BARCLAYS PLC
Form 6-K
March 24, 2010

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

March 24, 2010

Barclays PLC

(Name of Registrant)

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 is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):____

Indicate by check mark whether the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):____

This Report is a Report on Form 6-K filed by Barclays PLC.

The Report comprises the following:

Exhibit No.	**Description**
1	Barclays PLC Notice of Annual General Meeting 2010
2	Barclays PLC Proxy Form for the Annual General Meeting 2010
3	Barclays PLC Sharestore Proxy Form for the Annual General Meeting 2010
4	Barclays PLC Annual Report 2009
5	Barclays PLC Annual Review 2009

SIGNATURES

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

BARCLAYS PLC
(Registrant)

Date: March 24, 2010	By:	/s/ Marie Smith
	Name:	Marie Smith
	Title:	Assistant Secretary

Barclays PLC Notice of Annual General Meeting

Message from the Group Chairman

This year s Annual General Meeting (the AGM) will be held on Friday 30th April 2010 at the Royal Festival Hall, London. Please note that this is a different venue to our normal location. The Notice of Meeting is set out on pages 2 to 9. The biographical details for the Directors standing for re-election at this year s AGM are included on pages 2 and 3. In light of the recommendations made by Sir David Walker, who was commissioned by the Government to review corporate governance in UK banks (the Walker Review), I am standing for re-election at this year s AGM and will stand for re-election each year going forward. The Board has also decided that the Deputy Chairman and Chairmen of each principal Board Committee should stand for annual re-election. David Booth, Sir Richard Broadbent and Sir Michael Rake are therefore offering themselves for re-election. Our Articles require that one-third of the Board retires by rotation each year and stands for re-election. Given that the Chairman, Deputy Chairman and Chairmen of each principal Board Committee will already be standing for re-election, one-third of the remaining Directors will stand for re-election each year. Consequently, Sir Andrew Likierman and Chris Lucas are offering themselves for re-election at this year s AGM. Reuben Jeffery, who was appointed to the Board since the last AGM, also offers himself for re-election. Each of the Directors standing for re-election at the AGM has been subject to a rigorous evaluation process, further details of which may be found in the 2009 Annual Report (which is available at *www.barclays.com/annualreport09)*. Following this process, I can confirm that the Board considers the performance of each of the Directors standing for re-election at the AGM to be fully effective and they each demonstrate the commitment and behaviours expected of a Barclays Director. The Board also concluded that the non-executive Directors standing for re-election are independent in terms of the criteria set out in the UK Combined Code on Corporate Governance.

I would like to take this opportunity, on behalf of the Board, to acknowledge the valuable contribution made by those Directors who have left office since the last AGM. Stephen Russell, who had been on the Board since October 2000 on completion of the acquisition of Woolwich PLC, retired at the end of October 2009 having completed nine years outstanding service to the Company. Patience Wheatcroft, who retired in June 2009, made a valuable contribution to the Board during the time she was a Barclays Director. Frits Seegers left us in November 2009 after three years of significant contribution to the Group, having had a transformational impact on our retail and commercial businesses globally. I would like to express my and the Board s thanks and appreciation to each of them and wish them the best in all they do in the future.

Our AGM is one of the key ways we communicate with our shareholders and it is an important opportunity for our shareholders to express their views by attending, raising questions and voting and the Board encourages you to use your vote. If you would like to vote on the resolutions but cannot attend the AGM, please fill in the Proxy Form sent to you with the Notice of Meeting and return it to our Registrars in the enclosed pre-paid envelope as soon as possible. They must receive it by 11.00am on Wednesday 28th April 2010. Alternatively, you can vote online on our website at *www.barclays.com/investorrelations/vote*. You will need your Voting ID, Task ID and Shareholder or Sharestore Reference Number, which are shown on the Proxy Form enclosed with the Notice of Meeting. CREST members may choose to use the CREST electronic proxy appointment service in accordance with the procedures set out in the notes on the Proxy Form.

We are making greater use of our website and email to communicate directly with shareholders. We now send Barclays e-view members regular, up to date information about their shareholding and Barclays performance direct to their inbox. Therefore, in future, we will not send you paper copies of shareholder documentation unless you have already positively told us that you would like to receive them. Please note that Barclays reserves the right to send you shareholder information by post should we feel it is appropriate. For more information, or if you have any questions, please visit our website *www.barclays.com/investorrelations* or contact the Registrar to Barclays.

The Board believes that all of the proposals set out in the Notice of Meeting are in the best interests of shareholders as a whole and the Company and unanimously recommends that you vote in favour of all the resolutions, as the Directors intend to do in respect of their own beneficial holdings.

Marcus Agius

Group Chairman

Barclays PLC

9th March 2010

This document is important and requires your immediate attention

When considering what action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other professional adviser duly authorised under the Financial Services and Markets Act 2000. If you have

sold or transferred all your shares in Barclays PLC please send this Notice of Meeting and the accompanying Proxy Form to the person you sold or transferred your shares to, or to the bank, stockbroker or other agent who arranged the sale or transfer for you.

Notice of Meeting

Notice is hereby given that the 2010 Annual General Meeting (the AGM) of Barclays PLC (the Company) will be held at the Royal Festival Hall, Southbank Centre, Belvedere Road, London SE18XX on Friday 30th April 2010 at 11.00am to transact the following business:

Resolutions

To consider and, if thought fit, to pass the following resolutions, with those numbered 1 to 13 and 18 being proposed as ordinary resolutions and resolutions 14 to 17 as special resolutions.

Report and Accounts

1. That the Reports of the Directors and Auditors and the audited accounts of the Company for the year ended 31st December 2009, now laid before the meeting, be received.

of State for Economic, Energy and Agricultural Affairs (2007-2009). Prior to joining the Department of State, Reuben was the Chairman of the Commodity Futures Trading Commission (2005-2007) and before that held a number of positions in US government service (2002-2005). He spent 18 years at Goldman, Sachs & Co. between 1983-2001, where he was managing partner of Goldman Sachs in Paris and of the firm s European Financial Institutions Group in London.

Term of office: Reuben Jeffery joined the Board in July 2009.

Independent: Yes

External appointments: Senior Adviser at the Center for Strategic & International Studies, Washington D.C.

Committee membership: Member of the Board Risk Committee since January 2010.

The Company s Articles of Association and provision A.7.1 of the UK Combined Code on Corporate Governance (the Combined Code) provide that any new Director appointed by the Board during the year may hold office only until the next AGM, when that Director must stand for re-election by the shareholders. Reuben Jeffery III joined the Board on 16th July 2009 and is accordingly seeking re-election.

The Directors are required by UK companies legislation to present to the AGM the Reports of the Directors and Auditors and the audited accounts of the Company for each financial year (in this case for the year ended 31st December 2009). The Company s Articles of Association permit the Directors to pay interim and final dividends. It is not our practice, therefore, to seek shareholder approval of the final dividend, which we will normally pay in March, as to do so would delay its payment to shareholders.

Remuneration Report

2. That the Remuneration Report for the year ended 31st December 2009, now laid before the meeting, be approved.

UK companies legislation requires quoted companies to present to the AGM the Remuneration Report (which appears in full in the 2009 Annual Report and in summary in the 2009 Annual Review).

Re-election of Director appointed since the last AGM

3. That Reuben Jeffery III be re-elected a Director of the Company

Reuben is a Senior Adviser at the Center for Strategic & International Studies in Washington, D.C. and previously served in the US government as Under Secretary

Re-election of the Chairman, Deputy Chairman and Committee Chairmen

4. That Marcus Agius be re-elected a Director of the Company

Marcus extensive background in banking began at Lazard where he worked from 1972 to 2006, latterly as Chairman of Lazard in London and Deputy Chairman of Lazard LLC. He was Chairman of BAA plc until 2006 and is currently Senior Independent Director of the British Broadcasting Corporation (BBC) and Chairman of the Trustees of The Royal Botanic Gardens.

Term of office: Marcus joined the Board in September 2006 as a non-executive Director and was appointed Chairman on 1st January 2007. Marcus was last re-elected by shareholders at the AGM in 2009.

Independent: On appointment

External appointments: Senior Independent Director of the BBC since 2006. Chairman of the Trustees of the Royal Botanic Gardens, Kew. Chairman of The Foundation and Friends of the Royal Botanic Gardens, Kew. Chairman of Lazard in London and Deputy Chairman of Lazard LLC until 2006. Chairman of BAA plc until 2006.

Committee membership: Chairman of the Board Corporate Governance and Nominations Committee since January 2007. Member of the Board HR and Remuneration Committee since January 2007.

5. That David Booth be re-elected a Director of the Company

David manages his own venture capital investments, having retired from the Management Committee of Morgan Stanley in 1997. David was employed by Morgan Stanley from 1982 to 1992, and again from 1995 to 1997. He held various key positions there, including Head of Government Bond Trading, Head of Mortgage Trading, Sales and Finance and Head of Global Operations and Technology.

Term of office: David joined the Board in May 2007. David was last re-elected by shareholders at the AGM in 2009.

Independent: Yes

External appointments: Director of East Ferry Investors, Inc. Trustee of the Brooklyn Botanic Garden. Various positions at Morgan Stanley & Co. until 1997. Director of the Discount Corporation of New York until 1993.

Committee membership: Chairman of the Board Risk Committee from January 2010 (member since January 2008). Member of the Board Corporate Governance and Nominations Committee since January 2010.

Directors standing for re-election

6. That Sir Richard Broadbent be re-elected a Director of the Company

Sir Richard has experience of both the private and public sector having worked in high-level banking roles and the Civil Service. He was the Executive Chairman of HM Customs and Excise from 2000 to 2003 and was formerly a member of the Group Executive Committee of Schroders PLC and a non-executive Director of the Securities Institute. Sir Richard is Chairman of Arriva PLC.

Term of office: Sir Richard joined the Board in September 2003. He was appointed Senior Independent Director on 1st September 2004 and Deputy Chairman on 16th July 2009. Sir Richard was last re-elected by shareholders at the AGM in 2009.

Independent: Yes

External appointments: Chairman of Arriva PLC since 2004. Executive Chairman of HM Customs and Excise until 2003. Former Group Executive Committee member of Schroders PLC. Non-executive Director of the Securities Institute until 1995.

Committee membership: Member of the Board Risk Committee since April 2004 (Chairman January 2006 to December 2009). Chairman of the Board HR and Remuneration Committee since January 2007 (member since April 2004). Member of the Board Corporate Governance and Nominations Committee

Term of office: Sir Andrew joined the Board in September 2004. Sir Andrew was last re-elected by shareholders at the AGM in 2009.

Independent: Yes

External appointments: Dean of the London Business School since January 2009. Chairman of the National Audit Office since December 2008. Trustee of the Institute for Government since September 2008. Chairman of Applied Intellectual Capital Inc. until 2008. Non-executive Director of the Bank of England until 2008. Non-executive Director and Vice-Chairman of the Tavistock and Portman NHS Trust until 2008. Non-executive Director and Chairman of the MORI Group until 2005.

Committee membership: Member of the Board Audit Committee since September 2004. Member of the Board Risk Committee since September 2004.

9. That Chris Lucas be re-elected a Director of the Company

Chris has worked across financial services for most of his career, including three years in New York as Head of the US Banking Audit Practice of PricewaterhouseCoopers LLP. Chris joined Barclays from PricewaterhouseCoopers LLP, where he was UK Head of Financial Services and Global Head of Banking and Capital Markets. He was Global Relationship Partner for Barclays for the 1999-2004 financial years and since September 2004.

7. That Sir Michael Rake be re-elected a Director of the Company

Sir Michael is currently Chairman of BT Group PLC, Chairman of the UK Commission for Employment and Skills and Chairman of easyJet plc. Sir Michael previously worked at KPMG from 1974-2007 where he spent a number of years in Continental Europe and the Middle East. He was Senior Partner of the UK firm from 1998-2000 and Chairman of KPMG International from 2002-2007.

Term of office: Sir Michael joined the Board in January 2008. Sir Michael was last re-elected by shareholders at the AGM in 2009.

Independent: Yes

External appointments: Chairman of BT Group PLC since 2007. Chairman of easyJet plc since January 2010 (Deputy Chairman June 2009 December 2009). Director of the Financial Reporting Council since 2007. Chairman of the UK Commission for Employment and Skills since 2007. Director of the McGraw-Hill Companies since 2007. Chairman of KPMG International until 2007. Chairman of Business in the Community from 2004 until 2007.

Committee membership: Chairman of the Board Audit Committee since March 2009 (member since January 2008). Member of the Board Risk Committee since May 2009. Member of the Board Corporate Governance and Nominations Committee since May 2009.

The Group Chairman is standing for annual re-election in light of the Walker Review recommendation and, in addition, the Board concluded that the Deputy Chairman and Chairmen of each principal Board Committee should also stand for annual re-election. The Directors seeking re-election in such a manner are listed in resolutions 4 to 7 above.

Re-election of Directors retiring by rotation

8. That Sir Andrew Likierman be re-elected a Director of the Company

subsequently held similar roles for other global financial services organisations.

Term of office: Chris was appointed Group Finance Director and became a member of the Executive Committee in April 2007. Chris was last re-elected by shareholders at the AGM in 2009.

External appointments: UK Head of Financial Services and Global Head of Banking and Capital Markets of PricewaterhouseCoopers LLP until 2006.

The Company s Articles of Association require one-third (rounded down) of the Directors, excluding those who were appointed by the Board since the last AGM, to retire in turn each year. The Directors retiring by rotation and seeking re-election in such a manner are listed in resolutions 8 and 9 above.

Reappointment of Auditors

10. That PricewaterhouseCoopers LLP, Chartered Accountants and Registered Auditors, be reappointed as auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next AGM at which accounts are laid before the Company.

UK companies legislation requires that auditors are reappointed at each AGM at which accounts are presented. The Board, on the unanimous recommendation of the Board Audit Committee, which has evaluated the effectiveness and independence of the external auditors, is proposing the reappointment of PricewaterhouseCoopers LLP.

Auditors remuneration

11. That the Directors be authorised to set the remuneration of the auditors.

The Directors may set the remuneration of the auditors if authorised to do so by the shareholders. This resolution proposes that the Directors be authorised to set the remuneration of the auditors. Details of the remuneration paid to the external auditors for 2009 and details of how the Group monitors the effectiveness and independence of the external auditors may be found in the Annual Report.

Sir Andrew is Chairman of the National Audit Office, having held a number of public roles in the financial services sector, including Managing Director, Financial Management, Reporting and Audit and Head of the Government Accountancy Service at HM Treasury and non-executive Director of the Bank of England. Sir Andrew is also Dean of the London Business School. He has been at the London Business School from 1974-1976, 1979-1993 and since 2004.

Notice of Meeting

continued

Political Donations

12. That, in accordance with section 366 of the Companies Act 2006 (the 2006 Act) the Company and any company which, at any time during the period for which this resolution has effect, is a subsidiary of the Company, be and are hereby authorised to:

(a) make political donations to political organisations not exceeding £25,000 in total; and

(b) incur political expenditure not exceeding £100,000 in total,
in each case during the period commencing on the date of this resolution and ending on the date of the AGM of the Company to be held in 2011 or on 30th June 2011, whichever is the earlier, provided that the maximum amounts referred to in (a) and (b) may consist of sums in any currency converted into sterling at such rate as the Board may in its absolute discretion determine. For the purposes of this resolution, the terms political donations , political organisations and political expenditure shall have the meanings given to them in sections 363 to 365 of the 2006 Act.

The 2006 Act requires companies to obtain shareholder approval before they can make donations to EU political organisations or incur EU political expenditure. We do not give any money for political purposes in the UK nor do we make any donations to EU political organisations or incur EU political expenditure. However, the definitions of political donations and political expenditure used in the 2006 Act are very wide. As a result, they may cover activities that form part of relationships that are an accepted part of engaging with our stakeholders to ensure that issues and concerns affecting our operations are considered and addressed, but which would not be considered as political donations or political expenditure in the layman s sense. The activities referred to above are not designed to support any political party nor to influence public support for any political party. The authority which the Board is requesting is similar to the authority given by shareholders at the AGM in 2009 and is a precautionary measure to ensure that the Group does not inadvertently breach the 2006 Act.

Authority to allot securities

13. That, in substitution for all existing authorities, the Directors be hereby generally and unconditionally authorised pursuant to section 551 of the 2006 Act to exercise all the powers of the Company to:

(a) allot shares (as defined in section 540 of the 2006 Act) in the Company or grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £1,043,323,357, $77,500,000, 40,000,000 and ¥4,000,000,000;

(b) allot equity securities (as defined in section 560 of the 2006 Act) up to an aggregate nominal amount of £2,006,646,714 (such amount to be reduced by the aggregate nominal amount of ordinary shares allotted or rights to subscribe for or to convert any securities into ordinary shares in the Company granted under paragraph (a) of this resolution 13) in connection with an offer by way of a rights issue:

(i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and

(ii) to holders of other equity securities (as defined in section 560 of the 2006 Act) as required by the rights of those securities, or subject to such rights, as the Directors otherwise consider necessary,

and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter,

such authorities to apply (unless previously renewed, varied or revoked by the Company in General Meeting) for the period expiring at the end of the AGM of the Company to be held in 2011 or the close of business on 30th June 2011, whichever is the earlier but, in each case, so that the Company may make offers and enter into agreements before the authority expires which would, or might require shares to be allotted or rights to subscribe for or to convert any security into shares to be granted after the authority expires and the Directors may allot shares or grant such rights under any such offer or agreement as if the authority had not expired.

The effect of this resolution is to give the Directors authority to allot, in addition to the £40,000,000 of sterling preference shares and other currency denominations of preference shares created in 2008, ordinary shares up to an amount approximately equal to two-thirds of the issued ordinary share capital of the Company as at 5th March 2010 (excluding treasury shares) in certain circumstances. Paragraph (a) of the resolution will give Directors a general authority to allot all of the unissued preference shares in the Company and up to a maximum aggregate nominal amount of £1,003,323,357 of ordinary shares being equivalent to one-third of the Company s issued ordinary share capital as at 5th March 2010. As at 5th March 2010, the Company does not hold any treasury shares. In November 2009, the ABI issued updated guidance on the approval of authorities to allot shares, in which it stated that, in addition to requests for authorisation to allot new shares in an amount up to one-third of the existing issued ordinary share capital of a company, it would regard as routine requests to authorise the allotment of a further one-third in connection with a rights issue. In light of this, paragraph (b) of resolution 13 proposes that a further authority be conferred on the Directors to allot shares or rights to subscribe for shares in connection with a rights issue in favour of holders of equity securities (which would include ordinary shareholders) up to a further one-third of the issued ordinary share capital (such amount to be reduced by the nominal amount of ordinary shares or rights to subscribe for ordinary shares issued under the authority conferred by paragraph (a) of this resolution). This gives Directors authority to allot in total up to the equivalent of two-thirds of the issued ordinary share capital of the Company as at 5th March 2010. The Board seeks annual renewal of this authority in accordance with best practice.

The Board has no current plans to make use of this authority but wishes to ensure that the Company has maximum flexibility in managing the Group s capital resources. This authority would remain in force until the end of the AGM in 2011 or the close of business on 30th June 2011, whichever is the earlier. Where the additional authority described in paragraph (b) of this resolution is used, all Directors will stand for re-election at the next AGM. This authority remains in force regardless of whether the new Articles of Association are adopted pursuant to resolution 17.

Notes

a. Entitlements under CREST

Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 the Company specifies that only those holders of shares registered in the register of members at 6.00pm on Wednesday 28th April 2010 shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register after 6.00pm on Wednesday 28th April 2010 shall be disregarded in determining the rights of any person to attend or vote at the meeting.

b. Appointing a proxy

A shareholder who is entitled to attend, speak and vote at the meeting is entitled to appoint one or more people (called proxies) to attend, speak and vote on his/her behalf. They need not be Barclays shareholders. If more than one proxy is appointed, each proxy must be appointed to exercise the rights attached to different shares. A proxy will have the same number of votes on a show of hands as if the member who appointed the proxy was at the meeting.

c. Corporate representatives

A corporate shareholder can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

d. Persons nominated by shareholders

The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with section 146 of the Companies Act 2006 (nominated persons). Nominated persons may have a right under an agreement with the registered shareholder who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.

e. Documents available for inspection

The following documents, which are available for inspection during usual business hours on any weekday (Saturdays, Sundays and public holidays excluded) at the Company s registered office, 1 Churchill Place, London E14 5HP, will also be available for inspection at the Royal Festival Hall from 10.30am on Friday 30th April 2010 until the end of the meeting: (i) copies of the executive Directors service contracts; (ii) copies of the non-executive Directors letters of appointment; (iii) the proposed new Articles of Association of the Company envisaged by resolution 17; and (iv) a copy of the Group SAYE Share Option Scheme rules proposed to be adopted by resolution 18.

Authority to allot equity securities for cash other than on a pro-rata basis to shareholders or to sell treasury shares

14. That, in substitution for all existing powers, and subject to the passing of resolution 13, the Directors be generally empowered pursuant to section 570 of the 2006 Act to allot equity securities (as defined in section 560 of the 2006 Act) for cash, pursuant to the authority granted by resolution 13 and/or where the allotment constitutes an allotment of equity securities by virtue of section 560(3) of the 2006 Act, in each case free of the restriction in section 561 of the 2006 Act, such power to be limited:

(a) to the allotment of equity securities in connection with an offer of equity securities (but in the case of an allotment pursuant to the authority granted by paragraph (b) of resolution 13, such power shall be limited to the allotment of equity securities in connection with an offer by way of a rights issue only):

(i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and

(ii) to holders of other equity securities (as defined in section 560 of the 2006 Act), as required by the rights of those securities or, subject to such rights, as the Directors otherwise consider necessary,

and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and

(b) to the allotment of equity securities, pursuant to the authority granted by paragraph (a) of resolution 13 and/or an allotment which constitutes an allotment of equity securities by virtue of section 560(3) of the 2006 Act (in each case otherwise than in the circumstances set out in paragraph (a) of this resolution 14) up to a nominal amount of £150,498,503 representing no more than 5% of the issued ordinary share capital as at 5th March 2010; compliance with that limit shall be calculated, in the case of equity securities which are rights to subscribe for, or to convert securities into, ordinary shares (as defined in section 560 of the 2006 Act) by reference to the aggregate nominal amount of relevant shares which may be allotted pursuant to such rights,

such power to apply (unless previously renewed, varied or revoked by the Company in General Meeting) until the end of the Company s next AGM after this resolution is passed (or, if earlier, until the close of business on 30th June 2011) but so that the Company may make offers and enter into agreements before the power expires which would, or might, require equity securities to be allotted after the power expires and the Directors may allot equity securities under any such offer or agreement as if the power had not expired.

The effect of this resolution is to renew the authority given to the Directors to allot equity securities (which for these purposes includes sale of treasury shares) on a non-pre-emptive basis either to ordinary shareholders by way of a rights issue or to holders of other equity securities according to the rights attaching to those securities. Additionally, allotments can be made for cash but limited to an amount approximately equal to 5% of the issued ordinary share capital of the Company as at 5th March 2010. This authority would remain in force until the end of the AGM in 2011 or the close of business on 30th June 2011, whichever is the earlier. The Board seeks annual renewal of this authority in accordance with best practice. The Board has no current plans to make use of this authority but wishes to ensure that the Company has maximum flexibility in managing the Group s capital resources. As announced on 7th November 2008, for the following two years, the Company would structure any new offer of equity securities for the purpose of raising new capital so as to give its then shareholders full rights of participation. The exceptions are any issue of equity securities in connection with employee remuneration arrangements or any acquisition of another entity or business or in satisfaction of pre-existing contractual obligations under the Group s existing Tier 1 capital requirements. The Company does not intend to issue more than 7.5% of its issued ordinary share capital on a non pre-emptive basis in any three-year period. The authority conferred by this resolution 14 remains in force regardless of whether the new Articles of Association are adopted pursuant to resolution 17.

Purchase of own shares

15. That the Company be generally and unconditionally authorised for the purposes of section 701 of the 2006 Act to make market purchases (within the meaning of section 693 of the 2006 Act) on the London Stock Exchange of up to an aggregate of 1,203,988,028 ordinary shares of 25p each in its capital, and may hold such shares as treasury shares, provided that:

(a) the minimum price (exclusive of expenses) which may be paid for each ordinary share is not less than 25p;

(b) the maximum price (exclusive of expenses) which may be paid for each ordinary share shall not be more than the higher of (i) 105% of the average of the market values of the ordinary shares (as derived from the Daily Official List of the London Stock Exchange) for the five business days immediately preceding the date on which the purchase is made and (ii) that stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation (EC 2273/2003); and

(c) unless previously reviewed, varied or revoked by the Company in General Meeting, the authority conferred by this resolution shall expire at the end of the AGM of the Company to be held in 2011 or the close of business on 30th June 2011, whichever is the earlier (except in relation to any purchase of shares the contract for which was concluded before such date and which would or might be executed wholly or partly after such date).

This resolution would enable the Company to purchase up to a maximum of 1,203,988,028 of its ordinary shares. This is less than 10 % of the issued share capital as at 5th March 2010. The total number of ordinary shares that may be issued on the exercise of outstanding options as at 5th March 2010 is 102,016,312 which represents approximately 0.8% of the issued share capital at that date. As at 5th March 2010 there are 510,820,984 warrants over ordinary shares outstanding which represents approximately 4.24% of the issued share capital of the Company at that date. If the Company were to purchase shares up to the maximum permitted by this resolution, the proportion of ordinary shares subject to outstanding options would represent approximately 0.9% of the issued share capital as at 5th March 2010 and the proportion of ordinary shares to be

f. Total shares and voting rights

As at 5th March 2010 (being the latest practicable date before publication of this document) the Company s issued share capital comprised 12,039,880,284 ordinary shares of 25 pence each. Each ordinary share carries the right to vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 5th March 2010 was 12,039,880,284.

g. Shareholder information

A copy of this Notice of Meeting and other information required by section 311A of the Companies Act 2006 can be found at *www.barclays.com/investorrelations*.

h. Shareholder right to ask a question

Any shareholder attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (i) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (ii) the answer has already been given on a website in the form of an answer to a question, or (iii) it is undesirable in the interests of the

Company or good order of the meeting that the question be answered.

i. Members statement of audit concerns

Section 527 of the 2006 Act allows shareholders who meet the threshold requirements of that section to require the Company to publish a statement on its website setting out any matter relating to: (i) the audit of the accounts to be laid at the meeting (including the auditor s report and the conduct of the audit); or (ii) any circumstances connected with the auditor ceasing to hold office since the last meeting at which annual accounts and reports were laid in accordance with section 437 of the 2006 Act. This is known as a members statement of audit concerns . If such a request is received, the Company cannot require those shareholders requesting publication of the statement to meet its costs of complying with that request. The Company must also forward a copy of the statement to the auditor not later than the time that the Company makes it available on the website. Where a members statement of audit concerns is received it will be included in the business of the meeting at which the accounts are laid.

j. Electronic communication

You may not use any electronic address provided in either this Notice of Meeting or any related documents (including the Proxy Form) to communicate with the Company for any purposes other than those expressly stated.

Notice of Meeting

continued

issued on exercise of the warrants would represent approximately 4.71%. The Board considers it desirable for the general authority proposed above to be available to provide maximum flexibility in the management of the Group s capital resources. The Board would use such authority only if satisfied at the time that to do so would be in the interests of shareholders and would lead to an increase in the Group s earnings per share. Under UK companies legislation, the Company may hold any shares bought back in treasury, which may then either be sold for cash, transferred for the purposes of an employees share scheme (subject, if necessary, to approval by shareholders at a General Meeting) or cancelled. The Company therefore has the choice of either cancelling or holding in treasury any of its shares which it purchases. If the Company buys any of its shares under the authority given by this resolution, the Board will decide at the time of purchase whether to cancel them immediately or to hold them in treasury. In relation to treasury shares, the Board would also have regard to any investor guidelines in relation to the purchase of shares intended to be held in treasury or in relation to their holding or resale which may be in force at the time of any such purchase, holding or resale.

General meetings

16. That the Directors be authorised to call general meetings (other than an AGM) on not less than 14 clear days notice, such authority to expire at the end of the AGM of the Company to be held in 2011 or the close of business on 30th June 2011, whichever is the earlier.

The 2006 Act requires listed companies to call general meetings on at least 21 clear days notice unless shareholders have approved the calling of general meetings at shorter notice. Barclays wishes to retain the option of calling general meetings on 14 clear days notice and the effect of this resolution is to continue to give the Directors the power to call general meetings on a notice period of not less than 14 clear days. However, as Barclays has a global shareholder base, in practice, we would always aim to give a longer notice period to ensure overseas shareholders in particular are able to participate fully. The 14 day notice period would therefore not be used as a matter of routine for such meetings, but only where the flexibility is merited by the business of the meeting and is thought to be to the advantage of shareholders as a whole. The resolution is valid up to the end of the next AGM or the close of business on 30th June 2011, whichever is the earlier, and it is our intention to renew the authority at each AGM. The Company offers the facility for shareholders to vote by electronic means. This is accessible to all shareholders and would be available if the Company was to call meetings on 14 clear days notice. The Company also provides the ability to appoint proxies electronically through CREST and shareholders can vote online at *www.barclays.com/investorrelations/vote.*

Adoption of new Articles of Association

17. That:

(a) the Articles of Association of the Company be amended by deleting all the provisions of the Company s Memorandum of Association which, by virtue of section 28 of the 2006 Act , are to be treated as provisions of the Company s Articles of Association; and

(b) the Articles of Association produced to the meeting and initialled by the Chairman of the meeting for the purpose of identification be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.

This resolution is to adopt new Articles of Association (the New Articles) in order to update the Company s current Articles of Association (the Current Articles) primarily to take account of the coming into force of the Companies (Shareholders Rights) Regulations 2009 (the Shareholders Rights Regulations), the implementation of the last parts of the 2006 Act and amendments to the Uncertificated Securities Regulations 2001.

The principal changes introduced in the New Articles are described in Appendix 1 set out on pages 7 to 8 of this Notice.

Other changes, which are minor, technical, drafting, clarifying or inconsequential in nature or which merely reflect changes made by the 2006 Act,

the Shareholders Rights Regulations or the Uncertificated Securities Regulations 2001, or conform the wording of the New Articles with that used in the model articles for public companies produced by the Department for Business, Innovation and Skills (the Model Articles) have not been highlighted in Appendix 1.

A copy of the New Articles will be available for inspection at the Company s registered office, 1 Churchill Place, London E14 5HP during business hours on any weekday (public holidays excluded) from the date of this Notice until the close of the meeting. The New Articles will also be available on the Company s website and available for inspection at the Royal Festival Hall, Southbank Centre, Belvedere Road, London SE1 8XX from 10.30am on Friday 30th April 2010 until the end of the meeting.

Barclays Group SAYE Share Option Scheme (Sharesave Plan)

18. That the rules of the Barclays Group SAYE Share Option Scheme, the principal terms of which are summarised in Appendix 2 and the draft rules which are produced to the meeting and signed by the Chairman of the meeting for the purposes of identification, be and are hereby approved and adopted by the Company and the Directors be and are hereby authorised to:

(a) do all such acts and things necessary or expedient for the purposes of implementing and giving effect to the Sharesave Plan, including making any changes to the draft rules of the Sharesave Plan in order to obtain HM Revenue & Customs approval; and

(b) establish such appendices, schedules, supplements or further schemes based on the Sharesave Plan but modified to take advantage of or to comply with, local tax, exchange control or securities laws in jurisdictions outside the UK, provided that any ordinary shares made available under any such appendices, schedules, supplements or further schemes are treated as counting against the limits and overall participation in the Sharesave Plan.

This resolution proposes the renewal of the Barclays Group SAYE Share Option Scheme, on broadly similar terms to the existing Sharesave Plan, which expires on 31st December 2010, and to authorise the Board to establish (where appropriate) new overseas savings-related option schemes based on the Sharesave Plan. Any such overseas scheme would be subject to the same overall dilution limits on the number of Company shares available and the same individual limits. The Company believes in employee share ownership, which aligns the interests of employees with those of shareholders. The Sharesave Plan is an all-employee share plan that encourages employees to own shares in the Company and to share in its growth and success. The principal terms of the Sharesave Plan are described in Appendix 2 on page 9 of this Notice.

A copy of the rules of the Sharesave Plan will be available for inspection at the Company s registered office, 1 Churchill Place, London E14 5HP during business hours on any weekday (public holidays excluded) from the date of this Notice until the close of the meeting. The Sharesave Plan rules will also be available on the Company s website and available for inspection at the Royal Festival Hall, Southbank Centre, Belvedere Road, London SE1 8XX from 10.30am on Friday 30th April 2010 until the end of the meeting.

By order of the Board

Lawrence Dickinson

Company Secretary

9th March 2010

1 Churchill Place

London E14 5HP

Registered in England, Company No. 48839

Appendix 1

Summary of the principal changes to the Company s Articles of Association

The Company s objects

The provisions regulating the operations of the Company are currently set out in the Company s Memorandum of Association and the Current Articles. The Company s Memorandum of Association contains, among other things, the objects clause which sets out the scope of the activities the Company is authorised to undertake. This is drafted to give a wide scope.

The 2006 Act significantly reduces the constitutional significance of a company s memorandum. The 2006 Act provides that a memorandum will record only the names of subscribers and the number of shares each subscriber has agreed to take in a company. Under the 2006 Act, the objects clause (and all other provisions which are contained in a company s memorandum), for companies in existence as at 1st October 2009, are deemed to be contained in a company s articles of association (but a company can remove these provisions by special resolution).

The 2006 Act also states that unless a company s articles provide otherwise, a company s objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason the Company is proposing to remove its objects clause together with all other provisions of its memorandum which, by virtue of section 28 of the 2006 Act, are treated as forming part of the Company s articles of association as of 1st October 2009, namely the statement of authorised share capital, the statement of limited liability, the location of the registered office and the statement of the Company s name. Resolution 17 (a) confirms the removal of these provisions for the Company. As the effect of this resolution will be to remove the statement currently in the Company s Memorandum of Association regarding limited liability, the New Articles also contain an express statement regarding the limited liability of shareholders.

Directors fees

The New Articles increase the aggregate Director s fee that may be paid to the non-executive Directors of the Company from £1,000,000 to £2,000,000. This limit was last amended in April 2001 when it was increased from £500,000 to £1,000,000. The total Directors fees payable vary with the number of non-executive Directors and the amount of the Directors base fee. The Company wishes to take this opportunity to create additional flexibility in respect of payment of non-executive Directors fees and is therefore seeking the higher limit in the New Articles. The aggregate fee cap set nine years ago is no longer feasible given the increased expected time commitments set out in the Walker Review. The New Articles also clarify that Directors who hold another office, such as that of Chairman, or who serve on any committees of the Directors, may also be paid for those services.

