BARCLAYS PLC
Form 6-K
August 07, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 6-K

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

August 7, 2008

Barclays PLC and
Barclays Bank PLC
(Names of Registrants)

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

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

Form 20-F x Form 40-F

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

Yes No x

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

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

This Report comprises:

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

EXHIBIT INDEX

Interim Results - dated August 7, 2008

SIGNATURES

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

BARCLAYS PLC
(Registrant)

Date: August 7, 2008

By: /s/ Patrick Gonsalves

Patrick Gonsalves
Deputy Secretary

BARCLAYS BANK PLC
(Registrant)

Date: August 7, 2008

By: /s/ Patrick Gonsalves

Patrick Gonsalves
Joint Secretary

Barclays PLC
Interim Results Announcement

30th June 2008

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1 CHURCHILL PLACE,
LONDON
,
E14 5HP
,
UNITED KINGDOM
. TELEPHONE: +44 (0) 20 7116 1000. COMPANY NO. 48839

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

Forward-looking Statements

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

Additional risks and factors are identified in this document in "principal risks and uncertainties" and in our filings with the US Securities and Exchange Commission (the 'SEC') including in our annual report on form 20-F for the fiscal year ended 31st December 2007 which is available on the SEC website at http://www.sec.gov.

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

Summary of Key Information

Group Results	**Half Year Ended**		**Change**
	30.06.08	**30.06.07**	
	£m	£m	%
Total income net of insurance claims	11,843	11,902	-
Impairment charges and other credit provisions	(2,448)	(959)	155
Operating expenses	(6,664)	(6,847)	(3)
Profit before tax	2,754	4,101	(33)
Profit attributable to equity holders of the parent	1,718	2,634	(35)
Economic profit	501	1,609	(69)
Basic earnings per share	27.0p	41.4p	(35)
Diluted earnings per ordinary share	26.2p	40.1p	(35)
Dividend per share	11.5p	11.5p	-
Net asset value per share	339p	320p	6
Performance Ratios			
Return on average shareholders' equity	14.9%	25.6%	
Cost:income ratio	56%	58%	

Cost:net income ratio	71%	63%	

Profit Before Tax by Business [1]	£m	£m	% Change
UK Retail Banking	690	646	7
Barclays Commercial Bank	702	706	(1)
Barclaycard	388	299	30
Global Retail & Commercial Banking Western Europe	115	105	10
Global Retail & Commercial Banking Emerging Markets	52	60	(13)
Global Retail & Commercial Banking Absa	298	271	10
Barclays Capital	524	1,660	(68)
Barclays Global Investors	265	388	(32)
Barclays Wealth	182	173	5

	As at	**As at**
Capital	**30.06.08**	**31.12.07**
Equity Tier 1 ratio	5.0%	5.1%
Tier 1 ratio	7.9%	7.6%
Risk asset ratio	12.6%	11.2%
Total shareholders' equity	£32,822m	£32,476m
Risk weighted assets (Basel II)	£352.7bn	£353.9bn

1

Summary excludes Head Office functions and other operations.

Performance Highlights

"In the difficult environment of the first half of 2008, Barclays remained solidly profitable, albeit at levels below the record performance achieved last year.
We were helped by the earnings diversification that we have created across the Group and by our improved ability to flex both costs and balance sheet. This enabled us to absorb the cost of the credit
market
dislocation while seeking opportunities in areas of long term growth."
John Varley, Group Chief Executive

Income in line with record prior year despite challenging conditions
Costs
decreased
3%, leading to a two percentage point improvement in the cost:income ratio
Group profit before tax of £2.75bn, reflecting lower profits from Investment Banking and Investment Management as a consequence of the credit market dislocation and an increased contribution from Global Retail and Commercial Banking:
Improved profitability, tight cost control and strong mortgage book growth in UK Retail Banking
Stable performance in Barclays Commercial Bank, consistent with cautious lending approach
Very strong
profit
growth at Barclaycard with good progress both internationally and in the UK
Accelerated investment in Barclays international retail and commercial banking network reflected in very strong income growth
Barclays Capital profitable
after a further £1bn of net losses in the second quarter due to credit market dislocation, in addition to the

£ 1bn already announced in the first quarter; costs and credit market exposures significantly reduced
Solid income growth at Barclays Global Investors
and
selective support for liquidity products
Broadly based income growth in Barclays Wealth
Capital ratios strengthened following July equity issuance:
Pro forma
Tier 1 capital ratio of 9.1% and Equity

Tier 1 ratio of 6.3%
Interim cash dividend maintained at 11.5p

Group Chief Executive's Review

The conditions in the market that we have seen over the course of the last twelve months are as difficult as we have experienced in many years. Although I take some comfort from our relative performance in managing our risks and in generating income, a decline
in

profit of 33% is acutely disappointing. And I add to that my disappointment at the decline in our share price. Our shareholders have had to endure a lot. We are, and we will be, working as hard as we can to create the conditions that enable a higher price to be placed on our shares over time.

At the same time, however, profit before tax of £2.75 billion for the period reflects stable income year on year; an improvement of two percentage points in our cost:

income ratio; and substantial investment in our distribution channels in retail and commercial banking outside the United Kingdom
in pursuit of future growth.
We have experienced significant writedowns.
We have been alert to the changing risk environment
, and because of that we were reducing our risk exposures
in many business areas
throughout 2007 and have continued to do that during the first half of 2008. That has certainly had the effect of mitigating the impact on our profits, as has the significant diversification of the business by geography and by business line over the last years. But it would be wrong in this review to suggest that the market conditions over the foreseeable future will be anything other than tough,
not least because we are now seeing the impact of slowing economies around the world and that means that we must remain very vigilant to managing risk. In some areas of our business, it may take quite some time for volumes to be restored to those we have seen in the past: we see patterns of deleveraging by both companies and personal customers around the world, and this will continue to have an impact on activity levels.
The combination of turbulent markets and slowing economies requires us to be agile in managing business performance.

But for all the impact of the difficult environment, the medium term drivers of growth in the global financial services industry are substantially unchanged: the privatisation of welfare provision; wealth management and wealth transfer; the growth of retail banking
in the developing world; the increasing use of capital markets for financing and risk management; the pursuit of yield by investors; and the demands on capital markets to fund infrastructure development - these sources of growth endure.

Our strategy is to align Barclays with those opportunities.

That is why
we have continued during the half to invest in the broadening of our physical footprint in
Global Retail and Commercial Banking; and in origination and coverage in
Investment Banking and Investment Management.

And we see advantage in the fact that the competitive landscape has changed significantly over the last twelve months because the
market dislocation has reduced the ability or determination of some hitherto strong market participants to compete aggressively.
Barclays strategy is to achieve superior growth through time by diversifying its profit base and increasing its presence in markets and segments that are growing rapidly. In executing our strategy, we continue to focus on our four strategic priorities which are: building the best bank in the
United Kingdom
; accelerating the growth of our global businesses; developing retail and commercial banking activities in selected countries outside the
United Kingdom
; and enhancing operational excellence.
I will consider each of these strategic priorities in turn.
In
UK Retail Banking
we have achieved market leading shares of new business in the core product areas of current accounts, savings and mortgages. The improvement in market positioning here is substantial - most obviously in mortgages, where our share of net new business in the first half of 2008 was 2
6
% compared with 6% in the equivalent period of last year. Meanwhile, we have improved the

cost:income
 ratio of the business (and maintain our target of improving the annual ratio by three percentage points from 57% in 2007 to 54% in 2010). Our financial performance in the first half benefited from these trends.
In
Barclays Commercial Bank
 profit was affected by significant investment directed at increasing the number of
product specialists and
relationship managers
 and the supporting risk and operations infrastructure
. Loan balances continued to grow during the half, but we have been careful to ensure that our assets are appropriately diversified in advance of a normalisation of loan loss rates that we have predicted for some time. For example, property and construction comprises
13
% of our
UK
 commercial loan book, a significantly lower proportion than would be seen generally across the
UK
 market.

Group Chief Executive's Review

In
Barclaycard
 we have made substantial progress in sustaining our
UK
 leadership position whilst significantly improving profitability. As well as acquiring the Goldfish business at an attractive price, we recruited about
 200,000

net
new
UK

customers during the first half of 2008 but maintained a selective approach to new business that saw us continue to reject about half of the applications that we receive. We see credit cards as one of our global businesses and we have made further substantial steps in the development of Barclaycard outside the
UK
. Barclaycard International contributed over a quarter of Barclaycard's profits in the first half and over
75
% of Barclaycard's new customers during the period. We continue to expect Barclaycard
US
 to contribute US$150m in profit before tax this year, thereby achieving the target that we set following the acquisition of the business at the end of 2004.
Investment Banking and Investment Management
, which is the home of the other businesses in the Group that we think of as "global",
 was confronted during the first half of the year with very testing trading conditions
. Although the profits of both
Barclays Capital
 and
Barclays Global Investors

suffered from the consequences of the
credit
market dislocation, the impact on the performance of both businesses was mitigated by the investments in asset class diversification that we have made in recent years. This helped generate record income levels in Barclays Capital in

interest rate products,
commodities, prime services
and emerging markets
and continuing brisk growth at BGI in the income from our exchange traded funds business iShares. In Barclays Capital we made progress in reducing US sub-prime and other credit market exposures. In BGI we took further steps to provide selective support of liquidity products; whilst this has had the effect of reducing profits in the first half, it has been an important source of reassurance to our clients. We have continued to see flows of new assets into BGI during the period. We see Barclays Capital and Barclays Global Investors as engines of future growth for Barclays, and have made further selective new hires in both businesses.

Barclays Wealth
has similar growth characteristics, and although
impacted by lower market levels, we have achieved
profit growth
and
continued during the half year to invest in the recruitment of client-facing staff.

We have made the biggest changes to the future growth opportunity in Barclays by the focus we are directing at developing our retail and commercial banking activities outside the
United Kingdom
. Most of this activity has been organic. We have expanded our distribution points in all areas of the business; opening
191 new branches or sales outlets in
GRCB
-
Western Europe,
321

in
GRCB
-
Emerging Markets
and
160

in
GRCB
-
Absa
during the first six months of the year. This distribution-led growth is transforming the scale and prospects of the business. We saw particularly strong income growth during the half in two markets that we have recently entered -
India
and
United Arab Emirates
. At the same time we have acquired Expobank as a first step to increasing our presence in
Russia, and we
will soon launch
our business in

Pakistan. We expect to have opened 250 further branches and sales outlets outside the UK by the end of 2008.

The focus of our work in the area of "**operational excellence**" is directed at the management of risk, cost and capital. In risk management, we have sought to position our major books of business conservatively in the expectation of the cyclical downturn in countries where we have large presences - the United Kingdom, Spain and South Africa. Although our performance in these markets will be affected by economic slowdown, we hope that we will outperform as a result of actions that we have already taken. Meanwhile, we have managed our costs aggressively, achieving substantial reductions in costs in Barclays Capital and an improved cost:income ratio for the Group as a whole. In the area of capital, we intend to direct just over half of the new capital raised in July at maintaining ratios ahead of target for the foreseeable future, and half to support future growth. We have directed a lot of attention during 2008 at managing the level of risk weighted assets across the Group.

It is important to be both realistic about the outlook - which remains tough - and confident about the direction of our strategy and our ability to implement it. I draw confidence from our performance over the last twelve months. Our focus in the months ahead will be on executing our strategy.

John Varley, Group Chief Executive

Group Finance Director's Review

Group Performance

In the first half of 2008 Barclays delivered profit before tax of £2,754m, a decline of 33% on the record performance of 2007. Earnings per share were 27.0p and we maintained the dividend in cash at the 2007 interim per share level of 11.5p.

Income was in line with 2007 at £11,843m. Income grew in all businesses apart from Barclays Capital, and growth was particularly strong in retail and commercial banking businesses outside the

UK
. Net income, after impairment charges, of £9,395m was 14% lower than 2007, and included net losses of £1,979m on credit market exposures, net of gains of £852m arising from the fair valuation of notes issued by Barclays Capital. Impairment charges and other credit provisions of £2,448m included charges related to
US
sub-prime mortgages and other credit market exposures of £1,108m. Excluding these sub-prime related charges, impairment charges increased
40%. In UK Retail Banking, impairment charges increased slightly as a result of higher balances.
UK
mortgage
impairment
charges remained very low as our book is conservatively positioned. In Barclaycard
UK
impairment charges decreased. The
UK
wholesale and corporate charge was higher than the first half of 2007 but remained relatively low and within expectations in a generally steady wholesale environment. Significant growth in impairment charges in our international retail and commercial banking businesses reflected: very strong book growth and a changed asset mix in emerging markets; the impact on consumers of the macroeconomic backdrop in
South Africa; and a deteriorating property market in
Spain.

Operating expenses decreased 3% to £6,664m. We continued to invest in our distribution network in our international retail and commercial banking businesses. Costs were flat in UK Retail Banking and significantly lower in Barclays Capital. Gains from property disposals were £120m (2007: £147m). The Group cost:income ratio improved two percentage points to 56%.

Business
Performance - Global Retail and Commercial Banking

UK Retail Banking
profit before tax grew 7% to £690m. Income grew 3% to £2,176m, reflecting growth in Personal Customer Savings Accounts and Local Business and lower settlements on overdraft fees. We achieved a share of net new mortgage lending of 26%. Operating expenses were in line with 2007. Impairment charges increased 4%, and mortgage impairment remained low.

Barclays Commercial Bank
profit before tax decreased 1% to £702m. Income growth of 7% reflected increased sales of treasury products. Costs increased 17% as we invested in operations infrastructure, product
specialists

and sales capability. Impairment charges increased 19% due to higher charges from certain Larger Business exposures.

Barclaycard
profit before tax increased 30% to £388m, including £100m from Barclaycard International. Income growth of 13% reflected strong growth in Barclaycard International and the acquisition of Goldfish. Costs increased 6% reflecting continued international growth. Impairment charges increased 10% reflecting the inclusion of Goldfish and increased charges in Barclaycard International, offset by a £62m reduction in impairment in the
UK
businesses.

Global Retail and Commercial Banking
-
Western Europe
profit before tax grew 10% to £115m. Income growth of 46% was driven by very strong growth in loans
and

advances and deposits. Costs increased 38% reflecting expansion of the retail distribution network across all geographies by 191 distribution points
, and expansion in SMEs and Premier
.
Impairment charges increased £71m to £103m, primarily reflecting a deteriorating property

market
in
Spain
.
Global Retail and Commercial Banking
-

Emerging Markets
profit before tax decreased 13%. Income and operating expenses almost doubled. Income growth was driven by retail expansion in
India
, and strong performances in the
Africa
businesses and UAE cards. Operating expense growth reflected the continued expansion of distribution points by 321 to a total of 871. Impairment charges increased £54m to £66m reflecting asset growth, particularly in
India
, and increased wholesale impairment
in
Africa
.
Global Retail and Commercial Banking
-
Absa
profit before tax increased 10% to £298m. Income growth of 9% included a gain of £46m relating to the Visa IPO. Distribution points increased 1
60
to 1,161 and operating expenses decreased 1%, leading to a six percentage point improvement in the cost:income ratio to 60%. Impairment charges rose £69m to £125m, mainly due to the impact of successive interest rate rises and high inflation rates on consumers in
South Africa
.

