m), underpinned by retail transaction volume growth.

Principal transactions increased £81m to £126m (2007: £45m) reflecting £46m from the Visa IPO and higher treasury transaction income.

Impairment charges increased £69m to £125m (2007: £56m) as a result of rising delinquency levels in the retail portfolios, which have been impacted by the effect on consumers of rising interest and inflation rates and increasing consumer indebtedness.

Operating expenses decreased 1% (£5m) to £627m (2007: £632m). As a result the cost:income ratio improved from 66% to 60%.

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Results by Business

Barclays Capital

	Half Year Ended		
	30.06.08	31.12.07	30.06.07
	£m	£m	£m
Income Statement Information			
Net interest income	702	612	567
Net fee and commission income	566	621	614
Net trading income	1,836	978	2,761
Net investment income	304	747	206
Principal transactions	2,140	1,725	2,967
Other income	3	8	5
Total income	3,411	2,966	4,153
Impairment charges	(1,226)	(836)	(10)
Net income	2,185	2,130	4,143
Operating expenses excluding amortisation of intangible assets	(1,664)	(1,466)	(2,453)
Amortisation of intangible assets	(15)	(24)	(30)
Operating expenses	(1,679)	(1,490)	(2,483)
Share of post-tax results of associates and joint ventures	18	35	—
Profit before tax	524	675	1,660
Balance Sheet Information			
Corporate lending portfolio	£ 62.1bn	£ 52.3bn	£ 44.5bn
Total assets	£966.1bn	£839.9bn	£796.4bn
Performance Ratios			
Cost:income ratio ¹	49%	50%	60%
Other Financial Measures			
Risk tendency ^{1,2}	£ 200m	£ 140m	£ 110m
Risk weighted assets (Basel I)	—	£169.1bn	£152.5bn
Risk weighted assets (Basel II)	£163.4bn	£173.0bn	—
Average DVaR ¹	£ 58.0m	£ 44.6m	£ 39.3m

¹ Defined further on page 106.

² Further information on risk tendency is included on page 53.

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Results by Business

Barclays Capital

Barclays Capital profit before tax decreased 68% (£1,136m) to £524m (2007: £1,660m). Absa Capital delivered strong growth in profit before tax of 31% to £88m (2007: £67m), despite a 7% depreciation in the Rand against Sterling.

Credit market exposures were actively managed and declined over the period. Barclays Capital's results reflected net losses related to the credit market dislocation of £1,979m, of which £871m was included in income and £1,108m in impairment. These were net of gains of £852m arising from the widening of credit spreads on the fair valuation of notes issued by Barclays Capital. Further detail is provided on pages 30 to 40.

Net income was down 47% at £2,185m (2007: £4,143m). Excluding net losses related to credit market dislocation, net income was in line with the record result in 2007. There was very strong growth in Continental Europe, Asia and Africa, and modest growth in the UK, demonstrating the breadth of the client franchise. In the US, income declined due to the continued credit market dislocation, although there was significant growth in commodities, prime services and foreign exchange. Globally there was record income in interest rates, commodities, prime services and emerging markets and strong growth in private equity and currency products.

Net trading income decreased 34% (£925m) to £1,836m (2007: £2,761m) reflecting losses from the credit market dislocation. There was growth of 45% (£880m) to £2,832m in Rates businesses including significant growth in interest rates, prime services, foreign exchange, emerging markets and commodities. Average DVaR increased 48% to £58.0m (2007: £39.3m) driven by an increase in interest rate and credit spread risk.

Net investment income increased 48% (£98m) to £304m (2007: £206m) as a result of a number of private equity gains and structured capital markets transactions. Net interest income increased 24% (£135m) to £702m (2007: £567m), driven by higher contributions from money markets. Net fee and commission income from advisory and origination activities decreased 8% (£48m) to £566m, compared to the record 2007 result of £614m. The corporate lending portfolio, including leveraged finance, increased 19% to £62.1bn (31st December 2007: £52.3bn) primarily as a result of new loan facilities extended at current terms to financial and manufacturing institutions.

Impairment charges and other credit provisions of £1,226m included £1,108m as described above. Other impairment charges of £118m (2007: £10m) principally related to charges in the prime services and global loans businesses.

Operating expenses decreased 32% (£804m) to £1,679m (2007: £2,483m). Performance related pay, discretionary investment spend and short term contractor resources reduced to 24% (2007: 54%) of the cost base. Amortisation of intangible assets of £15m (2007: £30m) principally related to mortgage service rights.

Total headcount increased 100 to 16,300 (31st December 2007: 16,200) as Barclays Capital continued to invest selectively in key growth areas.

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Results by Business

Barclays Global Investors

	Half Year Ended		
	30.06.08 £m	31.12.07 £m	30.06.07 £m
Income Statement Information			
Net interest expense	(20)	(6)	(2)
Net fee and commission income	987	996	940
Net trading income	(5)	4	1
Net investment income	24	(12)	3
Principal transactions	19	(8)	4
Other income	1	1	1
Total income	987	983	943
Operating expenses excluding amortisation of intangible assets	(718)	(633)	(551)
Amortisation of intangible assets	(4)	(4)	(4)
Operating expenses	(722)	(637)	(555)
Profit before tax	265	346	388
Balance Sheet Information			
Total assets	£79.0bn	£89.2bn	£90.4bn
Performance Ratios			
Cost:income ratio ¹	73%	65%	59%
Other Financial Measures			
Risk weighted assets (Basel I)	—	£ 2.0bn	£ 1.6bn
Risk weighted assets (Basel II)	£ 4.4bn	£ 4.3bn	—

¹ Defined on page 106.

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Barclays Global Investors

Barclays Global Investors profit before tax decreased 32% (£123m) to £265m (2007: £388m). Profit was impacted by selective support of liquidity products of £196m (2007: nil).

Income grew 5% (£44m) to £987m (2007: £943m).

Net fee and commission income grew 5% (£47m) to £987m (2007: £940m). This was primarily attributable to increased securities lending and management fees, partially offset by reduced incentive fees of £39m (2007: £109m).

Operating expenses increased 30% (£167m) to £722m (2007: £555m). Operating expenses included charges of £196m (2007: nil) related to selective support of liquidity products. The cost:income ratio increased to 73% (2007: 59%).

Headcount increased 300 to 3,700 (31st December 2007: 3,400). Headcount increased primarily in the support functions and iShares business, reflecting continued investment to support future growth.

Total assets under management decreased 5% (£56bn) to £988bn (31st December 2007: £1,044bn) comprising £12bn of net new assets, £6bn of favourable exchange movements and £74bn of adverse market movements. In US\$ terms assets under management decreased 5% (US\$112bn) to US\$1,967bn (31st December 2007: US\$2,079bn), comprising US\$25bn of net new assets, US\$10bn of positive exchange rate movements and US\$147bn of negative market movements.

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Results by Business

Barclays Wealth

	Half Year Ended		
	30.06.08 £m	31.12.07 £m	30.06.07 £m
Income Statement Information			
Net interest income	225	226	205
Net fee and commission income	349	380	359
Net trading income	1	(4)	7
Net investment income	(170)	(7)	59
Principal transactions	(169)	(11)	66
Net premium from insurance contracts	82	95	100
Other income	8	10	9
Total income	495	700	739
Net claims and benefits incurred under insurance contracts	173	(48)	(104)
Total income net of insurance claims	668	652	635
Impairment charges and other credit provisions	(12)	(5)	(2)
Net income	656	647	633
Operating expenses excluding amortisation of intangible assets	(469)	(509)	(458)
Amortisation of intangible assets	(5)	(4)	(2)
Operating expenses	(474)	(513)	(460)
Profit before tax	182	134	173
Balance Sheet Information			
Loans and advances to customers	£ 9.4bn	£ 9.0bn	£ 7.1bn
Customer accounts	£36.7bn	£34.4bn	£30.9bn
Total assets	£17.7bn	£18.2bn	£16.7bn
Performance Ratios			
Cost:income ratio ¹	71%	79%	72%
Other Financial Measures			
Risk tendency ^{1,2}	£ 15m	£ 10m	£ 10m
Risk weighted assets (Basel I)	—	£ 7.7bn	£ 6.9bn
Risk weighted assets (Basel II)	£ 8.8bn	£ 8.0bn	—

¹ Defined on page 106.

² Further information on risk tendency is included on page 53.

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Results by Business

Barclays Wealth

Barclays Wealth profit before tax grew 5% (£9m) to £182m (2007: £173m). Performance was driven by broadly based income growth and tight cost control as the business continued to invest in client-facing staff and infrastructure to facilitate future growth.

Income increased 5% (£33m) to £668m (2007: £635m).

Net interest income increased 10% (£20m) to £225m (2007: £205m) reflecting strong growth in both customer deposits and lending. Average deposits grew 24% to £36.0bn (2007: £29.1bn). Average lending grew 43% to £9.3bn (2007: £6.5bn) driven by increased lending to high net worth, affluent and intermediary clients.

Net fee and commission income decreased 3% (£10m) to £349m (2007: £359m) driven by falling equity markets offset by increased client assets.

Principal transactions decreased £235m to a charge of £169m (2007: £66m gain) reflecting a decrease in the value of assets backing unit linked insurance contracts. Net premiums from insurance contracts decreased £18m to £82m (2007: £100m). The decreases in principal transactions and net premiums from insurance contracts were more than offset by an associated reduction of £277m in net claims and benefits incurred under insurance contracts to a credit of £173m (2007: charge of £104m), driven by the decrease in the value of unit linked liabilities and the impact of favourable experience on non-linked insurance contract liabilities.

Impairment charges increased £10m to £12m (2007: £2m) from a very low base.

Operating expenses increased 3% to £474m (2007: £460m) as a result of the ongoing progress in upgrading the technology and operating platforms and continued hiring of client facing staff, partially offset by cost savings.

Total client assets, comprising customer deposits and client investments, remained at £132.5bn with net new asset inflows of £3.5bn offsetting the impact of market and foreign exchange movements.

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Results by Business

Head Office Functions and Other Operations

	Half Year Ended		
	30.06.08	31.12.07	30.06.07
	£m	£m	£m
Income Statement Information			
Net interest income	21	123	5
Net fee and commission income	(242)	(230)	(194)
Net trading (loss)/income	(183)	(86)	20
Net investment income	45	(18)	1
Principal transactions	(138)	(104)	21
Net premiums from insurance contracts	71	80	72
Other income	24	19	16
Total income	(264)	(112)	(80)
Impairment charges and other credit provisions	(3)	8	(11)
Net income	(267)	(104)	(91)
Operating expenses excluding amortisation of intangible assets	(195)	(121)	(112)
Amortisation of intangible assets	—	3	(4)
Operating expenses	(195)	(118)	(116)
Profit on disposal of associates and joint ventures	—	1	—
Loss before tax	(462)	(221)	(207)
Balance Sheet Information			
Total assets	£4.5bn	£5.7bn	£5.4bn
Other Financial Measures			
Risk tendency ^{1,2}	£ 5m	£ 10m	£ 5m
Risk weighted assets (Basel I)	—	£1.6bn	£1.5bn
Risk weighted assets (Basel II)	£1.1bn	£1.1bn	—

1 Defined on page 106.

2 Further information on risk tendency is included on page 53.

Table of Contents**Results by Business**

Head Office Functions and Other Operations

Head Office Functions and Other Operations loss before tax increased £255m to £462m (2007: £207m).

Group segmental reporting is performed in accordance with Group accounting policies. This means that inter-segment transactions are recorded in each segment as if undertaken on an arm's length basis. Adjustments necessary to eliminate inter-segment transactions are included in Head Office Functions and Other Operations. The impact of such inter-segment adjustments increased £31m to £140m (2007: £109m). These adjustments included internal fees for structured capital market activities of £98m (2007: £79m) and fees paid to Barclays Capital for debt and equity raising and risk management advice of £67m (2007: £18m). In addition a consolidation adjustment between net interest income and principal transactions is required to match the booking of certain derivative hedging transactions between different segments in the Group. This resulted in a £101m increase in net interest income with an equal and opposite decrease in principal transactions.

Net interest income increased £16m to £21m (2007: £5m) reflecting the £101m increase in the consolidation adjustment on hedging derivatives partially offset by lower interest earned due to the reduction of the centrally held capital surplus.

Principal transactions decreased £159m to a loss of £138m (2007: income of £21m) reflecting the £101m decrease in the consolidation adjustment on hedging derivatives as well as other fair value and hedging adjustments.

Operating expenses increased £79m to £195m (2007: £116m) driven by costs related to an internal review of Barclays compliance with US economic sanctions, and lower rental income and lower proceeds on property sales.

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Risk Management

There have been no material changes to the risk management processes as described in the Risk Management section of our Annual Report and Accounts for the year ended 31st December 2007.

Principal Risks and Uncertainties

The overall risk environment remains challenging for broad areas of the financial services industry. The continued dislocation in the wholesale credit markets, with wider credit spreads and constrained market liquidity, is exacerbated by slower economic growth in many parts of the world.

Wholesale Credit Risk

As we entered 2008, the wholesale credit environment reflected concerns about weakening economic conditions in our major markets. That environment led to a more cautious approach to credit assessment, pricing and ongoing control in the financial services industry, which we expect to continue in the second half of the year. At the half-year stage, our assessment of our wholesale credit risk is broadly unchanged. Wholesale credit market conditions remain difficult, with reduced liquidity in cash and securitised products.

Overall, our wholesale credit impairment for 2008 is at a level broadly commensurate with our wholesale models' prediction for a stress level that might occur once in twenty years. The key driver of impairment continues to be losses seen in US RMBS and related exposures, where the value of the underlying collateral has continued to deteriorate through 2008. This reflects the high levels of default seen in the US mortgage market, particularly in the sub-prime and Alt-A segments. There have also been some industry losses from exposure to a number of hedge fund counterparties where extreme market turbulence led to sudden loss of value of collateral, which ultimately proved insufficient to cover exposure in full.

Our corporate banking portfolios are generally performing in line with expectations. However, our portfolio in Spain is affected by the rapid cooling of the housing market and the impact on a range of counterparties in the residential development and construction sectors. Some signs of strain are being seen in Barclays Commercial Bank in the UK with an increased flow of cases into our Business Support turnaround and recovery team. Our Risk Tendency in this area has increased since the year-end, partly reflecting more difficult credit conditions.

In Absa, the wholesale portfolios have continued to perform well, reflecting the focus on the property, agriculture and sovereign sectors. This is in line with other banks in the region and contrasts with the declining performance of retail portfolios.

In response to the weakening environment in some of our core markets, we have reduced our risk profile in a number of areas. Examples of steps taken include reducing portfolio concentration limits in key sectors such as leveraged finance and property, as well as tightening underwriting criteria. We have taken actions across major business areas with the intention to reduce losses if the environment continues to weaken.

As we enter the second half of 2008, the principal uncertainties relating to the performance of the wholesale portfolios are:

- Performance of the underlying collateral supporting US RMBS and related positions, which may deteriorate further
- The impact of a deeper or more prolonged economic downturn on our businesses in the UK, US, Spain and South Africa
- The potential for idiosyncratic losses in different sectors and geographies where credit positions are sensitive to economic downturn
- The potential for losses in respect of other market related exposures to counterparties in the financial services industry

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Further information regarding the credit risk profile of our wholesale and corporate portfolios may be found in the business reviews on pages 9 to 10 and 13 and 24, the summaries of credit market exposures on pages 30 to 40, the impairment review on pages 47 to 48 and the review of Risk Tendency on pages 53 to 54.

Retail Credit Risk

Retail credit risk conditions in a number of Barclays major markets have deteriorated since the start of 2008 as a rise in consumer prices and weaker housing markets have accompanied the effects of dislocation in the wholesale credit markets and slower economic growth.

In the UK, impairment charges in our credit card portfolio reduced. Average credit scores and vintage analysis indicate continued improvement in the quality of business written in during 2007. Overall delinquencies and charge-offs are lower than a year ago, although there is some evidence of deterioration in the second quarter. In the UK unsecured loan portfolios, overall delinquencies have been stable and charge-offs have declined slightly as a result of tighter underwriting criteria.

Home Finance delinquency and possession rates remain well below the Council of Mortgage Lenders industry average and losses remain contained by conservative loan to value (LTV) ratios. The average LTV on business written in the first half of the year was 51% and the average current valuation LTV on our stock of mortgages was 35%. For our residential Home Finance portfolio, 4% of our loans are above 85% LTV on an indexed basis. While there has been some increase in Home Finance delinquency following deterioration in the UK housing market, it remains low relative to historical levels at 0.97%. Our other secured lending portfolios are operating as expected, and are being managed to reduce exposure.

In response to the worsening economic environment in Spain, we have tightened lending criteria and increased collections activities. In the Home Finance portfolio, which comprises the large majority of retail balances, the average LTV on new business written in the first half of the year was 64% and we estimate the average current LTV on our mortgage stock to be 45%.

While delinquency in US credit cards has been affected by the weakening economy, credit actions taken towards the end of 2007 have raised new customer quality and improved recent vintage performance.

In Absa, credit conditions remain challenging, given the prolonged series of interest rate rises and inflationary pressures. The arrears rates for recent vintages of the cards portfolio have improved after the introduction of tighter controls during the past year. Delinquency in the secured portfolios has risen as the economy continues to weaken. In order to stabilise delinquency rates, underwriting criteria have been significantly tightened and collections investment increased. The average mark to market LTV on our mortgage stock stood at 44%.

As we enter the second half of the year, the principal uncertainties relating to the performance of the retail portfolios are:

- The impact of global inflationary pressure on household disposable income and the ability of consumers to service debt
- The possibility of rises in unemployment and a marked slowdown in the UK, US, Spanish and South African economies
- The impact of further, sustained falls in house prices in the UK, Spain and South Africa
- The reduced availability of credit in mortgage markets, leading to further declines in property values

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Risk Management

The second half outlook for the South African and Spanish retail credit environments is expected to be challenging with macroeconomic indicators suggesting further weakening. The US portfolio will also be affected by a more difficult environment. While we expect the less favourable economic environment in the UK to continue in the second half of the year, the credit market dislocation has constrained the competitive position of some other financial institutions and Barclays is well-positioned to continue to provide financing to customers.

Further information regarding credit risk profile of our retail portfolios may be found in the business reviews on pages 7 to 8, 11 to 12, 13 to 18 and 23 to 24, the impairment review on pages 47 to 48 and the review of Risk Tendency on pages 53 to 54.

Market Risk

Volatility across financial markets increased due to the continuation of the credit market dislocation, high global inflation brought on by higher commodity prices, especially oil, and recessionary concerns for the western economies.

Against this background, Barclays Capital's market risk exposure, as measured by average total Daily Value at Risk (DVaR), increased 30% to £58m compared with the second half of 2007 and increased 48% compared with the first half. This was mainly due to increases in interest rate positions and higher market volatility within the credit spread and interest rate DVaR. Average daily trading revenue of £26m was 29% higher than the second half of 2007, in line with the increase in DVaR. Further discussion of traded market risk is set out on page 55.

As we enter the second half of the year, the principal uncertainties which may impact our market risk relate to volatility in interest rates, commodities, credit spreads, equity prices and foreign exchange rates. Some of these markets are also experiencing periods of reduced liquidity, creating the potential for significant price adjustments and instability in the historical correlation across risk factors.

Liquidity Risk

Despite a continued lack of term liquidity relative to overall demand, and constrained securitisation and covered bond markets, the Group's liquidity position has remained strong and stable and we have improved the overall term of our wholesale liabilities due to the diverse range of funding sources in terms of geography, currency and counterparty. Retail and commercial deposits continue to grow. In the UK and Europe, the Group continues to be able to fund its retail and commercial assets without recourse to wholesale markets. Given our limited reliance on securitisation as a source of funding, we do not regard uncertainty over the securitisation markets as likely to impact our liquidity risk profile in the second half of the year.

Legal Risk and Regulatory Compliance Risk

These risks affect the Group through the extensive range of legal obligations, regulations and codes in force in the territories in which the Group operates. The principal uncertainties regarding these risks are further discussed on pages 89 to 91.

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Barclays Capital Credit Market Exposures

Barclays Capital's credit market exposures resulted in net losses of £1,979m in the first half of 2008, due to continuing dislocation in the credit markets. The net losses, which included £1,108m in impairment charges, comprised: £875m against ABS CDO Super Senior exposures; and £1,956m against other credit market exposures; partially offset by gains of £852m from the general widening of credit spreads on issued notes measured at fair value through the profit and loss account.

The credit market dislocation resulted in losses in the following categories:

	Notes	Pro-forma ¹	Net Exposures	
		As at 30.06.08 £m	As at 31.12.07 £m	As at 30.06.07 £m
ABS CDO Super Senior	A	3,229	4,671	7,432
Other US sub-prime				
– Other US sub-prime		3,258	5,037	6,046
– Whole loan sales post period end		(828)	—	—
Net Other US sub-prime	B	2,430	5,037	6,046
Alt-A	C	3,510	4,916	3,760
Monoline insurers	D	2,584	1,335	140
SIVs and SIV-Lites	E	429	784	1,617
Commercial mortgages	F	10,988	12,399	8,282
Leveraged finance				
– Net lending and commitments		7,326	7,368	7,317
– Contingent repayment		(2,306)	—	—
Net leveraged finance	G	5,020	7,368	7,317

¹ The above table includes net exposures as at 30th June 2008 less reductions to US sub-prime and leveraged finance totalling £3,134m that are expected to complete in the second half of 2008.

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A. ABS CDO Super Senior

Net ABS CDO Super Senior exposures were £3,229m (31st December 2007: £4,671m). Net exposures are stated after writedowns and charges of £875m incurred in 2008 (2007: £1,412m) and hedges of £204m (31st December 2007: £1,347m).

ABS CDO Super Senior high grade exposure of £3,055m comprised liquidity facilities which were fully drawn and classified within loans and receivables. ABS CDO Super Senior mezzanine exposure of £378m (£174m net of hedges) comprised undrawn commitments. The marks applied to the notional collateral are set out in the table below:

	As at 30.06.08			Marks
	High Grade £m	Mezzanine £m	Total £m	1 %
Mix of ABS Super Senior Notional Collateral				
2005 and earlier	942	364	1,306	76%
2006	576	31	607	30%
2007 and 2008	18	33	51	49%
Sub-prime	1,536	428	1,964	61%
2005 and earlier	677	63	740	83%
2006	461	41	502	78%
2007 and 2008	45	8	53	56%
Alt-A	1,183	112	1,295	80%
Prime	584	73	657	98%
RMBS CDO	317	51	368	0%
Sub-prime second lien	118	—	118	0%
Total RMBS	3,738	664	4,402	65%
CMBS	122	112	234	87%
Non-RMBS CDO	423	18	441	54%
CLOs	26	18	44	76%
Other ABS	75	35	110	58%
Total other ABS	646	183	829	65%
Total notional collateral	4,384	847	5,231	66%
Subordination	(462)	(293)	(755)	
Gross exposure pre impairment	3,922	554	4,476	
Impairment	(867)	(176)	(1,043)	
Hedges	—	(204)	(204)	
Net exposure	3,055	174	3,229	
Collateral marks including liquidated structures				44%

1 Marks above reflect the gross exposure after impairment and subordination and do not include the benefit of hedges

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A. ABS CDO Super Senior (continued)

ABS CDO Super Senior high grade and mezzanine exposure as at 31st December 2007 included exposures which contained or comprised a derivative at inception. These derivative exposures, which were measured at fair value through profit and loss, were liquidated or consolidated in 2008. The notional collateral of ABS CDOs liquidated or consolidated in 2008 was £4.3bn.

Collateral and hedges related to liquidated and consolidated exposures remaining at 30th June 2008 is stated at fair value net of hedges within 'Other US sub-prime' exposures below. The valuation for such collateral at 30th June 2008 is approximately 17%. The collateral valuation for all ABS CDO Super Senior deals, including those liquidated and consolidated in 2008, is approximately 44%.

Hedges of £204m (31st December 2007: £1,347m) comprise trades in the liquid index swap market with market counterparties. The counterparty exposure is managed through a standard derivative collateralisation process. None of the hedge counterparties are monoline insurers.

The collateral for the outstanding ABS CDO Super Senior exposures primarily comprises residential mortgage backed securities (RMBS). Within this the majority of the sub-prime and Alt-A collateral was originated in 2005 or earlier with minimal exposure to 2007 or later. The vintages of the sub-prime, Alt-A and US RMBS collateral are set out in the table below.

	As at 30.06.08	As at 31.12.07
Sub-prime Collateral by Vintage		
2005 and earlier	66%	54%
2006	31%	40%
2007 and 2008	3%	6%
Alt-A Collateral by Vintage		
2005 and earlier	57%	49%
2006	39%	40%
2007 and 2008	4%	11%
US RMBS Collateral by Vintage		
2005 and earlier	58%	52%
2006	39%	41%
2007 and 2008	3%	7%

RMBS collateral for the ABS CDO Super Senior exposures is subject to public ratings. The ratings of sub-prime, Alt-A and total RMBS CDO collateral as at 30th June 2008 are set out in the table below.

	High Grade	Mezzanine	Total
Sub-prime RMBS Ratings			
AAA/AA	51%	4%	40%
A/BBB	21%	66%	31%
Non-investment Grade	28%	30%	29%
Alt-A RMBS Ratings			
AAA/AA	85%	38%	81%
A/BBB	7%	31%	9%
Non-investment Grade	8%	31%	10%
Total RMBS Ratings			
AAA/AA	63%	17%	55%
A/BBB	16%	52%	22%
Non-investment Grade	21%	31%	23%

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B. Other US Sub-Prime

	Pro-forma ¹ 30.06.08 £m	As at 31.12.07 £m	Marks at 30.06.08	Marks at 31.12.07
Whole loans - performing	2,145	2,805	84%	100%
Whole loans - more than 60 days past due	272	372	50%	65%
Total whole loans	2,417	3,177	78%	94%
Sales post period end	(828)	—		
Net exposure	1,589	3,177	79%	94%
Securities (net of hedges) ²	89	637	42%	71%
Residuals	30	233	3%	24%
Other exposures with underlying sub-prime collateral:				
– Derivatives	290	333	93%	100%
– Loans/other	432	657	73%	100%
Total other direct and indirect exposure	841	1,860		
Total other US sub-prime	2,430	5,037		

The majority of other US sub-prime exposures are measured at fair value through profit and loss.

Whole loans included £2,279m (31st December 2007: £2,843m) acquired on or originated since the acquisition of EquiFirst in March 2007. Of this balance £253m of new loans were originated in 2008. At 30th June 2008 the average loan to value at origination of all of the sub-prime whole loans was 80%.

After the period end, sales have been contractually agreed that will reduce whole loan exposure by £828m. These sales have been made in line with period end marks. In the six months to 30th June 2008 there were net sales, paydowns of collateral and movements in hedges and in US sub-prime collateral of liquidated and consolidated ABS CDO Super Senior structures of approximately £880m.

Included above are senior AAA securities of £44m (31st December 2007: £57m) held by consolidated conduits on which a mark to market loss of £10m has been recognised in equity in the six months to 30th June 2008 (2007: £nil). This is expected to reverse over time. The securities have protection provided by subordination of 32%.

Exposure is stated net of hedges traded in the liquid index swap market with market counterparties. The counterparty exposure is managed through a standard derivative collateralisation process and none of the hedge counterparties are monoline insurers.

Other exposures with underlying sub-prime collateral include counterparty derivative exposures to vehicles which hold sub-prime collateral. The majority of this exposure is the most senior obligation of the vehicles.

¹ Pro-forma exposure represents net exposures as at 30th June 2008 less material sales agreed in July

² Marks based on gross collateral

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C. Alt-A

Net exposure to the Alt-A market was £3,510m (31st December 2007: £4,916m), through a combination of whole loans, securities and residuals held on the balance sheet, including those held in consolidated conduits.

	As at 30.06.08 £m	As at 31.12.07 £m	Marks at 30.06.08	Marks at 31.12.07
AAA securities	2,322	3,442	69%	87%
Other Alt-A securities	149	208	30%	75%
Whole Loans	716	909	80%	97%
Residuals	13	25	40%	66%
Other exposures with underlying Alt-A collateral:				
– Derivatives	184	221	100%	100%
– Loans/other	126	111	76%	97%
Total	3,510	4,916		

Alt-A securities, whole loans and residuals are measured at fair value through profit and loss. Alt-A securities held in conduits are categorised as available for sale.

Included above are senior AAA securities of £598m (31st December 2007: £823m) held by consolidated conduits on which a mark to market loss of £132m has been recognised in equity in the six months to 30th June 2008 (2007: £nil). This is expected to reverse over time. The securities have protection provided by subordination of 22%.

At 30th June 2008, 94% of the Alt-A whole loan exposure was performing, and the average loan to value ratio at origination was 81%.

In the six months to 30th June 2008 there were net sales, paydowns of collateral and movements in Alt-A collateral of liquidated and consolidated ABS CDO Super Senior structures of approximately £530m.

Other exposures with underlying Alt-A collateral include counterparty derivative exposures to vehicles which hold Alt-A collateral. The majority of this exposure is the most senior obligation of the vehicle.

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D. Monoline Insurers

Assets are held with insurance protection or other credit enhancements from monoline insurers. Declines in fair value of the underlying assets are reflected in increases in the value of potential claims on monoline insurers. These are measured at fair value through profit and loss.

The net exposure to monoline insurers under these contracts increased to £2,584m by 30th June 2008 (31st December 2007: £1,335m) reflecting declines in fair value of the underlying asset on existing contracts. There have been no claims due under these contracts as none of the underlying assets were in default at 30th June 2008.

At 30th June 2008, 67% of the underlying assets comprised collateralised loan obligations (CLOs), 9% US RMBS and 24% other collateral, primarily US CMBS.

	As at 30.06.2008				
	Fair Value of				
	Notional £m	Underlying Asset £m	Gross Exposure £m	Total Write-downs £m	Net Exposure £m
Exposure by Credit Rating of Monoline Insurer					
AAA/AA	10,738	9,587	1,151	(98)	1,053
A/BBB	5,592	4,193	1,399	(242)	1,157
Non-investment grade	5,151	4,684	467	(93)	374
Total	21,481	18,464	3,017	(433)	2,584

	As at 31.12.07				
	Fair Value of				
	Notional £m	Underlying Asset £m	Gross Exposure £m	Total Write-downs £m	Net Exposure £m
Exposure by Credit Rating of Monoline Insurer					
AAA/AA	21,573	20,179	1,394	(59)	1,335

The notional value of the assets wrapped with insurance protection are set out below, analysed by the current rating of the monoline. Of the US RMBS assets, 97% are protected by monolines with investment grade ratings as at 30th June 2008.

	Rating of Monoline Insurer As at 30.06.08			
	Non-investment			
	AAA/AA £m	A/BBB £m	grade £m	Total £m
Notional Assets Wrapped by Monoline Insurers				
2005 and earlier	112	—	—	112
2006	359	562	—	921
2007 and 2008	—	374	—	374
High Grade	471	936	—	1,407
Mezzanine - 2005 and earlier	—	508	63	571
CDO² - 2005 and earlier	38	—	—	38
US RMBS	509	1,444	63	2,016
CMBS	50	2,392	311	2,753
CLOs	8,801	1,050	4,556	14,407
Other	1,378	706	222	2,306
Total	10,738	5,592	5,152	21,482

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E. SIVs/SIV-Lites

	As at 30.06.08 £m	As at 31.12.07 £m	Marks at 30.06.08 %	Marks at 31.12.07 %
SIVs/SIV-lites				
Drawn liquidity facilities	150	167		
Undrawn liquidity facilities	26	299		
Total liquidity facilities ¹	176	466	78%	100%
Bond inventory and derivatives ²	253	318	23%	37%
Total	429	784		

Loans and advances to customers included £176m (31st December 2007: £466m) of drawn and undrawn liquidity facilities in respect of SIV-lites and other structured investment vehicles. In the six months to June 30th 2008, £240m undrawn SIV liquidity facilities were cancelled.

Drawn liquidity facilities are classified as loans and receivables and are stated at cost less impairment. Undrawn liquidity facilities are included in commitments. The remainder of the exposure is fair valued through profit and loss.

¹ Marks above reflect the exposure after impairment

² Marks above relate to bond inventory only

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F. Commercial Mortgages

Exposures in Barclays Capital's commercial mortgages portfolio, all of which are measured at fair value, comprised commercial real estate exposure of £10,354m (31st December 2007: £11,103m) and commercial mortgage-backed securities (CMBS) of £634m (31st December 2007: £1,296m).

The commercial real estate loan exposure comprises 54% US, 43% Continental Europe and UK and 3% Asia. Of the total exposure 92% is tenanted; 4% relates to land or property under construction.

The US exposure includes two large facilities which comprise 45% of the total US exposure. These facilities have paid down approximately £390m in the first half of 2008. The remaining 55% of the US exposure comprises 86 facilities.

The UK and Continental European portfolio is well diversified with 76 facilities in place at 30th June 2008. In Europe protection is provided by loan covenants and annual LTV retests, which cover 90% of the portfolio. Of the Continental European exposure 61% relates to Germany. Exposure to the Spanish market represents less than 1% of total exposure at 30th June 2008.

At the start of the year exposure increased through additional drawdowns on facilities. Exposure subsequently declined following sales and paydowns of approximately £870m in the UK and Continental Europe and £880m in the US.

	As at 30.06.08 £m	As at 31.12.07 £m	Marks at 30.06.08 %	Marks at 31.12.07 %
Commercial Real Estate Exposure by Region				
US	5,558	5,947	96%	99%
Germany	2,153	1,783	98%	100%
Sweden	269	250	100%	100%
France	226	289	95%	100%
Switzerland	137	127	98%	100%
Spain	92	89	97%	100%
Other Continental Europe	656	779	97%	100%
UK	925	1,422	97%	100%
Asia	338	417	99%	100%
Total	10,354	11,103		

	WALTV 1	WAM ²	WALA 3
Commercial Real Estate Exposure Metrics			
US	68.1%	1.7 yrs	1.1 yrs
Continental Europe	80.0%	5.0 yrs	1.2 yrs
UK	70.1%	6.3 yrs	1.3 yrs
Asia	81.3%	6.8 yrs	0.8 yrs

1 Weighted-average loan-to-value based on the most recent valuation

2 Weighted-average number of years to initial maturity

3 Weighted-average loan age

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F. Commercial Mortgages (continued)

	As at 30.06.08				
	Continental				
	US £m	Europe £m	UK £m	Asia £m	Total £m
Commercial Real Estate Exposure by Industry					
Office	2,708	1,191	212	95	4,206
Residential	1,271	1,103	248	85	2,707
Retail	93	554	134	85	866
Hotels	751	391	35	21	1,198
Leisure	—	—	258	—	258
Land	138	—	—	—	138
Industrial	466	213	38	12	729
Mixed/Others	241	81	—	40	362
Hedges	(110)	—	—	—	(110)
Total	5,558	3,533	925	338	10,354

	Marks at		Marks at	
	As at 30.06.08 £m	As at 31.12.07 £m	30.06.08 1 %	31.12.07 1 %
Commercial Mortgage Backed Securities (net of hedges)				
AAA securities	543	1,008		
Other securities	91	288		
Total	634	1,296	68%	98%

Exposure is stated net of hedges traded in the liquid index swap market with market counterparties. The counterparty exposure is managed through a standard derivative collateralisation process and none of the hedge counterparties are monoline insurers.

1 Marks are based on gross collateral

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G. Leveraged Finance

At 30th June 2008, the exposure relating to leveraged finance loans was £9,217m (31st December 2007: £9,217m). This includes original targeted holds at commitment date of £1,722m (31st December 2007: £1,659m). Barclays Capital expects to hold these leveraged finance positions until redemption.

Leveraged loans are classified within loans and receivables and are stated at amortised cost less impairment. The credit performance of the assets remains satisfactory.

	Pro-forma ¹ 30.06.08 £m	As at 31.12.07 £m
Leveraged Finance Exposure by Region		
UK	4,436	4,401
US	2,961	3,037
Europe	1,609	1,568
Asia	211	211
Total lending and commitments	9,217	9,217
Original targeted hold	(1,722)	(1,659)
Unrecognised fees	(169)	(190)
Net lending and commitments	7,326	7,368
Contingent repayment	(2,306)	—
Net exposure	5,020	7,368

The industry classification of the exposure was as follows:

	As at 30.06.08			As at 31.12.07		
	Drawn £m	Undrawn £m	Total £m	Drawn £m	Undrawn £m	Total £m
Leveraged Finance Exposure by Industry						
Insurance	2,389	147	2,536	2,456	78	2,534
Telecoms	2,192	222	2,414	2,259	240	2,499
Retail	834	142	976	828	132	960
Healthcare	604	159	763	577	141	718
Media	489	130	619	469	127	596
Services	487	172	659	388	134	522
Manufacture	385	97	482	371	125	496
Chemicals	287	37	324	46	286	332
Other	211	233	444	233	327	560
Total	7,878	1,339	9,217	7,627	1,590	9,217

New leveraged finance commitments originated after 30th June 2007 comprised £1,275m (31st December 2007: £1,148m).

¹ Pro-forma represents exposures as at 30th June 2008 less leveraged finance loans of £2,306m that have become subject to an announced intention to be repaid at par. This transaction is contingent upon regulatory approvals and is likely to be completed in the fourth quarter of 2008.

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Own Credit

The carrying amount of issued notes that are designated under the IAS 39 fair value option is adjusted to reflect the effect of changes in own credit spreads. The resulting gain or loss is recognised in the income statement.

At 30th June 2008, the own credit adjustment arose from the fair valuation of £48.1bn of Barclays Capital structured notes (31st December 2007: £40.7bn). The widening of Barclays credit spreads in the first half of 2008 affected the fair value of these notes and as a result revaluation gains of £852m were recognised in trading income. Of this, £703m was recognised in the first quarter of 2008.

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Valuation of Financial Instruments

Some of the Group's financial instruments are carried at fair value through profit or loss such as those held for trading, designated by management under the fair value option and non-cash flow hedging derivatives. Other non-derivative financial assets may be designated as available for sale. Available for sale financial investments are initially recognised at fair value and are subsequently held at fair value. Gains and losses arising from changes in fair value of such assets are included as a separate component of equity.

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

Valuation Methodology

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

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

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

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

To the extent that valuation is based on models or inputs that are not observable in the market, the determination of fair value can be more subjective, dependent on the significance of the unobservable input to the overall valuation. Unobservable inputs are determined based on the best information available, for example by reference to similar assets, similar maturities, appropriate proxies, or other analytical techniques. The effect of changing the assumptions for those financial instruments for which the fair values were measured using valuation techniques that are determined in full or in part on assumptions that are not supported by observable inputs to a range of reasonably possible alternative assumptions, would be to provide a range of £1.6bn (31st December 2007: £1.2bn) lower to £1.9bn (31st December 2007: £1.5bn) higher than the fair values recognised in the financial statements.

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

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Risk Management

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

Corporate Bonds

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

Mortgage Whole Loans

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

Commercial Mortgage Backed Securities and Asset Backed Securities

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

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

Collateralised Debt Obligations

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

Private Equity

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

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Derivatives

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

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

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

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

Derivatives where valuation involves a significant degree of judgement include:

Fund Derivatives

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

Commodity Derivatives

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

Structured Credit Derivatives

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

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Off-Balance Sheet Arrangements

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

Guarantees

The Group issues guarantees on behalf of its customers. In the majority of cases, the Group will hold collateral against the exposure, have a right of recourse to the customer or both. In addition, the Group issues guarantees on its own behalf. The main types of guarantees provided are: financial guarantees given to banks and financial institutions on behalf of customers to secure loans; overdrafts; and other banking facilities, including stock borrowing indemnities and standby letters of credit. Other guarantees provided include performance guarantees, advance payment guarantees, tender guarantees, guarantees to Her Majesty's Revenue and Customs and retention guarantees.

Loan Commitments

The Group enters into commitments to lend to its customers subject to certain conditions. Such loan commitments are made either for a fixed period, or are cancellable by the Group subject to notice conditions.

Special Purpose Entities

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

Transactions with SPEs take a number of forms, including:

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

Direct investment in the notes issued by SPEs.

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

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

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

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Collateralised Debt Obligations

The Group has structured and underwritten CDOs. At inception, the Group's exposure principally takes the form of a liquidity facility provided to support future funding difficulties or cash shortfalls in the vehicles. If required by the vehicle, the facility is drawn with the amount advanced included within loans and advances in the balance sheet. Upon an event of default or other triggering event, the Group may acquire control of a CDO and, therefore, be required to fully consolidate the vehicle for accounting purposes. The potential for transactions to hit default triggers has been assessed and included in the determination of impairment charges and other credit provisions.

Structured Investment Vehicles (SIVs)

The Group has not structured or managed SIVs.

SIV-Lites

The Group structures and helps to underwrite SIV-Lite transactions. The Group is not involved in their ongoing management.

Commercial Paper and Medium-term Note Conduits

The Group provides undrawn backstop liquidity facilities to its own sponsored commercial paper conduits. The Group fully consolidates these entities such that the underlying assets are reflected on the Group balance sheet.

Asset Securitisations

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

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

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Impairment Charges and Other Credit Provisions

	Half Year Ended		
	30.06.08 £m	31.12.07 £m	30.06.07 £m
Impairment charges on loans and advances	1,933	1,343	963
Charges/(release) in respect of undrawn facilities and guarantees	328	480	(4)
Impairment charges on loans and advances and other credit provisions	2,261	1,823	959
Impairment charges on reverse repurchase agreements	103	—	—
Impairment charges on available for sale assets	84	13	—
Impairment charges and other credit provisions	2,448	1,836	959

Impairment charges and other credit provisions on ABS CDO Super Senior and other credit market exposures included above:

	Half Year Ended		
	30.06.08 £m	31.12.07 £m	30.06.07 £m
Impairment charges on loans and advances	663	300	—
Charges in respect of undrawn facilities	322	469	—
Impairment charges on loans and advances and other credit provisions on ABS CDO Super Senior and other credit market exposures	985	769	—
Impairment charges on reverse repurchase agreements	53	—	—
Impairment charges on available for sale assets	70	13	—
Impairment charges and other credit provisions on ABS CDO Super Senior and other credit market exposures	1,108	782	—

Impairment charges and other credit provisions increased £1,489m to £2,448m (2007: £959m).

Impairment charges on loans and advances and other credit provisions increased £1,302m to £2,261m (2007: £959m) reflecting charges of £985m against ABS CDO Super Senior and other credit market exposures and increased impairment in the international portfolios within Global Retail and Commercial Banking. Total loans and advances grew 24% to £454,857m (30th June 2007: £367,711m). As a result impairment charges on loans and advances and other credit provisions as a percentage of period end Group total loans and advances increased to 0.99% (2007: 0.52%).

In the retail portfolios, impairment charges on loans and advances and other credit provisions rose 23% (£185m) to £985m (2007: £800m) principally as a consequence of increased impairment in the international portfolios, whilst total loans and advances increased 19% to £175,397m (30th June 2007: £147,730m). As a result impairment charges as a percentage of period end total loans and advances increased to 1.12% (2007: 1.08%).

In the wholesale and corporate portfolios, impairment charges on loans and advances and other credit provisions rose £1,117m to £1,276m (2007: £159m) whilst total loans and advances increased 27% to £279,460m (30th June 2007: £219,981m). As a result impairment charges as a percentage of period end total loans and advances increased to 0.91% (2007: 0.14%).

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Impairment Charges and Other Credit Provisions (continued)

Global Retail and Commercial Banking

Impairment charges in **UK Retail Banking** increased 4% (£11m) to £288m (2007: £277m), reflecting growth in the book and current economic conditions. In UK Home Finance, whilst mortgage delinquencies as a percentage of outstanding balances increased from 0.91% to 0.97%, impairment charges and amounts charged off remained low.

The impairment charge in **Barclays Commercial Bank** increased 19% (£24m) to £148m (2007: £124m) reflecting higher impairment losses in Larger Business partially offset by a reduction in incurred but not individually identified impairment. There was a small increase in impairment as a percentage of period-end loans and advances to customers to 0.44% (2007: 0.41%).

Impairment charges in **Barclaycard** increased 10% (£42m) to £477m (2007: £435m), reflecting £77m growth in charges in the international businesses and £27m from the inclusion of Goldfish. These factors were partially offset by £62m lower impairment in the UK businesses with reduced flows into delinquency and lower levels of arrears.

Impairment charges in **Global Retail and Commercial Banking - Western Europe** increased £71m to £103m (2007: £32m) principally due to higher charges in the Spanish commercial portfolios as a consequence of a rapid slowdown in the property and construction sectors.

Impairment charges in **Global Retail and Commercial Banking - Emerging Markets** increased £54m to £66m (2007: £12m) reflecting asset growth, particularly in India, and increased wholesale impairment in Africa.

Impairment charges in **Global Retail and Commercial Banking - Absa** increased £69m to £125m (2007: £56m) as a result of rising delinquency levels in the retail portfolios, which have been impacted by rising interest and inflation rates and increasing consumer indebtedness.

Investment Banking and Investment Management

Barclays Capital impairment charges and other credit provisions of £1,226m (2007: £10m) included a charge of £1,108m against ABS CDO Super Senior and other credit market positions. Other impairment charges increased £108m to £118m (2007: £10m) primarily related to charges in the prime services and global loans business.

The impairment charge in **Barclays Wealth** rose £10m to £12m (2007: £2m) from a very low base.

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Allowance for Impairment on Loans and Advances

	As at 30.06.08 £m	As at 31.12.07 £m	As at 30.06.07 £m
At beginning of period	3,772	3,277	3,335
Acquisitions and disposals	97	2	(75)
Exchange and other adjustments	(26)	59	(6)
Unwind of discount	(63)	(60)	(53)
Amounts written off	(911)	(952)	(1,011)
Recoveries	74	103	124
Amounts charged against profit	1,933	1,343	963
At end of period	4,876	3,772	3,277
Amounts Written Off			
United Kingdom	(670)	(710)	(820)
Other European Union	(55)	(97)	(46)
United States	(99)	(58)	(87)
Africa	(87)	(87)	(58)
Rest of the World	—	—	—
	(911)	(952)	(1,011)
Recoveries			
United Kingdom	61	61	93
Other European Union	(1)	25	7
United States	—	(1)	8
Africa	13	19	15
Rest of the World	1	(1)	1
	74	103	124
New and Increased Impairment Allowances			
United Kingdom	998	1,019	941
Other European Union	176	107	85
United States	757	349	82
Africa	207	157	111
Rest of the World	58	16	4
	2,196	1,648	1,223
Less: Releases of Impairment Allowance			
United Kingdom	(118)	(131)	(82)
Other European Union	(44)	(26)	(11)
United States	(8)	(29)	(21)
Africa	(13)	(11)	(9)
Rest of the World	(6)	(5)	(13)
	(189)	(202)	(136)
Recoveries	(74)	(103)	(124)
Total impairment charges on loans and advances	1,933	1,343	963
	£m	£m	£m
Allowance			
United Kingdom	2,785	2,526	2,396
Other European Union	449	344	334
United States	1,007	356	72
Africa	552	514	452
Rest of the World	83	32	23
At end of period	4,876	3,772	3,277

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Potential Credit Risk Loans

	As at 30.06.08 £m	As at 31.12.07 £m	As at 30.06.07 £m
Impaired Loans			
Loans and advances	6,498	5,230	4,693
ABS CDO Super Senior	3,922	3,344	—
SIV and SIV-lites	150	—	—
	10,570	8,574	4,693
Accruing loans which are contractually overdue			
90 days or more as to principal or interest	813	794	598
Impaired and restructured loans	378	273	61
Total credit risk loans	11,761	9,641	5,352
Potential Problem Loans			
Loans and advances	1,467	846	735
ABS CDO Super Senior	—	801	—
SIV and SIV-lites	—	150	—
	1,467	1,797	735
Total potential credit risk loans	13,228	11,438	6,087

Geographical Split

Impaired Loans			
United Kingdom	3,764	3,605	3,548
Other European Union	805	472	456
United States	4,599	3,703	76
Africa	1,310	757	589
Rest of the World	92	37	24
Total	10,570	8,574	4,693
Accruing Loans Which are Contractually Overdue 90 days or more as to principal or interest			
United Kingdom	661	676	508
Other European Union	82	79	61
United States	12	10	4
Africa	57	29	25
Rest of the World	1	—	—
Total	813	794	598

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Risk Management

Potential Credit Risk Loans (continued)

	As at 30.06.08 £m	As at 31.12.07 £m	As at 30.06.07 £m
Impaired and Restructured Loans			
United Kingdom	311	179	3
Other European Union	14	14	12
United States	52	38	28
Africa	1	42	18
Rest of the World	—	—	—
Total	378	273	61
Total Credit Risk Loans			
United Kingdom	4,736	4,460	4,059
Other European Union	901	565	529
United States	4,663	3,751	108
Africa	1,368	828	632
Rest of the World	93	37	24
Total	11,761	9,641	5,352
Potential Problem Loans			
United Kingdom	936	419	409
Other European Union	366	59	23
United States	18	964	9
Africa	143	355	271
Rest of the World	4	—	23
Total	1,467	1,797	735
Total Potential Credit Risk Loans			
United Kingdom	5,672	4,879	4,468
Other European Union	1,267	624	552
United States	4,681	4,715	117
Africa	1,511	1,183	903
Rest of the World	97	37	47
Total	13,228	11,438	6,087

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Risk Management

Potential Credit Risk Loans (continued)

	As at 30.06.08 %	As at 31.12.07 %	As at 30.06.07 %
Allowance Coverage of Total Credit Risk Loans			
United Kingdom	58.8	56.6	59.0
Other European Union	49.8	60.9	63.1
United States	21.6	9.5	66.7
Africa	40.4	62.1	71.5
Rest of the World	89.2	86.5	95.8
Total	41.5	39.1	61.2
	%	%	%
Allowance Coverage of Total Potential Credit Risk Loans			
United Kingdom	49.1	51.8	53.6
Other European Union	35.4	55.1	60.5
United States	21.5	7.6	61.5
Africa	36.5	43.4	50.0
Rest of the World	85.6	86.5	48.9
Total	36.9	33.0	53.8
	%	%	%
Allowance Coverage of Credit Risk Loans			
Retail	52.1	55.8	61.4
Wholesale and corporate	32.1	24.9	60.9
Total	41.5	39.1	61.2
Total Excluding ABS CDO Super Senior Exposure	52.3	55.6	61.2
	%	%	%
Allowance Coverage of Total Potential Credit Risk Loans			
Retail	48.7	51.0	55.6
Wholesale and corporate	27.4	19.7	49.7
Total	36.9	33.0	53.8
Total Excluding ABS CDO Super Senior Exposure	43.9	49.0	53.8

Allowance coverage of credit risk loans and of potential credit risk loans excluding the drawn ABS CDO Super Senior exposure decreased to 52.3% (31st December 2007: 55.6%) and 43.9% (31st December 2007: 49.0%), respectively. The decrease in these ratios reflected a change in the mix of credit risk loans and potential credit risk loans as secured retail and wholesale and corporate exposure, where the recovery outlook is relatively high, increased as a proportion of credit risk loans and potential credit risk loans.

Additional protection on ABS CDO Super Senior credit risk loans was provided by subordination and hedges.

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Risk Tendency

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

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

	Half Year Ended		
	30.06.08	31.12.07	30.06.07
	£m	£m	£m
UK Retail Banking	495	470	580
Barclays Commercial Bank	360	305	290
Barclaycard	1,115	955	975
GRCB - Western Europe	185	135	105
GRCB - Emerging Markets	240	140	50
GRCB - Absa	195	190	185
Barclays Capital	200	140	110
Barclays Wealth	15	10	10
Head Office Functions and Other Operations	5	10	5
	2,810	2,355	2,310

Risk Tendency increased 19% (£455m) to £2,810m (31st December 2007: £2,355m), broadly in line with the 17% growth in the Group's loans and advances balances.

UK Retail Banking Risk Tendency increased £25m to £495m (31st December 2007: £470m). This reflected a higher risk profile in the unsecured loans portfolios and asset growth.

Risk Tendency in **Barclays Commercial Bank** increased £55m to £360m (31st December 2007: £305m). This reflected asset growth and deterioration in credit conditions.

Barclaycard Risk Tendency increased £160m to £1,115m (31st December 2007: £955m) primarily reflecting the inclusion of the Goldfish portfolio, an increase in the international portfolio and a deterioration in credit conditions in Barclaycard US and secured loans portfolios.

Risk Tendency at **GRCB - Western Europe** increased £50m to £185m (31st December 2007: £135m) principally reflecting balance sheet growth and weaker credit conditions.

Risk Tendency at **GRCB - Emerging Markets** increased £100m to £240m (31st December 2007: £140m) reflecting asset growth and a change in the risk profile following a broadening of the product offering through new product launches and new market entry in India and UAE.

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Risk Management

Risk Tendency (continued)

Risk Tendency at **GRCB - Absa** increased £5m to £195m (31st December 2007: £190m) reflecting a continued weakening of retail credit conditions in South Africa and asset growth in Rand terms largely offset by a movement in the Rand/Sterling exchange rate.

Risk Tendency in **Barclays Capital** increased £60m to £200m (31st December 2007: £140m) reflecting asset growth and credit downgrades. The drawn liquidity facilities on ABS CDO Super Senior positions are classified as credit risk loans and therefore no Risk Tendency is calculated on them.

Risk Tendency at **Barclays Wealth** increased £5m to £15m (31st December 2007: £10m) reflecting the transfer of a number of assets from GRCB - Western Europe.

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Market Risk

Market Risk is the risk that Barclays earnings or capital, or its ability to meet business objectives, will be adversely affected by changes in the level or volatility of market rates or prices such as interest rates, credit spreads, commodity prices, equity prices and foreign exchange rates.

Barclays Capital's market risk exposure, as measured by average total Daily Value at Risk (DVaR), increased to £58.0m in the first half of 2008. This was mainly due to increases in interest rate positions and higher market volatility within the credit spread and interest rate DVaR.

Barclays Capital's DVaR as at 30th June 2008 was £61.2m (31st December 2007: £53.9m).

Analysis of Barclays Capital's Market Risk Exposures

The daily average, maximum and minimum values of DVaR were calculated as below:

	Half Year Ended 30.06.08		
	Average £m	High ¹ £m	Low ¹ £m
Interest rate risk	37.9	58.3	27.9
Credit spread risk	37.7	41.9	32.0
Commodity risk	23.7	29.6	18.7
Equity risk	9.7	12.9	6.7
Foreign exchange risk	5.3	9.0	2.9
Diversification effect	(56.3)	n/a	n/a
Total DVaR	58.0	73.3	49.2

	Half Year Ended 31.12.07		
	Average £m	High ¹ £m	Low ¹ £m
Interest rate risk	20.2	33.3	12.6
Credit spread risk	29.3	43.3	16.1
Commodity risk	20.9	24.8	17.4
Equity risk	12.3	17.6	9.8
Foreign exchange risk	5.4	9.6	3.2
Diversification effect	(43.4)	n/a	n/a
Total DVaR	44.6	59.3	38.4

	Half Year Ended 30.06.07		
	Average £m	High ¹ £m	Low ¹ £m
Interest rate risk	19.7	27.2	13.0
Credit spread risk	20.4	28.1	14.6
Commodity risk	19.5	27.2	14.8
Equity risk	10.1	15.3	7.3
Foreign exchange risk	4.3	6.7	2.9
Diversification effect	(34.7)	n/a	n/a
Total DVaR	39.3	47.1	33.1

¹ The high (and low) DVaR figures reported for each category did not necessarily occur on the same day as the high (and low) DVaR reported as a whole. Consequently a diversification effect number for the high (and low) DVaR figures would not be meaningful and it is therefore omitted from the above table.

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Regulatory Capital

Capital Ratios

	As at 30.06.08 Basel II £m	As at 31.12.07 Basel II £m	As at 30.06.07 Basel I £m
Risk Weighted Assets			
Credit risk	239,767	244,474	237,467
Counterparty risk	43,979	41,203	46,765
Market risk	40,462	39,812	33,811
Operational risk	28,531	28,389	—
Total risk weighted assets	352,739	353,878	318,043
Capital Resources			
Tier 1			
Called up share capital	1,642	1,651	1,637
Eligible reserves	22,603	22,939	21,323
Minority interests ¹	11,922	10,551	8,405
Tier 1 notes ²	902	899	887
Less: intangible assets	(8,063)	(8,191)	(7,757)
Less: deductions from Tier 1 capital	(1,306)	(1,106)	(26)
Total qualifying Tier 1 capital	27,700	26,743	24,469
Tier 2			
Revaluation reserves	25	26	24
Available for sale-equity gains	228	295	440
Collectively assessed impairment allowances	999	440	2,527
Minority interests	445	442	441
Qualifying subordinated liabilities: ³			
Undated loan capital	4,913	3,191	3,174
Dated loan capital	12,165	10,578	8,626
Less: deductions from Tier 2 capital	(1,306)	(1,106)	(26)
Total qualifying Tier 2 capital	17,469	13,866	15,206
Less: Regulatory Deductions			
Investments not consolidated for supervisory purposes	(523)	(633)	(947)
Other deductions	(194)	(193)	(1,276)
Total deductions	(717)	(826)	(2,223)
Total net capital resources	44,452	39,783	37,452
Equity Tier 1 ratio	5.0%	5.1%	5.3%
Tier 1 ratio	7.9%	7.6%	7.7%
Risk asset ratio	12.6%	11.2%	11.8%

¹ Includes equity minority interests of £1,526m (31st December 2007: £1,608m; 30th June 2007: £1,499m).

² Tier 1 notes are included in subordinated liabilities in the consolidated balance sheet.

³ Subordinated liabilities included in Tier 2 capital are subject to limits laid down in the regulatory requirements.