Articles which duplicate statutory provisions

Provisions in the Current Articles which duplicate provisions contained in the 2006 Act are in the main removed in the New Articles. This is in line with the approach, advocated by the Government, that statutory provisions should not be duplicated in a company s constitution.

Authorised share capital and unissued shares

The 2006 Act abolishes the requirement for a company to have an authorised share capital and the New Articles reflect this. Directors will still be limited as to the number of shares they can at any time allot because shareholders will still be asked each year to authorise Directors to allot shares.

All references to authorised share capital and to unissued shares have therefore been removed from the New Articles, including references to the staff shares (all of the staff shares in issue were bought back by the Company following approval by the shareholders at the 2008 AGM).

Allotment authority of the Board

The allotment authority and the power to disapply pre-emption rights in respect of such allotments have been deleted from the New Articles and the Company will therefore in future propose separate, standalone resolutions annually in order to empower the Directors to allot new shares and to disapply pre-emption rights in respect of such allotments. This will also allow the Company to take account of the prevailing current investor protection committee guidance.

Variation of class rights

The Current Articles contain provisions regarding the variation of class rights. The proceedings and specific quorum requirements for a meeting convened to vary class rights are contained in the 2006 Act which are now reflected in the New Articles.

Redeemable shares

Under the Companies Act 1985 (the 1985 Act), if a company wished to issue redeemable shares, it had to include in its articles the terms and manner of redemption. The 2006 Act enables Directors to determine such matters instead provided they are so authorised by the articles. The New Articles contain such an authorisation. The Company has no current plans to issue redeemable shares and if that changes the Directors would need to seek shareholders authority to issue new shares in the usual way.

Authority to purchase own shares, consolidate and sub-divide shares, and reduce share capital

Under the 1985 Act, a company required specific enabling provisions in its articles to purchase its own shares, to consolidate or sub-divide its shares and to reduce its share capital (or other undistributable reserves) as well as shareholder authority to undertake the relevant action. The Current Articles include these enabling provisions. Under the 2006 Act, a company will only require shareholder authority to do any of these things and it will no longer be necessary for articles to contain enabling provisions. Accordingly, the relevant enabling provisions have been removed in the New Articles.

Right to a share certificate

Pursuant to section 769 of the 2006 Act, the New Articles extend from one month to two months the time period within which a shareholder is entitled to receive a share certificate from the Company following allotment or lodgement with the Company of a transfer or the Company receiving the relevant operator instruction. In practice we shall continue to send share certificates out within one month.

Payment in advance of calls

The Current Articles provide that the members of the Company and the Board shall agree the interest payable on amounts paid in advance of calls, while the New Articles state that if the interest rate is not fixed by the terms of allotment or issue of the shares, the Board may decide the interest payable.

Fees on registration

The Current Articles provide that no fee is payable on any instrument of transfer or other instrument relating to or affecting the title to any shares, while the New Articles state that the Company may charge a fee following an amendment to the Listing Rules. There is no current intention to do so.

Suspension of registration of share transfers

The Current Articles permit the Directors to suspend the registration of transfers. Under the 2006 Act share transfers must be registered as soon as practicable. The power in the Current Articles to suspend the registration of transfers is inconsistent with this requirement. Accordingly, this power has been removed in the New Articles.

Change of name

Under the 1985 Act, a company could only change its name by special resolution. Under the 2006 Act a company will be able to change its name by other means provided for by its articles. The New Articles enable the Directors to pass a resolution to change the Company s name.

Voting record date

Under the 2006 Act, as amended by the Shareholders Rights Regulations, the Company must determine the right of members to vote at a general meeting by reference to the register not more than 48 hours before the time for the holding of the meeting, not taking account of days which are not working days. The New Articles reflect this requirement.

Appendix 1

Summary of the principal changes to the Company s Articles of Association

continued

Adjournments for lack of quorum

Under the 2006 Act, as amended by the Shareholders Rights Regulations, general meetings adjourned for lack of quorum must be held at least ten clear days after the original meeting. The New Articles reflect this requirement.

General meetings at more than one place

The New Articles include amendments to provide greater scope for members to participate in meetings of the Company even if they are not present in person at the principal place of the meeting.

Resolution to be decided on a poll

The Current Articles provide that a poll may be demanded by, amongst others, members representing not less than one-fiftieth of the total voting rights of all members or members holding shares conferring a right to vote on which an aggregate sum has been paid up equal to not less than one fiftieth of the total sum paid up. To conform the wording of the New Articles with the Model Articles the threshold is proposed to be increased in both instances from one-fiftieth to 10%.

Voting by proxies on a show of hands

The Shareholders Rights Regulations have amended the 2006 Act so that it now provides that each proxy appointed by a member has one vote on a show of hands unless the proxy is appointed by more than one member in which case the proxy has one vote for and one vote against if the proxy has been instructed by one or more members to vote for the resolution and by one or more members to vote against the resolution. The New Articles reflect these changes.

Proxies to vote in accordance with instructions

Under the 2006 Act, as amended by the Shareholders Rights Regulations, proxies are required to vote in accordance with instructions given by the shareholder by whom the proxy is appointed. The New Articles state that the Company is not required to confirm that a proxy has followed instructions and that a failure to vote as instructed does not invalidate the proceedings on the resolution.

Vacation of office by Director

The Current Articles require five-sixths of the total number of Directors to vote in favour of the removal of any Director. Under the New Articles, the threshold has been reduced from five-sixths to 75%. This threshold is in line with investor protection committee guidance.

Appointment of alternate Director

The New Articles provide that, if a Director wishes to appoint a person who is not a Director of the Company as their alternate, the person must be approved by the Board. This requirement is not included in the Current Articles.

Procedures regarding Directors resolution in writing

The Current Articles require all Directors to sign a written resolution. The New Articles clarify that a written resolution will be valid if agreed to by all the Directors who would have been entitled to vote on that resolution had it been passed at a Directors meeting. This conforms the New Articles with the Model Articles.

Provision for employees on cessation of business

The 2006 Act provides that the powers of the Directors of a company to make provision for a person employed (or formerly employed) by the company (or any of its subsidiaries) in connection with the cessation or transfer to any person of the

whole or part of the undertaking of the company (or that subsidiary) may only be exercised by the Directors if they are so authorised by the company s articles or by the company in general meeting. The New Articles provide that the Directors may exercise this power.

Use of seals

Under the 1985 Act, a company required authority in its articles to have an official seal for use abroad. Under the 2006 Act, such authority will no longer be required. The relevant authorisation has been removed in the New Articles.

Method of payment of dividends

The Current Articles authorise the Company to make payments in respect of dividends by means of, amongst others, cheque or any usual or common banking method. The New Articles provide that the Company Secretary is authorised to decide that payments in respect of dividends no longer need to be made by cheque, but may be made exclusively by direct credit into a nominated bank or building society account. There is no current intention to discontinue payment of dividends by cheque.

Uncashed dividends

The Current Articles allow the Company to stop despatching payments in respect of a share after the second time monies payable in respect of the share have been returned undelivered or left uncashed. This approach is also adopted in the New Articles. The New Articles additionally authorise the Company to stop payment the first time that the dividend or other payment in respect of a share is left uncashed provided reasonable enquiries have failed to establish another address for or account of the person entitled to payment. This is to ensure greater security and data protection for shareholders.

Dividend in specie

The Current Articles provide that the general meeting may, on recommendation of the Board, resolve in favour of a distribution in specie, while the New Articles provide that the Board may, with the prior authority of an ordinary resolution, direct that dividends are paid in specie.

Notices and communications

Provisions in the New Articles relating to communications with shareholders are no longer set out in their entirety as they are dealt with in (i) the 2006 Act and (ii) the electronic communication provisions contained in the Disclosure and Transparency Rules.

Destruction of documents

Under the New Articles the time periods within which the Company may destroy certain documents, such as cancelled share certificates and mandates for the payment of dividends, have been amended in certain instances in order to conform the wording of the New Articles with that used in the Model Articles.

Members not entitled to documents and information

The 2006 Act provides that the requirement to send notices of general meeting to every member of a company is subject to any provisions in that company s articles. The New Articles grant the Company the power to cease sending notices to any member who has been sent documents on two consecutive occasions over a period of at least 12 months and where each of those documents is returned undelivered, or the Company receives notification that each of them has not been delivered.

Appendix 2

Summary of the principal terms of the Barclays Group SAYE Share Option Scheme (Sharesave Plan)

This summary does not form part of the Sharesave Plan and should not be taken as affecting the interpretation of its detailed rules.

General

The Sharesave Plan replaces the existing savings-related share option scheme which expires at the end of 2010. The Sharesave Plan is a savings-related share option scheme designed to be approved by HM Revenue & Customs (HMRC) in accordance with the Income Tax (Earnings & Pensions) Act 2003 in order to provide UK tax-advantaged benefits to UK employees. It will be administered by the Board or a duly authorised committee of the Board.

Eligibility

Employees and full-time Directors of the Company (or any designated participating subsidiary) who are UK resident taxpayers, are eligible to participate in the Sharesave Plan, although the Board has discretion to allow other employees to participate. Participation may be subject to the Board requiring eligible employees to have completed a qualifying period of employment of up to five years.

The savings contract

To participate in the Sharesave Plan, an employee must enter into a savings contract with an appropriate savings carrier under which they agree to make aggregate monthly savings between (and including) the statutory minimum and maximum (currently £5 and £250) for a specified savings period of three or five years. The Board has discretion to determine which savings contract will be available in respect of any invitation to apply for the grant of options.

A bonus, determined by HM Treasury, is payable after the expiration of the savings period. In connection with a five-year savings contract, the Board may allow participants to leave their savings in their savings account for a further two years in order to receive an additional bonus.

Grant of options

Options can only be granted under the Sharesave Plan to employees who have entered into an HMRC approved savings contract. Options must be granted within 30 days (or 42 days if applications are scaled back) of the first day by reference to which the option exercise price is set. The number of shares over which an option is granted will be such that the total exercise price payable for those shares will correspond to the proceeds on maturity of the related savings contract.

Options are neither transferable (except on death) nor pensionable. No consideration is required for the grant of an option. Options may not be granted more than ten years after shareholder approval of the Sharesave Plan. No options may be granted later than 31st December 2020. Options granted under the Sharesave Plan are personal to the participant and may not be transferred. Benefits under the Sharesave Plan will not be pensionable.

Exercise price

The price per share payable upon the exercise of an option granted under the Sharesave Plan will not be less than the higher of:

(a) 80% of the middle-market quotation of a share as derived from the Daily Official List of the London Stock Exchange for the dealing day (or the average of such quotations during a period not exceeding five dealing days or such other dealing day(s) as may be agreed in advance with HMRC) immediately preceding the date on which invitations to apply for the grant of an option are issued to employees; or

(b) if the option relates to new issue shares, the nominal value of a share.

The exercise price will be determined by reference to dealing day(s) which fall within the period of six weeks following:

the date HMRC formally approves the Sharesave Plan;

the Company s normal Sharesave Plan invitation date;

any change to the legislation affecting savings-related share option schemes approved by HMRC is announced or made; and

the announcement by the Company of its results for any period;

or at any other time when the Board considers that there are exceptional circumstances that justify granting options under the Sharesave Plan. No consideration is payable for the grant of an option.

Exercise of options

Options will normally be exercisable for a period of six months (12 months in the case of death see below) from the third, fifth or seventh anniversary of the commencement of the related savings contract depending upon the length of the savings contract term chosen by the participant. Earlier exercise is permitted in the following circumstances:

following cessation of employment by reason of death, disability, injury, redundancy, retirement on reaching age 60 (or any other age at which the employee is bound to retire under his terms of employment) or the business or company that the employee works for ceases to be part of the Company s group;

when an employee reaches age 60;

where employment ceases more than three years from grant for any reason other than by reason of dismissal for misconduct;

in the event of a takeover, amalgamation, reconstruction or winding-up of the Company, except in the case of an internal corporate reorganisation when the Board may decide to exchange existing options for equivalent new options over shares in a new holding company.

Except where stated above, options will lapse on cessation of employment.

Limit on the issue of new shares

The Sharesave Plan may operate over new issue shares, treasury shares or shares purchased in the market. However, in any ten calendar year period the Company may not issue (or grant rights to issue) more than 10% of the issued ordinary share capital of the Company under the Sharesave Plan and any other employees share scheme adopted by the Company.

Treasury shares will count as new issue shares for the purposes of this limit.

Rights attaching to shares

All shares allotted or transferred under the Sharesave Plan will rank equally with all other shares then in issue, except for rights arising by reference to a record date prior to their allotment. Shares will be allotted or transferred to participants within 30 days of exercise.

Variation of capital

If there is a variation of the Company s share capital by way of capitalisation or rights issue, or by consolidation, sub-division or reduction of capital or otherwise, then, subject to HMRC approval, the Board may make such adjustments as it considers appropriate to the number of shares under option and/or the exercise price.

Amendments to the Sharesave Plan

The Board may amend the provisions of the Sharesave Plan in any respect, provided that the prior approval of shareholders is obtained for any amendments that are to the advantage of participants in respect of the rules governing eligibility, limits on participation, the overall limits on the issue of shares or the transfer of treasury shares, the basis for determining a participant s entitlement to, and the terms of, the shares to be acquired and the adjustment of options.

The requirement to obtain the prior approval of shareholders will not, however, apply to any minor amendment made to benefit the administration of the Sharesave Plan, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants, the Company or any company in the Company s group.

Any amendment to a key feature of the Sharesave Plan will require HMRC approval before it can take effect.

Overseas schemes

The shareholder resolution to approve the Sharesave Plan will allow the Board, without further shareholder approval, to establish appendices, schedules, supplements or further schemes for overseas territories. Any such appendix, schedule, supplement or scheme would be similar to the Sharesave Plan but modified to take advantage of or to comply with, local tax, exchange control or securities laws, provided that any shares made available under such arrangements are treated as counting against the limits on individual and overall participation in the Sharesave Plan.

It is envisaged that in reliance of the power to extend the Sharesave Plan overseas, a replacement Barclays Group International SAYE Scheme and Barclays Group Irish SAYE Group Option Scheme, both due to expire at the end of 2010, would be established.

Questions and Answers

Voting arrangments

Who is entitled to vote?

Shareholders who want to attend, speak and vote at the Annual General Meeting (AGM) must be entered on the Company s register of members by no later than 6.00pm on Wednesday 28th April 2010. This time will still apply for the purpose of determining who is entitled to attend and vote if the AGM is adjourned from the scheduled time by 48 hours or less. If the AGM is adjourned for longer, members who wish to attend and vote must be on the Company s register of members by 6.00pm two days before the time fixed for the adjourned AGM.

How do I vote?

There are three ways in which you can vote:

- You can appoint a proxy online to vote on your behalf on our website at *www.barclays.com/investorrelations/vote;*
- You can vote in person at the AGM; or
- You can sign the enclosed Proxy Form appointing the Chairman or some other person to vote for you.

Voting on resolutions at the AGM will be by poll. That means that you will be asked to complete a Poll Card if you attend in person. We believe that a poll is the best way of representing the views of as many shareholders as possible in the voting process.

If you vote by Proxy Form, you should return your form to the Registrar in the enclosed pre-paid envelope so that it is received by no later than 11.00am on Wednesday 28th April 2010. You will find details below of how to withdraw your proxy if you change your mind.

What if I plan to attend the Annual General Meeting and vote in person?

If you want to vote in person at the AGM there is no need to complete the Proxy Form. Attached to the Proxy Form is a Poll Card for use by those attending the AGM. You should bring the Poll Card with you to the meeting.

If my shares are held in Barclays Sharestore how do I vote?

All Sharestore members can elect to attend, speak and vote at the AGM. If you are a Sharestore member and do not want to attend but do want to vote, you must return the enclosed Proxy Form so that Equiniti Corporate Nominees Limited can appoint whichever person you name on the Proxy Form to attend and vote on your behalf. If you return the Proxy Form but do not insert the name of another proxy then the Chairman of the meeting will vote on your behalf. Alternatively, you can appoint a proxy to vote on your behalf on our website at *www.barclays.com/investorrelations/vote.* If you have received a Sharestore Voting Instruction Card, you can also vote online at the same website.

I have been nominated by a shareholder to enjoy information rights, can I vote?

No. If you are not a shareholder you do not have a right to vote or to appoint a proxy. However, the agreement that you have with the person who nominated you to enjoy information rights may give you the right to be appointed as their proxy, or to have someone else appointed as a proxy for the AGM and to attend, speak and vote on their behalf. If you have any questions you should contact the registered shareholder (the custodian or broker) who looks after your investment on your behalf.

How will my shares be voted if I appoint a proxy?

The person you name on your Proxy Form must vote in accordance with your instructions. If you do not give them any instructions, a proxy may vote or not vote as he or she sees fit on any business of the AGM. Please see the explanatory notes on the reverse of the Proxy Form.

Can I appoint anyone to be a proxy?

Yes. You can appoint your own choice of proxy or you can appoint the Chairman as your proxy. Your proxy does not need to be a Barclays shareholder.

Can I appoint more than one proxy?

Yes. You may appoint more than one proxy, provided that each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to the same share. To appoint more than one proxy you should photocopy the Proxy Form and indicate in the box that this is one of multiple instructions.

Can I change my mind once I have appointed a proxy?

Yes. If you change your mind, you can send a written statement to that effect to the Registrar. The statement must arrive with the Registrar by 11.00am on Wednesday 28th April 2010, or you should bring it along to the AGM.

If you hold your shares in Barclays Sharestore, and you have changed your mind your new instruction must be received by the Registrar by no later than 11.00am on Wednesday 28th April 2010. You cannot bring it along to the meeting.

How will the votes be counted?

Each of the resolutions set out in the Notice of Meeting will be voted upon on a poll. The passing of resolutions 1 to 13 and 18 are determined by a majority of votes. Resolutions 14 to 17 are being proposed as special resolutions and will therefore require a 75% majority of the votes cast for it to be passed. Our Registrar counts the proxy votes received before the AGM and then counts the votes cast at the AGM. An independent third party, Electoral Reform Services, has been appointed by Barclays to monitor the shareholder voting process.

When will the results of the voting be declared?

The preliminary results of voting on the resolutions to be proposed at the AGM will be displayed in the meeting room shortly after the AGM. The final results will be announced to the London Stock Exchange and will appear on our website at *www.barclays.com/investorrelations.*

Corporate shareholders

I am a corporate shareholder what do I need to do to attend the AGM?

Representatives of shareholders that are corporations will have to produce evidence of their proper appointment when attending the AGM. Please contact our Registrar if you need further guidance on this.

Questions

Can I ask a question at the AGM?

Yes, however, questions should only be asked on the specific business of the AGM. If you would like to ask a question at the AGM, you can register your question at the Question Registration Point in the Exhibition Area before the AGM starts. You can also register your question in the meeting room once the AGM has started. Shareholders who are unable to attend the meeting still have the opportunity to submit a question to the Board by writing to Shareholder Relations at Barclays PLC, 1 Churchill Place, London E14 5HP or emailing *privateshareholderrelations@barclays.com.*

Please try to keep your questions short and relevant to the business of the AGM. We want all shareholders to have the opportunity to ask questions.

Can I ask a question about a customer issue?

If you would like to ask a question about a personal matter at the AGM you should go to the Customer Relations Point in the Exhibition Area. This is staffed by Senior Customer Relations personnel. All questions raised will be reviewed by the Chairman after the AGM and a reply will be sent out within 14 days.

Can I ask a question about my personal shareholding?

If you would like to ask a question about your personal shareholding you should go to the Shareholder Enquiry Point in the Exhibition Area. This is staffed by the Registrar and Barclays Stockbrokers and will be open both before and after the AGM.

Shareholders with special needs

I am hard of hearing/sight, do you provide any documents for people with disabilities?

Copies of this notice are available in large print, Braille or audio format. If you would like a copy in any of these alternative formats, please contact the Registrar to Barclays.

General Questions

If you have any further questions about the AGM or your shareholding, please contact the Registrar to Barclays from the UK on 0871 384 2055* or from overseas on +44 121 415 7004 or by email at questions@share-registers.co.uk.

* Calls to this number are charged at 8p per minute if calling from a BT landline. Call charges may vary if using other telephone providers.

Additional information for shareholders attending the Annual General Meeting

Venue

The AGM will be held at the Royal Festival Hall, Southbank Centre, Belvedere Road, London SE1 8XX. A map showing the location of the venue can be found below or you can find more information at *www.southbankcentre.co.uk/visiting-us/ royal-festival-hall.*

Date:	Friday 30th April 2010
Time:	The AGM will start promptly at 11.00am. You should allow 15 to 20 minutes for security and registration formalities.

Security

For safety reasons, security checks will be carried out on entry to the Royal Festival Hall. Please note that you will be asked to leave large bags in the cloakroom and small bags may be searched. No cameras, video recorders or tape recorders should be taken into the AGM. Mobile phones and other electronic communication devices should be turned off.

Cloakroom facilities

Cloakroom facilities will be available in the registration area.

Registration

Attendance Cards should be presented to the Registrar s staff, who will be available as you arrive at the venue. Corporate representatives, proxies and guests and Barclays Stockbrokers clients should register at the registration desks, which will be clearly signposted.

Persons with special needs

The Royal Festival Hall is easily accessible by wheelchair users and has lift access. Barclays staff will be on hand to guide you to the lifts.

Speech to text and hearing induction loop facilities will be available at the AGM. The AGM will also be signed.

An audio CD containing extracts from the 2009 Annual Review is available, free of charge, either on request from the Registrar or at the AGM.

First aid

First aid facilities will be available. Please approach any member of Barclays staff.

Refreshments

Tea and coffee will be available before the AGM. After the business of the AGM has been concluded, light refreshments will be available in the Exhibition Area.

Travelling to the AGM

The nearest tube stations are Waterloo on the Bakerloo, Northern, Jubilee and Waterloo & City lines, Embankment on the District and Circle lines and Charing Cross on the Northern and Bakerloo lines. The nearest overground train stations are Waterloo and Charing Cross. Buses stop on Waterloo Bridge, York Road, Belvedere Road and Stamford Street. Boats stop at Festival Pier.

AGM schedule

Friday 30th April 2010

10.00am
Registration desks open.
Tea and coffee available in the Exhibition Area.

Q&A registration opens.

11.00am
The AGM starts in the Meeting Room.

1.00pm (approximately)
Light refreshments available in the Exhibition Area.

The results of the polls are expected to be released to the London Stock Exchange on Friday 30th April 2010.

How to find the Royal Festival Hall

Go online

Further information on our Annual Report

www.barclays.com/annualreport09

Printed on Revive Pure White Offset made from 100% FSC certified recycled fibre sourced from de-inked post-consumer waste. The printer and manufacturing mill are both credited with ISO14001 Environmental Management Systems Standard and both are FSC certified

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Designed by Further

Barclays PLC

Attendance Card

Name

How to ask a question

If you intend to ask a question relating to the business of the meeting

You should register your question at the Question Registration Point in the Exhibition Area before the meeting starts. There is also provision to register your question within the meeting room once the meeting has started.

If you would like to ask a question about a personal matter

You should go to the Customer Relations Point in the Exhibition Area. This is staffed by Senior Customer Relations personnel who will be available before, during and after the meeting. All questions raised will be reviewed by the Chairman following the meeting and a reply will be sent out to you within 14 days.

Travelling to the AGM

The nearest tube stations are Waterloo on the Bakerloo, Northern, Jubilee and Waterloo & City lines, Embankment on the District and Circle lines and Charing Cross on the Northern and Bakerloo lines. The nearest overground train stations are Waterloo and Charing Cross. Buses stop on Waterloo Bridge, York Road, Belvedere Road and Stamford Street. Boats stop at Festival Pier.

Information for shareholders attending the 2010 AGM

The AGM will be held at the Royal Festival Hall, Southbank Centre, Belvedere Road, London SE1 8XX on Friday 30th April 2010 at 11.00am. **Please note that this is a different venue from previous years.**

If you plan to attend the AGM, please bring this card with you. This card will allow you entry to the meeting with a minimum of formality. You will be given full instructions on what to do with this card at the appropriate time during the meeting.

An update on e-communications

We are making greater use of our website and email to communicate directly with shareholders. We now send Barclays e-view members regular, up to date information about their shareholding and Barclays performance direct to their inbox. Therefore, in future, we will not send you paper copies of shareholder documentation unless you have already positively told us that you would like to receive them. Please note that Barclays reserves the right to send you shareholder information by post should we feel it is appropriate. For more information, or if you have any questions, please visit our website *www.barclays.com/investorrelations* or contact the Registrar to Barclays.

Why not log on to Barclays e-view and see the benefits?

If you join Barclays e-view or are an existing e-view member, we will automatically enter you into our free prize draw to win one of five £200 cash prizes!

Barclays e-view is an easy and convenient way to:

- Access your Barclays shareholding details and check your share sales, purchases or transfers;
- Receive important shareholder information such as the Annual Review, Annual Report or Results Announcements directly to your email address;
- View dividend information, including electronic tax vouchers;
- Change your address and/or bank details online; and
- Register your voting instructions for General Meetings.

For more details, see overleaf

Barclays PLC

Poll card for the Annual General Meeting

This card should only be completed during the meeting

Holders of ordinary shares as well as proxies and authorised representatives of corporations are entitled to vote.

Please write an **X** in the For, Against or Vote Withheld box for each resolution below. If you wish to cast your votes partly for, partly withheld or partly against a resolution, you should write the number of votes cast For, Against or Vote Withheld in the appropriate box.

To be held at the Royal Festival Hall,

Southbank Centre, Belvedere Road,

London SE1 8XX

on Friday 30th April 2010 at 11.00am

Signature(s)

Date

Resolutions

		For	Against	Vote Withheld			For	Against	Vote Withheld
1.	To receive the Reports of the Directors and Auditors and the audited accounts for the year ended 31st December 2009.	••	••	••	11.	To authorise the Directors to set the remuneration of the Auditors.	••	••	••
2.	To approve the Remuneration Report for the year ended 31st December 2009.	••	••	••	12.	To authorise the Company and its subsidiaries to make political donations and incur political expenditure.	••	••	••
3.	To re-elect Reuben Jeffery III as a Director of the Company.	••	••	••	13.	To authorise the Directors to allot securities.	••	••	••
4.	To re-elect Marcus Agius as a Director of the Company.	••	••	••	14.	To authorise the Directors to allot equity securities for cash other than on a pro rata basis to shareholders.	••	••	••
5.	To re-elect David Booth as a Director of the Company.	••	••	••	15.	To authorise the Company to purchase its own shares.	••	••	••
6.	To re-elect Sir Richard Broadbent as a Director of the Company.	••	••	••	16.	To authorise the Directors to call general meetings (other than an AGM) on not less than 14 clear days notice.	••	••	••
7.	To re-elect Sir Michael Rake as a Director of the Company.	••	••	••	17.	To adopt the Articles of Association.	••	••	••
8.	To re-elect Sir Andrew Likierman as a Director of the Company.	••	••	••	18.	To approve and adopt the Barclays Group SAYE share option scheme.	••	••	••
9.	To re-elect Chris Lucas as a Director of the Company.	••	••	••					
10.	To reappoint PricewaterhouseCoopers LLP as the Auditors of the Company.	••	••	••					

Why not log on to Barclays e-view and see the benefits?

An increasing number of shareholders choose to receive their Barclays communications electronically and are discovering the convenience of using the internet and email to find out about their shareholding and Barclays.

To enter the prize draw, please follow these 3 easy steps:

Step 1

Go to www.eviewsignup.co.uk

Step 2

Register for electronic communications by following the instructions onscreen.

Step 3

You will be sent an access number in the post the next working day.

If you have any questions, please contact the Registrar to Barclays.

Prize draw terms and conditions

The prize is a cheque for £200

1. We, Barclays PLC, are promoting the prize draw.

2. There will be five prize draws on Monday 10th May 2010.

3. The winners of the prizes will be the first five names drawn at random from all eligible entries.

4. The draw will be supervised by an independent observer.

5. The prize draw is open to our private shareholders who are aged 18 or over, live in the United Kingdom and either join e-view or have already joined e-view prior to 11.00am on Friday 7th May 2010. Each shareholder will be entered into the prize draw once.

6. You do not need to buy further shares to be entered into the prize draw.

7. We will provide the name and county of each winner, and the name of the independent observer, to anyone who sends a stamped address envelope to: The Manager, Shareholder Relations, Barclays Corporate Secretariat, 1 Churchill Place, London E14 5HP, within 28 days of the date of the draw (Monday 10th May 2010). The details will also be available on our website.

8. We will contact the prize winners within five working days of the draw and ask them for the address to which we should send the prize. We will send out the prizes within 10 working days of receipt of the address.

9. We will be responsible for all costs of sending out the prizes to the winners.

10. We can publish the name and county of each winner after the date of the final draw. We may ask each winner to allow us to publish a photograph of them and they must not refuse without good reason.

11. If you enter the prize draw we will assume that you accept these terms and conditions.

12. Our decision is final and we will not respond to any questions or complaints about it.

13. We are not responsible for any injuries, loss or damage of any kind arising from or in connection with the prize draw unless, by law, we must accept responsibility.

Barclays PLC

Explanatory notes

1. Voting

If you want to attend and vote at the Barclays AGM, you must be entered on the Company s register of members by no later than 6.00pm on Wednesday 28th April 2010. This time will still apply for the purpose of deciding if you are entitled to attend and vote if the meeting is adjourned for less than 48 hours. If the meeting is adjourned for a longer time and you still want to attend and vote, you must be on the Barclays register of members by no later than 6.00pm two days before the time fixed for the adjourned meeting.

2. Vote online

You can appoint a proxy to vote your shares online at *www.barclays.com/investorrelations/vote.* To log on you will need your Voting ID, Task ID and Shareholder Reference Number which are printed on the front of this form. Your votes must be registered by no later than 11.00am on Wednesday 28th April 2010.

3. Proxy

You are entitled to attend, speak and vote at the AGM or you can appoint one or more people (called proxies) to attend, speak and vote on your behalf. A proxy need not be a Barclays shareholder but must attend the meeting in person.

Write the name of the person you have chosen as your proxy in the box on the Proxy Form unless you wish to appoint the Chairman of the meeting. If no name is inserted, the Chairman of the meeting will be authorised to vote on your behalf.

If more than one proxy is appointed, each proxy must be appointed to exercise the rights attached to different shares. Unless you complete the form to show how you want them to vote, your proxy or proxies can vote, or not vote, as they see fit, on any matter which is put before the meeting. To appoint more than one proxy, please photocopy the Proxy Form and indicate the number of shares that you are authorising them to act as your proxy for. Mark the box on the Proxy Form to show that you have appointed more than one proxy.

4. Revoking your proxy

If you complete the Proxy Form to appoint a proxy or proxies, this will not stop you from attending and voting at the meeting if you later find you are able to do so.

5. Authority and timing

To be valid, you must return this Proxy Form, together with a certified copy of the power of attorney or other authority (if any) under which it is executed, to the Registrar to Barclays, Aspect House, Spencer Road, Lancing, West Sussex BN99 6NA, United Kingdom, in the pre-paid envelope provided, so that it is received by no later than 11.00am on Wednesday 28th April 2010.

6. Joint shareholders

The signature of any one of the joint holders will be enough to appoint either the Chairman or one or more proxies to attend, speak and vote at the meeting.

7. Vote Withheld

The Vote Withheld option is given to enable you to abstain on any particular resolution. The Vote Withheld is not a vote in law and will not be counted in the calculation of the proportion of votes For or Against a resolution.

8. Corporate shareholders

If you are attending as a representative of a shareholder that is a corporation, you will need to show our Registrars evidence that you have been properly appointed as a corporate representative to gain entry to the AGM.

9. Euroclear electronic proxy appointment service (CREST)

If you are a user of the CREST system (including a CREST Personal Member), you may appoint one or more proxies or give an instruction to a proxy by having an appropriate CREST message transmitted. To be valid, the CREST message must be received by the receiving agent (ID RA19) no later than 11.00am on Wednesday 28th April 2010. For this purpose the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the receiving agent is able to retrieve the message. After this time, changes of instructions to proxies appointed through CREST should be communicated to the proxy by other means. If you are a CREST personal member or other CREST sponsored member, you should contact your CREST sponsor for help with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings, please refer to the CREST Manual (available via www.euroclear.com/CREST). The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5) (a) of the Uncertified Securities Regulations 2001.

Shareholder information

If you need help, contact the Registrar to Barclays

Telephone	Email	Postal address
0871 384 2055* (in the UK) +44 121 415 7004 (from overseas)	questions@share-registers.co.uk	The Registrar to Barclays Aspect House Spencer Road Lancing, West Sussex BN99 6DA United Kingdom

* Calls to this number are charged at 8p per minute if using a BT landline. Call charges may vary if using other telephone providers.

Important new information please remember to tell the Registrar to Barclays if you move home

After the AGM, if you hold 1,500 shares or less, you will be able to change your address quickly and easily over the telephone using the contact details above. If you hold more than 1,500 shares, you will need to write to the Registrar and provide a copy of your share certificate or most recent dividend tax voucher.

The paper used throughout this document is produced from Elemental Chlorine Free (ECF) pulps. The wood for these is sourced from fully sustainable forests. Additionally, the manufacturing mill is certified to ISO 9002 Quality Assurance standard, the ISO 14001 Environmental Management standard, and registered with EMAS (the Eco-Management and Audit Scheme).

Barclays PLC

Proxy Form for the Annual General Meeting

To be held at the Royal Festival Hall, Southbank Centre, Belvedere Road, London SE1 8XX on Friday 30th April 2010 at 11.00am

+ +

Voting ID: **Task ID:** **Shareholder Reference Number:**

You can vote your Barclays shares by completing and sending this form back in the enclosed pre-paid envelope, or you can vote online at www.barclays.com/investorrelations/vote. Before completing this form, please read the explanatory notes on the back of the form.

I/We hereby appoint the Chairman of the meeting, or as my/our proxy to attend and vote on my/our behalf at the Annual General Meeting (AGM) of Barclays PLC (the Company) to be held on Friday 30th April 2010 and at any adjournment of that meeting.