Group
Finance Director's
Review

Business Performance - Investment Banking and Investment Management
Barclays Capital
profit before tax was £524m in a very challenging market, down 68% relative to the record result in 2007. Net income fell 47% to £2,185m as growth in interest rate products, commodities, emerging markets,
private equity
and foreign exchange
was more than offset by net losses of £1,
979m

due to credit market dislocation, net of gains of £852m from the fair valuation of notes issued by Barclays Capital. There was very strong growth in continental Europe, Asia and Africa, and modest growth in the UK. The US was adversely affected by the market conditions although there was significant growth in commodities, prime services and foreign exchange. Operating expenses were tightly controlled and reduced 32%. The compensation cost:net income ratio increased to 53%. Risk weighted assets were actively managed and declined in the period. Headcount increased 100 to 16,300 as we continued to invest selectively in key areas.

Barclays Global Investors profit before tax decreased 32% to £265m reflecting income growth of 5% to £987m; the impact of strong cost control; and charges of £196m related to selective support of liquidity products. Total assets under management were US$1,967bn, reflecting net new assets of US$25bn and negative market moves of US$147bn.

Barclays Wealth profit before tax grew 5% to £182m. Income growth of 5% to £668m reflected strong growth in customer deposits and lending partially offset by the impact of lower equity markets on fee income. Operating expenses grew 3% as cost efficiencies were reinvested in technology and operating platforms, and continued hiring of client-facing staff. Total client assets remained at £132.5bn as good asset inflows offset the impact of lower equity markets.

Business Performance

-

Head Office Functions and Other Operations

Head Office Functions and Other Operations loss before tax increased £255m to £462m. This was driven by increased fees paid to Barclays Capital for debt and equity raising, a reduction in interest earned owing to the reduction of the centrally held capital surplus, and increased costs related to an internal review of Barclays compliance with US economic sanctions.

Related Parties

Related party transactions, including salary and benefits provided to directors and key management, were not material to the financial position or performance of the Group during the period. There were no changes to the type and nature of the related party transactions disclosed in the 2007 annual report that could have a material effect on the financial position and performance of the Group in the first six months. Related party transactions are set out on page 107.

Capital Management

We worked hard to optimise risk weighted asset consumption in the first half of 2008. As a result, Group risk weighted assets at 30th June 2008 were broadly stable at £352.7bn. At 30th June 2008, our tier 1 capital ratio was 7.9% and our equity tier 1 ratio was 5.0%. We raised £4.5bn of new equity in July 2008 which, if applied to our capital position as at 30th June 2008, would have resulted in pro-forma ratios of 9.1% and 6.3% respectively. We expect to retain just over half of the new equity raised in July 2008 in increased capital ratios going forward. We maintained our dividend at 11.5p per share.

Chris Lucas,
Group Finance Director

Consolidated Interim Income Statement

	Half Year Ended		
Continuing Operations	**30.06.08**	**31.12.07**	**30.06.07**
	£m	£m	£m
Interest income	13,356	13,271	12,037
Interest expense	(8,186)	(8,250)	(7,448)
Net interest income	**5,170**	**5,021**	**4,589**
Fee and commission income	4,461	4,386	4,292
Fee and commission expense	(547)	(490)	(480)
Net fee and commission income	**3,914**	**3,896**	**3,812**
Net trading income	1,784	948	2,811
Net investment income	345	820	396
Principal transactions	**2,129**	**1,768**	**3,207**
Net premiums from insurance contracts	568	569	442
Other income	163	88	100
Total income	**11,944**	**11,342**	**12,150**
Net claims and benefits incurred under insurance contracts	(101)	(244)	(248)
Total income net of insurance claims	**11,843**	**11,098**	**11,902**
Impairment charges and other credit provisions	(2,448)	(1,836)	(959)
Net income	**9,395**	**9,262**	**10,943**
Staff costs	(3,888)	(3,824)	(4,581)
Administration and general expenses	(2,408)	(2,189)	(1,952)
Depreciation of property, plant and equipment	(274)	(240)	(227)
Amortisation of intangible assets	(94)	(99)	(87)
Operating expenses	**(6,664)**	**(6,352)**	**(6,847)**
Share of post-tax results of associates and joint ventures	23	42	-
Profit on disposal of subsidiaries, associates and joint ventures	-	23	5
Profit before tax	**2,754**	**2,975**	**4,101**

Tax	(620)	(823)	(1,158)
Profit after tax	**2,134**	**2,152**	**2,943**
Attributable To			
Minority interests	416	369	309
Equity holders of the parent	1,718	1,783	2,634
	2,134	**2,152**	**2,943**
Basic earnings per ordinary share	27.0p	27.5p	41.4p
Diluted earnings per ordinary share	26.2p	26.6p	40.1p
Proposed Dividend per Ordinary Share			
Interim dividend	11.5p	-	11.5p
Final dividend	-	22.5p	-

Consolidated Interim Balance Sheet

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

Consolidated Interim Balance Sheet

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

Results by Business

UK Retail Banking

Income Statement Information **Half Year Ended**

	30.06.08	31.12.07	30.06.07
	£m	£m	£m
Net interest income	1,453	1,451	1,407
Net fee and commission income	639	583	600
Net premiums from insurance contracts	103	165	87
Other income	-	(2)	49
Total income	**2,195**	**2,197**	**2,143**
Net claims and benefits incurred under insurance contracts	(19)	(21)	(22)
Total income net of insurance claims	**2,176**	**2,176**	**2,121**
Impairment charges and other credit provisions	(288)	(282)	(277)
Net income	**1,888**	**1,894**	**1,844**
Operating expenses excluding amortisation of intangible assets	(1,195)	(1,266)	(1,195)
Amortisation of intangible assets	(7)	(5)	(4)
Operating expenses	**(1,202)**	**(1,271)**	**(1,199)**
Share of post-tax results of associates and joint ventures	4	6	1
Profit before tax	**690**	**629**	**646**
Balance Sheet Information			
Loans and advances to customers	£89.1bn	£82.0bn	£77.5bn
Customer accounts	£88.4bn	£87.1bn	£84.5bn
Total assets	£96.3bn	£88.5bn	£84.3bn
Performance Ratios			
Return on average economic capital [1]	28%	28%	28%
Cost:income ratio [1]	55%	58%	57%
Cost:net income ratio [1]	64%	67%	65%
Other Financial Measures			
Risk tendency [1,2]	£495m	£470m	£580m
Economic profit [1]	£324m	£306m	£311m
Risk weighted assets (Basel I)	-	£46.1bn	£42.5bn
Risk weighted assets (Basel II)	£30.9bn	£30.5bn	-
Key Facts			
Number of UK current accounts	11.5m	11.3m	11.4m
Number of UK savings accounts	11.7m	11.1m	11.1m
Number of UK mortgage accounts	786,000	754,000	737,000

Number of Local Business customers	653,000	643,000	637,000
Number of branches	1,733	1,733	1,810
Number of ATMs	3,336	3,325	3,841

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Defined on page
121
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Further information on risk tendency is included on page
58
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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 £2,176
m
(2007: £2,121m), reflecting good growth in Personal Customer Savings Accounts and Local Business.
Net interest income increased 3% (£46m) to £1,453m (2007: £1,407m). Growth was driven by a higher contribution from deposits, through good balance sheet growth. Total average customer deposit balances increased 7% to £85.7bn (2007: £80.2bn), supported by the launch of new products. The liabilities margin was broadly stable at 2.12% (2007: 2.15%).
Mortgage balances showed strong growth, driven by
increased gross advances
and higher levels of
balance
retention. Mortgage balances were £76.9bn at the end of the period (31st December 2007: £69.8bn), an approximate market share of 7% (2007: 6%). Gross advances were £12.7bn (2007: £10.5bn). Net new lending represent
ed
a market share of 26% (2007: 6%). The average loan to value ratio of the residential mortgage book on a current valuation basis was 35%. The average loan to value ratio of new residential mortgage lending was 51%. The asset
s
margin decreased 11 basis points to 1.09% (2007: 1.20%) principally due to a higher proportion of mortgages.
Net fee and commission income increased 7% (£39m) to £639m (2007: £600m), reflecting good growth within Local Business. 2007 net fee and commission income included £87m settlements on overdraft fees.
Impairment charges increased
4% (
£11m
)
to £288m (2007: £277m), reflecting growth in the book and current economic conditions. In UK Home Finance, whilst mortgage delinquencies as a percentage of outstanding balances increased from 0.91% to 0.97%, impairment charges and amounts charged off remained low.

Operating expenses
were held
flat at £1,202m (2007: £1,199m), reflecting strong and active management of expense lines, including continued back office consolidation. Gains from the sale of property were £65m (2007: £113m).
The cost:income ratio improved two percentage points to 55% (2007: 57%).

Results by Business

Barclays Commercial Bank

Income Statement Information	**Half Year Ended**		
	30.06.08	**31.12.07**	**30.06.07**
	£m	£m	£m
Net interest income	874	880	867
Net fee and commission income	397	398	352
Net trading income	4	7	2
Net investment income	8	17	30
Principal transactions	**12**	**24**	**32**
Other income	66	5	6
Total income	**1,349**	**1,307**	**1,257**
Impairment charges and other credit provisions	(148)	(168)	(124)
Net income	**1,201**	**1,139**	**1,133**
Operating expenses excluding amortisation of intangible assets	(494)	(499)	(425)
Amortisation of intangible assets	(4)	(3)	(2)
Operating expenses	**(498)**	**(502)**	**(427)**
Share of post-tax results of associates and joint ventures	(1)	-	-
Profit on disposal of subsidiaries, associates and joint ventures	-	14	-
Profit before tax	**702**	**651**	**706**
Balance Sheet Information			
Loans and advances to customers	£67.5bn	£63.7bn	£60.4bn
Customer accounts	£61.3bn	£60.8bn	£59.8bn
Total assets	£81.0bn	£74.6bn	£69.8bn
Performance Ratios			
Return on average economic capital [1]	28%	29%	31%
Cost:income ratio [1]	37%	38%	34%
Cost:net income ratio [1]	41%	44%	38%
Other Financial Measures			
Risk tendency [1,2]	£360m	£305m	£290m
Economic profit	£305m	£303m	£332m

Risk weighted assets (Basel I)[1]	-	£54.3bn	£51.1bn
Risk weighted assets (Basel II)	£63.0bn	£62.1bn	-
Key Facts			
Total number of customers	81,000	81,000	77,000

1 Defined on page 121.

2 Further information on risk tendency is included on page 58.

Results by Business

Barclays Commercial Bank

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

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

Net interest income improved 1% (£7m) to £874m (2007: £867m). There was very strong growth in customer assets, predominantly term loans, which increased 12% to £59.0bn (2007: £52.7bn). The assets margin decreased 25 basis points to 1.60% (2007: 1.85%) reflecting a lower level of fee recognition in the effective interest rate calculation than in 2007 and a continued focus on higher-quality term lending in 2008. Average customer accounts grew 2% to £47.3bn (2007: £46.5bn), and the deposit margin remained broadly stable at 1.48% (2007: 1.50%).

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

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

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

Impairment charges increased 19% (£24m) to £148m (2007: £124m) reflecting higher impairment losses in Larger Business partially offset by
a reduction in incurred but not individually identified impairment.
There was a
small

increase in impairment as a percentage of period-end loans and advances to customers to 0.44% (2007: 0.4
1%).
Operating expenses increased 17% (£71m) to £498m (2007: £427m) reflecting increased investment in payments,
risk and
operations infrastructure
, product specialists
and sales capability
.
Growth in
operating

lease
business
and lower gains on the sale of property of £10m (2007: £25m)
contributed 7% of the increase in operating expenses
.

Results by Business

Barclaycard

Income Statement Information	**Half Year Ended**		
	30.06.08	**31.12.07**	**30.06.07**
	£m	£m	£m
Net interest income	787	688	686
Net fee and commission income	584	567	576
Net trading income	1	(2)	2
Net investment income	16	11	-
Principal transactions	**17**	**9**	**2**
Net premiums from insurance contracts	18	19	21
Other income	18	(2)	(23)
Total income	**1,424**	**1,281**	**1,262**
Net claims and benefits incurred under insurance contracts	(6)	(6)	(7)
Total income net of insurance claims	**1,418**	**1,275**	**1,255**
Impairment charges and other credit provisions	(477)	(392)	(435)
Net income	**941**	**883**	**820**
Operating expenses excluding amortisation of intangible assets	(525)	(553)	(504)
Amortisation of intangible assets	(27)	(21)	(15)
Operating expenses	**(552)**	**(574)**	**(519)**

Share of post-tax results of associates and joint ventures	(1)	(5)	(2)
Profit before tax	**388**	**304**	**299**
Balance Sheet Information			
Loans and advances to customers	£22.1bn	£19.7bn	£18.2bn
Total assets	£24.3bn	£22.1bn	£20.4bn
Performance Ratios			
Return on average economic capital [1]	22%	20%	21%
Cost:income ratio [1]	39%	45%	41%
Cost:net income ratio [1]	59%	65%	63%
Other Financial Measures			
Risk tendency [1,2]	£1,115m	£955m	£975m
Economic profit [1]	£147m	£98m	£115m
Risk weighted assets (Basel I)	-	£19.7bn	£16.9bn
Risk weighted assets (Basel II)	£25.0bn	£22.5bn	-
Key Facts			
Number of Barclaycard UK customers	11.9m	10.1m	9.6m
Number of retailer relationships	93,000	93,000	95,000
UK credit cards - average outstanding balances	£9.3bn	£8.4bn	£8.5bn
UK credit cards - average extended credit balances	£7.5bn	£6.8bn	£7.0bn
International - average outstanding balances	£5.1bn	£4.4bn	£3.8bn
International - average extended credit balances	£4.2bn	£3.6bn	£3.0bn
International - cards in issue	11.2m	10.5m	9.2m
Secured lending - average outstanding loans	£4.7bn	£4.4bn	£4.2bn

1 Defined on page 121.

2 Further information on risk tendency is included on page 58

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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. Margins were unchanged at 6.77%.