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Regulatory Capital

Reconciliation of Regulatory Capital

Capital is defined differently for accounting and regulatory purposes. A reconciliation of shareholders' equity for accounting purposes to called up share capital and eligible reserves for regulatory purposes is set out below:

	As at 30.06.08	As at 31.12.07	As at 30.06.07
	Basel II £m	Basel II £m	Basel I £m
Shareholders' equity excluding minority interests	22,289	23,291	20,973
Available for sale reserve	363	(154)	(238)
Cash flow hedging reserve	419	(26)	407
Adjustments to retained earnings			
Defined benefit pension scheme	1,099	1,053	1,261
Additional companies in regulatory consolidation and non-consolidated companies	(1)	(281)	(230)
Foreign exchange on RCIs and upper Tier 2 loan stock	420	478	533
Adjustment for own credit	(969)	(461)	—
Other adjustments	625	690	254
Called up share capital and eligible reserves for regulatory purposes	24,245	24,590	22,960

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Regulatory Capital

Total Assets

	As at 30.06.08 £m	As at 31.12.07 £m	As at 30.06.07 £m
UK Retail Banking	96,314	88,477	84,267
Barclays Commercial Bank	80,955	74,566	69,830
Barclaycard	24,278	22,121	20,362
GRCB - Western Europe	51,133	43,702	36,724
GRCB - Emerging Markets	11,380	9,188	6,323
GRCB - Absa	34,178	36,368	31,908
Barclays Capital	966,109	839,850	796,389
Barclays Global Investors	79,030	89,218	90,440
Barclays Wealth	17,749	18,188	16,663
Head Office Functions and Other Operations	4,528	5,683	5,356
	1,365,654	1,227,361	1,158,262

Total assets increased 11% to £1,365.7bn (31st December 2007: £1,227.4bn).

UK Retail Banking total assets increased 9% to £96.3bn (31st December 2007: £88.5bn). This was mainly attributable to growth in mortgage balances.

Barclays Commercial Bank total assets grew 9% to £81.0bn (31st December 2007: £74.6bn) driven by growth across lending products.

Barclaycard total assets increased 10% to £24.3bn (31st December 2007: £22.1bn) primarily driven by the acquisition of Goldfish and increases in international assets.

GRCB - Western Europe total assets grew 17% to £51.1bn (31st December 2007: £43.7bn). This growth was mainly driven by increases in retail mortgages and unsecured lending.

GRCB - Emerging Markets total assets grew 24% to £11.4bn (31st December 2007: £9.2bn) reflecting increases in retail and commercial lending.

GRCB - Absa total assets decreased 6% to £34.2bn (31st December 2007: £36.4bn) reflecting broad based asset growth, more than offset by the weakening of the Rand.

Barclays Capital total assets rose 15% to £966.1bn (31st December 2007: £839.9bn). This primarily reflected continuing volatility across various derivative indices, resulting in significant increases in grossed-up derivative positions. Excluding derivatives, assets decreased 4% to £566.8bn (31st December 2007: £592.3bn).

Barclays Global Investors total assets decreased 11% to £79.0bn (31st December 2007: £89.2bn), mainly attributable to adverse market movements in certain asset management products recognised as investment contracts.

Barclays Wealth total assets decreased 2% to £17.7bn (31st December 2007: £18.2bn) reflecting a fall in the value of unit linked insurance contracts partially offset by strong growth in lending to high net worth and intermediary clients.

Head Office Functions and Other Operations total assets decreased 21% to £4.5bn (31st December 2007: £5.7bn).

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Regulatory Capital

Risk Weighted Assets

	As at 30.06.08 Basel II £m	As at 31.12.07 Basel II £m	As at 30.06.07 Basel I £m
UK Retail Banking	30,855	30,540	42,498
Barclays Commercial Bank	62,991	62,056	51,106
Barclaycard	24,955	22,457	16,898
GRCB - Western Europe	29,170	25,084	20,370
GRCB - Emerging Markets	11,744	10,176	4,049
GRCB - Absa	15,400	17,213	20,692
Barclays Capital	163,352	172,974	152,467
Barclays Global Investors	4,413	4,266	1,616
Barclays Wealth	8,808	8,011	6,871
Head Office Functions and Other Operations	1,051	1,101	1,476
	352,739	353,878	318,043

Risk weighted assets remained flat at £352.7bn (31st December 2007: £353.9bn).

UK Retail Banking risk weighted assets increased by 1% to £30.9bn (31st December 2007: £30.5bn) with growth in mortgages partially offset by a reduction in operational risk.

Barclays Commercial Bank risk weighted assets increased 2% to £63.0bn (31st December 2007: £62.1bn). The increase in risk weighted assets was lower than asset growth, reflecting a relative increase in lower risk weighted portfolios.

Barclaycard risk weighted assets increased 11% to £25.0bn (31st December 2007: £22.5bn), primarily reflecting the acquisition of the Goldfish cards portfolio and redemption of securitisation transactions.

GRCB - Western Europe risk weighted assets increased 16% to £29.2bn (31st December 2007: £25.1bn), primarily reflecting underlying lending growth of 8% and the strengthening of the Euro.

GRCB - Emerging Markets risk weighted assets increased 15% to £11.7bn (31st December 2007: £10.2bn), reflecting asset growth and a change in the product mix.

GRCB - Absa risk weighted assets decreased 11% to £15.4bn (31st December 2007: £17.2bn), mainly due to weakening of the Rand.

Barclays Capital risk weighted assets decreased 6% to £163.4bn (31st December 2007: £173.0bn) due to changes in the asset class mix and the roll-out of Basel II models.

Barclays Global Investors risk weighted assets increased 3% to £4.4bn (31st December 2007: £4.3bn) mainly attributed to overall business growth.

Barclays Wealth risk weighted assets increased 10% to £8.8bn (31st December 2007: £8.0bn) driven by strong organic business growth, partially offset by increased benefit from collateral taken.

Head office functions risk weighted assets remained broadly stable at £1.1bn (31st December 2007: £1.1bn).

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Performance Management

Staff Numbers

	Half Year Ended		
	30.06.08	31.12.07	30.06.07
UK Retail Banking	30,700	30,700	33,900
Barclays Commercial Bank	10,000	9,200	7,900
Barclaycard	9,600	8,900	8,700
GRCB - Western Europe	10,200	8,800	7,600
GRCB - Emerging Markets	19,200	13,900	9,600
GRCB - Absa	38,700	35,800	33,100
Barclays Capital	16,300	16,200	15,700
Barclays Global Investors	3,700	3,400	3,100
Barclays Wealth	7,300	6,900	6,900
Head Office Functions and Other Operations	900	1,100	1,200
Total Group permanent and fixed term contract staff worldwide	146,600	134,900	127,700

Staff numbers are shown on a full-time equivalent basis. Total Group permanent and fixed term contract staff comprised 63,100 (31st December 2007: 61,900) in the UK and 83,500 (31st December 2007: 73,000) internationally.

UK Retail Banking headcount was stable at 30,700 (31st December 2007: 30,700).

Barclays Commercial Bank headcount increased 800 to 10,000 (31st December 2007: 9,200) reflecting increased investment in risk and operations infrastructure and new initiatives in product development and sales capability. Headcount at 31st December 2007 included 1,200 operations staff transferred from UK Retail Banking in the second half of 2007.

Barclaycard staff numbers increased 700 to 9,600 (31st December 2007: 8,900), primarily due to the acquisition of Goldfish.

GRCB - Western Europe staff numbers increased 1,400 to 10,200 (31st December 2007: 8,800), reflecting expansion of the retail distribution network.

GRCB - Emerging Markets staff numbers increased 5,300 to 19,200 (31st December 2007: 13,900) due to continued expansion of the business and investment in infrastructure.

GRCB - Absa staff numbers increased 2,900 to 38,700 (31st December 2007: 35,800), reflecting continued growth in the business and investment in collections capacity.

Barclays Capital staff numbers increased 100 to 16,300 (31st December 2007: 16,200) as Barclays Capital continues to invest selectively in key areas.

Barclays Global Investors staff numbers increased 300 to 3,700 (31st December 2007: 3,400). Headcount increased primarily in the support functions and iShares business, reflecting continued investment to support further growth.

Barclays Wealth staff numbers increased 400 to 7,300 (31st December 2007: 6,900) principally due to increased client facing professionals and a short-term increase in infrastructure staff to support transformation projects.

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Basis of Preparation

The condensed consolidated interim financial statements for the half year ended 30th June 2008 on pages 62 to 102 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34, 'Interim Financial Reporting' as published by the International Accounting Standards Board (IASB). They are also in accordance with IAS 34 as adopted by the European Union. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31st December 2007, which have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as published by the IASB. The annual financial statements are also prepared in accordance with IFRS as published by the IASB and IFRIC interpretations as adopted by the European Union.

The accounting policies adopted are consistent with those of the accounting policies described in the 2007 Annual report, except IFRS 8 'Operating Segments' has been adopted as at 1st January 2008. The standard was issued in November 2006 and excluding early adoption would first be required to be applied to the Group's accounting period beginning on 1st January 2009. The standard replaces IAS 14 'Segmental Reporting' and aligns operating segmental reporting with segments reported to senior management as well as requiring amendments and additions to the existing segmental reporting disclosures. The standard does not change the recognition, measurement or disclosure of specific transactions in the condensed consolidated interim financial statements but has impacted the segmental reporting as set out in note 34 on page 97.

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Consolidated Interim Income Statement (Unaudited)

		Half Year Ended		
	Notes	30.06.08 £m	31.12.07 £m	30.06.07 £m
Continuing Operations				
Interest income		13,356	13,271	12,037
Interest expense		(8,186)	(8,250)	(7,448)
Net interest income	1	5,170	5,021	4,589
Fee and commission income		4,461	4,386	4,292
Fee and commission expense		(547)	(490)	(480)
Net fee and commission income	2	3,914	3,896	3,812
Net trading income		1,784	948	2,811
Net investment income		345	820	396
Principal transactions	3	2,129	1,768	3,207
Net premiums from insurance contracts	4	568	569	442
Other income	5	163	88	100
Total income		11,944	11,342	12,150
Net claims and benefits incurred under insurance contracts	6	(101)	(244)	(248)
Total income net of insurance claims		11,843	11,098	11,902
Impairment charges and other credit provisions	7	(2,448)	(1,836)	(959)
Net income		9,395	9,262	10,943
Staff costs	8	(3,888)	(3,824)	(4,581)
Administration and general expenses		(2,408)	(2,189)	(1,952)
Depreciation of property, plant and equipment		(274)	(240)	(227)
Amortisation of intangible assets		(94)	(99)	(87)
Operating expenses	8	(6,664)	(6,352)	(6,847)
Share of post-tax results of associates and joint ventures	9	23	42	—
Profit on disposal of subsidiaries, associates and joint ventures	10	—	23	5
Profit before tax		2,754	2,975	4,101
Tax	11	(620)	(823)	(1,158)
Profit after tax		2,134	2,152	2,943
Attributable To				
Minority interests	12	416	369	309
Equity holders of the parent	13	1,718	1,783	2,634
		2,134	2,152	2,943
Basic earnings per ordinary share	13	27.0p	27.5p	41.4p
Diluted earnings per ordinary share	13	26.2p	26.6p	40.1p
Proposed Dividend per Ordinary Share				
Interim dividend	14	11.5p	—	11.5p
Final dividend	14	—	22.5p	—

The notes on pages 68 to 102 form an integral part of this condensed consolidated interim financial information.

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Consolidated Interim Balance Sheet (Unaudited)

	Notes	As at 30.06.08 £m	As at 31.12.07 £m	As at 30.06.07 £m
Assets				
Cash and balances at central banks		6,432	5,801	4,785
Items in the course of collection from other banks		2,478	1,836	2,533
Trading portfolio assets		177,628	193,691	217,573
Financial assets designated at fair value:				
– held on own account		46,697	56,629	46,171
– held in respect of linked liabilities to customers under investment contracts		79,486	90,851	92,194
Derivative financial instruments	15	400,009	248,088	174,225
Loans and advances to banks	18	54,514	40,120	43,191
Loans and advances to customers	19	395,467	345,398	321,243
Available for sale financial investments	21	42,765	43,072	47,764
Reverse repurchase agreements and cash collateral on securities borrowed		139,955	183,075	190,546
Other assets		6,012	5,150	6,289
Current tax assets		808	518	345
Investments in associates and joint ventures		316	377	228
Goodwill		6,932	7,014	6,635
Intangible assets		1,200	1,282	1,228
Property, plant and equipment		2,991	2,996	2,538
Deferred tax assets		1,964	1,463	774
Total assets		1,365,654	1,227,361	1,158,262

The notes on pages 68 to 102 form an integral part of this condensed consolidated interim financial information.

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Consolidated Interim Balance Sheet (Unaudited)

	Notes	As at 30.06.08 £m	As at 31.12.07 £m	As at 30.06.07 £m
Liabilities				
Deposits from banks		89,944	90,546	87,429
Items in the course of collection due to other banks		2,791	1,792	2,206
Customer accounts		319,281	294,987	292,444
Trading portfolio liabilities		56,040	65,402	79,252
Financial liabilities designated at fair value		86,162	74,489	63,490
Liabilities to customers under investment contracts		80,949	92,639	93,735
Derivative financial instruments	15	396,357	248,288	177,774
Debt securities in issue		115,739	120,228	118,745
Repurchase agreements and cash collateral on securities lent		146,895	169,429	181,093
Other liabilities		8,998	10,499	10,908
Current tax liabilities		1,532	1,311	1,003
Insurance contract liabilities, including unit-linked liabilities		3,679	3,903	3,770
Subordinated liabilities	22	21,583	18,150	15,067
Deferred tax liabilities		655	855	258
Provisions	23	624	830	527
Retirement benefit liabilities	24	1,603	1,537	1,840
Total liabilities		1,332,832	1,194,885	1,129,541
Shareholders' equity				
Called up share capital	25	1,642	1,651	1,637
Share premium account	25	72	56	5,859
Other reserves		(198)	874	271
Retained earnings		20,965	20,970	13,461
Less: treasury shares		(192)	(260)	(255)
Shareholders' equity excluding minority interests		22,289	23,291	20,973
Minority interests		10,533	9,185	7,748
Total shareholders' equity	26	32,822	32,476	28,721
Total liabilities and shareholders' equity		1,365,654	1,227,361	1,158,262

The notes on pages 68 to 102 form an integral part of this condensed consolidated interim financial information.

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Condensed Consolidated Interim Statement of Recognised Income and Expense (Unaudited)

	Half Year Ended		
	30.06.08	31.12.07	30.06.07
	£m	£m	£m
Consolidated Statement of Recognised Income and Expense			
Net movements in available for sale reserve	(660)	(93)	95
Net movements in cash flow hedging reserve	(573)	639	(280)
Net movements in currency translation reserve	(500)	102	(48)
Tax	381	17	37
Other movements	22	(1)	23
Amounts included directly in equity	(1,330)	664	(173)
Profit after tax	2,134	2,152	2,943
Total recognised income and expense	804	2,816	2,770
Attributable To			
Equity holders of the parent	616	2,352	2,502
Minority interests	188	464	268
	804	2,816	2,770

An analysis of the statement of recognised income and expense is provided in note 27.

Notes on pages 68 to 102 form an integral part of this condensed consolidated interim financial information.

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Condensed Consolidated Interim Cash Flow Statement (Unaudited)

	Half Year Ended		
	30.06.08	31.12.07	30.06.07
	£m	£m	£m
Reconciliation of Profit Before Tax to Net Cash Flows From Operating Activities			
Profit before tax	2,754	2,975	4,101
Adjustment for non-cash items	67	1,436	716
Changes in operating assets and liabilities	2,136	(17,264)	(1,128)
Tax Paid	(986)	(623)	(960)
Net cash from operating activities	3,971	(13,476)	2,729
Net cash from investing activities	812	6,074	3,990
Net cash from financing activities	2,588	2,948	410
Effect of exchange rates on cash and cash equivalents	(407)	(354)	(196)
Net increase/(decrease) in cash and cash equivalents	6,964	(4,808)	6,933
Cash and cash equivalents at beginning of period	33,077	37,885	30,952
Cash and cash equivalents at end of period	40,041	33,077	37,885

Notes on pages 68 to 102 form an integral part of this condensed consolidated interim financial information.

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Notes to the Condensed Consolidated Interim Financial Statements

1. Net Interest Income

	Half Year Ended		
	30.06.08	31.12.07	30.06.07
	£m	£m	£m
Cash and balances with central banks	76	133	12
Available for sale investments	993	1,136	1,444
Loans and advances to banks	573	808	608
Loans and advances to customers	11,121	10,505	9,054
Other	593	689	919
Interest income	13,356	13,271	12,037
Deposits from banks	(1,069)	(1,249)	(1,471)
Customer accounts	(3,071)	(2,208)	(1,902)
Debt securities in issue	(3,086)	(3,657)	(2,994)
Subordinated liabilities	(573)	(480)	(398)
Other	(387)	(656)	(683)
Interest expense	(8,186)	(8,250)	(7,448)
Net interest income	5,170	5,021	4,589

Group net interest income increased 13% (£581m) to £5,170m (2007: £4,589m) reflecting balance sheet growth across a number of businesses.

Group net interest income reflects structural hedges which function to reduce the impact of the volatility of short-term interest rate movements on equity and customer balances that do not re-price with market rates. The cost of structural hedges relative to average base rates decreased to £73m (2007: £126m), largely due to the smoothing effect of the structural hedge on changes in interest rates.

2. Net Fee and Commission Income

	Half Year Ended		
	30.06.08	31.12.07	30.06.07
	£m	£m	£m
Brokerage fees	43	8	101
Investment management fees	850	925	862
Securities lending	180	129	112
Banking and credit related fees and commissions	3,271	3,242	3,121
Foreign exchange commission	117	82	96
Fee and commission income	4,461	4,386	4,292
Fee and commission expense	(547)	(490)	(480)
Net fee and commission income	3,914	3,896	3,812

Net fee and commission income increased 3% (£102m) to £3,914m (2007: £3,812m).

Fee and commission income increased 4% (£169m) to £4,461m (2007: £4,292m) reflecting increased securities lending fees in Barclays Global Investors and increased volumes in GRCB - Western Europe and GRCB - Emerging Markets.

Fee and commission expense largely comprises brokerage fees.

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Notes to the Condensed Consolidated Interim Financial Statements

3. Principal Transactions

	Half Year Ended		
	30.06.08 £m	31.12.07 £m	30.06.07 £m
Rates related business	2,780	2,160	2,002
Credit related business	(996)	(1,212)	809
Net trading income	1,784	948	2,811
Net gain from disposal of available for sale assets	119	401	159
Dividend income	5	8	18
Net gain from financial instruments designated at fair value	125	191	102
Other investment income	96	220	117
Net investment income	345	820	396
Principal transactions	2,129	1,768	3,207

Principal transactions decreased 34% (£1,078m) to £2,129m (2007: £3,207m).

Net trading income decreased 37% (£1,027m) to £1,784m (2007: £2,811m). The majority of the Group's net trading income arises in Barclays Capital. Growth in the Rates related business reflected growth in fixed income, prime services, foreign exchange, commodities and emerging markets. The Credit related business included net losses from credit market dislocation partially offset by attributable income and the benefits of widening credit spreads on the fair value of issued notes.

Net investment income decreased 13% (£51m) to £345m (2007: £396m). The cumulative gain from disposal of available for sale assets decreased 25% (£40m) to £119m (2007: £159m) reflecting profits realised on the sale of investments.

4. Net Premiums from Insurance Contracts

	Half Year Ended		
	30.06.08 £m	31.12.07 £m	30.06.07 £m
Gross premiums from insurance contracts	593	597	465
Premiums ceded to reinsurers	(25)	(28)	(23)
Net premiums from insurance contracts	568	569	442

Net premiums from insurance contracts increased 29% (£126m) to £568m (2007: £442m), primarily due to expansion in GRCB - Western Europe.

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Notes to the Condensed Consolidated Interim Financial Statements

5. Other Income

	Half Year Ended		
	30.06.08 £m	31.12.07 £m	30.06.07 £m
(Decrease)/increase in fair value of assets held in respect of linked liabilities to customers under investment contracts	(5,609)	2,782	2,810
Decrease/(increase) in liabilities to customers under investment contracts	5,609	(2,782)	(2,810)
Property rentals	37	26	27
Other income	126	62	73
	163	88	100

Certain asset management products offered to institutional clients by Barclays Global Investors are recognised as investment contracts. Accordingly the invested assets and the related liabilities to investors are held at fair value and changes in those fair values are reported within Other income. Other income in 2008 includes a £42m gain on the re-organisation of Barclays interest in a third party finance operation. This gain was offset by a broadly similar tax charge.

6. Net Claims and Benefits Incurred under Insurance Contracts

	Half Year Ended		
	30.06.08 £m	31.12.07 £m	30.06.07 £m
Gross claims and benefits incurred underinsurance contracts	106	266	254
Reinsurers' share of claims incurred	(5)	(22)	(6)
Net claims and benefits incurred under insurance contracts	101	244	248

Net claims and benefits incurred under insurance contracts decreased 59% (£147m) to £101m (2007: £248m) principally due to a decrease in the value of unit linked insurance contracts and reduced non-linked insurance contract liabilities due to falls in equity markets in Barclays Wealth.

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Notes to the Condensed Consolidated Interim Financial Statements

7. Impairment Charges and Other Credit Provisions

	Half Year Ended		
	30.06.08	31.12.07	30.06.07
	£m	£m	£m
Impairment charges on loans and advances	1,933	1,343	963
Charges/(release) in respect of undrawn facilities and guarantees	328	480	(4)
Impairment charges on loans and advances and other credit provisions	2,261	1,823	959
Impairment charges on reverse repurchase agreements	103	—	—
Impairment charges on available for sale assets	84	13	—
Impairment charges and other credit provisions	2,448	1,836	959

Impairment charges and other credit provisions on ABS CDO Super Senior and other credit market exposures included above:

	Half Year Ended		
	30.06.08	31.12.07	30.06.07
	£m	£m	£m
Impairment charges on loans and advances	663	300	—
Charges in respect of undrawn facilities	322	469	—
Impairment charges on loans and advances and other credit provisions on ABS CDO Super Senior and other credit market exposures	985	769	—
Impairment charges on reverse repurchase agreements	53	—	—
Impairment charges on available for sale assets	70	13	—
Impairment charges and other credit provisions on ABS CDO Super Senior and other credit market exposures	1,108	782	—

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Notes to the Condensed Consolidated Interim Financial Statements

8. Operating Expenses

	Half Year Ended		
	30.06.08	31.12.07	30.06.07
	£m	£m	£m
Staff costs	3,888	3,824	4,581
Administrative expenses	2,353	2,085	1,893
Depreciation	274	240	227
Impairment loss - property and equipment and intangible assets	30	14	2
Operating lease rentals	234	210	204
Gain on property disposals	(120)	(120)	(147)
Amortisation of intangible assets	94	99	87
Gain on acquisition	(89)	—	—
Operating expenses	6,664	6,352	6,847

Operating expenses fell 3% (£183m) to £6,664m (2007: £6,847m). The decrease was driven by a 15% fall (£693m) in staff costs to £3,888m (2007: £4,581m). Administrative expenses grew 24% (£460m) to £2,353m (2007: £1,893) reflecting continued expansion and investment in the distribution network and infrastructure of the international businesses within Global Retail and Commercial Banking and the cost of selective support of liquidity products in Barclays Global Investors.

Operating expenses were reduced by gains from the sale of property of £120m (2007: £147m) as the Group continued the sale and leaseback of some of its freehold portfolio, principally in UK Retail Banking, Barclays Commercial Bank and GRCB - Western Europe.

Amortisation of intangible assets increased 8% (£7m) to £94m (2007: £87m).

Gain on acquisition represents the excess of fair value of net assets over cost in respect of the purchase of Discover's UK credit card business Goldfish.

Staff Costs

	Half Year Ended		
	30.06.08	31.12.07	30.06.07
	£m	£m	£m
Salaries and accrued incentive payments	3,193	3,137	3,856
Social security costs	247	207	301
Pension costs			
– defined contribution plans	84	70	71
– defined benefit plans	43	73	77
Other post retirement benefits	15	(2)	12
Other	306	339	264
Staff costs	3,888	3,824	4,581

Staff costs decreased 15% (£693m) to £3,888m (2007: £4,581m). Salaries and accrued incentive payments fell 17% (£663m) to £3,193m (2007: £3,856m), reflecting lower performance related costs in Barclays Capital.

Defined benefit plan pension costs decreased 44% (£34m) to £43m (2007: £77m). This was due to recognition of actuarial gains, higher expected return on assets and reduction in past service costs; partially offset by higher interest costs.

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9. Share of Post-Tax Results of Associates and Joint Ventures

	Half Year Ended		
	30.06.08 £m	31.12.07 £m	30.06.07 £m
Profit from associates	23	30	3
Profit/(loss) from joint ventures	—	12	(3)
Share of post-tax results of associates and joint ventures	23	42	—

The overall share of post-tax results of associates and joint ventures increased £23m to £23m (2007: £nil). This mainly relates to an increase in profits generated by the private equity associates.

10. Profit on Disposal of Subsidiaries, Associates and Joint Ventures

	Half Year Ended		
	30.06.08 £m	31.12.07 £m	30.06.07 £m
Profit on disposal of subsidiaries, associates and joint ventures	—	23	5

11. Tax

The tax charge for the period is based upon a UK corporation tax rate of 28.5% for the calendar year 2008 (2007: 30%). The effective rate of tax for the first half of 2008, based on profit before tax, was 23% (2007: 28%). The effective tax rate differs from 28.5% primarily due to the different tax rates which are applied to the profits earned outside the UK, disallowable expenditure, non-taxable gains and income, and the release of prior year tax provisions and a deferred tax liability no longer required. The effective tax rate for this interim period is lower than the 2007 full year and anticipated 2008 full year rate principally because of the release of prior year tax provisions and a deferred tax liability no longer required.

12. Profit Attributable to Minority Interests

	Half Year Ended		
	30.06.08 £m	31.12.07 £m	30.06.07 £m
Absa Group Limited	149	170	129
Preference shares	167	108	90
Reserve capital instruments	47	43	44
Upper tier 2 instruments	6	8	8
Barclays Global Investors minority interests	8	18	22
Other minority interests	39	22	16
Profit attributable to minority interests	416	369	309

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13. Earnings Per Share

	Half Year Ended		
	30.06.08	31.12.07	30.06.07
	£m	£m	£m
Profit attributable to equity holders of the parent	1,718	1,783	2,634
Dilutive impact of convertible options	(2)	(12)	(£13)
Profit attributable to equity holders of the parent including dilutive impact of convertible options	1,716	1,771	2,621
Basic weighted average number of shares in issue	6,369m	6,481m	6,356m
Number of potential ordinary shares ¹	191m	165m	178m
Diluted weighted average number of shares	6,560m	6,646m	6,534m
Basic earnings per ordinary share	27.0p	27.5p	41.4p
Diluted earnings per ordinary share	26.2p	26.6p	40.1p

The calculation of basic earnings per share is based on the profit attributable to equity holders of the parent and the weighted average number of shares excluding own shares held in employee benefit trusts and shares held for trading.

The basic and diluted weighted average number of shares in issue in the half year ended 31st December 2007 reflected 336.8 million shares issued on 14th August 2007 of which 299.5 million were repurchased by 31st December 2007. The buyback programme was subsequently completed on 31st January 2008. The weighted average number of shares in issue in the half year ended 31st December 2007 was increased by 54 million shares as a result of this temporary increase.

When calculating the diluted earnings per share, the profit attributable to equity holders of the parent is adjusted for the conversion of outstanding options into shares within Absa Group Limited and Barclays Global Investors UK Holdings Limited. The weighted average number of ordinary shares excluding own shares held in employee benefit trusts and shares held for trading, is adjusted for the effects of all dilutive potential ordinary shares, totalling 191 million (2007: 178 million).

14. Dividends on Ordinary Shares

	Half Year Ended		
	30.06.08	31.12.07	30.06.07
	£m	£m	£m
Dividends Paid During the Period			
Final dividend (paid 25th April 2008, 27th April 2007)	1,438	—	1,311
Interim dividend (paid 1st October 2007)	—	768	—
Final dividend	22.5p	—	20.5p
Interim dividend	—	11.5p	—

Dividend Proposed

The Directors have recommended an interim dividend for the year ended 31st December 2008 of 11.5p per ordinary share. Based on the number of shares outstanding at 30th June 2008 the amount payable in relation to this dividend would be £732m. This amount does not include the effects of the capital raising described in note 33 on page 96. This amount also excludes £23m payable on own shares held by employee benefit trusts.

¹ Potential ordinary shares reflect the dilutive impact of share options outstanding.

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15. Derivative Financial Instruments

	Contract Notional	As at 30.06.08 Fair Value	
		Assets £m	Liabilities £m
Derivatives Designated as Held for Trading			
Foreign exchange derivatives	2,602,857	40,424	(39,440)
Interest rate derivatives	29,385,311	203,890	(204,137)
Credit derivatives	2,417,896	73,273	(67,675)
Equity and stock index and commodity derivatives	1,261,136	81,577	(83,988)
Total derivative assets/(liabilities) held for trading	35,667,200	399,164	(395,240)
Derivatives Designated in Hedge Accounting Relationships			
Derivatives designated as cash flow hedges	45,180	176	(448)
Derivatives designated as fair value hedges	22,623	560	(371)
Derivatives designated as hedges of net investments	8,530	109	(298)
Total derivative assets/(liabilities) designated in hedge accounting relationships	76,333	845	(1,117)
Total recognised derivative assets/(liabilities)	35,743,533	400,009	(396,357)

	Contract Notional	As at 31.12.07 Fair Value	
		Assets £m	Liabilities £m
Derivatives Designated as Held for Trading			
Foreign exchange derivatives	2,208,369	30,348	(30,300)
Interest rate derivatives	23,608,949	139,940	(138,426)
Credit derivatives	2,472,249	38,696	(35,814)
Equity and stock index and commodity derivatives	910,328	37,966	(42,838)
Total derivative assets/(liabilities) held for trading	29,199,895	246,950	(247,378)
Derivatives Designated in Hedge Accounting Relationships			
Derivatives designated as cash flow hedges	55,292	458	(437)
Derivatives designated as fair value hedges	23,952	462	(328)
Derivatives designated as hedges of net investments	12,620	218	(145)
Total derivative assets/(liabilities) designated in hedge accounting relationships	91,864	1,138	(910)
Total recognised derivative assets/(liabilities)	29,291,759	248,088	(248,288)

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15. Derivative Financial Instruments (continued)

	Contract Notional	As at 30.06.07 Fair Value	
		Assets £m	Liabilities £m
Derivatives Designated as Held for Trading			
Foreign exchange derivatives	2,113,080	23,852	(22,325)
Interest rate derivatives	21,671,954	102,959	(103,722)
Credit derivatives	1,755,840	13,430	(12,916)
Equity and stock index and commodity derivatives	620,500	32,254	(37,814)
Total derivative assets/(liabilities) held for trading	26,161,374	172,495	(176,777)
Derivatives Designated in Hedge Accounting Relationships			
Derivatives designated as cash flow hedges	42,193	162	(433)
Derivatives designated as fair value hedges	22,246	324	(483)
Derivatives designated as hedges of net investments	16,094	1,244	(81)
Total derivative assets/(liabilities) designated in hedge accounting relationships	80,533	1,730	(997)
Total recognised derivative assets/(liabilities)	26,241,907	174,225	(177,774)

Total derivative notionals have grown primarily due to increases in the volume of fixed income derivatives, reflecting the continued growth in client based activity and increased use of electronic trading platforms in Europe and the US. Commodity derivative values have also increased significantly, largely due to growth in the markets for these products, along with price increases.

Derivative assets and liabilities subject to counterparty netting agreements amounted to £341bn (31st December 2007: £199bn; 30th June 2007: £134bn).

16. Fair Value Measurement of Financial Instruments

Where a financial instrument is stated at fair value, this is determined by reference to the quoted price in an active market wherever possible. Where no such active market exists for the particular asset or liability, the Group uses an appropriate valuation technique to arrive at the fair value.

Fair value amounts can be analysed into the following categories:

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

Valuation techniques based on market observable inputs. Such techniques may include:

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

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

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16. Fair Value Measurement of Financial Instruments (continued)

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

	As at 30.06.08	
	Unobservable	
	Inputs £m	Total £m
Assets Stated at Fair Value		
Trading portfolio assets	3,996	177,628
Financial assets designated at fair value:		
– held on own account	15,262	46,697
– held in respect of linked liabilities to customers under investment contracts	—	79,486
Derivative financial instruments	6,909	400,009
Available for sale financial investments	1,213	42,765
Total	27,380	746,585
Liabilities Stated at Fair Value		
Trading Portfolio Liabilities	—	56,040
Financial liabilities designated at fair value	7,076	86,162
Liabilities to customers under investment contracts	—	80,949
Derivative financial instruments	3,833	396,357
Total	10,909	619,508
	As at 31.12.07	
	Unobservable	
	Inputs £m	Total £m
Assets Stated at Fair Value		
Trading portfolio assets	4,457	193,691
Financial assets designated at fair value:		
– held on own account	16,819	56,629
– held in respect of linked liabilities to customers under investment contracts	—	90,851
Derivative financial instruments	2,707	248,088
Available for sale financial investments	810	43,072
Total	24,793	632,331
Liabilities Stated at Fair Value		
Trading portfolio liabilities	42	65,402
Financial liabilities designated at fair value	6,172	74,489
Liabilities to customers under investment contracts	—	92,639
Derivative financial instruments	4,382	248,288
Total	10,596	480,818

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16. Fair Value Measurement of Financial Instruments (continued)
Unobservable Profit

The amount that has yet to be recognised in income that relates to the difference between the transaction price (the fair value at initial recognition) and the amount that would have arisen had valuation models using unobservable inputs been used on initial recognition, less amounts subsequently recognised, was as follows:

	<u>Half Year Ended</u> <u>30.06.08</u> £m	<u>Year Ended</u> <u>31.12.07</u> £m
Opening balance	154	534
Additions	79	134
Amortisation and releases	<u>(61)</u>	<u>(514)</u>
Closing balance	172	154

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17. Barclays Capital Credit Market Exposures

Barclays Capital's credit market exposures resulted in net losses of £1,979m in the first half of 2008, due to continuing dislocation in the credit markets. The net losses, which included £1,108m in impairment charges, comprised: £875m against ABS CDO Super Senior exposures; and £1,956m against other credit market exposures; partially offset by gains of £852m from the general widening of credit spreads on issued notes measured at fair value through the profit and loss account.

For the purposes of this note, exposures represent the carrying value of assets and commitments (being either fair value or amortised cost less impairment), less hedging and subordination.

	Net Exposures		
	As at 30.06.08 £m	As at 31.12.07 £m	As at 30.06.07 £m
ABS CDO Super Senior	3,229	4,671	7,432
Net Other US sub-prime	3,258	5,037	6,046
Alt-A	3,510	4,916	3,760
Monoline insurers	2,584	1,335	140
SIVs and SIV -Lites	429	784	1,617
Commercial mortgages	10,988	12,399	8,282
Leveraged Finance	9,217	9,217	8,575

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18. Loans and Advances to Banks

	As at 30.06.08 £m	As at 31.12.07 £m	As at 30.06.07 £m
By Geographical Area			
United Kingdom	9,840	5,518	8,933
Other European Union	16,175	11,102	13,538
United States	16,346	13,443	12,351
Africa	3,409	2,581	2,252
Rest of the World	8,749	7,479	6,120
	54,519	40,123	43,194
Less: Allowance for impairment	(5)	(3)	(3)
Total loans and advances to banks	54,514	40,120	43,191

Loans and advances to banks includes £9,236m (31st December 2007: £4,210m; 30th June 2007: £10,272m) of settlement balances and £16,430m (31st December 2007: £10,739m; 30th June 2007: £8,376m) of cash collateral balances.

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19. Loans and Advances to Customers

	As at 30.06.08 £m	As at 31.12.07 £m	As at 30.06.07 £m
Retail business	175,397	164,062	147,730
Wholesale and corporate business	224,941	185,105	176,787
	400,338	349,167	324,517
Less: Allowances for impairment	(4,871)	(3,769)	(3,274)
Total loans and advances to customers	395,467	345,398	321,243
By Geographical Area			
United Kingdom	211,132	190,347	183,756
Other European Union	72,519	56,533	52,178
United States	50,444	40,300	33,767
Africa	37,991	39,167	34,175
Rest of the World	28,252	22,820	20,641
	400,338	349,167	324,517
Less: Allowance for impairment	(4,871)	(3,769)	(3,274)
Total loans and advances to customers	395,467	345,398	321,243
By Industry			
Financial institutions	96,829	71,160	67,125
Agriculture, forestry and fishing	3,332	3,319	3,144
Manufacturing	20,509	16,974	14,086
Construction	6,388	5,423	4,764
Property	18,754	17,018	17,489
Government	3,053	2,036	—
Energy and water	10,602	8,632	8,000
Wholesale and retail distribution and leisure	19,233	17,768	17,209
Transport	6,736	6,258	6,012
Postal and communication	7,414	5,404	3,793
Business and other services	29,660	30,363	36,533
Home loans	120,971	112,087	104,319
Other personal	46,301	41,535	31,713
Finance lease receivables	10,556	11,190	10,330
	400,338	349,167	324,517
Less: Allowance for impairment	(4,871)	(3,769)	(3,274)
Total loans and advances to customers	395,467	345,398	321,243

Loans and advances to customers includes £30,140m (31st December 2007: £18,249m; 30th June 2007: £33,928m) of settlement balances and £17,901m (31st December 2007: £13,441m; 30th June 2007: £8,177m) of cash collateral balances.

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

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20. Allowance for Impairment on Loans and Advances

	As at 30.06.08 £m	As at 31.12.07 £m	As at 30.06.07 £m
At beginning of period	3,772	3,277	3,335
Acquisitions and disposals	97	2	(75)
Exchange and other adjustments	(26)	59	(6)
Unwind of discount	(63)	(60)	(53)
Amounts written off	(911)	(952)	(1,011)
Recoveries	74	103	124
Amounts charged against profit	1,933	1,343	963
At end of period	4,876	3,772	3,277
	As at 30.06.08 £m	As at 31.12.07 £m	As at 30.06.07 £m
Allowance			
United Kingdom	2,785	2,526	2,396
Other European Union	449	344	334
United States	1,007	356	72
Africa	552	514	452
Rest of the World	83	32	23
At end of period	4,876	3,772	3,277

21. Available for Sale Financial Instruments

	As at 30.06.08 £m	As at 31.12.07 £m	As at 30.06.07 £m
Debt securities	38,131	38,673	42,729
Equity securities	1,653	1,676	1,648
Treasury bills and other eligible bills	2,981	2,723	3,387
Available for sale financial investments	42,765	43,072	47,764

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22. Subordinated Liabilities

	Dated		
	30.06.08	31.12.07	30.06.07
	£m	£m	£m
Opening balance	11,519	9,371	8,364
Issuances	1,606	1,606	1,900
Redemptions	(195)	(11)	(670)
Other	325	553	(223)
Closing balance	13,255	11,519	9,371
Issuances			
Floating Rate Subordinated Step-Up Callable Notes 2017 (US\$1.5bn)	—	—	762
Floating Rate Subordinated Step-Up Callable Notes 2017 (€1.5bn)	—	—	1,017
8.8% Subordinated Fixed Rate Callable Notes 2019 (ZAR1,725m)	—	—	121
6.05% Fixed Rate Subordinated Notes 2017 (US\$2.25bn)	—	1,098	—
Fixed/Floating Rate Callable Subordinated Floating Rate Notes 2023	—	500	—
Floating Rate Subordinated Notes 2014 (KES1,000m)	—	8	—
6% Fixed Rate Subordinated Notes due 2018 (€1.75bn)	1,303	—	—
CMS-Linked Subordinated Notes due 2018 (€100m)	75	—	—
CMS-Linked Subordinated Notes due 2018 (€135m)	105	—	—
Subordinated Unsecured Fixed Rate Capital Notes 2015 (BWP90m)	8	—	—
Subordinated Callable Notes 2018 (ZAR1,525m)	115	—	—
	1,606	1,606	1,900
Redemptions			
Step-up Callable Floating Rate Subord Bonds 2012 (ex-Woolwich PLC)	—	—	(150)
Floating Rate Subordinated Notes 2012	—	—	(300)
Callable Subordinated Floating Rate Notes 2012	—	—	(44)
Callable Subordinated Floating Rate Notes 2012 (US\$150m)	—	—	(76)
Floating Rate Subordinated Notes 2012 (US\$100m)	—	—	(50)
Capped Floating Rate Subordinated Notes 2012 (US\$100m)	—	—	(50)
Subordinated Floating Rate Notes 2011 (€30m)	—	(11)	—
5.5% Subordinated Notes 2013 (DM 500m)	(195)	—	—
	(195)	(11)	(670)

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22. Subordinated Liabilities (continued)

	Undated		
	30.06.08	31.12.07	30.06.07
	£m	£m	£m
Opening balance	6,631	5,696	5,422
Issuances	2,010	618	500
Redemptions	(300)	—	—
Other	(13)	317	(226)
Closing balance	8,328	6,631	5,696
Issuances			
6.3688% Step-up Callable Perpetual Reserve Capital Instruments	—	—	500
7.434% Step-up Callable Perpetual Reserve Capital Instruments (US\$1.25bn)	—	618	—
8.25% Undated Subordinated Notes	1,000	—	—
7.7% Undated Subordinated Notes (US\$2bn)	1,010	—	—
	2,010	618	500
Redemptions			
9.875% Undated Subordinated Notes	(300)	—	—
	(300)	—	—

23. Provisions

	As at 30.06.08	As at 31.12.07	As at 30.06.07
	£m	£m	£m
Redundancy and restructuring	87	82	104
Undrawn contractually committed facilities and guarantees	266	475	38
Onerous contracts	55	64	68
Sundry provisions	216	209	317
	624	830	527

24. Retirement Benefit Liabilities

The Group's IAS 19 pension surplus across all schemes as at 30th June 2008 was £141m (31st December 2007: £393m; 30th June 2007: £540m). There are net recognised liabilities of £1,567m (31st December 2007: £1,501m; 30th June 2007: £1,804m) and unrecognised actuarial gains of £1,708m (31st December 2007: £1,894m; 30th June 2007: £2,344m). The net recognised liabilities comprised retirement benefit liabilities of £1,603m (31st December 2007: £1,537m; 30th June 2007: £1,840m) and assets of £36m (31st December 2007: £36m; 30th June 2007: £36m).

The Group's IAS 19 pension surplus in respect of the main UK scheme as at 30th June 2008 was £439m (31st December 2007: £668m; 30th June 2007: £867m). This change primarily reflects lower investment returns over the period, following general market movements, which led to a fall in the market value of the scheme assets. This was partially offset by an increase in the real discount rate used to value the scheme liabilities, reflecting an increase in AA corporate bond yields which resulted in a higher discount rate of 6.70% (31st December 2007: 5.82%; 30th June 2007: 5.82%).

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25. Share Capital and Share Premium

	Number of shares m	Called up share capital £m	Share premium £m	Total £m
At 1st January 2008	6,601	1,651	56	1,707
Issued to staff under the Sharesave Share Option Scheme	3	1	13	14
Issued under the Incentive Share Option Plan	1	—	3	3
Repurchase of shares	(37)	(10)	—	(10)
At 30th June 2008	6,568	1,642	72	1,714
At 1st July 2007	6,545	1,637	5,859	7,496
Issued to staff under the Sharesave Share Option Scheme	17	5	55	60
Issued under the Incentive Share Option Plan	2	—	7	7
Issued under the Woolwich Executive Share Option Plan	—	—	1	1
Transfer to retained earnings	—	—	(7,223)	(7,223)
Issue of new ordinary shares	337	84	1,357	1,441
Repurchase of shares	(300)	(75)	—	(75)
At 31st December 2007	6,601	1,651	56	1,707
At 1st January 2007	6,535	1,634	5,818	7,452
Issued to staff under the Sharesave Share Option Scheme	2	1	7	8
Issued under the Incentive Share Option Plan	8	2	33	35
Issued under the Executive Share Option Scheme	—	—	1	1
At 30th June 2007	6,545	1,637	5,859	7,496
		Half Year Ended		
		30.06.08 £m	31.12.07 £m	30.06.07 £m
Ordinary Shares				
At beginning of period		1,650	1,636	1,633
Issued to staff under the Sharesave Share Option Scheme		1	5	1
Issued under the Incentive Share Option Plan		—	—	2
Issue of new ordinary shares		—	84	—
Repurchase of shares		(9)	(75)	—
At end of period		1,642	1,650	1,636
Staff Shares				
At beginning of period		1	1	1
Repurchase		(1)	—	—
At end of period		—	1	1
Total		1,642	1,651	1,637

The authorised share capital of Barclays PLC is £2,540m, \$77.5m, €40m and ¥4,000m. (31st December 2007: £2,500m) comprising 9,996 million (31st December 2007: 9,996 million) ordinary shares of 25p each, 0.4 million sterling preference shares of £100 each, 0.4 million US dollar preference shares of \$100 each, 150 million US dollar preference shares of \$0.25 each, 0.4 million euro preference shares of €100 each, 0.4 million yen preference shares of ¥10,000 each and 1 million (31st December 2007: 1 million) staff shares of £1 each.

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26. Total Shareholders' Equity

	As at 30.06.08 £m	As at 31.12.07 £m	As at 30.06.07 £m
Called up share capital	1,642	1,651	1,637
Share premium account	72	56	5,859
Available for sale reserve	(363)	154	238
Cash flow hedging reserve	(419)	26	(407)
Capital redemption reserve	394	384	309
Other capital reserve	617	617	617
Currency translation reserve	(427)	(307)	(486)
Other reserves	(198)	874	271
Retained earnings	20,965	20,970	13,461
Less: treasury shares	(192)	(260)	(255)
Shareholders' equity excluding minority interests	22,289	23,291	20,973
Preference shares	6,198	4,744	3,431
Reserve Capital instruments	1,923	1,906	1,921
Upper tier 2 instruments	586	586	586
Absa minority interests	1,519	1,676	1,541
Other minority interests	307	273	269
Minority interests	10,533	9,185	7,748
Total shareholders' equity	32,822	32,476	28,721

Total shareholders' equity increased £346m to £32,822m (31st December 2007: £32,476m).

Called up share capital comprises 6,568 million ordinary shares of 25p each (2007: 6,600 million ordinary shares of 25p each and 1 million staff shares of £1 each). Called up share capital decreased by £9m reflecting the net impact of share buy-backs over and above new issuances in relation to the exercise of employee share options. Share premium increased by £16m from the exercise of employee options. The capital redemption reserve increased by £10m representing the nominal value of the share buy-backs.

Retained earnings decreased £5m. Reductions primarily arose from external dividends paid of £1,438m, the total cost of share repurchases of £173m and a net share based payments impact of £119m. The reductions were largely offset by profit attributable to equity holders of the parent of £1,718m.

Movements in other reserves, except the capital redemption reserve, reflect the relevant amounts recorded in the consolidated statement of recognised income and expense on page 65.

Minority interests increased £1,348m to £10,533m (2007: £9,185m). The increase primarily reflects a preference share issuance by Barclays Bank PLC of £1,431m.

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27. Analysis of Statement of Recognised Income and Expense

	Half Year Ended		
	30.06.08 £m	31.12.07 £m	30.06.07 £m
Available for Sale Reserve			
- Net (losses)/gains from changes in fair value	(629)	284	200
- Losses transferred to net profit due to impairment	84	13	—
- Net gains transferred to net profit on disposal	(120)	(402)	(161)
- Net losses transferred to net profit due to fair value hedging	5	12	56
Net movements in available for sale reserve	(660)	(93)	95
Cash Flow Hedging Reserve			
- Net (losses)/gains from changes in fair value	(638)	526	(420)
- Net losses transferred to net profit	65	113	140
Net movements in cash flow hedging reserve	(573)	639	(280)
Net movements in currency translation reserve	(500)	102	(48)
Tax	381	17	37
Other movements	22	(1)	23
Amounts included directly in equity	(1,330)	664	(173)
Profit after tax	2,134	2,152	2,943
Total recognised income and expense	804	2,816	2,770

The consolidated statement of recognised income and expense reflects all items of income and expense for the period, including items taken directly to equity. Movements in individual reserves are shown including amounts which relate to minority interests; the impact of such amounts is then reflected in the amount attributable to such interests. Movements in individual reserves are also shown on a pre-tax basis with any related tax recorded on the separate tax line.

The available for sale reserve reflects gains or losses arising from the change in fair value of available for sale financial assets until disposal. The exceptions to reflect fair value movements through the income statement are impairment losses, gains or losses transferred to the income statement due to fair value hedge accounting and foreign exchange gains or losses on monetary items such as debt securities. When an available for sale asset is impaired or derecognised, the cumulative gain or loss previously recognised in the available for sale reserve is transferred to the income statement. The loss of £629m (2007: gain of £200m) from changes in fair value reflects the downturn across the US sub-prime market and increases in European and Japanese interest rates. The decrease in net gains transferred to net profit is primarily due to the lower levels of disposals.

Cash flow hedging aims to minimise exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss. The fair value gain or loss associated with the effective portion of the hedge is initially recognised in shareholders' equity, and recycled to the income statement in the periods when the hedged item will affect profit or loss. Any ineffective portion of the gain or loss on the hedging instrument is recognised in the income statement immediately. The current period movement in the cash flow hedge reserve relates to a reduction in the fair value of interest rate swaps used in cash flow hedging due to increases in interest rates.

Exchange differences arising on the net investments in foreign operations and effective hedges of net investments are recognised in the currency translation reserve and transferred to the income statement on the disposal of the net investment. The movement in the first half of 2008 primarily reflects the impact of changes in the value of the Rand, Yen, Euro and Swiss Franc against Sterling. These movements reflect both the Group and minority interests in Absa Group Limited, the value of other currency movements on net investments which are hedged on a post-tax basis and net investments which are economically hedged through preference share capital that is not revalued for accounting purposes.

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28. Contingent Liabilities and Commitments

	As at 30.06.08 £m	As at 31.12.07 £m	As at 30.06.07 £m
Acceptances and endorsements	473	365	295
Guarantees and letters of credit pledged as collateral security	51,439	35,692	33,445
Other contingent liabilities	9,804	9,717	7,757
Contingent liabilities	61,716	45,774	41,497
Documentary credits and other short-term trade related transactions	843	522	511
Undrawn note issuance and revolving underwriting facilities:			
Forward asset purchases and forward deposits placed	204	283	165
Standby facilities, credit lines and other	209,512	191,834	194,134
Commitments	210,559	192,639	194,810

Guarantees and letters of credit pledged as collateral security have increased due to the expansion of Barclays Global Investors business activity and the selected support of liquidity products.

Standby facilities, credit lines and other have increased primarily due to the acquisition of Discover's UK credit card business, Goldfish.

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29. Legal Proceedings

Barclays has for some time been party to proceedings, including a class action, in the United States against a number of defendants following the collapse of Enron; the class action claim is commonly known as the Newby litigation. On 20th July 2006, Barclays received an Order from the United States District Court for the Southern District of Texas Houston Division which dismissed the claims against Barclays PLC, Barclays Bank PLC and Barclays Capital Inc. in the Newby litigation. On 4th December 2006, the Court stayed Barclays dismissal from the proceedings and allowed the plaintiffs to file a supplemental complaint. On 19th March 2007, the United States Court of Appeals for the Fifth Circuit issued its decision on an appeal by Barclays and two other financial institutions contesting a ruling by the District Court allowing the Newby litigation to proceed as a class action. The Court of Appeals held that because no proper claim against Barclays and the other financial institutions had been alleged by the plaintiffs, the case could not proceed against them. The plaintiffs applied to the United States Supreme Court for a review of this decision. On 22nd January 2008, the United States Supreme Court denied the plaintiffs' request for review. Following the Supreme Court's decision, the District Court ordered a further briefing concerning the status of the plaintiffs' claims. Barclays is seeking the dismissal of the plaintiffs' claims.

Barclays considers that the Enron related claims against it are without merit and is defending them vigorously. It is not possible to estimate Barclays possible loss in relation to these matters, nor the effect that they might have upon operating results in any particular financial period.

Barclays has been in negotiations with the staff of the US Securities and Exchange Commission with respect to a settlement of the Commission's investigations of transactions between Barclays and Enron. Barclays does not expect that the amount of any settlement with the Commission would have a significant adverse effect on its financial position or operating results.

Like other UK financial services institutions, Barclays faces numerous County Court claims and complaints by customers who allege that its unauthorised overdraft charges either contravene the Unfair Terms in Consumer Contracts Regulations 1999 ("UTCCR") or are unenforceable penalties or both. In July 2007, by agreement with all parties, the OFT commenced proceedings against seven banks and one building society including Barclays, to resolve the matter by way of a "test case" process (the "test case"). Preliminary issues hearings took place in January / February and July 2008. In relation to the January / February hearing the Judge found in favour of the banks on the issue of the penalty doctrine, and in favour of the OFT on the issue of the applicability of the UTCCR. The OFT is not pursuing an appeal in relation to the penalty doctrine. The banks have been granted permission to appeal the decision in relation to the applicability of the UTCCR. The Court of Appeal proceedings are likely to be heard in the Autumn of 2008 and this will dictate the further course of the action. There are likely to be further hearings and the proceedings may take a significant period of time to conclude. Pending resolution of the test case process, existing and new claims in the County Courts remain stayed, and there is an FSA waiver of the complaints handling process and a standstill of Financial Ombudsman Service decisions. Barclays is defending the test case vigorously. It is not practicable to estimate Barclays possible loss in relation to these matters, nor the effect that they may have upon operating results in any particular financial period.

Barclays is engaged in various other litigation proceedings both in the United Kingdom and a number of overseas jurisdictions, including the United States, involving claims by and against it which arise in the ordinary course of business. Barclays does not expect the ultimate resolution of any of the proceedings to which Barclays is party to have a significant adverse effect on the financial position of the Group and Barclays has not disclosed the contingent liabilities associated with these claims either because they cannot reasonably be estimated or because such disclosure could be prejudicial to the conduct of the claims.

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30. Competition and Regulatory Matters

The scale of regulatory change remains challenging, arising in part from the implementation of some key European Union (“EU”) directives. Many changes to financial services legislation and regulation have come into force in recent years and further changes will take place in the near future. Concurrently, there is continuing political and regulatory scrutiny of the operation of the retail banking and consumer credit industries in the UK and elsewhere. The nature and impact of future changes in policies and regulatory action are not predictable and beyond the Group’s control but could have an impact on the Group’s businesses and earnings. In June 2005, an inquiry into retail banking in all of the then 25 Member States was launched by the European Commission’s Directorate General for Competition. The inquiry looked at retail banking in Europe generally. In January 2007, the European Commission announced that the inquiry had identified barriers to competition in certain areas of retail banking, payment cards and payment systems in the EU. The European Commission indicated it will use its powers to address these barriers, and will encourage national competition authorities to enforce European and national competition laws where appropriate. Any action taken by the European Commission and national competition authorities could have an impact on the payment cards and payment systems businesses of the Group and on its retail banking activities in the EU countries in which it operates.

In September 2005, the OFT received a super-complaint from the Citizens Advice Bureau relating to payment protection insurance (“PPI”). As a result, the OFT commenced a market study on PPI in April 2006. In October 2006 the OFT announced the outcome of the market study and the OFT referred the PPI market to the UK Competition Commission for an in-depth inquiry in February 2007. The Competition Commission published its provisional findings on 5th June 2008 in which it indicated that there was a lack of competition in the UK PPI market. The commission will now consult on the provisional findings and remedies and intends to publish its final report at the end of 2008. In October 2006, the FSA also published the outcome of its broad industry thematic review of PPI sales practices in which it concluded that some firms fail to treat customers fairly. The Group has cooperated fully with these investigations and will continue to do so.

The OFT has carried out investigations into Visa and MasterCard credit card interchange rates. The decision by the OFT in the MasterCard interchange case was set aside by the Competition Appeals Tribunal in June 2006. The OFT’s investigation in the Visa interchange case is at an earlier stage and a second MasterCard interchange case is ongoing. The outcome is not known but these investigations may have an impact on the consumer credit industry in general and therefore on the Group’s business in this sector. In February 2007, the OFT announced that it was expanding its investigation into interchange rates to include debit cards.

In April 2007, the UK consumer interest association known as Which? submitted a super-complaint to the OFT pursuant to the Enterprise Act 2000. The super-complaint criticises the various ways in which credit card companies calculate interest charges on credit card accounts. In June 2007, the OFT announced a new programme of work with the credit card industry and consumer bodies in order to make the costs of credit cards easier for consumers to understand. This OFT decision follows the receipt by the OFT of the super-complaint from Which?. This new work will explore the issues surrounding the costs of credit for credit cards including purchases, cash advances, introductory offers and payment allocation. On 11th February 2008, the OFT announced its recommendations, which include the introduction of an FSA price comparison website, improvements to customer information in summary boxes and the use of standard terminology.

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30. Competition and Regulatory Matters (continued)

In September 2006, the OFT announced that it had decided to undertake a fact find on the application of its statement on credit card fees to current account unauthorised overdraft fees. The fact find was completed in March 2007. On 29th March 2007, the OFT announced its decision to conduct a formal investigation into the fairness of bank current account charges. The OFT initiated a market study into personal current accounts ("PCAs") in the UK on 26th April 2007. The study's focus was PCAs but it also included an examination of other retail banking products, in particular savings accounts, credit cards, personal loans and mortgages in order to take into account the competitive dynamics of UK retail banking. On 16th July 2008, the OFT published its market study report, in which it concluded that certain features of the UK PCA market were not working well for consumers. The OFT reached the provisional view that some form of regulatory intervention is necessary in the UK PCA market. On 16th July 2008, the OFT also announced a consultation to seek views on the findings and possible measures to address the issues raised in its report. Barclays has participated fully in the market study process and will continue to do so. The consultation period closes on 31st October 2008.