Resolutions

The full wording of the resolutions and brief biographical details of those Directors standing for re-election at the 2010 AGM are in the Notice of Meeting which has been sent to you with this form. Please write an **X** in the For, Against or Vote Withheld box for each resolution below. If you do not complete the boxes below, the person you appoint as proxy can decide whether, and how, he or she votes in relation to any matter which is properly put before the meeting.

	For	Against	Vote Withheld		For	Against	Vote Withheld
1. To receive the Reports of the Directors and Auditors and the audited accounts for the year ended 31st December 2009.	••	••	••	11. To authorise the Directors to set the remuneration of the Auditors.	••	••	••

Important: fold along this line

2. To approve the Remuneration Report for the year ended 31st December 2009.	••	••	••	12. To authorise the Company and its subsidiaries to make political donations and incur political expenditure.	••	••	••
3. To re-elect Reuben Jeffery III as a Director of the Company.	••	••	••	13. To authorise the Directors to allot securities.	••	••	••
4. To re-elect Marcus Agius as a Director of the Company.	••	••	••	14. To authorise the Directors to allot equity securities for cash other than on a pro rata basis to shareholders.	••	••	••
5. To re-elect David Booth as a Director of the Company.	••	••	••	15. To authorise the Company to purchase its own shares.	••	••	••
6. To re-elect Sir Richard Broadbent as a Director of the Company.	••	••	••	16. To authorise the Directors to call general meetings (other than an AGM) on not less than 14 clear days notice.	••	••	••
7. To re-elect Sir Michael Rake as a Director of the Company.	••	••	••	17. To adopt the Articles of Association.	••	••	••

8. To re-elect Sir Andrew Likierman as a Director of the Company.	••	••	••	18. To approve and adopt the Barclays Group SAYE share option scheme.	••	••	••
9. To re-elect Chris Lucas as a Director of the Company.	••	••	••				
10. To reappoint PricewaterhouseCoopers LLP as the Auditors of the Company.	••	••	••				

•• Please indicate with an X if this Proxy Form is one of multiple instructions being given. Please refer to note 3 overleaf.

Signature(s) **Date**

Please complete and return this Proxy Form in the enclosed pre-paid envelope so that it is received by the Registrar no later than 11.00am on Wednesday 28th April 2010.

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Barclays PLC Sharestore

Attendance Card

Name

Information for Sharestore members attending the 2010 AGM

The AGM will be held at the Royal Festival Hall, Southbank Centre, Belvedere Road, London SE1 8XX on Friday 30th April 2010 at 11.00am. **Please note that this is a different venue from previous years.**

If you plan to attend the AGM, please bring this card with you. This card will allow you entry to the meeting with a minimum of formality. You will be given full instructions on what to do with this card at the appropriate time during the meeting.

How to ask a question

If you intend to ask a question relating to the business of the meeting

You should register your question at the Question Registration Point in the Exhibition Area before the meeting starts. There is also provision to register your question within the meeting room once the meeting has started.

If you would like to ask a question about a personal matter

You should go to the Customer Relations Point in the Exhibition Area. This is staffed by Senior Customer Relations personnel who will be available before, during and after the meeting. All questions raised will be reviewed by the Chairman following the meeting and a reply will be sent out to you within 14 days.

Travelling to the AGM

The nearest tube stations are Waterloo on the Bakerloo, Northern, Jubilee and Waterloo & City lines, Embankment on the District and Circle lines and Charing Cross on the Northern and Bakerloo lines. The nearest overground train stations are Waterloo and Charing Cross. Buses stop on Waterloo Bridge, York Road, Belvedere Road and Stamford Street. Boats stop at Festival Pier.

How we want to communicate with you

Sharestore Reference Number

We are making greater use of our website and email to communicate directly with Sharestore members.

We now send Barclays e-view members regular, up to date information about their shareholding and Barclays directly to their inbox.

We will not send paper shareholder documents to you unless you have positively told us that you would like to receive them.

Please note that Barclays reserves the right to send you shareholder information by post should we feel it is appropriate.

Your options

1. Website

If you do not want to receive hard copy documents you do not need to take any further action. You can view the information on our website.

2. Email

If you would like to receive an email to tell you when shareholder information is available on the website, please join Barclays e-view at our secure website *www.eviewsignup.co.uk.*

3. Paper

If you would like to continue to receive paper documentation, please tell us which of the following documents you would like to receive and return the form to the Registrar in the enclosed pre-paid envelope.

Annual Review

This document is about 20 pages long and gives you a clear overview of our company and its financial position.

Full Annual Report

This document is about 350 pages long and gives you very detailed financial and other information.

For more details, see overleaf

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Barclays PLC Sharestore

Poll card for the Annual General Meeting

to be held at the Royal Festival Hall,

Southbank Centre, Belvedere Road,

London SE1 8XX

on Friday 30th April 2010 at 11.00am

This card should only be completed during the meeting

Members of Barclays Sharestore, their proxies and authorised representatives of corporations are entitled to vote.

Please write an **X** in the For, Against or Vote Withheld box for each resolution below. If you wish to cast your votes partly for, partly withheld or partly against a resolution, you should write the number of votes cast For, Against or Vote Withheld in the appropriate box.

Signature(s)

Date

Resolutions

		For	Against	Vote Withheld			For	Against	Vote Withheld
1.	To receive the Reports of the Directors and Auditors and the audited accounts for the year ended 31st December 2009.	••	••	••	11.	To authorise the Directors to set the remuneration of the Auditors.	••	••	••
2.	To approve the Remuneration Report for the year ended 31st December 2009.	••	••	••	12.	To authorise the Company and its subsidiaries to make political donations and incur political expenditure.	••	••	••
3.	To re-elect Reuben Jeffery III as a Director of the Company.	••	••	••	13.	To authorise the Directors to allot securities.	••	••	••
4.	To re-elect Marcus Agius as a Director of the Company.	••	••	••	14.	To authorise the Directors to allot equity securities for cash other than on a pro rata basis to shareholders.	••	••	••
5.	To re-elect David Booth as a Director of the Company.	••	••	••	15.	To authorise the Company to purchase its own shares.	••	••	••
6.	To re-elect Sir Richard Broadbent as a Director of the Company.	••	••	••	16.	To authorise the Directors to call general meetings (other than an AGM) on not less than 14 clear days notice.	••	••	••
7.	To re-elect Sir Michael Rake as a Director of the Company.	••	••	••	17.	To adopt the Articles of Association.	••	••	••
8.	To re-elect Sir Andrew Likierman as a Director of the Company.	••	••	••	18.	To approve and adopt the Barclays Group SAYE share option scheme.	••	••	••
9.	To re-elect Chris Lucas as a Director of the Company.	••	••	••					
10.	To reappoint PricewaterhouseCoopers LLP as the Auditors of the Company.	••	••	••					

Why not log on to Barclays e-view and see the benefits?

If you join Barclays e-view or are an existing e-view member, we will automatically enter you into our free prize draw to win one of five £200 cash prizes!

An increasing number of shareholders choose to receive their Barclays communications electronically and are discovering the convenience of using the internet and email to find out about their shareholding and Barclays.

To enter the prize draw, please follow these 3 easy steps:

Step 1

Go to www.eviewsignup.co.uk

Step 2

Register for electronic communications by following the instructions onscreen.

Step 3

You will be sent an access number in the post the next working day.

If you have any questions, please contact the Registrar to Barclays.

Prize draw terms and conditions

The prize is a cheque for £200

1. We, Barclays PLC, are promoting the prize draw.

2. There will be five prize draws on Monday 10th May 2010.

3. The winners of the prizes will be the first five names drawn at random from all eligible entries.

4. The draw will be supervised by an independent observer.

5. The prize draw is open to our private shareholders who are aged 18 or over, live in the United Kingdom and either join e-view or have already joined e-view prior to 11.00am on Friday 7th May 2010. Each shareholder will be entered into the prize draw once.

6. You do not need to buy further shares to be entered into the prize draw.

7. We will provide the name and county of each winner, and the name of the independent observer, to anyone who sends a stamped address envelope to: The Manager, Shareholder Relations, Barclays Corporate Secretariat, 1 Churchill Place, London E14 5HP, within 28 days of the date of the draw (Monday 10th May 2010). The details will also be available on our website.

8. We will contact the prize winners within five working days of the draw and ask them for the address to which we should send the prize. We will send out the prizes within 10 working days of receipt of the address.

9. We will be responsible for all costs of sending out the prizes to the winners.

10. We can publish the name and county of each winner after the date of the final draw. We may ask each winner to allow us to publish a photograph of them and they must not refuse without good reason.

11. If you enter the prize draw we will assume that you accept these terms and conditions.

12. Our decision is final and we will not respond to any questions or complaints about it.

13. We are not responsible for any injuries, loss or damage of any kind arising from or in connection with the prize draw unless, by law, we must accept responsibility.

Barclays PLC

Explanatory notes

1. Voting

If you want to attend and vote at the Barclays AGM, you must be entered on the Sharestore register of members by no later than 6.00pm on Wednesday 28th April 2010. This time will still apply for the purpose of deciding if you are entitled to attend and vote if the meeting is adjourned for less than 48 hours. If the meeting is adjourned for a longer time and you still want to attend and vote, you must be on the Sharestore register of members by no later than 6.00pm two days before the time fixed for the adjourned meeting.

2. Vote online

You can appoint a proxy to vote your shares online at *www.barclays.com/investorrelations/vote.* To log on you will need your Voting ID, Task ID and Sharestore Reference Number which are printed on the front of this form. Your votes must be registered by no later than 11.00am on Wednesday 28th April 2010.

3. Proxy

You are entitled to attend, speak and vote at the AGM or you may instruct Equiniti Corporate Nominees Limited to appoint one or more people (called proxies) to attend, speak and vote on your behalf. A proxy need not be a Barclays shareholder but must attend the meeting in person.

Write the name of the person you have chosen as your proxy in the box on the Proxy Form unless you wish to appoint the Chairman of the meeting. If no name is inserted, the Chairman of the meeting will be authorised to vote on your behalf.

If more than one proxy is appointed, each proxy must be appointed to exercise the rights attached to different shares. Unless you complete the form to show how you want them to vote, your proxy or proxies can vote, or not vote, as they see fit, on any matter which is put before the meeting. To appoint more than one proxy, please

photocopy the Proxy Form and indicate the number of shares that you are authorising them to act as your proxy for. Mark the box on the Proxy Form to show that you have appointed more than one proxy.

4. Revoking your proxy

If you return this form to appoint someone (either the Chairman of the meeting or the person named) to attend and vote on your behalf and you have not revoked that instruction by 11.00am on Wednesday 28th April 2010 you will not be able to change your instruction. This means that you could attend the meeting but not vote in person at the meeting itself.

5. Authority and timing

To be valid, you must return this Proxy Form, together with a certified copy of the power of attorney or other authority (if any) under which it is executed, to the Registrar to Barclays, Aspect House, Spencer Road, Lancing, West Sussex BN99 6NA, United Kingdom, in the pre-paid envelope provided, so that it is received by no later than 11.00am on Wednesday 28th April 2010.

6. Joint Sharestore members

The signature of any one of the joint holders will be enough to appoint either the Chairman or one or more proxies to attend, speak and vote at the meeting.

7. Vote Withheld

The Vote Withheld option is given to enable you to abstain on any particular resolution. The Vote Withheld is not a vote in law and will not be counted in the calculation of the proportion of votes For or Against a resolution.

8. Corporate Sharestore members

If you are a representative of a corporation which is a Sharestore member, you will need to show our Registrars evidence that you have been properly appointed as the corporation s representative to gain entry to the AGM.

Shareholder information

If you need help, contact the Registrar to Barclays

Telephone	Email	Postal address
0871 384 2055* (in the UK) +44 121 415 7004 (from overseas)	questions@share-registers.co.uk	The Registrar to Barclays Aspect House Spencer Road Lancing, West Sussex BN99 6DA United Kingdom

* Calls to this number are charged at 8p per minute if using a BT landline. Call charges may vary if using other telephone providers.

Important new information please remember to tell the Registrar to Barclays if you move home

After the AGM, if you hold 1,500 shares or less, you will be able to change your address quickly and easily over the telephone using the contact details above. If you hold more than 1,500 shares, you will need to write to the Registrar and provide a copy of your Annual Sharestore Statement of Entitlement or most recent dividend tax voucher.

The paper used throughout this document is produced from Elemental Chlorine Free (ECF) pulps. The wood for these is sourced from fully sustainable forests. Additionally, the manufacturing mill is certified to ISO 9002 Quality Assurance standard, the ISO 14001 Environmental Management standard, and registered with EMAS (the Eco-Management and Audit Scheme).

Barclays PLC Sharestore

To be held at the Royal Festival Hall, Southbank Centre, Belvedere Road, London SE1 8XX

Proxy Form for the

on Friday 30th April 2010 at 11.00am

Annual General Meeting

Name

Address Line1

Address Line 2

Town/City

Postcode

+ +

Voting ID: **Task ID:** **Sharestore Reference Number:**

You can vote your Barclays shares by completing and sending this form back in the enclosed pre-paid envelope, or you can vote online at www.barclays.com/investorrelations/vote. Before completing this form, please read the explanatory notes on the back of the form.

I/We hereby instruct Equiniti Corporate Nominees Limited to appoint the Chairman

of the meeting, or to attend and vote on my/our behalf at the Annual General Meeting (AGM) of Barclays PLC (the Company) to be held on Friday 30th April 2010 and at any adjournment of that meeting.

Resolutions

The full wording of the resolutions and brief biographical details of those Directors standing for re-election at the 2010 AGM are in the Notice of Meeting which has been sent to you with this form. Please write an **X** in the For, Against or Vote Withheld box for each resolution below. If you do not complete the boxes below, the person you appoint as proxy can decide whether, and how, he or she votes in relation to any matter which is properly put before the meeting.

				Vote					Vote
		For	**Against**	**Withheld**			**For**	**Against**	**Withheld**
1.	To receive the Reports of the Directors and Auditors and the audited accounts for the year ended 31st December 2009.	••	••	••	11.	To authorise the Directors to set the remuneration of the Auditors.	••	••	••

Important: fold along this line

2.	To approve the Remuneration Report for the year ended 31st December 2009.	••	••	••	12.	To authorise the Company and its subsidiaries to make political	••	••	••

						donations and incur political expenditure.			
3.	To re-elect Reuben Jeffery III as a Director of the Company.	..	..	..	13.	To authorise the Directors to allot securities.	..	..	..
4.	To re-elect Marcus Agius as a Director of the Company.	..	..	..	14.	To authorise the Directors to allot equity securities for cash other than on a pro rata basis to shareholders.	..	..	..
5.	To re-elect David Booth as a Director of the Company.	..	..	..	15.	To authorise the Company to purchase its own shares.	..	..	..
6.	To re-elect Sir Richard Broadbent as a Director of the Company.	..	..	..	16.	To authorise the Directors to call general meetings (other than an AGM) on not less than 14 clear days notice.	..	..	..
7.	To re-elect Sir Michael Rake as a Director of the Company.	..	..	..	17.	To adopt the Articles of Association.	..	..	..
8.	To re-elect Sir Andrew Likierman as a Director of the Company.	..	..	..	18.	To approve and adopt the Barclays Group SAYE share option scheme.	..	..	..
9.	To re-elect Chris Lucas as a Director of the Company.	..	..	..					
10.	To reappoint PricewaterhouseCoopers LLP as the Auditors of the Company.	..	..	..					

.. Please indicate with an **X** if this Proxy Form is one of multiple instructions being given.

Please refer to note 3 overleaf.

Signature(s) **Date**

Please complete and return this Proxy Form in the enclosed pre-paid envelope so that it is received by the Registrar no later than 11.00am on Wednesday 28th April 2010.

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Contents

The term Barclays PLC Group means Barclays PLC together with its subsidiaries and the term Barclays Bank PLC Group means Barclays Bank PLC together with its subsidiaries. Barclays and Group are terms which are used to refer to either of the preceding groups when the subject matter is identical. The term Company , Parent Company or Parent refers to Barclays PLC and the term Bank refers to Barclays Bank PLC. The term Absa Group Limited is used to refer to Absa Group Limited and its subsidiaries and the term Absa is used to refer to the component of the Global Retail and Commercial Banking segment represented by this business. In this report, the abbreviations £m and £bn represent millions and thousands of millions of pounds sterling respectively; the abbreviations US$m and US$bn represent millions and thousands of millions of US Dollars respectively and ¤m and ¤bn represent millions and thousands of millions of euros respectively.

Information and discussion is provided on pages 31 to 80 and page 3 relating to the Group s total results rather than separating out discontinued operations, representing the Barclays Global Investors (BGI) business sold on 1st December 2009. These non-IFRS measures are provided because management considers that including BGI as part of Group operations and separately identifying the gain on this disposal provides more useful information about the performance of the Group as a whole and better reflects how the operations were managed until the disposal of BGI. The consolidated summary income statement on page 30 provides a reconciliation between continuing and total Group results.

Forward-looking statements

This document contains certain forward-looking statements within the meaning of Section 21E of the US Securities Exchange Act of 1934, as amended, and Section 27A of the US Securities Act of 1933, as amended, with respect to certain of the Group s plans and its current goals and expectations relating to its future financial condition and performance. Barclays cautions readers that no forward-looking statement is a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking statements. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as may , will , seek , continue , aim , anticipate , target , expect , intend , plan , goal , believe or other words of similar meaning. Examples of forward-looking statements include, among others, statements regarding the Group s future financial position, income growth, assets, impairment charges, business strategy, capital ratios, leverage, payment of dividends, projected levels of growth in the banking and financial markets, projected costs, estimates of capital expenditures, and plans and objectives for future operations and other statements that are not historical fact. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, including, but not limited to, UK domestic and global economic and business conditions, the effects of continued volatility in credit markets, market related risks such as changes in interest rates and exchange rates, effects of changes in valuation of credit market exposures, changes in valuation of issued notes, the policies and actions of governmental and regulatory authorities, changes in legislation, the further development of standards and interpretations under International Financial Reporting Standards (IFRS) applicable to past, current and future periods, evolving practices with regard to the interpretation and application of standards under IFRS, the outcome of pending and future litigation, the success of future acquisitions and other strategic transactions and the impact of competition a number of such factors being beyond the Group s control. As a result, the Group s actual future results may differ materially from the plans, goals, and expectations set forth in the Group s forward-looking statements.

Any forward-looking statements made herein speak only as of the date they are made. Except as required by the UK Financial Services Authority (FSA), the London Stock Exchange or applicable law, Barclays expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this announcement to reflect any change in Barclays expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. The reader should, however, consult any additional disclosures that Barclays has made or may make in documents it has filed or may file with the SEC.

About Barclays

Listed in London and New York, Barclays is a major global financial services provider engaged in retail banking, credit cards, corporate and investment banking, and wealth management with an extensive international presence in Europe, United States, Africa and Asia.

Our performance in brief

Group profit before tax was £11,642m, 92% up on 2008, including the £6,331m gain on sale from the disposal of Barclays Global Investors (BGI)

Global Retail and Commercial Banking generated good income growth of £1,004m (7%) to £16,097m

Investment Banking and Investment Management recorded very strong profit growth driven by Barclays Capital s profit before tax increase of 89% to £2,464m (2008: £1,302m) and the sale of BGI

BGI was sold resulting in a profit on disposal of £6,331m and a retained 19.9% economic interest in the enlarged BlackRock group (the disposed business is treated as discontinued operations below)

Core Tier 1 capital ratio was 10.0% at 31st December 2009 (2008: 5.6%) and Tier 1 capital ratio was 13.0% (2008: 8.6%)

Income statement highlights Group total

For the year ended 31st December	2009			2008
			Total	Total
	Continuing £m	Discontinued £m	£m	£m
Total income net of insurance claims	**29,123**	**1,863**	**30,986**	23,115
Impairment charges and other credit provisions	**(8,071)**		**(8,071)**	(5,419)
Operating expenses	**(16,715)**	**(1,137)**	**(17,852)**	(14,366)
Gain on sale of Barclays Global Investors		**6,331**	**6,331**	

Profit before tax	**4,585**	**7,057**	**11,642**	6,077
Profit attributable to equity holders of the Parent	**2,628**	**6,765**	**9,393**	4,382
Basic earnings per share			**86.2p**	59.3p
Dividend per ordinary share			**2.5p**	11.5p
Return on average shareholders equity			**23.8%**	16.5%
Cost:income ratio			**58%**	62%
Core Tier 1 ratio			**10.0%**	5.6%

Contribution to Group total income £m		
	Global Retail and Commercial Banking comprised:	**Investment Banking and Investment Management comprised:**
	UK Retail Banking	
	Barclays Commercial Bank	Barclays Capital
	Barclaycard	Barclays Global Investors
	GRCB Western Europe	Barclays Wealth
	GRCB Emerging Markets	
	GRCB Absa	

Barclays at a glance

Barclays operates a universal banking business model helping the Group stay strong, profitable and independent throughout the crisis.

In November 2009, Barclays restructured the Group so the businesses could better support customers and clients. The 2009 Annual Report and Accounts reflects the Group s reporting structure in place during 2009.

Global Retail and Commercial Banking (GRCB)

UK Retail Banking	Barclays Commercial Bank	Barclaycard	GRCB Western Europe	GRCB Emerging Markets
UK Retail Banking provides a wide range of products, investment and banking services to small businesses, retail and affluent customers as well as offering a gateway to more specialised services from other parts of Barclays.	Barclays Commercial Bank provides banking services to customers via a network of relationship, regional, industry-sector and product specialists.	Barclaycard is a multi-brand international credit card, consumer lending and payment processing business. Barclaycard is one of the leading credit card businesses in Europe, with a fast growing business in the United States and South Africa.	GRCB Western Europe serves approximately 2.8 million retail and commercial banking customers in France, Italy, Portugal, Spain and Russia through 1,300 distribution channels.	GRCB Emerging Markets serves retail and commercial banking customers in Botswana, Egypt, Ghana, India, Kenya, Mauritius, Pakistan, Seychelles, Tanzania, Uganda, the UAE, Zambia, Indonesia and Zimbabwe.

Key points

Over 300 years of history and expertise in banking

Over 50 countries in which we operate

144,200 employees

48 million customers and clients globally

Investment Banking and Investment Management

GRCB Absa	Barclays Capital	Barclays Global Investors	Barclays Wealth
GRCB Absa offers a complete range of banking products and services, including current accounts, savings products, bancassurance, mortgages, instalment finance as well as customised business solutions for commercial and large corporate customers.	Barclays Capital is a global investment bank, which offers clients the full range of services covering strategic advisory and M&A; equity and fixed income capital raising and corporate lending; and risk management across foreign exchange, interest rates, equities and commodities.	BGI transformed the investment industry by creating the first index strategy in 1971 and the first quantitative active strategy in 1979. On 1st December 2009, Barclays completed the sale of BGI to BlackRock.	Barclays Wealth provides international and private banking, fiduciary services, investment management, and brokerage and works closely with all other parts of the Group to leverage synergies from client relationships and product capabilities.

Group Chairman s statement

Marcus Agius

Barclays recognises the vital economic and social purpose that banks play, and we are committed to meeting our responsibilities to stakeholders and society in general.

Key points

Regulation needs to be strengthened but it must not result in a financial system that cannot serve the needs of the global economy

2009 has been another difficult year for a number of the major economies in the world and this has continued to impact not just the banking industry, but also our customers and our clients. Despite the exceptional efforts of governments, central bankers and regulators to stabilise matters in the second half of 2008 particularly in the UK confidence generally continued to decline to dangerously low levels in early 2009. And while conditions improved as the year progressed such that essential stability in the financial system has now been restored the resulting impact in terms of higher global economic growth has still to be felt. Good progress has been made within the G20 forum as to the nature and extent of future regulations for the banking industry and there is a reasonable measure of international consensus as to the future measures which will need to be implemented. Regulation remains the focus of intense international debate, however, and much work remains to be done in order to deliver an effective solution on a co-ordinated basis.

At Barclays we believe it is important that the banking industry itself learns the lessons from the crisis given the economic and financial costs that have arisen. I said in my report to shareholders last year and I repeat it now that we very much regret the problems that banks have caused. We also acknowledge and are grateful for the help and assistance given to the banking sector by governments across the world. We are determined that there must be no repeat of the turmoil that has affected the industry and wider economy, and fully recognise that changes have to be made. Banks must earn once more the confidence and trust of key stakeholders such as customers and clients, employees, shareholders, regulators, politicians and society in general. While much remains to be done in this respect, we should not lose sight of what has already been achieved, particularly in the UK, in terms of strengthening capital ratios and improving liquidity across the sector, whilst also reducing leverage.

The regulatory reform agenda is a vital component of rebuilding confidence and trust and providing a healthy, stable and sound financial system, but it is essential that this agenda produces a level playing field internationally. Both financial and human capital are mobile and in the absence of internationally agreed standards, such capital will migrate to take advantage of differences in regulation. We therefore welcome the efforts by bodies such as the Financial Stability Board and the Basel Committee to produce internationally agreed standards and we will continue to co-operate

with these international agencies as they work towards determining these standards.

It is also important that we do not seek to regulate too hastily or, in the understandable desire to avoid a repetition of recent events, go too far in terms of the reform agenda. Regulation needs to be strengthened but it must not result in a financial system that cannot serve the needs of the global economy. As recent events have shown, the financial sector has become increasingly interconnected in recent years in support of the trends in globalisation which have occurred. It follows that new solutions must be carefully balanced and fully thought through and agreed before implementation. We must take the time properly to understand the consequences and in particular the cumulative impact of the regulatory reforms being contemplated. We must ensure that the end result achieves three objectives:

- First, a safer and more secure financial system;
- Second, a banking industry that is well equipped to support the needs of the global economy; and
- Third, the ability of the suppliers of capital to earn an economic return on their capital.

All parties need to have confidence that any new regulation will be effective, but it must not be so heavy-handed as to restrict the banking industry s ability to support economic growth or to limit its ability to attract new capital in the future.

Barclays own focus in 2009 was to maintain strategic momentum despite the difficult environment. In particular, we have:

- Significantly strengthened our capital and liquidity positions and reduced our leverage;
- Focused on our customers and clients;
- Managed the business through the economic downturn, by a combination of income growth, strong cost control and careful risk management; and
- Contributed to the evolving debate on the future of the industry.

Group Chairman s statement

continued

Compensation has been the subject of considerable comment over the last 12 months. We understand public concerns over bank bonuses and are fully committed to implementing the Financial Stability Board Implementation Standards endorsed by the G20 and the FSA Remuneration Code. We will ensure that our remuneration systems do not reward failure but only reward long-term success and only on a risk adjusted basis. The Board HR and Remuneration Committee has exercised careful governance over the process for determining overall levels of compensation with the objective of maximising long-term shareholder value by restricting compensation to the minimum level consistent with retaining high quality employees in an intensely competitive international marketplace for talent. A full report is contained in the Remuneration Report on pages 170 to 186.

Looking forward, the competitive and regulatory environment will be very different from the recent past. Barclays strategy will evolve in response to these changes but we remain committed to the universal banking model since we believe that the diversification benefits of this model have protected shareholders from the worst effects of the crisis over the last two years. And as the global economy becomes more interlinked, it will continue to require integrated and international banks that are able to serve the needs of the increasing number of large multinational companies (and other major clients, such as sovereign governments themselves) that require a broad range of services from their banks, including credit provision, payments capability, access to the capital markets and the ability to manage the financial risks they face, such as interest rate, foreign exchange rate and commodity price risk.

This requirement to serve the needs of our customers and clients highlights the economic and social roles played by banks. The banking

industry, through its core activities of payments, delivering safe storage for deposits, lending, asset management and investment banking, plays a key role in the smooth functioning and well being of economies. We exist to enable our customers to achieve and progress their financial objectives. And it will be critical to the future growth of the global economy that integrated banks such as Barclays are able to continue to finance the increase in global trade that has led to such an increase in living standards in both developed and developing economies.

At Barclays, we are committed to meeting our responsibilities to stakeholders. These include customers and clients, shareholders, employees, government and regulators and society in general. We recognise in particular that we have a responsibility to:

- Support appropriate risk-taking by customers;
- Treat our customers fairly;
- Invest for the future;

- Act as a responsible global citizen;
- Pay responsibly;
- Manage our affairs prudently and in a way that creates confidence;
- Produce good returns for our shareholders; and
- Pay our fair share of taxes to the revenue authorities.

These have been and will be our guiding lights as we seek to regain the trust and confidence of stakeholders. And we are under no illusion that this will take time and that we will be judged by our actions.

Banks must recognise that we must earn once more the confidence and trust of key stakeholders such as customers and clients, employees, shareholders, regulators, politicians and society in general

Barclays focus in 2009 was to maintain strategic momentum despite the difficult environment

Board changes

There have been a number of Board changes during the year with five Directors leaving the Board and two new non-executive Directors being appointed. I stated in last year s report that Sir Nigel Rudd and Professor Dame Sandra Dawson would retire at the 2009 Annual General Meeting. Stephen Russell retired in October after nine years dedicated service, including six years sterling work as Chairman of the Board Audit Committee. Patience Wheatcroft retired from the Board in order to take up a position as Editor in Chief, *Wall Street Journal* Europe. All made a valuable contribution, particularly during the recent crisis, and we wish them well. Amongst the executive Directors, we were sad to see Frits Seegers leave the Group in November following changes to the structure of the Group. On behalf of the Board, I would like to thank Frits for his significant efforts on Barclays behalf and wish him success for the future.

We appointed two new non-executive Directors during the year, Simon Fraser and Reuben Jeffery. Simon brings valuable experience from his time as Chief Investment Officer for Fidelity International and Reuben has extensive experience in investment banking, regulation and government services.

Marcus Agius

Group Chairman

9th March 2010

£35bn of new lending to UK households and businesses of all sizes

Barclays continues to support businesses throughout the downturn

Local businesses and start-ups supported through the Enterprise Finance Guarantee (EFG)

At the beginning of 2009, we committed to making an additional £11bn new credit available to the UK economy. At the end of 2009, the actual figure was over £35bn with around half to businesses, including support for more business start-ups in 2009 than for many years. A particular focus has been on viable local businesses that, because they cannot offer sufficient security to meet normal commercial lending, would not otherwise be able to obtain finance for their business to survive and grow.

We announced a further £88m in early 2010 to lend through the EFG, to help more businesses obtain finance. Under the scheme the Government guarantees a proportion of the lending if the customer is unable to repay the debt and loans are available to businesses with sales turnover of up to £25m operating in the UK.

We have worked closely with the Government on the scheme and have already made available over £150m in EFG loans in the last year.

We have been a leading supporter of support schemes for local businesses since the downturn began. In addition to providing nearly one in every four EFG loans across the UK last year, we continued to provide loans receiving European Investment Bank (EIB) support in 2009 with over £330m of finance approved as eligible for EIB cash back.

For more information on Barclays lending

go to *www.barclays.com/annualreport09*

Leadership and governance

Board of Directors

Marcus extensive background in banking began at Lazard where he worked from 1972 to 2006, latterly as Chairman of Lazard in London and Deputy Chairman of Lazard LLC. He was Chairman of BAA plc until 2006 and is currently Senior Independent Director of the British Broadcasting Corporation (BBC) and Chairman of the Trustees of The Royal Botanic Gardens.

Term of office: Marcus joined the Board in September 2006 as a non-executive Director and was appointed Chairman on 1st January 2007. Marcus was last re-elected by shareholders at the AGM in 2009.

Independent: On appointment

External appointments: Senior Independent Director of the BBC since 2006. Chairman of the Trustees of the Royal Botanic

Sir Richard has experience of both the private and public sector having worked in high-level banking roles and the Civil Service. He was the Executive Chairman of HM Customs and Excise from 2000 to 2003. Formerly a member of the Group Executive Committee of Schroders PLC and a non-executive Director of the Securities Institute. Sir Richard is Chairman of Arriva PLC.

Term of office: Sir Richard joined the Board in September 2003. Appointed Senior Independent Director on 1st September 2004 and Deputy Chairman on 16th July 2009. Sir Richard was last re-elected by shareholders at the AGM in 2009.

Independent: Yes

External appointments: Chairman of Arriva PLC since 2004. Executive Chairman of HM Customs and Excise until 2003. Former Group Executive Committee member of Schroders PLC. Non-executive Director of the

David manages his own venture capital investments, having retired from the Management Committee of Morgan Stanley in 1997. David was employed by Morgan Stanley from 1982 to 1992, and again from 1995 to 1997. He held various key positions there, including Head of Government Bond Trading, Head of Mortgage Trading, Sales and Finance and Head of Global Operations and Technology.

Term of office: David joined the Board in May 2007. David was last re-elected by shareholders at the AGM in 2009.

Independent: Yes

External appointments: Director of East Ferry Investors, Inc. Trustee of the Brooklyn Botanic Garden. Various positions at Morgan Stanley & Co. until 1997. Director of the Discount Corporation of New York until 1993.

Leigh is Chairman of Qantas Airways Limited, a Director of Bechtel Group Inc, Chairman of Bechtel Australia Pty Ltd and Senior Adviser to Kohlberg, Kravis, Roberts and Co. Leigh joined the Rio Tinto Group in 1970 and was a Director of Rio Tinto plc from 1994 and Rio Tinto Limited from 1995, and was Chief Executive of the Rio Tinto Group from 2000 until 2007.

Term of office: Leigh joined the Board in October 2004. Leigh was last re-elected by shareholders at the AGM in 2009.

Independent: Yes

External appointments: Chairman of Qantas Airways Limited since November 2007. Chairman of Bechtel Australia Pty Ltd since July 2009. Director of Bechtel Group Inc since July 2009. Senior Adviser to Kohlberg Kravis Roberts & Co since January 2009. Chairman of the

Gardens, Kew. Chairman of The Foundation and Friends of the Royal Botanic Gardens, Kew. Chairman of Lazard in London and Deputy Chairman of Lazard LLC until 2006. Chairman of BAA plc until 2006.

Committee membership:

Chairman of the Board Corporate Governance and Nominations Committee since January 2007. Member of the Board HR and Remuneration Committee since January 2007.

Securities Institute until 1995.

Committee membership: Member of the Board Risk Committee since April 2004 (Chairman January 2006 to December 2009). Chairman of the Board HR and Remuneration Committee since January 2007 (member since April 2004). Member of the Board Corporate Governance and Nominations Committee since September 2004.

Committee membership: Chairman of the Board Risk Committee since January 2010 (member since January 2008). Member of Board Corporate Governance and Nominations Committee since January 2010.