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

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

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

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

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

Results by Business

Global Retail and Commercial Banking - Western Europe

Income Statement Information	Half Year Ended		
	30.06.08	**31.12.07**	**30.06.07**
	£m	£m	£m
Net interest income	378	284	243
Net fee and commission income	190	166	156
Net trading income	11	7	6
Net investment income	52	46	47
Principal transactions	**63**	**53**	**53**
Net premiums from insurance contracts	183	100	45
Other income	16	4	3
Total income	**830**	**607**	**500**
Net claims and benefits incurred under insurance contracts	(189)	(110)	(60)
Total income net of insurance claims	**641**	**497**	**440**
Impairment charges and other credit provisions	(103)	(44)	(32)
Net income	**538**	**453**	**408**
Operating expenses excluding amortisation of intangible assets	(417)	(362)	(303)
Amortisation of intangible assets	(6)	(4)	(4)
Operating expenses	**(423)**	**(366)**	**(307)**
Profit on disposal of subsidiaries, associates and joint ventures	-	4	4
Profit before tax	**115**	**91**	**105**
Balance Sheet Information			
Loans and advances to customers	£41.1bn	£35.0bn	£29.7bn
Customer accounts	£11.4bn	£9.4bn	£7.7bn
Total assets	£51.1bn	£43.7bn	£36.7bn
Performance Ratios			
Return on average economic capital [1]	26%	10%	12%

Cost:income ratio[1]	66%	74%	70%
Cost:net income ratio[1]	79%	81%	75%
Other Financial Measures			
Risk tendency[1,2]	£185m	£135m	£105m
Economic profit[1,3]	£133m	£2m	£14m
Risk weighted assets (Basel I)	-	£24.5bn	£20.4bn
Risk weighted assets (Basel II)	£29.2bn	£25.1bn	-
Key Facts			
Number of customers	2.0m	1.8m	1.6m
Number of branches	881	752	709
Number of sales centres	108	46	21
Number of distribution points	989	798	730

1 Defined on page 121.

2 Further information on risk tendency is included on page 58.

3 Half year ended 30th June 2008 includes £139m release of a deferred tax liability.

Results by Business

Global Retail and Commercial Banking - Western Europe

Global Retail and Commercial Banking - Western Europe profit before tax grew 10% (£10m) to £115m (2007: £105m), despite challenging market conditions in Spain and accelerated investment in the expansion of the franchise.

Distribution points increased 191 to 989 (31st December 2007: 798), reflecting growth in all countries.

Very strong income growth and the effects of the strengthening of the Euro were partially offset by higher operating expenses and impairment charges.

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

Net interest income increased 56% (£135m) to £378m (2007: £243m) driven by very strong volume growth in unsecured lending,

credit cards, commercial lending and mortgages with average customer assets up 36% to £38.7bn (2007: £28.5bn). The assets

margin was stable at 1.13% reflecting a favourable change in the product mix offsetting lower margins on mortgages. Average customer liabilities grew 32% to £9.6bn (2007: £7.3bn) at lower margins of 1.29% (2007: 1.72%) reflecting competition for customer deposit balances.

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

insurance and commercial lending.

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

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

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

Results by Business

Global Retail and Commercial Banking - Emerging Markets

Income Statement Information	**Half Year Ended**		
	30.06.08	**31.12.07**	**30.06.07**
	£m	£m	£m
Net interest income	251	181	138
Net fee and commission income	96	71	69
Net trading income	42	42	14
Net investment income	17	13	3
Principal transactions	**59**	**55**	**17**
Other income	4	5	(3)
Total income	**410**	**312**	**221**
Impairment charges and other credit provisions	(66)	(27)	(12)
Net income	**344**	**285**	**209**
Operating expenses excluding amortisation of intangible assets	(290)	(239)	(152)
Amortisation of intangible assets	(2)	(7)	3
Operating expenses	**(292)**	**(246)**	**(149)**
Share of post-tax results of associates and joint ventures	-	1	-
Profit before tax	**52**	**40**	**60**
Balance Sheet Information			
Loans and advances to customers	£6.7bn	£5.1bn	£3.4bn
Customer accounts	£7.1bn	£6.2bn	£4.8bn
Total assets	£11.4bn	£9.2bn	£6.3bn
Performance Ratios			
Return on average economic capital [1]	5%	7%	27%
Cost:income ratio [1]	71%	79%	67%
Cost:net income ratio [1]	85%	86%	71%
Other Financial Measures			
Risk tendency [1,2]	£240m	£140m	£50m
Economic (loss)/profit [1]	(£21m)	(£3m)	£29m
Risk weighted assets (Basel I)	-	£6.1bn	£4.0bn
Risk weighted assets (Basel II)	£11.7bn	£10.2bn	-
Key Facts			
Number of customers	2.9m	2.0m	1.3m
Number of branches	524	425	317
Number of sales centres	347	125	11
Number of distribution points	871	550	328

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Defined on page
121
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Further information on risk tendency is included on page
58
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Results by Business

Global Retail and Commercial Banking
-
Emerging Markets

Global Retail and Commercial Banking
-
Emerging Markets profit before tax decreased 13% (£8m) to £52m (2007: £60m), with very strong income growth more than offset by accelerated investment in existing markets

and increased impairment charges. The number of distribution points increased 321 to 871 (31st December 2007: 550).

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

Net interest income increased 82% (£113m) to £251m (2007: £138m), driven by very strong retail and commercial balance sheet growth with average customer assets up 87% to £5.6bn (2007: £3.0bn). The assets margin decreased 157 basis points to 5.10% (2007: 6.67%) reflecting higher funding costs. Average customer liabilities increased 47% to £6.6bn (2007: £4.5bn) primarily driven by deposit growth in India and Egypt with the margin up 98 basis points to 1.89% (2007: 0.91%).

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

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

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

, and increased wholesale impairment in
Africa
.

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

Results by Business

Global Retail and Commercial Banking
-
Absa

Income Statement Information	**Half Year Ended**		
	30.06.08	**31.12.07**	**30.06.07**
	£m	£m	£m
Net interest income	499	582	473
Net fee and commission income	348	344	340
Net trading income	77	2	(2)
Net investment income	49	23	47
Principal transactions	**126**	**25**	**45**
Net premiums from insurance contracts	111	110	117
Other income	23	40	37
Total income	**1,107**	**1,101**	**1,012**
Net claims and benefits incurred under insurance contracts	(60)	(59)	(55)
Total income net of insurance claims	**1,047**	**1,042**	**957**
Impairment charges and other credit provisions	(125)	(90)	(56)
Net income	**922**	**952**	**901**
Operating expenses excluding amortisation of intangible assets	(603)	(605)	(607)
Amortisation of intangible assets	(24)	(30)	(25)
Operating expenses	**(627)**	**(635)**	**(632)**
Share of post-tax results of associates and joint ventures	3	5	1
Profit on disposal of subsidiaries, associates and joint ventures	-	4	1
Profit before tax	**298**	**326**	**271**
Balance Sheet Information			
Loans and advances to customers	£28.5bn	£29.9bn	£25.4bn
Customer accounts	£13.1bn	£13.0bn	£12.2bn
Total assets	£34.2bn	£36.4bn	£31.9bn
Performance Ratios			
Return on average economic capital [1]	18%	22%	18%
Cost:income ratio	60%	61%	66%

Cost:net income ratio [1]	68%	67%	70%
Other Financial Measures			
Risk tendency [1,2]	£195m	£190m	£185m
Economic profit [1]	£42m	£59m	£39m
Risk weighted assets (Basel I)	-	£22.4bn	£20.7bn
Risk weighted assets (Basel II)	£15.4bn	£17.2bn	-
Key Facts			
Number of branches	871	837	812
Number of sales centres	290	164	41
Number of distribution points	1,161	1,001	853
Number of ATMs	8,338	8,162	7,621
Number of retail customers	10.0m	9.7m	8.7m
Number of corporate customers	104,000	100,000	87,000

1 *Defined on page 121*.

2 *Further information on risk tendency is included on page 58*.

Results by Business

Global Retail and Commercial Banking - Absa

Impact of Absa Group Limited on Barclays Results

Absa Group Limited's profit before tax of R7,616m (2007: R6,429m) is translated into Barclays results at an average exchange rate of R15.15/£ (2007: R14.11/£), a 7% depreciation in the average value of the Rand against Sterling. Consolidation adjustments reflected the amortisation of intangible assets of £27m (2007: £27m) and internal funding and other adjustments of £68m (2007: £61m). The resulting profit before tax of £408m (2007: £368m) is represented within Global Retail and Commercial Banking - Absa £298m (2007: £271m), Barclays Capital £88m (2007: £67m) and Barclaycard £22m (2007: £30m).

Absa Group Limited's total assets were R737,577m (31st December 2007: R640,909m), growth of 15%. This is translated into Barclays results at a period-end exchange rate of R15.56/£ (2007: R13.64/£).

Global Retail and Commercial Banking
-
Absa

Global Retail and Commercial Banking
-
Absa profit before tax increased 10% (£27m) to £298m (2007: £271m) despite challenging market conditions and investment in the 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. The assets margin decreased to 2.57% (2007: 2.72%) as higher funding costs were partially offset by a shift of the mix to higher yielding products. Average customer liabilities increased 13% to £12.5bn (2007: £11.1bn), primarily driven by retail savings, with margins up 53 basis points to 3.43% (2007: 2.90%) reflecting the impact of successive interest rate rises.

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

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

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

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

Results by Business

Barclays Capital

Income Statement Information	**Half Year Ended**

	30.06.08	31.12.07	30.06.07
	£m	£m	£m
Net interest income	702	612	567
Net fee and commission income	566	621	614
Net trading income	1,836	978	2,761
Net investment income	304	747	206
Principal transactions	**2,140**	**1,725**	**2,967**
Other income	3	8	5
Total income	**3,411**	**2,966**	**4,153**
Impairment charges	(1,226)	(836)	(10)
Net income	**2,185**	**2,130**	**4,143**
Operating expenses excluding amortisation of intangible assets	(1,664)	(1,466)	(2,453)
Amortisation of intangible assets	(15)	(24)	(30)
Operating expenses	**(1,679)**	**(1,490)**	**(2,483)**
Share of post-tax results of associates and joint ventures	18	35	-
Profit before tax	**524**	**675**	**1,660**
Balance Sheet Information			
Corporate lending portfolio	£62.1bn	£52.3bn	£44.5bn
Total assets excluding derivatives	£566.8bn	£592.3bn	£622.4bn
Total assets	£966.1bn	£839.9bn	£796.4bn
Performance Ratios			
Return on average economic capital [1]	7%	17%	54%
Cost:income ratio [1]	49%	50%	60%
Cost:net income ratio [1]	77%	70%	60%
Compensation:net income ratio	53%	47%	47%
Other Financial Measures			
Risk tendency [1,2]	£200m	£140m	£110m
Economic (loss)/profit [1]	(£106m)	£203m	£969m
Risk weighted assets (Basel I)	-	£169.1bn	£152.5bn
Risk weighted assets (Basel II)	£163.4bn	£173.0bn	-
Average DVaR [1]	£58.0m	£44.6m	£39.3m
Average net income generated per member of staff [1,3] ('000)	£149	£137	£329

Key Facts	First Half 2008		First Half 2007	
	League Table Position	Issuance Value	League Table Position	Issuance Value
Global debt 4	4th	$211.6bn	4th	$252.0bn
All international bonds (all currencies)	2nd	$156.2bn	1st	$187.7bn
Europe overall debt	4th	$102.1bn	2nd	$152.5bn
Sterling bonds	3rd	£7.4bn	1st	£10.9bn

1 Defined further on page 121.

2 Further information on risk tendency is included on page 58.

3 Adjusted to exclude contribution and headcount from HomEq and EquiFirst.

4 League tables compiled by Barclays Capital including Dealogic and Thomson Financial

Results by Business

Barclays Capital

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

Credit market exposures were actively managed and declined over the period. Barclays Capital's results reflected net losses related to the credit market dislocation of £1,979m, of which £871m was included in income and £1,108m in impairment. These were net of gains of £852m arising from the widening of credit spreads on the fair valuation of notes issued by Barclays Capital. Further detail is provided on pages 35 to 45.

Net income was down 47% at £2,185m (2007: £4,143m).

Excluding net losses related to credit market dislocation, net income was in line with the record result in 2007.

There was very strong growth in Continental Europe, Asia and Africa, and modest growth in the UK, demonstrating the breadth of the client franchise. In the US, income declined due to the continued credit market dislocation, although there was significant growth in commodities, prime services and foreign exchange. Globally there was record income in interest 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). The cost:net income ratio increased to 77% (2007: 60%) and the compensation cost:net income ratio increased to 53% (2007: 47%). Performance related pay, discretionary investment spend and short term contractor resources reduced to

24

% (2007: 54%) of the cost base. Amortisation of intangible assets of £15m (2007: £30m) principally related to mortgage service rights.

Total headcount increased 100 to 16,300 (31st December 2007: 16,200) as Barclays Capital continue
d

to invest selectively in key growth areas.

Results by Business

Barclays Global Investors

Income Statement Information	**Half Year Ended**		
	30.06.08	**31.12.07**	**30.06.07**
	£m	£m	£m
Net interest expense	(20)	(6)	(2)
Net fee and commission income	987	996	940
Net trading income	(5)	4	1
Net investment income	24	(12)	3
Principal transactions	**19**	**(8)**	**4**
Other income	1	1	1
Total income	**987**	**983**	**943**
Operating expenses excluding amortisation of intangible assets	(718)	(633)	(551)
Amortisation of intangible assets	(4)	(4)	(4)
Operating expenses	**(722)**	**(637)**	**(555)**
Profit before tax	**265**	**346**	**388**
Balance Sheet Information			
Total assets	£79.0bn	£89.2bn	£90.4bn
Performance Ratios			
Return on average economic capital [1]	83%	244%	238%
Cost:income ratio [1]	73%	65%	59%
Other Financial Measures			
Economic profit [1]	£122m	£220m	£210m
Risk weighted assets (Basel I)	-	£2.0bn	£1.6bn
Risk weighted assets (Basel II)	£4.4bn	£4.3bn	-
Average net income generated per member of staff [1] ('000)	£278	£302	£325

Key Facts

Assets under management	£988bn	£1,044bn	£1,003bn
- indexed	£612bn	£615bn	£589bn
- iShares	£189bn	£205bn	£179bn
- active	£187bn	£224bn	£235bn
Net new assets in period	£12bn	£17bn	£25bn
Assets under management	US$1,967bn	US$2,079bn	US$2,013bn
- indexed	US$1,218bn	US$1,225bn	US$1,183bn
- iShares	US$376bn	US$408bn	US$359bn
- active	US$373bn	US$446bn	US$471bn
Net new assets in period	US$25bn	US$36bn	US$50bn
Number of iShares products	338	324	294
Number of institutional clients	3,000	3,000	3,000

1
Defined on page
121
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Results by Business

Barclays Global Investors

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

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

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

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

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

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

Results by Business

Barclays Wealth

Income Statement Information	**Half Year Ended**		
	30.06.08	**31.12.07**	**30.06.07**
	£m	£m	£m
Net interest income	225	226	205
Net fee and commission income	349	380	359
Net trading income	1	(4)	7
Net investment income	(170)	(7)	59
Principal transactions	**(169)**	**(11)**	**66**
Net premium from insurance contracts	82	95	100
Other income	8	10	9
Total income	**495**	**700**	**739**
Net claims and benefits incurred under insurance contracts	173	(48)	(104)
Total income net of insurance claims	**668**	**652**	**635**
Impairment charges and other credit provisions	(12)	(5)	(2)
Net income	**656**	**647**	**633**
Operating expenses excluding amortisation of intangible assets	(469)	(509)	(458)
Amortisation of intangible assets	(5)	(4)	(2)
Operating expenses	**(474)**	**(513)**	**(460)**
Profit before tax	**182**	**134**	**173**
Balance Sheet Information			
Loans and advances to customers	£9.4bn	£9.0bn	£7.1bn
Customer accounts	£36.7bn	£34.4bn	£30.9bn
Total assets	£17.7bn	£18.2bn	£16.7bn
Performance Ratios			
Return on average economic capital [1]	59%	47%	56%
Cost:income ratio [1]	71%	79%	72%
Other Financial Measures			
Risk tendency [1,2]	£15m	£10m	£10m
Economic profit [1]	£123m	£119m	£114m

Risk weighted assets (Basel I)	-	£7.7bn	£6.9bn
Risk weighted assets (Basel II)	£8.8bn	£8.0bn	-
Average net income generated per member of staff[1] ('000)	£92	£94	£94
Key Facts			
Total client assets	£132.5bn	£132.5bn	£126.8bn

1 Defined on page 121.

2 Further information on risk tendency is included on page 58.

Results by Business

Barclays Wealth

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

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

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

The assets margin decreased 10 basis points to 1.02% (2007: 1.12%) reflecting changes in the product mix. The liabilities margin reduced by 13 basis points to 0.95% (2007: 1.08%) driven by competitive pricing of products and changes in the product mix.