US laws and regulations require compliance with US economic sanctions, administered by the Office of Foreign Assets Control, against designated foreign countries, nationals and others. HM Treasury regulations similarly require compliance with sanctions adopted by the UK government. The Group has been conducting an internal review of its conduct with respect to US dollar payments involving countries, persons and entities subject to these sanctions and has been reporting to governmental authorities about the results of that review. The Group received inquiries relating to these sanctions and certain US dollar payments processed by its New York branch from the New York County District Attorney's Office and the US Department of Justice, which along with other authorities, has been reported to be conducting investigations of sanctions compliance by non-US financial institutions. The Group has responded to those inquiries and is cooperating with the regulators, the Department of Justice and the District Attorney's Office in connection with their investigations of Barclays conduct with respect to sanctions compliance. Barclays has also been keeping the FSA informed of the progress of these investigations and Barclays internal review. Barclays review is ongoing. It is currently not possible to predict the ultimate resolution of the issues covered by Barclays review and the investigations, including the timing and potential financial impact of any resolution, which could be substantial.

31. Acquisitions and Disposals**Acquisitions**

On 31st March 2008, Barclays completed the acquisition of Discover's UK credit card business, Goldfish, for a cash consideration of £38m (including attributable costs of £3m), for fair value of net assets of £127m, which gave rise to a gain on acquisitions of £89m.

On 7th March 2008, Absa acquired, for a consideration of £5m a further 24% of Meeg Bank Limited, bringing Absa's shareholding up to 74%. Meeg Bank is based in South Africa.

Disposals

On 31st January 2008, Barclays completed the sale of Barclays Global Investors Japan Trust & Banking Co. Ltd, a Japanese trust administration and custody operation.

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32. Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions, or one other party controls both. The definition includes subsidiaries, associates, joint ventures and the Group's pension schemes, as well as other persons.

Subsidiaries

Transactions between Barclays PLC and subsidiaries also meet the definition of related party transactions. Where these are eliminated on consolidation, they are not disclosed in the Group financial statements.

Associates, Joint Ventures and Other Entities

The Group provides banking services to its associates, joint ventures and Group pension funds (principally the UK Retirement Fund), providing loans, overdrafts, interest and non-interest bearing deposits and current accounts to these entities as well as other services. Group companies, principally within Barclays Global Investors, also provides investment management and custodian services to the Group pension schemes. The Group also provides banking services for unit trusts and investment funds managed by Group companies and are not individually material.

Key Management Personnel

The Group provides banking services to Directors and other key management personnel and persons connected to them. No related parties transactions have taken place in the first six months of the current financial year that have materially affected the financial position or the performance of the Group during that period; and there were no material changes in the related parties transactions described in the last Annual Report that could have a material effect on the financial position or performance of the Group in the first six months of the current financial year.

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Notes to the Condensed Consolidated Interim Financial Statements

32. Related Party Transactions (continued)

All of these transactions are conducted on the same terms to third-party transactions and are not individually material.

Amounts included, in aggregate, by category of related party entity are as follows:

<u>Six months ending 30th June 2008</u>	<u>Associates</u> <u>£m</u>	<u>Joint</u> <u>ventures</u> <u>£m</u>	<u>Entities</u> <u>under</u> <u>common</u> <u>directorship</u> <u>£m</u>	<u>Pension</u> <u>funds unit</u> <u>trusts and</u> <u>investment</u> <u>funds</u> <u>£m</u>	<u>Total</u> <u>£m</u>
Income Statement					
Interest received	—	60	—	—	60
Interest paid	(1)	(22)	—	—	(23)
Fees received for services rendered (including investment management and custody and commissions)	1	9	—	4	14
Fees paid for services provided	(32)	(67)	—	—	(99)
Principal transactions	5	19	(44)	—	(20)
Assets					
Loans and advances to banks and customers	129	1,512	67	—	1,708
Derivative transactions	—	4	38	—	42
Other assets	220	124	5	8	357
Liabilities					
Deposits from banks	—	—	—	—	—
Customer accounts	—	142	102	11	255
Derivative transactions	—	11	87	—	98
Other liabilities	3	16	—	25	44

The amounts reported in prior periods have been restated to reflect new related parties.

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Notes to the Condensed Consolidated Interim Financial Statements

32. Related Party Transactions (continued)

<u>Six months ending 31st December 2007</u>	<u>Associates</u> £m	<u>Joint ventures</u> £m	<u>Entities under common directorship</u> £m	<u>Pension funds unit trusts and investment funds</u> £m	<u>Total</u> £m
Income Statement					
Income statement:					
Interest received	4	44	1	—	49
Interest paid	—	(28)	(1)	—	(29)
Fees received for services rendered (including investment management and custody and commissions)	—	26	—	18	44
Fees paid for services provided	(25)	(20)	—	—	(45)
Principal transactions	(24)	47	(10)	—	13
Assets					
Loans and advances to banks and customers	142	1,285	40	—	1,467
Derivative transactions	—	4	36	—	40
Other assets	213	106	—	14	333
Liabilities					
Deposits from banks	11	—	—	—	11
Customer accounts	—	61	33	12	106
Derivative transactions	—	10	50	—	60
Other liabilities	4	125	—	—	129

The amounts reported in prior periods have been restated to reflect new related parties.

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Notes to the Condensed Consolidated Interim Financial Statements

32. Related Party Transactions (continued)

Six months ending 30th June 2007	Associates £m	Joint ventures £m	Entities under common directorship £m	Pension funds unit trusts and investment funds £m	Total £m
Income Statement					
Interest received	1	44	—	—	45
Interest paid	(1)	(30)	—	—	(31)
Fees received for services rendered (including investment management and custody and commissions)	1	8	—	8	17
Fees paid for services provided	(27)	(58)	—	—	(85)
Principal transactions	(3)	(2)	(6)	—	(11)
Assets					
Loans and advances to banks and customers	629	461	69	—	1,159
Derivative transactions	—	—	—	484	484
Other assets	90	138	—	12	240
Liabilities					
Deposits from banks	6	—	—	—	6
Customer accounts	16	10	2	41	69
Derivative transactions	3	—	8	—	11
Other liabilities	6	16	—	—	22

No guarantees, pledges or commitments have been given or received in respect of these transactions for the periods ending 30th June 2008, 31st December 2007 and 30th June 2007.

There are no leasing transactions between related parties for the periods ending 30th June 2008, 31st December 2007 and 30th June 2007.

Derivatives transacted on behalf of the Pensions Funds Units Trusts and Investment Funds amounted to £nil (2007: £484m).

During the period Barclays paid £1m (2007: £2m) charitable donations through the Charities Aid Foundation, a registered charitable organisation, in which a Director of the Company is a Trustee.

The amounts reported in prior periods have been restated to reflect new related parties.

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33. Events Occurring after the Balance Sheet Date

In July 2008 Barclays raised capital of approximately £4.5bn through the issue of 1,576 million new ordinary shares.

On 1st July 2008 Barclays acquired 100% of the shares of the Russian Bank, Expobank, for a consideration of approximately \$745m (£373m).

On 8th July 2008 Barclays announced it would close its FirstPlus unit to new business in August 2008.

On 5th August 2008 Barclays announced a sale of Barclays Life Assurance Company Limited to Swiss Reinsurance Company for a consideration of approximately £753m.

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Notes to the Condensed Consolidated Interim Financial Statements

34. Segmental Reporting

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

Global Retail and Commercial Banking

- UK Retail Banking
- Barclays Commercial Bank
- Barclaycard
- Global Retail and Commercial Banking - Western Europe
- Global Retail and Commercial Banking - Emerging Markets
- Global Retail and Commercial Banking - Absa

Investment Banking and Investment Management

- Barclays Capital
- Barclays Global Investors
- Barclays Wealth

Head Office Functions and Other Operations

UK Retail Banking

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

Barclays Commercial Bank

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

Barclaycard

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

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Notes to the Condensed Consolidated Interim Financial Statements

34. Segmental Reporting (continued)

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

Outside the UK, Barclaycard provides credit cards in the United States, Germany, South Africa (through management of the Absa credit card portfolio) and in the Nordic region, where Barclaycard operates through Entercard, a joint venture with Swedbank.

Barclaycard works closely with other parts of the Group, including UK Retail Banking, Barclays Commercial Bank and Global Retail and Commercial Banking - Western Europe and Global Retail and Commercial Banking - Emerging Markets, to leverage their distribution capabilities.

Global Retail and Commercial Banking - Western Europe

GRCB - Western Europe encompasses Barclays Global Retail and Commercial Banking as well as Barclaycard operations in Spain, Italy, Portugal, France and Greece. GRCB - Western Europe serves customers through a variety of distribution channels including more than 980 distribution points and over 880 ATMs. GRCB - Western Europe provides a variety of products including retail mortgages, current and deposit accounts, commercial lending, unsecured lending, credit cards, investments, and insurance serving the needs of Barclays retail, mass affluent, and corporate customers.

Global Retail and Commercial Banking - Emerging Markets

GRCB - Emerging Markets encompasses Barclays Global Retail and Commercial Banking, as well as Barclaycard operations, in 14 countries organised in 6 geographic areas: India and Indian Ocean (India, Mauritius and Seychelles); Middle East and North Africa (UAE and Egypt); East and West Africa (Ghana, Tanzania, Uganda and Kenya); Southern Africa (Botswana, Zambia and Zimbabwe); Russia; and Pakistan (from 23rd July 2008). GRCB - Emerging Markets serves its customers through a network of over 870 branches and sales centres, and more than 890 ATMs. GRCB - Emerging Markets provides a variety of traditional retail and commercial products including retail mortgages, current and deposit accounts, commercial lending, unsecured lending, credit cards, treasury and investments. In addition to this, it provides specialist services such as Sharia compliant products and mobile banking.

Global Retail and Commercial Banking - Absa

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

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Notes to the Condensed Consolidated Interim Financial Statements

34. Segmental Reporting (continued)

Barclays Capital

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

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

Barclays Global Investors

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

BGI offers structured investment strategies such as indexing, global asset allocation and risk controlled active products including hedge funds and provides related investment services such as securities lending, cash management and portfolio transition services. In addition, BGI is the global leader in assets and products in the exchange traded funds business, with over 335 funds for institutions and individuals trading globally. BGI's investment philosophy is founded on managing all dimensions of performance: a consistent focus on controlling risk, return and cost. BGI collaborates with the other Barclays businesses, particularly Barclays Capital and Barclays Wealth, to develop and market products and leverage capabilities to better serve the client base.

Barclays Wealth

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

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

Head Office Functions and Other Operations

Head Office Functions and Other Operations comprises head office and central support functions, businesses in transition and consolidation adjustments.

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

Businesses in transition principally relate to certain lending portfolios that are centrally managed with the objective of maximising recovery from the assets. Consolidation adjustments largely reflect the elimination of inter-segment transactions.

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Notes to the Condensed Consolidated Interim Financial Statements

34. Segmental Reporting (continued)

Group Reporting Changes In 2008

Barclays announced on 22nd July 2008 the impact of certain changes in Group structure and reporting on the 2007 results. There was no impact on the Group income statement or balance sheet.

The businesses previously managed and reported as International Retail and Commercial Banking - excluding Absa are now reported and managed separately as Global Retail and Commercial Banking - Western Europe and Global Retail and Commercial Banking - Emerging Markets going forward.

Barclays Commercial Bank. The Marine Finance business, previously part of Barclaycard, is now managed and reported within Barclays Commercial Bank.

Barclaycard. The Absa credit card portfolio, previously part of International Retail and Commercial Banking - Absa is now managed and reported within Barclaycard. Certain credit card portfolios previously part of Barclaycard are now managed and reported as part of Global Retail and Commercial Banking - Western Europe. The Marine Finance business, previously part of Barclaycard is now managed and reported within Barclays Commercial Bank.

Global Retail and Commercial Banking - Western Europe. Certain credit card portfolios previously part of Barclaycard are now managed and reported as part of Global Retail and Commercial Banking - Western Europe.

International Retail and Commercial Banking - Absa. This business will be known going forward as Global Retail and Commercial Banking - Absa. The Absa credit card portfolio previously part of Global Retail and Commercial Banking - Absa is now managed and reported within Barclaycard.

Certain expenses, assets and staff previously reported within International Retail and Commercial Banking - excluding Absa have been allocated across UK Retail Banking, Barclays Commercial Bank, Barclaycard, Global Retail and Commercial Banking - Western Europe, Global Retail and Commercial Banking - Emerging Markets and Global Retail and Commercial Banking - Absa.

Certain pension assets and liabilities have been reclassified from Head Office and Other Operations to the other businesses in the Group.

UK Banking which previously reflected UK Retail Banking and Barclays Commercial Bank combined is no longer reported as a separate segment.

The structure remains unchanged for Barclays Capital, Barclays Global Investors, Barclays Wealth and Head Office and Other Operations.

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Notes to the Condensed Consolidated Interim Financial Statements

34. Segmental Reporting (continued)

	UK Retail Banking £m	Barclays Commercial Bank £m	Barclaycard £m	GRCB - Western Europe £m
Six months ending 30th June 2008				
Income from external customers, net of insurance claims	2,204	1,316	1,377	643
Inter-segment income	(28)	33	41	(2)
Total income net of insurance claims	2,176	1,349	1,418	641
Business segment performance before tax	690	702	388	115
	UK Retail Banking £m	Barclays Commercial Bank £m	Barclaycard £m	GRCB - Western Europe £m
Six months ending 31st December 2007				
Income from external customers, net of insurance claims	2,210	1,297	1,211	500
Inter-segment income	(34)	10	64	(3)
Total income net of insurance claims	2,176	1,307	1,275	497
Business segment performance before tax	629	651	304	91
	UK Retail Banking £m	Barclays Commercial Bank £m	Barclaycard £m	GRCB - Western Europe £m
Six months ending 30th June 2007				
Income from external customers, net of insurance claims	2,167	1,249	1,179	446
Inter-segment income	(46)	8	76	(6)
Total income net of insurance claims	2,121	1,257	1,255	440
Business segment performance before tax	646	706	299	105

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Notes to the Condensed Consolidated Interim Financial Statements

34. Segmental Reporting (continued)

	GRCB - Emerging Markets £m	GRCB - Absa £m	Barclays Capital £m	Barclays Global Investors £m	Barclays Wealth £m	Head Office Functions and Other Operations £m	Total £m
Six months ending 30th June 2008							
Income from external customers, net of insurance claims	410	1,032	3,288	984	706	(117)	11,843
Inter-segment income	—	15	123	3	(38)	(147)	—
Total income net of insurance claims	410	1,047	3,411	987	668	(264)	11,843
Business segment performance before tax	52	298	524	265	182	(462)	2,754

	GRCB - Emerging Markets £m	GRCB - Absa £m	Barclays Capital £m	Barclays Global Investors £m	Barclays Wealth £m	Head Office Functions and Other Operations £m	Total £m
Six months ending 31st December 2007							
Income from external customers, net of insurance claims	312	1,031	2,868	978	684	7	11,098
Inter-segment income	—	11	98	5	(32)	(119)	—
Total income net of insurance claims	312	1,042	2,966	983	652	(112)	11,098
Business segment performance before tax	40	326	675	346	134	(221)	2,975

	GRCB - Emerging Markets £m	GRCB - Absa £m	Barclays Capital £m	Barclays Global Investors £m	Barclays Wealth £m	Head Office Functions and Other Operations £m	Total £m
Six months ending 30th June 2007							
Income from external customers, net of insurance claims	221	941	4,066	937	659	37	11,902
Inter-segment income	—	16	87	6	(24)	(117)	—
Total income net of insurance claims	221	957	4,153	943	635	(80)	11,902
Business segment performance before tax	60	271	1,660	388	173	(207)	4,101

Table of Contents**Other Information**

Share Capital

The Group manages its debt and equity capital actively. The Group's authority to buy back ordinary shares (up to 984.9 million ordinary shares) was renewed at the 2008 Annual General Meeting. The Group will seek to renew its authority to buy back ordinary shares at the 2009 Annual General Meeting to provide additional flexibility in the management of the Group's capital resources.

At the 2008 Annual General Meeting, shareholders approved the creation of sterling, dollar, euro and yen preference shares ('Preference Shares') in order to provide the Group with more flexibility in managing its capital resources. No preference shares have been issued.

During the first half of 2008 Barclays repurchased in the market 36,150,000 of its ordinary shares of 25p each at a total cost of £171,923,243. This was the completion of the repurchase programme in order to minimise the dilutive effect on its existing shareholders of the issuance of a total of 336,805,556 Barclays ordinary shares to Temasek Holdings and China Development Bank in 2007.

Barclays purchased all of its staff shares in issue following approval for such purchase being given at the 2008 Annual General Meeting at a total cost of £1,023,054.

Group Share Schemes

The independent trustees of the Group's share schemes may make purchases of Barclays PLC ordinary shares in the market at any time or times following this announcement of the Group's results for the purposes of those schemes' current and future requirements. The total number of ordinary shares purchased would not be material in relation to the issued share capital of Barclays PLC.

Dividend Information

For qualifying US and Canadian resident ADR holders, the interim dividend of 11.5p per ordinary share becomes 46.0p per ADS (representing four shares). The ADR depositary will mail the interim dividend on 1st October 2008 to ADR holders on the record on 22nd August 2008.

Shareholders may have their dividends reinvested in Barclays PLC shares by participating in the Barclays Dividend Reinvestment Plan. The plan is available to all shareholders, including members of Barclays Sharestore, provided that they neither live in nor are subject to the jurisdiction of any country where their participation in the plan would require Barclays or The Plan Administrator to take action to comply with local government or regulatory procedures or any similar formalities. Any shareholder wishing to obtain details and a form to join the plan should contact The Plan Administrator by writing to: The Plan Administrator to Barclays, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, United Kingdom, or, by telephoning 0871 384 2055 (calls to this number are charged at 8p per minute if using a BT landline. Other telephony provider costs may vary). The completed form should be returned to The Plan Administrator on or before 10th September 2008 for it to be effective in time for the payment of the dividend on 1st October 2008. Shareholders who are already in the plan need take no action unless they wish to change their instructions in which case they should write to The Plan Administrator.

Table of Contents**Other Information**

General Information

The information in this announcement, which was approved by the Board of Directors on 6th August 2008, does not comprise statutory accounts within the meaning of Section 240 of the Companies Act 1985 (the 'Act'). Statutory accounts for the year ended 31st December 2007, which included certain information required for the Joint Annual Report on Form 20-F of Barclays PLC and Barclays Bank PLC to the US Securities and Exchange Commission (SEC) and which contained an unqualified audit report under Section 235 of the Act and which did not make any statements under Section 237 of the Act, have been delivered to the Registrar of Companies in accordance with Section 242 of the Act.

Registered Office

1 Churchill Place, London, E14 5HP, United Kingdom. Tel: +44 (0) 20 7116 1000.

Company number: 48839.

Website

www.barclays.com

Registrar

The Registrar to Barclays PLC, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, United Kingdom. Tel: 0871 384 2055 (calls to this number are charged at 8p per minute if using a BT landline. Other telephony provider costs may vary) or +44 121 415 7004 from overseas.

Listing

The principal trading market for Barclays PLC ordinary shares is the London Stock Exchange. Trading on the New York Stock Exchange is in the form of ADSs under the ticker symbol 'BCS'. Each ADS represents four ordinary shares of 25p each and is evidenced by an ADR. The ADR depositary is The Bank of New York Mellon whose international telephone number is +1-212-815-3700, whose domestic telephone number is 1-888-BNY-ADRS and whose address is The Bank of New York Mellon, Investor Relations, PO Box 11258, Church Street Station, New York, NY 10286-1258.

On or around 11th August 2008, JPMorgan Chase Bank, N.A will become the ADR depositary. Their international telephone number is +1-651-453-2128, domestic telephone number is 1-800-990-1135 and address is JPMorgan Chase Bank, N.A., PO Box 64504, St. Paul, MN 55164-0504, USA.

Filings with the SEC

The results will be furnished as a Form 6-K to the US Securities and Exchange Commission (SEC) as soon as practicable following the publication of these results.

Statutory accounts for the year ended 31st December 2007, which also include certain information required for the Joint Annual Report on Form 20-F of Barclays PLC and Barclays Bank PLC to the SEC, can be obtained from Corporate Communications, Barclays Bank PLC, 200 Park Avenue, New York, NY 10166, United States of America or from the Director, Investor Relations at Barclays registered office address, shown above. Copies of the form 20-F are also be available from the Barclays Investor Relations website (details below) and from the SEC's website (www.sec.gov).

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Other Information

General Information (continued)

Results Timetable

<u>Item</u>	<u>Date</u>
Ex Dividend Date	Wednesday, 20th August 2008
Dividend Record Date	Friday, 22nd August 2008
Dividend Payment Date	Wednesday, 1st October 2008
Interim Management Statement ¹	Tuesday, 18th November 2008
2008 Preliminary Results Announcement ¹	Tuesday, 17th February 2009

Economic Data

	<u>30.06.08</u>	<u>31.12.07</u>	<u>30.06.07</u>
Period end - US\$/£	1.99	2.00	2.01
Average - US\$/£	1.98	2.00	1.97
Period end - €/£	1.26	1.36	1.49
Average - €/£	1.29	1.46	1.48
Period end - ZAR/£	15.56	13.64	14.12
Average - ZAR/£	15.15	14.11	14.11

¹ Note that these announcement dates are provisional and subject to change

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Other Information

Glossary of Terms

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

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

‘Risk tendency’ is a statistical estimate of the average loss for each loan portfolio for a 12-month period, taking into account the size of the portfolio and its risk characteristics under current economic conditions, and is used to track the change in risk as the portfolio of loans changes over time.

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

Absa Definitions

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

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

‘Absa Capital’ is the portion of Absa’s results that is reported by Barclays within Barclays Capital.

‘Absa Card’ is the portion of Absa’s results that is reported by Barclays within Barclaycard.

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BARCLAYS BANK PLC
INTERIM RESULTS ANNOUNCEMENT FOR 2008

Extracts from the Results Announcement of Barclays Bank PLC, published on August 7th 2008, are provided on pages 109 to 144.

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This interim report does not contain detailed disclosures reflecting the impact of recent market turmoil as recommended by the Financial Stability Forum in its report on ‘Enhancing Market and Institutional Resilience’ published in April 2008 and the Committee of European Banking Supervisors in its report on ‘Banks’ Transparency on Activities and Products affected by the Recent Market Turmoil’ published in June 2008. This report contains disclosure on credit market exposures held by Barclays Capital on page 113 and more extensive disclosures are contained in the Barclays PLC Interim Results Announcement for the half year ended 30th June 2008. The data presented in the Barclays PLC Interim Results Announcement relating to credit market exposures is identical to that reportable for the Barclays Bank PLC Group.

Unless otherwise stated, the income statement analyses compare the six months to 30th June 2008 to the corresponding six months of 2007 (as restated on 22nd July 2008). Balance sheet comparisons, unless otherwise stated, relate to the corresponding position at 31st December 2007.

Forward-looking Statements

This document contains certain forward-looking statements within the meaning of Section 21E of the US Securities Exchange Act of 1934, as amended, and Section 27A of the US Securities Act of 1933, as amended with respect to certain of the Group’s plans and its current goals and expectations relating to its future financial condition and performance. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as “aim”, “anticipate”, “target”, “expect”, “estimate”, “intend”, “plan”, “goal”, “believe”, or other words of similar meaning. Examples of forward-looking statements include, among others, statements regarding the Group’s future financial position, income growth, impairment charges, business strategy, projected levels of growth in the banking and financial markets, projected costs, estimates of capital expenditures, and plans and objectives for future operations. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, including, but not limited to, UK domestic and global economic and business conditions, the effects of continued volatility in credit markets and of further writedowns and credit exposures, market related risks such as changes in interest rates and exchange rates, the policies and actions of governmental and regulatory authorities including classification of financial instruments for regulatory capital purposes, changes in legislation, the further development of standards and interpretations under International Financial Reporting Standards (IFRS) applicable to past, current and future periods, evolving practices with regard to the interpretation and application of standards under IFRS, the outcome of pending and future litigation, the success of future acquisitions and other strategic transactions and the impact of competition — a number of which factors are beyond the Group’s control. As a result, the Group’s actual future results may differ materially from the plans, goals, and expectations set forth in the Group’s forward-looking statements. Additional risks and factors are identified in this document in “principal risks and uncertainties” and in our filings with the US Securities and Exchange Commission (the ‘SEC’) including in our annual report on form 20-F for the fiscal year ended 31st December 2007 which is available on the SEC website at <http://www.sec.gov>.

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

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Risk Management

There have been no material changes to the risk management processes as described in the Annual Report and Accounts for the year ended 31st December 2007.

Principal risks and uncertainties

The overall risk environment remains challenging for broad areas of the financial services industry. The continued dislocation in the wholesale credit markets, with wider credit spreads and constrained market liquidity, is exacerbated by slower economic growth in many parts of the world.

Wholesale Credit Risk

As we entered 2008, the wholesale credit environment reflected concerns about weakening economic conditions in our major markets. That environment led to a more cautious approach to credit assessment, pricing and ongoing control in the financial services industry, which we expect to continue in the second half of the year. At the half-year stage, our assessment of our wholesale credit risk is broadly unchanged. Wholesale credit market conditions remain difficult, with reduced liquidity in cash and securitised products.

Overall, our wholesale credit impairment for 2008 is at a level broadly commensurate with our wholesale models' prediction for a stress level that might occur once in twenty years. The key driver of impairment continues to be losses seen in US RMBS and related exposures, where the value of the underlying collateral has continued to deteriorate through 2008. This reflects the high levels of default seen in the US mortgage market, particularly in the sub-prime and Alt-A segments. There have also been some industry losses from exposure to a number of hedge fund counterparties where extreme market turbulence led to sudden loss of value of collateral, which ultimately proved insufficient to cover exposure in full.

Our corporate banking portfolios are generally performing in line with expectations. However, our portfolio in Spain is affected by the rapid cooling of the housing market and the impact on a range of counterparties in the residential development and construction sectors. Some signs of strain are being seen in Barclays Commercial Bank in the UK with an increased flow of cases into our Business Support turnaround and recovery team. Our Risk Tendency in this area has increased since the year-end, partly reflecting more difficult credit conditions.

In Absa, the wholesale portfolios have continued to perform well, reflecting the focus on the property, agriculture and sovereign sectors. This is in line with other banks in the region and contrasts with the declining performance of retail portfolios.

In response to the weakening environment in some of our core markets, we have reduced our risk profile in a number of areas. Examples of steps taken include reducing portfolio concentration limits in key sectors such as leveraged finance and property, as well as tightening underwriting criteria. We have taken actions across major business areas with the intention to reduce losses if the environment continues to weaken.

As we enter the second half of 2008, the principal uncertainties relating to the performance of the wholesale portfolios are:

- Performance of the underlying collateral supporting US RMBS and related positions, which may deteriorate further
- The impact of a deeper or more prolonged downturn on our businesses in the UK, US, Spain and South Africa
- The potential for idiosyncratic losses in different sectors and geographies where credit positions are sensitive to economic downturn
- The potential for losses in respect of other market related exposures to counterparties in the financial services industry

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Risk Management

Retail Credit Risk

Retail credit risk conditions in a number of Barclays major markets have deteriorated since the start of 2008 as a rise in consumer prices and weaker housing markets have accompanied the effects of dislocation in the wholesale credit markets and slower economic growth.

In the UK, impairment charges in our credit card portfolio reduced. Average credit scores and vintage analysis indicate continued improvement in the quality of business written in during 2007. Overall delinquencies and charge-offs are lower than a year ago, although there is some evidence of deterioration in the second quarter. In the UK unsecured loan portfolios, overall delinquencies have been stable and charge-offs have declined slightly as a result of tighter underwriting criteria.

Home Finance delinquency and possession rates remain well below the Council of Mortgage Lenders industry average and losses remain contained by conservative loan to value (LTV) ratios. The average LTV on business written in the first half of the year was 51% and the average current valuation LTV on our stock of mortgages was 35%. For our residential Home Finance portfolio, 4% of our loans are above 85% LTV on an indexed basis. While there has been some increase in Home Finance delinquency following deterioration in the UK housing market, it remains low relative to historical levels at 0.97%. Our other secured lending portfolios are operating as expected, and are being managed to reduce exposure.

In response to the worsening economic environment in Spain, we have tightened lending criteria and increased collections activities. In the Home Finance portfolio, which comprises the large majority of retail balances, the average LTV on new business written in the first half of the year was 64% and we estimate the average current LTV on our mortgage stock to be 45%.

While delinquency in US credit cards has been affected by the weakening economy, credit actions taken towards the end of 2007 have raised new customer quality and improved recent vintage performance.

In Absa, credit conditions remain challenging, given the prolonged series of interest rate rises and inflationary pressures. The arrears rates for recent vintages of the cards portfolio have improved after the introduction of tighter controls during the past year. Delinquency in the secured portfolios has risen as the economy continues to weaken. In order to stabilise delinquency rates, underwriting criteria have been significantly tightened and collections investment increased. The average mark to market LTV on our mortgage stock stood at 44%.

As we enter the second half of the year, the principal uncertainties relating to the performance of the retail portfolios are:

- The impact of global inflationary pressure on household disposable income and the ability of consumers to service debt
- The possibility of rises in unemployment and a marked slowdown in the UK, US, Spanish and South African economies
- The impact of further, sustained falls in house prices in the UK, Spain and South Africa
- The reduced availability of credit in mortgage markets, leading to further declines in property values

Table of Contents**Risk Management**

The second half outlook for the South African and Spanish retail credit environments is expected to be challenging with macroeconomic indicators suggesting further weakening. The US portfolio will also be affected by a more difficult environment. While we expect the less favourable economic environment in the UK to continue in the second half of the year, the credit market dislocation has constrained the competitive position of some other financial institutions and Barclays is well-positioned to continue to provide financing to customers.

Market Risk

Volatility across financial markets increased due to the continuation of the credit market dislocation, high global inflation brought on by higher commodity prices, especially oil, and recessionary concerns for the western economies.

Against this background, Barclays Capital's market risk exposure, as measured by average total Daily Value at Risk (DVaR), increased 30% to £58m compared with the second half of 2007 and increased 48% compared with the first half. This was mainly due to increases in interest rate positions and higher market volatility within the credit spread and interest rate DVaR. Average daily trading revenue of £26m was 29% higher than the second half of 2007, in line with the increase in DVaR.

As we enter the second half of the year, the principal uncertainties which may impact our market risk relate to volatility in interest rates, commodities, credit spreads, equity prices and foreign exchange rates. Some of these markets are also experiencing periods of reduced liquidity, creating the potential for significant price adjustments and instability in the historical correlation across risk factors.

Liquidity Risk

Despite a continued lack of term liquidity relative to overall demand, and constrained securitisation and covered bond markets, the Group's liquidity position has remained strong and stable and we have improved the overall term of our wholesale liabilities due to the diverse range of funding sources in terms of geography, currency and counterparty. Retail and commercial deposits continue to grow. In the UK and Europe, the Group continues to be able to fund its retail and commercial assets without recourse to wholesale markets. Given our limited reliance on securitisation as a source of funding, we do not regard uncertainty over the securitisation markets as likely to impact our liquidity risk profile in the second half of the year.

Legal Risk and Regulatory Compliance Risk

These risks affect the Group through the extensive range of legal obligations, regulations and codes in force in the territories in which the Group operates. The principal uncertainties regarding these risks are further discussed on pages 129 to 131.

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Risk Management

Barclays Capital Credit Market Exposures

Barclays Capital's credit market exposures resulted in net losses of £1,979m in the first half of 2008, due to continuing dislocation in the credit markets. The net losses, which included £1,108m in impairment charges, comprised; £875m against ABS CDO Super Senior exposures; and £1,956m against other credit market exposures; partially offset by gains of £852m from the general widening of credit spreads on issued notes measured at fair value through the profit and loss account.

The credit market dislocation resulted in losses in the following categories:

	Pro-forma ¹	Net Exposures	
	As at 30.06.08 £m	As at 31.12.07 £m	As at 30.06.07 £m
ABS CDO Super Senior	3,229	4,671	7,432
Other US sub-prime			
– Other US sub-prime	3,258	5,037	6,046
– Whole loan sales post period end	(828)	—	—
Net Other US sub-prime	2,430	5,037	6,046
Alt-A	3,510	4,916	3,760
Monoline insurers	2,584	1,335	140
SIVs and SIV-Lites	429	784	1,617
Commercial mortgages	10,988	12,399	8,282
Leveraged finance			
– Net loans and commitments	7,326	7,368	7,317
– Contingent repayment	(2,306)	—	—
Net Leveraged finance	5,020	7,368	7,317

¹ The above table includes net exposures as at 30th June 2008 less reductions to US sub-prime and leveraged finance totalling £3,134m that are expected to complete in the second half of 2008.

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Basis of Preparation

The condensed consolidated interim financial statements for the half year ended 30th June 2008 on pages 115 to 142 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34, 'Interim financial reporting' as published by the International Accounting Standards Board (IASB). They are also in accordance with IAS 34 as adopted by the European Union. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31st December 2007, which have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as published by the IASB. The annual financial statements are also prepared in accordance with IFRS as published by the IASB and IFRIC interpretations as adopted by the European Union.

The accounting policies adopted are consistent with those of the accounting policies described in the 2007 Annual report, except IFRS 8 'Operating Segments' has been adopted as at 1st January 2008. The standard was issued in November 2006 and excluding early adoption would first be required to be applied to the Group's accounting period beginning on 1st January 2009. The standard replaces IAS 14 'Segmental Reporting' and aligns operating segmental reporting with segments reported to senior management as well as requiring amendments and additions to the existing segmental reporting disclosures. The standard does not change the recognition, measurement or disclosure of specific transactions in the condensed consolidated interim financial statements but has impacted the segmental reporting as set out in note 19 on page 137.

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Consolidated Interim Income Statement (Unaudited)

Continuing Operations

		Half Year Ended	
	Notes	30.06.08	30.06.07
		£m	£m
Interest income		13,356	12,037
Interest expense		(8,195)	(7,450)
Net interest income		5,161	4,587
Fee and commission income		4,463	4,292
Fee and commission expense		(548)	(480)
Net fee and commission income		3,915	3,812
Net trading income		1,782	2,810
Net investment income		345	396
Principal transactions	1	2,127	3,206
Net premiums from insurance contracts		568	442
Other income		203	130
Total income		11,974	12,177
Net claims and benefits incurred on insurance contracts		(101)	(248)
Total income net of insurance claims		11,873	11,929
Impairment charges and other credit provisions	2	(2,448)	(959)
Net income		9,425	10,970
Staff costs		(3,888)	(4,581)
Administration and general expenses		(2,408)	(1,952)
Depreciation of property, plant and equipment		(274)	(227)
Amortisation of intangible assets		(94)	(87)
Operating expenses	3	(6,664)	(6,847)
Share of post-tax results of associates and joint ventures		23	—
Profit on disposal of subsidiaries, associates and joint ventures		—	5
Profit before tax		2,784	4,128
Tax	4	(620)	(1,158)
Profit after tax		2,164	2,970
Attributable To			
Minority interests		196	167
Equity holders of the parent		1,968	2,803
		2,164	2,970

The notes on pages 120 to 142 form an integral part of this condensed consolidated interim financial information.

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Consolidated Interim Balance Sheet (Unaudited)

	Notes	As at 30.06.08 £m	As at 31.12.07 £m
Assets			
Cash and balances at central banks		6,432	5,801
Items in the course of collection from other banks		2,478	1,836
Trading portfolio assets		177,630	193,726
Financial assets designated at fair value:			
– held on own account		46,697	56,629
– held in respect of linked liabilities to customers under investment contracts		79,486	90,851
Derivative financial instruments		400,009	248,088
Loans and advances to banks	5	54,514	40,120
Loans and advances to customers	6	395,467	345,398
Available for sale financial investments		42,858	43,256
Reverse repurchase agreements and cash collateral on securities borrowed		139,955	183,075
Other assets		6,015	5,153
Current tax assets		808	518
Investments in associates and joint ventures		316	377
Goodwill		6,932	7,014
Intangible assets		1,200	1,282
Property, plant and equipment		2,991	2,996
Deferred tax assets		1,964	1,463
Total assets		1,365,752	1,227,583

The notes on pages 120 to 142 form an integral part of this condensed consolidated interim financial information.

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Consolidated Interim Balance Sheet (Unaudited)

	Notes	As at 30.06.08 £m	As at 31.12.07 £m
Liabilities			
Deposits from banks		89,944	90,546
Items in the course of collection due to other banks		2,791	1,792
Customer accounts		319,547	295,849
Trading portfolio liabilities		56,067	65,402
Financial liabilities designated at fair value		86,162	74,489
Liabilities to customers under investment contracts		80,949	92,639
Derivative financial instruments		396,357	248,288
Debt securities in issue		115,739	120,228
Repurchase agreements and cash collateral on securities lent		146,895	169,429
Other liabilities		8,998	10,514
Current tax liabilities		1,532	1,311
Insurance contract liabilities, including unit-linked liabilities		3,679	3,903
Subordinated liabilities	8	21,583	18,150
Deferred tax liabilities		655	855
Provisions		624	830
Retirement benefit liabilities	9	1,603	1,537
Total liabilities		1,333,125	1,195,762
Shareholders' Equity			
Called up share capital	10	2,397	2,382
Share premium account	10	12,063	10,751
Available for sale reserve		(462)	111
Cash flow hedging reserve		(419)	26
Other shareholders' funds		2,849	2,687
Translation reserve		(427)	(307)
Retained earnings		14,800	14,222
Shareholders' equity excluding minority interests		30,801	29,872
Minority interests		1,826	1,949
Total shareholders' equity		32,627	31,821
Total liabilities and shareholders' equity		1,365,752	1,227,583

The notes on pages 120 to 142 form an integral part of this condensed consolidated interim financial information.

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Condensed Consolidated Interim Statement of Recognised Income and Expense (Unaudited)

	Half Year Ended	
	30.06.08	30.06.07
	£m	£m
Consolidated Statement of Recognised Income and Expense		
Net movements in available for sale reserve	(716)	63
Net movements in cash flow hedging reserve	(573)	(280)
Net movements in currency translation reserve	(500)	(48)
Tax	381	37
Other movements	22	23
Amounts included directly in equity	(1,386)	(205)
Profit after tax	2,164	2,970
Total recognised income and expense	778	2,765
Attributable To		
Minority interests	(45)	110
Equity holders of the parent	823	2,655
	778	2,765

A detailed analysis of the Statement of Recognised Income and Expense is provided in note 11.

The notes on pages 120 to 142 form an integral part of this condensed consolidated interim financial information.

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Condensed Consolidated Interim Cash Flow Statement (Unaudited)

	Half Year Ended	
	30.06.08	31.12.07
	£m	£m
Reconciliation of Profit Before Tax to Net Cash Flows From Operating Activities		
Profit before tax	2,784	2,979
Adjustment for non-cash items	(170)	1,124
Changes in operating assets and liabilities	1,584	(16,612)
Tax paid	(986)	(623)
Net cash from operating activities	3,212	(13,132)
Net cash from investing activities	812	6,026
Net cash from financing activities	3,346	2,757
Effects of exchange rate on cash and cash equivalents	(407)	(458)
Net increase/(decrease) in cash and cash equivalents	6,963	(4,807)
Cash and cash equivalents at beginning of period	33,078	37,885
Cash and cash equivalents at end of period	40,041	33,078

The notes on pages 120 to 142 form an integral part of this condensed consolidated interim financial information.

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Notes to the Condensed Consolidated Interim Financial Statements

1. Principal Transactions

	Half Year Ended	
	30.06.08	30.06.07
	£m	£m
Rates related business	2,778	2,001
Credit related business	(996)	809
Net trading income	1,782	2,810
Net gain from disposal of available for sale assets	119	159
Dividend income	5	18
Net gain from financial instruments designated at fair value	125	102
Other investment income	96	117
Net investment income	345	396
Principal transactions	2,127	3,206

2. Impairment Charges and Other Credit Provisions

	Half Year Ended	
	30.06.08	30.06.07
	£m	£m
Impairment charges on loans and advances	1,933	963
Charges/(release) in respect of undrawn facilities and guarantees	328	(4)
Impairment charges on loans and advances and other credit provisions	2,261	959
Impairment charges on reverse repurchase agreements	103	—
Impairment charges on available for sale assets	84	—
Impairment charges and other credit provisions	2,448	959

Impairment charges and other credit provisions on ABS CDO Super Senior and other credit market exposures included above:

	Half Year Ended	
	30.06.08	30.06.07
	£m	£m
Impairment charges on loans and advances	663	—
Charges in respect of undrawn facilities	322	—
Impairment charges on loans and advances and other credit provisions on ABS CDO Super Senior and other credit market exposures	985	—
Impairment charges on reverse repurchase agreements	53	—
Impairment charges on available for sale assets	70	—
Impairment charges and other credit provisions on ABS CDO Super Senior and other credit market exposures	1,108	—

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Notes to the Condensed Consolidated Interim Financial Statements

3. Operating Expenses

	Half Year Ended	
	30.06.08	30.06.07
	£m	£m
Staff costs	3,888	4,581
Administrative expenses	2,353	1,893
Depreciation	274	227
Impairment loss - property and equipment and intangible assets	30	2
Operating lease rentals	234	204
Gain on property disposals	(120)	(147)
Amortisation of intangible assets	94	87
Gain on acquisition	(89)	—
Operating expenses	6,664	6,847

4. Tax

The tax charge for the period is based upon a UK corporation tax rate of 28.5% for the calendar year 2008 (2007: 30%). The effective rate of tax for the first half of 2008, based on profit before tax, was 22% (2007: 28%). The effective tax rate differs from 28.5% primarily due to the different tax rates which are applied to the profits earned outside the UK, disallowable expenditure, non-taxable gains and income, and the release of prior year tax provisions and a deferred tax liability no longer required. The effective tax rate for this interim period is lower than the 2007 full year and anticipated 2008 full year rate principally because of the release of prior year tax provisions and a deferred tax liability no longer required.

5. Loans and Advances to Banks

	As at 30.06.08 £m	As at 31.12.07 £m
By Geographical Area		
United Kingdom	9,840	5,518
Other European Union	16,175	11,102
United States	16,346	13,443
Africa	3,409	2,581
Rest of the World	8,749	7,479
	54,519	40,123
Less: Allowance for impairment	(5)	(3)
Total loans and advances to banks	54,514	40,120

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Notes to the Condensed Consolidated Interim Financial Statements

6. Loans and Advances to Customers

	As at 30.06.08 £m	As at 31.12.07 £m
Retail business	175,397	164,062
Wholesale and corporate business	224,941	185,105
	400,338	349,167
Less: Allowances for impairment	(4,871)	(3,769)
Total loans and advances to customers	395,467	345,398
By Geographical Area		
United Kingdom	211,132	190,347
Other European Union	72,519	56,533
United States	50,444	40,300
Africa	37,991	39,167
Rest of the World	28,252	22,820
	400,338	349,167
Less: Allowance for impairment	(4,871)	(3,769)
Total loans and advances to customers	395,467	345,398
By Industry		
Financial institutions	96,829	71,160
Agriculture, forestry and fishing	3,332	3,319
Manufacturing	20,509	16,974
Construction	6,388	5,423
Property	18,754	17,018
Government	3,053	2,036
Energy and water	10,602	8,632
Wholesale and retail distribution and leisure	19,233	17,768
Transport	6,736	6,258
Postal and communication	7,414	5,404
Business and other services	29,660	30,363
Home loans	120,971	112,087
Other personal	46,301	41,535
Finance lease receivables	10,556	11,190
	400,338	349,167
Less: Allowance for impairment	(4,871)	(3,769)
Total loans and advances to customers	395,467	345,398

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Notes to the Condensed Consolidated Interim Financial Statements

7. Allowance for Impairment on Loans and Advances

	As at 30.06.08 £m	As at 31.12.07 £m	As at 30.06.07 £m
At beginning of period	3,772	3,277	3,335
Acquisitions and disposals	97	2	(75)
Exchange and other adjustments	(26)	59	(6)
Unwind of discount	(63)	(60)	(53)
Amounts written off	(911)	(952)	(1,011)
Recoveries	74	103	124
Amounts charged against profit	1,933	1,343	963
At end of period	4,876	3,772	3,277
	As at 30.06.08 £m	As at 31.12.07 £m	As at 30.06.07 £m
Allowance			
United Kingdom	2,785	2,526	2,396
Other European Union	449	344	334
United States	1,007	356	72
Africa	552	514	452
Rest of the World	83	32	23
At end of period	4,876	3,772	3,277

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Notes to the Condensed Consolidated Interim Financial Statements

8. Subordinated Liabilities

	Half Year Ended	
	30.06.08	31.12.07
	£m	£m
Dated		
Opening balance	11,519	9,371
Issuances	1,606	1,606
Redemptions	(195)	(11)
Other	325	553
Closing balance	13,255	11,519
Issuances		
6.05% Fixed Rate Subordinated Notes 2017 (US\$2.25bn)	—	1,098
Fixed/Floating Rate Callable Subordinated Floating Rate Notes 2023	—	500
Floating Rate Subordinated Notes 2014 (KES 1,000m)	—	8
6% Fixed Rate Subordinated Notes due 2018 (€1.75bn)	1,303	—
CMS-Linked Subordinated Notes due 2018 (€100m)	75	—
CMS-Linked Subordinated Notes due 2018 (€135m)	105	—
Subordinated Unsecured Fixed Rate Capital Notes 2015 (BWP 90m)	8	—
Subordinated Callable Notes 2018 (ZAR 1,525m)	115	—
	1,606	1,606
Redemptions		
Subordinated Floating Rate Notes 2011 (€30m)	—	(11)
5.5% Subordinated Notes 2013 (DM 500m)	(195)	—
	(195)	(11)
	Half Year Ended	
	30.06.08	31.12.07
	£m	£m
Undated		
Opening balance	6,631	5,696
Issuances	2,010	618
Redemptions	(300)	—
Other	(13)	317
Closing balance	8,328	6,631
Issuances		
7.434% Step-up Callable Perpetual Reserve Capital Instruments (US\$1.25bn)	—	618
8.25% Undated Subordinated Notes	1,000	—
7.7% Undated Subordinated Notes (US\$2bn)	1,010	—
	2,010	618
Redemptions		
9.875% Undated Subordinated Notes	(300)	—
	(300)	—

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Notes to the Condensed Consolidated Interim Financial Statements

9. Retirement benefit liabilities

The Group's IAS 19 pension surplus across all schemes as at 30th June 2008 was £141m (31st December 2007: £393m; 30th June 2007: £540m). There are net recognised liabilities of £1,567m (31st December 2007: £1,501m; 30th June 2007: £1,804m) and unrecognised actuarial gains of £1,708m (31st December 2007: £1,894m; 30th June 2007: £2,344m). The net recognised liabilities comprised retirement benefit liabilities of £1,603m (31st December 2007: £1,537m; 30th June 2007: £1,840m) and assets of £36m (31st December 2007: £36m; 30th June 2007: £36m).

The Group's IAS 19 pension surplus in respect of the main UK scheme as at 30th June 2008 was £439m (31st December 2007: £668m; 30th June 2007: £867m). This change primarily reflects lower investment returns over the period, following general market movements, which led to a fall in the market value of the scheme assets. This was partially offset by an increase in the real discount rate used to value the scheme liabilities, reflecting an increase in AA corporate bond yields which resulted in a higher discount rate of 6.70% (31st December 2007: 5.82%; 30th June 2007: 5.82%).

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Notes to the Condensed Consolidated Interim Financial Statements

10. Share Capital and Share Premium

	<u>30.06.08</u> £m	<u>31.12.07</u> £m
Called Up Share Capital, Allotted and Fully Paid		
At beginning of period	2,336	2,329
Issued for cash	<u>2</u>	<u>7</u>
At end of period	2,338	2,336
Called up Preference Share Capital, Allotted and Fully Paid		
At beginning of period	46	34
Issued for cash	<u>13</u>	<u>12</u>
At end of period	59	46
Called up share capital	2,397	2,382
Share Premium		
At beginning of period	10,751	9,452
Ordinary shares issued for cash	16	104
Preference shares issued for cash	<u>1,296</u>	<u>1,195</u>
At end of period	12,063	10,751

Ordinary Shares

The issued ordinary share capital of Barclays Bank PLC at 30th June 2008 comprised 2,338 million (31st December 2007: 2,336 million) ordinary shares of £1 each.

The whole of the issued ordinary share capital of Barclays Bank PLC at 30th June 2008 is beneficially owned by Barclays PLC.

Preference Shares

The issued preference share capital of Barclays Bank PLC at 30th June 2008 comprised £59m (31st December 2007: £46m) of preference shares of the following denominations:

	<u>30.06.08</u> '000	<u>31.12.07</u> '000
Issued and fully paid shares of £1 each	1	1
Issued and fully paid shares of £100 each	75	75
Issued and fully paid shares of US\$0.25 each	237,000	131,000
Issued and fully paid shares of US\$100 each	100	100
Issued and fully paid shares of €100 each	240	240

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Notes to the Condensed Consolidated Interim Financial Statements

11. Statement of Recognised Income and Expense

	30.06.08 £m	30.06.07 £m
Available for Sale Reserve		
- Net (losses)/gains from changes in fair value	(685)	168
- Losses transferred to net profit due to impairment	84	—
- Net gains transferred to net profit on disposal	(120)	(161)
- Net losses transferred to net profit due to fair value hedging	5	56
Net movements in available for sale reserve	(716)	63
Cash Flow Hedging Reserve		
- Net losses from changes in fair value	(638)	(420)
- Net losses transferred to net profit	65	140
Net movements in cash flow hedging reserve	(573)	(280)
Net movements in currency translation reserve	(500)	(48)
Tax	381	37
Other movements	22	23
Amounts included directly in equity	(1,386)	(205)
Profit after tax	2,164	2,970
Total recognised income and expense	778	2,765

The consolidated statement of recognised income and expense reflects all items of income and expense for the period, including items taken directly to equity. Movements in individual reserves are shown including amounts which relate to minority interests; the impact of such amounts is then reflected in the amount attributable to such interests. Movements in individual reserves are also shown on a pre-tax basis with any related tax recorded on the separate tax line.

The available for sale reserve reflects gains or losses arising from the change in fair value of available for sale financial assets until disposal. The exceptions to reflect fair value movements through the income statement are impairment losses, gains or losses transferred to the income statement due to fair value hedge accounting and foreign exchange gains or losses on monetary items such as debt securities. When an available for sale asset is impaired or derecognised, the cumulative gain or loss previously recognised in the available for sale reserve is transferred to the income statement. The loss of £685m (2007: gain of £168m) from changes in fair value reflects the downturn across the US sub-prime market and increases in European and Japanese interest rates. The decrease in net gains transferred to net profit is primarily due to the lower levels of disposals.

Cash flow hedging aims to minimise exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss. The fair value gain or loss associated with the effective portion of the hedge is initially recognised in shareholders' equity, and recycled to the income statement in the periods when the hedged item will affect profit or loss. Any ineffective portion of the gain or loss on the hedging instrument is recognised in the income statement immediately. The current period movement in the cash flow hedge reserve relates to a reduction in the fair value of interest rate swaps used in cash flow hedging due to increases in interest rates.

Exchange differences arising on the net investments in foreign operations and effective hedges of net investments are recognised in the currency translation reserve and transferred to the income statement on the disposal of the net investment. The movement in the first half of 2008 primarily reflects the impact of changes in the value of the Rand, Yen, Euro and Swiss Franc against Sterling. These movements reflect both the Group and minority interests in Absa Group Limited, the value of other currency movements on net investments which are hedged on a post-tax basis and net investments which are economically hedged through preference share capital that is not revalued for accounting purposes.

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Notes to the Condensed Consolidated Interim Financial Statements

12. Dividends

	Half Year Ended	
	30.06.08	30.06.07
	£m	£m
Dividends Paid During the Period		
Ordinary shares	1,030	995

Ordinary dividends were paid to enable Barclays PLC to fund its dividend to shareholders.

Preference shares	147	74
Other equity instruments	55	54

13. Contingent Liabilities and Commitments

	As at 30.06.08	As at 31.12.07
	£m	£m
Acceptances and endorsements	473	365
Guarantees and letters of credit pledged as collateral security	51,439	35,692
Other contingent liabilities	9,804	9,717
Contingent liabilities	61,716	45,774
Documentary credits and other short-term trade related transactions	843	522
Undrawn note issuance and revolving underwriting facilities:		
Forward asset purchases and forward deposits placed	204	283
Standby facilities, credit lines and other	209,512	191,834
Commitments	210,559	192,639

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Notes to the Condensed Consolidated Interim Financial Statements

14. Legal Proceedings

Barclays has for some time been party to proceedings, including a class action, in the United States against a number of defendants following the collapse of Enron; the class action claim is commonly known as the Newby litigation. On 20th July 2006 Barclays received an Order from the United States District Court for the Southern District of Texas Houston Division which dismissed the claims against Barclays PLC, Barclays Bank PLC and Barclays Capital Inc. in the Newby litigation. On 4th December 2006 the Court stayed Barclays dismissal from the proceedings and allowed the plaintiffs to file a supplemental complaint. On 19th March 2007 the United States Court of Appeals for the Fifth Circuit issued its decision on an appeal by Barclays and two other financial institutions contesting a ruling by the District Court allowing the Newby litigation to proceed as a class action. The Court of Appeals held that because no proper claim against Barclays and the other financial institutions had been alleged by the plaintiffs, the case could not proceed against them. The plaintiffs applied to the United States Supreme Court for a review of this decision. On 22nd January 2008, the United States Supreme Court denied the plaintiffs' request for review. Following the Supreme Court's decision, the District Court ordered a further briefing concerning the status of the plaintiffs' claims. Barclays is seeking the dismissal of the plaintiffs' claims.

Barclays considers that the Enron related claims against it are without merit and is defending them vigorously. It is not possible to estimate Barclays possible loss in relation to these matters, nor the effect that they might have upon operating results in any particular financial period.

Barclays has been in negotiations with the staff of the US Securities and Exchange Commission with respect to a settlement of the Commission's investigations of transactions between Barclays and Enron. Barclays does not expect that the amount of any settlement with the Commission would have a significant adverse effect on its financial position or operating results.

Like other UK financial services institutions, Barclays faces numerous County Court claims and complaints by customers who allege that its unauthorised overdraft charges either contravene the Unfair Terms in Consumer Contracts Regulations 1999 ("UTCCR") or are unenforceable penalties or both. In July 2007, by agreement with all parties, the OFT commenced proceedings against seven banks and one building society including Barclays, to resolve the matter by way of a "test case" process (the "test case"). Preliminary issues hearings took place in January / February and July 2008. In relation to the January / February hearing the Judge found in favour of the banks on the issue of the penalty doctrine, and in favour of the OFT on the issue of the applicability of the UTCCR. The OFT is not pursuing an appeal in relation to the penalty doctrine. The banks have been granted permission to appeal the decision in relation to the applicability of the UTCCR. The Court of Appeal proceedings are likely to be heard in the Autumn of 2008 and this will dictate the further course of the action. There are likely to be further hearings and the proceedings may take a significant period of time to conclude. Pending resolution of the test case process, existing and new claims in the County Courts remain stayed, and there is an FSA waiver of the complaints handling process and a standstill of Financial Ombudsman Service decisions. Barclays is defending the test case vigorously. It is not practicable to estimate Barclays possible loss in relation to these matters, nor the effect that they may have upon operating results in any particular financial period.

Barclays is engaged in various other litigation proceedings both in the United Kingdom and a number of overseas jurisdictions, including the United States, involving claims by and against it which arise in the ordinary course of business. Barclays does not expect the ultimate resolution of any of the proceedings to which Barclays is party to have a significant adverse effect on the financial position of the Group and Barclays has not disclosed the contingent liabilities associated with these claims either because they cannot reasonably be estimated or because such disclosure could be prejudicial to the conduct of the claims.

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15. Competition and Regulatory Matters

The scale of regulatory change remains challenging, arising in part from the implementation of some key European Union (“EU”) directives. Many changes to financial services legislation and regulation have come into force in recent years and further changes will take place in the near future. Concurrently, there is continuing political and regulatory scrutiny of the operation of the retail banking and consumer credit industries in the UK and elsewhere. The nature and impact of future changes in policies and regulatory action are not predictable and beyond the Group’s control but could have an impact on the Group’s businesses and earnings. In June 2005, an inquiry into retail banking in all of the then 25 Member States was launched by the European Commission’s Directorate General for Competition. The inquiry looked at retail banking in Europe generally. In January 2007, the European Commission announced that the inquiry had identified barriers to competition in certain areas of retail banking, payment cards and payment systems in the EU. The European Commission indicated it will use its powers to address these barriers, and will encourage national competition authorities to enforce European and national competition laws where appropriate. Any action taken by the European Commission and national competition authorities could have an impact on the payment cards and payment systems businesses of the Group and on its retail banking activities in the EU countries in which it operates.

In September 2005, the OFT received a super-complaint from the Citizens Advice Bureau relating to payment protection insurance (“PPI”). As a result, the OFT commenced a market study on PPI in April 2006. In October 2006 the OFT announced the outcome of the market study and the OFT referred the PPI market to the UK Competition Commission for an in-depth inquiry in February 2007. The Competition Commission published its provisional findings on 5th June 2008 in which it indicated that there was a lack of competition in the UK PPI market. The commission will now consult on the provisional findings and remedies and intends to publish its final report at the end of 2008. In October 2006, the FSA also published the outcome of its broad industry thematic review of PPI sales practices in which it concluded that some firms fail to treat customers fairly. The Group has cooperated fully with these investigations and will continue to do so.