Murdoch Childrens Research Institute since December 2009. Board Member of the National Gallery of Victoria Foundation. Chief Executive of Rio Tinto from 2000 until 2007. Director of Freeport-McMoran Copper & Gold Inc. until 2004.

Committee membership: Member of the Board HR and Remuneration Committee since July 2005. Member of the Barclays Asia Pacific Advisory Committee.

Fulvio is currently Chief Executive Officer and General Manager of Enel SpA, the Italian energy group, where he was previously Chief Financial Officer from 1999-2005. Fulvio has held a number of high-level financial roles, including Chief Financial Officer and General Manager of Telecom Italia and General Manager and Chief Financial Officer of Ferrovie dello Stato. He was also head of the accounting, finance, and control department of Montecatini and was in charge of finance at Montedison-Compart. He has held positions in finance and operations in various affiliates of Mobil Oil Corporation in Italy and Europe.

Term of office: Fulvio joined the Board in April 2006. Fulvio was last re-elected by shareholders at the AGM in 2009.

Independent: Yes

External appointments: Chief Executive of Enel SpA since

Simon has extensive experience of the institutional fund management industry, having worked at Fidelity International from 1981 to 2008, latterly as President of the Investment Solutions Group and President of the Retirement Institute. Simon held a number of positions during his career at Fidelity International, including President, European & UK Institutional Business, Global Chief Investment Officer, Chief Investment Officer for Asia Pacific and Chief Investment Officer of the European Investment Group. Simon remains a Director of Fidelity European Values PLC and Fidelity Japanese Values PLC.

Term of office: Simon Fraser joined the Board in March 2009. Simon was last re- elected by shareholders at the AGM in 2009.

Independent: Yes

External appointments: Director of Fidelity European Values PLC since July 2002. Director of Fidelity Japanese Values PLC since May 2000. Director of The Merchants Trust PLC

Reuben is a Senior Adviser at the Center for Strategic & International Studies in Washington, D.C. and previously served in the US government as Under Secretary of State for Economic, Energy and Agricultural Affairs (2007-2009). Prior to joining the Department of State, Reuben was the Chairman of the Commodity Futures Trading Commission (2005-2007) and before that held a number of positions in US government service (2002-2005). He spent 18 years at Goldman, Sachs & Co. between 1983-2001, where he was managing partner of Goldman Sachs in Paris and of the firm s European Financial Institutions Group in London.

Term of office: Reuben Jeffery joined the Board in July 2009.

Independent: Yes

External appointments: Senior Adviser at the Center for Strategic & International Studies, Washington D.C.

Sir Andrew is Chairman of the National Audit Office, having held a number of public roles in the financial services sector, including Managing Director, Financial Management, Reporting and Audit and Head of the Government Accountancy Service at HM Treasury and non-executive Director of the Bank of England. Sir Andrew is also Dean of the London Business School. He has been at the London Business School from 1974- 1976, 1979-1993 and since 2004.

Term of office: Sir Andrew joined the Board in September 2004. Sir Andrew was last re- elected by shareholders at the AGM in 2009.

Independent: Yes

External appointments: Dean of the London Business School since January 2009. Chairman of the National Audit Office since December 2008. Trustee of the Institute for Government since September 2008. Chairman of Applied Intellectual Capital Inc. until 2008. Non-executive Director of the

2005. Director of ENDESA SA since June 2009. Director of AON Corporation since January 2008. Chief Financial Officer and General Manager of Telecom Italia until 1999. General Manager and Chief Financial Officer of Ferrovie dello Stato until 1998.

Committee membership: Member of the Board Audit Committee since September 2006.

since August 2009. Director and Chairman Designate of Foreign & Colonial Investment Trust PLC since September 2009.

Committee membership: Member of the Board Audit Committee since May 2009. Member of the Board HR and Remuneration Committee since May 2009.

Committee membership: Member of Board Risk Committee since January 2010.

Bank of England until 2008. Non-executive Director and Vice-Chairman of the Tavistock and Portman NHS Trust until 2008. Non-executive Director and Chairman of the MORI Group until 2005.

Committee membership: Member of the Board Audit Committee since September 2004. Member of the Board Risk Committee since September 2004.

Sir Michael is currently Chairman of BT Group PLC, Chairman of the UK Commission for Employment and Skills and Chairman of easyJet plc. Sir Michael previously worked at KPMG from 1974-2007 where he spent a number of years in Continental Europe and the Middle East. He was Senior Partner of the UK firm from 1998-2000 and Chairman of KPMG International from 2002-2007.

Term of office: Sir Michael joined the Board in January 2008. Sir Michael was last re-elected by shareholders at the AGM in 2009.

Independent: Yes

External appointments: Chairman of BT Group PLC since 2007. Chairman of easyJet plc since January 2010 (Deputy Chairman June 2009-December 2009). Director of the Financial Reporting Council since 2007. Chairman of the UK Commission for Employment and Skills since 2007. Director of the McGraw-Hill Companies since 2007. Chairman of KPMG International until 2007. Chairman of Business in the Community from 2004 until 2007.

Sir John is Chairman of Merlin Entertainments Limited. Until July 2008 he was Chairman of Cadbury Schweppes PLC, having worked at Cadbury s in various roles, including that of Chief Executive, since 1968. He is a Director of the Financial Reporting Council, an Adviser to CVC Capital Partners, an Association Member of BUPA and a Governor of both Reading and Aston University Councils.

Term of office: Sir John joined the Board in June 2005. Sir John was last re-elected by shareholders at the AGM in 2009.

Independent: Yes

External appointments: Chairman of Merlin Entertainments Limited since December 2009. Deputy President of the Chartered Management Institute 2008-2009 (President 2007-2008). Director of the Financial Reporting Council since 2004. Adviser to CVC Capital Partners. Chairman of Cadbury

Key responsibilities

Board of Directors

The Board is collectively responsible for the success of the Group: the executive Directors are directly responsible for running the business operations and the non-executive Directors are responsible for bringing independent judgement and scrutiny to decisions taken by the Board. In addition to their statutory duties, the Directors must ensure that the Board focuses effectively on all its accountabilities. The Board determines the strategic objectives and policies of the Group to deliver long-term value, providing overall strategic direction within an appropriate framework of rewards, incentives and controls.

Executive Committee

The Board delegates the responsibility for the day-to-day management of the Company to the Group Chief Executive and he is responsible for ensuring that the business is operating effectively. The Group Chief Executive chairs the Executive Committee, which supports him in this role. The Executive Committee is supported by a number of management committees, including the Disclosure Committee, the Group Governance and Control Committee, the Group Risk Oversight Committee and the Group Brand and Reputation Committee.

Further information on the responsibilities of the Board and the Executive Committee can be found in the Corporate Governance Report on pages 151 to 169.

Committee membership: Chairman of the Board Audit Committee since March 2009 (member since January 2008). Member of the Board Risk Committee since May 2009. Member of Board Corporate Governance and Nominations Committee since May 2009.

Schweppes PLC until July 2008. Deputy President of the CBI until June 2008 (former member and President). Non-executive Director of the Rank Group PLC until 2006.

Committee membership: Member of the Board Corporate Governance and Nominations Committee since September 2006. Member of the Board HR and Remuneration Committee since July 2005.

John was appointed Group Chief Executive of Barclays on 1st September 2004, prior to which he had been Group Deputy Chief Executive from 1st January 2004. He joined Barclays in 1982 and has held various positions across the Group, including the position of Group Finance Director from 2000 until the end of 2003. He was Chief Executive of Retail Financial Services from 1998 to 2000 and Chairman of the Asset Management Division from 1995 to 1998. Following the sale of BGI, John is a non-executive Director of BlackRock, Inc. John is also a non-executive Director of AstraZeneca PLC. He is Chairman of Business Action on Homelessness, President of the Employer s Forum on Disability, Honorary President of the UK Drug Policy Commission and a member of the International Advisory Panel of the Monetary Authority of Singapore.

Term of office: John joined the Executive Committee in September 1996 and was appointed to the Board in June 1998. John was last re-elected at the AGM in 2009.

External appointments:

Non-executive Director of BlackRock, Inc since December 2009. Non-executive Director of AstraZeneca PLC since 2006. Non-executive Director of British Grolux Investments Limited since 1999. Chairman of Business Action on Homelessness since 2006. President of the Employer s Forum on Disability since 2005. Honorary

Robert E Diamond Jr is responsible for the Corporate and Investment Banking and Wealth Management businesses of the Barclays Group, comprising Barclays Capital, Barclays Corporate and Barclays Wealth. Bob was formerly Vice Chairman and Head of Global Fixed Income and Foreign Exchange at CS First Boston and he was a member of the Executive Board and Operating Committee of CS First Boston. Following the sale of BGI, Bob is a non-executive Director of BlackRock Inc.

Term of office: Bob was appointed President and became an executive Director in June 2005. He has been a member of the Barclays Executive Committee since September 1997. Bob was last re-elected by shareholders at the AGM in 2009.

External appointments:

Non-executive Director of BlackRock, Inc. Chairman, Board of Trustees of Colby College, Waterville, Maine. Chairman, Old Vic Productions Plc. Trustee, The Mayor s Fund for London. Member of the Advisory Board, Judge Business School. Member of International Advisory Board, British-American Business Council. Life Member of The Council on Foreign Relations. Member of The International Advisory Board, The Atlantic Council.

Chris has worked across financial services for most of his career, including three years in New York as Head of the US Banking Audit Practice of PricewaterhouseCoopers LLP. Chris joined Barclays from PricewaterhouseCoopers LLP, where he was UK Head of Financial Services and Global Head of Banking and Capital Markets. He was Global Relationship Partner for Barclays for the 1999-2004 financial years and subsequently held similar roles for other global financial services organisations.

Term of office: Chris was appointed Group Finance Director and became a member of the Executive Committee in April 2007. Chris was last re-elected by shareholders at the AGM in 2009.

External appointments: UK Head of Financial Services and Global Head of Banking and Capital Markets of PricewaterhouseCoopers LLP until 2006.

President of the UK Drug Policy Commission since 2007. Member of the International Advisory Panel of the Monetary Authority of Singapore since 2006.

Leadership and governance

Executive committee

See page 11 for full biography.

See page 11 for full biography.

See page 11 for full biography.

Jerry is responsible for the firm s Global Markets businesses, encompassing the Trading, Sales and Research functions globally. He joined Barclays Capital in June 1997 from Bankers Trust in London where he had been a Senior Managing Director of Derivatives Products, responsible for the European business. Prior to this, he was based in Toronto, Canada, where he was responsible for the Canadian Dollar interest rate derivatives business. Before Bankers Trust, he worked for the Bank of Nova Scotia. Jerry currently serves on the Boards of SIFMA (Securities Industry and Financial Markets Association), Room to Read and Queen s University.

Mark joined Barclays as Group General Counsel in 2003. Included within his area of responsibility are legal and regulatory compliance issues throughout the bank. He chairs the Group Operating Committee and Group Governance and Control Committee. Previously, Mark was a partner in the international law firm, Clifford Chance, where his practice spanned bank finance, capital markets and financial services regulation. He spent four years at UBS as General Counsel of its investment bank. Mark is past Chairman of the General Counsel 100 Group and of the Board of the International Swaps and Derivatives Association (ISDA). He is a Governor of the College of Law.

Antony was appointed Chief Executive of Global Retail Banking and joined the Barclays Executive Committee in November 2009. Prior to that he had been Chief Executive of Barclaycard since January 2006. Antony is a Barclays appointed non-executive Director of Absa, which is majority owned by Barclays. Since October 2008, Antony has been on the Board of Visa Europe Ltd.

Tom joined Barclays in September 1996 after 18 years at JP Morgan where he held a number of roles, including Head of Fixed Income Sales, Trading and Research, and was responsible for all activities with investors in the United States. He has served on the US Treasury Borrowing Advisory Committee and is a former Chair of the US Bond Market Association, a predecessor organisation to SIFMA (Securities Industry and Financial Markets Association).

Robert has been the Chief Risk Officer for Barclays Group since 2004. He first joined Barclays in 2002 as Head of Risk Management at Barclays Capital. Robert is a non-executive Director of Absa, which is majority owned by Barclays. Before joining Barclays, Robert spent most of his career at JP Morgan in the capital markets, fixed income, emerging market and credit areas in New York and London.

Maria is the Group Chief Executive of Absa Group Ltd, which is majority owned by Barclays. Prior to joining Absa on 1st March 2009, she was Group Chief Executive of Transnet Limited, the state-owned South African freight transport and logistics service provider. This was after a successful term as Director-General of the National Treasury (formerly the Department of Finance). Maria is an accomplished academic, who has previously taught at various institutions. She currently serves on the executive committees of the International Business Council, the World Bank Chief Economist Advisory Panel, Business Trust (South Africa), Business Leadership South Africa and the Banking Association of South Africa.

Rich joined Barclays Capital in 1994 and assumed responsibility for several of its support areas. He became Chief Operating Officer (COO) of Barclays Global Investors (BGI) and a member of the BGI Executive Committee in December 2002. In January 2005, Rich was appointed COO of Barclays Investment Banking and Investment Management businesses comprising Barclays Capital, Barclays Wealth and BGI. Prior to joining Barclays Capital, Rich held senior front-office, finance and technology positions at the Bank of Boston and the Bank of New England.

Cathy was appointed as Group Human Resources Director in April 2005 prior to which she held the position as Investor Relations Director for four years. In July 2008 her remit was extended to include Strategy, Corporate Affairs and Brand and Marketing. Prior to Barclays, Cathy was a Practice Leader at Ernst and Young and has previously held roles at Deloitte, Watson Wyatt, Percom and Volex Plc. Cathy is a Council Member of the Royal College of Art and a Board Member of the IFS School of Finance.

Group Chief Executive s review

John Varley

Our key output goal is to produce top quartile total shareholder returns over time. We achieved that goal for 2009.

Summary

Our primary objective is generating returns for shareholders. But we recognise that we can, and should, in ways consistent with that objective, contribute to the well-being of society by conducting our business responsibly and by performing well, on behalf of our customers, our core functions of payments and money transmission, safe storage of deposits, maturity transformation and lending, and the provision of advice and execution in underwriting and trading. These activities lie at the heart of economic activity in a modern economy, and if economies are to grow and reap all the beneficial consequences that flow from that growth then banks must help those they serve take appropriate risks. Getting this balance between our obligation to create returns for our owners and our need to do that in a responsible way has never been more important.

Economic slowdown last year impacted most parts of the world in which we operate. But despite that, I am pleased with the way we have performed both in 2009 and in the two tumultuous years which preceded it. That performance allows us to enter 2010 with confidence.

During 2009, we increased our income substantially. Barclays Capital had a very strong year across all global franchises, in particular as its businesses in North America started to reap the benefits of the acquisition of the Lehman Brothers North American business and integration. We have invested during 2009 in building out our equities and advisory platforms in Europe and Asia, which will be sources of income growth in Barclays Capital in the years ahead. Barclaycard also produced good income growth. The steadiness of our profit performance over the past three years, even after absorbing the impact of higher impairments and the continued legacy of credit market writedowns, is attributable to the diversification of income that we have built during recent years.

It was clear as we came into 2009 that the regulatory balance sheet should be an area of considerable focus during the year. So we have strengthened our capital position, reduced leverage and added to our liquidity buffer. We are, by consequence, both well prepared for any future economic weakness and also able to continue to execute on our strategy as opportunities arise.

In March, we decided not to participate in the UK Government s Asset Protection Scheme, following the application of a detailed stress test by the UK Financial Services Authority to determine our resilience to stressed credit risk, market risk and economic conditions. This test confirmed our expectation that we would continue to be able to meet our regulatory capital obligations.

In April, we announced our intention to sell the iShares business of Barclays Global Investors (BGI). Following unsolicited interest for the whole of BGI, and strategic analysis of the optimal ownership structure within the future asset management industry given the direction of regulation, we

agreed in June to sell the whole of BGI to BlackRock, Inc. (BlackRock). We completed this transaction in December for an aggregate consideration of $15.2bn (£9.5bn), realising a profit on disposal of £6.3bn. Our shareholders will be able to participate in the institutional asset management sector through our continuing holding of 37.567 million new BlackRock shares. This gives us an economic interest of 19.9% in the enlarged BlackRock group, and also provides a strong basis for a new commercial relationship between Barclays and BlackRock, which will be particularly relevant to Barclays Capital as a provider, and Barclays Wealth as a consumer. Bob Diamond and I look forward to contributing to the progress of this new global leader in asset management as members of the BlackRock Board of Directors.

Across our retail and commercial banking activities we continued to consolidate our position in our core markets through organic revenue, cost and risk management measures. We took advantage of inorganic opportunities as they arose. In September, we established a long-term life insurance joint venture with CNP Assurances (CNP) in Spain, Italy and Portugal. In the same month, we agreed to acquire the Portuguese credit card business of Citibank International plc, adding some 400,000 new credit card customers to our Portuguese business as we continued to invest in the expansion of our GRCB Western European retail operations. And in October we agreed to acquire Standard Life Bank Plc from Standard Life Plc, adding an attractive mortgage and savings book to our UK Retail business. This acquisition completed in early January 2010.

2009 priorities

In my review a year ago, I said that we had three priorities for 2009: staying close to customers and clients; managing our risks and maintaining strategic momentum. How did we fare in these areas?

Staying Close to Customers and Clients: In the dense fog that was brought down on the industry by the credit crunch, it was clear that we needed a powerful magnetic north customers. The rapid economic slowdown of 2008 and 2009 has complicated the lives of many of those that we serve. Our job in 2009 was to stay close to them as they sought to navigate the risks and the opportunities thrown up by the crisis. The income line is a good proxy for customer activity levels and customer relationships. And our income generation in 2009 achieved record levels.

I am pleased with the number of new mortgage, savings, Premier accounts and Local Business customers we have added in UK Retail Banking and with the increase in customer account balances.

In Barclays Commercial Bank, we were able to increase average asset and deposit balances in a difficult business environment.

In Barclaycard, we rolled out a number of initiatives to offer support to customers in financial difficulties whilst limiting our exposure to the most at risk segments of the market.

Group Chief Executive s review

continued

There is a lot of focus from stakeholders on the willingness of banks to lend, and of course availability of credit is a critical component of economic stabilisation and regeneration. In April 2009, we said that we would make an additional £11bn of lending available to UK households and businesses. In fact, our gross new lending to UK households and businesses in 2009 totalled some £35bn, indicating both that we were open for business, and that we were able to extend credit on terms which we regard as prudent.

Our retail and commercial banking businesses in GRCB Western Europe, where we now serve almost three million customers, have continued to grow. In addition to the CNP joint venture and cards acquisition in Portugal, we added nearly 100 new branches in Italy and 50 in Portugal and attracted almost £8bn of new customer deposits as we increased our focus on the asset:liability mix of our business flows in these markets. Our task looking forward is to ensure this business produces sustainable profits, which will require it to be less reliant on one-offs than it has been in the past two years.

In the developing countries of the world in which we operate, our performance in the ten mature markets of Africa and the Indian Ocean where we are present has been strong. GRCB Emerging Markets as a whole made a loss. We now serve almost four million customers across these markets, but we have been too aggressive in our approach to business expansion here over the past two years. This business must now convert investments made in the last three years (in terms of people, customer recruitment and sales outlets) into sustainable profits.

GRCB Absa performed resiliently in a very difficult economic environment. Notable during the year was its ability to continue to grow customer deposit balances, particularly for the South African consumer.

Our success in Barclays Capital is reflected both in the exceptional revenue progress across 2009 and also in some of the client and market-nominated awards which it has won over the year. These included Primary Debt House of the Year from Euromoney, IFR Bond House of the Year, Derivative House of the Year from *Risk* magazine and the Number 1 Ranking for US Equity Research and US Fixed Income Research in the Annual Institutional Investor All-America Team surveys.

In Barclays Wealth we continued to attract client assets at a time of great uncertainty. Our intention for 2010 and beyond is to accelerate growth in the High Net Worth businesses.

Managing Our Risks: As we expected, 2009 was another year of vicious testing of our risk management. In February, we shared with the market our planning assumption for loan loss rates for 2009, indicating that we expected them to be in the range of 130 to 150 basis points, predicated on

certain macroeconomic assumptions. The economies of the world in which we do business performed worse in 2009 than our central planning case had projected at the beginning of the year. Despite that, our loan loss rate was 135bps on a consistent basis[a], towards the bottom end of the 130-150bps range we planned for. This is evidence of the robust risk management and planning procedures we have in place. And although impairment rose significantly in 2009 versus 2008 (and in certain areas of our business could rise further in 2010), a combination of strong income and good cost control enabled us, though substantial profit generation, to enter 2010 with our Core Tier 1 capital ratio at 10.0%. At the same time, we reduced our leverage to 20x, from 28x, and our total assets by 33%, and we increased the surplus of liquid assets in the balance sheet by £84bn.

Governments, regulators and banks are currently focused on many of these metrics of financial and risk management health as they seek to ensure that the excesses of the previous economic cycle, and the costs of financial failure that have resulted from it, are not repeated. We support these moves and are committed to adapting our business to the changes that result.

Those reforms need to balance three things: the need for a safer financial system, the importance of economic growth and the ability of the suppliers of bank capital to earn appropriate returns. The achievement of those twin objectives, which is so important to the world over the course of the next decade, will be facilitated by a strong and supportive banking system providing credit, managing risk and supporting innovation. An important dimension of the reform agenda is that decisions about investment banking are based on science and experience, not on rhetoric. There has been much talk about gambling by investment banks . Barclays Capital no more gambles in the work it does on behalf of its clients than the clients do themselves. Its work is the work of risk management and financing. Its job is to help governments, companies and investors around the world raise money, stimulate economic growth, create employment, and manage pensions and other savings. This is a real economy role.

Investment banking plays an important part in the universal banking model that we have built in Barclays because many of those that we serve need to have access to the capital markets, and because we cannot meet their financing and risk management needs without having a strong advisory, execution and trading capability within the Group. History and the current crisis demonstrate that the performance of the capital markets businesses and retail and commercial businesses is naturally asymmetrical. The asymmetry of their respective income and impairment cycles provides a strong source of resilience. The effects and benefits of that are very clear in the performance of

November 2009:
Regrouping of activities

Global Retail Banking

In 2009, Global Retail Banking (GRB) businesses were resilient in unsettling and challenging times. We have shown that we are strongly positioned to build and grow in a tough environment. For example, the acquisitions of Standard Life Bank and Citigroup s credit card business in Portugal show our appetite and capabilities to maximise on market opportunities, whether through organic or inorganic growth.

Looking forward, I am very excited about the potential for GRB in 2010 and beyond. We want to be the best retail bank in our chosen markets and to be seen as a leader in our industry. We want to grow our non-UK business and increase, over time, the ratio of non-UK to UK business. The emphasis is on creating critical mass in markets where we have a greater presence. Our ambition is depth, not breadth.

To help us achieve this, our key priorities for this year are:

Profit growth and profit diversification;

Improving our liquidity the ratio between loans and deposits;

Deeper penetration of our existing markets and international diversification; and

Generation of net equity.

Delivering on these priorities and ensuring that we maintain control over every aspect of our operations are key to achieving our ambitions and strategy. The external environment has been extremely difficult, but when the cycle turns, the profits of GRB and its contribution to Barclays Group will shift significantly.

Antony Jenkins

Chief Executive,

Global Retail Banking

Barclays during this cycle. That is one of the principal benefits of the universal banking model; the others include: capital and funding efficiencies; and business and risk diversification. Forcing banks to adopt narrow business models, as some have suggested as part of the ongoing reform dialogue, will not make the system safer. There has been no correlation so far in this crisis between failure and the popular dichotomies drawn of bank business models: big or small; narrow or broad; domestic or international.

Maintaining Strategic Momentum: Despite the regulatory uncertainty that will continue to confront the industry this year, our strategic path remains clear to increase the growth potential of Barclays by continuing to diversify our business by customer, product and geography. That strategy lay behind the broadening of our executive Committee[b] and changes to senior management responsibilities that I announced in November 2009.

The executive Directors of the Group, Bob Diamond, Group President, Chris Lucas, Group Finance Director, and myself, have been joined on the Executive Committee by the leaders of a number of Barclays business units and control and governance functions. We have also regrouped our activities to form:

- Global Retail Banking (GRB), comprising UK Retail Banking, Barclaycard and the former Western Europe and Emerging Markets businesses, led by Antony Jenkins.

- Corporate and Investment Banking (CIB), comprising Barclays Capital and Barclays Commercial Bank (now called Barclays Corporate); Jerry del Missier and Rich Ricci are Co-Chief Executives of Corporate and Investment Banking.

GRB focuses on mass consumers, mass affluent consumers and small business customers. We have significantly changed the footprint here over the past three years, and we intend to push that forward, increasing, through time, the ratio of non-UK to UK business whilst strengthening our UK franchises. We will place particular emphasis on creating appropriate scale in the markets in which we have a presence. As we do that, our objectives will be four-fold: profit growth; an improved loan-to-deposit ratio; further international diversification through deepening existing presences; and the generation of net equity.

Barclays Corporate, as part of CIB, focuses on the high end of what we used to call Barclays Commercial, particularly financial institutions, public sector entities and corporate clients. We brought this business alongside Barclays Capital within CIB because we see significant synergy in sharing relationship management and sector expertise across the two. Realisation of that synergy is enabled by the increasing fungibility of client requirements

between traditional corporate banking and investment banking product needs within our client base. This is a global opportunity with significant income growth potential for CIB in the years ahead. Our early work has only reinforced that strongly held belief.

In the area of wealth management, the competitive landscape in the global industry has gone through a sea change over the course of the last three years. That creates opportunity, and we intend to seize that by investing to change the scale of this business over the next five years.

Remuneration

Recognising the political and regulatory focus on remuneration practices, and the interest of both our shareholders and our staff in the topic, it is important for me to say that we see compensation as a means of supporting the implementation of strategy in a way that best serves the interests of our shareholders. So our objective in this area is to ensure that we use remuneration well, making it the servant of the interests of our owners. We aim to achieve an appropriate balance between paying dividends to shareholders, investing in the business, strengthening our capital ratios and paying staff appropriate compensation. I don t pretend that achieving that balance is always easy, or that the judgements involved are straightforward. The market for the best people is both global and intensely competitive. Banking is a service industry and, if we are to remain successful, we must attract and retain the best people. We have to pay for performance but, I emphasise, we seek to pay no more than the amount consistent with competitiveness.

Our compensation framework is determined by the Board HR and Remuneration Committee, a sub-committee of the Group Board which is chaired by our Deputy Chairman, Sir Richard Broadbent. My recommendations to the Remuneration Committee and its decisions are only made after appropriate input from the Board Group Risk Committee and the Group Chief Risk Officer to ensure that the level of risk within the business and the quality of underlying profits generated are taken properly into account. The Remuneration Committee has also considered the impact on profits of our usage of Government and Central Bank schemes, higher liquidity requirements and the shape of the yield curve.

Our discretionary pay awards for 2009 are fully compliant with the FSA Remuneration Code and the Financial Stability Board Implementation Standards, endorsed by the G20. This has resulted in an increase in the deferred awards by approximately 70% and greater use of equity in deferral structures, particularly to senior staff. 100% of the discretionary pay awards for 2009 to our Executive Committee will be deferred.

Corporate and Investment Banking and Wealth Management

In November 2009 we announced changes to the management structure and leadership team of the Barclays Group. The formation of Corporate and Investment Banking and Wealth Management was designed to accelerate the execution of our strategy, continue to adjust dynamically to the changing environment, and respond rapidly to client and customer needs.

Now is the time for execution, for capitalising on the progress we have made and for seizing the opportunity before us.

By moving Commercial Banking, now Barclays Corporate, into the new Corporate and Investment Banking and Wealth Management grouping, we signalled our desire to extend the already attractive synergies and working practices among our three global businesses, Barclays Corporate, Barclays Capital and Barclays Wealth. Barclays Corporate is a great business, with superb relationships, a client-focused culture, and outstanding prospects around the globe.

Barclays is now one of a handful of leading global universal banks able to offer the full array of products and services to clients, and we are gathering momentum as we increase market share in all our franchises. This new structure allows us to serve our clients even better.

We have a unique opportunity, and we are determined to take advantage. We have the right model, the right culture and the right people to succeed as long as we continue to manage our risks and our costs, deliver flawless execution of our plans, and maintain our momentum. Most important of all, however, we must as always, stay close to our clients who need us more than ever.

Robert E Diamond Jr

Chief Executive,

Corporate and Investment Banking

and Wealth Management

Group Chief Executive s review

continued

The overall quantum of compensation we pay is designed to ensure that we exceed the FSA s minimum capital requirements at all times. We understand how important it is to our shareholders that we maintain Core Tier 1 ratio well in excess of regulatory minima. A direct and intended consequence of our decisions on pay has been the further strengthening of this ratio. Meanwhile, we have been able to meet the commitment that we announced in April 2009 to resume dividend payments and we seek to ensure that we manage the business in such a way (including in relation to compensation) as facilitates the adoption of a conservative but progressive dividend policy.

Our approach to the UK Bank Payroll Tax since the tax was announced in December last year has been to manage the compensation pool in such a way that the cost of the tax to the Group broadly equates to a reduction in the size of the pool, with the reduction being borne by senior executives. The cost to the Group of the UK Bank Payroll Tax in respect of 2009 cash compensation is £190m, and £35m in respect of certain prior year awards which may fall within the proposed legislation. Where a liability arises in subsequent years, we will follow the same approach.

2010 strategic framework

The economic outlook remains uncertain. The worst of the financial crisis is behind us, but the environment remains unpredictable, and for that reason, we have to be very clear about the strategic framework in which we will be doing business in 2010 and beyond. The principal components are as follows:

1. We will continue to act as responsible corporate citizens. We will ensure that our wider responsibilities to society are reflected in how we act. To the extent consistent with what is required of us by our regulators and with our obligations to shareholders, we will continue to play our part as a source, via service to customers and clients, of economic growth and job creation in the geographies in which we operate. We must behave constructively to help our customers and clients as they cope with the economic downturn and to support governments and supervisors as they deal with the effects of the financial crisis.

2. We will ensure that we maintain a sound financial and organisational footing that anticipates and adapts to the regulatory changes that will be required from us. The Basel authorities announced a package of proposed reforms in December on which they are consulting. We are working hard to advocate regulatory consistency; to ensure that the cumulative impact of intended reforms on the economy is well understood, and to ensure the reforms are implemented over sufficiently extended transitional periods to enable the banking industry to support economic growth and job creation. We will be obliged to accommodate such changes as are finally enacted over the coming years and we will have the ability over the period to take mitigating actions. Meanwhile, we are seeking to anticipate many of the changes that may be required of us in the areas of capital, leverage and liquidity. It is within our power to be net generators, rather than consumers, of capital, which our performance in 2009 demonstrates. We will maintain high levels of liquidity, and we will be very attentive to the size and composition of our balance sheet. In particular, we will manage leverage tightly, and we will seek to bring down, over time, our loan to deposit ratio. Stress testing has been institutionalised across Barclays in recent years. This is also now part of the FSA supervision cycle. We will ensure that we continue to monitor regularly our responsiveness to changing economic, market and operational environments and align our views with those of our regulator.

3. We have recommenced dividend payments in accordance with our prior commitments. We will make three quarterly fixed payments in 2010 and a final variable payment relating to the calendar year 2010 in March 2011. Given uncertainty about the full consequences of regulatory reform, prudence dictates that our dividend policy should be conservative. But, subject to that caveat, we intend our dividend policy to be progressive relative to a 2009 annualised dividend of 4.5 pence per share.

4. Our allocation of capital across the Group will continue to be made on both an economic and strategic basis, reflecting our goal of increasing the international diversification of our income sources in the pursuit of medium-term growth. So we will nurture Barclays Wealth, Barclays Corporate, Absa and GRB, whilst ensuring that Barclays Capital takes advantage of the structural changes in the investment banking sector. 2010 will be another year, however, in which we put returns before growth, and where prudence will determine our approach to balance sheet size.

5. Notwithstanding the regulatory uncertainty which colours the goals I have described so far, we must deliver another year of significant profitability. The balance of earnings is also important to us, and we continue over time to target two-thirds of our profits coming from GRB, Absa, Barclays Wealth and Barclays Corporate and one-third from Barclays Capital.

Absa

Since its establishment in 1991, Absa has grown into a well-diversified financial services group and although 2009 has been a test of our resilience as an organisation, I am satisfied that we have delivered solid underlying performance, improved our risk management and continued to strengthen our balance sheet. Absa maintains a strong capital base and is well positioned for future growth. During the year we launched our One Absa strategy which aims to drive an integrated approach across all of our businesses so that our customers are serviced in a seamless manner. Our strategic objectives are supported by four key pillars:

Achieving sustainable growth in targeted markets;

Embedding balance sheet optimisation and proactive risk management;

Ensuring a simple streamlined Group for customer delivery; and

Instilling a customer and people centred ethos in our organisation.

Implementation of the strategy is a key priority and in this regard we have reorganised the top management team to drive a disciplined focus on delivery. With the economic prospects in 2010 expected to remain uncertain, we are confident that our strategy is robust and positions us well to capitalise on the growth opportunities that emerge.

Maria Ramos

Group Chief Executive

Absa Group Ltd

Goals

As I stated at the time of our Interim Results last August, our key output goal is to produce top quartile total shareholder returns (TSR) over time. We achieved that goal for 2009, generating a TSR of 80% for 2009, at the upper end of our peer group[c]. But I recognise that for many shareholders the starting point from which this return was generated was unacceptably low. We will continue to measure our performance against this output goal.

We will carefully manage multiple input goals. These include economic profit; overall balance sheet size and leverage; risk weighted assets (RWAs) and the returns they generate; the level of our Core Tier 1 capital; our return on equity; our overall funding and liquidity positions, and our loan to deposit ratio as part of this; our comparative income and cost performance (the jaws); and dividend payments.

Our medium-term goal is to generate an average return on equity that exceeds our cost of equity over the cycle. In 2009 and again in 2010, the combination of very high levels of capital and the relatively high cost of capital make this a very stretching target. But we are well aware of the direction in which our shareholders expect us to be moving in this context, and we have constructed our medium-term plans accordingly.

Conclusion

We have over 144,000 employees worldwide who have helped us weather the economic storm of the last two and a half years. They have not allowed the events in the market place to distract them from attending to the needs of those they serve; on behalf of the Board, I thank them warmly. They are as determined as I am that we shall meet the expectations of our owners in the year ahead, by putting the resources of the Group to work on behalf of our customers and clients.