Net fee and commission income decreased 3% (£10m) to £349m (2007: £359m) driven by falling equity markets offset by increased client assets.
Principal transactions decreased £235m to a charge of £169m (2007: £66m

gain
) reflecting a decrease in the value of
assets backing
unit linked insurance contracts. Net premiums from insurance contracts decreased £18m to £82m (2007: £100m). The decreases in principal transactions and net premiums from insurance contracts were more than offset by a
n associated
reduction of £277m in net claims and benefits incurred under insurance contracts to a credit of £173m (2007: charge of £104m
)
,
driven by the decrease in the value of unit linked liabilities and the impact of favourable experience on non-linked insurance contract liabilities.
Impairment charges increased £10m to £12m (2007: £2m) from a very low base.
Operating expenses increased 3% to £474m (2007: £460m) as a result of the ongoing progress in upgrading the technology and operating platforms and continued hiring of client facing staff
, partially
offset by cost savings.
Total client assets, comprising customer deposits and client investments, remained at £132.5bn with net new asset inflows
of £3.5bn
offset
ting
the impact of
market and foreign exchange movements
.

Results by Business

Head Office Functions and Other Operations

Income Statement Information	**Half Year Ended**		
	30.06.08	**31.12.07**	**30.06.07**
	£m	£m	£m
Net interest income	21	123	5
Net fee and commission income	(242)	(230)	(194)
Net trading (loss)/income	(183)	(86)	20
Net investment income	45	(18)	1
Principal transactions	**(138)**	**(104)**	**21**
Net premiums from insurance contracts	71	80	72
Other income	24	19	16
Total income	**(264)**	**(112)**	**(80)**
Impairment charges and other credit provisions	(3)	8	(11)
Net income	**(267)**	**(104)**	**(91)**

Operating expenses excluding amortisation of intangible assets	(195)	(121)	(112)
Amortisation of intangible assets	-	3	(4)
Operating expenses	**(195)**	**(118)**	**(116)**
Profit on disposal of associates and joint ventures	-	1	-
Loss before tax	**(462)**	**(221)**	**(207)**
Balance Sheet Information			
Total assets	£4.5bn	£5.7bn	£5.4bn
Other Financial Measures			
Risk tendency[1,2]	£5m	£10m	£5m
Risk weighted assets (Basel I)	-	£1.6bn	£1.5bn
Risk weighted assets (Basel II)	£1.1bn	£1.1bn	-

1 *Defined on page* *121*.

2 *Further information on risk tendency is included on page* *58*.

Results by Business

Head Office Functions and Other Operations

Head Office Functions and Other Operations loss before tax increased £255m to £462m (2007: £207m).

Group segmental reporting is performed in accordance with Group accounting policies. This means that inter-segment transactions are recorded in each segment as if undertaken on an arm's length basis. Adjustments necessary to eliminate inter-segment transactions are included in Head Office Functions and Other Operations. The impact of such inter-segment adjustments increased £31m to £140m (2007: £109m). These adjustments included internal fees for structured capital market activities of £98m (2007: £79m) and fees paid to Barclays Capital for debt and equity raising and risk management advice of £67m (2007: £18m).

In addition a consolidation adjustment between net interest income and principal transactions is required to match the booking of certain derivative hedging transactions between different segments in the Group. This resulted in a £101m increase in net interest income with an equal and opposite decrease in principal transactions.

Net interest income increased £16m to £21m (2007: £5m) reflecting the £101m increase in the consolidation adjustment on hedging derivatives partially offset by lower interest earned due to the reduction of the centrally held capital surplus.

Principal transactions decreased £159m to a loss of £138m (2007: income of £21m) reflecting the £101m decrease

in the consolidation adjustment
on hedging derivatives as well as other fair value and hedging adjustments.
Operating expenses increased £79m to £195m (2007: £116m) driven by costs related to an internal review of Barclays compliance with US economic sanctions, and lower rental income and lower proceeds on property sales.

Risk Management

There have been no material changes to the risk management processes as described in the Risk Management section of our Annual Report and Accounts for the year ended 31
st
December 2007.

Principal Risks and Uncertainties

The overall risk environment remains challenging for broad areas of the financial services industry. The continued dislocation in the wholesale credit markets, with wider credit spreads and constrained market liquidity, is exacerbated by slower economic growth in many parts of the world.

Wholesale Credit Risk

As we entered 2008, the wholesale credit environment reflected concerns about weakening economic conditions in our major markets. That environment led to a more cautious approach to credit assessment, pricing and ongoing control in the
financial services industry
, which we expect to continue
in the second half of the year
. At the half-year stage, our assessment of our wholesale credit risk is broadly unchanged. Wholesale credit market conditions remain difficult, with reduced liquidity in cash and securitised products.
Overall
, our wholesale credit impairment for 2008 is at a level broadly commensurate with our
wholesale
models
'
prediction for
a stress level that might occur once in twenty years.
The key driver of impairment continues to be losses seen in
US RMBS and related exposures
, where the value of the underlying collateral has continued to deteriorate through 2008
. This
reflect
s
the high levels of default seen in the
US
mortgage market, particularly in the
s
ub-prime and Alt-A segments.
There have also been some industry
losses
from

exposure to a number of hedge fund counterparties where extreme market turbulence led to sudden loss of value of collateral, which ultimately proved insufficient to cover exposure in full.

Our corporate banking portfolios are generally performing in line with expectations. However, our portfolio in Spain is affected by the rapid cooling of the housing market and the impact on a range of counterparties in the residential development and construction sectors. Some signs of strain are being seen in Barclays Commercial Bank in the UK with an increased flow of cases into our Business Support turnaround and recovery team. Our Risk Tendency in this area has increased since the year-end, partly reflecting more difficult credit conditions.

In Absa, the wholesale portfolios have continued to perform well, reflecting the focus on the property, agriculture and sovereign sectors. This is in line with other banks in the region and contrasts with the declining performance of retail portfolios.

In response to the weakening environment in some of our core markets, we have reduced our risk profile in a number of areas. Examples of steps taken include reducing portfolio concentration limits in key sectors such as leveraged finance and property, as well as tightening underwriting criteria.

We have taken actions across major business areas with the intention to reduce losses if the environment continues to weaken.

As we enter the second half of 2008, the principal uncertainties relating to the performance of the wholesale portfolios are:

Performance of the underlying collateral supporting US RMBS and related positions, which may deteriorate further

The impact of a deeper or more prolonged economic downturn on our businesses in the UK, US, Spain and South Africa

The potential for idiosyncratic losses in different sectors and geographies where credit positions are sensitive to economic downturn

The potential for losses in respect of other market related exposures to counterparties in the financial services industry

Risk Management

Further information regarding the credit risk profile of our wholesale and corporate portfolios may be found in the business reviews on pages 14 to 15 and 18 and 29, the summaries of credit market exposures on pages 35 to 45, the impairment review on pages 52 to 53 and the review of Risk Tendency on pages 58 to 59.

Retail Credit Risk

Retail credit risk conditions in a number of Barclays major markets have deteriorated since the start of 2008 as a rise in consumer prices and weaker housing markets have accompanied the effects of dislocation in the wholesale credit markets and slower economic growth.

In the UK, impairment charges in our credit card portfolio reduced. Average credit scores and vintage analysis indicate continued improvement in the quality of business written in during 2007. Overall delinquencies and charge-offs are lower than a year ago, although there is some evidence of deterioration in the second quarter. In the UK unsecured loan portfolios, overall delinquencies have been stable and charge-offs have declined slightly as a result of tighter underwriting criteria.

Home Finance delinquency and possession rates remain well below the Council of Mortgage Lenders industry average and losses remain contained by conservative loan to value (LTV) ratios. The average LTV on business written in the first half of the year was 51% and the average current valuation LTV on our stock of mortgages was 35%. For our residential Home Finance portfolio, 4% of our loans are above 85% LTV on an indexed basis. While there has been some increase in Home Finance delinquency following deterioration in the UK housing market, it remains low relative to historical levels at 0.97%. Our other secured lending portfolios are operating as expected, and are being managed to reduce exposure.

In response to the worsening economic environment in Spain, we have tightened lending criteria and increased collections activities. In the Home Finance portfolio, which comprises the large majority of retail balances, the average LTV on new business written in the first half of the year was 64% and we estimate the

average current
LTV

on our mortgage stock
to be 45
%.
While delinquency in US credit cards has been affected by the weakening economy, credit actions taken towards the end of 2007 have raised new customer quality and improved recent vintage performance.
In Absa, credit conditions remain challenging, given the prolonged series of interest rate rises and inflationary pressures. The arrears rates for recent vintages of the
cards
portfolio have improved after the introduction of tighter controls during the past year. Delinquency in the secured portfolios has risen as the economy continues to weaken. In order to stabilise delinquency rates, underwriting criteria have been significantly tightened and collections investment increased. The average mark to market LTV on our mortgage stock stood at 44%.
As we enter the second half of the year, the principal uncertainties relating to the performance of the retail portfolios are:
The impact of global inflationary pressure on household disposable income and the ability of consumers to service debt
The possibility of rises in unemployment and a marked slowdown in the UK, US, Spanish and South African economies
The impact of further, sustained falls in house prices in the UK, Spain and South Africa
The reduced availability of credit in mortgage markets, leading to further declines in property values

Risk Management

The
second half
outlook for
the South African
and Spanish
retail credit environments
is expected to be challenging with
macroeconomic indicators suggesting
further weakening. The
US
portfolio will
also be affected by a more difficult environment
. While we expect the
less
favourable economic environment in the
UK
to continue
in the second half of the year
, the credit market dislocation has constrained the competitive position of
some
other financial institutions and Barclays is well
-
positioned to
continue to provide financing to

customers.
Further information regarding credit risk profile of our retail portfolios may be found in the business reviews on pages 12 to 13, 16 to 17, 18 to 23 and 28 to 29, the impairment review on pages 52 to 53 and the review of Risk Tendency on pages 58 to 59.

Market Risk

Volatility across financial markets increased due to the continuation of the credit market dislocation, high global inflation 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 60.

As we enter the second half of the year, the principal uncertainties which may impact our market risk relate to volatility in interest rates, commodities, credit spreads, equity prices and foreign exchange rates. Some of these markets are also experiencing periods of reduced liquidity, creating the potential for significant price adjustments and instability in the historical correlation across risk factors.

Liquidity Risk

Despite a continued lack of term liquidity relative to overall demand, and constrained securitisation and covered bond markets, the Group's liquidity position has remained strong and stable and we have improved the overall term of our wholesale liabilities due to the diverse range of funding 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 104 to 106.

Risk Management

Barclays Capital Credit Market Exposures

Barclays Capital's credit market exposures resulted in net losses of £1,979m in the first half

of 2008, due to continuing dislocation in the credit markets. The net
losses
,

which
included
£1,108m in impairment charges
, comprised
:
£875m against ABS CDO Super Senior exposures;

and
£1,956m against other credit market exposures
;

partially offset by
gains
of £852m
from the general widening of credit spreads on issued notes
measured
at fair value
through the profit and loss account
.

The credit market dislocation resulted in l
osses in the following categories:

		Pro-forma[1]	**Net Exposures**	
		As at	**As at**	**As at**
		30.06.08	**31.12.07**	**30.06.07**
	Notes	£m	£m	£m
ABS CDO Super Senior	A	**3,229**	4,671	7,432
Other US sub-prime				
- Other US sub-prime		3,258	5,037	6,046
- Whole loan sales post period end		(828)	-	-
Net Other US sub-prime	B	**2,430**	5,037	6,046
Alt-A	C	**3,510**	4,916	3,760
Monoline insurers	D	**2,584**	1,335	140
SIVs and SIV-Lites	E	**429**	784	1,617
Commercial mortgages	F	**10,988**	12,399	8,282
Leveraged f inance				

- Net 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.

Risk Management

A.

ABS CDO Super Senior

Net ABS CDO Super Senior exposures were £3,229m (31st December 2007: £4,671m). Net exposures are stated after writedowns and charges of £875m incurred in 2008 (2007: £1,412m) and hedges of £204m (31st December 2007: £1,347m).

ABS CDO Super Senior high grade exposure of £3,055m comprised liquidity facilities which were fully drawn and classified within loans and receivables. ABS CDO Super Senior mezzanine exposure of £378m (£174m net of hedges) comprised undrawn commitments. The marks applied to the notional collateral are set out in the table below:

	As at 30.06.08			
Mix of ABS Super Senior Notional Collateral	**High Grade**	**Mezzanine**	**Total**	**Marks** [1]
	£m	£m	£m	%
2005 and earlier	942	364	1,306	76%
2006	576	31	607	30%
2007 and 2008	18	33	51	49%
Sub-prime	**1,536**	**428**	**1,964**	**61%**
2005 and earlier	677	63	740	83%
2006	461	41	502	78%
2007 and 2008	45	8	53	56%
Alt-A	**1,183**	**112**	**1,295**	**80%**
Prime	584	73	657	98%
RMBS CDO	317	51	368	0%
Sub-prime second lien	118	-	118	0%
Total RMBS	**3,738**	**664**	**4,402**	**65%**
CMBS	122	112	234	87%
Non-RMBS CDO	423	18	441	54%
CLOs	26	18	44	76%
Other ABS	75	35	110	58%
Total other ABS	**646**	**183**	**829**	**65%**
Total notional collateral	**4,384**	**847**	**5,231**	**66%**
Subordination	(462)	(293)	(755)	
Gross exposure pre impairment	**3,922**	**554**	**4,476**	
Impairment	(867)	(176)	(1,043)	
Hedges	-	(204)	(204)	
Net exposure	**3,055**	**174**	**3,229**	

Collateral marks including liquidated structures	44%

1

Marks above reflect the gross exposure after impairment and subordination and do not include the benefit of hedges

Risk Management

A.

ABS CDO Super Senior (continued)

ABS CDO Super Senior high grade and mezzanine exposure as at 31st December 2007 included exposures which contained or comprised a derivative at inception. These derivative exposures, which were measured at fair value through profit and loss, were liquidated or consolidated in 2008. The notional collateral of ABS CDOs liquidated or consolidated in 2008 was £4.3bn.