The OFT has carried out investigations into Visa and MasterCard credit card interchange rates. The decision by the OFT in the MasterCard interchange case was set aside by the Competition Appeals Tribunal in June 2006. The OFT’s investigation in the Visa interchange case is at an earlier stage and a second MasterCard interchange case is ongoing. The outcome is not known but these investigations may have an impact on the consumer credit industry in general and therefore on the Group’s business in this sector. In February 2007 the OFT announced that it was expanding its investigation into interchange rates to include debit cards.

In April 2007, the UK consumer interest association known as Which? submitted a super-complaint to the OFT pursuant to the Enterprise Act 2000. The super-complaint criticises the various ways in which credit card companies calculate interest charges on credit card accounts. In June 2007, the OFT announced a new programme of work with the credit card industry and consumer bodies in order to make the costs of credit cards easier for consumers to understand. This OFT decision follows the receipt by the OFT of the super-complaint from Which?. This new work will explore the issues surrounding the costs of credit for credit cards including purchases, cash advances, introductory offers and payment allocation. On 11th February 2008, the OFT announced its recommendations, which include the introduction of an FSA price comparison website, improvements to customer information in summary boxes and the use of standard terminology.

In September 2006, the OFT announced that it had decided to undertake a fact find on the application of its statement on credit card fees to current account unauthorised overdraft fees. The fact find was completed in March 2007. On 29th March 2007, the OFT announced its decision to conduct a formal investigation into the fairness of bank current account charges. The OFT initiated a market study into personal current accounts (“PCAs”) in the UK on 26th April 2007. The study’s focus was PCAs but it also included an examination of other retail banking products, in particular savings accounts, credit cards, personal loans and mortgages in order to take into account the competitive dynamics of UK retail banking. On 16th July 2008, the OFT published its market study report, in which it concluded that certain features of the UK PCA market were not working well for consumers. The OFT reached the provisional view that some form of regulatory intervention is necessary in the UK PCA market. On 16th July 2008 the OFT also announced a consultation to seek views on the findings and possible measures to address the issues raised in its report. Barclays has participated fully in the market study process and will continue to do so. The consultation period closes on 31st October 2008.

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15. Competition and Regulatory Matters (continued)

US laws and regulations require compliance with US economic sanctions, administered by the Office of Foreign Assets Control, against designated foreign countries, nationals and others. HM Treasury regulations similarly require compliance with sanctions adopted by the UK government. The Group has been conducting an internal review of its conduct with respect to US dollar payments involving countries, persons and entities subject to these sanctions and has been reporting to governmental authorities about the results of that review. The Group received inquiries relating to these sanctions and certain US dollar payments processed by its New York branch from the New York County District Attorney's Office and the US Department of Justice, which along with other authorities, has been reported to be conducting investigations of sanctions compliance by non-US financial institutions. The Group has responded to those inquiries and is cooperating with the regulators, the Department of Justice and the District Attorney's Office in connection with their investigations of Barclays conduct with respect to sanctions compliance. Barclays has also been keeping the FSA informed of the progress of these investigations and Barclays internal review. Barclays review is ongoing. It is currently not possible to predict the ultimate resolution of the issues covered by Barclays review and the investigations, including the timing and potential financial impact of any resolution, which could be substantial.

16. Acquisitions and Disposals**Acquisitions**

On 31st March 2008, Barclays completed the acquisition of Discover's UK credit card business, Goldfish, for a cash consideration of £38m (including attributable costs of £3m), for fair value of net assets of £127m, which gave rise to a gain on acquisition of £89m.

On 7th March 2008 Absa acquired, for a consideration of £5m a further 24% of Meeg Bank Limited, bringing Absa's shareholding up to 74%. Meeg Bank is based in South Africa.

Disposals

On 31st January 2008 Barclays completed the sale of Barclays Global Investors Japan Trust & Banking Co. Ltd, a Japanese trust administration and custody operation.

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17. Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions, or one other party controls both. The definition includes subsidiaries, associates, joint ventures and the Group's pension schemes, as well as other persons.

Subsidiaries

Transactions between Barclays Bank PLC and subsidiaries also meet the definition of related party transactions. Where these are eliminated on consolidation, they are not disclosed in the Group financial statements.

Associates, Joint Ventures and Other Entities

The Group provides banking services to its associates, joint ventures and Group pension funds (principally the UK Retirement Fund), providing loans, overdrafts, interest and non-interest bearing deposits and current accounts to these entities as well as other services. Group companies, principally within Barclays Global Investors, also provides investment management and custodian services to the Group pension schemes. The Group also provides banking services for unit trusts and investment funds managed by Group companies and are not individually material.

Key Management Personnel

The Group provides banking services to Directors and other key management personnel and persons connected to them. No related parties transactions have taken place in the first six months of the current financial year that have materially affected the financial position or the performance of the Group during that period; and there were no material changes in the related parties transactions described in the last Annual Report that could have a material effect on the financial position or performance of the Group in the first six months of the current financial year.

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Notes to the Condensed Consolidated Interim Financial Statements

17. Related Party Transactions (continued)

All of these transactions are conducted on the same terms to third-party transactions and are not individually material.

Amounts included, in aggregate, by category of related party entity are as follows:

Six months ending 30th June 2008	Associates £m	Joint ventures £m	Entities under common directorship £m	Pension funds, unit trusts and investment funds £m	Total £m
Income statement					
Interest received	—	60	—	—	60
Interest paid	(1)	(22)	—	—	(23)
Fees received for services rendered (including investment management and custody and commissions)	1	9	—	4	14
Fees paid for services provided	(32)	(67)	—	—	(99)
Principal transactions	5	19	(44)	—	(20)
Assets					
Loans and advances to banks and customers	129	1,512	67	—	1,708
Derivative transactions	—	4	38	—	42
Other assets	220	124	5	8	357
Liabilities					
Deposits from banks	—	—	—	—	—
Customer accounts	—	142	102	11	255
Derivative transactions	—	11	87	—	98
Other liabilities	3	16	—	25	44

The amounts reported in prior periods have been restated to reflect new related parties.

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Notes to the Condensed Consolidated Interim Financial Statements

17. Related Party Transactions (continued)

Six months ending 31st December 2007	Associates £m	Joint ventures £m	Entities under common directorship £m	Pension funds, unit trusts and investment funds £m	Total £m
Income statement:					
Interest received	4	44	1	—	49
Interest paid	—	(28)	(1)	—	(29)
Fees received for services rendered (including investment management and custody and commissions)	—	26	—	18	44
Fees paid for services provided	(25)	(20)	—	—	(45)
Principal transactions	(24)	47	(10)	—	13
Assets					
Loans and advances to banks and customers	142	1,285	40	—	1,467
Derivative transactions	—	4	36	—	40
Other assets	213	106	—	14	333
Liabilities					
Deposits from banks	11	—	—	—	11
Customer accounts	—	61	33	12	106
Derivative transactions	—	10	50	—	60
Other liabilities	4	125	—	—	129

The amounts reported in prior periods have been restated to reflect new related parties.

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Notes to the Condensed Consolidated Interim Financial Statements

17. Related Party Transactions (continued)

Six months ending 30th June 2007	Associates £m	Joint ventures £m	Entities under common directorship £m	Pension funds, unit trusts and investment funds £m	Total £m
Income statement					
Interest received	1	44	—	—	45
Interest paid	(1)	(30)	—	—	(31)
Fees received for services rendered (including investment management and custody and commissions)	1	8	—	8	17
Fees paid for services provided	(27)	(58)	—	—	(85)
Principal transactions	(3)	(2)	(6)	—	(11)
Assets					
Loans and advances to banks and customers	629	461	69	—	1,159
Derivative transactions	—	—	—	484	484
Other assets	90	138	—	12	240
Liabilities					
Deposits from banks	6	—	—	—	6
Customer accounts	16	10	2	41	69
Derivative transactions	3	—	8	—	11
Other liabilities	6	16	—	—	22

No guarantees, pledges or commitments have been given or received in respect of these transactions for the periods ending 30th June 2008, 31st December 2007 and 30th June 2007.

There are no leasing transactions between related parties for the periods ending 30th June 2008, 31st December 2007 and 30th June 2007.

Derivatives transacted on behalf of the Pensions Funds Units Trusts and Investment Funds amounted to £nil (2007: £484m).

During the period Barclays paid £1m (2007: £2m) charitable donations through the Charities Aid Foundation, a registered charitable organisation, in which a Director of the Company is a Trustee.

The amounts reported in prior periods have been restated to reflect new related parties.

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Notes to the Condensed Consolidated Interim Financial Statements

18. Events Occurring after the Balance Sheet Date

In July 2008 a capital injection of approximately £4.4bn was made by Barclays PLC into Barclays Bank PLC.

On 1st July 2008 Barclays acquired 100% of the shares of the Russian Bank, Expobank, for a consideration of approximately \$745m (£373m).

On 8th July 2008 Barclays announced it would close its FirstPlus unit to new business in August 2008.

On 5th August 2008 Barclays announced a sale of Barclays Life Assurance Company Limited to Swiss Reinsurance Company for a consideration of approximately £753m.

Table of Contents**Notes to the Condensed Consolidated Interim Financial Statements**

19. Segmental Reporting

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

Global Retail and Commercial Banking

- UK Retail Banking
- Barclays Commercial Bank
- Barclaycard
- Global Retail and Commercial Banking - Western Europe
- Global Retail and Commercial Banking - Emerging Markets
- Global Retail and Commercial Banking - Absa

Investment Banking and Investment Management

- Barclays Capital
- Barclays Global Investors
- Barclays Wealth

Head Office Functions and Other Operations**UK Retail Banking**

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

Barclays Commercial Bank

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

Table of Contents**Notes to the Condensed Consolidated Interim Financial Statements**

19. Segmental Reporting (continued)**Barclaycard**

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

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

Outside the UK, Barclaycard provides credit cards in the United States, Germany, South Africa (through management of the Absa credit card portfolio) and in the Nordic region, where Barclaycard operates through Entercard, a joint venture with Swedbank.

Barclaycard works closely with other parts of the Group, including UK Retail Banking, Barclays Commercial Bank and Global Retail and Commercial Banking - Western Europe and Global Retail and Commercial Banking - Emerging Markets, to leverage their distribution capabilities.

Global Retail and Commercial Banking - Western Europe

GRCB - Western Europe encompasses Barclays Global Retail and Commercial Banking as well as Barclaycard operations in Spain, Italy, Portugal, France and Greece. GRCB - Western Europe serves customers through a variety of distribution channels including more than 980 distribution points and over 880 ATMs. GRCB - Western Europe provides a variety of products including retail mortgages, current and deposit accounts, commercial lending, unsecured lending, credit cards, investments, and insurance serving the needs of Barclays retail, mass affluent, and corporate customers.

Global Retail and Commercial Banking - Emerging Markets

GRCB - Emerging Markets encompasses Barclays Global Retail and Commercial Banking, as well as Barclaycard operations, in 14 countries organised in 6 geographic areas: India and Indian Ocean (India, Mauritius and Seychelles); Middle East and North Africa (UAE and Egypt); East and West Africa (Ghana, Tanzania, Uganda and Kenya); Southern Africa (Botswana, Zambia and Zimbabwe); Russia; and Pakistan (from 23rd July 2008). GRCB - Emerging Markets serves its customers through a network of over 870 branches and sales centres, and more than 890 ATMs. GRCB - Emerging Markets provides a variety of traditional retail and commercial products including retail mortgages, current and deposit accounts, commercial lending, unsecured lending, credit cards, treasury and investments. In addition to this, it provides specialist services such as Sharia compliant products and mobile banking.

Global Retail and Commercial Banking - Absa

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

Table of Contents**Notes to the Condensed Consolidated Interim Financial Statements**

19. Segmental Reporting (continued)**Barclays Capital**

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

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

Barclays Global Investors

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

BGI offers structured investment strategies such as indexing, global asset allocation and risk controlled active products including hedge funds and provides related investment services such as securities lending, cash management and portfolio transition services. In addition, BGI is the global leader in assets and products in the exchange traded funds business, with over 335 funds for institutions and individuals trading globally. BGI's investment philosophy is founded on managing all dimensions of performance: a consistent focus on controlling risk, return and cost. BGI collaborates with the other Barclays businesses, particularly Barclays Capital and Barclays Wealth, to develop and market products and leverage capabilities to better serve the client base.

Barclays Wealth

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

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

Head Office Functions and Other Operations

Head Office Functions and Other Operations comprises head office and central support functions, businesses in transition and consolidation adjustments.

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

Businesses in transition principally relate to certain lending portfolios that are centrally managed with the objective of maximising recovery from the assets. Consolidation adjustments largely reflect the elimination of inter-segment transactions.

Table of Contents**Notes to the Condensed Consolidated Interim Financial Statements**

19. Segmental Reporting (continued)**Group Reporting Changes In 2008**

Barclays announced on 22nd July 2008 the impact of certain changes in Group structure and reporting on the 2007 results. There was no impact on the Group income statement or balance sheet.

The businesses previously managed and reported as International Retail and Commercial Banking - excluding Absa are now reported and managed separately as Global Retail and Commercial Banking - Western Europe and Global Retail and Commercial Banking - Emerging Markets going forward.

Barclays Commercial Bank. The Marine Finance business, previously part of Barclaycard, is now managed and reported within Barclays Commercial Bank.

Barclaycard. The Absa credit card portfolio, previously part of International Retail and Commercial Banking - Absa is now managed and reported within Barclaycard. Certain credit card portfolios previously part of Barclaycard are now managed and reported as part of Global Retail and Commercial Banking - Western Europe. The Marine Finance business, previously part of Barclaycard is now managed and reported within Barclays Commercial Bank.

Global Retail and Commercial Banking - Western Europe. Certain credit card portfolios previously part of Barclaycard are now managed and reported as part of Global Retail and Commercial Banking - Western Europe.

International Retail and Commercial Banking - Absa. This business will be known going forward as Global Retail and Commercial Banking - Absa. The Absa credit card portfolio previously part of Global Retail and Commercial Banking - Absa is now managed and reported within Barclaycard.

Certain expenses, assets and staff previously reported within International Retail and Commercial Banking - excluding Absa have been allocated across UK Retail Banking, Barclays Commercial Bank, Barclaycard, Global Retail and Commercial Banking - Western Europe, Global Retail and Commercial Banking - Emerging Markets and Global Retail and Commercial Banking - Absa.

Certain pension assets and liabilities have been reclassified from Head Office and Other Operations to the other businesses in the Group.

UK Banking which previously reflected UK Retail Banking and Barclays Commercial Bank combined is no longer reported as a separate segment.

The structure remains unchanged for Barclays Capital, Barclays Global Investors, Barclays Wealth and Head Office and Other Operations.

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Notes to the Condensed Consolidated Interim Financial Statements

19. Segmental Reporting (continued)

	UK Retail	Barclays Commercial		GRCB - Western
	<u>Banking</u> £m	<u>Bank</u> £m	<u>Barclaycard</u> £m	<u>Europe</u> £m
Six months ending 30th June 2008				
Income from external customers, net of insurance claims	2,204	1,316	1,377	643
Inter-segment income	(28)	33	41	(2)
Total income net of insurance claims	2,176	1,349	1,418	641
Business segment performance before tax	690	702	388	115
	UK Retail	Barclays Commercial		GRCB - Western
	<u>Banking</u> £m	<u>Bank</u> £m	<u>Barclaycard</u> £m	<u>Europe</u> £m
Six months ending 30th June 2007				
Income from external customers, net of insurance claims	2,167	1,249	1,179	446
Inter-segment income	(46)	8	76	(6)
Total income net of insurance claims	2,121	1,257	1,255	440
Business segment performance before tax	646	706	299	105

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Notes to the Condensed Consolidated Interim Financial Statements

19. Segmental Reporting (continued)

	GRCB - Emerging Markets £m	GRCB - Absa £m	Barclays Capital £m	Barclays Global Investors £m	Barclays Wealth £m	Head Office Functions and Other Operations £m	Total £m
Six months ending 30th June 2008							
Income from external customers, net of insurance claims	410	1,032	3,288	984	706	(87)	11,873
Inter-segment income	—	15	123	3	(38)	(147)	—
Total income net of insurance claims	410	1,047	3,411	987	668	(234)	11,873
Business segment performance before tax	52	298	524	265	182	(432)	2,784
	GRCB - Emerging Markets £m	GRCB - Absa £m	Barclays Capital £m	Barclays Global Investors £m	Barclays Wealth £m	Head Office Functions and Other Operations £m	Total £m
Six months ending 30th June 2007							
Income from external customers, net of insurance claims	221	941	4,066	937	659	64	11,929
Inter-segment income	—	16	87	6	(24)	(117)	—
Total income net of insurance claims	221	957	4,153	943	635	(53)	11,929
Business segment performance before tax	60	271	1,660	388	173	(180)	4,128

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Other Information

General Information

The information in this announcement, which was approved by the Board of Directors on 6th August 2008, does not comprise statutory accounts within the meaning of Section 240 of the Companies Act 1985 (the 'Act'). Statutory accounts for the year ended 31st December 2007, which contained an unqualified audit report under Section 235 of the Act and which did not make any statements under Section 237 of the Act, have been delivered to the Registrar of Companies in accordance with Section 242 of the Act.

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Glossary

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

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

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

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Appendix

The ratios of earnings to fixed charges under IFRS are set out on page 146.

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Appendix

Ratios of Earnings under IFRS to Fixed Charges

	<u>Half-year ended</u>	
	<u>30.06.08</u>	<u>30.06.07</u>
	(In £m except for ratios)	
Fixed Charges		
Interest expense	19,859	18,060
Rental expense	91	79
Total fixed charges	19,950	18,139
Earnings		
Income before taxes and minority interests	2,784	4,128
Less		
Unremitted pre-tax income of associated companies and joint ventures	(24)	(1)
	2,760	4,127
Fixed charges	19,950	18,139
Total earnings including fixed charges	22,710	22,266
Ratio of Earnings to Fixed Charges	1.14	1.23

Ratios of Earnings under IFRS to Combined Fixed Charges, Preference Share Dividends and similar appropriations

	<u>Half-year ended</u>	
	<u>30.06.08</u>	<u>30.06.07</u>
	(In £m except for ratios)	
Combined Fixed Charges, Preference Share Dividends and similar appropriations		
Interest expense	19,859	18,060
Rental expense	91	79
Total fixed charges	19,950	18,139
Preference share dividends and similar appropriations	232	196
Total fixed charges, preference share dividends and similar appropriations	20,182	18,335
Earnings		
Income before taxes and minority interests	2,784	4,128
Less		
Unremitted pre-tax income of associated companies and joint ventures	(24)	(1)
	2,760	4,127
Fixed charges	20,182	18,335
Total earnings including fixed charges	22,942	22,462
Ratio of Earnings to Combined Fixed Charges and Preference Share Dividends	1.14	1.23

EXHIBIT 72

FILED UNDER SEAL

From: McCosker, Tom: Product Control (NYK) [/O=BZW/OU=USA/CN=RECIPIENTS/CN=NEW YORK/CN=1MCCOSKET]
Sent: Wednesday, September 03, 2008 8:01:44 PM
To: Nash, Phillip: Product Control (LDN)
Attachments: RED ABS SS.ppt; RED Monolines.ppt; RED PAB.ppt; RED FIC.ppt

sure,

here are a couple of presentation we put together a couple of weeks ago for Bob. It's a good starting place.

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Barclays Capital

ABS Super Senior Liquidity Facilities

August 2008

BARCLAYS

Agenda

- Background
- Review of P&L History
- Current Portfolio
- ABS Valuations
 - ▶ Prepayment Curves
 - ▶ Credit Spreads
 - ▶ Default Curves
 - ▶ Cash Flow waterfall
 - ▶ Security Valuation
- Impairment Review
- Event of Default

Background

- The ABS Super Senior Liquidity facilities are the residual exposure from the CDO Agency business
- This business was set up to assist clients in creating CDO and CLO structures through sourcing of assets, structuring advice, financing and provision of liquidity
- Where the collateral for the CDO was synthetic (i.e. CDS) Barclays would act as the derivative counterparty
- For many CDOs the senior notes were issued as CP which would then be rolled through the life of the CDO. To achieve the correct credit rating the structure would obtain a liquidity backstop.
- For synthetic CDOs the super senior notes would not be issued as the structure would not require the financing up front. The structure would then be supported through a liquidity facility which would provide funds to settle payments on the derivatives if there was a shortfall in the structure
- In both these case Barcap provided facilities which were senior in the waterfall, rated AAA and for which a coupon was paid
- When drawn these facilities become super senior notes issued by the CDO

Review of P&L History (\$mm)

<i>Deal</i>	FEB	MAR	APR	MAY	JUN	JUL	YTD
Buck I	(17.51)	10.21	(0.25)	8.55	2.92	(0.65)	3.27
Buck II	(12.15)	74.20	0.32	27.63	48.22	17.75	155.97
Buck III	66.81	130.23	10.08	48.87	76.90	23.70	356.60
Citius I	57.34	156.46	35.47	31.74	50.04	12.69	343.72
Citius II	149.27	150.08	(0.59)	11.24	26.09	2.04	338.13
Liberty I	(50.24)	3.63	(3.63)	11.80	39.52	8.24	9.32
General Impairment Reserve	-	-	-	107.83	(107.83)	-	-
Total for HG	193.51	524.81	41.41	247.66	135.86	63.77	1,207.01
							-
Tour I - CF	-	2.67	-	(2.67)	56.05	157.95	214.00
Tour I -NAV	-	-	-	-	-	-	-
Tour II - CF	48.49	64.87	31.12	(15.49)	156.62	-	285.62
Tour II - NAV	-	-	-	-	8.67	(11.71)	(3.03)
Camber VI	63.30	-	-	-	-	-	63.30
Stack 05-2	52.32	10.94	1.37	-	-	-	64.63
Tenor	123.87	34.74	-	-	-	-	158.62
Silverton	-	-	-	-	-	-	-
Total for Mezz	287.98	113.23	32.49	(18.16)	221.34	146.25	783.14
							-
Goldenkey	-	-	-	42.00	34.00	30.00	106.00
							-
Total	481.49	638.04	73.90	271.50	391.20	240.01	2,096.15

Current ABS Super Senior Portfolio

Deal	Super Senior Notional	Estimated NAV	NAV Shortfall	Barcap* June Scenario	Barcap* July Scenario	MTD Change
Buck I	799	491	376	56	55	(1)
Buck II	1,121	573	669	208	226	18
Buck III	1,304	539	884	530	554	24
Citius I	1,567	829	886	331	344	13
Citius II	1,650	897	925	413	415	2
Liberty I	1,362	864	619	186	194	8
Total for High Grade	7,803	4,193	4,359	1,724	1,788	64
Tour I	398	251	214	56	214	158
Tour II	634	348	286	294	283	(12)
Total for Mezzanine	1,032	599	500	350	497	146
Golden Key	398			76	106	30
Grand Total	9,285	4,792	4,859	2,143	2,391	240

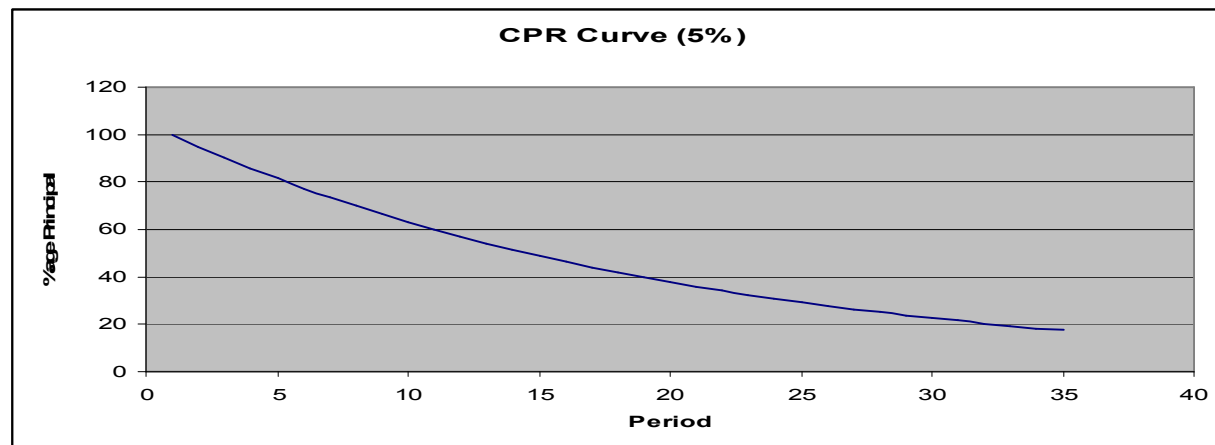
All values in \$mm. Note that Tour I moved to NAV basis in July due to a liquidity draw

ABS Valuations

- ABS valuation models attempt to predict cash flows through the life of an ABS
- Prediction is based on statistical analysis of historical performance of similar assets
- Parameters that drive the valuation can be derived or observed from the market
- These parameters are :
 - ▶ Constant Prepayment Rate (CPR)
 - ▶ Compound Default Rate (CDR)
 - ▶ Credit Spread
- This information is then used to derive a set of expected cash flows for the security
- In addition the security itself will define certain parameters such as :
 - ▶ Payment priority to cash flow within waterfall
 - ▶ Credit protection features
 - ▶ Coupon payments
- Applying the cash flows to the security definition allows a security valuation to be established

Prepayment Curves

- ABS securities usually have an assumption that the principle will prepay through the life of the security rather than at maturity as for a corporate of bullet bond
- To estimate this a Constant Prepayment Rate (CPR) is estimated for the underlying pool of assets based on its characteristics
- CPR predicts the percentage of outstanding principal repaid per year
- More sophisticated models also try to replicate borrower behaviour, e.g. in an ARM pool the expectation would be that prepayments would spike just prior to the reset date
- A simple CPR curve is shown below



Credit Spreads

- As with any other credit risky payment there is a yield premium expected to be received
- This is derived from market observations such as trade pricing or published indices (such as the ABX)
- Credit Spread is then applied as an incremental yield to the LIBOR curve used to discount the expected cash receipts

Default Curves

- Within an ABS pool it is expected that a number of the underlying assets will default causing a principal loss
- This process is captured by the Compound Default Rate (CDR) that is used to estimate the size and timing of these losses
- A CDR curve is built through a series of steps to ensure that it captures all available market data
- The first two points on the curve are the origin (i.e. at the start date loss = 0) and the current loss experienced by the pool which is reported by the servicer each month

Default Curves – Delinquency Data

- Roll Rate analysis is a technique used to derive expected losses for the pool from observed delinquency data
- Delinquency data is published each month by the servicer and captures the loan repayment performance of the pool. This is usually expressed in a matrix form as shown below :

ABX 06-1 (2/25/08)	Current	30 Days Delinquent	60 Days Delinquent	90+ Days Delinquent	Foreclosure	Real Estate Owned	Bankrupt
■ To convert this delinquency data into expected losses a Roll Rate Matrix is used	67.01	5.66	3.52	5.23	13.77	7.66	2.83

- This is based on historical performance of this or similar pools and published by servicers or research groups
- The BarCap roll rate was derived by looking across the street and consolidating the various sources

	Current	30 Days Delinquent	60 Days Delinquent	90+ Days Delinquent	Foreclosure	Real Estate Owned	Bankrupt
Moody's	0	0	0	75	95	100	N/A
UBS	0	0	70	70	100	100	70
FSA	0	15	25	45	60	100	45
BarCap	0	15	70	75	100	100	70

Default Curves – Roll Rate Analysis

- To convert this delinquency data into expected losses a Roll Rate Matrix is used
- This is based on historical performance of this or similar pools and published by servicers or research groups
- The BarCap roll rate was derived by looking across the street and consolidating the various sources

	Current	30 Days Delinquent	60 Days Delinquent	90+ Days Delinquent	Foreclosure	Real Estate Owned	Bankrupt
Moody's	0	0	0	75	95	100	N/A
UBS	0	0	70	70	100	100	70
FSA	0	15	25	45	60	100	45
BarCap	0	15	70	75	100	100	70

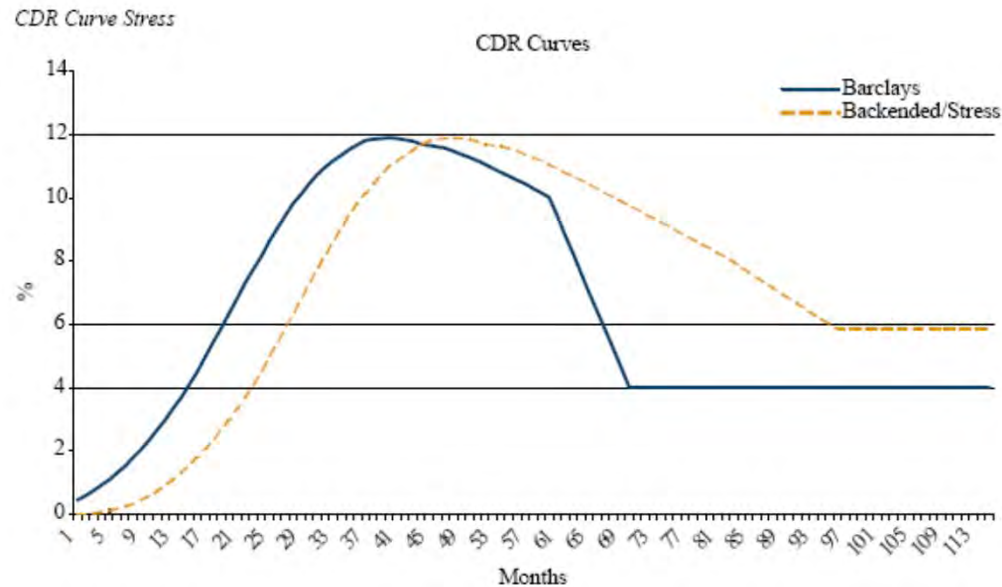
■ This matrix expresses the expected conversion from delinquency to loss

■ In general the expectation is that a delinquency will convert to a realised loss in about 18 months

- From this a third point on the CDR curve can be derived 18 months from the valuation date

Default Curves – CDR Curve

- To extrapolate the losses through the remaining life of the ABS a CDR curve is fitted to the observed points
- The CDR curve is a defined “shape” which captures the historical performance of similar ABS, but can be modified to reflect market expectations or macroeconomic factors. For example an ARM portfolio would expect to see a spike in delinquencies after the reset date in a rising rate environment
- For the purposes of the BarCap trading desk valuations a standard curve is used across the desks to ensure consistency of risk and valuation
- For the Non-MTM facilities a stressed curve was used as shown below



Default Curves

- Within the model a default curve is derived for each security pool
- The CDR curve is anchored at 0 and then the end point is adjusted up to best fit through the current losses and the 18 month expected losses derived through the roll rate analysis
- The total loss expected on the pool (Cumulative Loss) is then the sum under this loss curve
- The sensitivity of this curve is to the gradient from the current losses to the 18 month point as this sets the rate of losses through the remaining life of the pool

Cash Flow Waterfall

- The analysis set out so far is at the pool level and seeks to estimate the changes in principal over time as well as the prepayment cash flows available
- ABS securities will use the prepayments to repay the principle on the outstanding notes based on a priority order defined by the securities waterfall
- In some securitizations there may be more than one AAA note and so these are prioritized into first pay, etc.
- In some circumstances excess interest income may also be used to pay principal, or vice versa depending on the exact definition of the waterfall
- For most CDO structures if an Event Of Default (EOD) trigger is breached all cash flows are diverted to paying down the principal of the senior classes

ABS Valuation

- The combination of prepayments, defaults and cash flow waterfall are used to derive a cash flow vector
- These cash flows are then discounted to present value using the credit risky discount curve (LIBOR + credit spread) to derive a value for the security

Impairment Review

- An impairment review consists of an analysis of the expected future losses on the security or facility
- The process used to derive this analysis is very similar to the valuation process with the following exceptions:
 - ▶ Prepay assumption is zero
 - ▶ Losses are discounted at a risk free rate
 - ▶ Cash Flow waterfall can be simplified to a hurdle subordination level beyond which the super senior tranche takes the principal loss
- Thus the main driver of the impairment provision is the construction of the CDR curve which in turn depends on the loss and delinquency data provided by the servicers each month

Event Of Default

- The other significant risk in the ABS Super Senior book is Event of Default (EOD)
- For the remaining facilities and EOD will occur when the CDO is unable to make an interest payment to a non-PIKable tranche
- The policy that Barcap has in place states that an EOD becomes expected when the cash flow analysis shows that this event will occur within 12 months
- Due to the synthetic collateral held by the CDOs on triggering an EOD the facility has to be marked to market and hence there is a P&L event associated with the event as the facility moves from impairment to mark to market
- Currently the only facility that is expected to trigger an EOD in 2008 is Citius 2 due to its lack of a facility to redirect principal payments from junior tranches to make interest payments to the senior notes. The estimated impact of this event is approximately \$500mm.

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Barclays Capital

Fixed Income Credit

August 2008

BARCLAYS

Agenda

- Review of P&L History
- Correlation
- TRS on Leveraged Loans

Review of P&L History

Region	Business	Current Owner	2005 YTD	2006 YTD	2007 YTD	2008 Q1	2008 Q2	2008 Q3
Europe	Corp Credit	C Brown	(53)	32	(22)	8	32	2
	High Yield	C Brown						
	SFS	J Mahon	43	96	217	(24)	(48)	4
	Correlation	D Azzollini	192	74	(96)	1	(183)	(198)
	Agency CDO	J Mahon	26	38	(354)	(109)	(108)	(39)
	Total		207	241	(255)	(124)	(308)	(231)
US	Corp Credit	D Warren	(66)	48	(221)	(46)	20	(28)
	High Yield	D Warren						
	SFS	D Warren	56	38	295	(21)	(62)	0
	Correlation	D Azzollini	(1)	114	(63)	(57)	74	(6)
	CLO	K Kraus				(16)	(1)	(0)
	Total		(11)	200	11	(140)	31	(34)
Total			196	441	(245)	(264)	(277)	(265)

Correlation

- Market is in the process of migrating to a new modeling paradigm
- Since 2004 the market has used a base correlation approach based on a gaussian copula model with a mapping process based on expected portfolio losses to benchmark bespoke portfolios to the observable index tranche market
- In the relatively stable and low spread environment pre 2007 this gave a stable and reasonable valuation
- In the current market environment (higher spreads, higher volatility) the approach is less stable and is not tractable for a long term hedging strategy
- This is due to several factors:
 - ▶ High spreads plus static recovery assumptions cause calibration issues in the model
 - ▶ Normalised strike process introduces significant cross gamma between spread and correlation
 - ▶ Increasing number of illiquid “off the run” index series makes calibration more subjective leading to more noise in the valuation process
- These are being addressed by the development and implementation of a series of model enhancements
 - ▶ Stochastic Recovery
 - ▶ Tranche Loss Mapping
 - ▶ Rainbow modelling
- Currently holding \$260mm reserve against the model transition

TRS on Leveraged Loans

- TRS on leveraged loans allows clients to gain exposure to the Leveraged Loan market in both Europe and the US
- The business will source loans and hold them in an SPV while passing the economic exposure to the client via a TRS
- Barcap market risk is hedged but has exposure to client which is collateralised and funding exposure
- Historically Barcap was able to achieve sub Libor funding but the TRS business was suspended for the early part of the year when funding rates increased
- The business is now looking at reopening since the market levels are sufficient to cover the increased cost of finance

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Barclays Capital

Monolines

August 2008

BARCLAYS

Agenda

- Review of P&L History
- Negative Basis Trading
- Negative Basis Portfolio
- Risk Tendency Reserves
- Funding

Review of P&L & Balance Sheet History

NBT Revenues \$'mm	2005 DEC	2006 DEC	2007 DEC	2008 JAN	2008 FEB	2008 MAR	2008 APR	2008 MAY	2008 JUNE	2008 JULY	2008 YTD
CDO (PMTG)				(86)	43	(53)	53	(11)	(497)	(94)	(645)
CLO US (FIC)	46	56	173	(15)	(1)	(10)	(43)	(16)	(7)	-	(92)
CLO EUR (FIC)	43	73	172	(16)	(5)	(15)	(17)	(35)	(9)	-	(98)
	89	129	345	(117)	37	(78)	(7)	(63)	(513)	(94)	(835)

Balance Sheet Usage (\$mm)

Year ending	2003	2004	2005	2006	2007
Bank Guaranteed	462	3,260	7,203	10,174	12,807
Monoline Guaranteed	350	3,768	12,700	25,598	42,281
	812	7,028	19,903	35,772	55,088

Negative Basis Trading

- Negative Basis trades consists of a long high quality bond, generally senior ABS or infrastructure, position that is guaranteed by a monoline insurer or high quality bank
- Bank guarantees are generally collateralised while monoline guarantees have historically relied upon their AAA ratings
- The nature of the guarantee is different to a conventional CDS in that it is
 - ▶ Bond specific
 - ▶ The guarantor has so called extension rights
 - ▶ Pay off function is “Pay as you go”
- Since the guarantee is an exact match for the bond, these strategies are market risk neutral
- However the size of the positions and long maturity give the strategy two main sources of risk:
 - ▶ Counterparty Risk – Due to the uncollateralised nature of the monoline guarantees the risk of double default is significant in this book, particularly with the recent underperformance of the monoline insurers. To mitigate for this a Risk Tendency reserve is taken
 - ▶ Funding – Day 1 P&L is taken on the assumption of zero market risk. However this implies an assumed funding rate of LIBOR. If the actual funding rate remains above LIBOR for a significant period of time this will cause a negative daily P&L.

Gross Monoline Exposure by Underlying Asset (\$mm)

Counterparty Underlying Asset	FSA	ASSURED	AMBAC	MBIA	CIFG	FGIC	XL	Total
CLO	512	385	587	57	253	307	197	2,298
CMBS		232		1,338			154	1,724
Infrastructure			88					88
CDO – High Grade			590	1,255				1,845
CDO - Mezzanine				837		90		927
CDO^2			37				20	58
Other	29	32			45		13	118
Grand Total	541	648	1,302	3,487	298	398	384	7,057

Note : Exposure highly sensitive to valuation of underlying assets

Risk Tendency Reserves

- For all long dated derivative exposures for which there is no liquid secondary market Barcap takes a Risk Tendency reserve
- This is based on internal credit analysis which results in a “DG” rating which, while similar to the external rating, reflects Barcap’s own view of the counterparty’s credit standing.
- From the DG rating a vector of default probabilities over time is derived and this is applied to the Effective Exposure (EE)
- The EE is derived in one of two ways
 - ▶ The Mark to Market of the derivative
 - ▶ An expected cash flow analysis to show expected losses
- For the Negative Basis portfolio originally the mark to market was used for all the bonds. However this proved to be highly volatile and also exaggerated the exposure as it also factored in risk aversion in the market and not solely default risk
- The guidance from GFRM has been to migrate to a cash flow based EE. This is a work in progress with the mortgage backed securities now using this methodology. The remainder of the book (largely CLOs) is being migrated as the cash flow scenarios are defined. This should lead to a more realistic and stable result going forward

Funding

- When a Negative Basis Trade is executed the Day 1 P&L is derived from the excess spread generated by the bond above the cost of purchasing protection
- The bonds will be floating rate (or swapped to a floating rate) to eliminate interest rate risk
- Therefore the P&L is the PV of the bond coupon (Libor + S) less the cost of protection (s)
- As long as $S > s$ then the expectation is a risk free annuity stream
- The profitability is simply calculated as

$$\text{Income (Libor + S)} - \text{Cost of protection (s)} - \text{Funding (Libor)}$$

- However an inbuilt assumption is that the financing rate used is Libor
- Historically this has been a reasonable assumption with the Barcap financing rate often being sub-Libor
- Portfolio is currently funded via a combination of Repo, Fed Window & Term Funding.
- Portfolio is highly sensitive to effective funding rate.

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Barclays Capital

Portfolio Asset Book








August 2008

BARCLAYS

Agenda

- Summary
- Review of P&L History
- Alt-A
 - ▶ Securities
 - ▶ Whole Loans
- Sub Prime Securities
- NIM/Post-NIM Residuals
- Super Senior ABS & Monolines

Review of P&L History (\$mm)

	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	YTD - 08
Portfolio Asset Book									
US ABS Portfolio									
Alt-A	0	(114)	(701)	(353)	(23)	(81)	(186)	(172) 	(1,630)
Subprime & Other	(1,161)	(157)	257	1	(13)	(5)	(35)	(20) 	29
Impairment NAV	0	0	(238)	(46)	7	(12)	(9)	12 	(285)
Total US ABS Portfolio Total	(1,161)	(271)	(682)	(397)	(29)	(97)	(230)	(181)	(1,886)
US Cash Portfolio									
Impairment CF	(1,499)	(94)	(150)	(596)	(75)	(275)	(382)	(251)	(1,823)
NBT	0	(88)	40	(60)	53	(14)	(505)	(91) 	(666)
NIMs	0	0	0	0	0	(66)	(13)	(10) 	(89)
Post NIMs	0	0	0	0	0	(127)	(27)	(10) 	(164)
Whole Loans ALT-A	0	0	0	(193)	(0)	(51)	(43)	(50) 	(337)
ASG - WL Subprime	(540)	(67)	(223)	(834)	4	119	(341)	(31)	(1,372)
Total US Cash Portfolio	(2,039)	(249)	(333)	(1,682)	(18)	(413)	(1,311)	(444)	(4,450)
Total Portfolio Asset Book	(3,200)	(519)	(1,014)	(2,079)	(47)	(510)	(1,541)	(625)	(6,336)

Alt-A

- Securities
 - ▶ Securities are marked through a “Colour” process
 - ▶ This involves aggregating all transactional information (trades, bid lists, etc.) to determine a set of benchmark prices for different subtypes of Alt-A securities (e.g. hybrids, option ARMs)
 - ▶ Based on these benchmarks each position in the portfolio is categorised and remarked as more data becomes available
 - ▶ The desk have been reducing positions where possible. The book is difficult to hedge as there is no liquid index derivative market due to the heterogeneity of the bonds
- Whole Loans
 - ▶ Whole loans are marked using the same parameters as securities
 - ▶ This is regarded as a conservative approach since loan holders have increased rights when compared to securities holders
 - ▶ Looking to actively show lists to the market to enhance price discovery

Sub Prime Securities

- The desk hold a significant portfolio of subprime securities
- Most of these have been taken on as a result of liquidations of structured products or warehouse positions
- The desk have hedged the book directionally through the index derivative market (ABX)
- This leaves a residual cash vs. derivative basis position which is actively managed

NIM/Post-NIM Residuals

- The NIMs and Post NIMs are positions created from the securitisation of residential mortgages
- The securitisations were structured by the ASG group and then the residuals passed over to the Whole Loan trading business run by John Kreitler and John Carroll
- A model is used to mark the positions based on the performance of the underlying loans
- The positions were subsequently transferred to the PAB group
- As the loans underlying the securitisation have deteriorated the residuals have been written down to the point that the fair value of the original \$2bn notional issued was \$86mm at half year end
- The remaining value is expected to reduce over time as the loan performance is updated

ABS Super Senior and Monolines

- The ABS super senior book is covered separately
- Other exposures of a similar nature are also contained in the PAB portfolio and treated using a consistent methodology
- Monoline exposures where the underlying bond is a residential mortgage backed security is held within the PAB Negative Basis portfolio. This also contains similar bonds which are backed by a collateralised bank guarantee which mitigates the counterparty risk
- All Negative Basis exposures have potential funding exposure depending on the effective funding rate achieved by the desk

EXHIBIT 73

FILED UNDER SEAL

From: Hanrahan, Patrick: Product Control (NYK) [/O=BZW/OU=USA/CN=NYK AD
USERS/CN=USERS/CN=HANRAHAP]
Sent: Tuesday, November 27, 2007 9:35:25 PM
To: Morton, Marcus: Product Control (NYK)
CC: Yu, Phil: Product Control (NYK)
Subject: FW: Monoline Counterparty Exposure
Attachments: Summary Slide.msg; FW: DRAFT RESPONSE TO FSA QUESTIONNAIRE RE
MONOLINES.msg

As requested ...



Summary Slide

From: Moore, Patricia: GFRM (NYK)
Sent: Tuesday, November 27, 2007 3:39 PM
To: Hanrahan, Patrick: Product Control (NYK); McGinnis, Colin: GFRM (NYK)
Cc: Yu, Phil: Product Control (NYK)
Subject: RE: Monoline Counterparty Exposure

Attached is draft email sent to Linda King & Lee Guy. Do not circulate or otherwise use the numbers, as I await their signoff.



FW: DRAFT
RESPONSE TO F...

Patricia

Patricia Moore, Managing Director
Global Financial Risk Management
patricia.moore@barcap.com
212-412-3602
212-412-1466 (fax)

From: Moore, Patricia: GFRM (NYK)
[O=BZW/OU=USA/CN=RECIPIENTS/CN=MARKETS/CN=MOOREP]
Sent: Tuesday, November 27, 2007 6:58:21 PM
To: King, Linda: GFRM (LDN); Guy, Lee: GFRM (LDN)
CC: Prior, Ian: GFRM (NYK); Pearson, Steve: GFRM (NYK); Moschetta, Michael: GFRM (NYK)
Subject: FW: DRAFT RESPONSE TO FSA QUESTIONNAIRE RE MONOLINES
Attachments: Questionnaire on Exposure to Monoline Guarantors 20071109.doc; Monoline Trading Limits.xls; NBT Database Consolidated 11-21-07.xls; Wrapped Bonds in Inventory.xls

Apologies - found a typo in the questionnaire. Now fixed. Please use this version.

Patricia

Patricia Moore, Managing Director
Global Financial Risk Management
patricia.moore@barcap.com
212-412-3602
212-412-1466 (fax)

From: Moore, Patricia: GFRM (NYK)
Sent: Tuesday, November 27, 2007 1:49 PM
To: King, Linda: GFRM (LDN); Guy, Lee: GFRM (LDN)
Cc: Prior, Ian: GFRM (NYK); Pearson, Steve: GFRM (NYK); Moschetta, Michael: GFRM (NYK)
Subject: DRAFT RESPONSE TO FSA QUESTIONNAIRE RE MONOLINES

Linda/Lee,

Attached is the questionnaire with responses. Also attached are the referenced spreadsheets:



Questionnaire on
Exposure to Mo...

Attachment 1



Monoline Trading
Limits.xls

Attachment 2



NBT Database
Consolidated 1...

Attachment 3



Wrapped Bonds
in Inventory.xls

Note that the XL Capital exposure has reduced since we last reported. We split the group into two separate companies - Security Capital Assurance (Security Capital Assurance Group) is the holdco for the monoline, XL Capital Assurance, and XL Capital Limited (XL Capital Group) is the holdco for the reinsurance operations. XL Capital Limited divested its majority shareholding of Security Capital Assurance. Exposure to Security Capital Assurance Group is \$487.1 mn (all monoline negative basis trade related). Exposure to XL Capital Group is \$384.1 mn, all related to its reinsurance operations and, therefore, not included in the response to the FSA.

I am being chased by Group Treasury (Miles Storey), as they had undertaken to deliver the information to the FSA early this week. Please let me know if you have any questions or feel that we should provide any further colour.

Patricia

Patricia Moore, Managing Director
Global Financial Risk Management
patricia.moore@barcap.com
212-412-3602
212-412-1466 (fax)

From: Moore, Patricia: GFRM (NYK)
Sent: 23 November 2007 16:56
To: Wadlow, Scott: Finance (LDN); Kiff, Rhys: GFRM (LDN)
Subject: RE: MONOLINE EXPOSURE QUESTIONNAIRE

We received this via Miles Storey in Group and are almost finished pulling the information together. I plan to route the report via Linda King before it goes out.

Patricia

Patricia Moore, Managing Director
Global Financial Risk Management
patricia.moore@barcap.com
212-412-3602
212-412-1466 (fax)

From: Wadlow, Scott: Finance (LDN)
Sent: Friday, November 23, 2007 11:52 AM

To: Kiff, Rhys: GFRM (LDN)
Cc: Moore, Patricia: GFRM (NYK)
Subject: FW: MONOLINE EXPOSURE QUESTIONNAIRE

Rhys, As discussed, I work in BarCap Treasury and have been handed the attached questionnaire to complete. I don't have the info but was hopeful that this is something your team can help pull together. They haven't given a deadline but group treasury mentioned it would be preferable to respond to the FSA sometime next week.

Thanks for your help. Let me know if you need anything from me.

Regards

Scott

-----Original Message-----

From: David Alexander [<mailto:David.Alexander@fsa.gov.uk>]
Sent: 12 November 2007 17:54
To: Storey, Miles: Barclays Treasury (LDN)
Cc: Rebecca King
Subject: MONOLINE EXPOSURE QUESTIONNAIRE

Your attention is drawn to the warning notice at the end of this message.

Good evening Miles, The FSA, in addition to other work in train, also would like to gather some information on the credit enhancement exposures that firms have to either monolines or SIVs (as we understand that some SIVs are fulfilling this role.)

I have spoken to Rebecca about the attached, and I am aware that some of this subject matter has been discussed at the recent valuations workstream meeting, and that BarCap is the business unit primarily involved.

Could you please act as our liaison to ensure that all parts of Barclays that would have such exposures report back?

I enclose a questionnaire which has been prepared by colleagues. If you have queries on the questionnaire, Simon Arnold, 0207 066 0994, will be able

to assist.

We are seeking exposures at Group level.

Many thanks.