John Varley

Group Chief Executive

Notes

a On consistent year end loans and advances balances and impairment at average 2008 foreign exchange rates.
b The following have been promoted to the Group Executive Committee: Antony Jenkins, Chief Executive of Global Retail Banking; Tom Kalaris, Chief Executive of Barclays Wealth; Rich Ricci, Co-Chief Executive of Corporate and Investment Banking; Jerry del Missier, Co-Chief Executive of Corporate and Investment Banking; Maria Ramos, Chief Executive of Absa; Mark Harding, Group General Counsel; Robert Le Blanc, Chief Risk Officer; Cathy Turner, Group Head of Human Resources and Corporate Affairs.
c TSR (Total Shareholder Return) is defined as the value created for shareholders through share price appreciation, plus reinvested dividend payments and is compared against a peer group containing Banco Santander, BBVA, BNP Paribas, Citigroup, Deutsche Bank, HSBC, JP Morgan Chase, Lloyds Banking Group, Royal Bank of Scotland, Unicredit and UBS.

Maintaining strategic momentum

Premier, full-service, global investment bank delivering through the cycle

Providing holistic solutions for customers

Strong client franchise reflected by top-line income of £17.9bn; up 81%

The past year has seen us deliver on our vision to be a premier, full-service, global investment bank. This means we have the scope and the scale to compete against the very best firms in all the different businesses in all of the different regions. Our Fixed Income, Currency and Commodities businesses (FICC) are top three globally, and our new Equities and M&A advisory franchises are building real momentum and delivering excellent results. Our vision means achieving leading positions for our clients in every region and in every business in which we compete.

Our clients continue to come to us with their business challenges, and we are using the breadth and depth of our expertise to help address their needs comprehensively. We are expertly placed to service the needs of our clients, whether it s a government looking to raise syndicated debt, an institutional investor wanting to increase its equities exposure or a large corporate undertaking a rights issue. We provide holistic solutions for our clients.

This is what we mean when we say that our client focus is driving our business. We are helping our clients to meet their challenges, and the scope of how we can help them is wider than ever. And this is what makes Barclays Capital such an exciting place to be right now. We are now one of a handful of leading global, full-service investment banks. Our businesses are growing with speed, discipline and focus, resulting in a full-service offering much greater than the sum of those businesses.

We re having new conversations with existing clients. We re delivering for clients we ve never worked with before. And we re using the strength of our full-service franchise to make a real difference to their success.

Further information on Barclays Capital is available at

www.barclays.com/annualreport09

The role of banks and banking in society

The severity of the current financial crisis and the magnitude of public support that has been channelled into the financial sector have prompted a heated debate about the role, scale and usefulness of banks. In this article from *The Sunday Telegraph,* John Varley provides a summary of how we have responded.

My belief is that the work of banks is important to the economies of the world; and is therefore important to society. But with that role goes the obligation to conduct our business responsibly and to support economic progress.

Most customers that I speak to say that they want to get back on track, to move forward again and to put the recession behind them. They want their bank to focus on providing them with the means to build opportunity, security and a better future. And they want their bank to put its strength and resources at their disposal in a way that is at once helpful and prudent. To them, that s what supporting economic progress means.

The causes behind the financial crisis are complex and have already been well rehearsed. The industry has much to be sorry for, and, as the chief executive of a big bank, I have expressed sorrow and regret for the errors that we, as a sector, made. Without decisive, determined and significant action to restore confidence by authorities around the world, including here in the UK, the banking system would have collapsed. Even those banks that did not take capital from governments clearly benefited (and continue to benefit) from these actions. We are grateful for them, and our behaviour should acknowledge that benefit.

The task of governments, regulators and banks alike is to learn the lessons of the last two years and to ensure that nothing like this happens again. Decisions have to be taken about the banking industry that will influence its shape and direction over the next 30 years decisions relating to capital, funding and liquidity, leverage, provisioning, accounting and compensation. We have already seen considerable change since the start of the crisis: banks are much better capitalised; leverage is down materially; liquidity buffers have increased; risk management practices have been strengthened. But there will be more change.

This means there is an important and difficult trade-off to be engineered between improving the stability of the financial system on the one hand and stimulating and supporting economic growth on the other. As policy-makers strive to get the balance right, we should not lose sight of the fact that, no matter how painful this crisis, the world is in a much better place today than it was 30 years ago. Over that period, even having taken into account the impact of the current recession, the net growth in global GDP is well above 120%, representing a real per capita increase of more than

40%. That growth lifted millions of people around the world out of poverty and gave billions of people a better life. The benefit has been felt as much in the developing world as the developed. Maintaining it, and continuing to make people s lives better because of it, requires change, but judicious change. And that includes the requirement that we, the banks, define our core purpose in a way that people understand and support.

Banks contribute to society through five core activities: providing reliable and efficient payment systems; delivering safe storage (for deposits and savings); maturity transformation (or the conversion of savings into loans); asset management; and what is loosely referred to as investment banking.

The core activities of an investment bank

Some question the utility of investment banking. I want to explore the point here for a moment. What lies behind the question is the presumption that investment banking is gambling . But it is clear to me that the three core activities of an investment bank advice, execution and funding, each of which I describe below (note that proprietary trading is not a core function) are critical to the health of the real economy, because those activities are aimed at helping clients generate the real economy outputs of investment, trade, wealth generation, and employment. Investment banks are vital intermediaries in the economic system connecting sources of funds with investment opportunities. History shows that healthy global GDP growth requires funding support from the capital markets.

I ll illustrate. A list of some clients on whose behalf Barclays Capital, our own investment bank, has been active recently (a matter of public record) does not reveal names that you would associate with gambling. These include Her Majesty s Government; The Kingdom of Spain; The Republic of France; The Republic of South Africa; Roche; Pfizer; Sainsbury s; British Telecom; Vodafone; Novartis; Centrica; EDF; London Stock Exchange; John Lewis; Network Rail; Harvard University and General Electric.

These governments and companies are no more involved in gambling than we are gambling by serving them. They represent the real economy. We support them with their financing and risk management needs which, in turn, drive economic growth. While I have cited household names, the companies we serve in the area of financing and risk management include

Key points

Banks provide:

- Reliable and efficient payment systems
- Safe storage for deposits and savings
- Maturity transformation
- Asset management
- Investment banking

thousands of mid-sized companies as well manufacturing and service businesses which may not be household names but which employ a large proportion of the UK workforce.

What does financing and risk management mean? As I have noted, there are three activities in an investment bank. The first is providing advice. This means working with clients to design solutions for their needs, whether they are financing government debt; raising funds to build a new factory; raising funds to complete an acquisition; or hedging the risk of foreign currency, commodity or interest rate volatility to ensure certainty of cash flow.

The second is execution. The investment bank helps clients put in place whatever solution has been designed, irrespective of who designed it. This could involve ensuring new equity or debt makes its way from investors to the company. Banks commit to ensure that such issuance will be successful by promising to take whatever investors do not. Execution could also involve structuring a risk management solution by purchasing appropriate securities and packaging them to meet client objectives. Banks take risks here to help their clients absorb and manage their own risk.

The third is funding. The efficiency of markets for new issuance (whether debt or equity) is entirely reliant on the existence of effective and efficient secondary markets through which equity and debt securities are traded. Secondary market activity (that is daily dealing in the stock market) signals investor appetite for different types of transactions; provides clear benchmarks for pricing and lowers the cost of issuance. Market makers (like Barclays Capital) play a critical role in maintaining the efficiency of traded markets by ensuring that clients can always get access to a price and can be confident that individual markets will be available when they need them.

All three of these activities have clear relevance to the health of the real economy. If you switch off investment banking, you switch off a fundamental supply of credit to companies and governments. Our analysis suggests that global economic growth of 4% per annum (which I would argue is what the world needs to create employment and relieve poverty through time) requires global capital markets to grow at twice that rate 8%. I cannot think of a better way to demonstrate the social utility of investment banking activity. And if you think of the societal issues that confront our world an ageing population, a lack of infrastructure supporting economic growth, the need for greater health provision, climate change broadly based banks with capital markets capabilities have the skills to help. They help with savings and investment products to support the privatisation of welfare provision; with financing resource in the areas of health provision and infrastructure and with trading skills in the area of the management of carbon emissions.

Regulation in banking

The new regulatory structure will require banks to hold more capital and more liquidity. There will be a new focus on top down supervision to ensure that regulators have the tools to manage collective risk (in particular, the amount of debt) in the system. Products must be simpler and more transparent. And incentives and compensation must be better aligned to delivery, must take account of risk, and must be paid out over time. Good performance should be rewarded fairly. Bad performance should not. This is something we have always believed.

On compensation specifically, the international agreement on reforms to the structure of remuneration that were announced by the G20 in September is a good step forward. The British banks have committed to

implementing those, as well as the new FSA Code on Remuneration. At Barclays, we have been working on reforming our remuneration practices since the beginning of this year. Our historical practices were generally well aligned with the changes afoot, but we are amending where we need to. This is, though, difficult territory. On the one hand, we must be sensitive to the views of many stakeholders that bankers are paid too much. On the other, we have to recognise that talent is not a commodity, and that our shareholders and customers expect Barclays to field the best people we can across all of our businesses. We compete in global markets, and labour has, in my experience, never been more mobile. We will strive to get the balance right here. Our objective is to pay the minimum compensation consistent with competitiveness and performance.

Those calling for an age of simpler, old-fashioned, more tightly regulated banking were probably not around in the days of Bretton Woods or Glass Steagall. Because if they were, they would remember a time when less than 50% of the adult population in the developed world had a bank account, when credit was strictly rationed, when a mortgage cartel controlled home loans and when, with credit supply directed by governments, industry complained constantly of being starved of funds.

Regulation is a substitute neither for sound judgement nor for a sense of personal and corporate responsibility. The primary obligation lies with bank boards. We must keep our sights at all times on what our customers expect of us (helping them achieve their financial goals and helping them take appropriate risk); and on what our owners expect of us (that we will use well the resources generated by running a profitable business). Those two things, for me, are the essence of responsible banking.

Translated into an operational agenda, a bank which is behaving responsibly and a bank which is playing its role in society should invest for the future. It should support appropriate risk taking by its customers. It should run capital ratios that create confidence. It should employ talented staff. It should manage its business in a way that enables it to pay dividends to its shareholders (mostly pension funds on which retired citizens rely). And it should pay due tax to its revenue authorities.

Success in banking

Success in the banking sector creates good things for society the facilitation of wealth creation by customers; the generation of direct and indirect employment; payment of dividends and tax; economic stabilisation and growth. But success creates responsibilities, and we must understand the obligations that go with being a successful bank. We have to make certain that we use our profits well in particular, that our contribution to society recognises society s contribution to our success.

The strands of responsible banking and successful competition are intertwined. We are, I believe, at our most productive (in an economic and social sense) if we compete successfully. The capacity of British banks like Barclays to support the UK economy in the way that I have been describing depends on the banking playing field being kept level as the authorities here and around the world make their decisions. Safeguarding existing jobs and creating new ones and lending supportively to British householders and businesses (thereby helping create jobs beyond those which exist directly in the banking industry, itself one of the biggest employers in this country). Ultimately these things depend on our being allowed to compete on equal terms with the best banks in the world.

Note

This article by John Varley was first published in *The Sunday Telegraph* on

15th November 2009.

Sustainability

Responsible banking

Despite the difficult economic conditions in 2009, we have continued to maintain our commitment to corporate and social responsibility as it is an integral part of how we do business. We report progress on integrating sustainability through five themes.

Barclays is making progress on embedding sustainability into our business. We are ranked in the top quartile of global banks in the Dow Jones Sustainability Index. However, we realise we have a long way to go and will continue to build our programme in the year ahead. We have remained open for business throughout the downturn, and at the same time have reinforced our commitment to be a responsible lender, providing access to credit and support while maintaining prudent lending standards. We are focused on offering a strong, safe and responsible service that contributes to the economic progress of society as a whole.

As well as supporting our customers and clients, and the communities in which we operate, we have:

- developed our role as an equal opportunities employer;
- taken action on climate issues; and
- aimed to operate as a responsible global citizen.

The Group Executive Committee is responsible for our overall sustainability strategy, and works to support the Chief Executive in its implementation. This Committee, along with the Board, reviews progress against sustainability objectives twice a year, using a robust reporting framework that includes over

100 performance indicators. We integrate sustainability into our operations in five areas.

Customers and clients

In 2009, we continued to help customers make the most of their money with advice, innovative new products and services, and tailor-made help for those in financial difficulty.

Whilst remaining conservative in our approach to risk, we have remained competitive in the mortgage market and increased our lending by 7% to a mortgage balance of £87.9bn at the end of 2009. At the same time Barclaycard provided a package of support, including a price freeze for many of our UK customers.

Our strategic sustainability themes

Customers and clients	Financial inclusion	Environment	Diversity and our people	Citizenship
Ensuring our products and services meet the needs of customers and clients by developing innovative solutions to enhance performance, relationships and satisfaction.	Extending the reach of banking services in developing markets and reducing financial exclusion in developed markets.	Minimising direct environmental impacts by mitigating Barclays energy, water and carbon footprints and managing the risks and opportunities associated with climate change.	Attracting employees from the widest possible talent pools and developing and retaining colleagues on the basis of performance and ability.	Managing Barclays indirect economic, ethical, social and environmental impacts, encouraging our supply chain to be more sustainable, and investing in local communities where we do business.
Progress in 2009 £35bn gross new lending to UK households and businesses	Progress in 2009 3.2m entry-level bank accounts opened across our global operations to date	Progress in 2009 3.5bn tonnes of carbon has been traded to date with a notional value of £45bn	Progress in 2009 24% of Barclays senior managers are female	Progress in 2009 £55m invested in communities globally
£87.9bn total UK mortgage lending at the end of 2009	£500,000 new funding package to support credit unions and community finance organisations in the UK	79% of surveyed employees believe Barclays is an environmentally responsible bank	58,000+ employees received direct support for fundraising, volunteering and giving	157 suppliers completed our sustainability screening questionnaire during 2009

Key points

- £35bn gross new lending to UK households and businesses
- More than 58,000 employees received direct support for fundraising and volunteering

In April 2009, we committed to make an additional £11bn of credit available to the UK economy over the year. Our gross new lending in 2009 was £35bn, about half to households and half to businesses.

Financial inclusion

In the UK our Cash Card Account is an entry-level bank account with almost 844,000 customers, many living in deprived areas, while Money Skills is a new programme designed to help disadvantaged people make informed, responsible financial decisions.

Across Africa, we offer dedicated accounts for people on low incomes, and are one of the only global banks to work with indigenous financial systems as a way of providing wider access to financial services.

Environment

As part of our commitment to minimising our environmental footprint, we successfully made our global banking operations carbon neutral in 2009.

Barclays Climate Action Programme continues to focus on greater energy efficiency, as well as working with suppliers to reduce their CO_2 emissions and developing products and services that will help our customers to do the same.

Diversity and our people

Our diversity and inclusion strategy is focused on increasing the number of senior women across our business. To read more, refer to page 24.

Citizenship

With more than 48 million customers in over 50 countries, we must act as a responsible global citizen. This means ensuring that we do business in a socially and ethically responsible way, while working with our supply chain partners to ensure they adopt a similar set of principles.

Barclays believes that banks have a crucial role to play within the communities they serve even more so during these challenging economic times.

In 2009, as well as committing over £55m to community initiatives around the world, we also invested our skills and resources. 58,000 employees gave their time to support a wide range of projects, from helping those affected by HIV/AIDS in Africa, to providing free financial advice for elderly people in the UK.

Barclays operates in accordance with the Universal Declaration of Human Rights, and Barclays Statement on Human Rights further integrates these issues through our employment policies and practices, our supply chain and the responsible use of our products and services.

Partnerships are also a crucial part of the programme, such as our work with the World Wildlife Fund in eastern Africa to pioneer a new era of conservation in the region where communities are supported to utilise their resources more sustainably.

Many of our major environmental and social impacts are indirect and arise through business relationships with suppliers and clients. Our Environmental and Social Impact Assessment policy focuses on any lending we carry out in sensitive sectors and is also the mechanism by which we apply the Equator Principles to our projects. The Equator Principles are based on the International Finance Corporation s Performance standards, which form the financial services industry standard to manage environmental and social risks in project finance deals above US$10m.

Our Environmental Risk Management team operates across the Group, and in 2009 it assessed more than 290 project and non-project finance transactions.

In 2009, working with the United Nations Environment Programme Finance Initiative, we developed a human rights toolkit, which provides a framework for lending managers and which we have embedded into our own employee guidance tools on environmental risk.

As well as managing our own direct social, ethical and environmental impacts, by working closely with our suppliers we can help them to share our commitment to sustainability.

This was underlined in 2009 with the launch of a new statement on Supply Chain Sustainability, outlining how we work with suppliers and what we expect from them in return.

Banking on Change partnership

Developed partnership with CARE International and Plan International to improve access to basic financial services in Africa, Asia and South America

Three-year initiative intends to reach 500,000 people and is a £10m commitment by Barclays

In 2008, Barclays committed to a global three-year partnership with non-governmental organisations (NGOs) CARE International and Plan International in order to extend innovation and accelerate sustainable access to basic financial services. The three-year initiative aims to reach more than 500,000 people across Africa, Asia and South America and represents a £10m commitment by Barclays.

The partnership perfectly combines the experience and delivery structures of the two NGOs with the financial expertise of Barclays. Together this will enable us to promote and train community groups on savings-led community finance and create bespoke financial channels, products and services.

The initiative gives individuals the opportunity to save regularly and provides communities with a way to manage their money, increasing their ability to deal with life emergencies, and invest in their own and their children s future.

Our people

Global minimum standards

To maintain the right balance between overall control and effective local decision making we have established global governance frameworks and minimum standards to regulate how we manage and treat our employees around the world. The key areas covered by the minimum standards are summarised below.

Performance management and compensation

The performance and development process provides employees with the opportunity to have regular discussions with their line managers about their performance and to receive coaching for their personal development. The performance of employees is typically assessed twice a year and a performance rating is agreed with the line manager.

We are committed to the principle of pay for performance. Compensation is based on the performance of individuals and their businesses. Our compensation philosophy is to drive a high performance culture within the appropriate risk and governance frameworks.

Employee relations

Barclays recognises and works constructively with 30 employee representative organisations throughout the world.

Diversity and inclusion

Barclays operates across the globe and engages with employees across a wealth of diverse and rich cultures. Our mission is to create confidence and trust to do the right thing for both our customers and employees through creating a truly inclusive environment. We will achieve this through ensuring that everything we do treats people fairly through valuing diversity. An example of the progress made in this area is that currently three of our major businesses have female Chief Executive Officers who lead more than half of our employees globally.

Health and safety

Our commitment is to ensure the health, safety and welfare of our employees and to provide and maintain safe working conditions. Effective management of health and safety will have a positive effect on the services we provide. Good working climates will help our employees to perform better in serving our customers which in turn will create value for all our stakeholders customers, employees, shareholders and the communities that we serve.

Training

Developing both existing and new employees is key to our future prosperity. We undertake this through formal classroom-based training and informal on-the-job training, education and coaching. Minimum mandatory training is provided to all employees to ensure that our employees understand Barclays policies and procedures and their role in meeting our regulatory responsibilities.

Regular employee opinion surveys are used to assess employee engagement. The findings are benchmarked against other global financial services organisations and high-performing organisations.

Key performance indicators

Financial KPIs

Definition	Why it s important to the business and management			
Profit before tax	Profit before tax is a key indicator of financial performance to many of our stakeholders.			**Total profit before tax**
		2007	2008	**2009**
		£7,076m	£6,077m	**£11,642m**
				Profit before tax from continuing operations
Profit before tax is one of the two primary profitability measures used to assess performance and represents total income less impairment charges and operating expenses.	Excluding movement on own credit, gains on acquisitions and disposals and gains on debt buy-backs, Group profit before tax increased 243% to £5,634m from £1,643m.	2007	2008	**2009**
		£ 6,223m	£ 5,136m	**£ 4,585m**
	Total Group profit before tax is represented here alongside profit before tax from continuing operations to aid comparison.			
Economic profit	Barclays believes that economic profit encourages both profitable growth and the efficient use of capital.			
Economic Profit (EP) is the other primary profitability measure used by Barclays. EP is profit after tax and non-controlling interests less a capital charge (average shareholders equity and goodwill excluding non-controlling interests multiplied by the Group s cost of equity).				
Shareholder returns	These measures indicate the returns shareholders are receiving for their investment in Barclays both in terms of relative share price movements and the business performance. These metrics demonstrate the alignment of Barclays strategy and operations			**Total shareholder return**
		2007	2008	**2009**
		3rd	2nd	**1st**

Total shareholder return (TSR) is defined as the value created for shareholders through share price appreciation, plus reinvested dividend payments. We compare Barclays performance with a group of international peers and aim for top quartile performance. Return on average shareholders equity is calculated as profit after tax divided by the average shareholders equity during the year, which is made up of share capital, retained earnings and other reserves.

with the interests of shareholders.

Peer group: Banco Santander, BBVA, BNP Paribas, Citigroup, Deutsche Bank, HSBC, JP Morgan Chase, Lloyds Banking Group, Royal Bank of Scotland, Unicredit and UBS.

quartile	quartile	**quartile**
		Return on average shareholders equity
2007	2008	**2009**
20.3%	16.5%	**23.8%**

Capital ratios

Capital requirements are part of the regulatory framework governing how banks and depository institutions are managed. Capital ratios express a bank s capital as a percentage of its risk weighted assets. Both Tier 1 and Core Tier 1 capital resources are defined by the UK FSA. Core Tier 1 is broadly tangible shareholders funds less the capital deductions from Tier 1. In the 2008 accounts, we showed Equity Tier 1 ratio which was broadly representative of the Core Tier 1 ratio. In 2009, the UK FSA formalised a definition for Core Tier 1 which is now published consistently by the industry in the UK.

The Group s capital management activities seek to maximise shareholders value by optimising the level and mix of its capital resources.

The Group s capital management objectives are to:

Maintain sufficient capital resources to meet the minimum regulatory capital requirements set by the UK FSA and the US requirements that a financial holding company be well capitalised

Maintain sufficient capital resources to support the Group s Risk Appetite and economic capital requirements

Support the Group s credit rating

Ensure locally regulated subsidiaries can meet their minimum capital requirements

Allocate capital to businesses to support the Group s strategic objectives, including optimising returns on economic and regulatory capital.

We expect to maintain our Core Tier 1 and Tier 1 ratios at levels which significantly exceed the current minimum requirements of the UK FSA.

Adjusted gross leverage

Adjusted gross leverage is defined as the multiple of adjusted total tangible assets over total qualifying Tier 1 capital. Adjusted total tangible assets are total assets less derivative counterparty netting, assets under management on the balance sheet, settlement balances, goodwill and intangible assets. Tier 1 capital is defined by the UK FSA.

Barclays believes that there will be more capital and less leverage in the banking system and that lower leverage will be regarded as a key measure of stability going forward. This is consistent with the views of our regulators and investors.

2007	2008	**2009**
33x	28x	**20x**

Financial KPIs continued

Definition	Why it s important to the business and management
Loan funding ratio This is the ratio of customer loans to deposits and long-term funding. It represents the Group s access to high quality and stable funding sources to fund customer assets. The ratio is calculated by dividing customer loans by customer deposits plus greater than one year funding (in each case, excluding Absa).	International regulators have considered the imposition of a backstop core funding ratio as a means of limiting liquidity risk to individual banks and to the financial system as a whole. We have no clear guidance on whether such a ratio will be developed in the UK. The Barclays Liquidity Risk Framework already limits the Group s reliance on less stable sources of funding and we use the ratio to monitor wholesale refinancing risk and to ensure that short-term wholesale financing is not used to fund core customer assets. Comparative data for 2007 is unavailable as the Group has only formally measured this ratio since 2008.
Average term of unsecured liabilities This is calculated as the term of outstanding wholesale borrowing (excluding subordinated debt and excluding Absa, that has country specific funding dynamics that differ from the rest of the Group), after removing the short-term deposits that are directly invested in the liquidity pool. The longer the average term the lower the aggregate refinancing risk in wholesale markets.	The extension of the term of our wholesale financing has meant that, as at 31st December 2009, over 81% of net wholesale funding has remaining maturity greater than one year and, as at the same date, there was no net wholesale unsecured refinancing required within six months. This improvement in the term of wholesale funding has meant that Barclays has no reliance on short-term wholesale funding markets and consequently has greatly increased the Group s resilience to any future liquidity stress event. Comparative data for 2007 is unavailable as the Group has only formally measured the average term of its unsecured liabilities since 2008.

Note

Loan funding ratio and average term of unsecured liabilities have been introduced as monitors of the Group s funding model.

Strategic KPIs: Build the best bank

Definition	Why it s important to the business and management	2007	2008	2009
UK retail banking customer satisfaction The Retail Banking Service Monitor tracks satisfaction amongst Barclays customers. Approximately 10,000 customers a month are researched for this study. The satisfaction score is measured using the percentage of customers who state they are Very or Completely satisfied with Barclays. We also benchmark our performance in comparison with competitors using syndicated or directly commissioned research.	Putting the customer first and improving customer service is fundamental to our goal of being the UK s best bank. Customer satisfaction targets are set at a strategic business unit level and business area action plans are developed through the continuous tracking of customer satisfaction and complaints feedback. Since June 2008 customer satisfaction and advocacy have been on an increasing trend as a result of significant improvements to our service and innovations in our product offerings.			

UK Retail Banking Cost: Income Ratio is included within the cost management strategic KPI

Definition	Why it s important to the business and management	2007	2008	**2009**
Net lending in Barclays Commercial Bank Net lending represents the change in our loans and advances to customers during the year.	Building the best bank means we are there for our customers. We have supported our customers through the recession via campaigns such as Turning the Corner which has been awarded Best Customer Relationship Initiative in the B2B Marketing Awards. The campaign offers online expert advice, insight and networking events to connect our customers, attracting over 70,000 hits on our website and over 3,700 people attending connect events. We continue to be committed to lend to viable businesses across all portfolios, demonstrated through £14bn of new term lending and our stable approval rates on new credit applications.	14%	10%	**(8)%**
Barclaycard International number of customers	Barclaycard is one of Europe s largest multi-branded credit card businesses, with a fast growing business in the United States and South Africa. In 2003 we targeted growing Barclaycard s international operations to the same scale as its UK business over ten years. This KPI demonstrates how this target is being balanced and maintained.			

The total number of customers split between
UK and non-UK.

Key performance indicators

continued

Strategic KPIs: Build the best bank continued

Definition	Why it s important to the business and management
International generation of income	The goal of increasing the international diversification of our income helps to reduce risk and is demonstrated by our continuing focus to increase the ratio of non-UK to UK businesses.
Percentage of total income net of insurance claims and benefits generated outside of the UK.	

Strategic KPIs: Develop Retail and Commercial Banking activities in selected countries outside the UK

Definition

Number of distribution outlets outside the UK

Represents total number of branches and sales centres outside the UK.

Why it s important to the business and management

This represents the growth in our footprint around the world, providing a clear indication of the development of our activities outside the UK.

2007	2008	**2009**
2,349	3,158	**3,063**

Sales centres are a low cost option for testing demand for banking services in small towns and remote areas, and also augment branch distribution in larger cities. These sites are reviewed periodically to assess benefits to customers and the franchise as a whole. In 2009, the number of sales centres in Emerging Markets were reduced as the demand for products and services in these areas did not require the presence of dedicated distribution outlets.

As sales centres do not offer transaction services there is limited impact on customer service, whereas new customers or prospects can be served from the nearest Barclays branch.

Proportion of Global Retail and Commercial Banking international income	This demonstrates the successful execution on Barclays strategy of diversifying our business base by geography over time to achieve higher growth.
Percentage of total Global Retail and Commercial Banking income earned outside the UK.	

Strategic KPIs: Enhance operational excellence

Definition	Why it s important to the business and management
Risk management	The granting of credit is one of Barclays major sources of income and its most significant risk. The loan loss rate is an indicator of the cost of granting credit.
Loan loss rate	
The loan loss rate represents the impairment charge on loans and advances as a proportion of the period and balances.	

Strategic KPIs: Enhance operational excellence continued

Definition

Cost management

cost:income ratio by business

productivity benchmarking

Cost:income ratio is defined as operating expenses compared to total income net of insurance claims. This is compared to a peer set we consider relevant for each business.

Why it s important to the business and management

This is a measure management use to assess the productivity of the business operations. We target a top quartile cost:income ratio of each of our businesses relative to their peers.

a Peers include related credit card business

b Absa Group Limited

c Cost:net income

GRCB Emerging Markets is not disclosed as there is not an appropriate peer group for comparison.

Sustainability

Definition	Why it s important to the business and management
Global investment in our communities Barclays total contribution to supporting the communities where we operate.	Investing in the communities in which we operate is an integral part of Barclays sustainability strategy. We are committed to maintaining investment in our communities for the long-term both in good times and in bad. This metric demonstrates our commitment over time.

Our People

Definition	Why it s important to the business and management	2007	2008	2009
Colleagues involved in volunteering, regular giving and fundraising initiatives The total number of Barclays employees taking part in volunteering, giving and fundraising activities with Barclays support.	Barclays community investment programme aims to engage and support colleagues around the world to get involved with our main partnerships, as well as the local causes they care about. Harnessing their energy, time and skills delivers real benefit to local communities, to their own personal development and to their engagement with Barclays.	44,000	57,000	**58,000**
Employee opinion survey for Global Retail and Commercial Banking and Group Centre A survey of employees, the results of which give demographic and diversity information as well as an indication of employee perceptions in four key areas: Barclays Top Leadership, Business Unit Leadership, Customer Focus and Employee Engagement. The results are analysed to show year on year trends of employee opinion and are benchmarked against other global financial services organisations and high performing organisations.	The results of the survey provide leaders with insight into employee views on key business drivers from which they can establish action plans for improvements based on both strengths and weaknesses identified.			

Financial review

Consolidated summary income statement

Year ended 31st December	2009			2008			2007		
	Continuing operations £m	Discontinued operations £m	Total £m	Continuing operations £m	Discontinued operations £m	Total £m	Continuing operations £m	Discontinued operations £m	Total £m
Net interest income	**11,918**	**33**	**11,951**	11,469		11,469	9,598	12	9,610
Net fee and commission income	**8,418**	**1,759**	**10,177**	6,491	1,916	8,407	5,771	1,937	7,708
Principal transactions	**7,057**	**67**	**7,124**	2,019	(10)	2,009	4,970	5	4,975
Net premiums from insurance contracts	**1,172**		**1,172**	1,090		1,090	1,011		1,011
Other income	**1,389**	**4**	**1,393**	367	10	377	186	2	188
Total income	**29,954**	**1,863**	**31,817**	21,436	1,916	23,352	21,536	1,956	23,492
Net claims and benefits incurred on insurance contracts	**(831)**		**(831)**	(237)		(237)	(492)		(492)
Total income net of insurance claims	**29,123**	**1,863**	**30,986**	21,199	1,916	23,115	21,044	1,956	23,000
Impairment charges and other credit provisions	**(8,071)**		**(8,071)**	(5,419)		(5,419)	(2,795)		(2,795)
Net income	**21,052**	**1,863**	**22,915**	15,780	1,916	17,696	18,249	1,956	20,205
Operating expenses	**(16,715)**	**(1,137)**	**(17,852)**	(13,391)	(975)	(14,366)	(12,096)	(1,103)	(13,199)
Share of post-tax results of associates and joint ventures	**34**		**34**	14		14	42		42
Profit on disposal of subsidiaries, associates and joint ventures	**188**		**188**	327		327	28		28
Gains on acquisitions	**26**		**26**	2,406		2,406			
Profit before tax and disposal of discontinued operations	**4,585**	**726**	**5,311**	5,136	941	6,077	6,223	853	7,076
Profit on disposal of discontinued operations		**6,331**	**6,331**						
Profit before tax	**4,585**	**7,057**	**11,642**	5,136	941	6,077	6,223	853	7,076
Tax	**(1,074)**	**(280)**	**(1,354)**	(453)	(337)	(790)	(1,699)	(282)	(1,981)
Profit after tax	**3,511**	**6,777**	**10,288**	4,683	604	5,287	4,524	571	5,095
Profit for the year attributable to									
Equity holders of the Parent	**2,628**	**6,765**	**9,393**	3,795	587	4,382	3,886	531	4,417
Non-controlling interests	**883**	**12**	**895**	888	17	905	638	40	678
	3,511	**6,777**	**10,288**	4,683	604	5,287	4,524	571	5,095

Earnings per share									
Basic earnings per share	**24.1p**	**62.1p**	**86.2p**	51.4p	7.9p	59.3p	60.6p	8.3p	68.9p
Diluted earnings per share	**22.7p**	**58.9p**	**81.6p**	49.8p	7.7p	57.5p	58.8p	8.1p	66.9p

The consolidated summary income statement above sets out the Group s results analysed between continuing and discontinued operations for each income statement line for ease of comparability. The income statement on page 204 and the five-year summary included on page 39 shows the income statement on a continuing basis with profit after tax from discontinued operations shown as a single line under profit after tax from continuing operations, in accordance with IFRS.

Financial review

Income statement commentary

2009/08

Barclays delivered net profit for the year of £10,288m in 2009, an increase of 95% on 2008. This included the BGI gain on sale of £6,331m before tax, and was achieved after absorbing: £6,086m in writedowns on credit market exposures (including impairment of £1,669m), other Group impairment of £6,402m and a charge of £1,820m relating to the tightening of own credit spreads. Profit included £1,255m of gains on debt buy-backs and extinguishment.

Total income net of insurance claims grew 34% to £30,986m, and income from continuing operations grew 37% to £29,123m, with particularly strong growth in Barclays Capital. Within Global Retail and Commercial Banking (GRCB), Barclaycard and GRCB Western Europe also reported good income growth. The aggregate revenue performance of GRCB businesses was, however, affected by the impact of margin compression on deposit income as a result of the very low absolute levels of interest rates. Barclays Capital income was up 122% compared to 2008. Top-line income rose by £8,004m reflecting the successful integration of the acquired Lehman Brothers North American businesses, buoyant market conditions observed across most financial markets in the first half of 2009 and a good relative performance in the second half of 2009 despite weaker markets. Income in Barclays Capital was impacted by writedowns of £4,417m (2008: £6,290m) relating to credit market exposures held in its trading books and by a charge of £1,820m (2008: gain of £1,663m) relating to own credit.