Collateral and hedges related to liquidated and consolidated exposures remaining at 30th June 2008 is stated at fair value net of hedges within 'Other US sub-prime' exposures below. The valuation for such collateral at 30th June 2008 is approximately 17%.

The collateral valuation for all ABS CDO Super Senior deals, including those liquidated and consolidated in 2008, is approximately 44%.

Hedges of £204m (31st December 2007: £1,347m) comprise trades in the liquid index swap market with market counterparties. The counterparty exposure is managed through a standard derivative collateralisation process. None of the hedge counterparties are monoline insurers.

The collateral for the outstanding ABS CDO Super Senior exposures primarily comprises residential mortgage backed securities (RMBS). Within this the majority of the sub-prime and Alt-A collateral was originated in 2005 or earlier with minimal exposure to 2007 or later. The vintages of the sub-prime, Alt-A and US RMBS collateral are set out in the table below.

Sub-prime Collateral by Vintage	As at 30.06.08	As at 31.12.07
2005 and earlier	**66%**	54%
2006	**31%**	40%
2007 and 2008	**3%**	6%
Alt-A Collateral by Vintage		
2005 and earlier	**57%**	49%
2006	**39%**	40%
2007 and 2008	**4%**	11%
US RMBS Collateral by Vintage		
2005 and earlier	**58%**	52%
2006	**39%**	41%
2007 and 2008	**3%**	7%

RMBS collateral for the ABS CDO Super Senior exposures is subject to public ratings. The ratings of sub-prime, Alt-A and total RMBS CDO collateral as at 30th June 2008 are set out in the table below.

Sub-prime RMBS Ratings	High Grade	Mezzanine	Total
AAA/AA	51%	4%	40%
A/BBB	21%	66%	31%
Non-investment Grade	28%	30%	29%
Alt-A RMBS Ratings	**High Grade**	**Mezzanine**	**Total**
AAA/AA	85%	38%	81%
A/BBB	7%	31%	9%
Non-investment Grade	8%	31%	10%
Total RMBS Ratings	**High Grade**	**Mezzanine**	**Total**
AAA/AA	63%	17%	55%
A/BBB	16%	52%	22%
Non-investment Grade	21%	31%	23%

Risk Management

B.

Other US Sub-Prime

	Pro-forma[1] 30.06.08 £m	As at 31.12.07 £m	Marks at 30.06.08	Marks at 31.12.07
Whole loans - performing	2,145	2,805	84%	100%
Whole loans - more than 60 days past due	272	372	50%	65%
Total whole loans	**2,417**	**3,177**	**78%**	**94%**
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 30
th
June 2008 less material sales agreed in July
2

Marks based on gross collateral

Risk Management

C.

Alt-A
Net exposure to the Alt-A market was £3,510m (31st December 2007: £4,916m), through a combination of whole loans, securities and residuals held on the balance sheet, including those held in consolidated conduits
.

	As at	**As at**	**Marks at**	**Marks at**
	30.06.08	**31.12.07**	**30.06.08**	**31.12.07**
	£m	£m		
AAA securities	2,322	3,442	69%	87%
Other Alt-A securities	149	208	30%	75%
Whole Loans	716	909	80%	97%
Residuals	13	25	40%	66%
Other exposures with underlying Alt-A collateral:				
- Derivatives	184	221	100%	100%
- Loans/other	126	111	76%	97%
Total	**3,510**	**4,916**		

Alt-A securities, whole loans and residuals are measured at fair value through profit and loss. Alt-A securities held in conduits are categorised as available for sale.
Included above are senior AAA securities of £598m (31st December
2007
: £823m) held by consolidated conduits on which a mark to market loss of £132m has been recognised in equity in the six months to
30th
June 2008 (2007: £nil). This is expected to reverse over time. The securities have protection provided by subordination of 22%.
At 30th June 2008, 94% of the Alt-A whole loan exposure was performing, and the average loan to value ratio at origination was 81%.
In the six months to 30th June 2008 there were net sales, paydowns of collateral and movements in Alt-A collateral of liquidated and consolidated ABS CDO Super Senior structures of approximately £530m.
Other exposures with underlying Alt-A collateral include counterparty derivative exposures to vehicles which hold Alt-A collateral. The majority of this exposure is the most senior obligation of the vehicle.

Risk Management

D.

Monoline Insurers

Assets are held with insurance protection or other credit enhancements from monoline insurers. Declines in fair value of the underlying assets are reflected in increases in the value of potential claims on monoline insurers. These are measured at fair value through profit and loss.

The net exposure to monoline insurers under these contracts increased to £2,584m by 30th June 2008 (31st December 2007: £1,335m) reflecting declines in fair value of the underlying asset on existing contracts. There have been no claims due under these contracts as none of the underlying assets were in default at 30th June 2008.
At 30th June 2008, 67% of the underlying assets comprised collateralised loan obligations (CLOs), 9% US RMBS and 24% other collateral, primarily US CMBS.

	As at 30.06.2008				
Exposure by Credit Rating of Monoline Insurer	**Notional**	**Fair Value of Underlying Asset**	**Gross Exposure**	**Total Write-downs**	**Net Exposure**
	£m	£m	£m	£m	£m
AAA/AA	10,738	9,587	1,151	(98)	1,053
A/BBB	5,592	4,193	1,399	(242)	1,157
Non-investment grade	5,151	4,684	467	(93)	374
Total	**21,481**	**18,464**	**3,017**	**(433)**	**2,584**

	As at 31.12.07				
Exposure by Credit Rating of Monoline Insurer	**Notional**	**Fair Value of Underlying Asset**	**Gross Exposure**	**Total Write-downs**	**Net Exposure**
	£m	£m	£m	£m	£m
AAA/AA	**21,573**	**20,179**	**1,394**	**(59)**	**1,335**

The notional value of the assets wrapped with insurance protection are set out below, analysed by the current rating of the monoline. Of the US RMBS assets, 97% are protected by monolines with investment grade ratings as at 30th June 2008.

	Rating of Monoline Insurer As at 30.06.08			
Notional Assets Wrapped by Monoline Insurers	**AAA/AA**	**A/BBB**	**Non- investment grade**	**Total**
	£m	£m	£m	£m
2005 and earlier	112	-	-	112
2006	359	562	-	921
2007 and 2008	-	374	-	374
High Grade	**471**	**936**	**-**	**1,407**
Mezzanine - 2005 and earlier	-	508	63	571
CDO 2 - 2005 and earlier	38	-	-	38
US RMBS	**509**	**1,444**	**63**	**2,016**
CMBS	50	2,392	311	2,753
CLOs	8,801	1,050	4,556	14,407
Other	1,378	706	222	2,306
Total	**10,738**	**5,592**	**5,152**	**21,482**

Risk Management

E.
SIVs/SIV-Lites

	As at 30.06.08	As at 31.12.07	Marks at 30.06.08	Marks at 31.12.07
SIVs/SIV-lites	£m	£m	%	%
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

Risk Management

F.

Commercial Mortgages

Exposures in Barclays Capital's commercial mortgages portfolio, all of which are measured at fair value, comprised commercial real estate exposure of £10,354m (31st December 2007: £11,103m) and commercial mortgage-backed securities (CMBS) of £634m (31st December 2007: £1,296m).

The commercial real estate loan exposure comprises 54% US, 43% Continental Europe and

UK
and 3%
Asia
. Of the total exposure 92% is tenanted; 4% relates to land or property under construction.
The
US
exposure includes two large facilities which comprise 45% of the total
US
exposure.
These facilities have paid down approximately £390m in the first half of 2008.

The remaining 55% of the
US
exposure comprises 86 facilities.
The
UK
and Continental European portfolio is well diversified with 76 facilities in place at 30th June 2008. In
Europe
protection is provided by loan covenants and annual LTV retests, which cover 90% of the portfolio. Of the Continental European exposure 61% relates to
Germany
. Exposure to the Spanish market represents less than 1% of total exposure at 30th June 2008.
At the start of the year exposure increased through additional drawdowns on facilities. Exposure subsequently declined following sales and paydowns of approximately £870m in the
UK
and Continental Europe and £880m in the
US
.

	As at 30.06.08	**As at 31.12.07**	**Marks at 30.06.08**	**Marks at 31.12.07**
Commercial Real Estate Exposure by Region	£m	£m	%	%
US	5,558	5,947	96%	99%
Germany	2,153	1,783	98%	100%
Sweden	269	250	100%	100%
France	226	289	95%	100%
Switzerland	137	127	98%	100%
Spain	92	89	97%	100%
Other Continental Europe	656	779	97%	100%
UK	925	1,422	97%	100%
Asia	338	417	99%	100%
Total	**10,354**	**11,103**		

Commercial Real Estate Exposure Metrics	**WALTV** [1]	**WAM** [2]	**WALA** [3]

US	68.1%	1.7 yrs	1.1 yrs
Continental Europe	80.0%	5.0 yrs	1.2 yrs
UK	70.1%	6.3 yrs	1.3 yrs
Asia	81.3%	6.8 yrs	0.8 yrs

1
Weighted-average loan-to-value based on the most recent valuation
2
Weighted-average number of years to initial maturity
3

Weighted-average loan age

Risk Management

F
.

Commercial Mortgages (continued)

	As at 30.06.08				
		Continental		**Asia**	
	US	**Europe**	**UK**		**Total**
Commercial Real Estate Exposure by Industry	£m	£m	£m	£m	£m
Office	2,708	1,191	212	95	4,206
Residential	1,271	1,103	248	85	2,707
Retail	93	554	134	85	866
Hotels	751	391	35	21	1,198
Leisure	-	-	258	-	258
Land	138	-	-	-	138
Industrial	466	213	38	12	729
Mixed/Others	241	81	-	40	362
Hedges	(110)	-	-	-	(110)
Total	**5,558**	**3,533**	**925**	**338**	**10,354**

Commercial Mortgage Backed Securities (net of hedges)	As at 30.06.08	As at 31.12.07	Marks at 30.06.08 [1]	Marks at 31.12.07 [1]
	£m	£m	%	%
AAA securities	543	1,008		
Other securities	91	288		
Total	**634**	**1,296**	**68%**	**98%**

Exposure is stated net of hedges traded in the liquid index swap market with market counterparties. The counterparty exposure is managed through a standard derivative collateralisation process and none of the hedge counterparties are monoline insurers.

1

Marks are based on gross collateral

Risk Management

G.

Leveraged Finance
At 30th June 2008, the exposure relating to leveraged finance loans was £9,217m (31st December 2007: £9,217m). This 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	As at 31.12.07
Leveraged Finance Exposure by Region	£m	£m
UK	4,436	4,401
US	2,961	3,037
Europe	1,609	1,568
Asia	211	211
Total lending and commitments	**9,217**	**9,217**
Original targeted hold	(1,722)	(1,659)
Unrecognised fees	(169)	(190)
Net lending and commitments	**7,326**	**7,368**
Contingent repayment	(2,306)	-
Net exposure	**5,020**	**7,368**

The industry classification of the exposure was as follows:

	As at 30.06.08			As at 31.12.07		
	Drawn	**Undrawn**	**Total**	**Drawn**	**Undrawn**	**Total**
Leveraged Finance Exposure by Industry	£m	£m	£m	£m	£m	£m
Insurance	2,389	147	2,536	2,456	78	2,534
Telecoms	2,192	222	2,414	2,259	240	2,499
Retail	834	142	976	828	132	960
Healthcare	604	159	763	577	141	718

Media	489	130	619	469	127	596
Services	487	172	659	388	134	522
Manufacture	385	97	482	371	125	496
Chemicals	287	37	324	46	286	332
Other	211	233	444	233	327	560
Total	**7,878**	**1,339**	**9,217**	**7,627**	**1,590**	**9,217**

New leveraged finance commitments originated after 30th June 2007 comprised £1,275m (31st December 2007: £1,148m)
.

1

Pro-forma represents exposures as at 30th June 2008 less leveraged finance loans of £2,306m that have become subject to an announced intention to be repaid at par. This transaction is contingent upon regulatory approvals and is likely to be completed in the fourth quarter of 2008.

Risk Management

Own Credit

The carrying amount of issued notes that are designated under the IAS 39 fair value option is adjusted to reflect the effect of changes in own credit spreads. The resulting gain or loss is recognised in the income statement. At 30th June 2008, the own credit adjustment arose from the fair valuation of £48.1bn 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.

Risk Management

Valuation of Financial Instruments

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

financial assets may be designated as available for sale. Available for sale financial investments are initially recognised at fair value and are subsequently held at fair value. Gains and losses arising from changes in fair value of such assets are included as a separate component of equity.
The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Financial instruments entered into as trading transactions, together with any associated hedging, are measured at fair value and the resultant profits and losses are included in net trading income, along with interest and dividends arising from long and short positions and funding costs relating to trading activities. Assets and liabilities resulting from gains and losses on financial instruments held for trading are reported gross in trading portfolio assets and liabilities or derivative financial instruments, reduced by the effects of netting agreements where there is an intention to settle net with counterparties.
Valuation
Methodology
The method of determining the fair value of financial instruments can be analysed into the following categories:
a)
Unadjusted quoted prices in active markets where the quoted price is readily available and the price represents actual and regularly occurring market transactions on an arm's length basis.
b)
Valuation techniques using market observable inputs. Such techniques may include:
i) using recent arm's length market transactions;
ii) reference to the current fair value of similar instruments;
iii) discounted cash flow analysis, pricing models or other techniques commonly used by market participants.
c)
Valuation techniques used above, but which include significant inputs that are not observable. On initial recognition of financial instruments measured using such techniques the transaction price is deemed to provide the best evidence of fair value for accounting purposes.
The valuation techniques in (b) and (c) use inputs such as interest rate yield curves, equity prices, commodity and currency prices/yields, volatilities of underlyings and correlations between inputs. The models used in these valuation techniques are calibrated against industry standards, economic models and to observed transaction prices where available.
Various factors influence the availability of observable inputs and these may vary from product to product and change over time. Factors include for example, the depth of activity in the relevant market, the type of product, whether the product is new and not widely traded in the market place, the maturity of market modelling and the nature of the transaction (bespoke or generic).
To the extent that valuation is based on models or inputs that are not observable in the market, the determination of fair value can be more subjective,
dependent
on the significance of the unobservable input to the overall valuation. Unobservable inputs are determined based on the best information available, for example by reference to similar assets, similar maturities, appropriate proxies, or other analytical techniques. The effect of changing the assumptions for those financial instruments for which the fair values were measured using valuation techniques that are determined in full or in part on assumptions that are not supported by observable inputs to a range of reasonably possible alternative assumptions, would be to provide a range of £1.
6
bn (
31st December
2007: £1.2bn) lower to £1.
9
bn (31
st
December 2007: £1.5bn) higher than the fair values recognised in the financial statements.

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

Risk Management

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

Corporate
Bonds

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

Mortgage
Whole Loans

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

Commercial
Mortgage Backed Securities and Asset Backed Securities

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

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

Collateralised
Debt Obligations

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

Private
Equity

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

Risk Management

Derivatives

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

The fair value of OTC derivative contracts are modelled using a series of techniques, including closed form analytical formulae (such as the Black-Scholes option pricing model) and simulation based models. The choice of model is 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.