David Alexander

Major Retail Groups Division

Phone: + 44 (0)20 7066 4512

Financial Services Authority

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London E14 5HS

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Group Name	Group Cty of Ops	Client ID	Client Name	Exposure Type	Product Name	Booking Office	Sub Fac Ccy	Limit in USD	PFE Utilization	ISDA	CSA	Counterparty Threshold	BarCap Threshold	Counterparty MTA	BarCap MTA
ACA CAPITAL HOLDINGS GROUP	USA	40257424	ACA Credit Products 2004-B LLC	Trading	Derivative	BARCAP DERIVATIVES	USD	9,000,000	-23,072,520	Y	Y	0	Infinite	250,000	0
ACA CAPITAL HOLDINGS GROUP	USA	40292138	ACA Credit Products-BC LLC	Trading	Derivative	BARCAP DERIVATIVES	USD	12,000,000	-9,005,336	Y	Y	118,636,000	Infinite	100,000	0
AMBAC FINANCIAL GROUP	USA	40133661	AMBAC Credit Products LLC	Trading	Derivative	BARCAP DERIVATIVES	USD	911,000,000	-630,865,200	Y	Y	Collateral is a Financial Guarantee Insurance Policy from Ambac Assurance Corporation			
AMBAC FINANCIAL GROUP	USA	30600226	AMBAC Financial Services LLC	Trading	Derivative	BARCAP DERIVATIVES	USD	286,000,000	-135,552,000	Y	Y	100,000,000	50,000,000	1,000,000	1,000,000
ASSURED GUARANTY GROUP	Bermuda	40231315	AG Financial Products Inc	Trading	Derivative	BARCAP DERIVATIVES	USD	622,000,000	-551,675,200	Y	Y	Collateral is a Financial Guarantee Insurance Policy from Assured Guaranty Corporation			
CREDIT PROTECTION TRUST 182 GROUP	BELGIUM	40288178	Credit Protection Trust 182	Trading	Derivative	BARCAP DERIVATIVES	USD	618,000,000	-594,677,100	Y	Y	Collateral is a Financial Guarantee Insurance Policy from Financial Security Assurance Inc			
DEXIA GROUP	BELGIUM	10054714	Financial Security Assurance Inc	Trading	Derivative	BARCAP DERIVATIVES	USD	250,000	-181,640	N	N				
DEXIA GROUP	BELGIUM	40422786	FSA Credit Protection Limited	Trading	Derivative	BARCAP DERIVATIVES	EUR	37,551,745	-28,838,390	Y	Y	Collateral is a Financial Guaranty Insurance Policy from Financial Security Assurance (UK) Limited			
FGIC GROUP	USA	40292397	FGIC Credit Products LLC	Trading	Derivative	BARCAP DERIVATIVES	USD	282,000,000	-167,034,500	Y	Y	Collateral is a Financial Guarantee Insurance Policy from Financial Guaranty Insurance Company			
INVICTA CAPITAL (US) GROUP	Bermuda	40401325	Invicta Credit LLC	Trading	Derivative	BARCAP DERIVATIVES	USD	60,000,000	17,821,330	Y	N	-	-	-	-
KOCH INDUSTRIES GROUP	USA	40394248	Koch Financial Products LLC	Trading	Derivative	BARCAP DERIVATIVES	USD	10,000,000	-7,748,316	Y	N	-	-	-	-
MBIA GROUP	USA	40224112	Euro Asset Acquisition Limited	Trading	Repurchase Agreement	BARCAP FIXED INCOME - LDN	GBP	20,777,062	0	N/A	N/A				
MBIA GROUP	USA	40224112	Euro Asset Acquisition Limited	Trading	Repurchase Agreement	BARCAP FIXED INCOME - NY	USD	4,000,000	0	N/A	N/A				
MBIA GROUP	USA	40235837	LaCrosse Financial Products LLC	Trading	Derivative	BARCAP DERIVATIVES	USD	1,075,337,645	-977,143,800	Y	Y	Collateral is a Financial Guarantee Insurance Policy from MBIA Insurance Corporation			
MBIA GROUP	USA	10109775	MBIA Inc	Trading	Repurchase Agreement	BARCAP FIXED INCOME - LDN	GBP	54,020,362	0	N/A	N/A				
MBIA GROUP	USA	10109775	MBIA Inc	Trading	Derivative	BARCAP DERIVATIVES	USD	51,000,000	-11,513,690	Y	Y	35,000,000	35,000,000	250,000	250,000
MBIA GROUP	USA	40303510	MBIA Inc (HMC)	Trading	Derivative	BARCAP DERIVATIVES	GBP	124,662,373	-103,635,600	Y	Y	Collateral is a Financial Guarantee Insurance Policy from MBIA Insurance Corporation			
MBIA GROUP	USA	40087701	Meridian Funding Company LLC	Trading	Derivative	BARCAP DERIVATIVES	USD	26,000,000	-18,917,820			Collateral is a Financial Guarantee Insurance Policy from MBIA Insurance Corporation			
NEW GENERATION FUNDING TRUST 101	USA	40327259	New Generation Funding Trust 101	Trading	Derivative	BARCAP DERIVATIVES	USD	11,734,000	-11,382,910	Y	N	Collateral is a Financial Guarantee Insurance Policy from CIFG Assurance North America Inc			
NEW GENERATION FUNDING TRUST 119	USA	40332254	New Generation Funding Trust 119	Trading	Derivative	BARCAP DERIVATIVES	USD	7,203,000	-7,013,134	Y	N	Collateral is a Financial Guarantee Insurance Policy from CIFG Assurance North America Inc			
NEW GENERATION FUNDING TRUST 128	USA	40342517	New Generation Funding Trust 128	Trading	Derivative	BARCAP DERIVATIVES	USD	10,846,000	-11,004,930	Y	N	Collateral is a Financial Guarantee Insurance Policy from CIFG Assurance North America Inc			
NEW GENERATION FUNDING TRUST 138	USA	40385498	New Generation Funding Trust 138	Trading	Derivative	BARCAP DERIVATIVES	USD	54,008,000	-55,404,140	Y	N	Collateral is a Financial Guarantee Insurance Policy from CIFG Assurance North America Inc			
NEW GENERATION FUNDING TRUST 146	USA	40389462	New Generation Funding Trust 146	Trading	Derivative	BARCAP DERIVATIVES	USD	16,200,000	-16,271,250	Y	N	Collateral is a Financial Guarantee Insurance Policy from CIFG Assurance North America Inc			
NEW GENERATION FUNDING TRUST 82	USA	40310676	New Generation Funding Trust 82	Trading	Derivative	BARCAP DERIVATIVES	USD	4,500,000	-4,285,582	Y	N	Collateral is a Financial Guarantee Insurance Policy from CIFG Assurance North America Inc			
NEW GENERATION FUNDING TRUST 95	USA	40338173	New Generation Funding Trust 95	Trading	Derivative	BARCAP DERIVATIVES	USD	6,370,000	-6,333,920	Y	N	Collateral is a Financial Guarantee Insurance Policy from CIFG Assurance North America Inc			
NEW GENERATION FUNDING TRUST 98	USA	40321328	New Generation Funding Trust 98	Trading	Derivative	BARCAP DERIVATIVES	USD	14,185,000	-13,801,470	Y	N	Collateral is a Financial Guarantee Insurance Policy from CIFG Assurance North America Inc			
PRIMUS GUARANTY GROUP	Bermuda	40207772	Primus Financial Products LLC	Trading	Derivative	BARCAP DERIVATIVES	USD	25,000,000	-22,427,290	Y	N				
RADIAN GROUP	USA	40104046	Radian Group Inc	Trading	Derivative	BARCAP DERIVATIVES	USD	60,000	-53,016	N	N	-	-	-	-
SECURITY CAPITAL ASSURANCE GROUP	Bermuda	40357660	Portfolio CDS Trust 108	Trading	Derivative	BARCAP DERIVATIVES	USD	32,000,000	-30,484,540	Y	N	Collateral is a Financial Guarantee Insurance Policy from XL Capital Assurance Inc			
SECURITY CAPITAL ASSURANCE GROUP	Bermuda	40385662	Portfolio CDS Trust 133	Trading	Derivative	BARCAP DERIVATIVES	USD	44,000,000	-46,761,670	Y	N	Collateral is a Financial Guarantee Insurance Policy from XL Capital Assurance Inc			
SECURITY CAPITAL ASSURANCE GROUP	Bermuda	40393298	Portfolio CDS Trust 141	Trading	Derivative	BARCAP DERIVATIVES	USD	63,500,000	-68,763,130	Y	N	Collateral is a Financial Guarantee Insurance Policy from XL Capital Assurance Inc			
SECURITY CAPITAL ASSURANCE GROUP	Bermuda	40399027	Portfolio CDS Trust 151	Trading	Derivative	BARCAP DERIVATIVES	USD	81,000,000	-90,469,460	Y	N	Collateral is a Financial Guarantee Insurance Policy from XL Capital Assurance Inc			
SECURITY CAPITAL ASSURANCE GROUP	Bermuda	40428020	Portfolio CDS Trust 199	Trading	Derivative	BARCAP DERIVATIVES	USD	100,000,000	-104,827,100	Y	N	Collateral is a Financial Guarantee Insurance Policy from XL Capital Assurance Inc			
SECURITY CAPITAL ASSURANCE GROUP	Bermuda	40428024	Portfolio CDS Trust 215	Trading	Derivative	BARCAP DERIVATIVES	USD	70,000,000	-72,882,920	Y	N	Collateral is a Financial Guarantee Insurance Policy from XL Capital Assurance Inc			
SECURITY CAPITAL ASSURANCE GROUP	Bermuda	40341109	Portfolio CDS Trust 89	Trading	Derivative	BARCAP DERIVATIVES	USD	9,500,000	-9,635,067	Y	N	Collateral is a Financial Guarantee Insurance Policy from XL Capital Assurance Inc			
SECURITY CAPITAL ASSURANCE GROUP	Bermuda	40345282	Portfolio CDS Trust 96	Trading	Derivative	BARCAP DERIVATIVES	USD	16,000,000	-16,470,220	Y	N	Collateral is a Financial Guarantee Insurance Policy from XL Capital Assurance Inc			

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		Data		
Monoline	Collateral Type	Notional (\$000)	MTM (\$000)	Total Reserves (\$000)
MBIA	US CMBS	\$ 4,544,073	\$ 4,472,310	\$ (20,344)
	US High-Grade ABS	\$ 1,875,000	\$ 1,543,993	\$ (5,672)
	US CLO	\$ 1,366,000	\$ 1,351,839	\$ (1,018)
	US Mezzanine ABS	\$ 1,058,000	\$ 880,198	\$ (1,896)
	European Mezz ABS	\$ 785,751	\$ 774,410	\$ (815)
	European CLO	\$ 660,956	\$ 653,271	\$ (593)
	CRE Loans	\$ 219,000	\$ 212,033	\$ (859)
	European IG Synthetics	\$ 35,308	\$ 35,308	\$ -
MBIA Total		\$ 10,544,088	\$ 9,923,363	\$ (31,197)
Ambac	US High-Grade ABS	\$ 961,000	\$ 816,138	\$ (2,472)
	US CLO	\$ 4,919,794	\$ 4,827,295	\$ (14,665)
	European CLO	\$ 1,472,068	\$ 1,448,735	\$ (542)
	CDO^2 (ABS)	\$ 100,000	\$ 73,267	\$ (46)
Ambac Total		\$ 7,452,863	\$ 7,165,435	\$ (17,726)
FSA	US CLO	\$ 5,996,550	\$ 5,895,170	\$ (17,080)
	Bank & Insurance TRUPs	\$ 100,000	\$ 95,139	\$ (127)
	Euro Sen Sec Leveraged Loans	\$ 215,376	\$ 210,986	\$ (175)
FSA Total		\$ 6,311,926	\$ 6,201,295	\$ (17,383)
FGIC	US CLO	\$ 3,004,300	\$ 2,941,503	\$ (7,300)
	US Mezzanine ABS	\$ 240,000	\$ 210,421	\$ (60)
	European CLO	\$ 932,118	\$ 928,141	\$ (418)
FGIC Total		\$ 4,176,418	\$ 4,080,066	\$ (7,778)
XLCA	US CMBS	\$ 620,000	\$ 604,207	\$ (3,101)
	US CLO	\$ 712,194	\$ 696,179	\$ (1,222)
	European CLO	\$ 1,411,761	\$ 1,379,541	\$ (725)
	CDO^2	\$ 120,500	\$ 116,340	\$ (74)
	Emerging Markets Gov and Corp	\$ 191,500	\$ 184,607	\$ (618)
XLCA Total		\$ 3,055,955	\$ 2,980,873	\$ (5,739)
Assured	US CLO	\$ 2,028,150	\$ 1,981,028	\$ (6,041)
	European CLO	\$ 1,177,336	\$ 1,153,210	\$ (811)
	CRE Loans	\$ 100,000	\$ 94,921	\$ (452)
	Bank & Insurance TRUPs	\$ 100,000	\$ 97,078	\$ (253)
	Euro REIT Trust Preferred and CMBS	\$ 1,341,685	\$ 1,333,896	\$ (647)
	REIT Trust Preferred	\$ 250,000	\$ 222,774	\$ (638)
Assured Total		\$ 4,997,171	\$ 4,882,907	\$ (8,842)
CIFG	US CLO	\$ 932,500	\$ 910,884	\$ (2,974)
	European CLO	\$ 1,839,662	\$ 1,815,992	\$ (1,195)
	Bank & Insurance TRUPs	\$ 147,000	\$ 136,772	\$ (434)
CIFG Total		\$ 2,919,162	\$ 2,863,648	\$ (4,603)
Grand Total		\$ 39,457,582	\$ 38,097,586	\$ (93,267)

Negative Basis Trades

Issuer	Cusip (sdaps)	SDAPs Trade ID	Price	MTM	Class	Type of Funding	Currency	Original Commitment(0 00)	Original Commitment (\$)	DG	Direct Counterparty	Monoline	S&P Rating	Moody's Rating	Fitch Rating	Closing Date	Expected Final Life	Legal Final Life	Non-Call Period	Reinvestment Period end	Average Collateral Rating
ACA CLO 2005-1, LIMITED	00082LAA26	604154	98.17	113.874	A-1L	Term	USD	\$116,000	116,000	2	Ambac Credit Products LLC	Ambac	AAA	Aaa		8/16/2005	8/16/2015	10/16/2017	8/16/2009	8/16/2011	B+
ACA CLO 2005-1, LIMITED	00082LAA26	606009	98.17	98.167	A-1L	Term	USD	\$100,000	100,000	2	New Generation Funding Trust 82	CIFG	AAA	Aaa		8/16/2005	8/16/2015	10/16/2017	8/16/2009	8/16/2011	B+
AIMCO CLO, SERIES 2005-A	US00889AAC37	9166500	96.99	140.630	A-1B	Term	USD	\$145,000	145,000	2	FGIC Credit Products, LLC	FGIC	AAA	Aaa		9/8/2005	9/8/2015	10/20/2019	10/20/2010	10/20/2012	B/B-
AIMCO CLO, SERIES 2005-A	US00889LAA70	103374400	97.04	24.261	A-1A	Revolver	USD	\$25,000	25,000	2	FGIC Credit Products, LLC	FGIC	AAA	Aaa		9/8/2005	9/8/2015	10/20/2019	10/20/2010	10/20/2012	B/B-
AIMCO CLO, Series 2006-A	00889VAA5	1373576	96.57	196.033	A-1	Term	USD	\$203,000	203,000	2	Portfolio CDS Trust 108	XLCA	AAA	Aaa		7/13/2006	7/13/2016	7/13/2020	7/13/2011	7/13/2013	B+
Alesco Preferred Funding V, Ltd.	01448TAA25	94215	97.08	97.078	A-1	Term	USD	\$100,000	100,000	2	Assured Guaranty Corporation	Assured	AAA	Aaa	AAA	9/14/2004	9/14/2014	12/23/2034	9/14/2009	Static	BBB-BBB-
AMAC CDO FUNDING I	02261EAA7	1839881	96.82	212.033	A-1	Term	USD	\$219,000	219,000	2	LaCrosse Financial Products, LLC	MBIA	AAA	Aaa		11/16/2006	11/16/2016	11/16/2050	11/16/2009	11/16/2011	B+B
AMMC CLO III, Limited	00173TAA51	69409	99.27	82.393	A	Term	USD	\$83,000	83,000	2	Financial Security Assurance Inc.	FSA	AAA	Aaa		7/20/2004	7/20/2014	7/25/2016	7/20/2007	7/20/2009	B+B
		1039932	97.41	29.224																	
Ares Enhanced Loan Investment Strategy II, Ltd	04012AAA34	887156	94.44	120.411	A-1	Revolver	USD	\$30,000	30,000	2	FGIC Credit Products, LLC	FGIC	AAA	Aaa		1/19/2006	1/19/2016	1/19/2020	1/19/2011	1/19/2013	B+
Ares Enhanced Loan Investment Strategy II, Ltd	04012AAC99																				
Atrium IV	04963VAC28	953384	98.20	98.200	A-2	Term	USD	\$127,500	127,500	2	FGIC Credit Products, LLC	FGIC	AAA	Aaa		1/19/2006	1/19/2016	1/19/2020	1/19/2011	1/19/2013	B+
Atrium IV	04963VAA61	420268	98.20	98.200	A-1a	Term	USD	\$100,000	100,000	2	FGIC Credit Products, LLC	FGIC	AAA	Aaa		6/8/2005	6/8/2015	6/8/2019	6/8/2009	6/8/2011	B
Avalon Capital Ltd. 3	05342RAA41	225027	98.57	98.566	A-1	Term	USD	\$100,000	100,000	2	FGIC Credit Products, LLC	FGIC	AAA	Aaa		2/24/2005	2/24/2015	2/24/2019	2/24/2008	2/24/2011	B+
Avalon Capital Ltd. 3	05342RAB24	228507	99.20	49.600	A-2	Revolver	USD	\$50,000	50,000	2	FGIC Credit Products, LLC	FGIC	AAA	Aaa		2/24/2005	2/24/2015	2/24/2019	2/24/2008	2/24/2011	B+
Avenue CLO Fund, LTD.	053575AA44	141827	97.96	146.942	A-1L	Term	USD	\$150,000	150,000	2	Ambac Credit Products LLC	Ambac	AAA	Aaa		12/20/2004	12/20/2014	2/15/2017	2/15/2010	2/15/2010	B+B
Avenue CLO Fund, LTD.	053575AA44	141826	97.96	133.227	A-1L	Term	USD	\$136,000	136,000	2	Ambac Assurance Corporation	Ambac	AAA	Aaa		12/20/2004	12/20/2014	2/15/2017	2/15/2010	2/15/2010	B+B
Avenue CLO II Ltd.	053576AA27	589077	98.13	68.692	A-1L	Term	USD	\$70,000	70,000	2	Ambac Assurance Corporation	Ambac	AAA	Aaa		8/11/2005	8/11/2015	10/30/2017	10/30/2010	10/30/2011	B+
Avenue CLO II Ltd.	053576AA27	589075	98.13	98.132	A-1L	Term	USD	\$100,000	100,000	2	Ambac Credit Products LLC	Ambac	AAA	Aaa		8/11/2005	8/11/2015	10/30/2017	10/30/2010	10/30/2011	B+
AVENUE CLO III, LTD.	05357TAB0	1163509	97.96	349.721	A-1L	Term	USD	\$357,000	357,000	2	Ambac Credit Products LLC	Ambac	AAA	Aaa		5/10/2006	5/10/2016	7/10/2018	7/10/2010	5/10/2012	B+
Avoca CLO III, plc	XS0223409052	539053	99.97	190.608	A	Term	EUR	€ 135,000	190,661	2	FGIC Credit Products, LLC	FGIC	AAA	Aaa	AAA	8/2/2005	8/2/2015	8/2/2021	8/2/2008	8/2/2011	B
Belhurst CLO, Ltd.	07783NAB3	1114041	97.06	29.117	A-2	Revolver	USD	\$30,000	30,000	2	New Generation Funding Trust 95	CIFG	AAA	Aaa	AAA	3/7/2006	3/7/2016	1/15/2020	3/7/2011	3/7/2012	B+
Belhurst CLO, Ltd.	07783NAA5	988332	97.87	97.867	A-1	Term	USD	\$100,000	100,000	2	New Generation Funding Trust 95	CIFG	AAA	Aaa	AAA	3/7/2006	3/7/2016	1/15/2020	1/15/2011	1/17/2012	B+
Belle Haven ABS CDO 2006-1, Ltd.	078452AA7	1206216	88.08	309.154	A-1	Term	USD	\$351,000	351,000	2	Ambac Credit Products LLC	Ambac	AAA	Aaa	AAA	5/24/2006	5/24/2016	7/5/2046	7/5/2010	7/5/2010	A+/A
Bernard Global Loan Investors, Ltd.	127151200	1340045	98.05	505.951	A-3a	Revolver	USD	\$516,000	516,000	2	LaCrosse Financial Products, LLC	MBIA	AAA	Aaa		6/30/2006	3/31/2013	3/31/2013	N/A	3/31/2008	B-/CCC+
Black Diamond CLO 2005-1 Ltd.	09202EAA47	276375	98.31	196.624	A-1	Term	USD	\$200,000	200,000	2	FGIC Credit Products, LLC	FGIC	AAA	Aaa		4/7/2005	4/7/2015	6/20/2017	6/17/2009	6/17/2011	B
		109036	98.53	147.796																	
BlackRock Senior Income Series	09250AAA34																				
Boston Harbor CLO 2004-1, Ltd.	100756AA3	47314	99.35	114.257	A	Term	USD	\$115,000	115,000	2	Financial Security Assurance Inc.	FSA	AAA	Aaa		5/12/2004	5/12/2014	5/12/2014	5/12/2009	5/12/2009	B+B
Broderick CDO 2, Ltd.	112018AA4	1571820	86.18	409.342	A-IAT	Term	USD	\$475,000	475,000	2	LaCrosse Financial Products, LLC	MBIA	AAA	Aaa		9/1/2006	9/1/2016	9/1/2049	2/1/2011	9/1/2006	AA-/A+
Burr Ridge CLO Plus Ltd.	122621AB1	1916787	97.71	68.394	A-ID	Delayed Draw	USD	\$70,000	70,000	2	Credit Protection Trust 182	FSA	AAA	Aaa		12/13/2006	12/13/2016	3/27/2023	12/13/2011	12/13/2012	B+B
Burr Ridge CLO Plus Ltd.	122621AC9	1913139	97.71	117.248	A-1T	Term	USD	\$120,000	120,000	2	Credit Protection Trust 182	FSA	AAA	Aaa		12/13/2006	12/13/2016	3/27/2023	12/13/2011	12/13/2012	B+B
Burr Ridge CLO Plus Ltd.	0EO1E32	1913163	99.98	94.979	A-1R	Revolver	USD	\$95,000	95,000	2	Credit Protection Trust 182	FSA	AAA	Aaa		12/13/2006	12/13/2016	3/27/2023	12/13/2011	12/13/2012	B+B
Cadogan Square CLO BV	XS0236024153	838015	98.74	251.014	A	Term	EUR	€ 180,000	254,214	2	New Generation Funding Trust 101	CIFG	AAA	Aaa		12/14/2005	12/14/2015	12/14/2021	12/14/2010	12/14/2011	B+B
Cairn CLO I	XS0277022108	17885	98.77	48.824	A-1	Revolver	EUR	€ 35,000	49,431	2	Ambac Credit Products LLC	Ambac	AAA	Aaa		12/20/2006	12/20/2016	12/20/2022	12/20/2011	12/20/2012	B+
Cairn CLO I	XS0277121348	17886	98.83	236.937	A-2	Term	EUR	€ 169,750	239,738	2	Ambac Credit Products LLC	Ambac	AAA	Aaa		12/20/2006	12/20/2016	12/20/2022	12/20/2011	12/20/2012	B+
Cairn CLO I	PP4U0FTJ21	17887	97.45	23.175	A-3	Term	GBP	£11,450.00	23,782	2	Ambac Credit Products LLC	Ambac	AAA	Aaa		12/20/2006	12/20/2016	12/20/2022	12/20/2011	12/20/2012	B+
CapitalSource Real Estate Loan Trust 2006-A	140560AM5	1938018	94.92	94.921	A-2A	Term	USD	\$100,000	100,000	2	AG Financial Products, LLC	Assured	AAA	Aaa		12/20/2006	12/20/2016	12/20/2041	12/20/2021	12/20/2021	B+
Castle Garden Funding	14844QAA13	761077	98.10	67.692	A-1	Term	USD	\$69,000	69,000	2	FGIC Credit Products, LLC	FGIC	AAA	Aaa		10/27/2005	10/27/2015	10/27/2020	12/1/2010	12/1/2011	B+
Castle Garden Funding	14844QAB9	1048219	98.10	147.154	A-2	Delayed Draw	USD	\$150,000	150,000	2	FGIC Credit Products, LLC	FGIC	AAA	Aaa		10/27/2005	10/27/2015	10/27/2020	12/1/2010	12/1/2011	B+
C-BASS CBO XI Ltd.	124975AA1	97533	92.14	82.923	A	Term	USD	\$90,000	90,000	2	MBIA Insurance Corporation	MBIA	AAA	Aaa	AAA	9/15/2004	9/15/2014	9/15/2039	9/15/2007	Static	BBB
		243558	87.68	210.421																	
C-BASS CBO XIII Ltd.	12498FAA8																				
Cedarwoods CRE CDO, Ltd.	0EO15T3	1430509	100.00	245.996	A-1	Term	USD	\$246,000	246,000	2	LaCrosse Financial Products, LLC	MBIA	AAA	Aaa		3/17/2005	3/17/2015	3/17/2040	3/17/2008	Static	BBB
Centurion 11 CDO Limited	151340DAA6	991123	97.06	255.271	A-1	Term	USD	\$263,000	263,000	2	AG Financial Products, LLC	Assured	AAA	Aaa		3/8/2006	3/8/2016	4/25/2019	4/11/2011	4/25/2012	BBB-BB+
Centurion IX Ltd.	15642PAB2	470131	97.05	83.463	A-1B	Term	USD	\$86,000	86,000	2	Credit Protection Trust 182	FSA	AAA	Aaa		6/28/2005	6/28/2015	7/17/2019	7/17/2010	7/17/2012	B/B+
		1459934	97.60	136.647																	
CIFC FUNDING 2006-1, LTD.	17178PAB0	1460190	97.66	58.598	A-1L	Term	USD	\$140,000	140,000	2	Credit Protection Trust 182	FSA	AAA	Aaa		8/3/2006	8/3/2016	10/3/2020	10/3/2010	10/3/2012	B/B-
CIFC FUNDING 2006-1, LTD.	17178PAA2																				
Class V Funding Ltd.	18272WAA0	282318	73.27	73.267	A-1	Term	USD	\$100,000	100,000	2	Ambac Credit Products LLC	Ambac	AAA	Aaa		4/12/2005	4/12/2015	6/30/2045	6/30/2008	9/30/2007	BBB
		80883	98.93	216.646																	
Clydesdale CLO 2004, Ltd.	18971TAA1																				
Clydesdale CLO 2005, Ltd.	18971XAA2	819854	98.03	147.039	A-1	Term	USD	\$150,000	150,000	2	Ambac Credit Products LLC	Ambac	AAA	Aaa	AAA	12/1/2005	12/1/2015	12/1/2017	12/1/2009	12/1/2011	B+
Clydesdale CLO 2005, Ltd.	18971XAB0	1100934	97.28	97.281	A-2	Delayed Draw	USD	\$100,000	100,000	2	Ambac Credit Products LLC	Ambac	AAA	Aaa	AAA	12/1/2005	12/1/2015	12/1/2017	12/1/2009	12/1/2011	B+
Clydesdale Structured CLO I, Ltd.	18971WAA4	153242	98.80	118.557	A-1	Term	USD	\$120,000	120,000	2	Credit Protection Trust 182	FSA	AAA	Aaa		1/20/2005	1/20/2015	1/20/2017	1/20/2010	1/20/2011	B+
Credit Genesis CLO 2005-1, Ltd.	225358AD2	848408	98.64	90.752	A-1	Revolver	USD	\$92,000	92,000	2	Ambac Credit Products LLC	Ambac	NA	Aaa		6/23/2005	6/23/2015	6/23/2010	7/20/2009	6/23/2010	B/B+
Credit Genesis CLO 2005-1, Ltd.	225358AA8	552039	98.64	68.064	A-2	Delayed Draw	USD	\$69,000	69,000	2	Ambac Credit Products LLC	Ambac	NA	Aaa		6/23/2005	6/23/2015	6/23/2010	7/20/2009	6/23/2010	B/B+
CSAM Funding IV	12629RAA4	52381	99.08	66.384	A-1	Term	USD	\$67,000	67,000	2	Financial Security Assurance Inc.	FSA	AAA	Aaa		6/9/2004	6/9/2014	7/10/2016	7/9/2009	7/10/2010	B+B
Cordatus CLO I P.L.C	XS0208036748	2038074	98.53	242.953	A-1	Term	EUR	€ 174,600	246,588	2	Portfolio CDS Trust 141	XLCA	AAA	Aaa		1/30/2007	1/30/2017	1/30/2024	1/30/2012	1/30/2014	B+B
Cordatus CLO I P.L.C	XS02																				

Negative Basis Trades

Issuer	Cusip (sdaps)	SDAPs Trade ID	Price	MTM	Class	Type of Funding	Currency	Original Commitment(0 00)	Original Commitment (\$)	DG	Direct Counterparty	Monoline	S&P Rating	Moody's Rating	Fitch Rating	Closing Date	Expected Final Life	Legal Final	Non-Call Period	Reinvestment Period end	Average Collateral Rating
Eurocastle CDO III PLC	XS021593879	312029	98.12	60.974	A-2	Term	EUR	€ 44,000	62,141	2	MBIA Insurance Corporation	MBIA	AAA	AAA	AAA	4/28/2005	4/28/2015	12/20/2060	4/28/2008	4/28/2010	BBB-
Fairway Loan Funding Company	30605KAB87	1385391	97.76	366.583	A-1L	Term	USD	\$375,000	375,000	2	Ambac Credit Products LLC	Ambac	AAA	Aaa		7/18/2006	7/18/2016	10/18/2018	10/18/2010	10/18/2018	B-B
Fairway Loan Funding Company	0601USA4	1385396	97.82	73.367	A-1LV	Revolver	USD	\$75,000	75,000	2	Ambac Credit Products LLC	Ambac	AAA	Aaa		7/18/2006	7/18/2016	10/18/2018	10/18/2010	10/18/2018	B-B
FieldPoint III, Ltd	31653TAA97	945699	99.43	44.742	A-1	Term	USD	\$45,000	45,000	2	AG Financial Products, LLC	Assured	AAA	Aaa		2/15/2006	2/1/2016	2/1/2016	2/15/2009	2/15/2010	B--CCC+
FieldPoint IV, Ltd	31653VAA44	945844	99.43	54.685	A-1	Term	USD	\$55,000	55,000	2	AG Financial Products, LLC	Assured	AAA	Aaa		2/16/2006	2/1/2016	2/1/2016	2/16/2009	2/16/2010	B--CCC+
Flagship CLO III	33842BAH15	235130	98.52	34.875	A	Revolver	USD	\$35,400	35,400	2	Financial Security Assurance Inc.	FSA	AAA	Aaa		8/31/2004	8/31/2014	9/12/2016	9/12/2007	9/12/2010	B+
Flagship CLO III	33842BAB45	82291	98.96	178.137	A	Term	USD	\$180,000	180,000	2	Financial Security Assurance Inc.	FSA	AAA	Aaa		8/31/2004	8/31/2014	9/12/2016	9/12/2007	9/12/2010	B+
Flagship CLO IV	33842EAA01	437745	97.28	39.300	A	Revolver	USD	\$40,400	40,400	2	Credit Protection Trust 182	FSA	AAA	Aaa		6/14/2005	6/14/2015	6/1/2017	6/1/2010	6/1/2012	B+
Flagship CLO IV	33842EAB83	82291	97.32	194.644	A	Term	USD	\$200,000	200,000	2	Credit Protection Trust 182	FSA	AAA	Aaa		6/14/2005	6/14/2015	6/1/2017	6/1/2010	6/1/2012	B+
Founders Grove CLO, Ltd.	35055PAA2	1163510	97.67	48.834	A-1	Revolver	USD	\$50,000	50,000	2	Credit Protection Trust 182	FSA	AAA	Aaa		4/12/2006	4/12/2016	4/15/2020	4/25/2009	4/25/2011	B+
Founders Grove CLO, Ltd.	35055PAB0	1098893	97.51	166.255	A-2	Term	USD	\$170,500	170,500	2	Credit Protection Trust 182	FSA	AAA	Aaa		4/12/2006	4/12/2016	4/15/2020	4/25/2009	4/25/2011	B+
GEM LIX's III Ltd.	36860NAA0	1037294	96.40	184.607	A-1A	Delayed Draw	USD	\$191,500	191,500	2	Portfolio CDS Trust 89	XLCA	AAA	Aaa		3/23/2006	3/23/2016	3/23/2021	3/23/2010	3/23/2011	BB+
Global Enhanced Loan Fund S.A.	XS0212768716	204091	99.94	162.320	A-1	Delayed Draw	EUR	€ 115,000	162,415	2	FGIC Credit Products, LLC	FGIC	AAA	Aaa		3/10/2005	3/25/2015	3/25/2020	3/25/2007	3/25/2011	B+
Goldman Sachs Specialty Lending CLO-1, LTD.	38145AAA1	1619744	99.18	42.092	A-1R	Revolver	USD	\$42,441	42,441	2	LaCrosse Financial Products, LLC	MBIA	AAA	Aaa		9/14/2006	9/14/2016	9/14/2018	9/14/2009	9/14/2011	B--CCC+
Goldman Sachs Specialty Lending CLO-1, LTD.	.0E018OU	1619629	99.18	453.796	A-1R	Revolver	USD	\$457,559	457,559	2	LaCrosse Financial Products, LLC	MBIA	AAA	Aaa		9/14/2006	9/14/2016	9/14/2018	9/14/2009	9/14/2011	B--CCC+
Grant Grove CLO	38808RAE4	2037872	96.89	48.446	A-1	Delayed Draw	USD	\$50,000	50,000	2	Credit Protection Trust 182	FSA	AAA	Aaa		1/25/2007	1/25/2017	1/25/2021	1/25/2011	1/25/2013	B+
Grant Grove CLO	38808RAA2	2037875	96.89	143.886	A-2	Term	USD	\$148,500	148,500	2	Credit Protection Trust 182	FSA	AAA	Aaa		1/25/2007	1/25/2017	1/25/2021	1/25/2011	1/25/2013	B+
GSC Capital Corp. Loan Funding 2005-1	36294IAB87	883966	97.24	89.705	A-1	Term	USD	\$92,250	92,250	2	Credit Protection Trust 182	FSA	AAA	Aaa		1/18/2006	1/18/2016	1/18/2020	1/18/2008	1/18/2012	B+
GSC European CDO II S.A.	BC00ZAZ1	437748	99.71	190.110	A-1	Term	EUR	€ 135,000	190,661	2	FGIC Credit Products, LLC	FGIC	AAA	Aaa		6/29/2005	6/29/2015	7/15/2020	7/15/2008	7/15/2010	B+B
GSC Partners CDO Fund VII Limited	Rebook	9971	70.411	A-1D	Delayed Draw	EUR	€ 50,000	70,615	2	FGIC Credit Products, LLC	FGIC	AAA	Aaa		6/29/2005	6/29/2015	7/15/2020	7/15/2008	7/15/2010	B+B	
G-STAR 2004-4 LTD.	36294EAA64	740788	97.85	141.880	A-1	Term	USD	\$145,000	145,000	2	Credit Protection Trust 182	FSA	AAA	Aaa		10/14/2005	10/14/2015	10/23/2017	10/14/2009	10/14/2011	B
G-STAR 2005-5 LTD.	36242CA336	78927	66.63	273.184	A-1	Term	USD	\$410,000	410,000	2	MBIA Insurance Corporation	MBIA	AAA	AAA		8/12/2004	8/12/2014	8/10/2039	8/12/2008	8/12/2008	BBB/BBB-
G-STAR 2005-5 LTD.	36293DA90	243548	98.84	418.080	A-1	Term	USD	\$423,000	423,000	2	LaCrosse Financial Products, LLC	MBIA	AAA	AAA		3/16/2005	3/16/2015	3/5/2040	3/16/2010	3/16/2009	BBB-
G-STAR 2005-5 LTD.	36293DAC56	243554	71.30	42.782	A-2	Term	USD	\$60,000	60,000	2	MBIA Insurance Corporation	MBIA	AAA	AAA		3/16/2005	3/16/2015	3/5/2040	3/16/2010	3/16/2009	BBB-
Gulf Stream-Compass 2005-2, Ltd	40255XAB10	889393	97.72	166.132	A-2	Term	USD	\$170,000	170,000	2	FGIC Credit Products, LLC	FGIC	AAA	Aaa		1/24/2006	1/24/2016	1/24/2020	1/24/2011	1/24/2012	B+
GULF STREAM-COMPASS CLO 2003-1, LTD	40255AA471	725283	99.65	93.174	A	Term	USD	\$93,500	93,500	2	Ambac Credit Products LLC	Ambac	AAA	Aaa		8/27/2003	8/27/2013	8/27/2015	8/27/2008	8/27/2008	B+
GULF STREAM-COMPASS CLO 2003-1, LTD	40255AA471	725428	99.65	103.637	A	Term	USD	\$104,000	104,000	2	Ambac Assurance Corporation	Ambac	AAA	Aaa		8/27/2003	8/27/2013	8/27/2015	8/27/2008	8/27/2008	B+
GULF STREAM-COMPASS CLO 2004-1, LTD	US40255AA42	74034	98.91	29.674	A	Term	USD	\$30,000	30,000	2	Ambac Assurance Corporation	Ambac	AAA	Aaa		8/11/2004	8/11/2014	8/11/2016	8/11/2007	8/11/2009	B+B
GULF STREAM-COMPASS CLO 2004-1, LTD	BC00UJIA7	74036	99.99	29.996	A	Term	USD	\$30,000	30,000	2	Financial Security Assurance Inc.	FSA	AAA	Aaa		8/11/2004	8/11/2014	8/11/2016	8/11/2007	8/11/2009	B+B
GULF STREAM-COMPASS CLO 2005-1, Ltd.	80301900	347201	98.21	126.204	A-1	Term	USD	\$128,500	128,500	2	FGIC Credit Products, LLC	FGIC	AAA	Aaa		5/11/2005	5/11/2015	5/15/2017	5/11/2010	5/11/2010	B+B
Halcyon Structured Asset Management European CLO 2006-1 B.V.	XS0255773615	1304188	99.09	289.677	A	Term	EUR	€ 207,000	292,346	2	New Generation Funding Trust 138	CIFG	AAA	Aaa		6/21/2006	6/21/2016	6/21/2021	6/21/2011	6/21/2011	B+B
Halcyon Structured Asset Management European CLO 2006-1 B.V.	PP6W0F9V2	1342901	98.30	55.532	Revolver	Revolver	EUR	€ 40,000	56,492	2	New Generation Funding Trust 138	CIFG	AAA	Aaa		6/21/2006	6/21/2016	6/21/2021	6/21/2011	6/21/2011	B+B
Hamlet I Leveraged Loan Fund B.V.	XS0213748147	236238	99.85	169.219	A	Term	EUR	€ 120,000	169,476	2	Ambac Credit Products LLC	Ambac	AAA	Aaa		4/7/2005	4/7/2015	5/15/2020	5/15/2006	5/15/2010	BB-/B+
Harbourmaster CLO 4 B.V.	XS0203069801	116676	98.89	236.025	A1	Term	EUR	€ 169,000	238,679	2	Ambac Assurance Corporation	Ambac	AAA	Aaa		10/28/2004	10/28/2014	10/28/2019	10/28/2009	10/28/2009	B+
Harbourmaster CLO 6 B.V.	BC00MLX7	787628	98.98	304.178	A-1	Term	EUR	€ 217,600	307,316	2	New Generation Funding Trust 98	CIFG	AAA	AAA		11/15/2005	11/15/2015	10/25/2020	11/25/2011	11/25/2011	B+B
Harp High Grade CDO I, Ltd.	41335SAA0	1316832	82.34	535.210	A-1	Term	USD	\$650,000	650,000	2	LaCrosse Financial Products, LLC	MBIA	AAA	Aaa		6/26/2006	6/26/2016	6/26/2041	6/26/2021	6/26/2021	AA-
Harvest CLO I SA	BC00EIVA9	42982	100.90	284.994	A-1	Term	EUR	€ 200,000	282,460	2	MBIA Insurance Corporation	MBIA	AAA	Aaa		4/15/2004	4/15/2014	4/15/2014	4/15/2009	4/15/2009	BB-/B+
High Grade Structured Credit CDO 2005-1 LTD	429667AA60	282319	93.19	208.741	A-1	Term	USD	\$224,000	224,000	2	Ambac Credit Products LLC	Ambac	AAA	Aaa		4/12/2005	4/12/2015	4/6/2040	4/6/2008	4/6/2009	A+/A
Highridge HG ABS CDO	431138AA4	2037870	79.93	599.441	A-1	Term	USD	\$750,000	750,000	2	LaCrosse Financial Products, LLC	MBIA	AAA	Aaa		1/25/2007	1/25/2017	2/10/2048	1/25/2011	1/25/2011	AA-/A+
Hillcrest CLO I Ltd	43147XAA90	127782	84.31	63.230	A-1a	Term	USD	\$75,000	75,000	2	MBIA Insurance Corporation	MBIA	AAA	Aaa		11/10/2004	11/10/2014	11/10/2039	11/10/2008	11/10/2008	BBB/BBB-
HYDE PARK CDO B.V.	US448647AA57	965047	98.98	160.757	A-1	Term	EUR	€ 115,000	162,415	2	FGIC Credit Products, LLC	FGIC	AAA	Aaa		2/23/2006	2/23/2016	6/14/2022	2/23/2011	6/14/2012	B
ING Investment Management CLO I, Ltd	449792AA82	810577	98.72	111.553	A-1	Term	USD	\$113,000	113,000	2	AG Financial Products, LLC	Assured	AAA	Aaa		11/23/2005	11/23/2015	12/1/2017	11/23/2009	11/23/2011	B
Jasper CLO	471318AA32	470887	98.72	246.788	A	Term	USD	\$250,000	250,000	2	FGIC Credit Products, LLC	FGIC	AAA	Aaa		6/29/2005	6/29/2015	9/1/2017	8/1/2010	8/1/2016	B+B
Jay Street Market Value CLO I, Ltd.	47206MAA2	1094368	97.56	204.866	A	Revolver	USD	\$210,000	210,000	2	Ambac Credit Products LLC	Ambac	AAA	Aaa		4/11/2006	4/11/2016	4/11/2016	6/11/2010	4/11/2016	B+
Jersey STREET CLO, LTD.	476759AA3	1687300	97.58	97.584	A	Term	USD	\$100,000	100,000	2	New Generation Funding Trust 146	CIFG	AAA	Aaa		9/28/2006	9/28/2016	9/28/2018	9/28/2011	9/28/2012	B+
Jubilee CDO VII B.V.	XS0275044124	1838433	99.01	262.888	A-T	Term	EUR	€ 188,000	265,512	2	Mogador Limited	CIFG	AAA	Aaa		11/20/2006	11/20/2016	11/20/2022	11/20/2010	11/20/2012	B+
Jubilee CDO VII B.V.	PP4U0FDG6	1838440	97.40	137.558	A-R	Revolver	EUR	€ 100,000	141,230	2	Mogador Limited	CIFG	AAA	Aaa		11/20/2006	11/20/2016	11/20/2022	11/20/2010	11/20/2012	B+
Kennecott Funding Ltd	48931GAC3	883704	98.04	248.210	A-2A	Term	USD	\$253,175	253,175	2	Ambac Credit Products LLC	Ambac	AAA	Aaa		1/18/2006	1/13/2016	1/13/2018	1/18/2010	1/18/2012	B
KKR Financial CLO 2005-1, Ltd.	482474AA13	235858	98.07	284.407	A-1	Term	USD	\$290,000	290,000	2	Credit Protection Trust 182	FSA	AAA	Aaa		3/30/2005	3/30/2015	4/26/2017	3/30/2008	3/30/2011	B
KKR Financial CLO 2005-1, Ltd.	482474AB9	426221	100.00	100.000	A-2	Revolver	USD	\$100,000	100,000	2	Credit Protection Trust 182	FSA	AAA	Aaa		3/30/2005	3/30/2015	4/26/2017	3/30/2008	3/30/2011	B
KODIAK CDO I, LTD.	50011PAA4	1656619	89.11	89.109	A-1	Term	USD	\$100,000	100,000	2	AG Financial Products, LLC	Assured	AAA	Aaa		9/19/2006	9/19/2016	9/19/2037	9/19/2010	9/19/2010	BB-/B+
KODIAK CDO I, LTD.	50011PAA4	1637572	89.11	133.664	A-1	Term	USD	\$150,000	150,000	2	Assured Guaranty Corporation	Assured	AAA	Aaa		9/19/2006	9/19/2016	9/19/2037	9/19/2010	9/19/2010	Static BB-/B+
Lafayette Square CDO Limited	506762AA10	1037333	97.47	29.241	A-1A	Term	USD	\$30,000	30,000	2	AG Financial Products, LLC	Assured	AAA	Aaa		11/1/2005	11/1/2015	11/1/2019	11/1/2010	11/1/2011	B-
Lafayette Square CDO Limited	506762AC75	769651	97.46	233.906	A-1B	Term	USD	\$240,000	240,000	2	AG Financial Products, LLC	Assured	AAA	Aaa		11/1/2005	11/1/2015	11/1/2019	11/1/2010	11/1/2011	B-

**Questionnaire on Exposure to Monoline Financial Guaranty Insurers
(and, where relevant, other vehicles/entities)**

When answering the questions set out below please detail exposures to each monoline by legal entity, for example identifying a European subsidiary, where relevant. We have provided tables overleaf which you may complete if you find them helpful (feel free to amend as appropriate); alternatively, if it helps to facilitate a quick turnaround, you may provide information in any alternative format - for example, based on internal MI - provided this includes the following information.

1. What is your bilateral synthetic exposure to the monoline guarantors or other vehicles/entities potentially affected by current market conditions (such as SIVs or derivative product companies)? For example, this would include exposure via OTC contracts (such as credit default swaps) to counterparties backed by monolines. Please confirm what measure of exposure you have used (e.g. notional amount, mark-to-market value etc.). For each exposure, please confirm whether any collateral agreement is in place.

RESPONSE

Please see attached spreadsheet (Attachment #1) listing all trading limits & utilization with the Monoline Financial Guarantors and with Derivatives Products Companies. The utilization under the limits is expressed as PFE (potential future exposure).

We own a portfolio of bonds, carried in our MTM trading book, against which we have purchased protection from the monoline financial guarantors – Negative Basis Trades. The negative basis trades booked as CDS Protection Purchases are captured as counterparty risk against the monolines' special purpose subsidiaries, whose obligations are guaranteed by the monoline financial guarantors via financial guaranty insurance policies. These policies obligate the insurer to continue to make payments of principal and interest according to the original contract of any defaulted reference obligation – there is no MTM settlement of the obligation at default but a continuing “pay as you go” obligation from the financial guarantor.

The exposure against the monolines is risked according to a migration to default model, attributing higher exposure to the monoline if the underlying reference asset's rating is sub investment grade than if it is investment grade. It is also more heavily weighted the longer the tenor of the underlying reference asset. All of the underlying assets in the negative basis trade book are rated AAA in their own right. The positions are marked to market on a daily basis (both the underlying reference asset long position and the corresponding CDS short positions).

2. What inventory do you hold in respect of monoline-wrapped assets or vehicles? This would include securities such as bonds, structured products such as CDOs, and investment vehicles (such as PFI) which have been wrapped by a monoline.

Please provide details of the assets, including rating. For structured products, please also provide details of the underlying assets (for example, super senior tranche of CDO of ABS, with an attachment point of 30%, on BBB RMBS underlying, 2006 H1 vintage).

RESPONSE

The following chart sets out in summary form the total portfolio of negative basis trades, expressed in both notional & MTM terms. Also displayed are the reserves held against the portfolio. The aggregate notional value of the portfolio is \$39.5 bn with a current MTM value of \$38.1 bn and reserves held totalling \$93.2 mn.

		Data		
Monoline	Collateral Type	Notional (\$000)	MTM (\$000)	Total Reserves (\$000)
MBIA	US CMBS	\$ 4,544,073	\$ 4,472,310	\$ (20,344)
	US High-Grade ABS	\$ 1,875,000	\$ 1,543,993	\$ (5,672)
	US CLO	\$ 1,366,000	\$ 1,351,839	\$ (1,018)
	US Mezzanine ABS	\$ 1,058,000	\$ 880,198	\$ (1,896)
	European Mezz ABS	\$ 785,751	\$ 774,410	\$ (815)
	European CLO	\$ 660,956	\$ 653,271	\$ (593)
	CRE Loans	\$ 219,000	\$ 212,033	\$ (859)
	European IG Synthetics	\$ 35,308	\$ 35,308	\$ -
MBIA Total		\$ 10,544,088	\$ 9,923,363	\$ (31,197)
Ambac	US High-Grade ABS	\$ 961,000	\$ 816,138	\$ (2,472)
	US CLO	\$ 4,919,794	\$ 4,827,295	\$ (14,665)
	European CLO	\$ 1,472,068	\$ 1,448,735	\$ (542)
	CDO^2 (ABS)	\$ 100,000	\$ 73,267	\$ (46)
Ambac Total		\$ 7,452,863	\$ 7,165,435	\$ (17,726)
FSA	US CLO	\$ 5,996,550	\$ 5,895,170	\$ (17,080)
	Bank & Insurance TRUPs	\$ 100,000	\$ 95,139	\$ (127)
	Euro Sen Sec Leveraged Loans	\$ 215,376	\$ 210,986	\$ (175)
FSA Total		\$ 6,311,926	\$ 6,201,295	\$ (17,383)
FGIC	US CLO	\$ 3,004,300	\$ 2,941,503	\$ (7,300)
	US Mezzanine ABS	\$ 240,000	\$ 210,421	\$ (60)
	European CLO	\$ 932,118	\$ 928,141	\$ (418)
FGIC Total		\$ 4,176,418	\$ 4,080,066	\$ (7,778)
XLCA	US CMBS	\$ 620,000	\$ 604,207	\$ (3,101)
	US CLO	\$ 712,194	\$ 696,179	\$ (1,222)
	European CLO	\$ 1,411,761	\$ 1,379,541	\$ (725)
	CDO^2	\$ 120,500	\$ 116,340	\$ (74)
	Emerging Markets Gov and Corp	\$ 191,500	\$ 184,607	\$ (618)
XLCA Total		\$ 3,055,955	\$ 2,980,873	\$ (5,739)
Assured	US CLO	\$ 2,028,150	\$ 1,981,028	\$ (6,041)
	European CLO	\$ 1,177,336	\$ 1,153,210	\$ (811)
	CRE Loans	\$ 100,000	\$ 94,921	\$ (452)
	Bank & Insurance TRUPs	\$ 100,000	\$ 97,078	\$ (253)
	Euro REIT Trust Preferred and CMBS	\$ 1,341,685	\$ 1,333,896	\$ (647)
	REIT Trust Preferred	\$ 250,000	\$ 222,774	\$ (638)
Assured Total		\$ 4,997,171	\$ 4,882,907	\$ (8,842)
CIFG	US CLO	\$ 932,500	\$ 910,884	\$ (2,974)
	European CLO	\$ 1,839,662	\$ 1,815,992	\$ (1,195)
	Bank & Insurance TRUPs	\$ 147,000	\$ 136,772	\$ (434)
CIFG Total		\$ 2,919,162	\$ 2,863,648	\$ (4,603)
Grand Total		\$ 39,457,582	\$ 38,097,586	\$ (93,267)

Full details may be viewed in the attached spreadsheet. (Attachment 2)

3. Within 2. above, please ensure that you include any inventory you hold which has been purchased under blanket AAA issuer limits, but where the security owes its AAA rating to a monoline guarantee.

RESPONSE

The following chart summarizes wrapped bonds (bonds with a financial guaranty insurance policy attached at issue) which are carried in our secondary trading book. The values shown are MTM. Please also see the attached workbook which provides the details. (Attachment 3)

GBP Millions - MTM	Municipal Bonds	ABS	Corporate Bonds	TOTAL
ACA	1.4			1.4
AMBAC	21.7	76.6	225.2	323.5
ASSURED GUARANTY	3.9			3.9
CIFG	0.8			0.8
FGIC	33.9	10.5		44.4
FSA	22.2	5.3	571.8	599.3
MBIA	14.6	8.6	304.8	328.0
RADIAN	2.5			2.5
XL CAPITAL	34.5	15.6	287.3	337.4
TOTAL	135.5	116.6	1,389.1	1,641.2

4. Please provide aggregate exposure to each monoline, or otherwise explain how these exposures are monitored.

RESPONSE

All exposure to the monoline financial guarantors is aggregated at the Group Level. Total approved limits, both primary & trading, are detailed below for each monoline financial guarantor group. For CIFG & FSA, we show only the subset of exposure to the financial guarantor subsidiaries within the Natixis & Dexia Groups.

GBP Millions	Total Global Financing Limits
ACA CAPITAL HOLDINGS GROUP	10.6
AMBAC FINANCIAL GROUP	853.1
ASSURED GUARANTY GROUP	386.0
CIFG (part of Natixis Group)	186.0
FGIC GROUP	536.6
FSA (part of Dexia Group)	1,200.0
MBIA GROUP	867.2
RADIAN GROUP	40.0
SECURITY CAPITAL ASSURANCE GROUP	235.3

If you have any queries about this questionnaire please contact Simon Arnold at the FSA on 020 7066 0994.

Direct exposures to monolines

Guarantor (legal entity)	Description of contract (e.g. CDS)	Financial exposure (please state currency)		
		Notional amount	Current valuation	Reserve taken for counterparty credit exposure

Assets wrapped by monolines

Guarantor (legal entity)	Description of asset (include rating and attachment point if appropriate)		Financial exposure (please state currency)			
	Asset (e.g. CDO)	Underlying collateral	Nominal	Cost	Write-downs to date	Current valuation

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From: Moore, Patricia: GFRM (NYK)
[O=BZW/OU=USA/CN=RECIPIENTS/CN=MARKETS/CN=MOOREP]
Sent: Tuesday, November 27, 2007 9:32:55 PM
To: Hanrahan, Patrick: Product Control (NYK)
Subject: Summary Slide
Attachments: Monoline Summary Exposure.ppt



Monoline
Summary Expos...

Patricia

Patricia Moore, Managing Director
Global Financial Risk Management
patricia.moore@barcap.com
212-412-3602
212-412-1466 (fax)

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MBIA	Primary	390	Assured Guaranty	Primary	28	FSA	Primary	83
	Trading	1402		Trading	622		Trading	2401
	Headroom	0		Headroom	149		Headroom	0
	Total	1,792		Total	799		Total	2484
AMBAC	Primary	26	Security Capital	Primary	60	CIFG	Primary	149
	Trading	1201		Trading	416		Trading	236
	Headroom	539		Headroom	11		Headroom	0
	Total	1766		Total	487		Total	385
FGIC	Primary	22	Total	Primary	758			
	Trading	282		Trading	6560			
	Headroom	807		Headroom	1506			
	Total	1111		Total	8824			

- Monolines had \$2.2tn of risk positions outstanding at the end of 2006 of which 38% was structured finance. Of this c65% (c\$536bn) related to US ABS and MBS (incl. CDOs). Monolines have seen very sharp falls in share prices during 2007 (e.g. AMBAC is down c75%) on speculation of downgrades and heavy losses.
- Barclays exposure to monolines is c\$7.3bn (plus c\$1.5bn headroom), and is largely in the form of negative basis trades (credit protection on securities held) – the notional value of these trades is c\$40bn.
- Of the \$40bn, c\$4.1bn relates to US High Grade (\$2.8bn) and US Mezz (\$1.3bn) ABS CDOs.
 - Looking at the underlying asset pools on these CDOs c\$3bn relates to subprime or Alt-A securities.
 - MBIA and Ambac provide the vast majority of the protection on these positions, \$2.9bn and \$1bn respectively.
 - Barclays owns only one \$81mm CDO-squared with ABS CDO collateral in the negative basis trade book. This deal closed April 2005 and is currently marked by the underwriter at \$58.3mm.
 - \$2.4bn of the \$4.1bn in ABS CDOs closed in 2004 or 2005. Although collateral managers may reinvest principal proceeds in more recent vintage collateral, the majority of the CDO assets are of earlier vintages and less susceptible to poor underwriting standards of 2006 and 2007
- Positions are not included in statements / analysis of subprime exposure as we principally look to the strength of the monoline in assessing the risk.
- None of the monolines shown have been downgraded, however no ratings have been reaffirmed since the latest subprime deterioration begin in early October (though Fitch reaffirmed MBIA's AAA rating on 21 September).

EXHIBIT 74

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From: King, Stephen: CDO (NYK) [/O=BZW/OU=USA/CN=NYK AD
USERS/CN=USERS/CN=KINGST]
Sent: Monday, December 17, 2007 3:54:22 PM
To: Bommensath, Eric: Markets (NYK); Keegan, Mike : Barclays Capital
Subject: FW: Negative Basis Exposures (Estimated) across the Street
Attachments: Negative Basis Summary 12-10-2007.xls

Eric/mike,

Some estimates of the negative basis exposure across the street.

From: Herrick, Darryl: CDO (NYK)
Sent: Sunday, December 16, 2007 1:03 PM
To: King, Stephen: CDO (NYK)
Subject: Negative Basis Exposures (Estimated) across the Street

Stephen,
Cleaned up the main page which summarizes each neg basis providers global book exposure.
I highlight who are the likely counterparties they face based on desk knowledge and conversations with Stevenson's team and Seth Glasser in research.
This is print ready



Negative Basis
Summary 12-10...

Darryl K. Herrick
Barclays Capital
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Fax: 1 (212) 412-1609
✉ Darryl.Herrick@barclayscapital.com



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Negative Basis Providers Estimated Total Exposures¹

12/10/07

USD Billions

Sources: Including Sales discussions and CDO Desk knowledge. All figures are estimates.

	Estimated Size of Negative Basis Book (USD in Billions)	Likely Monoline Counterparties Facing	Notes
Goldman Sachs	55	AIG	Very large book in US and Europe. AIG exposure is biggest CP. Also face multiple intermediaries on trades with Monolines, inc. CIBC and Swiss Re.
SocGen	55	AIG, CIFG, AMBAC, FGIC	Majority of book is CLO focused
Barclays	50	MBIA, AIG, AMBAC, FGIC, FSA, ASSURED	Very active through 1H 2006 in US and Europe
Rabobank	40	AIG, MBIA, AMBAC, CIFG	Rabobank was very active in US, Europe and Asia. Also a large funder to Goldman Sachs and Merrill Lynch Negative Basis desks
Deutsche Bank	35	MBIA, AIG, AMBAC, FGIC	Primary exposure through conduits run by Deutsche Bank
Merrill Lynch ³	30	AIG, MBIA, ACA, AMBAC, FGIC	Active on their own underwritten deals primarily
UBS	30	AIG, MBIA, CIFG	Active on their own deals and other underwriter's CDOs. Book grew significantly in 2006.
CIBC ²	15	ACA, XL, Radian, CIFG, MBIA	Aggressive pricing, very active through 1H 2007
Dresdner	15	Not certain	Very active through 2006 in Europe
RBS	15	Not certain	Very active through 2006 in Europe
Calyon	15	AIG, CIFG	Very active through 1H 2006 in US and Europe
ABN Amro	10	Not certain	A new entrant in 2006. Heard very aggressive levels were being discussed in 1H 2006
HSBC	10	Not certain	A new entrant in 2006. Heard very aggressive levels were being discussed in 1H 2006. Book size uncertain
BNP Paribas	<10	CIFG, AIG, MBIA	A new entrant in 2006. Book size uncertain
Bank of Montreal	<10	Not certain	A new entrant in 2006. Book size uncertain
Lloyds	<10	Not certain	A new entrant in 2006. Book size uncertain

1. Estimate of Aggregate Global Negative Basis Book Exposure

2. CIBC announced in December total of \$9.8 B monoline exposure tied to subprime ABS CDOs

3. Merrill's Book has grown significantly in 2007, mostly through ABS CDO exposure.

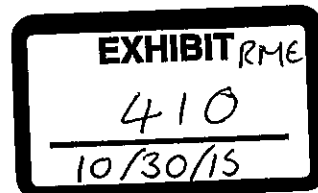
4. Citigroup has a significant negative basis book, aggregate size is uncertain. Largest total exposures are likely AIG, AMBAC and MBIA

EXHIBIT 75

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BARC-ADS-01026147



2007 Results Announcement

Possible disclosure options

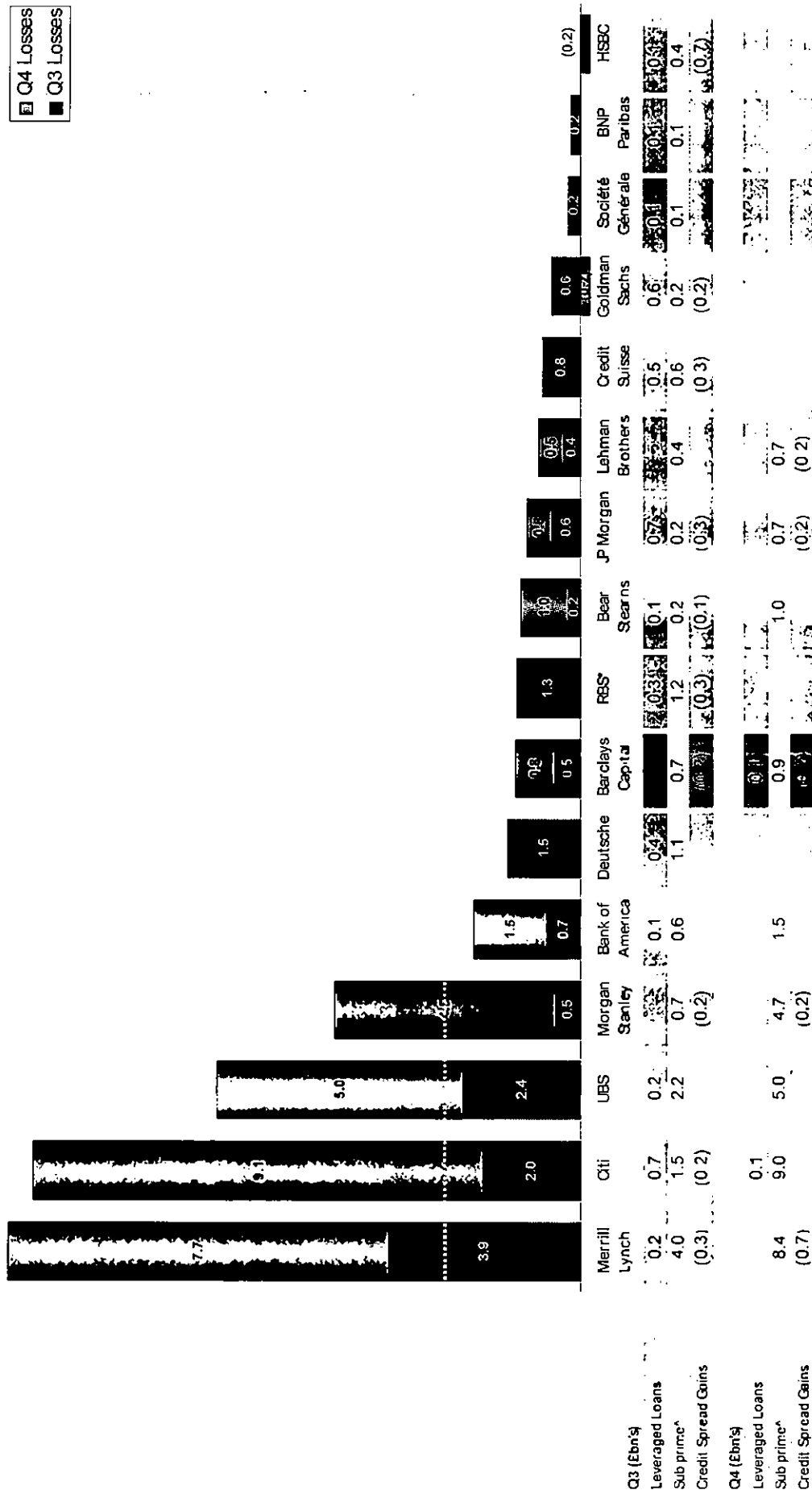
January 2008

A very mixed level of disclosure across the US peers...