Impairment charges against loans and advances, available for sale assets and reverse repurchase agreements increased 49% to £8,071m, reflecting deteriorating economic conditions, portfolio maturation and currency movements. The impairment charge against credit market exposures included within this total reduced 5% to £1,669m. Impairment charges as a percentage of Group loans and advances as at 31st December 2009 increased to 156bps from 95bps, or 135bps on constant 2008 year end balance sheet amounts and average foreign exchange rates.

Total operating expenses increased 24% to £17,852m, but by 10% less than the rate of increase in Group total income. Operating expenses from continuing operations increased 25% to £16,715m. Expenses in GRCB were well controlled, with the cost:income ratio improving from 53% to 52%. Operating expenses in Barclays Capital increased by £2,818m to £6,592m reflecting the inclusion of the acquired Lehman Brothers North American business. The Group total cost:income ratio improved from 62% to 58% (57% on a continuing basis). At Barclays Capital the compensation:income ratio improved from 44% to 38%.

2008/07

Net profit for the year increased 4% to £5,287m. This included gains on acquisitions of £2,406m, including £2,262m gain on acquisition of Lehman Brothers North American businesses; profit on disposal of Barclays Closed UK Life assurance business of £326m; gains on Visa IPO and sales of shares in MasterCard of £291m; and gross credit market losses and impairment of £8,053m.

Total income net of insurance claims grew 1% to £23,115m and income from continuing operations grew 1% to £21,199m. Income in GRCB increased 17% and was particularly strong in businesses outside of the UK. Income in Barclays Capital was affected by very challenging market conditions in 2008, with income falling by £1,888m (27%) on 2007, reflecting gross losses of £6,290m relating to credit market assets, partially offset by gains of £1,663m on the fair valuation of notes issued due to widening of credit spreads and £1,433m in related income and hedges. Excluding credit market related losses, gains on own credit and related income and hedges, income in Barclays Capital increased 6%.

Impairment charges and other credit provisions of £5,419m increased 94% on the prior year. Impairment charges included £1,763m arising from US sub-prime mortgages and other credit market exposures. Other wholesale impairment charges increased significantly as corporate credit conditions turned sharply worse. Significant impairment growth in GRCB businesses reflected book growth and deteriorating credit conditions particularly in the US, South Africa and Spain.

Total operating expenses increased 9% to £14,366m and operating expenses from continuing operations increased 11% to £13,391m. This reflected continued investment in the distribution network in the GRCB businesses. Expenses fell in Barclays Capital due to lower performance related costs. Group gains from property disposals were £148m (2007: £267m). Head office costs included £101m relating to the UK Financial Services Compensation Scheme. Underlying cost growth was well controlled. The Group cost:income ratio deteriorated by five percentage points to 62% (63% on a continuing basis).

Financial review

Income statement commentary

continued

Continuing operations

The commentary below reflects the Group s results from continuing operations.

Net interest income

2009/08

Group net interest income increased 4% (£449m) to £11,918m (2008: £11,469m) reflecting growth in average customer balances primarily in Barclaycard and Western Europe, and net funding costs and hedging recognised in Head Office Functions and Other Operations.

Group net interest income includes the impact of structural hedges which function to reduce the impact of the volatility of short-term interest rate movements on equity and customer balances that do not re-price with market rates. In total, equity structural hedges generated a gain of £1,162m (2008: £21m gain).

Further discussion of margins is included in the analysis of results by business on pages 58 to 79.

2008/07

Group net interest income increased 19% (£1,871m) to £11,469m (2007: £9,598m) reflecting balance sheet growth across the Global Retail

and Commercial Banking businesses and in particular very strong growth internationally driven by expansion of the distribution network and entrance into new markets. An increase in net interest income was also seen in Barclays Capital due to strong results from global loans and money markets.

The contribution of structural hedges relative to average base rates increased income by £117m (2007: £351m expense), largely due to the effect of the structural hedge on changes in interest rates.

Net fee and commission income

2009/08

Net fee and commission income increased 30% (£1,927m) to £8,418m (2008: £6,491m). Banking and credit related fees and commissions increased 33% (£2,370m) to £9,578m (2008: £7,208m), primarily due to Barclays Capital s strong performance in Equities and Investment Banking.

2008/07

Net fee and commission income increased 12% (£720m) to £6,491m (2007: £5,771m). Banking and credit related fees and commissions increased 13% (£845m) to £7,208m (2007: £6,363m), reflecting growth in Barclaycard International, increased fees from advisory and origination activities in Barclays Capital and increased foreign exchange, derivative and debt fees in Barclays Commercial Bank.

Net interest income	2009 £m	2008 £m	2007 £m
Cash and balances with central banks	**131**	174	145
Available for sale investments	**1,937**	2,355	2,580
Loans and advances to banks	**513**	1,267	1,416
Loans and advances to customers	**18,456**	23,754	19,559
Other	**199**	460	1,596
Interest income	**21,236**	28,010	25,296
Deposits from banks	**(634)**	(2,189)	(2,720)
Customer accounts	**(2,716)**	(6,697)	(4,110)
Debt securities in issue	**(3,889)**	(5,910)	(6,651)
Subordinated liabilities	**(1,718)**	(1,349)	(878)
Other	**(361)**	(396)	(1,339)
Interest expense	**(9,318)**	(16,541)	(15,698)
Net interest income	**11,918**	11,469	9,598

Net fee and commission income	2009 £m	2008 £m	2007 £m
Brokerage fees	**88**	56	78
Investment management fees	**133**	120	122
Banking and credit related fees and commissions	**9,578**	7,208	6,363
Foreign exchange commission	**147**	189	178
Fee and commission income	**9,946**	7,573	6,741
Fee and commission expense	**(1,528)**	(1,082)	(970)
Net fee and commission income	**8,418**	6,491	5,771

Principal transactions

2009/08

Principal transactions comprise net trading income and net investment income. Net trading income increased £5,662m to £7,001m (2008: £1,339m). The majority of the Group s trading income arises in Barclays Capital. Fixed Income, Currency and Commodities drove the very strong increase in trading income as the expansion of the business and client flows more than absorbed gross credit market losses of £4,417m (2008: £6,290m) and losses relating to own credit of £1,820m (2008: £1,663m gain).

Net investment income decreased 92% (£624m) to £56m (2008: £680m) driven by realised losses in commercial real estate equity investments and losses in the principal investments business, partially offset by gains on disposal of available for sale investments within Barclays Capital.

2008/07

Net trading income decreased 64% (£2,415m) to £1,339m (2007:£3,754m). The majority of the Group s net trading income arose in Barclays Capital. There was growth in fixed income, prime services, foreign exchange, commodities and emerging markets. There were net losses from credit market dislocation partially offset by the benefits of widening credit spreads on structured notes issued by Barclays Capital.

Net investment income decreased 44% (£536m) to £680m (2007: £1,216m) reflecting the lower profits realised on the sale of investments, the continued decrease in value of assets backing customer liabilities in Barclays Life Assurance and fair value decreases of a number of investments reflecting the current market condition. This was offset by a £170m increase

in dividend income reflecting the Visa IPO dividend received by GRCB Western Europe, GRCB Emerging Markets and Barclaycard.

Net premiums from insurance contracts

2009/08

Net premiums from insurance contracts increased 8% (£82m) to £1,172m (2008: £1,090m) primarily reflecting expansion in GRCB Western Europe and GRCB Absa, partially offset by the impact of the sale of the closed life assurance business in the second half of 2008.

2008/07

Net premiums from insurance contracts increased 8% (£79m) to £1,090m (2007: £1,011m), primarily due to expansion in GRCB Western Europe reflecting a full year s impact of a range of insurance products launched in late 2007, partially offset by lower net premiums following the sale of the closed life assurance business in the second half of 2008.

Other income

2009/08

Other income includes £1,170m gains on debt buy-backs relating to Upper Tier 2 perpetual debt and its corresponding hedge and £85m (2008: £24m) from the repurchase of securitised debt issued by Barclays Commercial Bank.

2008/07

Certain asset management products offered to institutional clients by Absa are recognised as investment contracts. Accordingly, the invested assets and the related liabilities to investors are held at fair value and changes in those fair values are reported within other income. Other income in 2008 includes a £46m gain from the Visa IPO.

Principal transactions	2009 £m	2008 £m	2007 £m
Net trading income	**7,001**	1,339	3,754
Net gain from disposal of available for sale assets	**349**	212	560
Dividend income	**6**	196	26
Net gain from financial instruments designated at fair value	**(208)**	33	293
Other investment income	**(91)**	239	337
Net investment income	**56**	680	1,216
Principal transactions	**7,057**	2,019	4,970

Other income	2009 £m	2008 £m	2007 £m
Increase/(decrease) in fair value of assets held in respect of linked liabilities to customers under investment contracts	**102**	(1,219)	23
(Increase)/decrease in liabilities to customers under investment contracts	**(102)**	1,219	(23)
Property rentals	**64**	73	53
Gain on debt buy backs and extinguishments	**1,255**	24	
Other	**70**	270	133
Other income	**1,389**	367	186

Net premiums from insurance contracts	2009 £m	2008 £m	2007 £m
Gross premiums from insurance contracts	**1,224**	1,138	1,062
Premiums ceded to reinsurers	**(52)**	(48)	(51)
Net premiums frominsurance contracts	**1,172**	1,090	1,011

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Income statement commentary

continued

Net claims and benefits incurred under insurance contracts

2009/08

Net claims and benefits incurred under insurance contracts increased 251% (£594m) to £831m (2008: £237m) reflecting the expansion in GRCB Western Europe and GRCB Absa and a credit as a result of falls in equity markets and the disposal of the closed life assurance business.

2008/07

Net claims and benefits incurred under insurance contracts decreased 52% (£255m) to £237m (2007: £492m), principally due to a decrease in the value of unit linked insurance contracts in Barclays Wealth, explained by falls in equity markets and the disposal of closed life business in October 2008. This was partially offset by the growth in GRCB Western Europe.

Impairment charges and other credit provisions

2009/08

Impairment charges on loans and advances and other credit provisions increased 50% (£2,445m) to £7,358m (2008: £4,913m). The increase was primarily due to economic deterioration and portfolio maturation, currency movements and methodology enhancements, partially offset by a contraction in loan balances.

The impairment charge in Global Retail and Commercial Banking increased by 85% (£2,473m) to £5,395m (2008: £2,922m) as charges rose in all portfolios, reflecting deteriorating credit conditions across all regions.

In Investment Banking and Investment Management, impairment was broadly unchanged at £1,949m (2008: £1,980m).

The impairment charge against available for sale assets and reverse repurchase agreements increased by 41% (£207m) to £713m (2008: £506m), driven by impairment against credit market exposures.

Further discussion of impairments is included in the analysis of results by business on pages 58 to 79.

2008/07

Impairment charges on loans and advances and other credit provisions increased 77% (£2,131m) to £4,913m (2007: £2,782m). The increase was caused by charges against ABS CDO Super Senior and other credit market positions and as a result of deteriorating economic conditions coupled with growth in several portfolios.

The impairment charge in Global Retail and Commercial Banking increased by 51% (£983m) to £2,922m (2007: £1,939m) resulting from deteriorating economic conditions and growth in several portfolios.

In Investment Banking and Investment Management, impairment increased by 136% (£1,140m) to £1,980m (2007: £840m). This included a charge of £1,517m against ABS CDO Super Senior and other credit market positions. The remaining movement primarily related to charges in the private equity and other loans business.

The impairment charge against available for sale assets and reverse repurchase agreements increased by £493m to £506m (2007: £13m) driven by impairment against credit market exposures.

Net claims and benefits incurred on insurance contracts	2009 £m	2008 £m	2007 £m
Gross claims and benefits incurred on insurance contracts	**858**	263	520
Reinsurers share of claims incurred	**(27)**	(26)	(28)
Net claims and benefits incurred on insurance contracts	**831**	237	492

Impairment charges and other credit provisions	2009 £m	2008 £m	2007 £m
Impairment charges on loans and advances			
New and increased impairment allowances	**8,111**	5,116	2,871
Releases	**(631)**	(358)	(338)
Recoveries	**(150)**	(174)	(227)
Impairment charges on loans and advances	**7,330**	4,584	2,306
Charge/(release) in respect of provision for undrawn contractually committed facilities and guarantees provided	**28**	329	476
Impairment charges on loans and advances and other credit provisions	**7,358**	4,913	2,782
Impairment charges on reverse repurchase agreements	**43**	124	
Impairment on available for sale assets	**670**	382	13
Impairment charges and other credit provisions	**8,071**	5,419	2,795
Impairment charges and other credit provisions on ABS CDO Super Senior and other credit market exposures included above:			
Impairment charges on loans and advances	**1,205**	1,218	300
Charges in respect of undrawn facilities and guarantees		299	469
Impairment charges on loans and advances and other credit provisions on ABS CDO Super Senior and other credit market exposures	**1,205**	1,517	769
Impairment charges on reverse repurchase agreements		54	
Impairment charges on available for sale assets	**464**	192	13
Impairment charges and other credit provisions on ABS CDO Super Senior and other credit market exposures	**1,669**	1,763	782

Operating expenses

2009/08

Operating expenses increased 25% (£3,324m) to £16,715m (2008: £13,391m). The increase was driven by a 38% increase (£2,744m) in staff costs to £9,948m (2008: £7,204m).

Administrative expenses grew 2% (£98m) to £4,889m (2008: £4,791m) reflecting the impact of acquisitions made during 2008, the costs of servicing an expanded distribution network across Global Retail and Commercial Banking, and expenses relating to the Financial Services Compensation Scheme.

Operating expenses increased due to a £119m decrease in gains from sale of property to £29m (2008: £148m) as the Group wound down its sale and leaseback of freehold property programme.

Amortisation of intangibles increased £171m to £447m (2008: £276m) primarily related to the intangible assets arising from the acquisition of the Lehman Brothers North American businesses.

2008/07

Operating expenses increased 11% (£1,295m) to £13,391m (2007: £12,096m).

Administrative expenses grew 30% (£1,100m) to £4,791m (2007: £3,691m), reflecting the impact of acquisitions (in particular Lehman Brothers North American businesses and Goldfish), fees associated with Group capital raisings, the cost of the Financial Services Compensation Scheme as well as continued investment in the Global Retail and Commercial Banking distribution network.

Operating expenses were reduced by gains from the sale of property of £148m (2007: £267m) as the Group continued the sale and leaseback of some of its freehold portfolio in 2008.

Amortisation of intangible assets increased 55% (£98m) to £276m (2007: £178m), primarily related to intangible assets arising from the acquisition of Lehman Brothers North American businesses.

Goodwill impairment of £112m reflects the full write-down of £74m relating to EquiFirst and a partial write-down of £37m relating to FirstPlus following its closure to new business in August 2008.

Staff costs

2009/08

Staff costs increased 38% (£2,744m) to £9,948m (2008: £7,204m) driven by a 40% increase in salaries and accrued incentive payments, primarily in Barclays Capital, reflecting the inclusion of the acquired Lehman Brothers North American businesses and associated net increase of 7,000 employees in September 2008.

In December 2009, the UK government announced that the Finance Bill 2010 will introduce a bank payroll tax of 50% applicable to discretionary bonuses over £25,000 awarded to UK bank employees between 9th December 2009 and 5th April 2010. Draft legislation and further guidance on its application has been published. Based on this, and in accordance with IAS 19 Employee benefits, we have accrued for the estimated tax payable in respect of employee services provided during the period. For 2009, £190m has been included within Other Staff Costs in respect of 2009 cash awards. A further provision of £35m has also been included in Other Staff Costs in respect of certain prior year awards being distributed during the tax window, which may fall within the proposed legislation.

Defined benefit plan pension costs decreased £122m to £33m credit (2008: cost of £89m) primarily due to the UK Retirement Fund whose charges decreased as a result of a one-off credit of £371m from the closure of the final salary scheme to existing members.

2008/07

Staff costs decreased 5% (£407m) to £7,204m (2007: £7,611m). Salaries and accrued incentive payments fell overall by 8% (£535m) to £5,787m in 2008 (2007: £6,322m), after absorbing increases of £718m relating to in year hiring and staff from acquisitions. Performance related costs were 48% lower, driven mainly by Barclays Capital.

Defined benefit plans pension costs decreased 41% (£61m) to £89m (2007: £150m). This was due to recognition of actuarial gains, higher expected return on assets and reduction in past service costs partially offset by higher interest costs and reduction in curtailment credit.

Operating expenses	2009 £m	2008 £m	2007 £m
Staff costs	**9,948**	7,204	7,611
Administrative expenses	**4,889**	4,791	3,691
Depreciation	**759**	606	453
Impairment charges/(releases)			
property and equipment	**33**	33	2
intangible assets	**28**	(3)	14
goodwill	**1**	112	
Operating lease rentals	**639**	520	414
Gain on property disposals	**(29)**	(148)	(267)
Amortisation of intangible assets	**447**	276	178
Operating expenses	**16,715**	13,391	12,096

Staff costs	2009 £m	2008 £m	2007 £m
Salaries and accrued incentive payments	**8,081**	5,787	6,322
Social security costs	**606**	444	480
Pension costs			
defined contribution plans	**224**	221	119
defined benefit plans	**(33)**	89	150
Other post retirement benefits	**16**	1	9
Other	**1,054**	662	531
Staff costs	**9,948**	7,204	7,611

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continued

Staff numbers

2009/08

Staff numbers are shown on a full-time equivalent basis. Group permanent and fixed-term contract staff comprised 55,700 (31st December 2008: 59,600) in the UK and 88,500 (31st December 2008: 93,200) internationally.

UK Retail Banking number of employees decreased 2,200 to 30,400 (31st December 2008: 32,600) reflecting active cost management. Barclays Commercial Bank number of employees decreased 400 to 9,100 (31st December 2008: 9,500) reflecting tightly managed costs, partly offset by the expansion of risk and offshore support operations. Barclaycard number of employees decreased 300 to 10,300 (31st December 2008: 10,600) reflecting the centralisation of certain support functions in Absa from Absa Card and active cost management, offset by increases in collections capacity. GRCB Western Europe number of employees decreased 200 to 11,600 (31st December 2008: 11,800) primarily due to restructuring within Spain and Russia, partially offset by increases in Portugal and Italy to support the expansion of the network in these countries. GRCB Emerging Markets number of employees decreased 2,700 to 17,400 (31st December 2008: 20,100) mainly driven by the introduction of more effective and efficient structures. GRCB Absa number of employees decreased 2,500 to 33,300 (31st December 2008: 35,800), reflecting restructuring and a freeze on recruitment.

Barclays Capital number of employees increased 100 to 23,200 (31st December 2008: 23,100) as a net reduction in the first half of the year was offset by strategic growth in the business and the annual graduate intake. Barclays Wealth number of employees decreased 500 to 7,400 (31st December 2008: 7,900) reflecting active cost management, including efficiency savings in non-client facing areas.

2008/07

Staff numbers are shown on a full-time equivalent basis. Total Group permanent and fixed-term contract staff comprised 59,600 (2007: 60,900) in the UK and 93,200 (2007: 70,600) internationally.

UK Retail Banking staff numbers increased 700 to 32,600 (2007: 31,900). Barclays Commercial Bank staff numbers increased 200 to 9,500 (2007: 9,300), reflecting investment in product expertise, sales and risk capability and associated support areas. Barclaycard staff numbers increased 1,200 to 10,600 (2007: 9,400), primarily due to the transfer of staff into Absacard as a result of the acquisition of a majority stake in the South African Woolworth Financial Services business in October 2008. GRCB Western Europe staff numbers increased 3,600 to 11,800 (2007: 8,200), reflecting expansion of the retail distribution network. GRCB Emerging Markets staff numbers increased 6,800 to 20,100 (2007: 13,300), driven by expansion into new markets and continued investment in distribution in existing countries. GRCB Absa staff numbers increased 600 to 35,800 (2007: 35,200), reflecting continued growth in the business and investment in collections capacity.

Barclays Capital staff numbers increased 6,900 to 23,100 (2007: 16,200), due principally to the acquisition of Lehman Brothers North American businesses. Barclays Wealth staff numbers increased 1,000 to 7,900 (2007: 6,900), principally due to the acquisition of the Lehman Brothers North American businesses.

Staff numbers			
As at 31st December	2009	2008	2007
UK Retail Banking	**30,400**	32,600	31,900
Barclays Commercial Bank	**9,100**	9,500	9,300
Barclaycard	**10,300**	10,600	9,400
GRCB Western Europe	**11,600**	11,800	8,200
GRCB Emerging Markets	**17,400**	20,100	13,300
GRCB Absa	**33,300**	35,800	35,200
Barclays Capital	**23,200**	23,100	16,200
Barclays Wealth	**7,400**	7,900	6,900
Head office functions and other operations	**1,500**	1,400	1,100
Total Group permanent and fixed-term contract staff worldwide	**144,200**	152,800	131,500

Share of post-tax results of associates and joint ventures

2009/08

The share of post-tax results of associates and joint ventures increased £20m to £34m (2008: £14m), reflecting a £23m increase in results from joint ventures largely from Barclaycard and Barclays Capital, and a £3m decrease in results from associates, mainly due to reduced contributions from private equity investments.

2008/07

The overall share of post-tax results of associates and joint ventures decreased £28m to £14m (2007: £42m), mainly due to reduced contributions from private equity associates and Barclays Capital joint ventures.

Profit on disposal of subsidiaries, associates and joint ventures

2009/08

The profit on disposal of £188m (2008: £327m) is largely attributable to the sale of 50% of Barclays Vida y Pensiones Compañía de Seguros (£157m), and the 7% sale of GRCB Emerging Markets Botswana business (£24m).

2008/07

On 31st October 2008 Barclays completed the sale of Barclays Life Assurance Company Ltd to Swiss Reinsurance Company for a net consideration of £729m leading to a net profit on disposal of £326m.

Gains on acquisitions

2009/08

Gains of £26m for the year relate to the acquisition of the Portuguese credit card business of Citibank International PLC in December 2009.

2008/07

The gains on acquisitions in 2008 related to the acquisition of Lehman Brothers North American businesses (£2,262m) on 22nd September 2008, Goldfish credit card UK business (£92m) on 31st March 2008 and Macquarie Bank Limited Italian residential mortgage business (£52m) on 6th November 2008.

Share of post-tax results of associates and joint ventures	2009 £m	2008 £m	2007 £m
Profit from associates	**19**	22	33
Profit/(loss) from joint ventures	**15**	(8)	9
Share of post-tax results of associates and joint ventures	**34**	14	42

Profit on disposal of subsidiaries, associates and joint ventures	2009 £m	2008 £m	2007 £m
Profit on disposal of subsidiaries, associates and joint ventures	**188**	327	28

Gains on acquisitions	2009 £m	2008 £m	2007 £m
Gains on acquisitions	**26**	2,406	

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Tax

2009/08

The effective tax rate for 2009, based on profit before tax on continuing operations, was 23.4% (2008: 8.8%). The effective tax rate differs from the UK tax rate of 28% (2008: 28.5%) because of non-taxable gains and income, different tax rates applied to taxable profits and losses outside the UK, disallowed expenditure and adjustments in respect of prior years. The low effective tax rate of 8.8% on continuing operations in 2008 mainly resulted from the Lehman Brothers North American businesses acquisition.

2008/07

The effective rate of tax for 2008, based on profit before tax on continuing operations, was 8.8% (2007: 27.3%). The effective tax rate differs from the 2007 effective rate and the UK corporation tax rate of 28.5% principally due to the Lehman Brothers North American businesses acquisition.

Discontinued operations

Profit after tax from discontinued operations

2009/08

Profit after tax from discontinued operations increased £6,173m to £6,777m, reflecting the gain on sale of the discontinued operations of £6,331m (2008: £nil) and other profit before tax of £726m (2008: £604m). The results for 2009 included 11 months of operations compared to 12 months for 2008.

2008/07

The profit after tax from discontinued operations increased 6% to £604m, reflecting an 8% appreciation of the average value of the US Dollar against Sterling and a £128m decrease in operating expenses, principally reflecting reduced performance related costs, offset by a decline in income from fees and commissions and a reduction in trading income.

Economic profit

Economic profit comprises:

Profit after tax and non-controlling interests; less

Capital charge (average shareholders equity excluding non-controlling interests multiplied by Barclays cost of equity).

The Group cost of equity has been applied at a uniform rate of 12.5%[a]. The costs of servicing preference shares are included in non-controlling interests. As such, preference shares are excluded from average shareholders equity for economic profit purposes.

Tax	2009 £m	2008 £m	2007 £m
Profit before tax from continuing operations	**4,585**	5,136	6,223
Tax charge at average UK corporation tax rate of 28% (2008: 28.5%, 2007: 30%)	**1,284**	1,464	1,867
Prior year adjustments	**(220)**	(171)	(17)
Differing overseas tax rates	**(27)**	175	(82)
Non-taxable gains and income (including amounts offset by unrecognised tax losses)	**(112)**	(859)	(136)
Share-based payments	**(38)**	201	71
Deferred tax assets not recognised/(previously not recognised)	**27**	(504)	(159)
Change in tax rates	**(12)**	(1)	24
Other non-allowable expenses	**172**	148	131
Tax charge	**1,074**	453	1,699
Effective tax rate	**23%**	9%	27%

Discontinued operations	2009 £m	2008 £m	2007 £m
Profit for the year from discontinued operations, including gain on disposal	**6,777**	604	571

Reconciliation of economic profit	2009 £m	2008 £m	2007 £m
Profit attributable to equity holders of the Parent	**9,393**	4,382	4,417
Add back of amortisation charged on acquired intangible assets [b]	**348**	254	137
Profit for economic profit purposes	**9,741**	4,636	4,554
Average shareholders equity for economic profit purposes[c,d] (rounded to nearest £50m)	**38,950**	27,400	23,700
Post-tax cost of equity	**12.5%**	10.5%	9.5%
Capital charge [a]	**(4,866)**	(2,876)	(2,264)
Economic profit	**4,875**	1,760	2,290

Notes

a The Group cost of equity changed from 1st January 2009 from 10.5% to 12.5%.
b Amortisation charged for purchased intangibles, adjusted for tax and non-controlling interests.
c 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.
d Averages for the period will not correspond exactly to period end balances disclosed on the balance sheet. Numbers are rounded to the nearest £50m for presentation purposes only.

Financial review

Five-year consolidated summary income statement

For the year ended 31st December	2009 £m	2008 £m	2007 £m	2006 £m	2005 £m
Continuing operations					
Net interest income	**11,918**	11,469	9,598	9,133	8,060
Non-interest income	**18,036**	9,967	11,938	11,372	8,600
Net claims and benefits incurred on insurance contracts	**(831)**	(237)	(492)	(575)	(645)
Total income net of insurance claims	**29,123**	21,199	21,044	19,930	16,015
Impairment charges and other credit provisions	**(8,071)**	(5,419)	(2,795)	(2,154)	(1,571)
Operating expenses	**(16,715)**	(13,391)	(12,096)	(11,723)	(9,748)
Share of post-tax results of associates and joint ventures	**34**	14	42	46	45
Profit on disposal of subsidiaries, associates and joint ventures	**188**	327	28	323	
Gain on acquisitions	**26**	2,406			
Profit before tax from continuing operations	**4,585**	5,136	6,223	6,422	4,741
Tax from continuing operations	**(1,074)**	(453)	(1,699)	(1,611)	(1,251)
Profit after tax from continuing operations	**3,511**	4,683	4,524	4,811	3,490
Profit for the year from discontinued operations, including gain on disposal	**6,777**	604	571	384	351
Net profit for the year	**10,288**	5,287	5,095	5,195	3,841
Profit attributable to equity holders of the Parent	**9,393**	4,382	4,417	4,571	3,447
Profit attributable to non-controlling interests	**895**	905	678	624	394
	10,288	5,287	5,095	5,195	3,841
Selected financial statistics					
Basic earnings per share	**86.2p**	59.3p	68.9p	71.9p	54.4p
Basic earnings per share from continuing operations	**24.1p**	51.4p	60.6p	66.6p	49.5p
Diluted earnings per share	**81.6p**	57.5p	66.9p	69.8p	52.6p
Dividends per ordinary share	**2.5p**	11.5p	34.0p	31.0p	26.6p
Dividend payout ratio	**2.9%**	19.4%	49.3%	43.1%	48.9%
Profit attributable to the equity holders of the Parent as a percentage of:					
average shareholders equity	**23.8%**	16.5%	20.3%	24.7%	21.1%
average total assets	**0.5%**	0.2%	0.3%	0.4%	0.4%
Average United States Dollar exchange rate used in preparing the accounts	**1.57**	1.86	2.00	1.84	1.82
Average Euro exchange rate used in preparing the accounts	**1.12**	1.26	1.46	1.47	1.46
Average Rand exchange rate used in preparing the accounts	**13.14**	15.17	14.11	12.47	11.57

The financial information above is extracted from the published accounts. This information should be read together with the information included in the accompanying financial statements.

Financial review

Consolidated summary balance sheet

As at 31st December	2009 £m	2008 £m	2007 £m	2006 £m	2005 £m
Assets					
Cash and other short-term funds	**83,076**	31,714	7,637	9,753	5,807
Trading portfolio and financial assets designated at fair value	**193,912**	306,836	341,171	292,464	251,820
Derivative financial instruments	**416,815**	984,802	248,088	138,353	136,823
Loans and advances to banks	**41,135**	47,707	40,120	30,926	31,105
Loans and advances to customers	**420,224**	461,815	345,398	282,300	268,896
Available for sale financial investments	**56,483**	64,976	43,072	51,703	53,497
Reverse repurchase agreements and cash collateral on securities borrowed	**143,431**	130,354	183,075	174,090	160,398
Other assets	**23,853**	24,776	18,800	17,198	16,011
Total assets	**1,378,929**	2,052,980	1,227,361	996,787	924,357
Liabilities					
Deposits and items in the course of collection due to banks	**77,912**	116,545	92,338	81,783	77,468
Customer accounts	**322,429**	335,505	294,987	256,754	238,684
Trading portfolio and financial liabilities designated at fair value	**137,454**	136,366	139,891	125,861	104,949
Liabilities to customers under investment contracts	**1,679**	69,183	92,639	84,637	85,201
Derivative financial instruments	**403,416**	968,072	248,288	140,697	137,971
Debt securities in issue	**135,902**	149,567	120,228	111,137	103,328
Repurchase agreements and cash collateral on securities lent	**198,781**	182,285	169,429	136,956	121,178
Insurance contract liabilities, including unit-linked liabilities	**2,140**	2,152	3,903	3,878	3,767
Subordinated liabilities	**25,816**	29,842	18,150	13,786	12,463
Other liabilities	**14,922**	16,052	15,032	13,908	14,918
Total liabilities	**1,320,451**	2,005,569	1,194,885	969,397	899,927
Shareholders equity					
Shareholders equity excluding non-controlling interests	**47,277**	36,618	23,291	19,799	17,426
Non-controlling interests	**11,201**	10,793	9,185	7,591	7,004
Total shareholders equity	**58,478**	47,411	32,476	27,390	24,430
Total liabilities and shareholders equity	**1,378,929**	2,052,980	1,227,361	996,787	924,357
Risk weighted assets and capital ratios [a]					
Risk weighted assets	**382,653**	433,302	353,878	297,833	269,148
Tier 1 ratio	**13.0%**	8.6%	7.6%	7.7%	7.0%
Risk asset ratio	**16.6%**	13.6%	11.2%	11.7%	11.3%
Selected financial statistics					
Net asset value per ordinary share	**414p**	437p	353p	303p	269p
Number of ordinary shares of Barclays PLC (in millions)	**11,412**	8,372	6,601	6,535	6,490

Year-end United States Dollar exchange rate used in preparing the accounts	**1.62**	1.46	2.00	1.96	1.72
Year-end Euro exchange rate used in preparing the accounts	**1.12**	1.04	1.36	1.49	1.46
Year-end Rand exchange rate used in preparing the accounts	**11.97**	13.74	13.64	13.71	10.87

The financial information above is extracted from the published accounts. This information should be read together with the information included in the accompanying financial statements.

Note

a Risk weighted assets and capital ratios for 2006 and 2005 are calculated on a Basel I basis.
Risk weighted assets and capital ratios for 2009, 2008 and 2007 are calculated on a Basel II basis.

Financial review

Balance sheet commentary

Shareholders equity

Shareholders equity, including non-controlling interests, increased 23% to £58.5bn in 2009 driven by profit after tax of £10.3bn. Net tangible asset value increased by 47% to £38.5bn. Net tangible asset value per share increased to 337p (2008: 313p).

Balance sheet

Total assets decreased by £674bn to £1,379bn in 2009, primarily reflecting movements in market rates and active reductions in derivative balances.

Balances attributable to derivative assets and liabilities would have been £374bn lower (31st December 2008: £917bn lower) than reported under IFRS if netting were permitted for assets and liabilities with the same counterparty or for which we hold cash collateral.

Excluding this, assets and liabilities held under investment contracts, settlement balances, goodwill and intangible assets, our adjusted total tangible assets were £969bn at 31st December 2009 (31st December 2008: £1,027bn). On this basis, we calculate adjusted gross leverage, being the multiple of adjusted total tangible assets over total qualifying Tier 1 capital, as 20x as at 31st December (31st December 2008: 28x).

Assets and risk weighted assets were affected by the depreciation in value of various currencies relative to Sterling during 2009. As at 31st December 2009, the US Dollar and the Euro had depreciated 10% and 7%, respectively, relative to Sterling.

Capital management

At 31st December 2009, on a Basel II basis, our Core Tier 1 ratio was 10.0% (31st December 2008: 5.6%) and our Tier 1 ratio was 13.0% (31st December 2008: 8.6%). Capital ratios reflect a 12% decrease (£51bn) in risk weighted assets to £383bn in 2009. Key drivers included a reduction in the overall size of the balance sheet and foreign exchange movements.

Liquidity

The liquidity pool held by the Group increased to £127bn at 31st December 2009 from £43bn at the end of 2008. Whilst funding markets were difficult, particularly in the first half of 2009, the Group were able to increase available liquidity and the Group extended the average term of unsecured liabilities from 14 months to 26 months. The Group issued £15bn equivalent in public senior unguaranteed debt markets, across multiple currencies and maturities. In addition, the Group raised £1.8bn equivalent in the covered bond market and issued £21bn equivalent of structured notes. The Group have continued to manage liquidity prudently in the light of market conditions and in anticipation of ongoing regulatory developments.

Foreign currency translation

During 2009, US Dollar and Euro depreciated 10% and 7%, respectively, relative to Sterling. As a result, foreign currency assets and risk weighted assets decreased in value in Sterling terms.