Risk Management

Off
-Balance Sheet Arrangements
In the ordinary course of business and primarily to facilitate client transactions, the Group enters into transactions which may involve the use of off-balance sheet arrangements and special purpose entities (SPEs). These arrangements include the provision of guarantees, loan commitments, retained interests in assets which have been transferred to an unconsolidated SPE or obligations arising from the Group's involvements with such SPEs.
Guarantees
The Group issues guarantees on behalf of its customers. In the majority of cases, the Group will hold collateral against the exposure, have a right of recourse to the customer or both. In addition, the Group issues guarantees on its own behalf. The main types of guarantees provided are: financial guarantees given to banks and financial institutions on behalf of customers to secure loans: overdrafts; and other banking facilities, including stock borrowing indemnities and standby letters of credit. Other guarantees provided include performance guarantees, advance payment guarantees, tender guarantees, guarantees to Her Majesty's Revenue and Customs and retention guarantees.
Loan
Commitments
The Group enters into commitments to lend to its customers subject to certain conditions. Such loan commitments are made either for a fixed period, or are cancellable by the Group subject to notice conditions.
Special
Purpose Entities
Transactions entered into by the Group may involve the use of SPEs. SPEs are entities that are created to accomplish a narrow and well defined objective. There are often specific restrictions or limits around their ongoing activities.
Transactions with SPEs take a number of forms, including:
The provision of financing to fund asset purchases, or commitments to provide finance for future purchases.
Derivative transactions to provide investors in the SPE with a specified exposure.

The provision of liquidity or backstop facilities which may be drawn upon if the SPE experiences future funding difficulties.
Direct investment in the notes issued by SPEs.
Depending on the nature of the Group's resulting exposure, it may consolidate the SPE on to the Group's balance sheet. The consolidation of SPEs is considered at inception based on the arrangements in place and the assessed risk exposures at that time. In accordance with IFRS, SPEs are consolidated when the substance of the relationship between the Group and the entity indicates control. Potential indicators of control include, amongst others, an assessment of the Group's exposure to the risks and benefits of the SPE. The initial consolidation analysis is revisited at a later date if:
i
)

the Group acquires additional interests in the entity;
or if

ii
)

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

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

Risk Management

Collateralised Debt Obligations
The Group has structured and underwritten CDOs. At inception, the Group's exposure principally takes the form of a liquidity facility provided to support future funding difficulties or cash shortfalls in the vehicles. If required by the vehicle, the facility is drawn with the amount advanced included within loans and advances in the balance sheet. Upon an event of default or other triggering event, the Group may acquire control of a CDO and, therefore, be required to fully consolidate the vehicle for accounting purposes. The potential for transactions to hit default triggers has been assessed and included in the determination of impairment charges and other credit provisions.
Structured Investment Vehicles (SIVs)
The Group has not structured or managed SIVs.
SIV-Lites
The Group structures and helps to underwrite SIV-Lite transactions. The Group is not involved in their ongoing management.
Commercial Paper and Medium-term Note Conduits
The Group provides undrawn backstop liquidity facilities to its own sponsored
commercial paper

conduits. The Group fully consolidates these entities such that the underlying assets are reflected on the Group balance sheet.
Asset
Securitisations
The Group has assisted companies with the formation of asset securitisations, some of which are effected through the use of SPEs. These entities have minimal equity and rely on funding in the form of notes to purchase the assets for securitisation. As these SPEs are created for other companies, the Group does not usually control these entities and therefore does not consolidate them. The Group may provide financing in the form of senior notes or junior notes and may also provide derivatives to the SPE. These transactions are included on the balance sheet.
The Group has used SPEs to securitise part of its originated and purchased retail and commercial lending portfolios and credit card receivables. These SPEs are usually consolidated and derecognition only occurs when the Group transfers its contractual right to receive cash flows from the financial assets, or retains the contractual rights to receive the cash flows, but assumes a contractual obligation to pay the cash flows to another party without material delay or reinvestment, and also transfers substantially all the risks and rewards of ownership, including credit risk, prepayment risk and interest rate risk

Risk Management

Impairment Charges and Other Credit Provisions

	Half Year Ended		
	30.06.08	**31.12.07**	**30.06.07**

	£m	£m	£m
Impairment charges on loans and advances	1,933	1,343	963
Charges/(release) in respect of undrawn facilities and guarantees	328	480	(4)
Impairment charges on loans and advances and other credit provisions	**2,261**	**1,823**	**959**
Impairment charges on reverse repurchase agreements	103	-	-
Impairment charges on available for sale assets	84	13	-
Impairment charges and other credit provisions	**2,448**	**1,836**	**959**

Impairment charges and other credit provisions on ABS CDO Super Senior and other credit market exposures included above:

	Half Year Ended		
	30.06.08	**31.12.07**	**30.06.07**
	£m	£m	£m
Impairment charges on loans and advances	663	300	-
Charges in respect of undrawn facilities	322	469	-
Impairment charges on loans and advances and other credit provisions on ABS CDO Super Senior and other credit market exposures	**985**	**769**	**-**
Impairment charges on reverse repurchase agreements	53	-	-
Impairment charges on available for sale assets	70	13	-
Impairment charges and other credit provisions on ABS CDO Super Senior and other credit market exposures	**1,108**	**782**	**-**

Impairment charges and other credit provisions increased £1,489m to £2,448m (2007: £959m).
Impairment charges on loans and advances and other credit provisions increased £1,302m to £2,261m (2007: £959m) reflecting charges of £
985
m against ABS CDO Super Senior and other credit market
exposure
s
and increased impairment in the international portfolios within Global Retail and Commercial Banking. Total loans and advances grew 24% to £454,857m (
30th June
2007: £367,711m). As a result impairment charges on loans and advances and other credit provisions as a percentage of period end Group total loans and advances increased to 0.99% (2007: 0.52%).
In the retail portfolios, impairment charges on loans and advances
and other credit provisions
rose 23% (£18
5
m) to £
98
5
m
(2007: £
800
m

) principally as a consequence of increased impairment in the international portfolios, whilst total loans and advances increased 19% to £175,397m (
30th June
2007: £147,
730
m). As a result impairment charges as a percentage of period end total loans and advances increased to 1.12% (2007: 1.08%).
In the wholesale and corporate portfolios, impairment charges on loans and advances
and other credit provisions
rose £1,
117
m
to £1,
276
m (2007: £159m) whilst total loans and advances increased 27% to £279,460m (
30th June
2007: £2
19
,
981
m). As a result impairment charges as a percentage of period end total loans and advances increased to 0.91% (2007: 0.14%).

Risk Management

Impairment Charges and Other Credit Provisions (continued)
Global Retail and Commercial Banking
Impairment charges in
UK Retail Banking
increased 4%
(
£11m
)
to £288m (2007: £277m), reflecting growth in the book and current economic conditions. In UK Home Finance, whilst mortgage delinquencies as a percentage of outstanding balances increased from 0.91% to 0.97%, impairment charges and amounts charged off remained low.
The impairment charge in
Barclays Commercial Bank
increased 19% (£24m) to £148m (2007: £124m)
reflecting higher impairment losses in Larger Business partially offset by
a reduction in incurred but not individually identified impairment.
There was a
small
increase in impairment as a percentage of period-end loans and advances to customers to 0.4
4
% (2007: 0.
4
1
%).
Impairment charges in

Barclaycard
increased 10% (£42m) to £477m (2007: £435m), reflecting £77m growth in charges in the international businesses and £27m from the inclusion of Goldfish. These factors were partially offset by £62m lower impairment in the
UK
businesses with reduced flows into delinquency and lower levels of arrears.
Impairment charges in Global
Retail and Commercial Banking
-
Western Europe
increased £71m to £103m (2007: £32m)
principally due to higher charges in
the Spanish commercial portfolios as a consequence of a rapid slowdown in the property and construction sectors.
Impairment charges in
Global Retail and Commercial Banking
-
Emerging Markets
increased £54m to £66m (2007: £12m)
reflecting
asset growth, particularly in
India
, and increased wholesale impairment in
Africa
.
Impairment charges in
Global Retail and Commercial Banking
-
Absa
increased £69m to £125m (2007: £56m) as a result of rising delinquency levels in the retail portfolios, which have been impacted by rising interest and inflation rates and increasing consumer indebtedness.
Investment Banking and Investment Management
Barclays Capital
impairment charges and other credit provisions of £1,226m (2007: £10m) included a charge of £1,1
08
m against ABS CDO Super Senior and other credit market positions. Other impairment charges increased £
108
m to £1
18
m (2007: £10m)
primarily related to charges in the prime services and global loans business
.
The impairment charge in
Barclays Wealth
rose £10m to £12m (2007: £2m) from a very low base.

Risk Management

Allowance for Impairment on Loans and Advances

	As at	**As at**	**As at**

	30.06.08	31.12.07	30.06.07
	£m	£m	£m
At beginning of period	3,772	3,277	3,335
Acquisitions and disposals	97	2	(75)
Exchange and other adjustments	(26)	59	(6)
Unwind of discount	(63)	(60)	(53)
Amounts written off	(911)	(952)	(1,011)
Recoveries	74	103	124
Amounts charged against profit	1,933	1,343	963
At end of period	**4,876**	**3,772**	**3,277**
Amounts Written Off			
United Kingdom	(670)	(710)	(820)
Other European Union	(55)	(97)	(46)
United States	(99)	(58)	(87)
Africa	(87)	(87)	(58)
Rest of the World	-	-	-
	(911)	**(952)**	**(1,011)**
Recoveries			
United Kingdom	61	61	93
Other European Union	(1)	25	7
United States	-	(1)	8
Africa	13	19	15
Rest of the World	1	(1)	1
	74	**103**	**124**
New and Increased Impairment Allowances			
United Kingdom	998	1,019	941
Other European Union	176	107	85
United States	757	349	82
Africa	207	157	111
Rest of the World	58	16	4
	2,196	**1,648**	**1,223**
Less: Releases of Impairment Allowance			
United Kingdom	(118)	(131)	(82)
Other European Union	(44)	(26)	(11)
United States	(8)	(29)	(21)
Africa	(13)	(11)	(9)
Rest of the World	(6)	(5)	(13)
	(189)	**(202)**	**(136)**
Recoveries	(74)	(103)	(124)
Total impairment charges on loans and advances	**1,933**	**1,343**	**963**
Allowance	£m	£m	£m
United Kingdom	2,785	2,526	2,396
Other European Union	449	344	334
United States	1,007	356	72
Africa	552	514	452
Rest of the World	83	32	23
At end of period	**4,876**	**3,772**	**3,277**

Risk Management

Potential Credit Risk Loans

	As at 30.06.08	**As at 31.12.07**	**As at 30.06.07**
Impaired Loans	£m	£m	£m
Loans and advances	6,498	5,230	4,693
ABS CDO Super Senior	3,922	3,344	-
SIV and SIV-lites	150	-	-
	10,570	**8,574**	**4,693**
Accruing loans which are contractually overdue			
90 days or more as to principal or interest	813	794	598
Impaired and restructured loans	378	273	61
Total credit risk loans	**11,761**	**9,641**	**5,352**
Potential Problem Loans			
Loans and advances	1,467	846	735
ABS CDO Super Senior	-	801	-
SIV and SIV-lites	-	150	-
	1,467	**1,797**	**735**
Total potential credit risk loans	**13,228**	**11,438**	**6,087**
Geographical Split			
Impaired Loans			
United Kingdom	3,764	3,605	3,548
Other European Union	805	472	456
United States	4,599	3,703	76
Africa	1,310	757	589
Rest of the World	92	37	24
Total	**10,570**	**8,574**	**4,693**
Accruing Loans Which are Contractually Overdue 90 days or more as to principal or interest			
United Kingdom	661	676	508
Other European Union	82	79	61
United States	12	10	4
Africa	57	29	25
Rest of the World	1	-	-
Total	**813**	**794**	**598**

Risk Management

Potential Credit Risk Loans (continued)

	As at 30.06.08	As at 31.12.07	As at 30.06.07
Impaired and Restructured Loans	£m	£m	£m
United Kingdom	311	179	3
Other European Union	14	14	12
United States	52	38	28
Africa	1	42	18
Rest of the World	-	-	-
Total	**378**	**273**	**61**
Total Credit Risk Loans			
United Kingdom	4,736	4,460	4,059
Other European Union	901	565	529
United States	4,663	3,751	108
Africa	1,368	828	632
Rest of the World	93	37	24
Total	**11,761**	**9,641**	**5,352**
Potential Problem Loans			
United Kingdom	936	419	409
Other European Union	366	59	23
United States	18	964	9
Africa	143	355	271
Rest of the World	4	-	23
Total	**1,467**	**1,797**	**735**
Total Potential Credit Risk Loans			
United Kingdom	5,672	4,879	4,468
Other European Union	1,267	624	552
United States	4,681	4,715	117
Africa	1,511	1,183	903
Rest of the World	97	37	47
Total	**13,228**	**11,438**	**6,087**

Risk Management

Potential Credit Risk Loans (continued)

	As at 30.06.08	As at 31.12.07	As at 30.06.07
Allowance Coverage of Total Credit Risk Loans	%	%	%
United Kingdom	58.8	56.6	59.0
Other European Union	49.8	60.9	63.1
United States	21.6	9.5	66.7
Africa	40.4	62.1	71.5
Rest of the World	89.2	86.5	95.8
Total	**41.5**	**39.1**	**61.2**
Allowance Coverage of Total Potential Credit Risk Loans	%	%	%
United Kingdom	49.1	51.8	53.6
Other European Union	35.4	55.1	60.5
United States	21.5	7.6	61.5
Africa	36.5	43.4	50.0
Rest of the World	85.6	86.5	48.9
Total	**36.9**	**33.0**	**53.8**
Allowance Coverage of Credit Risk Loans	%	%	%
Retail	52.1	55.8	61.4
Wholesale and corporate	32.1	24.9	60.9
Total	**41.5**	**39.1**	**61.2**
Total Excluding ABS CDO Super Senior Exposure	**52.3**	**55.6**	**61.2**
Allowance Coverage of Total Potential Credit Risk Loans	%	%	%
Retail	48.7	51.0	55.6
Wholesale and corporate	27.4	19.7	49.7
Total	**36.9**	**33.0**	**53.8**
Total Excluding ABS CDO Super Senior Exposure	**43.9**	**49.0**	**53.8**

Allowance coverage of credit risk loans and of potential credit risk loans excluding the drawn ABS CDO Super Senior exposure decreased to 52.3 % (31st December 2007: 55.6%) and 43.9 % (31st December 2007: 49.0%), respectively. The decrease in these ratios reflected a change in the mix of credit risk loans and potential credit risk loans as secured retail and wholesale and corporate exposure, where the recovery outlook is relatively high, increased as a proportion of credit risk loans and potential credit risk loans. Additional protection on ABS CDO Super Senior credit risk loans was provided by subordination and hedges.