	Merrill Lynch	Citigroup	Morgan Stanley	J.P. Morgan	Lehman Brothers	Goldman Sachs
U.S. ABS CDO net exposures:	Yes	Yes	Yes	No	No	No
U.S. Super senior ABS CDO net exposures:	Yes	Yes	Yes	No	No	No
High-grade	Yes	Yes	Yes	No	No	No
Mezzanine	Yes	Yes	Yes	No	No	No
CDO-squared	Yes	Yes	Yes	No	No	No
Total super senior ABS CDO net exposures ⁽¹⁾	Yes	Yes	Yes	No	No	No
Secondary trading/retained & warehouse net exposures	Yes	No	No	Yes	Yes	No
Total U.S. ABS CDO-related net exposures	Yes	Yes	Yes	Yes	Yes	Yes
Credit Default Swaps with Financial Guarantors ⁽²⁾ :	Yes	No	No	No	No	No
By counterparty credit quality ⁽³⁾ :	Yes	No	No	No	No	No
AAA	Yes	No	No	No	No	No
AA	Yes	No	No	No	No	No
A	Yes	No	No	No	No	No
BBB	Yes	No	No	No	No	No
Non-investment grade or unrated	Yes	No	No	No	No	No
Total financial guarantor exposures for ABS CDOs	Yes	No	No	No	No	No
Residential Mortgage-Related Net Exposures	Yes	No	No	No	No	No
U.S. Sub-prime:	Yes	Yes	Yes	No	No	No
Warehouse lending	Yes	Yes	Yes	No	No	No
Whole loans	Yes	Yes	Yes	Yes	Yes	Yes
Residuals	Yes	No	No	Yes	No	Yes
Residential mortgage-backed securities	Yes	No	No	Yes	Yes	Yes
Total U.S. sub-prime	Yes	No	No	Yes	No	No
U.S. Alt-A ⁽⁴⁾	Yes	No	No	Yes	No	No
U.S. Prime ⁽³⁾⁽⁴⁾	Yes	No	No	Yes	No	No
Non-U.S. ⁽⁴⁾	Yes	No	No	No	No	No
Mortgage servicing rights ⁽⁵⁾	Yes	No	No	No	No	No
ABS Bonds	No	No	Yes	Yes	No	No
Total residential mortgage-related net exposures	Yes	No	No	No	Yes	No
(excluding U.S. Banks investment securities portfolio)	Yes	No	No	No	No	No
U.S. Banks Investment Securities Portfolio ⁽⁴⁾	Yes	No	No	No	No	No
Sub-prime residential mortgage-related net exposures, including securities in Conduits ⁽⁶⁾ :	Yes	No	No	No	No	No
Sub-prime residential mortgage-backed securities	Yes	No	No	No	No	No
ABS CDOs	Yes	No	No	No	Yes	No
Total sub-prime residential mortgage-related securities	Yes	No	No	No	No	No
Other net exposures, including securities in Conduits ⁽⁶⁾ :	Yes	No	No	No	No	No
Alt-A residential mortgage-backed securities	Yes	No	No	No	No	No
Commercial mortgage-backed securities	Yes	No	No	No	No	No
Prime residential mortgage-backed securities	Yes	No	No	No	No	No
Non-residential asset-backed securities	Yes	No	No	No	No	No
Non-residential CDOs	Yes	No	No	No	No	No
Other	Yes	No	No	No	No	No
Total investment securities portfolio in U.S. Banks (including securities in Conduits)	Yes	No	No	No	No	No
CMBS	No	No	Yes	Yes	No	No
Leveraged loan exposure				Yes	Yes	Yes

Apart from Merrill Lynch's "let's tell 'em everything" and some detailed disclosure from Citi and Morgan Stanley around ABS CDOs, disclosure is generally high level with different peers picking and choosing their disclosure buckets

...consistent with the level of pain that has been reported



Barclays Capital – option 1 (full disclosure option – consistent with TU) – will be in £bn

\$m	Net Exposure as of June 2007	Writedowns	Other movements	Net Exposure as of October 2007	Writedowns	Other movements	Net Exposure as of December 2007
U.S. ABS CDO							
High-grade - trading book	3,379	(1,117)	(2,118)	144	-	-	144
High-grade - accrual	8,179	(396)	-	7,783	(185)	(44)	7,554
Mezzanine - trading book	2,077	(869)	-	1,208	(215)	(736)	257
Mezzanine - accrual	1,188	-	-	1,188	-	-	1,188
Total ABS CDO	14,822	(2,382)	(2,118)	10,322	(400)	(780)	9,142
US Subprime/ CDO exposure in RMBS Warehouses							
	2,800	(315)	213	2,498	(390)	(815)	1,293
Other U.S. Sub-prime/ CDO exposure							
Whole loans	5,827	(22)	462	6,267	(117)	(1,170)	4,981
Residuals	1,425	(215)	(82)	1,149	(557)	(124)	468
Other exposure (conduits, LTVs, Caim Portfolio)	3,578	(276)	(1,315)	1,885	(45)	(343)	1,597
Total other US subprime	10,828	(513)	(915)	9,400	(718)	(1,636)	7,046
U.S. Alt-A							
Securities	4,362		2,528	6,990	(227)	(129)	6,634
Whole loans	2,281		(355)	1,926	(62)	(509)	1,355
Residuals	80		26	86	(27)	(8)	50
Total Alt-A	6,703	-	2,299	9,002	(316)	(647)	8,039
CMBS							
Global securitisation inventory	10,718		3,175	13,893	(10)	(2,366)	11,516
Take and hold	5,931		5,902	11,832		(1,962)	9,871
Equity positions and equity bridges	140		894	1,034		15	1,048
Total CMBS	16,789	-	9,970	26,759	(10)	(4,313)	22,435

Inconsistent with comparatively low level of losses?

Barclays Capital – option 2 (full disclosure option – consistent with ML) – will be in £bn

U.S. ABS CDO net exposures:

U.S. Super senior ABS CDO net exposures:

	Net Exposures Oct 2007	P&L Nov / Dec	Change in net Exposure	Net Exposures Dec 2007
High-grade SS CF	7,575		-	7,575
High-grade SS MTM	2,183	(5)	0	2,178
NAV SS	2,432	(130)	(0)	2,302
CDO	112	(121)	(0)	(9)
ABX	(1,922)	(117)	(1,399)	(3,438)
Other RMBS	2,708	(465)	217	2,460
CMBS	(33)	2	(8)	(39)
Total U.S. ABS CDO-related net exposures	13,055	(837)	(1,190)	11,027

Credit Default Swaps with Financial Guarantors:

NBT CDO Positions:

Total NBT exposures for ABS CDOs

	Net Exposures Oct 2007	P&L Nov / Dec	Change in net Exposure	Net Exposures Dec 2007
	(9,274)	50	1,375	(7,848)
	9,287	-	(1,375)	7,922
Total	23	50	(0)	73

Residential Mortgage-Related Net Exposures

	Net Exposures Oct 2007	P&L Nov / Dec	Change in net Exposure	Net Exposures Dec 2007
Whole Loan Subprime	7,440	(723)	(66)	6,651
Whole Loan ALT - A	1,926	(70)	(36)	1,820
NY RMBS	5,727	(188)	(73)	5,466
Other ALT - A (1)	86	(27)	(9)	50
Equity Bridges	1,034			1,048
Risk Finance RMBS GCD	94	(10)	(1)	83
NY ABS Trading	46		(119)	(73)
Total RMBS Net Exposures	16,352	(1,018)	(290)	15,045

Barclays Capital – option 2 (full disclosure option – consistent with ML) – will be in £bn

	Net Exposures Oct 2007	P&L Nov / Dec	Change in net Exposure	Net Exposures Dec 2007
Direct Accrual				
NY Sheffield - Quattro Subprime CDO exposure - Kaczka	206		(14)	192
			-	
Total Direct Accrual	206		(14)	192
	Net Exposures Oct 2007	P&L Nov / Dec	Change in net Exposure	Net Exposures Dec 2007
Commercial Mortgage-Related Net Exposures				
US CMBS Primary - Kaczka	11,798	45	(999)	10,844
US CMBS Secondary- Haniff	609	-	82	691
LDN CMBS Secondary	2,117	-	(176)	1,941
	11,818		(2,339)	9,479
	1,259		(425)	834
Total CMBS	27,601	45	(3,858)	23,789
	Net Exposures Oct 2007	P&L Nov / Dec	Change in net Exposure	Net Exposures Dec 2007
Contingent				
Surrey/ Sussex	1,873	-	57	1,930
Manywaters			-	
LIV	516	-	450	966
SIV	1,752	-	(243)	1,509
SIV-Deriv Cpty Exposure			-	
SIV-Lites	708	-	21	728
Total Contingent	4,848	-	285	5,133

Barclays Capital – option 3 (losses in table, exposures in text, save some for Q&A)

£m	H1 07	H2 to Oct	Nov	Dec	H2 07	2007
ABS CDO Super Senior		(1,124)	(205)	(28)	(1,356)	(1,356)
Other Sub-prime	(127)	(473)	(350)	(247)	(1,070)	(1,197)
SIVs/SIV-lites		(70)	-	-	(70)	(70)
Leveraged Finance		(82)	-	-	(82)	(82)
Own credit		420	233	5	658	658
Credit reserve releases		-	-	140	140	140
Net write-downs	(127)	(1,329)	(322)	(130)	(1,781)	(1,907)

Should look to bundle offset line together and only disclose November and December net losses – still rounds to £0.5bn (£0.4bn should be possible though).

Barclays Capital – option 3 (losses in table, exposures in text, save some for Q&A)

Barclays Capital booked £x.xbn credit, mortgage and leveraged finance related charges and write downs net of hedging in November and December 2007, in addition to the £1.3bn reflected in our previous statement to the market. The additional charges and write downs reflected the impact of rating agency downgrades on a broad range of CDOs and the subsequent market downturn.

At 31st December 2007, Barclays Capital's high grade exposure net of hedges and subordination was £x.xbn (October 31 2007: £3.8bn) after charges and write downs net of hedges in November and December of £x.xbn. At 31st December 2007, Barclays Capital's mezzanine exposure net of hedges and subordination was £x.xbn (30th October 2007: £1.2bn) after charges and write downs net of hedges in November and December of £x.xbn.

Whole loan and trading book valuations gave rise to a £x.xbn write down net of hedges in November and December. At 31st December Barclays Capital's whole loan and trading book net exposure was £x.xbn (31st October 2007: £5.4bn).

Our trading book inventory at 31st December 2007 included £0.xbn of assets from the drawdown of SIV-lite liquidity facilities (31st October 2007: £0.2bn). Our exposure to SIVs was £0.xbn comprising derivative exposures, undrawn CP backstop facilities and bonds held in our trading book (31st October 2007: £0.7bn). We have no further undrawn backup liquidity facilities for SIVs or SIV-lites. There were no additional write-downs since October 31st.

At 31st December 2007, Barclays Capital had £7.4bn in exposure from unsold underwriting positions (31st October 2007: £7.3bn), and less than £20m exposure to equity bridges (30th June 2007: £82m). There were no additional write-downs since October 31st.

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

Barclays exposure to its own conduits through undrawn backstop liquidity facilities was £18.6bn as at 31st December 2007 (31st October 2007: £19.0bn). The Barclays-sponsored vehicles are long established and are fully funded through CP issuance. All are fully consolidated on the Barclays balance sheet on an available-for-sale basis at fair value.

Is it enough granularity to only disclose same buckets as per the Nov 15 TU given level of Alt-A losses (£0.2bn) in November/December?

Can we limit monoline/CMBS disclosure to Q&A or a slide in the presentation similar to approach of GS/JPM?

Appendices

Goldman disclosure is thin on the ground and derived from the Q4 call

Leveraged loans

- Write-backs of \$0.5bn of leveraged loans in Q4 (write-downs of \$2bn in Q3)
- Not disclosing leveraged loan losses in Q4
- Net exposure \$42bn at end of Q3, sold/cancelled \$16bn in Q4, funded \$9bn in Q4 and \$10bn new commitments leaving \$27bn of unfunded commitments at end of Q4

CDOs, residuals, CLOs

- Combined exposure of \$1.8bn in Q3 of which \$1.0bn CDOs
- CDO exposure \$0.4bn in Q4 – more than 50% of \$0.6bn reduction relates to writedowns

...and Lehman disclosure is also built up from the conference call transcript

\$bn	Q3 07	Write-downs	Other	Q4 07	Notes
Mortgage inventory					
Residential mortgage related inventory		(2.2)		39.5	
Commercial mortgage related inventory		(1.3)		39.5	
Sold to third parties				12.0	
Total				91.0	
Residential mortgage subprime exposure					
Whole-loans	5.4			3.2	
IG Securities	0.7			1.9	
Non IG Securities and residuals	0.2			0.2	
Total	6.3			5.3	Sub-set of \$40bn residential mortgage inventory
ABS CDO					
On balance sheet				1.0	
Net of hedges				(0.1)	
Non IG contingent acquisition facilities					
SIVs - owned or sponsored	27.0	0.3		9.8	Dec exposure spread over 16 transactions
ABCP					None
Monolines after hedges and credit reserves					Agent only
Counterparty credit exposure					Minimal
					Over 95% IG

JP Morgan disclosure is reasonably complete on a high level but with little breakdown over time

Leveraged Lending

- Modest gain net of hedges for the quarter
 - Comprised of significant realized gains on sale of funded exposure partially offset by additional marks taken on the remaining funded and unfunded commitments
- \$26.4B of funded and unfunded commitments with gross markdowns in excess of 6% at 12/31/07
 - \$40.6B funded and unfunded commitments at 9/30/07
 - \$16.5B closed and distributed, and other reductions in quarter
 - New commitments of \$2.3B
 - \$26.4B¹ of leveraged lending funded and unfunded commitments at 12/31/07 classified as held-for-sale
- Valuations are deal specific and result in a wide range of pricing levels; markdowns represent best indication of prices at 12/31/07

JP Morgan disclosure is reasonably complete on a high level but with little breakdown over time

Other Investment Bank Risk Topics

Subprime and subprime CDO-related

- Markdowns net of hedges of \$1.3B
- Remaining exposure actively risk-managed
- Total subprime and subprime CDO exposure is hedged by approximately \$2B of hedges and short positions

End of period subprime and subprime CDO exposure as of 12/31/07 (\$ in billions)

Subprime CDO Exposure	\$0.2
Subprime Loans in Warehouse	\$0.7
Subprime Residuals	0.3
Total Subprime Loans & Residuals	\$1.0
Subprime ABS Bonds	\$1.2
Drawn liquidity facility (subprime-backed)	\$0.3
Total Subprime and Subprime CDO Exposure	\$2.7

JP Morgan disclosure is reasonably complete on a high level but with little breakdown over time

Other Investment Bank Risk Topics

CDO warehouse and unsold positions

- \$5.5B of CDO warehouse and unsold positions; 92% corporate credit underlying, negligible subprime
- Of the \$5.5B above, approximately half carries significant funded first-loss protection

CMBS

- \$15.5B total gross exposure of which \$14.5B was funded on balance sheet at 12/31/07
 - The majority is comprised of loans and securities which are 64% AAA rated
 - Actively credit-hedged and risk-managed

Alt-A

- \$6.4B of total exposure
 - \$4.0B securities - mostly AAA rated
 - \$2.4B loans - first lien mortgages only; delinquents priced to liquidation value

Fair value accounting

- Firmwide Level 3 assets are expected to increase from 4% to 5%¹ of total firm-wide assets in 4Q07
 - Expected growth in existing Level 3 asset classes; predominantly growth in leveraged loans
 - Alt-A loans moved to Level 3 due to decreased liquidity and price transparency

¹ Includes assets measured at fair value on a recurring basis and Level 3 held-for-sale loans which are accounted for under LOCOM. These numbers are estimates

Citi moved from the narrative approach in Q3...

Sub-prime Related Exposure in Securities and Banking

The Company has approximately \$55 billion in U.S. sub-prime related direct exposures in its *Securities and Banking* (S&B) business.

The \$55 billion in U.S. sub-prime direct exposure in S&B as of September 30, 2007 consisted of (a) approximately \$11.7 billion of sub-prime related exposures in its lending and structuring business, and (b) approximately \$43 billion of exposures in the most senior tranches (super senior tranches) of collateralized debt obligations which are collateralized by asset-backed securities (ABS CDOs).

Lending and Structuring Exposures

The \$11.7 billion of sub-prime related exposures includes approximately \$2.7 billion of CDO warehouse inventory and unsold tranches of ABS CDOs, approximately \$4.2 billion of actively managed sub-prime loans purchased for resale or securitization at a discount to par primarily in the last six months, and approximately \$4.8 billion of financing transactions with customers secured by sub-prime collateral. (See Note 1 below.) These amounts represent fair value determined based on observable transactions and other market data. Following the downgrades and market developments discussed on page 9, the fair value of the CDO warehouse inventory and unsold tranches of ABS CDOs has declined significantly, while the declines in the fair value of the other sub-prime related exposures in the lending and structuring business have not been significant.

ABS CDO Super Senior Exposures

Citi's \$45 billion in ABS CDO super senior exposures as of September 30, 2007 is backed primarily by sub-prime RMBS collateral. These exposures include approximately \$2.5 billion in commercial paper principally secured by super senior tranches of high grade ABS CDOs and approximately \$18 billion of super senior tranches of ABS CDOs, consisting of approximately \$10 billion of high grade ABS CDOs, approximately \$8 billion of mezzanine ABS CDOs and approximately \$0.2 billion of ABS CDO-squared transactions.

Although the principal collateral underlying these super senior tranches is U.S. sub-prime RMBS, as noted above, these exposures represent the most senior tranches of the capital structure of the ABS CDOs. These super senior tranches are not subject to valuation based on observable market transactions. Accordingly, fair value of these super senior exposures is based on estimates about among other things, future housing prices to predict estimated cash flows, which are then discounted to a present value. The rating agency downgrades and market developments referred to above have led to changes in the appropriate discount rates applicable to these super senior tranches, which have resulted in significant declines in the estimates of the fair value of S&B super senior exposures.

...to more helpful disclosure in Q4

\$bn	Sep-30	Q4	Q4	Dec-31
ABS CDO Super Senior	Net exposure	Write-downs	Sales/ Transfers	Net exposure
Total Gross Exposure	53.4			39.8
Hedged Exposure	10.5			10.5
Net Exposures				
ABC/ CDO	24.9	(4.3)	-	20.6
High Grade	9.5	(4.9)	0.3	4.9
Mezzanine	8.3	(5.2)	0.5	3.6
ABS CDO-squared	0.2	0.1	-	0.3
Total Net Exposures	42.9	(14.3)	0.8	29.3
Reserve on Hedge Counterparty Exposure		(0.9)		
Lending and Structure				
Gross Exposures				
CDO warehousing/ unsold tranches of ABS CDOs	2.7	(2.6)	-	0.2
Subprime Loans purchased for sale or securitisation	4.2	(0.2)	-	4.0
Financing Transactions secured by subprime	4.8	(0.1)	(0.9)	3.8
Total Gross Exposures	11.7	(2.9)	(0.9)	8.0
TOTAL EXPOSURES	54.6	(18.1)	(0.1)	37.3

Morgan Stanley Disclosure in Q3 2007 ...

(in billions)	Statement of Financial Condition 8/31/07	Statement of Financial Condition 10/31/07	3/31/07		10/31/07		Net Exposure ⁽¹⁾ 08/31/07	Net Exposure ⁽¹⁾ 10/31/07
			Profit and (Loss) Three Months Ended	Profit and (Loss) Nine Months Ended	Profit and (Loss) Two Months Ended	Profit and (Loss) Eleven Months Ended		
<i>Super Senior Exposure</i>								
High-Grade	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Mezzanine	(\$1.8)	(\$5.2)	(\$1.9)	(\$2.2)	(\$3.4)	(\$5.6)	\$11.4	\$8.3
CDO-Squared	\$0.0	(\$0.0)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.1
Total ABS CDO Super Senior Exposure	(\$1.8)	(\$5.2)	(\$1.9)	(\$2.2)	(\$3.4)	(\$5.6)	\$11.4	\$8.4
<i>Other Retained and Warehouse Exposure</i>								
ABS CDO CDS	\$1.1	\$1.7	\$0.8	\$1.0	\$0.5	\$1.5	(\$2.9)	(\$3.1)
ABS CDO Bonds	\$1.6	\$1.7	(\$0.4)	(\$0.3)	(\$0.0)	(\$0.3)	\$1.6	\$1.7
CDO Warehouse	\$0.0	\$0.0	(\$0.0)	(\$0.0)	\$0.0	(\$0.0)	\$0.0	\$0.0
Total Other Retained and Warehouse Exposure	\$2.7	\$3.4	\$0.4	\$0.7	\$0.5	\$1.2	(\$1.3)	(\$1.4)
Subtotal ABS CDO Related Exposure (2)	\$0.9	(\$1.8)	(\$1.5)	(\$1.5)	(\$2.9)	(\$4.4)	\$10.1	\$7.0
<i>U.S. Subprime Mortgage Related Exposure</i>								
Loans	\$2.9	\$1.5	(\$0.0)	(\$0.1)	(\$0.0)	(\$0.1)	\$2.9	\$1.5
Total Rate of Return Swaps	\$0.1	(\$0.0)	\$0.0	\$0.1	\$0.0	\$0.1	(\$0.7)	(\$0.0)
ABS Bonds	\$4.2	\$3.0	(\$0.7)	(\$0.9)	(\$1.9)	(\$2.8)	\$4.0	\$3.0
ABS CDS	\$4.2	\$6.6	\$2.3	\$3.4	\$1.1	\$4.5	(\$5.9)	(\$2.5)
Subtotal U.S. Subprime Mortgage Related Exposure (3)	\$11.4	\$11.1	\$1.6	\$2.5	(\$0.8)	\$1.7	\$0.3	(\$1.0)
Total ABS CDO / Subprime Exposure	\$12.3	\$9.3	\$0.1	\$1.0	(\$3.7)	(\$2.7)	\$10.4	\$6.0

Notes:

- (1) Net Exposure is defined as potential loss to the Firm in an event of 100% default, assuming zero recovery. Positive amounts indicate potential loss (long position) in a default scenario. Negative amounts indicate potential gain (short position) in a default scenario.
- (2) In determining the fair value of the Firm's ABS CDO-related exposures – which represent the most senior tranches of the capital structure of subprime ABS CDOs – Morgan Stanley took into consideration observable data for relevant benchmark instruments in synthetic sub prime markets. Deterioration of value in the benchmark instruments as well as the market developments referred to above have led to significant declines in the estimates of fair value. These declines reflect increase in implied losses across this portfolio. These implied loss levels are consistent with the losses in the range between 11% - 19% implied by the ABX indices. These cumulative loss levels, at a severity rate of 50%, imply defaults in the range of 40 - 50% for 2005 and 2006 outstanding mortgages.
- (3) In calculating the fair value of the Firm's U.S. sub-prime mortgage related exposures – including loans, total rate-of-return swaps, ABS bonds (including subprime residuals) and ABS CDS – Morgan Stanley took into consideration observable transactions, the continued deterioration in market data, as reflected by the sharp decline in the ABX indices, and other market developments, including updated cumulative loss data. The fair value of the ABS Bonds declined significantly, which were driven by increases in implied cumulative losses for subprime residuals to levels equivalent to those now seen in the market.

...and Q4 2007 is reasonably helpful...

MORGAN STANLEY
Institutional Securities - U.S. Subprime Analysis
(unaudited, dollars in billions)

	Statement of Financial Condition		Profit / (Loss)		Profit / (Loss)		Profit / (Loss)		Net Exposure (1)	
	31/08/2007	31/10/2007	31/08/2007	31/10/2007	31/08/2007	31/10/2007	31/08/2007	31/10/2007	31/08/2007	31/10/2007
Super Senior Exposure										
High-Grade	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mezzanine	(1.9)	(5.2)	(8.7)	(1.9)	(2.2)	(5.6)	(3.7)	11.4	8.3	3.9
COO-Squared	-	(0.1)	-	-	-	-	(0.1)	-	0.1	0.1
Total ABS CDO Super Senior Exposure	\$ (1.9)	\$ (5.2)	\$ (8.7)	\$ (1.9)	\$ (2.2)	\$ (5.6)	\$ (3.8)	\$ (7.2)	\$ (11.4)	\$ (8.4)
Other Retained and Warehouse Exposure										
ABS CDO CDS	\$ 1.1	\$ 1.7	\$ 2.7	\$ 0.8	\$ 1.0	\$ 1.5	\$ 0.8	\$ 1.3	\$ (2.9)	\$ (3.1)
ABS CDO Bonds	1.6	1.7	1.1	(0.4)	(0.3)	(0.3)	(0.5)	(0.5)	1.6	1.7
CDO Warehouse	-	-	-	-	-	-	-	-	-	-
Total Other Retained and Warehouse Exposure	\$ 2.7	\$ 3.4	\$ 3.8	\$ 0.4	\$ 0.7	\$ 1.2	\$ 0.3	\$ 0.8	\$ (1.3)	\$ (1.4)
Subtotal ABS CDO Related Exposure (2)	\$ 0.9	\$ (1.8)	\$ (5.0)	\$ (1.5)	\$ (1.5)	\$ (4.4)	\$ (3.5)	\$ (6.4)	\$ (10.1)	\$ (7.0)
U.S. Subprime Mortgage Related Exposure										
Loans	\$ 2.9	\$ 1.5	\$ 0.6	\$ -	\$ (0.1)	\$ (0.1)	\$ (0.1)	\$ (0.1)	\$ 2.9	\$ 1.5
Total Rate of Return Swaps	0.1	-	-	-	0.1	0.1	-	-	(0.7)	-
ABS Bonds	4.2	3.0	2.7	(0.7)	(0.9)	(1.9)	(1.0)	(2.9)	4.0	3.0
ABS CDS	4.2	6.6	7.8	2.3	3.4	4.5	0.5	1.6	(5.9)	(5.1)
Subtotal U.S. Subprime Mortgage Related Exposure (3)	\$ 11.4	\$ 11.1	\$ 11.1	\$ 1.6	\$ 2.5	\$ 1.7	\$ (0.6)	\$ (1.4)	\$ 0.3	\$ (1.0)
Total ABS CDO / Subprime Net Exposure (4)	\$ 12.3	\$ 9.3	\$ 6.1	\$ 0.1	\$ 1.0	\$ (2.7)	\$ (4.1)	\$ (7.9)	\$ (10.4)	\$ (5.0)

- (1) Net Exposure is defined as potential loss to the Firm in an event of 100% default, assuming zero recovery, over a period of time. The value of these positions remains subject to mark-to-market volatility. Positive amounts indicate potential loss (long position). Negative amounts indicate potential gain (short position) in a default scenario.
- (2) In determining the fair value of the Firm's ABS CDO super senior related exposures - which represent the most senior tranches of the capital structure of subprime ABS CDOs - Morgan Stanley took into consideration observable transactions and data for relevant instruments in synthetic subprime markets. The deterioration of these inputs have led to significant declines in the estimates of fair value. These declines reflect increase in implied losses across this portfolio. These implied loss levels are consistent with range between 13% - 20% implied by the ABX indices. These cumulative loss levels, at a severity rate of 50%, imply defaults in the range of 43% - 50% for 2003 and 2006 outstanding mortgages.
- (3) In calculating the fair value of the Firm's U.S. subprime mortgage related exposures - including loans, total rate-of-return swaps, ABS bonds (including subprime residuals) and ABS CDS - Morgan Stanley took into consideration observable transactions the deterioration in market data, as evidenced by the sharp decline in the ABX indices, and other market developments, including updated cumulative loss data.
- (4) Statement of financial condition is presented on a net basis, which is a non-GAAP measure. These balances are presented on a gross basis in the Company's statement of financial condition.

At November 30, 2007, the investment portfolios of Morgan Stanley Bank (U.S.) and Morgan Stanley Trust FSP (collectively, the "Subsidiary Banks") include certain subprime-related securities. The securities in the Subsidiary Banks' portfolios are part of overall Treasury liquidity management portfolio. Such portfolios do not contain any subprime whole loans, subprime residuals or CDOs. The market value of the Subsidiary Banks' subprime-related securities, all of which are AAA-rated residential mortgage-backed securities, was \$5.5 at November 30, 2007. Of that total, \$4.3 are comprised of ABS bonds collateralized by first lien subprime mortgages of which \$1.1 are further enhanced by FHLMC and AAA-rated monoline insurers. The remaining \$1.2 of ABS bonds are collateralized by subprime mortgages and are enhanced by financial guarantees from AAA-rated monoline insurers. An other than temporary impairment charge of \$0.4 was reflected in net loss for the three months ended November 30, 2007. At November 30, 2007, the securities in the Subsidiary Banks' portfolio were redesignated as trading securities, prior to that date these securities were classified as "available for sale" in accordance with SFAS 115, Accounting for Certain Investments in Debt and Equity Securities.

...as it can be manipulated into a movement in exposures slide

Sbn	Net Exposure					
	31 Aug 07	Write-downs	Other	31/ 10/ 2007	Write-downs	Other
Super Senior Exposure						
High- Grade	-	-	-	-	-	-
Mezzanine	11.4	(3.4)	0.3	8.3	(3.7)	(0.7)
CDO-Squared	-	-	0.1	0.1	(0.1)	0.1
Total ABS CDO Super Senior Exposure	11.4	(3.4)	0.4	8.4	(3.8)	(0.6)
Other Retained and Warehouse Exposure						
ABS CDO CDS	(2.9)	0.5	(0.7)	(3.1)	0.8	0.8
ABS CDO Bonds	1.6	-	0.1	1.7	(0.5)	(0.1)
CDO Warehouse	-	-	-	-	-	-
Total Other Retained and Warehouse Exposure	(1.3)	0.5	(0.6)	(1.4)	0.3	0.7
Subtotal ABS CDO Related Exposure (2)	10.1	(2.9)	(0.2)	7.0	(3.5)	0.1
U.S. Subprime Mortgage Related Exposure						
Loans	2.9	-	(1.4)	1.5	(0.1)	(0.8)
Total Rate of Return Swaps	(0.7)	-	0.7	-	-	-
ABS Bonds	4.0	(1.9)	0.9	3.0	(1.0)	0.7
ABS CDS	(5.9)	1.1	(0.7)	(5.5)	0.5	(0.1)
Subtotal U.S. Subprime Mortgage Related Exposure (3)	0.3	(0.8)	(0.5)	(1.0)	(0.6)	(0.2)
Total ABS CDO / Subprime Net Exposure (4)	10.4	(3.7)	(0.7)	6.0	(4.1)	(0.1)
						1.8

ML disclosure is very comprehensive...

U.S. ABS CDO net exposures:

U.S. Super senior ABS CDO net exposures:

	Net Exposures as of Sept. 28, 2007	Gain/ (Loss) Reported in Income ⁽¹⁾	Other Net Changes in Net Exposures ⁽²⁾	Net Exposures as of Dec. 28, 2007 ⁽⁵⁾
High-grade	8,925	(5,531)	986	4,380
Mezzanine	5,237	(2,912)	(141)	2,184
CDO-squared	630	(280)	(79)	271
Total super senior ABS CDO net exposures ⁽³⁾	14,792	(8,723)	766	6,835
Secondary trading ⁽⁴⁾	1,026	(1,141)	(1,882)	(1,997)
Total U.S. ABS CDO-related net exposures	15,818	(9,864)	(1,116)	4,838

(1) Primarily represents unrealized losses on net exposures. Amounts exclude credit valuation adjustments of negative \$2.6 billion related to financial guarantor exposures on U.S. super senior ABS CDOs. See table regarding financial guarantor exposures

(2) Primarily consists of principal amortization for U.S. super senior ABS CDO net exposures, as well as changes in hedges and increases due to ineffective hedges.

(3) For total U.S. super senior ABS CDOs, long exposures (including associated gains and losses reported in income and other net changes in net exposures) were \$46.1 billion and \$30.4 billion at September 28, 2007 and December 28, 2007, respectively. Short exposures (including associated gains and losses reported in income and other net changes in net exposures) were \$31.3 billion and \$23.6 billion at September 28, 2007 and December 28, 2007. Short exposures primarily consist of purchases of credit default swap protection from various third parties, including monoline financial guarantors, insurers and other market participants.

(4) Previously disclosed as "Other retained and warehouse net exposures."

(5) Hedges are affected by a variety of factors that impact the degree of their effectiveness. These factors may include differences in attachment point, timing of cash flows, control rights, litigation, limited recourse to counterparties and other basis risks

ML disclosure is very comprehensive...

U.S. Super Senior ABS CDOs as of Dec. 28, 2007

	Notional ⁽¹⁾	Mark-to- Market Prior to Credit Valuation Adjustments	Notional, net of Mark-to- Market Prior to Credit Valuation Adjustments	Credit Valuation Adjustments	Carrying Value
Credit Default Swaps with Financial Guarantors⁽²⁾:					
By counterparty credit quality ⁽³⁾ :					
AAA	(13,237)	4,133	(9,104)	(679)	3,454
AA	-	-	-	-	-
A	-	-	-	-	-
BBB	-	-	-	-	-
Non-investment grade or unrated	(6,664)	1,929	(4,735)	(1,929)	-
Total financial guarantor exposures for ABS CDOs	(19,901)	6,062	(13,839)	(2,608)	3,454

(1) Represents gross notional amount of credit default swaps purchased as protection for U.S. super senior ABS CDOs. Amounts do not include counterparty exposure with financial guarantors for other asset classes.

(2) Excludes the benefit of \$2.0 billion (notional) of credit default swaps purchased from unrelated third parties as protection for exposure to financial guarantors, as well as the related positive mark-to-market adjustments.

(3) Represents rating agency credit ratings.

ML disclosure is very comprehensive...

	Net Exposures as of Sept. 28, 2007	Gain/ (Loss) Reported in Income ⁽¹⁾	Other Net Changes in Net Exposures ⁽²⁾	Net Exposures as of Dec. 28, 2007
Residential Mortgage-Related Net Exposures				
U.S. Sub-prime:				
Warehouse lending	734	4	(601)	137
Whole loans	2,951	(520)	(1,437)	994
Residuals	1,635	(808)	28	855
Residential mortgage-backed securities	343	(267)	647	723
Total U.S. sub-prime	5,663	(1,591)	(1,363)	2,709
U.S. Alt-A ⁽³⁾	2,984	(399)	102	2,687
U.S. Prime ^{(3) (4)}	28,318	13	(142)	28,189
Non-U.S. ⁽³⁾	11,824	(507)	(1,735)	9,582
Mortgage servicing rights ⁽⁵⁾	436	(56)	9	389
Total residential mortgage-related net exposures (excluding U.S. Banks investment securities portfolio)	49,225	(2,540)	(3,129)	43,556

(1) Primarily represents unrealized losses on net exposures.

(2) Represents purchases, sales, hedges, paydowns, changes in loan commitments and related funding.

(3) Includes warehouse lending, whole loans, residuals and residential mortgage-backed securities.

(4) Includes \$9.7 billion of prime loans originated by First Republic Bank, a wholly owned subsidiary, and approximately \$12 billion of prime loans originated with GPC clients.

(5) Mortgage servicing rights are reported at the lower of amortized cost or market; management's estimate of fair value is \$475 million at December 28, 2007.

ML disclosure is very comprehensive...

	Net Exposures as of Sept. 28, 2007	Gain/ (Loss) Reported in Income ⁽¹⁾	Unrealized Gain/ (Loss) Included in OCI (pre-tax) ⁽²⁾	Other Net Changes in Net Exposures ⁽³⁾	Net Exposures as of Dec. 28, 2007
U.S. Banks Investment Securities Portfolio ⁽⁴⁾					
Sub-prime residential mortgage-related net exposures, including securities in Conduits ⁽⁵⁾ :					
Sub-prime residential mortgage-backed securities	4,985	(178)	(454)	(443)	3,910
ABSCDOs	715	(362)	43	(145)	251
Total sub-prime residential mortgage-related securities	5,700	(540)	(411)	(588)	4,161
Other net exposures, including securities in Conduits ⁽⁵⁾ :					
Alt-A residential mortgage-backed securities	7,944	(195)	(511)	(118)	7,120
Commercial mortgage-backed securities	6,831	(81)	(179)	(780)	5,791
Prime residential mortgage-backed securities	5,193	(40)	(139)	(840)	4,174
Non-residential asset-backed securities	1,238	(3)	(20)	(1)	1,214
Non-residential CDOs	979	(10)	(42)	(24)	903
Other	263	-	(8)	(15)	240
Total investment securities portfolio in U.S. Banks (including securities in Conduits)	28,148	(869)	(1,310)	(2,366)	23,603

(1) Primarily represents unrealized losses on net exposures.

(2) Represents write-downs on SFAS 115 investment securities, which are reported net of taxes in Other Comprehensive (Loss)/ Income ("OCI").

The cumulative, pre-tax balance in OCI was approximately negative \$2.2 billion as of December 28, 2007.

(3) Primarily represents principal paydowns and sales.

(4) Excludes securities acquired in connection with the acquisition of First Republic Bank, a wholly owned subsidiary. Such securities did not include any sub-prime securities and virtually all have been sold prior to year end resulting in immaterial gains.

(5) Represents securities reported on the balance sheet in the U.S. banks investment securities portfolio, as well as securities recorded off-balance sheet in Conduits, to which a U.S. bank subsidiary has liquidity and credit facilities outstanding. In the event of a disruption in the commercial paper market, the Conduits may draw upon their liquidity facility and sell certain of their assets to Merrill Lynch. The total amount of securities in Conduits was \$4.2 billion and \$0 at September 28, 2007 and December 28, 2007, respectively.

...and we can see the level of write downs since June across a number of areas

Net Exposures as of June 30, 2007 per Q3 SEC filing	Movement in Q3		Net Exposures as of Sept. 28, 2007	Movement in Q4		Net Exposures as of Dec. 28, 2007 ⁽⁵⁾	H2 writedowns	H2 other reductions in exposure	H2 w/d as % of Line exposure	H2 other • as % Line exposure
	Gain/ (Loss) Reported in Income ⁽¹⁾	Other Net Changes in Net Exposures ⁽²⁾		Gain/ (Loss) Reported in Income ⁽¹⁾	Other Net Changes in Net Exposures ⁽²⁾					
U.S. ABS CDO net exposures:										
U.S. Super senior ABS CDO net exposures:										
High-grade	22,648	(1,841)	8,925	(5,531)	986	4,380	(7,372)	(10,896)	33%	48%
Mezzanine	8,022	(3,084)	5,237	(2,912)	(141)	2,184	(5,996)	158	75%	(2%)
CDO-squared	1,454	(826)	630	(280)	(79)	271	(1,106)	(77)	76%	5%
Total super senior ABS CDO net exposures ⁽³⁾	32,124	(5,751)	14,792	(8,723)	766	6,835	(14,474)	(10,815)	45%	34%
Secondary trading ⁽⁴⁾	1,740	(1,104)	1,026	(1,141)	(1,982)	(1,987)	(2,245)	(1,492)	129%	86%
Total U.S. ABS CDO-related net exposures	33,864	(6,855)	15,818	(9,864)	(1,116)	4,838	(16,719)	(12,307)	49%	38%
Residential Mortgage-Related Net Exposures										
U.S. Sub-prime:										
Residuals	2,262	(493)	1,635	(808)	28	855	(1,291)	(116)	57%	5%
Warehouse lending			734	4	(601)	137				
Whole loans			2,951	(520)	(1,437)	994				
Residential mortgage-backed securities			343	(267)	723					
Subtotal	6,573	(544)	4,028	(783)	(1,391)	1,854	(1,327)	(3,392)	20%	52%
Total U.S. sub-prime	8,835	(1,027)	5,663	(1,591)	(1,363)	2,709	(2,616)	(3,508)	30%	40%

EXHIBIT 76

FILED UNDER SEAL

From: Fielding, Loretta: Barclays PLC
[/O=BZW/OU=EUROPE/CN=BARCLAYSGROUP/CN=RETAIL.LORETTAF]
Sent: Friday, February 15, 2008 1:35:07 PM
To: Diamond, Bob: Barclays Capital; Idzik, Paul: Barclays Group; Lucas, Chris: Barclays PLC;
Seegers, Frits: Barclays PLC; Varley, John: Barclays PLC
CC: Reynolds, Allana: Barclays Capital (LDN); Chung, Mei Mei: Barclays PLC; Deans, June: Barclays
Group (LDN); Dickinson, Lawrence: Barclays PLC; Dougan, Ashley: Barclays PLC; Fielding,
Loretta: Barclays PLC; Gonsalves, Patrick: Barclays PLC; Hammerstein, Matt: Barclays PLC;
Harding, Mark: Barclays PLC; Hoffman, Gary: Barclays PLC; Jethwa, Vandana: Barclays PLC;
Krymolowski, Isaac: Barclays PLC; Oliver, Michele: Barclays PLC; Olsen, Ditte: Barclays PLC;
Page, Lesley: Barclays PLC; Pell, Chris: Barclays PLC; Sherwood, Helen: Barclays Capital (LDN);
Spinale, Anthony: Barclays Capital; Wilson, Wendy: Barclays PLC
Subject: EXCO - MONDAY 4TH FEBRUARY AND MONDAY 11TH FEBRUARY - MINUTES
Importance: High
Attachments: ExCo Min 2008 02 04.doc; ExCo Min 2008 02 11.doc

Please find attached the minutes of ExCo meetings held on Monday 4th and 11th February.

Regards

Loretta

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London E14 5HP
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COMPANY CONFIDENTIAL

<<ExCo Min 2008 02 04.doc>> <<ExCo Min 2008 02 11.doc>>

**Minutes of Executive Committee
held Monday 4th February 2008**

Present: JSV (Chair), RED, FFS, CGL, PTI, CP (secretariat)
Apologies: None

1. Risk Update
(Robert Le Blanc)

ExCo reviewed the paper on risk appetite trends, with the following issues raised for discussion:

- (i) Equifirst: RED informed ExCo that BarCap management was currently reviewing strategy for Equifirst (and HomeEq)
- (ii) India Retail Lending: CGL expressed concern at delays in infrastructure build-out given speed of book growth and increase in delinquency roll-rates. FFS reassured ExCo that he was very closely monitoring risk performance and had confidence in the team in place, and actions underway. RED/JSV agreed this was very high priority in 08 given potential risk to brand and reputation of Group. CGL noted that delinquency roll-rates in Q1 should be brought back in line with plan, otherwise volume growth rates should be slowed until infrastructure is in place
- (iii) Monolines: RED updated ExCo on market discussions to inject capital into major monolines (Ambac, MBIA). ExCo discussed scenarios for Barclays based on one or both monolines being downgraded or going bust. CGL confirmed the modelling had been completed on underlying exposures
- (iv) US Cards – Middle Market: FFS reassured ExCo that performance was being closely monitored with swift action being taken to tighten lending criteria. FFS warned that there may be an impact on full year PBT from US cards as a result.
- (v) Absa Mortgages, Cards & Loans: FFS expressed concern at the deteriorating political and economic environment in South Africa. Robert Le Blanc agreed that it would be a continued concern over next 2-3 year period
- (vi) UKRF – Market Risk: ExCo agreed that Robert Le Blanc should speak to Jerry del Missier regarding the potential to de-risk the pension scheme

2. Stress Testing
(Robert Le Blanc)

ExCo discussed the paper on Stress Testing, with the following areas highlighted:

- (i) CGL noted that the necessary annual stress testing exercise had been completed as required, and that the results would be taken to Board Risk Committee for discussion, and also reviewed with FSA
- (ii) Robert Le Blanc noted that some forecasts showed we had now moved roughly half way from the economic projections underpinning the MTP to a moderate 08 slowdown
- (iii) ExCo approved the plan to further develop clear early warning indicators and a reaction strategy to respond quickly to any further slowdown

3. Dividend Paper

ExCo discussed the proposed dividend payout for 2007. FFS questioned the strategy of growing dividend payout above level of earnings growth. RED re-stated his long-held view that the current dividend payment strategy should be reviewed, allowing the Group to retain more profits to fund future growth, but acknowledged the need for a consistent message to market from half year announcement. JSV updated ExCo on advice from external advisors. ExCo approved the proposed dividend level for 2007 based on honouring the stated 2005 Dividend Policy (dividend approximately twice covered by earnings).

4. Goals Update (Pre-February Board)

CGL distributed a single page update on Goals in advance of the February Board meeting, and approved the proposal after discussing the following areas:

- (i) CGL noted that the proposed range of 5-10% CAGR in EP over the goal period was in line with the TQTSR ambition, but reflected the external reality of tough market conditions. It is equivalent to £9.3-10.6bn over the period, compared to the £8.3bn delivered over the previous goal period
- (ii) RED asked that the Board be informed that this goal excludes any significant regulatory one-offs (e.g. overdraft fee settlement)
- (iii) JSV noted that the Group MTP had a £450m cushion built in to absorb significant one-offs and that RemCo had the discretion to disallow one-off items from performance plans if deemed appropriate
- (iv) RED asked that given renewed focus on EP as the primary goal, that ExCo agree to manage businesses to EP and make decisions based on EP
- (v) CGL confirmed that the Capital Project was reviewing the management and allocation of capital and would address the issues raised
- (vi) JSV noted that when looking at acquisitions, a new regime was required to deal with 'acquired goodwill' in terms of the impact on EP. This is a concern that the Board is aware of (and many members share). JSV agreed that RemCo would be kept up to date on any plans

5. Project Oscar

(Daniel Meredith Jones attended and Jerry Del Missier dialled-in)

ExCo discussed the Oscar opportunity and highlighted the following issues:

- (i) ExCo agreed Oscar was a good strategic fit with the current business and would accelerate the planned build-out in US prime brokerage
- (ii) RED asked ExCo to note that the WRAs required for this deal were not in the BarCap MTP plan, and it would therefore require capital raising
- (iii) CGL/JSV confirmed it would require equity issuance; though potential to target non-traditional sources should be explored
- (iv) JSV queried what assumptions had been made on the loyalty of the customer base. Jerry noted that 10% turnover of clients had been assumed (due to poor performers, consolidation, and some hedge funds going out of business), but that there was minimal overlap with existing BarCap clients, and that prime brokerage clients were inherently 'sticky' due to high costs of migration
- (v) PTI questioned whether the long tail of smaller clients would fall below BarCap's historical cut-off on scale. Jerry noted that there was a scale

issue to be analysed (“Are they too small to be profitable to service?”), but that initial view was that the tail appeared to be a low risk customer group (“It’s not a Bear Stearns model”)

ExCo approved a non-binding bid in the range \$450-550m and the undertaking of full due diligence

5. Matters Arising From ExCo Sub-Committees

ExCo noted the contents of the Report from the:

- (i) Public Policy Forum held on 29th November 2007

JSV informed ExCo that role of Public Policy Forum had been reviewed and decision made to disband it

6. Director Nominations

Bisichi Mining PLC – Joint Venture

RED confirmed his support for the appointment of the following, and advised that any potential conflicts of interest and/or reputational issues had been investigated, and addressed satisfactorily where applicable. ExCo agreed the appointments:

- (i) David Andrew Katzinski
- (ii) Gareth Edward Owen

Celsius Funds II PLC

RED confirmed his support for the appointment of the following, and advised that any potential conflicts of interest and/or reputational issues had been investigated, and addressed satisfactorily where applicable. ExCo agreed the appointments:

- (i) Thomas Murray
- (ii) Brian McDermott
- (iii) Freddy Brausch

Celsius Funds III PLC

RED confirmed his support for the appointment of the following, and advised that any potential conflicts of interest and/or reputational issues had been investigated, and addressed satisfactorily where applicable. ExCo agreed the appointments:

- (i) Thomas Murray
- (ii) Brian McDermott
- (iii) Freddy Brausch

Celsius Managed Funds SICAV

RED confirmed his support for the appointment of the following, and advised that any potential conflicts of interest and/or reputational issues had been investigated, and addressed satisfactorily where applicable. ExCo agreed the appointments:

- (i) Thomas Murray
- (ii) Brian McDermott
- (iii) Freddy Brausch

7. AOB

ExCo approved plans to establish a Political Action Committee (PAC) in the United States. PTI queried who would validate that the actions of the PAC were aligned with Group policy. ExCo agreed that a Group appointee (Mark Harding) should be kept aware of any major decisions

CGL informed ExCo that they were very close to finalising terms on Telescope (purchase of Discover cards business in UK), with announcement imminent

RED informed ExCo that BarCap were working on an alternative financing solution for Northern Rock purchasers, in collaboration with Citibank and RBS. In early discussions with Treasury

PTI distributed the draft agenda for the ExCo offsite on 13th March

RED requested that, given the renewed focus on EP, as part of the ongoing Capital Project that the team draw up a draft 'long list' of businesses that we could potentially sell to improve EP performance

FFS updated ExCo on the latest discussions with Absa over Tanzania. Process has been put in place to reach agreement, with PTI to lead negotiations for Barclays

FFS and **JSV** updated ExCo on continued discussions over re-definition of Project Lion, based on Absa largely focusing on countries contiguous to South Africa. ExCo agreed it would be key to reach an agreement in principle prior to Absa results announcement on 19th February

Actions:

- (i) **PTI** and **CGL** to investigate cost, timing and implications of converting any existing foreign presences from branches of Barclays into subsidiaries in preparation for potential sale or listing of any foreign subsidiaries

Note: Minutes of 22th January and 28th January ExCo meetings were endorsed.

Chris Pell

**Minutes of Executive Committee Call
held Monday 11th February 2008**

Present: JSV (Chair), CGL, RED (dialled-in), PTI (dialled-in), CP (secretariat)
Apologies: FFS

1. AOB

PTI enquired as to the agreed mandate for Absa with regard to equity market activities, given movement in Absa results in the latest WD3 Flash report. **RED** noted that all capital market activities should be through Barclays Capital ('single face to market'). **CGL** agreed to circulate an explanatory note to ExCo members on activities responsible for the movements in results and clarification on mandate between Absa and Barclays Capital

CGL reminded ExCo members that Version C of the results announcement had now been circulated. Comments are to be collected and gaps filled before Board meeting on Thursday 14th Feb.

Chris Pell

EXHIBIT 77

FILED UNDER SEAL

From: Hill, Jeff: Group Risk (LDN)
[O=BZW/OU=EUROPE/CN=RECIPIENTS/CN=EXCHANGE
RECIPIENTS/CN=HILLJE]
Sent: Wednesday, March 12, 2008 7:44:44 AM
To: Dickinson, Lawrence: Barclays PLC; Le Blanc, Robert: Group Risk (LDN)
CC: Cox, Lynsey: Barclays PLC; Schnadt, Norbert: GMR (LDN); Egeriis, Carsten:
Barclays PLC
Subject: FW: Brc decks
Attachments: Forward Risk Trends BRC vFinal.ppt

Lawrence,

The Risk Update has been updated to use less emotive language for Absa (See Table at beginning of the report and Page 8).

Jeff Hill

-----Original Message-----

From: Schnadt, Norbert: GMR (LDN)
Sent: 12 March 2008 07:40
To: Hill, Jeff: Group Risk (LDN)
Subject: FW: Brc decks

-----Original Message-----

From: Le Blanc, Robert: Group Risk (LDN)
Sent: 11 March 2008 23:19
To: Dickinson, Lawrence: Barclays PLC; Schnadt, Norbert: GMR (LDN); Plews, Jean: Group Risk (LDN); Egeriis, Carsten:
Barclays PLC
Subject: Fw: Brc decks

Lawrence

If this paper has not physically gone out pls could we just make this change? Norbert can get some help from Carsten for the wording, if Carsten is in the office. I think we could say something like: portfolio performance is untested in the current developing environment.

Thanks

----- Original Message -----

From: Varley, John: Barclays PLC
To: Le Blanc, Robert: Group Risk (LDN)
Cc: chris.lucas@barclays.com <chris.lucas@barclays.com>
Sent: Tue Mar 11 23:08:33 2008
Subject: Brc decks

Robert

These are excellent. My only comment relates to the forward risk trends report, where we say several times that the absa risk downside is something that we don't understand (see page 8). Can we please use some less emotive language.

Subject to which I'm happy for these to go forward.

John

Document Produced in Native Format

Risk Update:

Forward Risk Trends for
Credit and Market Risk – March 2008

Forward Risk Trends Mar 08

This paper provides an update on the 12 risk trends recently presented to ExCo by Risk for inclusion on Active Watchlist, for agreement of next steps or for noting. An appendix updates actions agreed following the Oct 07 risk discussion.

Pg	Area	Comments	ExCo Action	Risk Trend
1)	EquiFirst	EquiFirst origination continues at reduced levels on tightened criteria. Forward portfolio performance is difficult to predict and opportunity to sell assets remains limited. BarCap management continues to monitor performance and review strategy.	Active Watchlist	➡
2)	BCB Leveraged Finance	Exposure to Financial Sponsors leveraged loans fell in 2007, with some growth in the corporate leveraged book. For 2008, the Financial Sponsors book is constrained.	Active Watchlist	➡
3)	Indian Retail Lending	Retail lending is expanding rapidly. We are reviewing risk appetite for 2008 business plans in consideration of delays in infrastructure roll out.	Active Watchlist	⬆
4)	Kenya	Civil unrest after contested elections has hit Kenya's key foreign exchange earners. Transfer and convertibility risks have escalated in the absence of a political solution.	Active Watchlist	⬆
5)	BarCap Impairment and Watch Lists	Corporate credit performance remains steady but the wholesale environment remains challenging. Watch list balances have grown, largely due to CDO and FI counterparties being added.	Active Watchlist	⬆
6)	Monolines	Barclays has exposure mainly via guarantees provided for securities that we hold ("negative basis" trades). Losses would require significant financial deterioration of the monoline guarantors.	Active Watchlist	⬆
7)	Barclaycard US (Middle Market)	Delinquency levels have increased and we have tightened credit criteria. Portfolio performance remains in an acceptable range and is monitored closely.	Active Watchlist	⬆
8)	Absa Mortgages, Cards and Loans	Delinquent balances have been rising and 2008 impairment is forecast to rise 36% to £183m. Although portfolio performance remains acceptable, it is untested in the current developing environment.	Active Watchlist	⬆
9)	FirstPlus	Tightened underwriting criteria over the past year reflect our reduced risk appetite. As a result, balance sheet growth has slowed and the credit quality of new business has improved.	Active Watchlist	➡
10)	UK Pension Fund	The fund trustees plan to rotate £6bn of investments out of bonds into funds and derivatives. This could also allow us to de-risk the scheme and we should consider recommending this to the trustees.	Agree next steps	➡
11)	BarCap DVaR	Underlying DVaR has risen sharply due to price volatility and lower diversification. A new permanent limit of £70m is now set, allowing BarCap to create sufficient headroom against agreed MTP appetite.	For noting	⬆
12)	Commercial Property	The environment for commercial property lending is weakening and we are holding caps steady. Selective origination may see moderate growth within these caps, which will be reviewed again in July.	For noting	➡

EquiFirst Origination of Sub-Prime whole loans

EquiFirst origination continues at reduced levels on tightened criteria. Forward portfolio performance is difficult to predict and opportunity to sell assets remains limited. BarCap management continues to monitor performance and review strategy.

Environment/Trends

- Sub-prime collateral performance will continue to deteriorate in 2008 (ARM resets, tightened underwriting, declining HPA driving rising delinquencies). Further downside may develop from a potential US slowdown and limited liquidity as investors remain on the sidelines.
- Liquidity for securitisation or whole loan sales will be low in 2008.

Barclays Positioning & Exposure

- Barclays continues to originate sub-prime mortgages via EquiFirst, with a view to exit via securitisation when the market reopens. Origination totals about \$200m per month, down from \$700m per month in mid-2007. We have originated 90% of our \$6.5bn sub-prime whole loans through EquiFirst.
- Underwriting criteria have been significantly tightened. Over 99% of loans are for primary residence owner occupiers and no second liens are now being originated. Average LTVs are now 78% with over half of loans at lower-risk fixed rates instead of ARMs.
- Our exposure to sub-prime and Alt-A (near-prime) whole loans and originator “warehouse” lines (structured as whole loan repos) was reduced markedly during H1 07 as problems began to emerge. Further de-risking remains impacted by limited liquidity.

Risk Appetite & Next Steps

- Other than the much reduced and more selective origination via EquiFirst, we have no appetite for any additional sub-prime or Alt-A mortgage exposure.
- Origination is at a minimum level for current operations.
- The business strategy for EquiFirst (and HomEq) continues to be discussed by BarCap senior management.

	Apr 07 - Aug 07 Monthly Weighted Average	Sep 07 - Dec 07 Monthly Weighted Average
Production \$m	694	204
Weighted Average Coupon	8.8	9.8
FICO	624	606
Full Documentation %	68.7	77.3
Debt-To-Income %	40.7	40.2
Second Liens %	1.5	0.0
Combined LTV %	84.7	77.9
Occupancy Status:		
Primary %	91.0	99.7
Investment %	7.3	0.1
Second Home %	1.7	0.2
Mortgage Type:		
ARM	66%	49%
Fixed	34%	51%

BCB Leveraged Portfolio

Exposure to Financial Sponsors leveraged loans fell in 2007, with some growth in the corporate leveraged book. For 2008, the Financial Sponsors book is constrained.

Environment/Trends

- Terms on offer within the market remain aggressively structured but are now more conservative than in late 2006/early 2007. Leveraged multiples have reduced slightly and senior debt pricing for mezzanine risk is no longer being offered by competitors.
- There is limited evidence in the mid market of reduced competition with significant sponsor activity remaining. Pricing is increasing but there is less upside available on underwriting income.
- In the corporate leveraged market, M&A activity continues to generate deal flow and pricing has not improved.

Barclays Positioning & Exposure

- BCB differentiates between higher risk leveraged finance business introduced by Financial Sponsors and generally lower leveraged corporate finance provided to existing customers involved in M&A activity.
- Exposure to Financial Sponsors Leveraged business has reduced by one-third during the past 18 months from a peak of c£4bn to c£2.6bn at end December 2007. This has been achieved through greater distribution and reduced hold appetite.
- Mezzanine exposure in Financial Sponsor transactions has also reduced £146m at May 07 to £83m at end Dec 07 as a result of aggressive sell-down of subordinated debt on new originations. Corporate leveraged exposure grew by £300m to £3.5bn during 2007.
- Currently £500m of Corporate exposure is included in Corban 2 (completed in 2007), which provides second loss protection.

Risk Appetite/Justification

- Maintain conservative stance on Financial Sponsors given potential vulnerability of market to weaker economic conditions.
- Continue to grow corporate leveraged finance business which is both lower risk and critical to our business franchise, but increase market distribution once investor demand returns.

BCB Leveraged Finance Caps and Exposure

Mandate & Scale Limits £m	Jan-07		Jun-07		Dec-07		2008 Est
	Limit	Position	Limit	Position	Limit	Position	Limit
UKBB Financial Sponsors	4,050	3,255	3,500	2,637	3,000	2,552	2,750
UKBB Corporate LF	3,230	3,190	3,480	3,220	3,730	3,518	4,000
Total	7,280	6,445	6,980	5,857	6,730	6,070	6,750

Indian Personal Loans, Business Loans and Credit Cards

Retail lending is expanding rapidly. We are reviewing risk appetite for 2008 business plans in consideration of delays in infrastructure roll out.