The Group s hedging strategy in respect of net investments in foreign currencies is designed to minimise the volatility of the capital ratios caused by changes in the Sterling value of foreign currency capital resources and risk weighted assets due to movements in foreign currency exchange rates. In this regard, the Group s 31st December 2009 Core Tier 1 ratio is hedged to approximately 75%, 25% and 80% of the movements in US Dollar, Euro and South African Rand respectively against Sterling.

The currency translation reserve reduced by £1.2bn in 2009. This reflected movements in foreign currency net investments which are partially economically hedged through preference share capital (denominated in US Dollars and Euros) that is not revalued for accounting purposes.

Financial review

Balance sheet commentary

continued

Total assets and risk weighted assets by business

2009/08

Total assets decreased by £674bn to £1,379bn and risk weighted assets decreased £51bn to £383bn.

Barclays UK Retail Bank s total assets increased 4% to £105.2bn (31st December 2008: £101.4bn) driven by growth in mortgage balances. Risk weighted assets increased 6% (£1.7bn) to £32.2bn (2008: £30.5bn), a significant contributor being the growth in the mortgage book.

Total assets in Barclays Commercial Bank fell 10% (£8.5bn) to £75.5bn (2008: £84.0bn) driven by reduced overdraft borrowings and lower volumes in Barclays Asset and Sales Finance business. New term lending was £14bn. Risk weighted assets fell 4% (£2.8bn) to £60.3bn (2008: £63.1bn) largely reflecting a reduction in net balance sheet exposures offset by the impact of deteriorating credit conditions.

Total assets decreased 2% to £30.2bn (2008: £30.9bn) in Barclaycard reflecting the depreciation in the US Dollar and Euro against Sterling, the decision to stop writing new business in FirstPlus and tighter lending criteria. Risk weighted assets increased 12% (£3.3bn) to £30.6bn (2008: £27.3bn) due to higher volumes and the impact of moving toward an advanced risk measurement methodology offset by favourable foreign exchange and lower secured lending balances in FirstPlus.

Total assets in GRCB Western Europe remained stable at £64.2bn (2008: £65.5bn), as underlying asset growth was offset by depreciation in the period end value of the Euro against Sterling. Risk weighted assets decreased 12% (£4.6bn) to £32.4bn (2008: £37.0bn) driven by active management and the migration of certain retail portfolios onto the advanced credit risk approach.

GRCB Emerging Markets total assets decreased 14% (£2.0bn) to £11.9bn (2008: £13.9bn), and risk weighted assets decreased 15% (£2.2bn) to £12.4bn (2008: £14.6bn) due to the business pro-actively managing down portfolio exposures and the impact of exchange rate movements driven by a realignment of lending strategy in light of the economic downturn. Customer assets decreased 25% (£2.4bn) to £7.3bn (2008: £9.7bn) and customer deposits decreased 9% (£0.8bn) to £8.5bn (2008: £9.3bn).

Total assets in GRCB Absa increased 13% to £45.8bn (2008: £40.4bn) and risk weighted assets increased 14% (£2.6bn) to £21.4bn (2008: £18.8bn), reflecting the impact of exchange rate movements.

Total assets in Barclays Capital reduced 37% to £1,019.1bn (2008: £1,629.1bn) primarily as a result of lower derivative balances. There were further reductions in the trading portfolio and lending as well as depreciation in the value of other currencies relative to Sterling. These reductions contributed to an overall decrease of 9% in the adjusted gross leverage assets to £618.2bn (2008: £681bn). Risk weighted assets reduced 20% (£46.3bn) to £181.1bn (2008: £227.4bn) following reductions in the size of the balance sheet and reclassification of certain securitisation assets to capital deductions and depreciation on the value of other currencies against Sterling, partially offset by a deterioration in credit conditions which increased probabilities of default.

Barclays Global Investors total assets have decreased £65.9bn to £5.4bn (2008: £71.3bn) reflecting the sale of BGI and the Group s ongoing interest in BlackRock shares.

In Barclays Wealth, total assets increased 14% to £15.1bn (2008: £13.3bn) and risk weighted assets increased 10% (£1.1bn) to £11.4bn (2008: £10.3bn) reflecting growth in loans and advances.

Total assets by business	2009 £m	2008 £m	2007 £m
UK Retail Banking	**105,228**	101,384	88,477
Barclays Commercial Bank	**75,547**	84,029	74,566
Barclaycard	**30,220**	30,925	22,121
GRCB Western Europe	**64,185**	65,519	43,702
GRCB Emerging Markets	**11,874**	13,866	9,188
GRCB Absa	**45,824**	40,391	36,368
Barclays Capital	**1,019,120**	1,629,117	839,850
Barclays Global Investors	**5,406**	71,340	89,218
Barclays Wealth	**15,095**	13,263	18,188
Head office functions and other operations	**6,430**	3,146	5,683
Total assets	**1,378,929**	2,052,980	1,227,361

Risk weighted assets by business under Basel II	2009 £m	2008 £m	2007 £m
UK Retail Banking	**32,176**	30,491	31,463
Barclays Commercial Bank	**60,292**	63,081	57,040
Barclaycard	**30,566**	27,316	20,199
GRCB Western Europe	**32,396**	36,953	24,971
GRCB Emerging Markets	**12,399**	14,607	10,484
GRCB Absa	**21,410**	18,846	17,829
Barclays Capital	**181,117**	227,448	178,206
Barclays Global Investors	**73**	3,910	4,369
Barclays Wealth	**11,354**	10,300	8,216
Head office functions and other operations	**870**	350	1,101
Total risk weighted assets	**382,653**	433,302	353,878

2008/07

Total assets increased 67% to £2,053.0bn (2007: £1,227.4bn). Risk weighted assets increased 22% to £433.3bn (2007: £353.9bn).

UK Retail Banking total assets increased 15% to £101.4bn (2007: £88.5bn) driven by growth in mortgage balances. Risk weighted assets decreased 3% to £30.5bn (2007: £31.5bn) as lending growth mainly in high quality, low risk mortgages was more than offset in capital terms by active risk management.

Barclays Commercial Bank total assets grew 13% to £84.0bn (2007: £74.6bn) driven by higher loans and advances. Risk weighted assets increased 11% to £63.1bn (2007: £57.0bn). This was slightly lower than asset growth, reflecting a relative increase in lower risk portfolios.

Barclaycard total assets increased 40% to £30.9bn (2007: £22.1bn) reflecting increases in International assets, the acquisition of Goldfish and the appreciation of the Euro and US Dollar against Sterling. Risk weighted assets increased 35% to £27.3bn (2007: £20.2bn), driven by acquisitions, the redemption of securitisation deals and exposure growth predominantly in the US.

GRCB Western Europe total assets grew 50% to £65.5bn (2007: £43.7bn) reflecting growth in retail mortgages, unsecured lending, commercial lending and a 31% appreciation over the year in the value of the Euro against Sterling. Risk weighted assets increased 48% to £37bn (2007: £25.0bn), primarily reflecting underlying lending growth and the appreciation of the Euro.

GRCB Emerging Markets total assets grew 51% to £13.9bn (2007: £9.2bn) reflecting increases in retail and commercial lending combined with the impact of Sterling depreciation. Risk weighted assets increased 39% to £14.6bn (2007: £10.5bn), reflecting portfolio growth.

GRCB Absa total assets increased 11% to £40.4bn (2007: £36.4bn) reflecting broad based asset growth. Risk weighted assets increased 6% to £18.8bn (2007: £17.8bn), reflecting balance sheet growth.

Barclays Capital total assets increased 94% (£789.2bn) to £1,629.1bn (2007: £839.9bn) due to an increase in derivative assets of £736.7bn, predominantly driven by significant volatility and movements in yield curves in 2008, together with a substantial depreciation in Sterling against most major currencies. Total assets excluding derivatives increased by 9% in

Sterling. On a constant currency basis, total assets excluding derivatives decreased by approximately 15%. Risk weighted assets increased 28% to £227.4bn (2007: £178.2bn). This was driven by the depreciation in Sterling against the US Dollar and Euro, and an increase in market volatility.

The total assets of our former business, Barclays Global Investors, decreased 20% to £71.3bn (2007: £89.2bn), mainly attributable to adverse market movements in certain asset management products recognised as investment contracts. Risk weighted assets decreased 11% to £3.9bn (2007: £4.4bn) mainly attributed to changes in the asset class mix, partially offset by the weakening of Sterling against other currencies.

Barclays Wealth total assets decreased 27% to £13.3bn (2007: £18.2bn) reflecting the sale of the closed life assurance business partially offset by strong growth in lending to high net worth and intermediary clients. Risk weighted assets increased 26% to £10.3bn (2007: £8.2bn) reflecting strong growth in lending.

Head office functions and other operations total assets decreased 46% to £3.1bn (2007: £5.7bn). Risk weighted assets decreased 64% to £0.4bn (2007: £1.1bn). The decrease in the year was mainly attributable to the increased netting of Group deferred tax assets and liabilities.

Adjusted gross leverage

2009/08

The adjusted gross leverage ratio is defined as the multiple of adjusted total tangible assets over total qualifying Tier 1 capital.

Limited netting is permitted under IFRS, even for receivables and payables with the same counterparty where there are contractually agreed netting arrangements. Derivative assets and liabilities would be £374bn (2008: £917bn) lower than reported under IFRS if netting were permitted for assets and liabilities with the same counterparty or for which we hold cash collateral.

Assets and liabilities also include amounts held under investment contracts with third parties of a further £2bn as at 31st December 2009 (2008: £69bn). These constitute asset management products offered to institutional pension funds which are required to be recognised as financial instruments. Changes in value in these assets are entirely to the account of the beneficial owner of the asset.

Adjusted gross leverage	2009	2008	2007
	£m	£m	£m
Total assets	**1,378,929**	2,052,980	1,227,361
Counterparty net/collateralised derivatives	**(374,099)**	(917,074)	(215,485)
Financial assets designated at fair value and associated cash balances held in respect of linked liabilities to customers under investment contracts	**(1,679)**	(69,183)	(92,639)
Net settlement balances	**(25,825)**	(29,786)	(22,459)
Goodwill and intangible assets	**(8,795)**	(10,402)	(8,296)
Adjusted total tangible assets	**968,531**	1,026,535	888,482
Total qualifying Tier 1 capital	**49,637**	37,250	26,743
Adjusted gross leverage	**20**	28	33

Financial review

Balance sheet commentary

continued

Excluding these items, settlement balances, goodwill and intangible assets, our adjusted total tangible assets were £969bn at 31st December 2009 (2008: £1,026bn). At 31st December 2009 adjusted gross leverage was 20x (2008: 28x).

Adjusted total tangible assets include cash and balances at central banks of £81.5bn (2008: £30.0bn). Excluding these balances the adjusted gross leverage would be 18x (2008: 27x).

2008/07

Derivative assets and liabilities would be £917bn lower than reported under IFRS if netting were permitted for assets and liabilities with the same counterparty or for which we hold cash collateral. Assets and liabilities also include amounts held under investment contracts with third parties of a further £69bn as at 31st December 2008. These constitute asset management products offered to institutional pension funds which are required to be recognised as financial instruments. Changes in value in these assets are entirely to the account of the beneficial owner of the asset.

Excluding these items, settlement balances, goodwill and intangible assets, our adjusted total tangible assets were £1,026bn at 31st December 2008 (2007: £888bn). At 31st December 2008 adjusted gross leverage was 28x (2007: 33x).

Total shareholders equity

2009/08

Total shareholders equity increased £11,067m to £58,478m (2008: £47,411m).

Called up share capital comprises 11,412 million ordinary shares of 25p each (2008: 8,372 million ordinary shares of 25p each).

Retained earnings increased £9,637m to £33,845m (2008: £24,208m). Profit attributable to the equity holders of the Parent of £9,393m and the proceeds of capital raising of £784m were partially offset by dividends paid to shareholders of £113m. Other equity in the prior year represents Mandatorily Convertible Notes, which were converted into ordinary shares by June 2009.

Movements in other reserves, except the capital redemption reserve

and other capital reserve, reflect the relevant amounts recorded in the consolidated statement of comprehensive income on page 205.

Non-controlling interests increased £408m to £11,201m (2008: £10,793m). The increase primarily reflects profit for the year attributable to non-controlling interests of £895m, currency translation differences of £277m, offset by dividends paid of £767m.

The Group s authority to buy back equity shares was renewed at the 2009 AGM.

2008/07

Total shareholders equity increased £14,935m to £47,411m (2007: £32,476m).

Called up share capital comprised 8,372 million ordinary shares of 25p each (2007: 6,600 million ordinary shares of 25p each and 1 million staff shares of £1 each).

Retained earnings increased £3,238m to £24,208m (2007: £20,970m). Profit attributable to the equity holders of the Parent of £4,382m and the proceeds of capital raising of £1,410m were partially offset by dividends paid to shareholders of £2,344m. Other equity of £3,652m represents the issue of Mandatorily Convertible Notes, which were subsequently converted into ordinary shares prior to 1st July 2009.

Movements in other reserves, except the capital redemption reserve and other capital reserve, reflect the relevant amounts recorded in the consolidated statement of comprehensive income on page 205.

Non-controlling interests increased £1,608m to £10,793m (2007: £9,185m). The increase primarily reflects a 2008 preference share issuance by Barclays Bank PLC of £1,345m.

Barclays Bank PLC

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

Total shareholders equity	2009 £m	2008 £m	2007 £m
Barclays PLC Group			
Called up share capital	**2,853**	2,093	1,651
Share premium account	**7,951**	4,045	56
Other equity		3,652	
Available for sale reserve	**(110)**	(1,190)	154
Cash flow hedging reserve	**252**	132	26
Capital redemption reserve	**394**	394	384
Other capital reserve	**617**	617	617
Currency translation reserve	**1,615**	2,840	(307)
Other reserves	**2,768**	2,793	874
Retained earnings	**33,845**	24,208	20,970
Less: Treasury shares	**(140)**	(173)	(260)
Shareholders equity excluding non-controlling interests	**47,277**	36,618	23,291
Non-controlling interests	**11,201**	10,793	9,185
Total shareholders equity	**58,478**	47,411	32,476

Total shareholders equity	2009 £m	2008 £m	2007 £m
Barclays Bank PLC Group			
Called up share capital	**2,402**	2,398	2,382
Share premium account	**12,092**	12,060	10,751
Available for sale reserve	**(84)**	(1,249)	111
Cash flow hedging reserve	**252**	132	26
Currency translation reserve	**1,615**	2,840	(307)
Other reserves	**1,783**	1,723	(170)
Other shareholders equity	**2,559**	2,564	2,687
Retained earnings	**37,089**	22,457	14,222
Shareholders equity excluding non-controlling interests	**55,925**	41,202	29,872
Non-controlling interests	**2,774**	2,372	1,949
Total shareholders equity	**58,699**	43,574	31,821

Financial review

Capital management

Capital resources

2009/08

Core Tier 1 capital for Barclays PLC Group increased £14.1bn to £38.4bn and Tier 1 capital increased £12.4bn to £49.6bn.

Retained earnings and capital issues (including the conversion of the Mandatorily Convertible Notes) contributed £9.3bn and £4.7bn respectively to Core Tier 1 and Tier 1 capital. Reductions in the adjustment for own credit (£1.3bn) and deduction for intangible assets (£1.6bn) were broadly offset by the increase in securitisation deductions (£2.1bn).

The investment in BlackRock contributed to the £2.6bn increase in deductions from Tier 1 capital. This was partially offset by an increase in the amount of Reserve Capital Instruments eligible for inclusion in Tier 1.

Tier 2 capital decreased by £7.6bn. Deductions increased by £4.6bn, mainly in respect of the investment in BlackRock and securitisation positions. Subordinated loan capital decreased by £4.0bn, driven by net redemptions, the impact of exchange rate movements and lower levels of Reserve Capital Instruments in excess of the Tier 1 limits.

2008/07

Core Tier 1 capital increased by £7.6bn to £24.4bn and Tier 1 capital increased by £10.5bn during the year, driven by issues of ordinary shares (£5.2bn), other capital issuances (£4.3bn), retained profits (£2.0bn) and exchange rate movements (£3.2bn). These movements were partially offset by an increase in intangible assets (£1.3bn), innovative Tier 1 capital in excess of regulatory limits being reclassified as Tier 2 capital (£1.3bn) and the reversal of gains on own credit, net of tax (£1.2bn).

Tier 2 capital increased by £8.5bn due to issuance of loan capital (£3.6bn) net of redemptions (£1.1bn), inclusion of innovative capital in excess of the Tier 1 limits (£1.3bn), increases in collective impairment (£1.2bn) and exchange rate movements (£3.9bn).

Capital ratios under Basel II		2009		2008		2007
	Barclays PLC	Barclays Bank PLC	Barclays PLC	Barclays Bank PLC	Barclays PLC	Barclays Bank PLC

	Group	Group	Group	Group	Group	Group
Capital ratios	**%**	**%**	%	%	%	%
Core Tier 1 ratio	**10.0**	**10.1**	5.6	5.6	4.7	4.5
Tier 1 ratio	**13.0**	**13.0**	8.6	8.6	7.6	7.3
Risk asset ratio	**16.6**	**16.6**	13.6	13.5	11.2	11.0
Risk weighted assets	**£m**	**£m**	£m	£m	£m	£m
Credit risk	**252,054**	**252,054**	266,912	266,912	244,474	244,469
Counterparty risk	**45,450**	**45,450**	70,902	70,902	41,203	41,203
Market risk						
Modelled VaR	**10,623**	**10,623**	14,452	14,452	7,270	7,270
Modelled IDRC[a] and non-VaR	**5,378**	**5,378**	7,771	7,771	5,522	5,522
Standardised	**38,525**	**38,525**	43,149	43,149	27,020	27,020
Operational risk	**30,623**	**30,623**	30,116	30,116	28,389	28,389
Total risk weighted assets	**382,653**	**382,653**	433,302	433,302	353,878	353,873

Note

a Incremental Default Risk Charge.

Financial review

Capital management

continued

Capital resources continued

Total net capital resources under Basel II	2009 Barclays PLC Group	2009 Barclays Bank PLC Group	2008 Barclays PLC Group	2008 Barclays Bank PLC Group	2007 Barclays PLC Group	2007 Barclays Bank PLC Group
Capital resources (as defined for regulatory purposes)	£m	£m	£m	£m	£m	£m
Ordinary shareholders funds[a]	**47,277**	**55,925**	36,618	41,202	23,291	29,872
Regulatory adjustments:						
MCNs not yet converted			(3,652)			
Available for sale reserve debt[b]	**83**	**83**	372	372	49	49
Available for sale reserve equity	**(309)**	**(335)**	(122)	(63)	(295)	(514)
Cash flow hedging reserve	**(252)**	**(252)**	(132)	(132)	(26)	(26)
Defined benefit pension scheme	**431**	**431**	849	849	1,052	1,052
Adjustments for scope of regulatory consolidation	**196**	**196**	847	847	(191)	(191)
Foreign exchange on RCIs and upper Tier 2 loan stock	**25**	**25**	(231)	(231)	499	499
Adjustment for own credit	**(340)**	**(340)**	(1,650)	(1,650)	(461)	(461)
Other adjustments	**144**	**144**	305	304	465	465
Equity non-controlling interest	**2,351**	**2,351**	1,981	1,981	1,608	1,608
Less: Intangible assets	**(8,345)**	**(8,345)**	(9,964)	(9,964)	(8,191)	(8,191)
Less: Net excess of expected loss over impairment at 50%	**(25)**	**(25)**	(159)	(159)	(743)	(743)
Less: Securitisation positions at 50%	**(2,799)**	**(2,799)**	(704)	(704)	(335)	(335)
Less: Non Core Tier 1 capital issues included in shareholders funds		**(8,427)**		(8,421)		(7,236)
Core Tier 1 Capital	**38,437**	**38,632**	24,358	24,231	16,722	15,848
Preference shares [c]	**6,256**	**6,256**	6,191	6,191	5,035	5,035
Reserve Capital Instruments [d]	**6,724**	**6,724**	5,743	5,721	3,908	3,908
Tier 1 Notes [e]	**1,017**	**1,017**	1,086	1,086	899	899
Tax on the net excess of expected loss over impairment	**8**	**8**	46	46	207	207
Less: Material holdings in financial companies at 50%	**(2,805)**	**(2,915)**	(174)	(174)	(28)	(28)
Total qualifying Tier 1 capital	**49,637**	**49,722**	37,250	37,101	26,743	25,869
Revaluation reserves	**26**	**26**	26	26	26	26
Available for sale reserve equity	**309**	**335**	122	122	295	295
Collectively assessed impairment allowances	**2,443**	**2,443**	1,654	1,654	440	440

Tier 2 non-controlling interests	**547**	**547**	607	607	442	442
Qualifying subordinated liabilities [f]						
Undated loan capital	**1,350**	**1,350**	6,745	6,768	3,191	3,191
Dated loan capital	**15,657**	**15,658**	14,215	14,215	10,578	10,578
Less: Net excess of expected loss over impairment at 50%	**(25)**	**(25)**	(158)	(158)	(743)	(743)
Less: Securitisation positions at 50%	**(2,799)**	**(2,799)**	(704)	(704)	(335)	(335)
Less: Material holdings in financial companies at 50%	**(2,805)**	**(2,915)**	(174)	(174)	(28)	(28)
Total qualifying Tier 2 capital	**14,703**	**14,620**	22,333	22,356	13,866	13,866
Less: Other regulatory deductions	**(880)**	**(880)**	(856)	(964)	(826)	(826)
Total net capital resources	**63,460**	**63,462**	58,727	58,493	39,783	38,909

Notes

a For Barclays Bank PLC this balance represents Shareholders equity excluding non-controlling interests.
b Adjusted for the scope of regulatory consolidation.
c Preference shares are included in the balance sheet under non-controlling interests for Barclays PLC and shareholders equity for Barclays Bank PLC.
d Reserve Capital Instruments comprise instruments that are both debt and equity accounted and are included in the balance sheet under subordinated liabilities and non-controlling interests for Barclays PLC and subordinated liabilities and shareholders equity for Barclays Bank PLC.
e Tier 1 Notes are included in the balance sheet under subordinated liabilities.
f Qualifying subordinated liabilities include excess innovative Tier 1 instruments and are subject to limits laid down in the regulatory requirements.

Financial review

Additional financial disclosure

Deposits and short-term borrowings

Deposits

Deposits include deposits from banks and customers accounts.

	Average[a] for the year ended 31st December 2009	2008	2007
	£m	£m	£m
Deposits from banks			
Customers in the United Kingdom	**13,702**	14,003	15,321
Other European Union	**48,161**	38,210	33,162
United States	**14,757**	15,925	6,656
Africa	**2,218**	3,110	4,452
Rest of the World	**24,350**	36,599	36,626
Total deposits from banks	**103,188**	107,847	96,217
Customer accounts			
Customers in the United Kingdom	**197,363**	206,020	187,249
Other European Union	**38,326**	30,909	23,696
United States	**32,218**	31,719	21,908
Africa	**37,009**	35,692	29,855
Rest of the World	**23,655**	27,653	23,032
Customer accounts	**328,571**	331,993	285,740

Deposits from banks in offices in the United Kingdom received from nonresidents amounted to £51,423m (2008: £63,284m).

	Year ended 31st December 2009	2008	2007
	£m	£m	£m
Customer accounts	**322,429**	335,505	294,987
In offices in the United Kingdom:			
Current and Demand accounts			
interest free	**45,160**	41,351	33,400
Current and Demand accounts			

interest bearing	**24,066**	20,898	32,047
Savings accounts	**71,238**	68,335	70,682
Other time deposits retail	**29,678**	33,785	36,123
Other time deposits wholesale	**52,891**	74,417	65,726
Total repayable in offices in the United Kingdom	**223,033**	238,786	237,978
In offices outside the United Kingdom:			
Current and Demand accounts			
interest free	**7,308**	4,803	2,990
Current and Demand accounts			
interest bearing	**24,176**	15,463	11,570
Savings accounts	**9,950**	7,673	3,917
Other time deposits	**57,962**	68,780	38,532
Total repayable in offices outside the United Kingdom	**99,396**	96,719	57,009

Customer accounts deposits in offices in the United Kingdom received from non-residents amounted to £57,014m (2008: £61,714m).

Note

a Calculated using month-end balances.

Short-term borrowings

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

Deposits from banks

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

	2009 £m	2008 £m	2007 £m
Year-end balance	**76,446**	114,910	90,546
Average balance[a]	**103,188**	107,847	96,217
Maximum balance	**121,940**	139,836	109,586
Average interest rate during year	**0.6%**	3.6%	4.1%
Year-end interest rate	**0.4%**	2.3%	4.0%

Commercial paper

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

	2009 £m	2008 £m	2007 £m
Year-end balance	**19,300**	27,692	23,451
Average balance[a]	**21,835**	24,668	26,229
Maximum balance	**28,756**	27,792	30,736
Average interest rate during year	**2.5%**	4.4%	5.4%
Year-end interest rate	**2.5%**	4.2%	5.2%

Negotiable certificates of deposit

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

	2009 £m	2008 £m	2007 £m
Year-end balance	**44,681**	61,332	58,401
Average balance[a]	**54,960**	55,122	55,394
Maximum balance	**64,054**	67,715	62,436
Average interest rate during year	**2.3%**	4.4%	5.1%

Year-end interest rate	**2.2%**	4.1%	5.0%

Financial review

Additional financial disclosure

continued

Commitments and contractual obligations

Commercial commitments include guarantees, contingent liabilities and standby facilities.

Commercial commitments	Amount of commitment expiration per period				
	Less than one year £m	Between one to three years £m	Between three to five years £m	After five years £m	Total amounts committed £m
2009					
Acceptances and endorsements	**372**	**3**			**375**
Guarantees and letters of credit pledged as collateral security	**6,770**	**4,103**	**1,286**	**3,247**	**15,406**
Securities lending arrangements[a]	**27,406**				**27,406**
Other contingent liabilities	**7,637**	**853**	**381**	**716**	**9,587**
Documentary credits and other short-term trade related transactions	**722**	**38**	**2**		**762**
Forward asset purchases and forward deposits placed	**46**				**46**
Standby facilities, credit lines and other	**145,916**	**44,004**	**9,794**	**6,753**	**206,467**
2008					
Acceptances and endorsements	576	6	3		585
Guarantees and letters of credit pledged as collateral security	7,272	2,529	1,781	4,070	15,652
Securities lending arrangements[a]	38,290				38,290
Other contingent liabilities	7,989	1,604	372	1,818	11,783
Documentary credits and other short-term trade related transactions	770	88	1		859
Forward asset purchases and forward deposits placed	50	241			291
Standby facilities, credit lines and other	195,035	29,666	26,150	8,815	259,666

Contractual obligations include debt securities, operating lease and purchase obligations.

Contractual obligations	Payments due by period				
	Less than	Between	Between	After	Total

	one year £m	one to three years £m	three to five years £m	five years £m	£m
2009					
Long-term debt	**80,824**	**31,138**	**12,982**	**28,626**	**153,570**
Operating lease obligations	**468**	**808**	**675**	**2,936**	**4,887**
Purchase obligations	**1,109**	**940**	**541**	**1,243**	**3,833**
Total	**82,401**	**32,886**	**14,198**	**32,805**	**162,290**
2008					
Long-term debt	108,172	24,701	10,855	22,008	165,736
Operating lease obligations	280	690	785	2,745	4,500
Purchase obligations	214	225	61	20	520
Total	108,666	25,616	11,701	24,773	170,756

The long-term debt does not include undated loan capital of £8,148m (2008: £13,673m). Further information on the contractual maturity of the Group s assets and liabilities is given in Note 49.

Note

a Securities lending arrangements are fully collateralised, and are not expected to result in an outflow of funds from the Group, see Note 34 on page 246 for further details.

Securities

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

	2009 Book value £m	2009 Amortised cost £m	2008 Book value £m	2008 Amortised cost £m	2007 Book value £m	2007 Amortised cost £m
Investment securities available for sale						
Debt securities:						
United Kingdom government	**77**	**74**	1,238	1,240	78	81
Other government	**10,958**	**8,389**	11,456	11,338	7,383	7,434
Other public bodies and US Agencies	**3,456**	**3,505**	14,660	14,834	5,052	5,048
Mortgage and asset backed securities	**2,498**	**2,958**	3,510	4,126	1,367	1,429
Bank and building society certificates of deposit	**7,697**	**7,343**	10,478	10,535	3,028	3,029
Corporate and other issuers	**19,202**	**18,986**	17,489	17,908	21,765	21,803
Equity securities	**6,676**	**6,247**	2,142	1,814	1,676	1,418
Investment securities available for sale	**50,564**	**47,502**	60,973	61,795	40,349	40,242
Other securities held for trading						
Debt securities:						
United Kingdom government	**6,815**	**n/a**	6,955	n/a	3,832	n/a
Other government	**54,161**	**n/a**	50,727	n/a	51,104	n/a
Other public bodies and US Agencies	**20,517**	**n/a**	21,909	n/a	9,466	n/a
Mortgage and asset backed securities	**12,942**	**n/a**	30,748	n/a	27,572	n/a
Bank and building society certificates of deposit	**995**	**n/a**	7,518	n/a	17,751	n/a
Corporate and other issuers	**21,164**	**n/a**	30,829	n/a	43,053	n/a
Equity securities	**19,602**	**n/a**	30,535	n/a	36,307	n/a
Other securities held for trading	**136,196**	**n/a**	179,221	n/a	189,085	n/a

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

Bank and building society certificates of deposit are freely negotiable and have original maturities of up to five years, but are typically held for shorter periods.

In addition to UK government securities shown above, the Group held the following government securities which exceeded 10% of shareholders equity in any of the last three years. These securities are held at fair value.

Government securities	2009 Book value £m	2008 Book value £m	2007 Book value £m
United States	**17,356**	17,165	15,156
Japan	**7,609**	9,092	9,124
Germany	**9,698**	5,832	5,136
France	**2,574**	4,091	3,538
Italy	**6,297**	6,091	5,090
Spain	**4,948**	3,647	3,674

Maturities and yield of available for sale debt securities

	Maturing within one year		Maturing after one but within five years		Maturing after five but within ten years		Maturing after ten years		Total	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
	£m	%	£m	%	£m	%	£m	%	£m	%
Government	**971**	**5.3**	**6,647**	**2.5**	**2,147**	**1.8**	**1,270**	**1.2**	**11,035**	**2.5**
Other public bodies and US Agencies	**14**	**3.6**	**148**	**2.4**	**3,279**	**4.1**	**15**	**4.8**	**3,456**	**4.1**
Other issuers	**14,727**	**2.7**	**12,983**	**1.4**	**1,075**	**3.0**	**612**	**3.4**	**29,397**	**2.3**
Total book value	**15,712**	**2.9**	**19,778**	**1.8**	**6,501**	**3.2**	**1,897**	**1.9**	**43,888**	**2.5**

The yield for each range of maturities is calculated by dividing the annualised interest income prevailing at 31st December 2009 by the fair value of securities held at that date.

Financial review

Additional financial disclosure

continued

Average balance sheet

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

	2009			2008			2007		
	Average balance [a]	Interest	Average rate	Average balance [a]	Interest	Average rate	Average balance [a]	Interest	Average rate
	£m	£m	%	£m	£m	%	£m	£m	%
Assets									
Loans and advances to banks[b]:									
in offices in the United Kingdom	**41,912**	**483**	**1.2**	38,913	1,453	3.7	29,431	1,074	3.6
in offices outside the United Kingdom	**35,073**	**271**	**0.8**	14,379	419	2.9	12,262	779	6.4
Loans and advances to customers[b]:									
in offices in the United Kingdom	**264,687**	**9,405**	**3.6**	249,081	13,714	5.5	205,707	13,027	6.3
in offices outside the United Kingdom	**135,936**	**8,869**	**6.5**	116,284	9,208	7.9	88,212	6,733	7.6
Lease receivables:									
in offices in the United Kingdom	**4,316**	**174**	**4.0**	4,827	281	5.8	4,822	283	5.9
in offices outside the United Kingdom	**7,406**	**732**	**9.9**	6,543	752	11.5	5,861	691	11.8
Financial investments:									
in offices in the United Kingdom	**46,702**	**1,525**	**3.3**	35,844	1,654	4.6	37,803	2,039	5.4
in offices outside the United Kingdom	**13,590**	**485**	**3.6**	10,450	697	6.7	14,750	452	3.1
Reverse repurchase agreements and cash collateral on securities borrowed:									
in offices in the United Kingdom	**163,139**	**1,770**	**1.1**	207,521	8,768	4.2	211,709	9,644	4.6
in offices outside the United Kingdom	**145,606**	**665**	**0.5**	128,250	4,450	3.5	109,012	5,454	5.0
Trading portfolio assets:									
in offices in the United Kingdom	**96,421**	**3,262**	**3.4**	107,626	4,948	4.6	120,691	5,926	4.9
in offices outside the United Kingdom	**103,789**	**3,228**	**3.1**	128,287	5,577	4.3	57,535	3,489	6.1
Financial assets designated at fair value:									

in offices in the United Kingdom	**18,881**	**822**	**4.4**	20,299	1,325	6.5	19,154	849	4.4
in offices outside the United Kingdom	**13,552**	**315**	**2.3**	8,690	426	4.9	11,298	713	6.3
Total average interest earning assets	**1,091,010**	**32,006**	**2.9**	1,076,994	53,672	5.0	928,247	51,153	5.5
Impairment allowances/provisions	**(8,705)**			(5,749)			(4,435)		
Non-interest earning assets	**782,378**			682,867			392,382		
Total average assets and interest income	**1,864,683**	**32,006**	**1.7**	1,754,112	53,672	3.1	1,316,194	51,153	3.9
Percentage of total average interest earning assets in offices outside the United Kingdom	**41.7%**			38.3%			32.2%		
Total average interest earning assets related to:									
Interest income [c]		**32,006**	**2.9**		53,672	5.0		51,153	5.5
Interest expense [c]		**(20,713)**	**1.9**		(39,820)	3.8		(39,201)	4.6
		11,293	**1.0**		13,852	1.2		11,952	0.9

Notes

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

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

c In addition to interest income and interest expense shown on the income statement on page 204, interest income and interest expense above includes interest related to principal transactions and available for sale assets and liabilities.