Risk Management

Risk Tendency
As part of its credit risk management system, the Group uses a model-based methodology to assess the point-in-time expected loss of credit portfolios across different customer categories. The approach is termed Risk Tendency and applies to credit exposures not reported as Credit Risk Loans
.
Risk Tendency models provide statistical estimates of average expected loss levels for a rolling 12-month period based on averages in the ranges of possible losses expected from each of the current portfolios. This contrasts with impairment charges as required under accounting standards, which derive from Credit Risk Loans where there is objective evidence of impairment as at the balance sheet date.
Since Risk Tendency and impairment allowances are calculated for different parts of the portfolio, for different purposes and on different bases, Risk Tendency does not predict loan impairment. Risk Tendency is provided to present a view of the evolution of the quality of the credit portfolios.

	Half Year Ended		
	30.06.08	**31.12.07**	**30.06.07**
	£m	£m	£m
UK Retail Banking	495	470	580
Barclays Commercial Bank	360	305	290
Barclaycard	1,115	955	975
GRCB - Western Europe	185	135	105
GRCB - Emerging Markets	240	140	50
GRCB - Absa	195	190	185
Barclays Capital	200	140	110
Barclays Wealth	15	10	10
Head Office Functions and Other Operations	5	10	5
	2,810	**2,355**	**2,310**

Risk Tendency increased
19
% (£4
55
m) to £2,81
0
m (31st December 2007: £2,355m), broadly in line with the 17% growth in the Group's loans and advances balances.
UK
Retail Banking
Risk Tendency increased £25m to £495m (31st December 2007: £470m). This reflected a higher risk profile in the unsecured loans portfolios and asset growth.
Risk Tendency in
Barclays Commercial Bank
increased £55m to £360m (31st December 2007: £305m). This reflected
asset growth and

deterioration in credit conditions.
Barclaycard
Risk Tendency increased £160m to £1,115m (31st December 2007: £955m) primarily reflecting the inclusion of the Goldfish portfolio, an increase in the international portfolio and a deterioration in credit conditions in Barclaycard US and secured loans portfolios.
Risk Tendency at
GRCB - Western Europe
increased £50m to £185m (31st December 2007: £135m)
principally
reflecting balance sheet growth and weaker credit conditions
.

Risk Tendency at
GRCB - Emerging Markets
increased £100m to £240m (31st December 2007: £140m) reflecting asset growth and a change in the risk profile following a broadening of the product offering through new product launches and new market entry in India and UAE.

Risk Management

Risk Tendency (continued)
Risk Tendency at
GRCB - Absa
increased £5m to £195m (31st December 2007: £190m) reflecting a continued weakening of retail credit conditions in South Africa and asset growth in
Rand
terms
largely
offset by a movement in the Rand/Sterling exchange rate.
Risk Tendency in
Barclays Capital
increased £60m to £200m (31st December 2007: £140m) reflecting asset growth and credit downgrades. The drawn liquidity facilities on ABS CDO Super Senior positions are classified as credit risk loans and therefore no Risk Tendency is calculated on them.
Risk Tendency at
Barclays Wealth
increased £
5m
to £
15
m (31st December 2007: £10m) reflecting the transfer of a number of assets from GRCB -
Western Europe
.

Risk Management

Market Risk
Market Risk is the risk that Barclays earnings or capital, or its ability to meet business objectives, will be adversely affected by changes in the level or volatility of market rates or prices such as interest rates, credit spreads, commodity

prices, equity prices and foreign exchange rates.
Barclays Capital's market risk exposure, as measured by average total Daily Value at Risk (DVaR), increased to £58.0m in the first half of 2008. This was mainly due to
increases in interest rate positions and higher market volatility within the credit spread and interest rate DVaR
.
Barclays Capital's
DVaR as at 30th June 2008 was £61.2m (31
st
December 2007: £53.9m).

Analysis of Barclays Capital's Market Risk Exposures

The daily average, maximum and minimum values of DVaR were calculated as below:

	Half Year Ended 30.06.08		
	Average	**High[1]**	**Low[1]**
	£m	£m	£m
Interest rate risk	37.9	58.3	27.9
Credit spread risk	37.7	41.9	32.0
Commodity risk	23.7	29.6	18.7
Equity risk	9.7	12.9	6.7
Foreign exchange risk	5.3	9.0	2.9
Diversification effect	(56.3)	n/a	n/a
Total DVaR	**58.0**	**73.3**	**49.2**

	Half Year Ended 31.12.07		
	Average	**High[1]**	**Low[1]**
	£m	£m	£m
Interest rate risk	20.2	33.3	12.6
Credit spread risk	29.3	43.3	16.1
Commodity risk	20.9	24.8	17.4
Equity risk	12.3	17.6	9.8
Foreign exchange risk	5.4	9.6	3.2
Diversification effect	(43.4)	n/a	n/a
Total DVaR	**44.6**	**59.3**	**38.4**

	Half Year Ended 30.06.07		
	Average	**High[1]**	**Low[1]**
	£m	£m	£m
Interest rate risk	19.7	27.2	13.0
Credit spread risk	20.4	28.1	14.6
Commodity risk	19.5	27.2	14.8
Equity risk	10.1	15.3	7.3
Foreign exchange risk	4.3	6.7	2.9

Diversification effect	(34.7)	n/a	n/a
Total DVaR	**39.3**	**47.1**	**33.1**

1

The high (and low) DVaR figures reported for each category did not necessarily occur on the same day as the high (and low) DVaR reported as a whole. Consequently a diversification effect number for the high (and low) DVaR figures would not be meaningful and it is therefore omitted from the above table.

Regulatory Capital

Capital Ratios

	As at	**As at**	**As at**
	30.06.08	**31.12.07**	**30.06.07**
	Basel II	Basel II	Basel I
Risk Weighted Assets	£m	£m	£m
Credit risk	239,767	244,474	237,467
Counterparty risk	43,979	41,203	46,765
Market risk	40,462	39,812	33,811
Operational risk	28,531	28,389	-
Total risk weighted assets	**352,739**	**353,878**	**318,043**
Capital Resources			
Tier 1			
Called up share capital	1,642	1,651	1,637
Eligible reserves	22,603	22,939	21,323
Minority interests [1]	11,922	10,551	8,405
Tier 1 notes [2]	902	899	887
Less: intangible assets	(8,063)	(8,191)	(7,757)
Less: deductions from Tier 1 capital	(1,306)	(1,106)	(26)
Total qualifying Tier 1 capital	**27,700**	**26,743**	**24,469**
Tier 2			
Revaluation reserves	25	26	24
Available for sale-equity gains	228	295	440
Collectively assessed impairment allowances	999	440	2,527
Minority interests	445	442	441
Qualifying subordinated liabilities: [3]			
Undated loan capital	4,913	3,191	3,174
Dated loan capital	12,165	10,578	8,626

Less: deductions from Tier 2 capital	(1,306)	(1,106)	(26)
Total qualifying Tier 2 capital	**17,469**	**13,866**	**15,206**
Less: Regulatory Deductions			
Investments not consolidated for supervisory purposes	(523)	(633)	(947)
Other deductions	(194)	(193)	(1,276)
Total deductions	**(717)**	**(826)**	**(2,223)**
Total net capital resources	**44,452**	**39,783**	**37,452**
Equity Tier 1 ratio	5.0%	5.1%	5.3%
Tier 1 ratio	7.9%	7.6%	7.7%
Risk asset ratio	12.6%	11.2%	11.8%

1 Includes equity minority interests 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.

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	Basel	Basel

	II	II	I
	£m	£m	£m
Shareholders' equity excluding minority interests	22,289	23,291	20,973
Available for sale reserve	363	(154)	(238)
Cash flow hedging reserve	419	(26)	407
Adjustments to retained earnings			
Defined benefit pension scheme	1,099	1,053	1,261
Additional companies in regulatory consolidation and non-consolidated companies	(1)	(281)	(230)
Foreign exchange on RCIs and upper Tier 2 loan stock	420	478	533
Adjustment for own credit	(969)	(461)	-
Other adjustments	625	690	254
Called up share capital and eligible reserves for regulatory purposes	**24,245**	**24,590**	**22,960**

Regulatory Capital

Total Assets

	As at	**As at**	**As at**
	30.06.08	**31.12.07**	**30.06.07**
	£m	£m	£m
UK Retail Banking	96,314	88,477	84,267
Barclays Commercial Bank	80,955	74,566	69,830
Barclaycard	24,278	22,121	20,362
GRCB - Western Europe	51,133	43,702	36,724
GRCB - Emerging Markets	11,380	9,188	6,323
GRCB - Absa	34,178	36,368	31,908
Barclays Capital	966,109	839,850	796,389
Barclays Global Investors	79,030	89,218	90,440
Barclays Wealth	17,749	18,188	16,663
Head Office Functions and Other Operations	4,528	5,683	5,356
	1,365,654	**1,227,361**	**1,158,262**

Total assets increased 11% to £1,365.7bn (31st December 2007: £1,227.4bn).
UK Retail Banking total assets increased 9% to £96.3bn (31st December 2007: £88.5bn). This was mainly attributable to growth in mortgage balances.
Barclays Commercial Bank total assets grew 9% to £81.0bn (31st December 2007: £74.6bn) driven by growth across lending products.
Barclaycard total assets increased 10% to £24.3bn (31st December 2007: £22.1bn) primarily driven by the acquisition of Goldfish and increases in international assets.

GRCB - Western Europe total assets grew 17% to £51.1bn (31st December 2007: £43.7bn). This growth was mainly driven by increases in retail mortgages and unsecured lending.

GRCB - Emerging Markets total assets grew 24% to £11.4bn (31st December 2007: £9.2bn) reflecting increases in retail and commercial lending.

GRCB - Absa total assets decreased 6% to £34.2bn (31st December 2007: £36.4bn) reflecting broad based asset growth, more than offset by the weakening of the Rand.

Barclays Capital total assets rose 15% to £966.1bn (31st December 2007: £839.9bn). This primarily reflected continuing volatility across various derivative indices, resulting in significant increases in grossed-up derivative positions. Excluding derivatives, assets decreased 4% to £566.8bn (31st December 2007: £592.3bn)

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).

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).

Performance Management

Economic
Capital
Barclays assesses capital requirements by measuring the Group's
risk profile using both internally and externally developed models. The Group assigns economic capital primarily within seven risk categories:
credit
risk,
market

risk,
business
risk,
operational
risk,
insurance risk,
fixed
assets and
private
equity.

The Group regularly enhances its economic capital methodology and benchmarks outputs to external reference points. The framework uses default probabilities during average credit conditions, rather than those prevailing at the balance sheet date, thus seeking to remove cyclicality from the economic capital calculation. The framework also adjusts economic capital to reflect time horizon, correlation of risks and risk concentrations.

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

The total average economic capital required by the Group, as determined by risk assessment models and after considering the Group's estimated portfolio effects, is compared with the supply of economic capital to evaluate economic capital utilisation. Supply of economic capital is calculated as the average available shareholders' equity after adjustment and including preference shares.

Economic capital forms the basis of the Group's submission for the Basel II Internal Capital Adequacy Assessment Process (ICAAP).

Performance Management

Economic Capital Demand
1

	Half Year Ended		
	30.06.08	**31.12.07**	**30.06.07**
	£m	£m	£m
UK Retail Banking	3,600	3,400	3,400
Barclays Commercial Bank	3,500	3,300	3,150
Barclaycard	2,500	2,150	2,000
GRCB - Western Europe	1,700	1,400	1,100
GRCB - Emerging Markets	950	550	300
GRCB - Absa	1,100	950	900
Barclays Capital	8,000	6,050	4,400
Barclays Global Investors	350	200	200
Barclays Wealth	500	550	500
Head O	100	100	250

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unctions and
O
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O
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2

Economic Capital requirement (excluding goodwill)	22,300	18,650	16,200
Average historic goodwill and intangible assets [3]	9,000	8,700	8,100
Total economic capital requirement [4]	**31,300**	**27,350**	**24,300**

UK Retail Banking economic capital allocation increased £200m to £3,600m (31st December 2007: £3,400m), reflecting mortgage asset growth and house price movements.
Barclays Commercial Bank economic capital allocation increased £200m to £3,500m (31st December 2007: £3,300m) as a consequence of asset growth partially offset by improved portfolio diversification.
Barclaycard economic capital allocation increased £350m to £2,500m (31st December 2007: £2,150m) due to the acquisition of the Goldfish cards portfolio, asset growth in Barclaycard
US
 and the redemption of securitisation
transactions
.
GRCB -
Western Europe
 economic capital allocation increased £300m to £1,700m (31st December 2007: £1,400m) reflecting asset growth
 together with the strengthening of the Euro
.
GRCB - Emerging Markets economic capital allocation increased £400m to £950m (31st December 2007: £550m) due to asset growth in newer markets.
GRCB - Absa economic capital allocation increased £150m to £1,100m (31st December 2007: £950m) reflecting asset growth

and
the transfer of assets from Absa Capital into Absa Commercial Bank offset by exchange rate movements.
Barclays Capital economic capital allocation increased £1,950m to £8,000m (31st December 2007: £6,050m). This was driven by
growth towards the end of 2007 in the investment portfolio,
exposure to drawn leveraged finance underwriting positions and a deterioration in credit quality principally in the
US
.
Barclays Global Investors economic capital allocation increased £150m to £350m (31st December 2007: £200m) primarily reflecting the selective support of liquidity products.

1
Calculated using a four point average over the half year and rounded to the nearest £50m for presentation purposes.
2
Includes Transition Businesses and capital for central functional risks.
3
Average goodwill relates to purchased goodwill and intangible assets from business acquisitions.
4
Total period end economic capital requirement as at 30th June 2008 stood at £31,700m (31st December 2007: £29,650m, 30th June 2007
:
£26,800m).

Performance Management

Economic
Capital Supply
The capital resources to support economic capital comprise adjusted shareholders' equity including preference shares but excluding other minority interests. Preference shares have been issued to optimise the long-term capital base of the Group.
The capital resources to support economic capital are impacted by a number of factors arising from the application of IFRS and are modified in calculating available funds for economic capital. This applies specifically to:
Cash flow hedging reserve
- to the extent that the Group undertakes the hedging of future cash flows, shareholders' equity will include gains and losses which will be offset against the gain or loss on the hedged item when it is recognised in the income statement at the conclusion of the future hedged transaction. Given the future offset of such gains and losses, they are excluded from shareholders' equity when calculating economic capital
supply
.
Available for sale reserve
- unrealised gains and losses on
Available for sale
securities are included in shareholders' equity until disposal or impairment. Such gains and losses are excluded from shareholders' equity for the purposes of calculating economic capital
supply
. Realised gains and losses, foreign exchange translation differences and any impairment charges recorded in the income statement will impact economic profit.
Retirement benefits liability -
the Group has recorded a
net liability

with a consequent reduction in shareholders' equity. This represents a non-cash reduction in shareholders' equity. For the purposes of calculating economic capital
supply
, the Group does not deduct the pension
liability

from shareholders' equity.
Own credit gains

-

gains on the fair valuation of notes issued are included in the income statement but are excluded from shareholders' equity when calculating economic
capital supply.
The average supply of capital to support the economic capital framework is set out below[1]:

	Half Year Ended		
	30.06.08	**31.12.07**	**30.06.07**
Shareholders' equity excluding minority interests less goodwill[2]	15,100	15,200	13,250
Retirement benefits liability	1,100	1,100	1,250
Cashflow hedging reserve	100	150	350
Available for sale reserve	100	(200)	(150)
Gains on own credit	(850)	(200)	-
Preference shares	5,050	4,050	3,400
Available funds for economic capital excluding goodwill	20,600	20,100	18,100
Average historic goodwill and intangible assets[2]	9,000	8,700	8,100
Available funds for economic capital including goodwill[3]	**29,600**	**28,800**	**26,200**

In addition, the Group holds other Tier 1 Instruments of £4,874m as at 30th June 2008 (31st December 2007: £4,807m; 30th June 2007: £4,109m) consisting of Tier 1 notes of £902m and reserve capital instruments of £3,972m. As at 30th June 2008 the total period end economic capital requirement of £31,700m exceeded the available funds for economic capital of £30,350m. On 25th June 2008, Barclays announced a share issue to raise approximately £4.5bn thus providing pro-forma available funds for economic capital of £34,850m.