Environment/Trends

- Economic growth has been 9% over five years, and India is expected to become the world's fifth-largest consumer economy within 20 years.

Barclays Positioning

- Card and Loan products were launched in May 07. We are now the leading foreign bank originator of personal loans and credit cards in the four main cities where we operate. We acquire clients mainly through third party Direct Sales Agents (10,000 in place at Dec 07).
- Our market share of balances in India will be 4% to 5% at end Q1, and our business loan delinquency to date is less than 200 accounts.
- By the end of Q1 08, based on Dec 07 volumes, we project lending balances of £530m, comprising £200m business loans, £270m personal loans and £60m cards. Card issuance reached 60,000 in Nov 07 and since May 07 we have issued 290,000 cards with limits totalling £160m.
- Delinquency roll rates are above plan levels and management has responded with urgent initiatives.
- Key technology infrastructure has been delayed to the end of Q1 08, with business loan implementation now due in H2 08.
- Given growth targets and the pace of expansion across product portfolios, there is limited opportunity for Test and Learn initiatives, although we have taken actions to adjust credit criteria based on early performance.

Strategic System Roll-Out

Risk Capability	Front-End Application	Score Cards	Decision Engine	Fraud	Collections
Planned Launch	All strategic solutions were planned for implementation to be completed in Q4 07				
Revised PIL	Feb-08	Feb-08	Feb-08	Mar-08	Complete Dec 07
Revised Cards	Mar-08	Feb-08	Mar-08	Mar-08	Mar-08
Revised BIL	H2 08	No card	H2 08	H2 08	H2 08

Risk Appetite/Justification/Next Steps

- The expansion plans in India require significant risk appetite, as balances and limits will continue to grow rapidly during 2008.
- We need to supplement our reliance on credit bureau data (currently the primary basis for about 80% of decisions) with new scoring models and decision strategies. Implementation of credit scoring and analytic tools, technology and fraud risk infrastructure is needed to improve underwriting, detect the reasons for any deterioration promptly and have sufficient confidence that target loss rates are achievable.
- Management is confident that current tactical solutions are effective. However, we should consider focusing our efforts on completing systems work for personal loans and cards and slowing the growth rate of business loans until infrastructure is completed in H2 08.

Kenya

Civil unrest after contested elections has hit Kenya's key foreign exchange earners. Transfer and convertibility risks have escalated in the absence of a political solution.

Environment/Trends

- Kenya has been placed on Watch List since early Jan 08 with GRCB Country Risk Committee meeting on a weekly basis.
- The Shilling has depreciated 17% since the disputed elections. The tourism and horticulture industry (generating foreign earnings of c.US\$1.3bn in 2007) have slowed down significantly, as a result of the violence in the key towns, and has placed significant downward pressure on foreign reserves. News and information sources are becoming more unreliable due to political positioning.

Barclays Positioning & Exposure

- Kenya has been downgraded from a DG16 to DG17. Our top-20 corporate exposures total £240m; five of them (totalling £150m) have been placed on EWL and are being closely monitored. Total country financing limits are £1,220m and our largest sector exposures are to manufacturing and agriculture, which make up 37% of the book.
- Shilling/Dollar convertibility and the prospect of exchange controls pose a risk to the serviceability of cross-border foreign currency loans. Foreign currency limits are £354m of £1,220m total country limits. Manufacturing and agriculture comprise 37% of the book.
- Financial Institution limits total £96m, half of which are in foreign currency. Our exposure is mostly short-dated FX trading (less than 180 days) and money market placing lines. All these limits are currently under review.
- Sovereign exposure is £376m, of which only 2% is in foreign currency.
- All non-country Barclays staff have been evacuated. In-country staff in high-risk areas have been moved to safe havens, with the situation reviewed daily.

Risk Appetite/Justification

- We now operate a strict maintain policy with daily monitoring.
- There is no lending without approval from country risk committee and referral one level of credit discretion higher.
- Options under consideration to reduce foreign currency exposure include conversion of exposure into local currency but this will require a legal opinion.
- We should develop tactical steps to control the loan book, pending further country developments.
- Any action will need to be carefully considered against brand and reputational issues, given our leading position in the country.

Kenyan exposure summary

Default Grade	17
Sovereign Total Financing Limits	£376m
Local currency	£374m
Foreign currency	£2m
Country Total Financing Limits	£1,220m
Local currency	£866m
Foreign currency	£354m
Country LGD Guideline	£218m
Country LGD Utilisation	£179m

BarCap Impairment Outlook and Watch Lists

Corporate credit performance remains steady but the wholesale environment remains challenging. Watch list balances have grown, largely due to CDO and FI counterparties being added.

Environment/Trends

- Well publicised disruption in the US sub-prime and wider ABS markets has resulted in widespread downgrades in this sector and has impacted global liquidity and investor risk appetite.

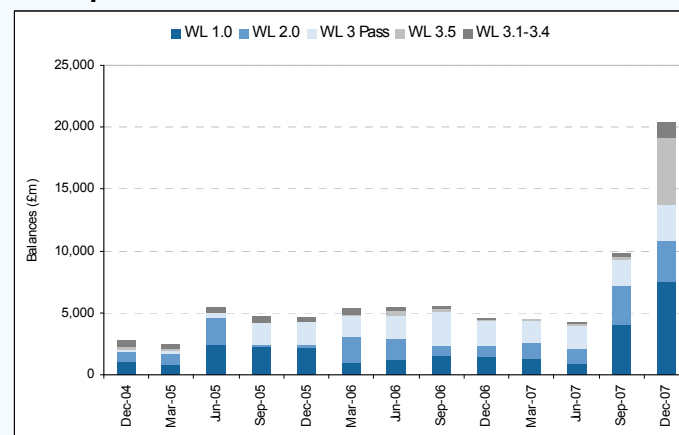
Barclays Positioning & Exposure

- As a result, BarCap Watch List balances have risen sharply since mid-2007, and as a range of largely CDO and Financial Institution counterparties directly impacted by the US sub-prime market have been added. Impairment has been taken against a number of these names which could increase if conditions deteriorate further. Watch list balances are disproportionate to anticipated losses because we have collateral support from these counterparties.
- Additionally, there may be further Watch List growth and ultimately impairment as a result of some signs of distress emerging in the consumer-led and business service sectors. We also expect the number of Watch Listed hedge funds to grow further, although the broader financial sector portfolio is holding up well.
- The underlying performance of our unsold leveraged underwritings (c£8bn) is broadly steady although there are no signs of liquidity returning to the market. There is the potential for further increases in Watch List if performance deteriorates before positions can be sold.
- Watch List growth could also come from our large commercial property portfolios in the UK and US, if these markets continue to cool rapidly.

Next Steps

- Continued heightened awareness of identifying and escalating deterioration in credit quality.
- Proactive and close monitoring where deterioration occurs and in particular of financial collateral.
- Maintain vigilance and networks with other market participants.
- Exploit ability to dispose of or restructure exposure where market conditions permit.

BarCap Watch Lists



Monolines

Barclays has exposure mainly via guarantees provided for securities that we hold (“negative basis” trades). Losses would require significant financial deterioration of the monoline guarantors.

Environment/Trends

- The AAA ratings of the monoline bond insurers are under pressure because of uncertainty over their exposure to sub-prime losses. Insurance of sub-prime assets comprises about 25% of the monolines’ portfolio exposure of \$2tn. Their credit spreads have widened.
- Fitch downgraded Ambac to AA and SCA to A and with most monolines on negative watch, further downgrades are expected over the next month unless various attempts to introduce new capital (e.g. from major US banks) are successful.
- An acceleration of downgrades would threaten the monolines’ business franchise. In an extreme situation, the insurance policies sold on municipal bonds could be negated by downgrades, forcing pension funds to sell municipal debt because of investment rating restrictions.

Barclays Positioning & Exposure

- BarCap has exposure via a portfolio of asset-backed securities which is guaranteed by monolines (“negative basis” book). Exposure on a CEE basis (current mark plus potential future exposure to a 98% confidence level) is c\$6.5bn; the total notional is c\$40bn. Losses would require deterioration in underlying securities as well as significant financial deterioration of the monoline, which we continue to regard as unlikely. We also have some primary exposure to monolines (c\$750m) and some additional trading exposure.
- BGI cash funds hold \$520m of monoline insured bonds, and \$3.5bn of monoline-supported SIV and ABCP exposure.

Risk Appetite/Next Steps

- Headroom has been reduced and limits suspended. Monoline exposure is currently illiquid.
- Internal ratings will be updated reflecting our outlook for capital raises plus rating agency actions that could impact business models.
- We expect that our internal ratings will typically be in the BBB range for the holding companies and A to AA range at the operating subsidiaries.
- Global Financial Risk Management’s Structured Products Team has engaged Credit Restructuring and Advisory Group and outside legal counsel for advice on various options and alternatives.

Monoline CDS Spreads



US Cards – Middle Market

Delinquency levels have increased and we have tightened credit criteria. Portfolio performance remains in an acceptable range and is monitored closely.

Environment/Trends

- Across the US card industry, delinquency is rising because of housing market stress, a slowing retail sector and the effects of minimum payment legislation.
- The US economic environment has begun to weaken, with unemployment rising from 4.4% in Mar 07 to 5.0% in Dec 07.

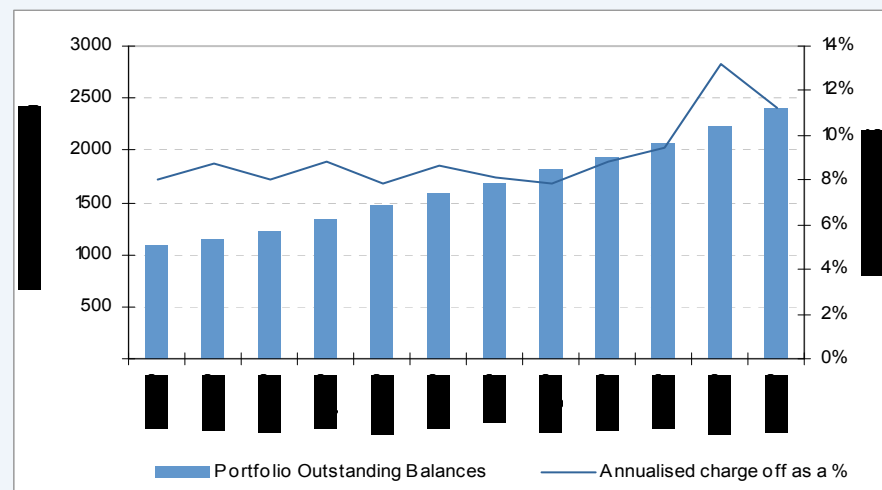
Barclays Positioning & Exposure

- US Middle Market card balances grew by 149% to \$2,413m in 2007, 65% ahead of original STP estimates.
- Within the middle market, 53% of accounts booked in 2007 were below FICO 660, one measure of sub-prime. Between H1 07 and H2 07, 30+ delinquency levels rose from 5.0% to 5.5%. Annualised charge-off rates rose from 8.6% to 11.2% over the same period.
- Total delinquency levels are a concern and early cycle delinquencies exceed planned levels. Much of this is attributed to 'min-pay' structures, quantified as a \$40m P&L impact in 07. Increased delinquencies have been observed throughout the market.
- Extensive credit actions have been taken in Q4 07 to mitigate the impact of the economic downturn, faster than competitor reaction to changing conditions.

Risk Appetite/Justification/Next Steps

- The full effects of the economic deceleration in the US economy, overlaid with min pay legislation are still not fully clear.
- As a result of the rising industry delinquency trends and the failing sub-prime mortgage market we have tightened middle market underwriting.
- We must monitor portfolio performance closely, being prepared to tighten criteria further if it deteriorates relative to our projected loss curves.

US Middle Market – Balances and Charge-off rates



Absa Mortgages, Cards and Loans

Delinquent balances have been rising and 2008 impairment is forecast to rise 36% to £183m. Although portfolio performance remains acceptable, it is untested in the current developing environment.

Environment/Trends

- Successive rises in interest rates took the Prime lending rate to 14.5% in Dec 07, up 400bps since Jun 06. House price growth has moderated and there are signs that consumer demand is tapering off, with a moderate slowdown in year-on-year growth in consumer credit demand in Dec 07. Rolling power cuts are problematic, and currency volatility remains a threat.
- The National Credit Act (NCA) of Jun 06 controls borrowing and lending practices and constrains industry collection techniques.

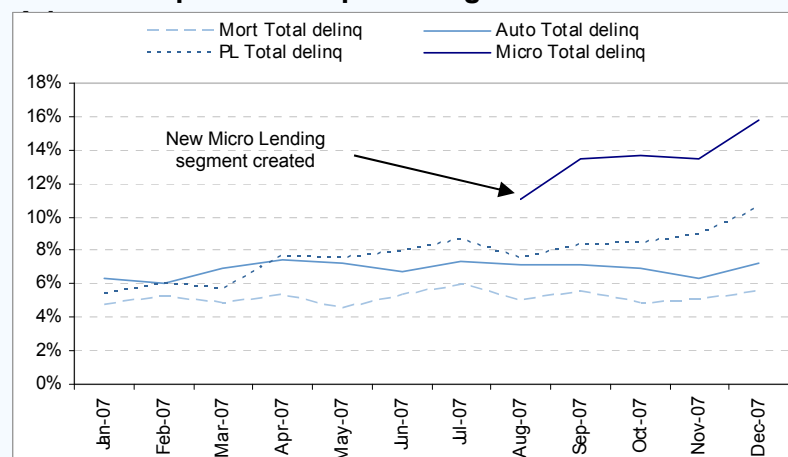
Barclays Positioning & Exposure

- As at Dec 07, outstanding advances comprised £14.8bn for mortgages, £920m for cards and £816m for consumer and micro loans.
- Current mandate allows for secured (1st charge) residential mortgages with appetite of 50% of flow above 90% LTV at origination (currently under review). Mortgage market share held steady at 34% in 2007 compared with 29% for second-placed Standard Bank. Following implementation of the NCA, approval rates fell from 55% in May 07 to 40% in Dec 07.
- Delinquency levels have increased in most portfolios, most notably in Personal and Micro Loans.
- Recent vintage performance for cards is improving as a result of tightened lending criteria, with balances more than 30 days in arrears at three months on book decreasing by 65% in H2 07.

Risk Appetite/Justification/Next Steps

- We do not yet understand the full effects of the NCA, the significant rises in interest rates, a potential consumer downturn and the softening housing market.
- Infrastructure improvements and a tightening of lending criteria have supported our ongoing business volumes.
- We must track vintage performance, and be prepared to reduce risk appetite quickly if the portfolio does not perform within the acceptable range. We should determine that the recent underwriting and NCA changes are sufficient to address the deterioration in vintage performance.

Total Delinquencies as percentage of Loans and



FirstPlus

Tightened underwriting criteria over the past year reflect our reduced risk appetite. As a result, balance sheet growth has slowed and the credit quality of new business has improved.

Environment/Trends

- Following the adoption of re-aging controls in 2006, delinquencies and charge-offs increased sharply, driving the impairment charge above budget. However, the position has stabilised somewhat in recent months, as shown in the chart below.
- Rising consumer indebtedness, continued pressure on discretionary income and a weakening in the UK housing market continue to present challenging trading conditions despite the recent interest rate cut.

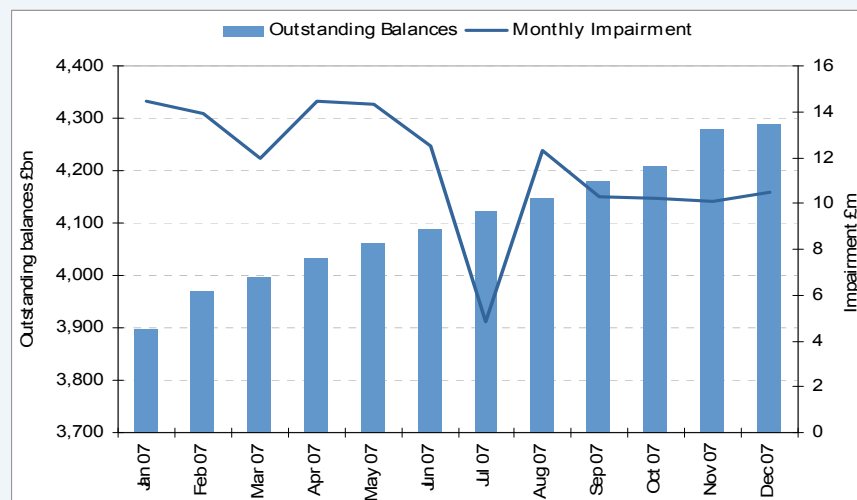
Barclays Positioning & Exposure

- Secured (2nd charge) debt consolidation is sold through direct advertising and brokers. Current loan balances are £4.5bn.
- The business targets “non-conforming sector” including high LTVs. During 2007, we tightened lending criteria on three occasions, including a recent reduction in maximum LTV from 125% to 100%, not including PPI advances.
- Delinquent balances had increased to 6.5% of the portfolio by Aug 07, and were broadly steady at 6.3% by the year end.

Risk Appetite/Justification/Next Steps

- We will continue to review products and customer segments to identify propositions, such as the recent launch of the ‘Fair and Square’ product, so as to improve profitability.
- We will track portfolio performance, being alert to any rises in delinquencies should the UK economy show signs of slowing.
- We expect total balances to remain broadly flat in 2008.
- The strategy for this business is being reviewed by Barclaycard management.

Asset growth and monthly impairment charge



UK Retirement Fund – Market Risk

The fund trustees plan to rotate £6bn of investments out of bonds into funds and derivatives. This could also allow us to de-risk the scheme and we should consider recommending this to the trustees.

Environment/Trends

- Volatility in pension funding positions has led many schemes to invest assets so they match liabilities more closely, a trend known as liability driven investment or “LDI”. This is usually executed through an interest rate and inflation swap “overlay” which can be tailored closely to pension liabilities (indexed to inflation and very long-term) and is distinct from underlying investments, which may remain in equities, bonds or property.
- Whilst Trustees are responsible for investments, it is common for corporate sponsors to define a risk appetite around any strategy.

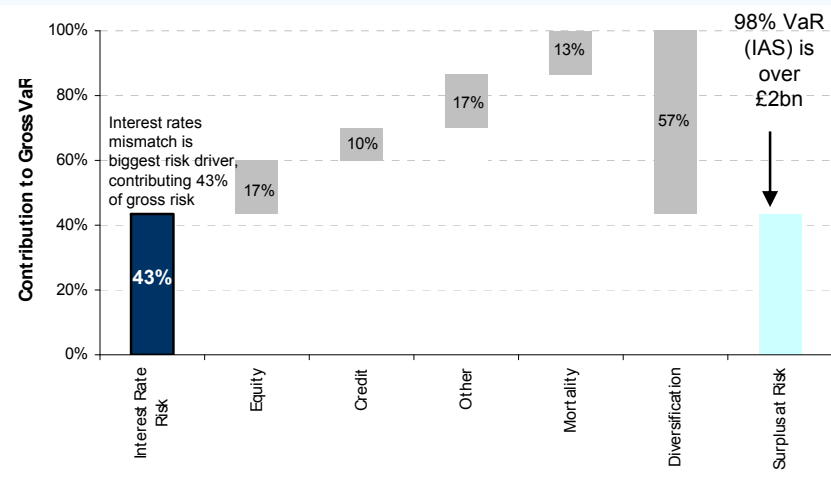
Trustee Positioning

- The UKRF has a £6bn bond portfolio (50% index linked gilts, 50% corporate bonds) which in duration terms is still much shorter than pension liabilities and is only 50% indexed to inflation. Real interest rates are therefore a more significant driver of pension risk than equity volatility. The Bank measures this risk using a one-year VaR, which also underpins pension risk economic capital.
- The Trustee is proposing to rotate out of bonds into a mixture of managed funds, using derivatives (LDI) to maintain the extant duration of the assets (but increase inflation indexation).

Risk Appetite/Justification/Next Steps

- Higher market volatility and correlation imply pension risk and capital will most likely rise. Recent capital guidance from the FSA asserts that our pension risk economic capital is too low.
- The market action by the Trustee is an opportunity to de-risk the scheme – this would require extending the duration of the LDI strategy beyond what is currently being planned.
- A request needs to be communicated to the Trustee now, in anticipation of agreeing a more formal risk appetite within the scheme funding discussions which are currently underway but which will not be final until H2 08.

UKRF Risk Drivers as % of Gross VaR



Barclays Capital DVaR Limit for 2008

Underlying DVaR has risen sharply due to price volatility and lower diversification. A new permanent limit of £70m is now set, allowing BarCap to create sufficient headroom against agreed MTP appetite.

Environment/Trends

- Large price moves in Nov and Dec 07 and higher correlation across markets have driven up underlying DVaR. These tail events will remain in the price history for the next two years, raising the run-rate for DVaR.
- BarCap updates its price history daily, so large price moves have an immediate impact on DVaR. Whilst VaR increases have been observed in several peers (UBS, Lehman), some banks (CS, Citi, Merrill) only update historical prices monthly, delaying the impact in their disclosed VaR.

Barclays Positioning

- Volatile and busy markets are creating opportunities across the rates business; interest rate risk appetite and profitability have increased. Commodity risk profile remains close to appetite (i.e. VaR/stress limits), with significant opportunities in energy, metals and power and gas.
- Credit risk is being actively reduced, as reflected in lower stress test results although basis risks and idiosyncratic risks remain significant.

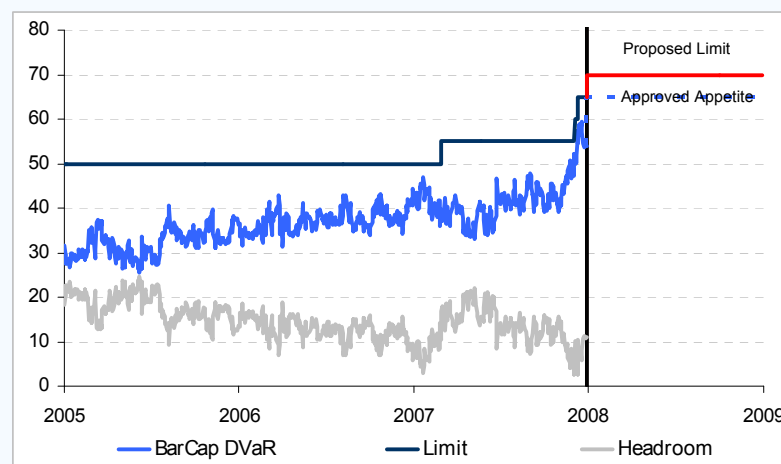
Risk Appetite/Justification/Next Steps

- BarCap risk appetite (average annual DVaR) of £65m has been agreed for the 2008 MTP. An increased limit of £70m for 2008 is appropriate to support this appetite and ensure adequate headroom.

	Approved Risk Appetite	BarCap Limit	Standby Limits (temporary)	Total Capacity	Appetite vs Capacity
2007	£55m	£55m	£15m	£70m	80%
2008	£65m	£70m	£10m	£80m	80%

- Following ExCo approval, this limit proposal is being submitted to Board Risk Committee (who have approved our 2008 appetite).

BarCap DVaR Limit and Headroom: 2005 to date



Commercial Property

The environment for commercial property lending is weakening and we are holding caps steady. Selective origination may see moderate growth within these caps, which will be reviewed again in July.

Environment/Trends

- The environment for commercial property lending is showing signs of rapid deterioration, particularly in the UK, US and Spain.
- IPD Index reported capital falls in all major classes of UK commercial property averaging 4.2% for Dec 2007 and several property funds have restricted redemptions to avoid forced sales in the face of heavy investor demand for redemptions.
- Spanish residential property price falls are widely expected in 2008 and 2009 and analysts are predicting a 10%-15% fall in US commercial property prices in 2008

Barclays Positioning & Exposure

- Key markets are UK (BCB, BarCap and Wealth), US (BarCap), Spain and South Africa (where about 50% of the ACBB portfolio relates to property exposure).
- Our UK commercial property lending has been less aggressive than our peers over recent years which has led to smaller UK portfolios than RBS and HBoS, with little high-risk speculative commercial development.
- In Spain, where the environment is most difficult, we saw significant increases our EWL in H2 07 as well as impairment in excess of STP as problems emerged across a range of property exposures.
- European and US CMBS markets are all but shut; our exposure is predominantly in UK/Europe where deal structure provides an alternative exit in the form of the bank syndication market (as partially evidenced by the £1bn exposure reduction between Oct 07 and Dec 07).

Risk Appetite & Next Steps

- Key take and hold limits are shown opposite. Additional exposure arises in some other areas including CMBS warehousing, where we have reduced European warehouse limits from £10bn to £7bn.
- Caps have been held flat or reduced and will be reviewed in Jul 07. We remain comfortable with selective origination and modest growth in our core markets within these caps.

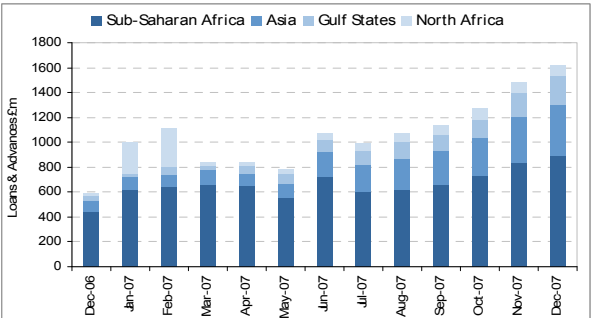
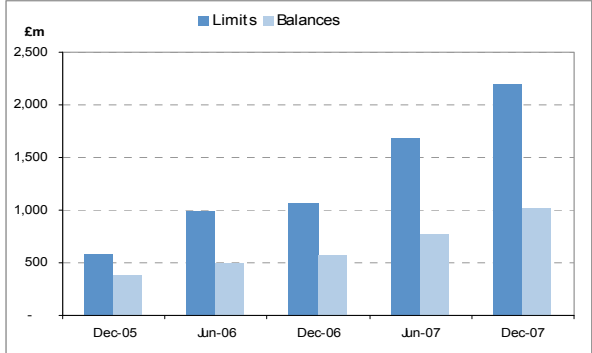
Commercial Property Mandate and Scale Limits and Exposures

	Cap	Exposure
UK Commercial	£12.6bn	£9.5bn
UK Residential	£8.9bn	£6.7bn
US Commercial	£6.9bn	£6.7bn
ABSA	£5.9bn	£4.7bn
Spain	£3.6bn	£3.3bn
Total	£37.9bn	£30.9bn

Data as at 31.12.2007; Absa cap is subject to additional concentration criteria.

Updates to risk appetite actions agreed by ExCo in Oct 07

Emerging Market Retail, UAE Corporate, BGI

Action/Comments	Update	Supporting materials																		
<p>Emerging Market Retail</p> <p>Demand for risk appetite is significant, with the mass market being targeted through new products and Direct Sales Agents. The management challenge will be how to prioritise infrastructure build-out, whether to slow growth if build-out is delayed and how to monitor performance to respond quickly should it deteriorate.</p>	<p>EM risk appetite demand continues to be significant and 75% year-on-year balance growth is forecast for 2008. There were 23 proposals submitted to credit committee in H2 07 requesting approval for expansion plans and new product launches to support the growth. Infrastructure development to keep up with growth remains a significant challenge.</p>	 <p>Loans & Advances £m</p> <p>■ Sub-Saharan Africa ■ Asia ■ Gulf States ■ North Africa</p>																		
<p>UAE Corporates</p> <p>Recent rapid growth in the corporate 'take and hold' book is planned to continue. We should be aware of the event risk and the limitations in our risk infrastructure and develop a fuller set of Mandate & Scale limits, especially relating to SMEs.</p>	<p>Book growth continues and we remain primarily concerned about event / political risk rather than simple credit risk - this is being managed via scenario / stress testing which we are conducting and developing each quarter.</p>	 <p>£m</p> <p>■ Limits ■ Balances</p>																		
<p>BGI</p> <p>BGI has recommended capital investment in its active products to capture revenue from currently idle capacity. This will introduce investment risk and requires new controls, including an overall Mandate and Scale limit.</p>	<p>Mandate and scale limits are under discussion with Group Market Risk. Additional risk exposure arises from money fund investments, where investors do not expect investments to fall below par (break the buck), so an implicit guarantee exists.</p>	<table border="1"> <thead> <tr> <th>Current Investments</th><th></th><th>Note</th></tr> </thead> <tbody> <tr> <td>Lakeville</td><td>£292m</td><td>Invested in BGI MultiStrategy fund</td></tr> <tr> <td>External Alpha</td><td>£54m</td><td>Invested in 2 external FoHF</td></tr> <tr> <td>CDO investments</td><td>£13m</td><td>Junior tranche of BGI managed CDO</td></tr> <tr> <td>Other (seed capital)</td><td>£6m</td><td></td></tr> <tr> <td>Total</td><td>£365m</td><td></td></tr> </tbody> </table>	Current Investments		Note	Lakeville	£292m	Invested in BGI MultiStrategy fund	External Alpha	£54m	Invested in 2 external FoHF	CDO investments	£13m	Junior tranche of BGI managed CDO	Other (seed capital)	£6m		Total	£365m	
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Total	£365m																			

Updates to risk appetite trends discussed at ExCo in Oct 07

UK Mortgages, Europe Cards and Loans, Barclays Branded Cards

Action/Comments	Update	Supporting materials																																																																	
UK Mortgages There is continued growth in line with the Medium Term Plan and within agreed underwriting criteria. While profitability is thin, mortgages are a key lead product.	Despite pressure on funding costs and the potential for an economic downturn, profitability is expected to improve in 2008 with the most recent product refresh producing an all-in margin of 84 bps compared with the 2008 STP margin of 35 bps. The main threat to overall profitability is likely to come from sharply reduced volumes if the recent contraction in market completions continues through the year.	<table border="1"><caption>UK Mortgages: Loans & Advances and Impairment (Jan 07 to Dec 07)</caption><thead><tr><th>Month</th><th>Loans & Advances (£m)</th><th>Impairment (£m)</th></tr></thead><tbody><tr><td>Jan 07</td><td>62,000</td><td>1.5</td></tr><tr><td>Feb 07</td><td>62,000</td><td>1.5</td></tr><tr><td>Mar 07</td><td>62,000</td><td>1.5</td></tr><tr><td>Apr 07</td><td>62,000</td><td>1.5</td></tr><tr><td>May 07</td><td>62,000</td><td>1.5</td></tr><tr><td>Jun 07</td><td>62,000</td><td>1.5</td></tr><tr><td>Jul 07</td><td>62,000</td><td>1.5</td></tr><tr><td>Aug 07</td><td>62,000</td><td>1.5</td></tr><tr><td>Sep 07</td><td>62,000</td><td>1.5</td></tr><tr><td>Oct 07</td><td>62,000</td><td>1.5</td></tr><tr><td>Nov 07</td><td>62,000</td><td>1.5</td></tr><tr><td>Dec 07</td><td>62,000</td><td>1.5</td></tr></tbody></table>	Month	Loans & Advances (£m)	Impairment (£m)	Jan 07	62,000	1.5	Feb 07	62,000	1.5	Mar 07	62,000	1.5	Apr 07	62,000	1.5	May 07	62,000	1.5	Jun 07	62,000	1.5	Jul 07	62,000	1.5	Aug 07	62,000	1.5	Sep 07	62,000	1.5	Oct 07	62,000	1.5	Nov 07	62,000	1.5	Dec 07	62,000	1.5																										
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Dec 07	62,000	1.5																																																																	
Europe Cards and Loans Overall risk appetite for expansion is confirmed subject to continued infrastructure build-out. A regional modelling and analytics centre is being established in Madrid and a loans risk reward profit model is under development.	The businesses are currently preparing risk appetite statements by country, for agreement with Barclaycard over the next month. The German Loans platform is expected to be implemented in Q2. New collections systems will begin testing and development in Q4 08. A new data mining and analytics environment will be delivered in H2 08. Personal Loans launched to Open Market in Spain, Portugal and Italy during H2 07. Italy Mortgage risk appetite was increased through changes in lending criteria in Q3 07. Personal Loan and Mortgage delinquencies have been largely stable with the exception of Portugal where they increased in 2007.	<table border="1"><caption>Europe Cards and Loans: Loans & Advances by Country (Jan 07 to Dec 07)</caption><thead><tr><th>Month</th><th>Germany (£m)</th><th>Portugal (£m)</th><th>Spain (£m)</th><th>Italy (£m)</th></tr></thead><tbody><tr><td>Jan 07</td><td>850</td><td>100</td><td>100</td><td>100</td></tr><tr><td>Feb 07</td><td>850</td><td>100</td><td>100</td><td>100</td></tr><tr><td>Mar 07</td><td>850</td><td>100</td><td>100</td><td>100</td></tr><tr><td>Apr 07</td><td>850</td><td>100</td><td>100</td><td>100</td></tr><tr><td>May 07</td><td>850</td><td>100</td><td>100</td><td>100</td></tr><tr><td>Jun 07</td><td>850</td><td>100</td><td>100</td><td>100</td></tr><tr><td>Jul 07</td><td>850</td><td>100</td><td>100</td><td>100</td></tr><tr><td>Aug 07</td><td>850</td><td>100</td><td>100</td><td>100</td></tr><tr><td>Sep 07</td><td>850</td><td>100</td><td>100</td><td>100</td></tr><tr><td>Oct 07</td><td>850</td><td>100</td><td>100</td><td>100</td></tr><tr><td>Nov 07</td><td>850</td><td>100</td><td>100</td><td>100</td></tr><tr><td>Dec 07</td><td>850</td><td>100</td><td>100</td><td>100</td></tr></tbody></table>	Month	Germany (£m)	Portugal (£m)	Spain (£m)	Italy (£m)	Jan 07	850	100	100	100	Feb 07	850	100	100	100	Mar 07	850	100	100	100	Apr 07	850	100	100	100	May 07	850	100	100	100	Jun 07	850	100	100	100	Jul 07	850	100	100	100	Aug 07	850	100	100	100	Sep 07	850	100	100	100	Oct 07	850	100	100	100	Nov 07	850	100	100	100	Dec 07	850	100	100	100
Month	Germany (£m)	Portugal (£m)	Spain (£m)	Italy (£m)																																																															
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Dec 07	850	100	100	100																																																															
Barclays Branded Cards New application quality remains strong. We are looking for new accounts and increased balance growth in very strong credit categories.	The overall acceptance rate increased in each of last three months. Securitization data shows that BBC is best in industry in charge-off rates and speed of improvement of portfolio credit quality.	<table border="1"><caption>Barclays Branded Cards: Loans & Advances and Impairment (Jan 07 to Dec 07)</caption><thead><tr><th>Month</th><th>Loans & Advances (£m)</th><th>Impairment (£m)</th></tr></thead><tbody><tr><td>Jan 07</td><td>8,350</td><td>100</td></tr><tr><td>Feb 07</td><td>8,250</td><td>100</td></tr><tr><td>Mar 07</td><td>8,150</td><td>100</td></tr><tr><td>Apr 07</td><td>8,200</td><td>100</td></tr><tr><td>May 07</td><td>8,100</td><td>100</td></tr><tr><td>Jun 07</td><td>8,300</td><td>100</td></tr><tr><td>Jul 07</td><td>8,300</td><td>100</td></tr><tr><td>Aug 07</td><td>8,300</td><td>100</td></tr><tr><td>Sep 07</td><td>8,350</td><td>100</td></tr><tr><td>Oct 07</td><td>8,300</td><td>100</td></tr><tr><td>Nov 07</td><td>8,350</td><td>100</td></tr><tr><td>Dec 07</td><td>8,500</td><td>100</td></tr></tbody></table>	Month	Loans & Advances (£m)	Impairment (£m)	Jan 07	8,350	100	Feb 07	8,250	100	Mar 07	8,150	100	Apr 07	8,200	100	May 07	8,100	100	Jun 07	8,300	100	Jul 07	8,300	100	Aug 07	8,300	100	Sep 07	8,350	100	Oct 07	8,300	100	Nov 07	8,350	100	Dec 07	8,500	100																										
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Dec 07	8,500	100																																																																	

Updates to risk appetite trends discussed at ExCo in Oct 07

Commodities, BarCap Leveraged Finance, Traded Credit

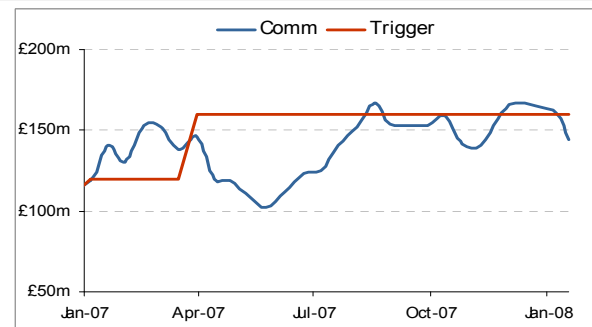
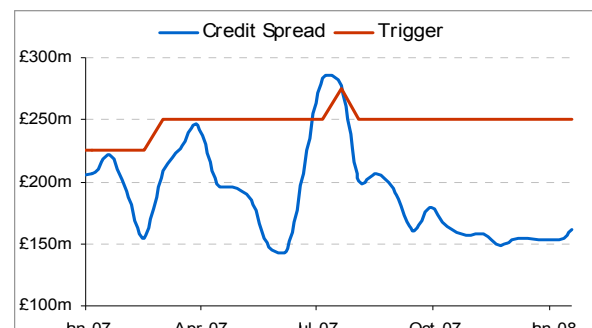
Action/Comments	Update	Supporting materials														
Commodities An increase in risk appetite has been confirmed, with expansion into new areas (physical oil trading) subject to timely infrastructure build-out.	Build-out of physical oil trading is on track. Significant exposures in European and US power and gas mean business remains very close to its stress trigger. No increase in DVaR or stress limit has been agreed to date.															
BarCap Leveraged Finance We have reset conservative guidelines for new business, covering deal size, leverage, covenants, sponsors, distribution and overall Book Hold positions for the near term.	We continue to hold the unsold underwrites from before the start of the market turmoil as we believe credit quality on the major positions is strong and we do not wish to take the current market price, though we are making some sales where investor appetite is beginning to return (e.g Boots Mezzanine Finance). New business is being undertaken on more conservative parameters (e.g. stronger covenants, lower leverage levels) and at lower volume levels.	<table><tr><th>Primary Leveraged Exposure</th><th>Total £m</th></tr><tr><td>Underwriting - committed positions</td><td>£8,709</td></tr><tr><td>Of which Junior Debt is:</td><td>£2,544</td></tr><tr><td>Holds - existing portfolio</td><td>£905</td></tr><tr><td>Holds - targeted in underwriting positions</td><td>£753</td></tr><tr><td>Total targeted holds</td><td>£1,657</td></tr><tr><td>Total Primary LevLoan Exposure (excl swaps)</td><td>£10,366</td></tr></table> <p>Figures as at Dec 07</p>	Primary Leveraged Exposure	Total £m	Underwriting - committed positions	£8,709	Of which Junior Debt is:	£2,544	Holds - existing portfolio	£905	Holds - targeted in underwriting positions	£753	Total targeted holds	£1,657	Total Primary LevLoan Exposure (excl swaps)	£10,366
Primary Leveraged Exposure	Total £m															
Underwriting - committed positions	£8,709															
Of which Junior Debt is:	£2,544															
Holds - existing portfolio	£905															
Holds - targeted in underwriting positions	£753															
Total targeted holds	£1,657															
Total Primary LevLoan Exposure (excl swaps)	£10,366															
Traded Credit Traded credit exposure has been reduced in the currently difficult environment, although existing DVaR and stress limits will be maintained at present levels.	Traded credit exposures remain at a lower level. The business is looking to reduce its cash exposures as these are balance sheet and capital intensive, and lead to cash vs. CDS basis risk, which is difficult to manage. CS1% has risen in the flow business as structured trading, which is typically short, has taken exposure down, thereby increasing overall CS1% across the business.															

EXHIBIT 78

FILED UNDER SEAL

From: Clackson, Patrick: Finance (LDN)
[O=BZW/OU=EUROPE/CN=RECIPIENTS/CN=EXCHANGE
RECIPIENTS/CN=CLACKSONP]
Sent: Friday, February 08, 2008 7:03:23 PM
To: Ricci, Rich: Barclays Capital; Diamond, Bob: Barclays Capital
CC: Syal, Vivek: Finance (LDN)
Subject: FW: Credit market disclosure and Losses analysis
Attachments: Credit Market Disclosure 080208.doc; Barclays Capital Losses and exposures
summary_20080208.pdf; Barclays Capital Losses and exposures with
crib_20080208.pdf

Bob, Rich

Updated documents from our meeting earlier

Losses number for the year has been reduced from £1,843m to £1,708m, and half 2 from £1,757m to £1,704m.

We're also working on other writedowns as the net writedown here is lower from these businesses, I think we may be able to get total net writedowns to £1.7bn.

Let me know if you ok with me flipping these drafts to Chris and John

Rgds

Patrick

From: Syal, Vivek: Finance (LDN)
Sent: 08 February 2008 18:46
To: Clackson, Patrick: Finance (LDN)
Cc: Dolton, Matthew: Finance (LDN)
Subject: Credit market disclosure and Losses analysis

Patrick,

See attached for word doc



Credit Market Barclays Capital
Disclosure 0802... Losses and exp...



Note 2 versions of losses analysis. Assume you only want to share summary version above.

Crib sheet with detail is below:

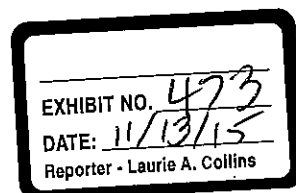


Barclays Capital
Losses and exp...

Regards,

Viv

CONFIDENTIAL



BARC-ADS-00930766

2007 Writedowns and Impairment (\$m)	Jul-Oct	Nov-Dec	H2	FY
	(1,150)	(207)	(1,356)	(1,412)
	(31)	(51)	(82)	(115)
	(121)	(310)	(431)	(431)
	(244)	(253)	(496)	(496)
	110	131	241	445
	(1,435)	(690)	(2,125)	(2,010)
	420	238	658	658
	(1,015)	(452)	(1,467)	(1,352)
	(85)	-	(85)	(205)
	(70)	-	(70)	(70)
	(1,170)	(452)	(1,621)	(1,626)
	(82)	-	(82)	(82)
	(1,252)	(452)	(1,704)	(1,708)
	(88)	(185)	(272)	(272)

Net Exposure (£bn)

Oct 2007 Dec 2007

5.0	4.7	ABS CDO Super Senior
3.0	3.0	Sub-prime whole loans
0.5	0.2	Sub-prime residuals
1.9	1.5	Other Sub-prime
		Subprime income
10.4	9.4	US subprime writedowns gross of own credit
54.7	57.2	Own credit
		Net US subprime related write-downs

-	-	BSAM
0.9	0.8	SIVs & SIV-lites
		Net US subprime related write-downs incl SIV-lites and BSAM

7.3	7.4	Leveraged Finance
		Net writedowns consistent with Nov Trading Update

Other writedowns (Alt A, ABS, CMBS, Monolines)

Other subprime					
Warehouses	-	(153)	(190)	(343)	(343)
FLD	-	(14)	(16)	(30)	(30)
ABS	-	(47)	(26)	(73)	(73)
Repo	-	(29)		(29)	(29)
LIVS			(21)	(21)	(21)
Total Other Subprime	-	(244)	(253)	(496)	(496)
Subprime income					
HomeEq	64	34	51	85	149
EquiFirst	25	19	48	67	92
US CDOs	88			-	88
Risk Finance	17	57	11	68	86
Notional Interest	-	-	20	20	20
Whole Loans	9			-	9
Total Subprime Income	204	110	131	241	445
Other writedowns					
Alt-A	-	(11)	(96)	(107)	(107)
ABS	-	(35)	(71)	(106)	(106)
NBT	-	(24)	(12)	(36)	(36)
CLOs	-	(18)	-	(18)	(18)
CMBS	-	-	(5)	(5)	(5)
Total Other writedowns	-	(88)	(185)	(272)	(272)

Additional adjustments since BAC submission:

Gross up of EquiFirst losses	25	10	23	33	58
Notional Interest			20	20	20
Gross up of ABS CDO Super Senior Losses	56				56
Total adjustments	81	10	44	53	134

2007 Writedowns and Impairment (£m)

H1 2007 Jul-Oct Nov-Dec H2 FY

(56)	(1,150)	(207)	(1,356)	(1,412)
(33)	(31)	(51)	(82)	(115)
-	(121)	(310)	(431)	(431)
-	(244)	(253)	(496)	(496)
204	110	131	241	445
115	(1,435)	(690)	(2,125)	(2,010)
-	420	238	658	658
115	(1,015)	(452)	(1,467)	(1,352)

(120)	(85)	-	(85)	(205)
-	(70)	-	(70)	(70)

(5)	(1,170)	(452)	(1,621)	(1,626)
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-	(82)	-	(82)	(82)
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(5)	(1,252)	(452)	(1,704)	(1,708)
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-	(88)	(185)	(272)	(272)
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Barclays Capital *[replacement for 2nd para on page 37]*

The US sub-prime driven market dislocation affected performance in the second half of 2007. Net exposures relating to US subprime have been actively managed and declined over the period. Exposures as at 31st December 2007 are set out on page X. Barclays Capital's 2007 results reflect write-downs related to the credit market turbulence of £1,708m, of which £882m is reflected in trading income, net of £658m gains from the own credit. Impairment charges of £846m include £722m charges against ABS CDO Super Senior exposures and £55m relating to unsold leveraged finance underwriting positions.

Barclays Capital credit market positions *[I think that this should be a new note 4 on page 83: ie. after fair value measurement and derivative financial instruments disclosures. Ideally, we would reference this to a 31 December 2006 comparator, as we do everything else, but I have presumed that this is not possible]*

	31 December 2007	30 June 2007
	£m	£m
ABS CDO Super Senior		
High Grade	4,879	6,168
Mezzanine	<u>1,151</u>	<u>1,629</u>
Gross exposure	6,030	7,797
Hedges	<u>(1,347)</u>	<u>(348)</u>
Net ABS CDO Super Senior	<u>4,683</u>	<u>7,449</u>

ABS CDO Super Senior exposure as at 31st December 2007 was £4,683m down from £7,449m at 30th June 2007. Exposures are stated net of write downs and charges of £1,412m (30th June 2007: £56m) and hedges of £1,347m (30th June 2007: £348m). Of the net exposure of £4,683m, £300m is reflected in trading portfolio assets and £4,383m is reflected in loans and advances and commitments. The trading portfolio assets are stated after write downs and gains on hedges of £690m and the loans and advances and commitments are stated net of impairment charges of £722m. A consistent valuation methodology has been applied to trading portfolio assets and other positions in drawing up the balance sheet at 31st December 2007.

The collateral for the ABS CDO Super Senior exposures primarily comprises Retail Mortgage Backed Securities (RMBS). 54% of the RMBS subprime collateral comprises 2005 or earlier vintage mortgages, and 24% is from the first half of 2006. None of the hedges of ABS CDO Super Senior exposures are held with monoline counterparties.

	31 December 2007	30 June 2007
	£m	£m
Other US sub-prime		
Whole loans	3,000	2,900
Other direct and indirect exposures	1,711	3,100
	[4,711]	[6,000]
SIV-lite liquidity facilities	152	692
Structured Investment Vehicles	603	925

Other US sub-prime whole loan and net trading book exposure was £4,711m (30 June 2007: £6,000m). Exposures are stated net of write downs and charges of £431m (30th June 2007: £nil). Whole loans include £2,670m (30th June 2007: £2,266m) loans acquired since the acquisition of EquiFirst in March 2007, all of which have been subject to Barclays underwriting criteria. As at 31st December 2007 the average loan-to-value of these loans was 85% with [less than 5%] at above 95% loan to value. [99%] of the inventory is first lien.

Trading portfolio assets included £152m (30 June 2007: £692m) drawn down liquidity facilities in respect of SIV-lites. Total exposure to other structured investment vehicles, including derivatives, undrawn commercial paper backstop facilities and bonds held in trading portfolio assets comprised £603m (30th June 2007: £925m). Total writedowns in respect of SIV-lites and other structured investment vehicles for the year to 31 December 2007 were £84m.

Leveraged Finance

At 31st December 2007, Barclays Capital held unsold leveraged finance underwriting positions of £7,368m (30th June 2007: £7,317m). We have performed a detailed analysis of the positions in the portfolio in the light of the general widening of credit spreads in the market. Accordingly the positions are stated net of fees of £130m and a further provision of £55m.

Monoline insurers

In the ordinary course of business, Barclays Capital has acquired assets with insurance protection or other credit enhancement from monoline insurers. The notional of all ABS CDOs wrapped by monoline protection and credit enhancement as at 31st December 2007 was [£2,000m] and the current exposure to the monolines under these contracts was £1,395m.

CMBS exposures

At 31st December 2007, Barclays Capital held Commercial Mortgage Securities and Whole Loans of £12,417m (30th June 2007: £8,981m). These amounts include £523m in the US relating to equity positions and an equity bridge (30th June 2007: [£25m]).

Own Credit

At 31st December 2007, Barclays Capital had issued debt securities in issue held at fair value of £57bn (30th June 2007: £50bn). The general widening of credit spreads has also affected the carrying value of Barclays debt securities in issue. Barclays Capital has recognised revaluation gains of £658m in trading income in respect of these debt securities in issue.

EXHIBIT 79

FILED UNDER SEAL

From: Le Blanc, Robert: Group Risk (LDN)
[O=BZW/OU=EUROPE/CN=RECIPIENTS/CN=EXCHANGE
RECIPIENTS/CN=LEBLANCR]
Sent: Tuesday, March 18, 2008 10:43:45 AM
To: Plews, Jean: Group Risk (LDN)
Subject: FW: Temasek call
Attachments: Exposures.ppt; Exposures Pack 060308.ppt

ppa colour and two-sided

thanks

Robert

Phone +44 - 20 - 7773 - 6633
Mobile +44 - 7810 - 558976

PA: Jean Plews +44 - 20 - 7773 - 2956
jean.plews@barcap.com

-----Original Message-----

From: Raby, James: Planning (LDN)
Sent: 18 March 2008 07:28
To: Morrice, Robert: CEO Asia Pacific (HKG); Spinale, Anthony: Barclays Capital; Ricci, Rich: Barclays Capital; Le Blanc, Robert: Group Risk (LDN); Clackson, Patrick: Finance (LDN); King, Linda: GFRM (LDN); Guy, Lee: GFRM (LDN)
Cc: Chung, Cilla: PA to R. Morrice (HKG)
Subject: RE: Temasek call

Please find attached two packs for this morning's discussion..

The first is prepared to address questions asked by Temasek (which I've included below). The second is data we have provided to the rating agencies.

Questions from Temasek:

QUESTIONS

1. US Super Senior ABS CDO
 - Gross long and short position
 - MTM on long and short positions
 - Net exposure
 - Vintages
 - Mark assumptions (from Jun 07 to date)
2. Other US subprime
 - Exposure by vintages
 - Mark assumptions
3. Alt-A
 - Exposure by vintage
 - Mark assumptions
4. Monoline insurers
 - Notional amt with individual counterparties
 - Current credit exposure to each monoliner and reserves taken

- Sensitivity of reserves to monoliner credit rating

5. CMBS

- Exposure
- Mark assumptions

6. CRE

- Direct loan exposure
- Default rates seen
- Provision/loss assumptions

7. Leveraged finance

- Exposure
- Funded vs unfunded commitments

James Raby
Barclays Capital
Strategy & Planning

Direct: +44 (0)20 7773 0103
Fax: +44 (0)20 7773 4832
5 North Colonnade - Canary Wharf - London E14 4BB
james.raby@barcap.com

-----Original Message-----

From: Morrice, Robert: CEO Asia Pacific (HKG)
Sent: 18 March 2008 01:26
To: Spinale, Anthony: Barclays Capital; Ricci, Rich: Barclays Capital; Le Blanc, Robert: Group Risk (LDN); Clackson, Patrick: Finance (LDN); King, Linda: GFRM (LDN); Guy, Lee: GFRM (LDN)
Cc: Raby, James: Planning (LDN); Chung, Cilla: PA to R. Morrice (HKG)
Subject: Re: Temasek call

Great thanks.

----- Original Message -----

From: Spinale, Anthony: Barclays Capital
To: Morrice, Robert: CEO Asia Pacific (HKG); Ricci, Rich: Barclays Capital; Le Blanc, Robert: Group Risk (LDN); Clackson, Patrick: Finance (LDN); King, Linda: GFRM (LDN); Guy, Lee: GFRM (LDN)
Cc: Raby, James: Planning (LDN); Chung, Cilla: PA to R. Morrice (HKG)
Sent: Tue Mar 18 09:22:09 2008
Subject: Re: Temasek call

We got the questions. I thought they sent them to you too, sorry.
Prep materials being prepared

----- Original Message -----

From: Morrice, Robert: CEO Asia Pacific (HKG)
To: Ricci, Rich: Barclays Capital; Le Blanc, Robert: Group Risk (LDN); Clackson, Patrick: Finance (LDN); King, Linda: GFRM (LDN); Guy, Lee: GFRM (LDN)
Cc: Spinale, Anthony: Barclays Capital; Raby, James: Planning (LDN); Chung, Cilla: PA to R. Morrice (HKG)
Sent: Tue Mar 18 01:19:58 2008
Subject: Temasek call

T are supposed to be sending in some questions pre the call on Wednesday to provide direction for the discussion.

Is there any paperwork that we would like to provide to them or do we want to make that decision once we have seen the questions ?

Rgds

Robert

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Exposures and Losses Pack Year end 31 December 2007

March 2008

Net exposure & losses summary as reported on 19th February 2007

£m	Net Exposure				Losses	Page
	30 Jun 07	31 Oct 07	31 Dec 07	2007		
ABS CDO Super Senior						
High Grade	6,151	4,712	4,869	(926)		
Mezzanine	1,629	1,169	1,149	(486)		
Net Exposure Before Hedging	7,780	5,881	6,018	(1,412)		
Hedges	(348)	(924)	(1,347)			
Net ABS CDO Super Senior	7,432	4,957	4,671	(1,412)		2
Other U.S. Sub-prime						
Whole loans	2,900	3,037	3,205	(115)		
Other direct and indirect exposures	3,146	2,531	1,832	(1,132)		
Total other US subprime	6,046	5,568	5,037	(1,247)		8
Total Alt-A	3,760	5,053	4,916	(111)		8
MTM Exposure to Monoline insurers	140	250	1,335	(36)		17
Commercial Mortgages	8,282	13,751	12,399	(5)		20
SVI/ SV Lites	1,617	869	742	(82)		15
Leveraged Finance ¹	7,317	7,310	7,368	(82)		27
Other losses (primarily European ABS)				(112)		16
Barclays Capital issued notes	44,622	54,347	57,163	658		
Income in impacted books				795		
				(1,635)		

¹ Write-downs of £82m relating to drawn leveraged finance undervriting positions (page 33 2007 Results Announcement) and £24m of leveraged finance trading MTM write-downs.

ABS CDO Super Senior Exposure Summary

£m	Deal size	Subprime Assets	30 Jun 07	31 Oct 07	31 Dec 07	Subordination, writedowns and hedges as % subprime assets
ABS CDO Super Senior						
MTM	2,621	2,242	2,071	1,049	1,087	68%
Non MTM	4,660	2,683	4,080	3,663	3,782	33%
High Grade	7,281	4,925	6,151	4,712	4,869	49%
MTM	1,623	1,498	1,038	598	556	71%
Non MTM	874	626	591	571	593	45%
Mezzanine	2,496	2,125	1,629	1,169	1,149	63%
Net Exposure Before Hedging	9,777	7,050	7,780	5,881	6,018	53%
Hedges			(348)	(924)	(1,347)	
Net ABS CDO Super Senior	9,777	7,050	7,432	4,957	4,671	72%
MTM exposure (net of hedges)	4,244	3,740	2,762	723	296	106%
Non MTM exposure	5,534	3,310	4,671	4,234	4,375	35%

Super Senior Liquidity Facilities

□ General Description

- ▶ When a CDO is issued, the Senior tranche of the structure can be funded in several ways :
 - Issued Notes
 - Commercial Paper (CP)
 - Unfunded for Synthetic CDOs
 - ▶ In the last two cases, the CDO will seek credit support for the Senior Note usually in the form of a Liquidity Facility
 - ▶ The Liquidity Facility will be drawn if :
 - The CP can not be efficiently refinanced
 - There is a credit event and insufficient cash in the structure to meet the CDO's obligations
 - ▶ Once drawn, the Facility behaves and has similar rights and risks to a Senior Note
 - ▶ In an Event of Default (EOD), control of the CDO passes to the Senior Note holder
 - ▶ For Cash Flow CDOs, an EOD is triggered if a cash payment to a rated note is not made
 - ▶ For Synthetic or CP funded CDOs, an EOD trigger is usually incorporated into the structure to protect the Senior Note
 - ▶ An EOD is triggered by either a Ratings downgrade or deterioration of the value of the underlying CDO collateral beyond a predetermined level
 - ▶ Breaching an EOD trigger provides the Senior Note holder with 3 options :
 - Do nothing and allow the CDO to continue
 - Accelerate
 - Cash flow waterfall is reversed, all cash flows to Junior Notes are frozen, Manager fees are still paid
 - Liquidate
 - All cash flows are frozen, collateral portfolio is liquidated and proceeds are used to pay down the outstanding principal in order of descending seniority
- ▶ Barclays Capital valuation method is dependent on the structure or the proximity to EOD trigger :
 - Facilities close to an EOD trigger (within 1 year) or in derivative form are valued using an NAV model
 - Facilities far from an EOD trigger, or where there is no explicit EOD trigger, are valued using an NPV model
 - ▶ Further details of these valuation methods are provided on the following slides

Super Senior Liquidity Facilities – Net Asset Value (NAV) / Mark To Market (MTM)

□ Description

- ▶ Facilities are drawn to fund required cash flows associated with derivative payments from the CDO
- ▶ If losses exceed the cash raised via Capital Notes, Facilities represent the only funds available to the CDO
- ▶ Super Senior notes are usually protected by rating driven Event Of Default (EOD) trigger
- ▶ EOD trigger will cause liquidation of the fund if the average rating of the portfolio falls below a pre-set level
- ▶ These Facilities can be accounted for in two ways depending on the deal structure :
 - MTM Facilities are accounted for as derivatives as the facility is embedded within the settlement agreement for the CDS exposure sold by the CDO
 - NAV Facilities are stand alone and accounted for as Loan Commitments with related impairment charges
 - In both cases, the valuation is computed using a Net Asset Value based approach

□ Positions

High Grade MTM

	Deal size	Subprime Assets	£m			Writedowns and subordination as % sub-prime assets	
			Jun '07	Oct'07	Dec '07	Dec MV	
Notional							
Pampelonne 1	624	511	529	511	530	319	60%
Pampelonne 2	989	807	796	769	799	381	77%
Markov	999	923	796	769	799	388	66%
Total Notional	2,621	2,242	2,121	2,049	2,128	1,087	68%
Hedges			(348)	(924)	(960)		
Write-downs/ impairment			(49)	(1,000)	(1,041)		
Net exposure	2,621	2,242	1,723	125	128		111%

Mezzanine MTM

	Deal size	Subprime Assets	£m			Writedowns and subordination as % sub-prime assets	
			Jun '07	Oct'07	Dec '07	Dec MV	
Notional							
Camber VI	374	348	242	234	243	141	67%
Stack 2005-2	250	204	174	168	175	115	66%
Tenorite	624	606	398	385	399	199	70%
Silverton	374	340	224	216	225	100	81%
Total Notional	1,623	1,498	1,038	1,003	1,042	556	71%
Hedges					(388)		
Write-downs/ impairment			-	(405)	(486)		
Net exposure	1,623	1,498	1,038	598	169		97%
Total MTM exposure	4,244	3,740	2,761	723	296		106%

Super Senior Liquidity Facilities – Net Asset Value (NAV) / Mark To Market (MTM)

❑ Trading Desk Valuation

- ▶ Market Value computed based on the Net Asset Value of the underlying collateral
 - The value of the underlying bonds is computed using the standard Barclays Capital model for ABS securities
 - The total value of the underlying collateral represents the funds available to settle the obligations of the CDO in the event of unwind or liquidation
 - If this value represents losses in excess of the value of the issued Capital Notes, these losses will be incurred by the Super Senior note holder
 - This is therefore an economic representation of the impact of liquidation or consolidation
- ▶ This valuation represents a worst case loss since :
 - At liquidation competitive market bids will be sought for the collateral
 - Any bid higher than the NAV would represent additional funds to be returned to the Senior notes

❑ Independent Price Testing & Benchmarking

- ▶ The valuation is independently price tested against observable prices for similar bonds to the collateral pool
- ▶ This methodology is consistent with the price validation for other CDO/ABS bonds held by Barclay Capital
 - Transactions or external prices are used where available
 - If no external value is available then spread and prepayment data are derived from :
 - Bonds are proxied to similar bonds or derivatives that are observable
 - If no appropriate proxy is available the bonds are mapped to the relevant ABX index series
 - The derived parameters are input to a standard cash flow model (Intex) to derive the independent price used to test the Front Office valuation
- ▶ During January 2008, one of the structures (BFC Silverton) has been liquidated. The bids received for the collateral were materially in line with the bond valuations provided by the model
- ▶ Of the subprime collateral, 74% is 2005 vintage or earlier and 42% is 2005H1 or earlier

Super Senior Liquidity Facilities – Non-Mark to Market (Non-MTM)

□ Description

- ▶ Liquidity Facilities provide backstop financing if short term financing becomes uneconomic, i.e. the CDO is unable to re-issue Commercial Paper
- ▶ Non-MTM Facilities are normally structured without explicit Event of Default (EOD) Triggers and hence can only default in the event of a missed interest payment to a non-PIKING tranche i.e. there are no rating or market value based EOD triggers. (Tourmaline I and II do have EOD triggers, but due to the quality of the collateral, we do not believe these trades are likely to break triggers in the next 12 months.
- ▶ Therefore an NAV based approach to impairment would be inappropriate and a cash flow based analysis is used instead

Positions

- ▶ All Facilities are currently fully drawn

	Deal size	Subprime Assets	£m			Writedowns and subordination as % sub-prime assets	
			Jun '07	Oct '07	Dec '07	Dec MV	
High Grade Non MTM							
Notional							
Buckingham I	499	379	448	433	449	423	20%
Buckingham II	649	422	562	563	584	549	24%
Buckingham III	749	536	672	649	664	566	34%
Citius I	903	469	805	778	802	802	22%
Citius II	561	349	866	829	855	817	42%
Liberty Harbor	899	529	715	691	717	625	52%
Total Notional	4,660	2,683	4,080	3,942	4,072	3,782	33%
Hedges							
Write-downs/impairment			-	(279)	(280)		
IJR life to date			-	-	-		
Net exposure	4,660	2,683	4,080	3,663	3,792		33%
Mezzanine Non MTM							
Notional							
Tourmaline I	374	255	243	235	244	244	51%
Tourmaline II	459	371	348	337	349	349	40%
Total Notional	874	626	591	571	593	593	45%
Write-downs/impairment							
Net exposure	874	626	591	571	593		45%
Total Non MTM exposure	5,534	3,310	4,671	4,234	4,375		35%

Super Senior Liquidity Facilities – Non-Mark to Market (Non-MTM)

□ Trading Desk Valuation

- ▶ Stand alone liquidity Facilities are booked as Loan Commitments and are Accrual Accounted with impairment assessments
- ▶ Impairment assessments are computed using cash flow models, based on standard ABS analytics
- ▶ Cash flow models use standard market assumptions for :
 - Default Curves – A stressed version of the standard Barclays Capital curve is used
 - Remittance Data & subsequent Roll Rate Analyses
- ▶ The model is based on market standard tools such as Intex, which are used to model cash flows for ABS securities
- ▶ The model output is the NPV of the expected losses for the collateral pool over time
- ▶ Where this loss exceeds the subordination provided by the Junior Notes, this loss will be incurred by the Senior Notes

□ Independent Price Testing & Benchmarking

- ▶ Each model input is benchmarked against observable data :
 - The Default curve is reviewed against research provided by other Investment Banks and back-tested against actual defaults
 - Remittance data is benchmarked to information published by the ABS trustees and to performance data from mortgage servicers such as HomeEq
 - Roll rate data is reviewed against published research from other Investment Banks and against mortgage servicer data
- ▶ Further confirmation of the correct operation of the model is achieved as follows:
 - Model the underlying bonds of a traded index (ABX) using the same model and inputs
 - The model computes the Cumulative Loss for the index which can be benchmarked to published research
 - This captures the dynamics of all inputs into a single testable output
- Of the subprime collateral, 90% is 2005 vintage or earlier and 71% is 2005H1 or earlier

Other sub-prime and Alt-A net exposure

£m	Page	Sub-prime			Alt-A		
		June	Oct	Dec	June	Oct	Dec
Whole loans	9	2,900	3,037	3,205	1,135	926	909
Residuals	11	709	540	233	30	41	25
Other subprime	13	2,437	1,991	1,599	2,596	4,086	3,982
Total		6,046	5,568	5,037	3,761	5,053	4,916

Whole Loans

□ Description

- ▶ Residential Mortgage Loans that do not qualify to be sold to Government Agencies (Fannie Mae or Freddie Mac) :
 - Alt-A Whole Loans :
 - Higher credit quality borrowers, paying lower interest rates
 - Sub-Prime Whole Loans :
 - Generally lower credit quality borrowers, paying higher interest rates than Alt-A borrowers
 - Loans typically have embedded prepayment penalties

□ Positions

		Notional £m	Write Down £m	Market Value* £m	Price post Write Down
Prime	Non-conforming	234	(4)	229	98%
Alt A	Performing	699	(43)	671	96%
Alt A	Non-Performing	11	(4)	8	74%
	Total Alt-A/Prime	943	(51)	909	96%
Sub-Prime	EquiFirst (new orig.)	620	-	618	100%
	EquiFirst (old orig.)	2,286	(65)	2,223	97%
	Third-Party	376	(51)	364	87%
	Total Sub-Prime	3,283	(116)	3,205	98%
	TOTAL Alt-A & Sub-Prime	4,226	(167)	4,113	97%

* Market value will not equal notional less write downs as the analysis above does not reflect purchase of assets at a discount to notional

Whole Loans

□ Trading Desk Valuation

- ▶ Whole loans are Marked to Model
 - ▶ Model assumptions :
 - Prepayment rates –
 - Default rates –
 - Yields –
 - Liquidity –
- At individual deal level
- Use S&P Levels model to project default rates at individual loan level
- Base spread tracked to observable market spread levels
- An additional spread is added to the yield in order to provide a liquidity discount in the absence of liquid markets

□ Independent Price Testing & Benchmarking

- ▶ Mark to Model using market derived parameters
- ▶ Computed values are compared to external transactions where they can be observed
 - £50m @ 101.29 sold in December 2007 and £53m @ 101.125 sold in January 2008, both to FHLMC
- ▶ Liquidity discount is derived from spread movements observed in related products and indices
- ▶ Theoretical securitization exit is computed to provide an additional benchmark valuation
- ▶ Multiple additional controls are in place to monitor valuation and collateral performance
- ▶ Pool Characteristics :

	Alt-A	Subprime
FICO Score	719 (vs. Industry average 650)	623 (vs. Industry average 610)
First Lien	100%	96.5%
Performance	99% Performing	87% Performing
LTV	81%	85%
Vintage	73% – 2007, 4% – 2006, 23% pre-2006	90% – 2007, 9% – 2006, 1% pre-2006
Geographic Distribution (top 3)	38% California, 11% Louisiana, 9% Florida (50% average market portfolio concentration in California)	18% California, Florida 9%, Illinois 7% (less than average exposure to California and Florida)
Documentation	Less than 2% "No Doc"	Less than 5% "No Doc"

Sub-Prime & Alt-A Residuals (NIM/Post NIM)

□ Description

- ▶ Complex securities derived from the “Excess” spread and prepayment penalties on mortgage loans
- ▶ NIMs are rated “BBB” or below, Post NIMs are Not Rated
- ▶ Designed to provide protection to “AAA” bonds
- ▶ Valuations are materially driven by underlying collateral default and loss estimates
- ▶ Residuals perform :
 - ▶ Well in robust prepayment or re-financing environments
 - ▶ Poorly in higher default environments

□ Positions

	Vintage	Notional £m	Write Down £m	Cash Receipts £m	Market Value £m	Price Post Write Down
NIM	2005	54	(1)	(44)	9	17%
	2006	258	(73)	(139)	46	18%
	2007	155	(32)	(66)	57	37%
	Total NIM	467	(106)	(249)	112	24%
Post NIM	2004	25	3	(16)	12	50%
	2005	122	(47)	(7)	68	56%
	2006	182	(155)	-	27	14%
	2007	183	(169)	-	14	7%
	Total Post NIM	512	(368)	(23)	121	24%
Total Sub prime Residuals		979	(474)	(272)	233	24%
Total Alt-A Residuals		38	(13)	-	25	66%
Total Residuals		1,017	(487)	(272)	258	25%

Sub-Prime & Alt-A Residuals (NIM/Post NIM)

□ Trading Desk Valuation

- ▶ Residuals are Marked to Model
- ▶ Model Assumptions :
 - Prepayment rates – At individual deal level
 - Default rates – Deal specific “Roll Rate” analysis using HOMEQ loan servicing portfolio (280,000 loans) to derive statistical loss projections
 - Yields – Base yield moves based on observable spread movements
 - Risk premium – An additional spread is added to the yield in order to provide a liquidity discount in the absence of liquid markets

□ Independent Price Testing & Benchmarking

- ▶ No observable trades in the market
- ▶ All model assumptions are independently tested and benchmarked
 - Prepayment rates – Independently benchmarked
 - Default rates – Independently benchmarked using HOMEQ loan servicing portfolio (280,000 loans) to derive statistical loss projections
 - Cumulative Loss – Independently benchmarked vs. published Market Research organizations (Moody's and S&P)
 - Risk premium – Derived from spread movements observed in related products and indices
- ▶ Standard Cash Flow Model (Intex) used to derive price
- ▶ Additional “Roll Rate” analysis provided by an independent vendor McDash
- ▶ Market values have been significantly reduced during 2007 :
 - 2006 and 2007 vintages have been marked down by 89%
 - 2004 and 2005 vintages have been marked down by 45%, even though cash flows continue to be received
 - £11.5mm cash flow received in January

Other sub-prime and Alt-A exposure

£m	Page	Sub-prime			Alt-A		
		June	Oct	Dec	June	Oct	Dec
NY ABS/ RMBS Trading ¹	14	779	1,104	503	1,172	2,935	2,798
Cairn High Grade CDO		267	245	254	103	95	110
LIVs		315	248	218	-	-	-
Sheffield Quattro		105	99	96	-	-	-
Conduits - Surrey/ Sussex CDO		69	60	57	972	841	823
Other		902	235	471	348	215	251
Total other exposure		2,437	1,991	1,599	2,596	4,086	3,982

¹ Includes inventory previously held for Prudential, Eiger and Mainsail Warehouses now managed in the US

US RMBS Securities

□ Description

- ▶ Collateralised securities created from Residential Whole Loans
- ▶ Structured by numerous industry participants
- ▶ Tailored cash flows to suit investor appetite

□ Positions

- ▶ 96 % of Alt-A securities are AAA/AA
- ▶ Sub-prime positions reduced by £0.6bn since October primarily through hedging, although there were write-downs of circa £0.2bn in November/December

□ Trading Desk Valuation

- ▶ RMBS Securities are Marked to Model using standard cash flow based models
- ▶ Model assumptions :
 - Prepayment – Set per security based on deal composition and performance
 - Default rate – Based upon deal composition, performance and industry loss expectations
 - Yields – Base spread tracked to observable market spread levels

□ Independent Price Testing & Benchmarking

- ▶ RMBS Securities are benchmarked to external prices provided by industry data vendors (FTIDC, Mark-It, Street Software)
- ▶ If no external value is available then the following procedure is used :
 - Bonds are proxied to similar bonds or derivatives that are observable, or the relevant ABX indices
 - The derived parameters are input to a standard cash flow model (Intex) to derive the independent price
- ▶ Transaction data (sales) used where available to benchmark valuations

SIV/SIV Lite Exposure

□ Description

- SIV – Open ended credit arbitrage vehicles generating spread through investing in High Grade ABS and Financial Institutional paper (ave WAL 3.5 years) funded through Commercial Paper and MTNs (ave WAL 0.5 years)
- SIV Lite – Hybrid CDO/SIV market value structures generating spreads through investing in ABS assets (generally US RMBS and Home Equity) and funded through Commercial Paper

□ SIV/SIV Lite Positions

£m	June	Oct	Dec
SIV	925	702	590
SIV Lites	692	167	152

* Total net exposure includes CMBS, Prime and other collateral

Structure	Exposure (£m)		Total*
	Subprime	Alt-A	
SIV	22	36	590
SIV Lite	48	51	152

- ▶ 7 liquidity facilities totalling £317m is included in the SIV exposure above, of which £18m was drawn at 31 December 2007

Other exposure - ABS Backstops

☐ Description

- ▶ An issuer (ABS conduit/securitization-type vehicle) has in issue Senior (AAA) rolling 1-year notes. Barclays provides a backstop facility to the issuer such that if the remarketing spread is wider than the agreed backstop level, Barclays has the option to either :
 - Purchase the rolling note at the backstop spread
 - or
 - Cancel the agreement and purchasing a pari passu term note

☐ Positions

- ▶ 8 Backstops with notional of £3.64bn
- ▶ Counterparties :
 - Granite Master Trust
 - WestPac Sec Trust
 - Millennium Series Trust
 - Brunel Residential Mortgage Trust
 - Paragon Mortgages
- ▶ Write downs of £44m in 2007

☐ Trading Desk Valuation

- ▶ Options are marked to fair value under IAS 39
- ▶ Modeled as an option struck at the remarketing spread with the volatility equal to the market credit spread volatility
- ▶ The Day 1 P&L for these Facilities is deemed unobservable and is therefore reserved

☐ Independent Price Testing & Benchmarking

- ▶ The remarketing spread is benchmarked against other similar issues in the market
- ▶ The volatility of this spread is proxied to that observed for similar credit spreads in the market

Monoline Exposure Summary

Our most significant exposure to the Monolines arises from bonds held with monoline guarantees in the “negative basis book” (MTM at 31.12.2007 £1,335m). Total direct monoline exposure is £3.5bn (£0.3bn primary, £3.2bn trading PFE)

Total Global Financing Limits	23-Jan-08	GBP Millions
ACA CAPITAL HOLDINGS GROUP	-	-
AMBAC FINANCIAL GROUP	432	432
ASSURED GUARANTY GROUP	324	324
CIFG (part of Natixis Group)	157	157
FGIC GROUP	153	153
FSA (part of Dexia Group)	1,500	1,500
MBIA GROUP	768	768
RADIAN GROUP	0	0
SECURITY CAPITAL ASSURANCE GROUP	207	207
TOTAL		3,541
Primary Exposure (principally liquidity support to Triple A One Funding (MBIA) & MBIA revolver)	168	168
Primary Exposure (liquidity support to Sheffield Receivables Corporation on Wrapped Securitizations)	167	167
Negative Basis Trades in Trading Book directly collateralized by Financial Gtees & risked as PFE	130	130
Inflation Linked Derivative Exposure Wrapped by FSA UK Ltd & MBIA Assurance SA	1,239	1,239
Credit Derivatives Trading Exposure (Principally PFE re Negative Basis Trades)	1,836	1,836
TOTALS		3,541

- Total direct exposure to Monoline Financial Guaranty Insurers (“monolines”) totals £3.5bn.
- £0.3bn of exposure is primary. £3.2bn is in the form of trading limits where exposure is calculated on a potential future exposure basis (“PFE”)*.
- FSA, MBIA, Ambac and Assured Guaranty account for 85% of the total exposure.
- Of the £3.2bn the most significant element (£1.8bn PFE) relates to a portfolio of bonds which are guaranteed by monolines and booked as CDS Protection Purchases. A further £0.1bn of exposure is similar in nature but uses a direct guarantee structure instead of CDS. On a MTM basis the exposure on these “negative basis trades” at 31.12.2007 was £1,335m.
- Limits to monolines not part of a wider group are currently suspended pending review once the current position stabilises and ratings are more certain.

* PFE is an estimate of the potential exposure that could arise to a 98% confidence interval based on the spreads and ratings of the underlying bonds.

Negative Basis Book

Bonds held with guarantees in the negative basis book are the most significant element of direct Monoline exposure. US ABS CDO bonds guaranteed by MBIA and Ambac are the main source of the MTM exposure (£1,335m at 31.12.2007).

Negative Basis Book (31.12.2007, £m)			
Counterparty name used	Category	Notional	MTM
ACA	CDO's	19	9
ACA Total		19	9
AMBAC	CDO's (ABS)	40	
	European CLO	1,221	
	Infrastructure	435	
	US CLO	2,257	
	US High-Grade ABS	476	
AMBAC Total		4,428	235
ASSURED	Bank & Insurance TRUPs	48	
	CRE Loans	50	
	Euro REIT Trust Preferred and CMBS	701	
	European CLO	1,091	
	REIT Trust Preferred	111	
	US CLO	1,017	
ASSURED Total		3,017	109
CIFG	Bank & Insurance TRUPs	74	
	European CLO	1,126	
	US CLO	386	
CIFG Total		1,586	50
FGIC	European CLO	402	
	US CLO	1,506	
	US Mezzanine ABS	78	
FGIC Total		1,986	102
FSA	Bank & Insurance TRUPs	48	
	European CLO	108	
	US CLO	2,965	
FSA Total		3,121	106
MBIA	CRE Loans	110	
	European CLO	340	
	European Mezz ABS	682	
	US CLO	694	
	US CMBS	2,276	
	US High-Grade ABS	937	
	US Mezzanine ABS	514	
MBIA Total		5,554	718
XLCA	Emerging Markets Gov and Corp	96	
	European CLO	718	
	US CLO	304	
	US CMBS	311	
	CDO's	54	
XLCA Total		1,482	66
Total		21,192	1,395
		Credit Reserves	60
		Net	1,335

- The notional value of the underlying securities in the negative basis book is £21bn. The total includes £2bn of US High Grade and Mezz ABS CDOs guaranteed by MBIA, Ambac and FGIC (highlighted yellow).
- In order for a loss to occur in the negative basis book a default in both the underlying security and the monoline is required. The underlying bonds were all originally rated AAA and to the end of January 2008 downgrades had only been seen on a total of £1bn (largely in the US HG/Mezz ABS CDO categories).
- The nature of the policies supporting the negative basis book obligate the insurer to continue to make payments of principal and interest according to the original contract of any defaulted reference obligation – there is no MTM settlement of the obligation at default but a continuing pay as you go “PAUG” obligation from the financial guarantor. This protects the monolines from a liquidity crunch in the event of a high level of defaults in the securities they guarantee.

Indirect Monoline Exposure – Bond Inventory and CDS Trading

Indirect monoline exposure arising from securities wrapped at issue by monolines held in bond inventory and CDS trading totals £2.1bn in addition to the direct exposure already discussed.

£m	Municipal Bonds	ABS	Corporate Bonds	TOTAL
ACA	1.4	0.0	0.0	1.4
AMBAC	23.3	184.3	204.8	412.4
ASSURED	4.2	0.0	0.0	4.2
CIFG	0.9	0.0	0.0	0.9
FGIC	36.5	17.3	0.0	53.8
FSA	34.1	70.0	708.7	812.9
MBIA	14.9	124.3	155.4	294.7
RADIANT	2.7	0.0	0.0	2.7
XL CAPITAL	37.7	36.3	282.4	356.4
TOTAL	155.8	432.3	1,351.3	1,939.4

	CDS Sold - MV	Holdco	Financial Guarantor
MBIA Inc		38.2	
MBIA Insurance Corporation			70.1
AMBAC Financial Group Inc		18.4	
AMBAC Assurance Corporation			35.3
XL Capital Assurance Inc			20.5
Assured Guaranty Corporation			8.1
Financial Guaranty Insurance Company			9.2
TOTALS		56.5	143.2

- In addition to our direct exposure we have indirect exposure (i.e. the monoline is not a direct counterparty in the transaction) totalling £2.1bn arising from bond and CDS trading.
- The table above summarises wrapped bonds (bonds with a financial guaranty insurance policy attached at issue) which are carried in our secondary trading book. The values shown are MTM.
- Additionally, we are long monoline exposure via CDS trading (we have sold credit protection referencing the monolines).
- These positions are both covered by issuer trading limits which are set according to the rating of the monoline.

Commercial Banking Property Finance Summary

Barclays risk appetite for property exposure is conservative relative to peers, is tightly controlled via a series of exposure caps (mandate and scale limits) and has recently been reduced in key areas.

- Barclays has material commercial banking real estate exposure in 3 businesses/territories within Global Retail & Commercial Banking (GRCB):
 - Barclays Commercial Bank (UK)
 - Barclays Spain
 - ABSA (South Africa)
- Barclays Capital also has real estate exposure in a range of territories particularly the UK and the US.
- We have maintained a conservative risk appetite for commercial property for many years controlled by a series of mandate and scale limits which are reviewed at least annually and monitored monthly.
- In the UK our exposure both in absolute terms and as a proportion of the portfolio is lower than competitors. We have almost entirely avoided exposure to higher risk areas such as speculative commercial development and mezzanine finance.
- Risk appetite has just been revised for commercial property for the next six months with appetite held flat in most major territories with targeted reductions in areas particularly impacted by market conditions such as CMBS warehousing.

Commercial Property Exposure Overview

The environment for commercial property lending weakened during 2007 and we have reduced or held caps steady. Selective origination may see moderate book growth within these caps, which will be reviewed again in Jul 08.

Risk Appetite & Exposure

- Key markets are UK (Barclays Commercial Bank, BarCap and Wealth), US (BarCap), Spain and South Africa.
- In Spain, where the environment is challenging, we saw significant increases our EWL in H2 07 as well as impairment in excess of budget. In a Group context however this was modest at cEuro20m.
- Key take and hold limits are shown in Table 1. Additional exposure arises in other areas including CMBS warehousing, where we have reduced European warehouse limits from £10bn to £7bn, US limit from \$3bn to \$1.5bn and cancelled the £1bn MENA limit – see Table 2.
- European and US CMBS markets are all but shut; our exposure is predominantly in UK/Europe where deal structure provides an alternative exit in the form of the bank syndication market and £1bn exposure reduction was achieved via this route in Q4 07
- Caps have been held flat or reduced and will be reviewed again in Jul 2008. We remain comfortable with selective origination and modest growth in our core markets within these caps.

Table 1

	Cap	Position
UK Commercial	£12.6bn	£9.5bn
UK Residential	£8.9bn	£6.7bn
US Commercial	£6.9bn	£4.5bn
ABSA	£5.9bn	£4.3bn
Spain	£3.5bn	£3.2bn

*Position Data as at 31.12.2007; Absa cap is subject to additional concentration criteria.
Position is measured in terms of total financing limits and excludes underwriting*

Table 2

	Cap 12.07	Cap 1.08	Position
UK/Europe	£10.0bn	£7.0bn	£5.1bn
US	\$3.0bn	\$1.5bn	\$0.6bn
MENA	£1.0bn	nil	nil
Japan	£0.6bn	£0.6bn	£0.4bn

*Position Data as at 31.12.2007
Position is measured in terms of total financing limits*

Barclays Commercial Bank Property Exposure

Our stance on UK property has been cautious since the mid '90s. We called the top of the current market in mid '06 and have further tightened underwriting criteria and controls. Appetite for spec. commercial development and mezz is very low.

Risk Appetite and Exposure

- Review of trends in UK property market prepared and presented to Group Wholesale Credit Risk Management Committee in July 2006 led to agreement that we were close to the top of the market and that market price / risk balance was not attractive.
- Total property limit utilisation is currently £10.6bn which is only 12.5% of total limits (14.3% if £1.5bn of construction limits are included). This concentration is materially lower than competitors and reflects the cautious stance that has been maintained throughout the cycle.
- The focus of our exposure is on residential property (and within that to the larger names) and in the commercial sector on investment rather than development lending where the preferred route has been CMBS rather than take and hold.
- Underwriting criteria are tight and approved exceptions to these criteria are minimal.
- Our appetite for speculative commercial development is almost nil and for mezzanine finance is very low.
- Risk appetite for real estate exposure is controlled by a series of mandate and scale limits which are shown below together with current utilisation. Limits have just been reviewed and have been held flat notwithstanding a request for modest increase in line with book growth from the business.

Measure	Current Limit	Current Utilisation
Senior Take and Hold Commercial Investment	£ 4,450m	£ 4,195m
Senior Take and Hold Commercial Development	£ 900m	£ 783m
Take and Hold Commercial Property Mezz	£ 200m	£ 71m
Commercial Property Stretch Senior	£ 25m	£ -
Senior Take and Hold Residential Investment	£ 1,900m	£ 1,410m
Senior Take and Hold Residential Development	£ 5,000m	£ 4,157m
Total	£ 12,475m	£ 10,616m

Utilisation data as at 31.12.2007

2006 and 2007 Control Enhancements

- New property models implemented in 2007 for both PD and LGD
- Post sanction fulfilment centralised into specialist property "Risk Control Units" complementing dedicated property underwriting team.
- Bespoke property database under development
- Underwriting criteria and credit policy in UK Bank fully reviewed and revised
- Introduction of accredited property specialist relationship manager in Medium Business segment
- Series of new controls relating to valuation procedures introduced.

Profile of UK Competitors' Property Exposure

Barclays property and construction exposure appears to be materially lower than UK peers in both absolute and relative terms. Loans and advances have been flat since mid 2006 in contrast to competitors.

RBS	43.6	52.1	24%	25%	10%	10%
HBoS	36.2	43.5	41%	43%	10%	11%
Lloyds	13.5	18.6	19%	23%	7%	9%
Barclays	21.4	22.3	22.4	14%	13%	12%
					8%	7%
						6%

Source: 2006 and 2007 Interim Results Announcements - Loans and Advances breakdown by industry sector

Note data includes commercial and residential property and both UK and non-UK advances, UK only for RBS

- Barclays commercial property risk appetite has been relatively modest for many years with a conservative stance on commercial development and mezzanine exposure. As a result we have much smaller portfolios than UK peers RBS and HBoS.
- Barclays property and construction exposure as a proportion of either our wholesale portfolio or total portfolio is lower than RBS, HBoS and Lloyds and is on a declining trend since June 2006 in contrast to the market.

Barclays Spain Property Exposure

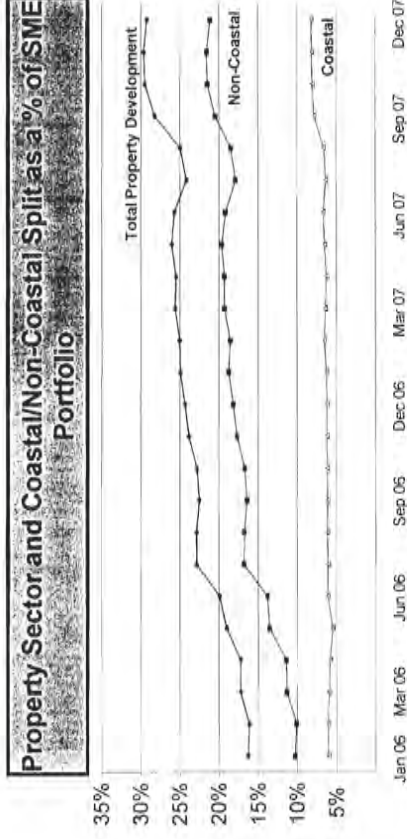
Barclays property exposure in Spain is focused on lower risk non-coastal residential development and underwriting criteria have been tightened in response to the weakening market.

Risk Appetite and Exposure

- Overall 30% of our portfolio in Barclays Spain is in property which is in line with Bank of Spain market data at 32% for the industry.
- Development exposure is c.75% focused in lower risk, non-coastal areas.
- Exposure totals c£3.3bn and is focused on residential development which feeds the residential mortgage book.
- Commercial property exposure is modest and no commercial development lending is undertaken.
- Risk appetite for property exposure in Spain has been held flat for H1 2008 in absolute terms in view of the weakening market.

Measure	Limit	Utilisation
Commercial Property Trading	£ 247m	£ 558m
Senior Take and Hold Commercial Investment	£ 309m	£ 2,632m
Senior Take and Hold Residential Development	£ 2,990m	£ 3,190m
Total	£ 3,546m	

Utilisation data as at 31.12.2007



2007 Control Enhancements

- Rapid management action was taken during 2007 as we identified the cooling of the Spanish property market :
 - Full portfolio review focused on the SME sector leading to an identification of a number of higher risk cases requiring intensive care. This led to a significant increase in EWL (+€250m) against which impairment of c€20m was required.
 - Tightening of underwriting criteria leading to increase in decline rate for residential development proposals from c15% in January 2007 to c40% in December.

ABSA Property Exposure

ABSA's property exposure is in line with peers. Risk appetite is controlled via mandate and scale limits with increases limited to overall balance sheet growth and share ensuring concentration does not increase and that share remains below 25%.

Risk Appetite & Exposure

- As in all territories, risk appetite for property exposure in South Africa via ABSA is set via a series of mandate and scale limits which are reviewed at least annually and monitored monthly.
- In ABSA additional parameters are set restricting concentration within the wholesale book and market share to 25%.
- LTVs are relatively modest in the portfolio averaging 54% and exposure to mezzanine finance is extremely small.

Measure	Exposure
Senior Commercial Property	£ 3,142m
Senior Residential Property	£ 1,075m
BEE Senior	£ 108m
BEE Mezzanine	£ 12m
Total	£ 4,337m

Utilisation data as at 31.12.2007

ABSA property exposure is controlled via concentration limits specifically:

- ABSA Commercial and Business Bank property balances not to exceed 50% of total
- ABSA wholesale property balances not to exceed 25% of total
- Market share not to exceed 25%

SA Commercial Property Market Shares	
Nedbank	32%
ABSA	21%
Investec	17%
Standard	12%
RMB/FNB	12%
Other	5%

Source – SARB data, October 2007

2007 Control Enhancements

- An extensive programme of enhancements to risk controls and MI were implemented in ABSA in 2007 with utilisation of risk appetite dependent on delivery. Included within the programme were :
 - Implementation of property risk grading models, LGD model development to be delivered in H1 2008
 - Review of underwriting criteria
 - Enhanced portfolio MI

BarCap Credit Market Related Commercial Mortgage Exposure As Published

BarCap disclosed £12.4bn of net credit market related commercial mortgage exposure as at 31.12.2007 largely focused in the US and Europe.

Commercial Mortgage-Related Net Exposures (£m)	Net Exposures June 2007	Net Exposures Oct 2007	Net Exposures Dec 2007
US Primary	2,952	5,672	5,422
US Equity Bridges	70	497	524
US CMBS Secondary	-	293	346
UK CMBS Secondary	629	1,018	970
UK/Europe CMBS Primary	4,269	5,682	4,739
CMBS	-	(16)	(19)
Asia/Japan Primary	362	605	417
Total	8,281	13,751	12,399

Risk Appetite & Exposure

- The US primary total includes CMBS warehousing, property related underwriting positions and elements of the take and hold portfolio where a market related exit route is ultimately expected.
- UK/Europe primary exposures largely relate to CMBS warehousing. These positions have been structured with the bank syndication market as an alternative exit strategy to CMBS - c. £1.0bn was syndicated during Q4 in 2007 with further expectations for syndication during 2008. The portfolio is well spread geographically (30% UK, 37% Germany, France 11%, RoE 22%) and the overall credit quality is considered satisfactory.
- Secondary exposures are net MTM values of CMBS securities held in the trading book

Leveraged Finance Summary

Barclays risk appetite in leveraged finance is conservative, is controlled via a series of exposure caps (mandate and scale limits) and has been reduced in key areas in the last 18 months.

- Barclays has leveraged finance businesses in Barclays Capital and UK Commercial Banking
- In UK Commercial Banking a distinction is drawn between higher leverage deals introduced by Financial Sponsors where exposure has declined by c30% in the last 18 months and is now c£2.5bn (of which only £83m is mezzanine finance) and deals arising from M&A activity within our existing customer base where lower leverage levels apply and our appetite is higher, though with an increasing focus on distribution. Exposure in the Corporate portfolio totals £3.5bn.
- In Barclays Capital appetite for take and hold leveraged exposure has been and remains comparatively low. Total leveraged take and hold exposure is c£1.7bn. We have very limited appetite to hold subordinated leveraged exposure.
- Barclays Capital has exposure to leveraged underwriting positions of £8.7bn of which c.£7.4bn (net of writedowns) relates to deals executed pre credit crunch where current market conditions are inhibiting distribution. The portfolio is focused on a small number of names notably Alliance/Boots, AA/Saga and Alltel where we are comfortable with performance and credit quality. Equity bridge exposure within these names is negligible at <£2m.
- Leveraged finance exposure is controlled by a series of mandate and scale limits focused on limiting exposure in the higher risk areas.

Barclays Commercial Bank - Leveraged Portfolio

Exposure to Financial Sponsors leveraged loans within BCB was reduced by 25% in 2007, partially offset by an increase in the lower geared corporate leveraged book.

Risk Appetite & Exposure

- UK Commercial Bank differentiates between higher risk leveraged finance business introduced by Financial Sponsors and generally lower leveraged corporate finance provided to existing customers involved in M&A activity. The definition of corporate leverage begins at 2.5xEBITDA.
- Our risk appetite is defined and exposure controlled using mandate and scale limits for each of the sectors which are reviewed at least annually and monitored monthly.

Financial Sponsors

- Exposure to Financial Sponsors Leveraged business has reduced by one-third during the past 18 months from a peak of c£4bn to c£2.6bn at end December 2007. This has been achieved through greater distribution and reduced hold appetite (see appendix for details).
- Mezzanine exposure in Financial Sponsor transactions has also reduced almost 50% from £160m at December 06 to £83m at end Dec 07 as a result of aggressive sell down of subordinated debt on new originations.
- Our strategy is to maintain a more conservative stance on Financial Sponsors given potential vulnerability of the market to weaker economic conditions. We will consider reducing both mandate and scale limits and exposure further during 2008.

Corporate Leverage

- Corporate leveraged exposure has grown by c. £300m to £3.5bn during 2007.
- Currently £500m of Corporate exposure is included in Corban 2 (balance sheet CLO completed in 2007), which provides second loss protection.
- Our strategy is to continue to grow corporate leveraged finance business which is both lower risk and supportive to our business franchise, but increase market distribution once investor demand returns.

2006 & 7 Control Enhancements

- Specialist Risk Control Units for post sanction fulfilment and monitoring and control introduced supporting existing specialist sales and risk teams.
- Credit policy including underwriting criteria were fully revised during 2007.
- New PD models implemented in 2007

Mandates & Scale Limits		Jan-07		Dec-07	
£m		Limit	Position	Limit	Position
BCB Financial Sponsors		4,050	3,255	3,500	2,637
BCB Corporate Leverage		3,230	3,190	3,480	3,220
Total		7,280	6,445	6,980	5,857
					6,070

Barclays Capital Sponsor-Led Leveraged Finance

BarCap's business model in leveraged finance is to originate and distribute with modest appetite for take and hold. Market conditions have resulted in a number of underwrites awaiting distribution. Credit quality on these positions is satisfactory.

Risk Appetite & Exposure

- Risk appetite for leveraged finance is set and controlled via a series of mandate and scale limits which are reviewed at least annually and monitored monthly.
- BarCap typically aims to hold no more than 10% of senior facilities, although where the deal size is significant this may be considerably smaller.
- We have significant exposure to unsold underwrites from before the start of the market turmoil. The portfolio is focused on 3 names (AA/Saga, Alliance/Boots and Alltel) where we believe credit quality is strong.
- Barclays is ranked 11th globally in terms of stale underwriting (Top 3: Citi £30bn, BoA £27bn and JPM £21bn – source: Lehman's Global Equity Research).

Primary Leveraged Exposure (£m)	Stale	New Business	Total
Underwriting - committed positions	£7,558	£1,151	£8,709
Of which 2 nd Lien is:	£759	£60	£819
Of which other Junior Debt is:	£1,543	£182	£1,725
Holds - existing portfolio			£905
Holds - targeted in u/writing positions			£753
Total targeted holds			£1,657
Total Primary Exposure (ex swaps)			£10,366
CLO Warehouses			£1,166

Figures as at 31 December 2007

New Business refers to deals structured on post market dislocation terms

2008 Control Enhancements

- We are working to more conservative guidelines for new business, covering deal size, leverage, covenants, sponsors, terms/pricing, distribution and overall Book Hold positions for the near term. Meantime we are working hard on each stale underwrite position (£7.6bn of £8.7bn underwrite book) with a view to restructuring in order to appeal to current investor appetite.
- All underwrite positions are discussed at monthly Risk Review Committee which includes representatives from Group, Credit, Global Loans and IBD.

BarCap: Major Leveraged Positions Awaiting Distribution

Market disruption has resulted in a significant exposure to stale leveraged underwriting positions. We are comfortable with overall credit quality particularly of the largest 3 names (AA, Alltel and Boots) which comprise c.75% of the total.

£m	Region	Senior	2 nd Lien	Other Sub	Total
AA/Saga	Europe	1,810	325	325	2,460
Alltel	US	1,570	-	780	2,349
Alliance Boots	Europe	602	100	-	704
BUPA	Europe	361	-	14	375
Brakes	Europe	200	99	66	365
Endemol	Europe	253	33	42	328
DSI	Europe	231	38	51	320
Ineos	Europe	-	115	151	266
USPE	Europe	141	27	43	211
YPC	Asia	-	-	63	63
Other 9 deals	All	89	22	7	118
Total		5,256	759	1,543	7,558
Less Writedowns					190
Net Exposure					7,368

Data as at 31.12.2007

- Stale underwriting exposure totals £7.6bn across 19 deals. £7.4bn net of writedowns.
- We are comfortable with overall credit quality and in particular the top 3 names which account for c.75% of exposure
- Although markets remain difficult we have taken advantage of small and fluctuating pockets of liquidity to reduce exposure most notably with sale of Boots Mezz in the UK and Dubai Aerospace in the US.

BarCap: Global Unidentified Impairment

A global unidentified impairment charge of £60m (net of fees) has been taken

-
- Our leveraged finance assets are held in our banking bank on an accrual accounting basis and as assets are performing there is no charge for unidentified impairment. However, given the degree of dislocation experienced in the leveraged finance syndication markets throughout 2007, we felt it prudent to take a reserve on a portfolio basis to reflect the lower pricing that may result from distributing our current underwrite book over an extended period of time. The subsequent impairment charge taken in Q4 2007 (£60m after fees of £130m) was purely as a result of the prevailing syndication market conditions, rather than any concerns with the fundamental credit quality of the underlying credits.
 - Whilst global leveraged finance markets remain volatile, the principal assumptions used in the impairment methodology are viewed as continuing to be sound.
 - Importantly the loans are performing as contractually agreed with no impairment positions. As such, the stance in marking an unidentified impairment in the absence of any material credit concerns is viewed as a conservative approach, and represents a “fair value” assessment of the portfolio

Document Produced in Native Format

Barclays Capital

Sub-prime Exposures February 29th 2008

Super Senior Exposures

High Grade Super Senior Exposures	Write Downs		Net Exposure	Marking Assumption
	Notional	as at Feb 2009		
Pampelonne 1	1,250	(636)	614	NAV
Pampelonne 2	2,000	(763)	1,237	NAV
Markov	2,000	(1,546)	454	NAV
Buckingham I	1,000	(34)	966	CF loss
Buckingham II	1,300	(58)	1,242	CF loss
Buckingham III	1,500	(264)	1,236	CF loss
Citius I	1,808	(57)	1,751	CF loss
Citius II	1,926	(226)	1,699	CF loss
Liberty Harbor	1,800	(135)	1,665	CF loss
	14,584	(3,720)	10,864	
Mezzanine Super Senior Exposures				
Camber VI	750	(268)	482	NAV
Stack 2005-2	500	(171)	329	NAV
Tenorite	1,250	(524)	726	NAV
Silverton	750	(291)	459	NAV
Tourmaline I	750		750	CF loss
Tourmaline II	1,000	(48)	952	CF loss
	5,000	(1,302)	3,698	
Grand Total	19,584	(5,022)	14,562	

** NAV (Net Asset Value) marking assumptions involves looking through to the underlying assets and marking then to market on a security by security basis. The NAV shortfall is then applied to the Super Senior exposure.

** CF Based marking involves looking through to the underlying assets current delinquency rate and projecting this loss assumption across the tenor of the asset. The cumulative loss is then applied to the SS exposure above the attachment point.

Other US Sub-Prime Exposures

	DEC 07	JAN 08	FEB 08	FEB EXPOSURES BY VINTAGE			
				04	05	06	07
Whole Loans							
EquiFirst (new orig.)	1,238	1,330	1,457				1,457
EquiFirst (old orig.)	4,453	4,468	4,239	2	4	144	4,089
Third-party	728	596	690	3	54	284	350
Total Whole Loans	6,419	6,394	6,386	5	58	428	5,896
Residuals							
NIMS	225	209	138		19	43	76
Post NIM Residuals	241	236	160	16	115	23	7
Total Residuals	466	445	297	16	134	66	83
Other							
RMBS Securities / ABX	(1,618)	(1,852)	(828)		(3)	(751)	(73)
Other direct and indirect sub-prime exposure	2,122	2,370	2,356				
	505	519	1,528	-	(3)	(751)	(73)
Grand Total	7,390	7,357	8,212				

Other US Sub-Prime Exposures Cont.

** Whole Loans are marked to Model with the following assumptions :

- * Prepayment rates - At individual level
- * Default rates - Use S&P levels model to project default rates at individual Loan level
- *Yields - Base spread tracked to observable market spread level
- *Liquidity - An additional spread is added to the yield in order to provide a liquidity discount.

** Nims / POST NIMS marked to Model with the following assumptions :

- * Prepayment rates - At individual level
- * Default rates - Deal specific "Roll Rate analysis using HOMEQ loan servicing portfolio (280,000 loans) to derive statistical loss projections
- *Yields - Base spread tracked to observable market spread level
- *Liquidity - An additional spread is added to the yield in order to provide a liquidity discount.

** RMBS Securities Market Values are computed based on the Net Asset Value of the underlying collateral

- * The value of the underlying bonds is computed using the standard Barclays Capital model for ABS securities
- * The total value of the underlying collateral represents the funds available to settle the obligations of the CDO in the event of unwind or liquidation
- * If this value represents losses in excess of the value of the issued Capital Notes, these losses will be incurred by the Super Senior note holder
- * This is therefore an economic representation of the impact of liquidation or consolidation

This valuation represents a worst case loss since :

- * At liquidation competitive market bids will be sought for the collateral
- * Any bid higher than the NAV would represent additional funds to be returned to the Senior notes

Alt-A Exposures

	DEC 07	JAN 08	FEB 08	FEB EXPOSURES BY VINTAGE			
				04	05	06	07
Alt-A Whole Loans	1,820	1,816	1,787	431		15	1,341
Alt-A Residuals	50	47	42				42
ALT-A Securities	5,605	5,718	5,634	64	417	2,115	3,038
Other direct and indirect Alt-A exposure	2,371	2,419	2,206				
	9,846	10,000	9,669				

** Whole Loans are marked to Model with the following assumptions :

* Prepayment rates	- At individual level
* Default rates	- Use S&P levels model to project default rates at individual Loan level
*Yields	- Base spread tracked to observable market spread level
*Liquidity	- An additional spread is added to the yield in order to provide a liquidity discount.

Monoline Insurers

Monoline	\$mm		Monoline Exposure	Current Reserve	Stress reserve 2 point downgrade
	Current DG	Notional			
AMBAC ASSURANCE CORPORATION	2	(8,720)	461.89	21.35	36.64
ASSURED GUARANTY CORPORATION	1	(6,110)	342.73	13.35	19.54
CIFG	1	(3,152)	137.45	3.61	5.77
FINANCIAL GUARANTY INSURANCE COMPANY	4	(3,958)	254.08	16.52	22.39
FINANCIAL SECURITY ASSURANCE INC	1	(6,232)	359.41	3.88	7.80
MBIA INSURANCE CORPORATION	2	(11,028)	1,365.03	115.29	149.72
XL CAPITAL ASSURANCE INCORPORATED	4	(2,948)	253.45	26.85	34.12
TOKIO MARINE	1	-	0.00	0.00	0.00
Grand total		(42,148)	3,174	201	276

External Equivalent	DG
AAA	1
AA	3
A	4
BBB	6
BB	10
B	14
CCC	18
D	22

** Monoline exposures represent the expected loss based on a CF stress analysis of the underlying collateral embedded in the referenced asset similar to the Super Senior exposures.

CMBS

Commercial Mortgages	DEC 07	JAN 08	FEB 08
US CMBS Secondary	652	652	652
LDN CMBS Secondary	1,941	1,727	1,528
	2,593	2,379	2,180

** CMBS Securities are Marked to Model using a standard cash flow based model.

Model assumptions:

- * Prepayment - Set per deal based on deal composition
- * Yields - Base spreads tracked to observable spread movements

*Approximate from RMBS desk offer sheets

CRE

CRE Exposures	DEC 07	JAN 08	FEB 08
US CMBS Primary	10,880	10,994	10,976
LDN CMBS Primary	9,479	9,512	9,566
Equity Bridges	1,048	1,045	1,038
Asia/ Japan Whole Loans	834	811	811
	22,241	22,363	22,391

** Securitized portfolio is fully hedged via a combination of interest rate swaps and CMBS Total return Index swaps, and marked to hedge levels.

** Take and Hold loans are initially marked down by their contracted origination fee (0.5% to 1%) and are monitored for property level performance. Any material property level performance issues will be reflected in individual loan marks

Leveraged Finance

EXHIBIT 80

FILED UNDER SEAL

From: Chung, Cilla: PA to R. Morrice (HKG) [/O=BZW/OU=HONG KONG/CN=RECIPIENTS/CN=RCOO/CN=CHUNGC]
Sent: Wednesday, March 19, 2008 2:26:44 AM
To: Ricci, Rich: Barclays Capital; Morrice, Robert: CEO Asia Pacific (HKG); Clackson, Patrick: Finance (LDN); Le Blanc, Robert: Group Risk (LDN); Merson, Mark: Barclays PLC
CC: Spinale, Anthony: Barclays Capital; Raby, James: Planning (LDN); Shipley, Debbie: Barclays Capital (LDN); Stanley-Johns, Jacqui: Barclays Capital; Plews, Jean: Group Risk (LDN); Johnson, Denise: Finance (LDN)
Subject: Temasek meeting - Wednesday 19 March
Attachments: Conference call with Barclays today.msg; Crib sheet (1-pager).pdf

Please find attached papers for the call with Temasek today.

Email sent today from Robert Morrice to Temasek



Conference call
with Barclays to...

1 page crib sheet on credit market exposures (note: this is not for external circulation). This should be printed in A3. You should also note that this is the same document Patrick distributed out yesterday afternoon.



Crib sheet (1-
pager).pdf

Regards,
Cilla

From: Shipley, Debbie: Barclays Capital (LDN)
Sent: 18 March 2008 16:56
To: Shipley, Debbie: Barclays Capital (LDN); Stanley-Johns, Jacqui: Barclays Capital; Chung, Cilla: PA to R. Morrice (HKG); Plews, Jean: Group Risk (LDN); Wilson, Wendy: Barclays PLC; Johnson, Denise: Finance (LDN); Taiani, Sarah: GFRM (LDN); Tervit, Emma: GFRM (LDN)
Cc: Spinale, Anthony: Barclays Capital; Raby, James: Planning (LDN)
Subject: Temasek meeting - dial in details on Wednesday 19 March

Please note dial in details for the call with Temasek on **Wednesday, 19th March at 0830-1030 UK / 1630-1830 SIN**. As mentioned this will be a call and not a video conference.

London venue: Bob Diamond's conference room (5NC).

Dial in number:

Meeting ID: 2288

AP Meetingplace Access Numbers:

Barclays Singapore, Tokyo, Hong Kong: 2211
Barclays Global dial: 8308 2211

Dial in numbers when outside Barclays offices:

United Kingdom: +44-(0)20-7773-6000

For further information, contact the AV Team on: +65 6828-5553

Attendees:

Barclays/Barcap

Rich Ricci

Robert Morrice (by phone)

Robert LeBlanc

Chris Lucas (apologies)

Patrick Clackson

Lee Guy

Linda King

Temasek

Ms CHIAM Fong Sin - Director, Investments

Ms Archana Parekh - Associate Director, Investments

Ms HUANG Zijuan - Associate, Investments.

Kind regards,

Debbie Shipley

PA to Anthony Spinale

Tel: + 44 (0) 207 773 3544

Fax: + 44 (0) 207 773 4848

email: debbie.shipley@barcap.com

From: Shipley, Debbie: Barclays Capital (LDN)
Sent: 17 March 2008 10:46
To: Shipley, Debbie: Barclays Capital (LDN); Stanley-Johns, Jacqui: Barclays Capital; Chung, Cilla: PA to R. Morrice (HKG); Plews, Jean: Group Risk (LDN); Wilson, Wendy: Barclays PLC; Johnson, Denise: Finance (LDN); Taiani, Sarah: GFRM (LDN); Tervit, Emma: GFRM (LDN)
Cc: Spinale, Anthony: Barclays Capital
Subject: Temasek prep meeting - confirmation - Tuesday 18 March

Dear All,

The Temasek prep call/meeting has been confirmed at **0800-0900 (LND) on Tuesday 18 March**, in Rich Ricci's office. A dial in number has been arranged below, for those joining by phone.

Dial in number is: +44 (0) 20 777 33113 - PIN: 8148#

Attendees:

Rich Ricci

Robert Morrice (by phone)

Robert LeBlanc (by phone)

Chris Lucas (apologies)

Patrick Clackson

Lee Guy

Linda King

Please also note the meeting with Temasek will now be a conference call (not video) and is confirmed on **Wednesday, 19th March at 0830-1030 UK / 1630-1830 SIN** - a dial in number will follow shortly.

London venue: Bob Diamond's conference room (5NC).

Attendees:

Barclays/Barcap

Rich Ricci

Robert Morrice (by phone)

Robert LeBlanc

Chris Lucas (apologies)

Patrick Clackson

Lee Guy

Linda King

Temasek

Ms CHIAM Fong Sin - Director, Investments

Ms Archana Parekh - Associate Director, Investments

Ms HUANG Zijuan - Associate, Investments.

Kind regards,

Debbie Shipley

PA to Anthony Spinale

Tel: + 44 (0) 207 773 3544

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email: debbie.shipley@barcap.com

From: Shipley, Debbie: Barclays Capital (LDN)
Sent: 14 March 2008 15:01
To: Shipley, Debbie: Barclays Capital (LDN); Stanley-Johns, Jacqui: Barclays Capital; Chung, Cilla: PA to R. Morrice (HKG); Plews, Jean: Group Risk (LDN); Wilson, Wendy: Barclays PLC; Johnson, Denise: Finance (LDN); Taiani, Sarah: GFRM (LDN); Tervit, Emma: GFRM (LDN)
Cc: Spinale, Anthony: Barclays Capital
Subject: RE: Video conference - Availability request [Prep meeting]

Thank you for your prompt responses - can you please hold **Wednesday, 19th March at 0830-1030 UK / 1630-1830 SIN** in the diaries and I will be in touch with more details.

I now need to arrange a prep call/meeting (1hr) on Tuesday 18 March - can you please provide your availability for the following times:

Tues 18 March

0800-0900 (LND)

1000-1130 (LND)

Thanks,

Debbie Shipley

PA to Anthony Spinale

Tel: + 44 (0) 207 773 3544

Fax: + 44 (0) 207 773 4848

email: debbie.shipley@barcap.com

From: Shipley, Debbie: Barclays Capital (LDN)
Sent: 14 March 2008 09:14
To: Stanley-Johns, Jacqui: Barclays Capital; Chung, Cilla: PA to R. Morrice (HKG); Plews, Jean: Group Risk (LDN); Wilson, Wendy: Barclays PLC; Johnson, Denise: Finance (LDN); Taiani, Sarah: GFRM (LDN); Tervit, Emma: GFRM (LDN)
Subject: Video conference - Availability request

Dear All,

I have been asked to arrange a video conference (lasting approx 2hrs) with Temasek, I understand your managers are aware that this call is being arranged. Temasek have offered us Wednesday, 19th March at 0830 UK / 1630 SIN - **can you please let me have your manager's availability as soon as possible.** I will also be in touch to schedule a prep call prior to this video conference.

Attendees:

Rich Ricci
Robert Morrice
Robert LeBlanc
Chris Lucas
Patrick Clackson
Lee Guy
Linda King

Temasek (attendees tba)

Thanks,

Debbie Shipley
PA to Anthony Spinale
Tel: + 44 (0) 207 773 3544
Fax: + 44 (0) 207 773 4848
email: debbie.shipley@barcap.com

From: Chung, Cilla: PA to R. Morrice (HKG) [/O=BZW/OU=HONG KONG/CN=RECIPIENTS/CN=RCOO/CN=CHUNGC]
Sent: Wednesday, March 19, 2008 2:25:19 AM
To: zijuan@temasek.com.sg; 'fongsin@temasek.com.sg'; archana@temasek.com.sg
CC: Morrice, Robert: CEO Asia Pacific (HKG)
Subject: Conference call with Barclays today
Attachments: 2007 Barclays Results Announcement Final - Note 18.pdf

Zijuan,

Thank-you for your list of questions.

In preparation for the meeting today, I have attached a copy of Note 18 from our 2007 results announcement which covers Barclays Capital credit market positions as at 31/12/07. This note covers our exposures within Barclays Capital across ABSCDO Super Senior, Other US subprime, Alt-A, Monoline insurers and commercial mortgages.

Due to selective disclosure issues we are not able to provide any further written information at this stage, however we will be able to discuss broadly our exposures by vintage and mark assumptions in the meeting. You should also note relating to your monoline question, we are unable to disclose any information relating to individual counterparties, but will discuss in more detail our exposure to monolines in general.

If there are any further areas you would like to discuss outside those addressed in Note 18, we will be happy to pick them up in the meeting.

Dial in details for the call today at 1630 SIN time as follows:

Date/Time: March 19, 2008 at 16:30 Asia/Hong_Kong
Meeting ID: 2288
Singapore: +65-6308-2211

Attending the call from Barclays:

Rich Ricci
Robert Morrice
Robert LeBlanc
Patrick Clackson
Mark Merson

Kind regards,
Robert Morrice

BARCLAYS PLC

NOTES

18. Barclays Capital credit market positions

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

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

	As at	
	31.12.2007	30.06.2007
	£m	£m
ABS CDO Super Senior		
High Grade	4,869	6,151
Mezzanine	1,149	1,629
Exposure before hedging	6,018	7,780
Hedges	(1,347)	(348)
Net ABS CDO Super Senior	4,671	7,432
 Other US sub-prime		
Whole loans	3,205	2,900
Other direct and indirect exposures	1,832	3,146
Other US sub-prime	5,037	6,046
 Alt-A	4,916	3,760
 Monoline insurers	1,335	140
 Commercial mortgages	12,399	8,282
 SIV-lite liquidity facilities	152	692
 Structured investment vehicles	590	925

ABS CDO Super Senior exposure

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

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