1

Averages for the period will not correspond to period-end balances disclosed in the balance sheet. Numbers are rounded to the nearest £50m for

presentational purposes only.
2

Average goodwill relates to purchased goodwill and intangible assets from business acquisitions.
3

Available funds for economic capital as a
t 30th June 2008 stood at £30,350
m (31st December 2007: £29,
700

m, 30th June 2007: £30,950m).

Performance Management

Economic Profit

Economic profit comprises:
Profit after tax and minority interests; less
Capital charge (average shareholders' equity excluding minority interests multiplied by the Group cost of capital).
The Group cost of capital has been applied at a uniform rate of 10.5%[1]. The costs of servicing preference shares are included in minority interests, and so preference shares are excluded from average shareholders' equity for economic profit purposes.
The economic profit in 2008 and 2007 is shown below:

	Half Year Ended		
	30.06.08	**31.12.07**	**30.06.07**
	£m	£m	£m
Profit after tax and minority interests	1,718	1,783	2,634
Addback of amortisation charged on acquired intangible assets[2]	73	78	59
Profit for economic profit purposes	**1,791**	**1,861**	**2,693**
Average shareholders' equity excluding minority interests[3, 4]	15,100	15,200	13,250
Adjust for unrealised loss/(gains) on available for sale investments[4]	100	(200)	(150)
Adjust for unrealised loss on cashflow hedge reserve[4]	100	150	350
Adjust for gains on own credit	(850)	(200)	-
Add: retirement benefits liability	1,100	1,100	1,250
Goodwill and intangible assets arising on acquisitions[4]	9,000	8,700	8,100
Average shareholders' equity for economic profit purposes[3,4]	**24,550**	**24,750**	**22,800**
Capital charge at 10.5% (2007: 9.5%)	**(1,290)**	**(1,180)**	**(1,084)**
Economic profit	**501**	**681**	**1,609**

1
The Group cost of capital changed from 1st January 2008 from 9.5% to 10.5%.
2
Amortisation charged for purchased intangibles, adjusted for tax and minority interests.
3
Average ordinary shareholders' equity for Group economic profit calculation is the sum of adjusted equity and reserves plus goodwill and intangible assets arising on acquisition, but excludes preference shares.
4
Averages for the period will not correspond exactly to period end balances disclosed in the balance sheet. Numbers are rounded to the nearest £50m for presentation purposes only.

Performance Management

Economic Profit Generated by Business

	Half Year Ended		
	30.06.08	**31.12.07**	**30.06.07**
	£m	£m	£m
UK Retail Banking	324	306	311
Barclays Commercial Bank	305	303	332
Barclaycard	147	98	115
GRCB - Western Europe	133	2	14
GRCB - Emerging Markets	(21)	(3)	29
GRCB - Absa	42	59	39
Barclays Capital	(106)	203	969
Barclays Global Investors	122	220	210
Barclays Wealth	123	119	114
Head Office Functions and Other Operations	(318)	(285)	(185)
	751	1,022	1,948
Historic goodwill and intangibles arising on acquisition	(472)	(413)	(387)
Variance to average shareholders' funds (excluding minority interest)	222	72	48
Economic profit	**501**	**681**	**1,609**

Economic profit for the Group decreased 69% (£1,108m) to £501m (2007: £1,609m) due to a decrease

of £916m in attributable profit and a £206m increase in the economic capital charge.
UK Retail Banking economic profit increased
4% (

£13m
)
to £324m (2007: £311m) due to a 7% increase in profit before tax partially offset by a 4% increase in the economic capital charge reflecting mortgage asset growth and house price movements.
Barclays Commercial Bank economic profit decreased 8% (£27m) to £305m (2007: £332m) due to a 1% decrease in profit before tax and an
8% increase in the economic capital charge arising from the impact of asset growth.
Barclaycard economic profit increased 28% (£32m) to £147m (2007: £115m),
reflecting
a 30% increase in profit before tax and a
25
% increase in the economic capital charge arising from the acquisition of Goldfish cards portfolio, asset growth in Barclaycard US and the redemption of securitisation deals.
GRCB - Western Europe economic profit increased £119m to £133m (2007: £14m), due to a £
139m
release of a deferred tax
liability and
a 10% increase in profit before tax, partially offset by a 51% increase in the economic capital charge reflecting asset growth.
GRCB - Emerging Markets economic profit decreased 172% (£50m) to a loss of £21m (2007: profit of £29m) due to a 13% decrease in profit before tax and a 1
93
% increase in the economic capital charge due to asset growth in the newer markets
.

GRCB - Absa economic profit increased 8% (£3m) to £42m (2007: £39m)

principally
due to a 10% increase in profit before tax
.
Barclays Capital economic profit decreased to a loss of £106m (2007: profit of £969m), due to a 68% decrease in profit before tax and a 90% increase in the economic capital charge.
Barclays Global Investors economic profit decreased 42% (£88m) to £122m (2007: £210m), due to a 32% decrease in profit before tax and a
n
82% increase in the economic capital charge primarily reflecting the selective support of liquidity products.
Barclays Wealth economic profit increased 8% (£9m) to £123m (2007: £114m), principally due to a 5% increase in profit before tax.

Performance Management

Staff Numbers

	Half Year Ended		
	30.06.08	**31.12.07**	**30.06.07**
UK Retail Banking	30,700	30,700	33,900
Barclays Commercial Bank	10,000	9,200	7,900
Barclaycard	9,600	8,900	8,700

GRCB - Western Europe	10,200	8,800	7,600
GRCB - Emerging Markets	19,200	13,900	9,600
GRCB - Absa	38,700	35,800	33,100
Barclays Capital	16,300	16,200	15,700
Barclays Global Investors	3,700	3,400	3,100
Barclays Wealth	7,300	6,900	6,900
Head Office Functions and Other Operations	900	1,100	1,200
Total Group permanent and fixed term contract staff worldwide	**146,600**	**134,900**	**127,700**

Staff numbers are shown on a full-time equivalent basis. Total Group permanent and fixed term contract staff comprised 63,100 (31st December 2007: 61,900) in the UK and 83,500 (31st December 2007: 73,000) internationally.

UK Retail Banking headcount was stable at 30,700 (31st December 2007: 30,700).

Barclays Commercial Bank headcount increased 800 to 10,000 (31st December 2007: 9,200) reflecting increased investment in risk and operations infrastructure and new initiatives in product development and sales capability. Headcount at 31st December 2007 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.

Performance Management

Balances and Margins

Business Margins	**Half Year Ended**		
	30.06.08	**31.12.07**	**30.06.07**
	%	%	%
UK Retail Banking assets	1.09	1.19	1.20
UK Retail Banking liabilities	2.12	2.16	2.15
Barclays Commercial Bank assets	1.60	1.75	1.85
Barclays Commercial Bank liabilities	1.48	1.49	1.50
Barclaycard assets	6.77	6.27	6.77
GRCB - Western Europe assets	1.13	1.13	1.13
GRCB - Western Europe liabilities	1.29	1.56	1.72
GRCB - Emerging Markets assets	5.10	6.56	6.67
GRCB - Emerging Markets liabilities	1.89	0.63	0.91
GRCB - Absa assets	2.57	2.70	2.72
GRCB - Absa liabilities	3.43	3.49	2.90
Barclays Wealth assets	1.02	1.10	1.12
Barclays Wealth liabilities	0.95	0.98	1.08

Average Balances	**Half Year Ended**		
	30.06.08	**31.12.07**	**30.06.07**
	£m	£m	£m
UK Retail Banking assets	87,083	80,228	76,747
UK Retail Banking liabilities	85,669	83,456	80,213
Barclays Commercial Bank assets	59,037	55,232	52,661
Barclays Commercial Bank liabilities	47,252	46,245	46,489
Barclaycard assets	21,472	19,372	18,579
GRCB - Western Europe assets	38,659	31,766	28,498
GRCB - Western Europe liabilities	9,604	7,691	7,284
GRCB - Emerging Markets assets	5,599	4,164	2,953
GRCB - Emerging Markets liabilities	6,591	5,686	4,544
GRCB - Absa assets	26,273	26,583	24,062

GRCB - Absa liabilities	12,466	11,911	11,106
Barclays Wealth assets	9,271	8,332	6,458
Barclays Wealth liabilities	35,984	33,130	29,140

Performance Management

Balances and Margins (continued)

Business Net Interest Income	**Half Year Ended**		
	30.06.08	**31.12.07**	**30.06.07**
	£m	£m	£m
UK Retail Banking assets	474	483	456
UK Retail Banking liabilities	905	909	854
Barclays Commercial Bank assets	471	486	484
Barclays Commercial Bank liabilities	348	348	345
Barclaycard assets	723	612	624
GRCB - Western Europe assets	217	181	160
GRCB - Western Europe liabilities	62	61	62
GRCB - Emerging Markets assets	142	137	98
GRCB - Emerging Markets liabilities	62	19	20
GRCB - Absa assets	334	362	324
GRCB - Absa liabilities	212	209	160
Barclays Wealth assets	47	46	36
Barclays Wealth liabilities	169	164	156
Business net interest income	**4,166**	**4,017**	**3,779**

Reconciliation of Business Net Interest

Income to Group Net Interest Income	**Half Year Ended**		
	30.06.08	**31.12.07**	**30.06.07**
	£m	£m	£m
Business net interest income	4,166	4,017	3,779
Other:			
- Barclays Capital	702	612	567
- Barclays Global Investors	(20)	(6)	(2)
- Other	322	398	245

Group net interest income	**5,170**	**5,021**	**4,589**

Business net interest income is derived from the interest rate earned on average assets or paid on average liabilities relative to the average Bank of England base rate, local equivalents for international businesses or the rate managed by the bank using derivatives. The margin is expressed as annualised business interest income over the relevant average balance. Asset and liability margins cannot be added together as they are relative to the average Bank of England base rate, local equivalent for international businesses or the rate managed by the bank using derivatives. The benefit of capital attributed to these businesses is excluded from the calculation of business margins and business net interest income.

Average balances are calculated on daily averages for most UK banking operations and monthly averages elsewhere.

Within the reconciliation of Group net interest income, there is an amount captured as Other. This relates to the benefit of capital excluded from the business margin calculation, Head Office Functions and Other Operations and net funding on non-customer assets and liabilities.

Statement of Directors' Responsibilities

The Directors confirm to the best of their knowledge that the condensed consolidated interim financial statements set out on pages 76 to 117 have been prepared in accordance with International Accounting Standards 34, 'Interim Financial Reporting', as adopted by the European Union, and that the interim management report herein includes a fair review of the information required by Disclosure and Transparency Rules 4.2.7 and 4.2.8 namely:

an indication of important events that have occurred during the six months ended 30th June 2008 and their impact on the condensed consolidated interim financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year;

and

material related-party transactions in the six months ended 30th June 2008 and any material changes in the related

party transactions described in the last annual report.
On behalf of the Board

John Varley **Chris Lucas**
Group Chief Executive Group Finance Director

Independent Auditors' Review Report

Independent Review Report to Barclays PLC

Introduction

We have been engaged by Barclays PLC to review the condensed consolidated interim financial statements in the interim results announcement for the six months ended 30th June 2008, which comprises the consolidated interim income statement, consolidated interim balance sheet, condensed consolidated interim statement of recognised income and expense, condensed consolidated interim cash flow statement and related notes. We have read the other information contained in the interim results announcement and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated interim financial statements.

Directors' Responsibilities

The interim results announcement is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim results announcement in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in section 'Accounting Policies', the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed consolidated interim financial statements included in this interim results announcement have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the company a conclusion on the condensed consolidated interim financial statements in the interim results announcement based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independent Auditors' Review Report

Independent Review Report to Barclays PLC (continued)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements in the interim results announcement for the six months ended 30th June 2008 are not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PricewaterhouseCoopers LLP
Chartered Accountants
London
,
United Kingdom
7 August 2008

Notes:
a

)

The maintenance and integrity of the Barclays website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website, and
b)

Legislation in the
United Kingdom
governing the preparation and dissemination of financial statements may differ from legislation

in other jurisdictions.

Accounting Policies

Basis of Preparation

The
condensed consolidated interim financial statements for the half year ended 30th June 2008 on pages
77
to
117
have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34, 'Interim
F
inancial
R
eporting' as published by the International Accounting Standards Board (IASB).
They are also in accordance with IAS 34 as adopted by the European Union.
The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31st December 2007, which have been

prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as published by the IASB. The annual financial statements are also prepared in accordance with IFRS as published by the IASB and IFRIC interpretations as adopted by the European Union.

The accounting policies adopted are consistent with those of the accounting policies described in the 2007 Annual report, except IFRS 8 'Operating Segments' has been adopted as at 1st January 2008. The standard was issued in November 2006 and excluding early adoption would first be required to be applied to the Group's accounting period beginning on 1st January 2009. The standard replaces IAS 14 'Segmental Reporting' and aligns operating segmental reporting with segments reported to senior management as well as requiring amendments and additions to the existing segmental reporting disclosures. The standard does not change the recognition, measurement or disclosure of specific transactions in the condensed consolidated interim financial statements but has impacted the segmental reporting as set out in note 34 on page 112.

Consolidated Interim Income Statement (Unaudited)

Continuing Operations		**Half Year Ended**		
		30.06.08	**31.12.07**	**30.06.07**
	Notes	£m	£m	£m
Interest income		13,356	13,271	12,037
Interest expense		(8,186)	(8,250)	(7,448)
Net interest income	1	**5,170**	**5,021**	**4,589**
Fee and commission income		4,461	4,386	4,292
Fee and commission expense		(547)	(490)	(480)
Net fee and commission income	2	**3,914**	**3,896**	**3,812**
Net trading income		1,784	948	2,811
Net investment income		345	820	396
Principal transactions	3	**2,129**	**1,768**	**3,207**
Net premiums from insurance contracts	4	568	569	442
Other income	5	163	88	100
Total income		**11,944**	**11,342**	**12,150**
Net claims and benefits incurred under insurance contracts	6	(101)	(244)	(248)
Total income net of insurance claims		**11,843**	**11,098**	**11,902**
Impairment charges and other credit provisions	7	(2,448)	(1,836)	(959)
Net income		**9,395**	**9,262**	**10,943**

Staff costs	8	(3,888)	(3,824)	(4,581)
Administration and general expenses		(2,408)		