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

	2009			2008			2007		
	Average balance [a]	Interest	Average rate	Average balance [a]	Interest	Average rate	Average balance [a]	Interest	Average rate
	£m	£m	%	£m	£m	%	£m	£m	%
Liabilities and shareholders equity									
Deposits by banks:									
in offices in the United Kingdom	**66,394**	**805**	**1.2**	70,272	2,780	4.0	63,902	2,511	3.9
in offices outside the United Kingdom	**31,091**	**295**	**0.9**	32,172	956	3.0	27,596	1,225	4.4
Customer accounts: demand deposits:									
in offices in the United Kingdom	**20,989**	**374**	**1.8**	24,333	910	3.7	29,110	858	2.9
in offices outside the United Kingdom	**23,774**	**876**	**3.7**	14,902	572	3.8	13,799	404	2.9
Customer accounts: savings deposits:									
in offices in the United Kingdom	**71,818**	**388**	**0.5**	71,062	2,143	3.0	55,064	2,048	3.7
in offices outside the United Kingdom	**8,563**	**326**	**3.8**	7,033	413	5.9	4,848	128	2.6
Customer accounts: other time deposits retail:									
in offices in the United Kingdom	**30,233**	**647**	**2.1**	32,283	1,523	4.7	30,578	1,601	5.2
in offices outside the United Kingdom	**28,612**	**1,728**	**6.0**	20,055	1,350	6.7	12,425	724	5.8
Customer accounts: other time deposits wholesale:									
in offices in the United Kingdom	**54,459**	**1,140**	**2.1**	60,574	2,362	3.9	52,147	2,482	4.8
in offices outside the United Kingdom	**20,595**	**988**	**4.8**	31,300	2,094	6.7	24,298	1,661	6.8
Debt securities in issue:									
in offices in the United Kingdom	**75,950**	**2,186**	**2.9**	41,014	1,920	4.7	41,552	2,053	4.9
in offices outside the									

United Kingdom	**81,077**	**2,278**	**2.8**	80,768	3,734	4.6	94,271	5,055	5.4
Dated and undated loan capital and other subordinated liabilities principally:									
in offices in the United Kingdom	**26,379**	**1,889**	**7.2**	22,912	1,435	6.3	12,972	763	5.9
Repurchase agreements and cash collateral on securities lent:									
in offices in the United Kingdom	**169,824**	**1,300**	**0.8**	203,967	8,445	4.1	169,272	7,616	4.5
in offices outside the United Kingdom	**215,714**	**849**	**0.4**	177,883	2,800	1.6	118,050	5,051	4.3
Trading portfolio liabilities:									
in offices in the United Kingdom	**55,704**	**2,193**	**3.9**	56,675	2,657	4.7	47,971	2,277	4.7
in offices outside the United Kingdom	**36,812**	**999**	**2.7**	62,239	2,087	3.4	29,838	1,435	4.8
Financial liabilities designated at fair value:									
in offices in the United Kingdom	**32,573**	**1,223**	**3.8**	32,311	1,062	3.3	16,337	1,068	6.5
in offices outside the United Kingdom	**18,484**	**229**	**1.2**	14,237	577	4.1	9,190	241	2.6
Total average interest bearing liabilities	**1,069,045**	**20,713**	**1.9**	1,055,992	39,820	3.8	853,220	39,201	4.6
Interest free customer deposits:									
in offices in the United Kingdom	**43,897**			40,439			34,109		
in offices outside the United Kingdom	**4,816**			3,089			3,092		
Other non-interest bearing liabilities	**696,478**			617,910			395,946		
Non-controlling and other interests and shareholders equity	**50,447**			36,682			29,827		
Total average liabilities, shareholders equity and interest expense	**1,864,683**	**20,713**	**1.1**	1,754,112	39,820	2.3	1,316,194	39,201	3.0
Percentage of total average interest bearing non-capital liabilities in offices outside the United Kingdom	**43.5%**			41.7%			39.2%		

Note

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

Financial review

Additional financial disclosure

continued

Changes in net interest income volume and rate analysis

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

	2009/2008 Change due to increase/(decrease) in:			2008/2007 Change due to increase/(decrease) in:			2007/2006 Change due to increase/(decrease) in:		
	Total change £m	Volume £m	Rate £m	Total change £m	Volume £m	Rate £m	Total change £m	Volume £m	Rate £m
Interest receivable									
Loans and advances to banks:									
in offices in the UK	**(970)**	**104**	**(1,074)**	379	354	25	427	402	25
in offices outside the UK	**(148)**	**310**	**(458)**	(360)	117	(477)	291	(1)	292
	(1,118)	**414**	**(1,532)**	19	471	(452)	718	401	317
Loans and advances to customers:									
in offices in the UK	**(4,309)**	**814**	**(5,123)**	687	2,525	(1,838)	1,780	1,337	443
in offices outside the UK	**(339)**	**1,422**	**(1,761)**	2,475	2,214	261	1,802	728	1,074
	(4,648)	**2,236**	**(6,884)**	3,162	4,739	(1,577)	3,582	2,065	1,517
Lease receivables:									
in offices in the UK	**(107)**	**(27)**	**(80)**	(2)		(2)	(17)	(26)	9
in offices outside the UK	**(20)**	**92**	**(112)**	61	79	(18)	96	(30)	126
	(127)	**65**	**(192)**	59	79	(20)	79	(56)	135
Financial investments:									
in offices in the UK	**(129)**	**426**	**(555)**	(385)	(102)	(283)	103	(165)	268
in offices outside the UK	**(212)**	**171**	**(383)**	245	(163)	408	(378)	32	(410)
	(341)	**597**	**(938)**	(140)	(265)	125	(275)	(133)	(142)
Reverse repurchase agreements and cash collateral on securities borrowed:									
in offices in the UK	**(6,998)**	**(1,564)**	**(5,434)**	(876)	(188)	(688)	3,508	1,865	1,643
in offices outside the UK	**(3,785)**	**532**	**(4,317)**	(1,004)	855	(1,859)	414	430	(16)
	(10,783)	**(1,032)**	**(9,751)**	(1,880)	667	(2,547)	3,922	2,295	1,627

Trading portfolio assets:									
in offices in the UK	**(1,686)**	**(477)**	**(1,209)**	(978)	(616)	(362)	1,760	621	1,139
in offices outside the UK	**(2,349)**	**(943)**	**(1,406)**	2,088	3,303	(1,215)	881	(172)	1,053
	(4,035)	**(1,420)**	**(2,615)**	1,110	2,687	(1,577)	2,641	449	2,192
Financial assets designated at fair value:									
in offices in the UK	**(503)**	**(87)**	**(416)**	476	53	423	479	534	(55)
in offices outside the UK	**(111)**	**174**	**(285)**	(287)	(146)	(141)	478	357	121
	(614)	**87**	**(701)**	189	(93)	282	957	891	66
Total interest receivable:									
in offices in the UK	**(14,702)**	**(811)**	**(13,891)**	(699)	2,026	(2,725)	8,040	4,568	3,472
in offices outside the UK	**(6,964)**	**1,758**	**(8,722)**	3,218	6,259	(3,041)	3,584	1,344	2,240
	(21,666)	**947**	**(22,613)**	2,519	8,285	(5,766)	11,624	5,912	5,712

Changes in net interest income volume and rate analysis

	2009/2008 Change due to increase/(decrease) in: Total change	Volume	Rate	2008/2007 Change due to increase/(decrease) in: Total change	Volume	Rate	2007/2006 Change due to increase/(decrease) in: Total change	Volume	Rate
	£m	**£m**	**£m**	£m	£m	£m	£m	£m	£m
Interest payable									
Deposits by banks:									
in offices in the UK	**(1,975)**	**(146)**	**(1,829)**	269	252	17	47	66	(19)
in offices outside the UK	**(661)**	**(31)**	**(630)**	(269)	181	(450)	88	190	(102)
	(2,636)	**(177)**	**(2,459)**		433	(433)	135	256	(121)
Customer accounts demand deposits:									
in offices in the UK	**(536)**	**(111)**	**(425)**	52	(155)	207	178	105	73
in offices outside the UK	**304**	**327**	**(23)**	168	34	134	150	95	55
	(232)	**216**	**(448)**	220	(121)	341	328	200	128
Customer accounts savings deposits:									
in offices in the UK	**(1,755)**	**23**	**(1,778)**	95	527	(432)	357	(81)	438
in offices outside the UK	**(87)**	**77**	**(164)**	285	77	208	54	45	9
	(1,842)	**100**	**(1,942)**	380	604	(224)	411	(36)	447
Customer accounts other time deposits retail:									
in offices in the UK	**(876)**	**(91)**	**(785)**	(78)	86	(164)	53	(204)	257
in offices outside the UK	**378**	**529**	**(151)**	626	500	126	242	200	42
	(498)	**438**	**(936)**	548	586	(38)	295	(4)	299
Customer accounts other time deposits wholesale:									
in offices in the UK	**(1,222)**	**(219)**	**(1,003)**	(120)	367	(487)	688	263	425
in offices outside the UK	**(1,106)**	**(605)**	**(501)**	433	469	(36)	470	45	425
	(2,328)	**(824)**	**(1,504)**	313	836	(523)	1,158	308	850
Debt securities in issue:									
in offices in the UK	**266**	**1,202**	**(936)**	(133)	(26)	(107)	203	(240)	443
in offices outside the UK	**(1,456)**	**14**	**(1,470)**	(1,321)	(673)	(648)	1,369	1,063	306
	(1,190)	**1,216**	**(2,406)**	(1,454)	(699)	(755)	1,572	823	749
	454	**233**	**221**	672	620	52	(14)	(41)	27

Dated and undated loan capital and other subordinated liabilities principally in offices in the UK									
Repurchase agreements and cash collateral on securities lent:									
in offices in the UK	**(7,145)**	**(1,217)**	**(5,928)**	829	1,471	(642)	2,536	1,090	1,446
in offices outside the UK	**(1,951)**	**497**	**(2,448)**	(2,251)	1,840	(4,091)	740	1,402	(662)
	(9,096)	**(720)**	**(8,376)**	(1,422)	3,311	(4,733)	3,276	2,492	784
Trading portfolio liabilities:									
in offices in the UK	**(464)**	**(45)**	**(419)**	380	408	(28)	263	(80)	343
in offices outside the UK	**(1,088)**	**(742)**	**(346)**	652	1,189	(537)	83	(366)	449
	(1,552)	**(787)**	**(765)**	1,032	1,597	(565)	346	(446)	792
Financial liabilities designated at fair value:									
in offices in the UK	**161**	**8**	**153**	(6)	700	(706)	571	82	489
in offices outside the UK	**(348)**	**137**	**(485)**	336	168	168	29	29	
	(187)	**145**	**(332)**	330	868	(538)	600	111	489
Total interest payable:									
in offices in the UK	**(13,092)**	**(363)**	**(12,729)**	1,960	4,250	(2,290)	4,882	960	3,922
in offices outside the UK	**(6,015)**	**203**	**(6,218)**	(1,341)	3785	(5,126)	3,225	2,703	522
	(19,107)	**(160)**	**(18,947)**	619	8,035	(7,416)	8,107	3,663	4,444
Movement in net interest income									
Increase/(decrease) in interest receivable	**(21,666)**	**947**	**(22,613)**	2,519	8,285	(5,766)	11,624	5,912	5,712
(Increase)/decrease in interest payable	**19,107**	**160**	**18,947**	(619)	(8,035)	7,416	(8,107)	(3,663)	(4,444)
	(2,559)	**1,107**	**(3,666)**	1,900	250	1,650	3,517	2,249	1,268

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Margins and Balances

For commentary on business margins please refer to the Analysis of Results by Business on pages 58 to 79.

Net interest margin	2009	2008	2007
	%	%	%
UK Retail Banking	**1.40**	1.70	1.78
UK Commercial Banking	**1.55**	1.61	1.74
Barclaycard	**9.69**	7.58	7.24
GRCB Western Europe	**1.71**	1.67	1.40
GRCB Emerging Markets	**4.49**	4.14	3.68
GRCB Absa	**2.61**	2.68	2.86
Barclays Wealth	**1.02**	1.04	1.12
GRCB and Wealth	**2.11**	2.07	2.07

Business margins	2009	2008	2007
	%	%	%
UK Retail Banking assets	**1.32**	1.25	1.20
UK Retail Banking liabilities	**1.36**	2.01	2.15
Barclays Commercial Bank assets	**1.60**	1.55	1.80
Barclays Commercial Bank liabilities	**1.22**	1.47	1.49
Barclaycard assets	**8.97**	6.92	6.51
GRCB Western Europe assets	**1.33**	1.19	1.13
GRCB Western Europe liabilities	**0.46**	1.29	1.64
GRCB Emerging Markets assets	**5.20**	4.89	6.62
GRCB Emerging Markets liabilities	**2.26**	2.12	0.75
GRCB Absa assets	**2.68**	2.79	2.70
GRCB Absa liabilities	**2.43**	3.06	3.21
Barclays Wealth assets	**1.01**	1.04	1.11
Barclays Wealth liabilities	**0.96**	0.95	1.03
Total GRCB and Wealth assets	**2.36**	2.07	2.06
Total GRCB and Wealth liabilities	**1.31**	1.72	1.80

Average balances	2009	2008	2007

	£m	£m	£m
UK Retail Banking assets	**97,830**	90,263	78,502
UK Retail Banking liabilities	**89,042**	85,892	81,848
Barclays Commercial Bank assets	**63,273**	61,710	53,947
Barclays Commercial Bank liabilities	**49,012**	47,624	46,367
Barclaycard assets	**28,102**	23,552	18,976
GRCB Western Europe assets	**51,684**	41,719	30,145
GRCB Western Europe liabilities	**17,379**	10,610	7,489
GRCB Emerging Markets assets	**8,341**	7,016	3,559
GRCB Emerging Markets liabilities	**8,200**	7,387	5,115
GRCB Absa assets	**32,483**	27,706	25,333
GRCB Absa liabilities	**17,380**	13,454	11,511
Barclays Wealth assets	**12,293**	9,749	7,403
Barclays Wealth liabilities	**37,198**	37,205	31,151
Total GRCB and Wealth assets	**294,006**	261,715	217,865
Total GRCB and Wealth liabilities	**218,211**	202,172	183,481

Note

a Including share of the interest income on Group equity.

Analysis of net interest income	2009	2008	2007
	£m	£m	£m
GRCB and Barclays Wealth net interest income pre product structural hedge	**8,654**	8,845	7,772
GRCB and Barclays Wealth net interest income from product structural hedge	**1,364**	44	(7)
GRCB and Barclays Wealth share of benefit of interest income on Group equity	**799**	712	547
Total GRCB and Barclays Wealth net interest income	**10,817**	9,601	8,312
Barclays Capital net interest income[a]	**1,598**	1,724	1,179
BGI net interest income[a]	**43**	(38)	(8)
Other net interest income	**(507)**	182	127
Group net interest income	**11,951**	11,469	9,610

Critical accounting estimates

The Group s accounting policies are set out on pages 193 to 203. Certain of these policies, as well as estimates made by management, are considered to be important to an understanding of the Group s financial condition since they require management to make difficult, complex or subjective judgements and estimates, some of which may relate to matters that are inherently uncertain. The following accounting policies include estimates which are particularly sensitive in terms of judgements and the extent to which estimates are used. Other accounting policies involve significant amounts of judgements and estimates, but the total amounts involved are not significant to the financial statements. Management has discussed the accounting policies and critical accounting estimates with the Board Audit Committee.

Fair value of financial instruments

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

Other non-derivative financial assets may be designated as available for sale. Available for sale financial investments are initially recognised at fair value and are subsequently held at fair value. Gains and losses arising from changes in fair value of such assets are included as a separate component of equity. 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.

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. Where a valuation model is used to determine fair value, it makes maximum use of market inputs. The classification of these instruments is based on the lowest level input that is significant to the fair value measurement in its entirety.

Financial instruments with a fair value based on quoted market prices (Level 1) include valuations which are determined by unadjusted quoted prices for identical instruments 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.

Financial instruments with a fair value based on observable inputs (Level 2), other than quoted market prices as described for Level 1, but which are observable for the instrument, either directly or indirectly.

Financial instruments with a fair value based on significant unobservable inputs (Level 3), include valuations which incorporate significant inputs for the instrument that are not based on observable market data (unobservable inputs). Unobservable inputs are those not readily available in an active market due to market illiquidity or complexity of the product. These inputs are generally determined based on observable inputs of a similar nature, historic observations on the level of the input or analytical techniques.

An analysis of financial instruments carried at fair value by valuation hierarchy, particulars of the valuation techniques used and a sensitivity analysis of valuations using unobservable inputs is included in Note 50. This note also includes a discussion of the more judgemental aspects of valuation in the period, including: credit valuation adjustments on monoline exposures, commercial real estate loans, and private equity investments.

Allowances for loan impairment and other credit risk provisions

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

Within the retail and small businesses portfolios, which comprise large numbers of small homogeneous assets with similar risk characteristics where credit scoring techniques are generally used, statistical techniques are used to calculate impairment allowances on a portfolio basis, based on historical recovery rates and assumed emergence periods. These statistical analyses use as primary inputs the extent to which accounts in the portfolio

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are in arrears and historical information on the eventual losses encountered from such delinquent portfolios. There are many such models in use, each tailored to a product, line of business or customer category. Judgement and knowledge is needed in selecting the statistical methods to use when the models are developed or revised. The impairment allowance reflected in the financial statements for these portfolios is therefore considered to be reasonable and supportable. The impairment charge reflected in the income statement for these portfolios is £3,917m (2008: £2,333m) and amounts to 53% (2008: 47%) of the total impairment charge on loans and advances in 2009.

For larger accounts, impairment allowances are calculated on an individual basis and all relevant considerations that have a bearing on the expected future cash flows are taken into account, for example, the business prospects for the customer, the realisable value of collateral, the Group s position relative to other claimants, the reliability of customer information and the likely cost and duration of the work-out process. The level of the impairment allowance is the difference between the value of the discounted expected future cash flows (discounted at the loan s original effective interest rate), and its carrying amount. Subjective judgements are made in the calculation of future cash flows. Furthermore, judgements change with time as new information becomes available or as work-out strategies evolve, resulting in frequent revisions to the impairment allowance as individual decisions are taken. Changes in these estimates would result in a change in the allowances and have a direct impact on the impairment charge. The impairment charge reflected in the financial statements in relation to larger accounts is £3,441m (2008: £2,580m) and amounts to 47% (2008: 53%) of the total impairment charge on loans and advances. Further information on impairment allowances is set out in Note 7 on page 214.

Goodwill

Management have to consider at least annually whether the current carrying value of goodwill is impaired. The first step of the process requires the identification of independent cash generating units and the allocation of goodwill to these units. This allocation is based on the areas of the business expected to benefit from the synergies derived from the acquisition. The allocation is reviewed following business reorganisation. The carrying value of the unit, including the allocated goodwill, is compared to its fair value to determine whether any impairment exists. If the fair value of a unit is less than its carrying value, goodwill will be impaired. Detailed calculations may need to be carried out taking into consideration changes in the market in

which a business operates (e.g. competitive activity, regulatory change). In the absence of readily available market price data this calculation is based upon discounting expected pre-tax cash flows at a risk adjusted interest rate appropriate to the operating unit, the determination of both of which requires the exercise of judgement. The estimation of pre-tax cash flows is sensitive to the periods for which detailed forecasts are available and to assumptions regarding the long-term sustainable cash flows. While forecasts are compared with actual performance and external economic data, expected cash flows naturally reflect management s view of future performance. The most significant amounts of goodwill relate to UK Retail Banking and GRCB Absa, where goodwill impairment testing performed in 2009 indicated that this goodwill was not impaired. An analysis of goodwill by cluster, together with key assumptions underlying the impairment testing, is included in Note 21 on page 225.

Intangible assets

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

Retirement benefit obligations

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

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

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

The Group s IAS 19 pension deficit across all schemes as at 31st December 2009 was £3,946m (Note 30) (2008: £1,287m). There are net recognised liabilities of £698m (2008: £1,292m) and unrecognised actuarial losses of £3,248m (Note 30) (2008: £5m gains). The net recognised liabilities comprised retirement benefit liabilities of £769m (2008: £1,357m) and assets of £71m (2008: £65m).

The Group s IAS 19 pension deficit in respect of the main UK scheme as at 31st December 2009 was £3,534m (2008: £858m). The most significant reasons for this change were the decrease in AA corporate bond yields which resulted in a lower discount rate of 5.61% (31st December 2008: 6.75%) and an increase in the long-term inflation assumption to 3.76% (31st December 2008: 3.16%). The impact of the change in assumptions was partially offset by a one-off curtailment credit resulting from the closure of the UK final salary pension schemes to existing

members, better than expected asset performance, and contributions paid in excess of the pension expense.

Further information on retirement benefit obligations, including assumptions, is set out in Note 30 to the accounts on page 236.

Derecognition of financial assets

The Group derecognises a financial asset, or a portion of a financial asset, where the contractual rights to that asset have expired. Derecognition is also appropriate where the rights to further cash flows from the asset have been transferred to a third party and, with them, either:

(i) substantially all the risks and rewards of the asset; or

(ii) significant risks and rewards, along with the unconditional ability to sell or pledge the asset.
Where significant risks and rewards have been transferred, but the transferee does not have the unconditional ability to sell or pledge the asset, the Group continues to account for the asset to the extent of its continuing involvement (continuing involvement accounting).

To assess the extent to which risks and rewards have been transferred, it is often necessary to perform a quantitative analysis. Such an analysis will compare the Group s exposure to variability in asset cash flows before the transfer with its retained exposure after the transfer.

A cash flow analysis of this nature typically involves significant judgement. In particular, it is necessary to estimate the asset s expected future cash flows as well as potential variability around this expectation. The method of estimating expected future cash flows depends on the nature of the asset, with market and market-implied data used to the greatest extent possible. The potential variability around this expectation is typically determined by stressing underlying parameters to create reasonable alternative upside and downside scenarios. Probabilities are then assigned to each scenario. Stressed parameters may include default rates, loss severity or prepayment rates.

Where neither derecognition nor continuing involvement accounting is appropriate, the Group continues to recognise the asset in its entirety and recognises any consideration received as a financial liability.

Taxation

The tax charge in the accounts for amounts due to fiscal authorities in the various territories in which the Group operates includes estimates based on judgement of the application of law and practice to quantify any liability arising after taking into account external advice where appropriate.

Financial review

Analysis of results by business

Business performance Global Retail and Commercial Banking

UK Retail Banking profit before tax decreased 55% to £612m as economic conditions remained challenging. Income was down 11% reflecting the impact of deposit margin compression net of hedges, partially offset by good growth in Home Finance. Total loans and advances to customers increased £4.7bn to £99.1bn. Gross new mortgage lending was £14.2bn during 2009 and net new mortgage lending was £5.7bn. The average loan to value ratio of the mortgage book remained conservative at 43%. Impairment charges increased 55% due to the deteriorating economic environment. Operating expenses continued to be tightly controlled and decreased 3% reflecting a one-off credit from the closure of the UK final salary pension scheme offset by a year on year increase in pension costs and the non-recurrence of gains from the sale of property.

Barclays Commercial Bank profit before tax decreased 41% to £749m. Income was broadly flat on 2008 with good growth in net fees and commissions offset by lower income from principal transactions. Net interest income was broadly flat as margin compression on the deposit book was offset by higher lending and deposit volumes. New term lending extended to UK customers during 2009 was £14bn. Operating expenses were tightly controlled and fell 3% driven by a one-off credit from the closure of the UK final salary pension scheme partially offset by an increase in pensions and share-based payment costs and the non-recurrence of gains from the sale of property. Impairment charges increased to £974m reflecting the impact of the weak business environment with rising default rates and falling asset values across all business segments.

Barclaycard profit before tax decreased 4% to £761m. Income growth of 26% reflected strong growth across the businesses driven by increased lending and improved margins. Average customer assets increased 19% to £28.1bn. Impairment charges increased 64% due to the deteriorating global economic environment, although the rate of growth in the second half of the year was lower than in the first half. Impairment grew across both the international and UK businesses. Cost growth of 5% was largely driven by appreciation of the average value of the US Dollar and the Euro against Sterling and growth in the card portfolios including acquisitions made in 2008.

Global Retail and Commercial Banking Western Europe profit before tax fell 48% to £130m. Results included Barclays Russia, which incurred a loss of £67m and reflected a gain of £157m on the sale of Barclays life insurance and pensions business in Iberia. Income grew in all countries, improving 18% as the expanded network continued to mature with customer deposits increasing £7.8bn to £23.4bn. Costs increased 16% reflecting the expansion of the Portuguese and Italian networks, the investment in Barclays Russia, restructuring charges of £24m and reduced gains from the sale of property. Impairment charges increased £370m to £667m, largely driven by losses in Spain in commercial property, construction and SME portfolios. However, delinquency trends improved throughout the second half of 2009 in both retail and commercial portfolios.

Global Retail and Commercial Banking Emerging Markets loss before tax of £254m compared to a profit of £141m in 2008. Income increased 5% with significant growth across Africa and the UAE, partially offset by lower

Analysis of results by business	UK Retail Banking	Barclays Commercial Bank	Barclaycard £m	GRCB Western Europe £m	GRCB Emerging Markets £m	GRCB Absa £m	Barclays Capital £m	Barclays Global Investors[a] £m	Barclays Wealth £m	Head Office Functions and Other Operations

	£m	£m								£m
Net interest income	**2,624**	**1,741**	**2,723**	**1,182**	**743**	**1,300**	**1,598**	**43**	**504**	**(507)**
Net fee and commission income	**1,225**	**926**	**1,271**	**438**	**232**	**943**	**3,001**	**1,757**	**802**	**(418)**
Principal transactions		**(26)**	**22**	**123**	**68**	**123**	**7,021**	**98**	**20**	**(325)**
Net premiums from insurance contracts	**198**		**44**	**544**		**294**	**5**			**92**
Other income	**6**	**112**	**2**	**8**	**2**	**60**		**5**	**7**	**1,186**
Total income	**4,053**	**2,753**	**4,062**	**2,295**	**1,045**	**2,720**	**11,625**	**1,903**	**1,333**	**28**
Net claims and benefits incurred on insurance contracts	**(68)**		**(20)**	**(572)**		**(171)**				
Total income, net of insurance claims	**3,985**	**2,753**	**4,042**	**1,723**	**1,045**	**2,549**	**11,625**	**1,903**	**1,333**	**28**
Impairment charges and other credit provisions	**(936)**	**(974)**	**(1,798)**	**(667)**	**(471)**	**(567)**	**(2,591)**		**(51)**	**(16)**
Net income	**3,049**	**1,779**	**2,244**	**1,056**	**574**	**1,982**	**9,034**	**1,903**	**1,282**	**12**
Operating expenses	**(2,440)**	**(1,030)**	**(1,494)**	**(1,113)**	**(852)**	**(1,469)**	**(6,592)**	**(1,154)**	**(1,138)**	**(570)**
Share of post-tax results of associates and joint ventures	**3**		**8**	**4**		**(4)**	**22**			**1**
Profit on disposal of subsidiaries, associates and joint ventures			**3**	**157**	**24**	**(3)**		**(1)**	**1**	**7**
Profit on disposal of discontinued operations								**6,331**		
Gain on acquisitions				**26**						
Profit before tax	**612**	**749**	**761**	**130**	**(254)**	**506**	**2,464**	**7,079**	**145**	**(550)**
As at 31st December 2009										
Total assets	**105,228**	**75,547**	**30,220**	**64,185**	**11,874**	**45,824**	**1,019,120**	**5,406**	**15,095**	**6,430**
Total liabilities	**102,934**	**68,108**	**5,543**	**48,049**	**9,836**	**25,769**	**951,192**	**416**	**41,648**	**66,848**

Note

a Continuing and discontinued operations including profit on disposal.

income in India. Impairment charges increased £306m to £471m with significant increases in India and the UAE, reflecting the impact of the economic recession across the business with continued pressure on liquidity, rising default rates and lower asset values. Operating expense growth of 24% reflected continued investment in Indonesia and Pakistan and investment in infrastructure across other markets.

Global Retail and Commercial Banking Absa profit before tax decreased 8% to £506m. Income growth of 16% was driven by solid balance sheet growth, the appreciation in the average value of the Rand against Sterling and higher fees and commissions. Operating expenses increased at a lower rate of 13% which led to an improvement in the cost:income ratio to 58% (2008: 59%). Impairment charges rose £220m to £567m as a result of higher delinquency levels in the retail portfolios reflecting high consumer indebtedness.

Business performance Investment Banking and Investment Management

Barclays Capital profit before tax increased 89% to £2,464m as a result of very strong performances in the UK, Europe and the US, partially offset by a charge of £1,820m relating to own credit (2008: £1,663m gain). Top-line income increased 81% to £17.9bn reflecting excellent results across the client franchise and a resilient fourth quarter with top-line income of £3.6bn. Fixed Income, Currency and Commodities (FICC) was up £5.6bn to £13.0bn following the expansion of the business and increased client flows. Top-line

income in Equities and Prime Services increased 147% and Investment Banking income more than doubled. Total credit market exposures were reduced by £14.1bn to £27.6bn. In addition £5.1bn of credit market assets (and £2.4bn of other assets) were sold to Protium Finance LP. Operating expenses were 75% higher than 2008 given the substantial increase in the overall scale of the business. The cost:income ratio improved to 57% (2008: 72%). Compensation expenses as a proportion of income reduced 38%, down from 44% in 2008. Total assets reduced 37% driven by initiatives to reduce derivative balances.

On 1st December 2009 Barclays completed the sale of Barclays Global Investors to BlackRock, Inc. Included in the consideration were 37.567 million new BlackRock shares giving Barclays an economic interest of 19.9% of the enlarged BlackRock group. The profit on disposal before tax was £6,331m. Profit before tax, excluding the profit on disposal, increased 26% to £748m (2008: £595m) following a recovery on liquidity support charges and an 18% appreciation in the average value of the US Dollar against Sterling.

Barclays Wealth profit before tax reduced 78% to £145m principally as a result of the impact of the sale of the closed life business in 2008 and the cost of the integration of Barclays Wealth Americas during 2009. Income was in line with 2008. Excluding the impact of these transactions there was solid growth in income due to growth in the client franchise and the product offering. Operating expenses grew by 22%, reflecting the integration of the US business, partially offset by the disposal of the closed life business. Total client assets increased by 4% (£6bn) to £151bn.

Financial review

Analysis of results by business

continued

Global Retail and Commercial Banking

UK Retail Banking

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

What we do

We are transforming Barclays to be the best bank in the UK by designing innovative, simple and transparent propositions, streamlining operating platforms and further leveraging Barclays Group capabilities.

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

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

Our business serves 15 million UK customers.

Performance

2009/08

In the continued challenging economic environment, UK Retail Banking profit before tax decreased 55% (£757m) to £612m (2008: £1,369m), impacted by low interest rates resulting in margin compression on the deposit book and increased impairment charges which together more than offset well controlled costs and an improved assets margin.

The number of Savings Accounts increased 10% to 13.2 million (31st December 2008: 12.0 million) and Mortgage Accounts increased 18,000 to 834,000 (31st December 2008: 816,000). Local Business customer numbers increased 26,000 to 686,000 (31st December 2008: 660,000) with gross new lending of £1,047m. Total loans and advances to customers increased £4.7bn to £99.1bn (31st December 2008: £94.4bn).

Income decreased 11% (£497m) to £3,985m (2008: £4,482m) reflecting the impact of margin compression, which more than offset good income growth in Home Finance.

Net interest income decreased 12% (£372m) to £2,624m (2008: £2,996m) driven by margin compression of £755m on liabilities after taking into account gains on product hedges implemented to protect income on current accounts and managed rate deposits. This was partially offset by increases in asset driven net interest income. Total average customer deposit balances increased 4% to £89.0bn (2008: £85.9bn), reflecting good growth in Personal Customer Current Account balances. The average liabilities margin declined to 1.36% (2008: 2.01%) reflecting reductions in UK base rates.

Average mortgage balances grew 10%, reflecting strongly positive net lending. Mortgage balances were £87.9bn at the end of the period (31st December 2008: £82.3bn), a market share of 7% (2008: 7%). Gross advances reduced to £14.2bn (2008: £22.9bn) reflecting a continued conservative approach to lending, with redemptions of £8.5bn (2008: £10.4bn). Net new mortgage lending was £5.7bn (2008: £12.5bn). The average loan to value ratio of the mortgage book (including buy-to-let) on a current valuation basis was 43% (2008: 40%). The average loan to value ratio of new mortgage lending was 48% (2008: 47%) and the assets margin increased to 1.32% (2008: 1.25%) reflecting increased returns from mortgages and consumer loans.

Net fee and commission income decreased 6% (£74m) to £1,225m (2008: £1,299m) reflecting changing customer usage together with lower mortgage application and redemption fees. Overall sales productivity resulted in fee income growth in investments.

Total impairment charges represented 0.93% (2008: 0.63%) of total gross loans and advances to customers and banks. Impairment charges increased 55% (£334m) to £936m (2008: £602m), reflecting lower expectations for recoveries in line with the current economic environment. Impairment charges within Consumer Lending increased 56% to £573m (2008: £368m) with impairment charges increasing 75% to £183m (2008: £105m) in Personal Customer Current Accounts. Mortgage impairment charges remained low at £26m (2008: £24m).

Operating expenses remained well controlled and decreased 3% (£79m) to £2,440m (2008: £2,519m). This reflected the receipt of a one-off credit of £175m resulting from the closure of the UK final salary pension scheme to existing members, offset by a year on year increase in pension costs of £115m and the non-recurrence of gains of £75m from the sale of property.

Key points

11.2m Personal customers with UK current accounts

13.2m Personal customers with UK savings accounts

LTV of mortgage book of 43% and LTV of new mortgage lending of 48%

686,000 Local Business customers

2008/07

UK Retail Banking profit before tax increased 7% (£94m) to £1,369m (2007: £1,275m) through solid income growth and continued good control of impairment and costs. The launch of new products and propositions supported a significant increase in customer accounts, with Current Accounts increasing 4% (0.4m) to 11.7m (2007: 11.3m), Savings Accounts increasing 8% (0.9m) to 12.0m (2007: 11.1m) and Mortgage Accounts increasing 8% (62,000) to 816,000 (2007: 754,000).

Income grew 4% (£185m) to £4,482m (2007: £4,297m) reflecting strong growth in Home Finance and solid growth in Consumer Lending and Local Business, partially offset by reduced income from Personal Customer Savings Accounts due to the impact of the reductions in the UK base rates in the second half of 2008.

Net interest income increased 5% (£138m) to £2,996m (2007: £2,858m) driven by strong growth in loans and advances. Total average customer deposit balances increased 5% to £85.9bn (2007: £81.8bn), reflecting solid growth in Personal Customer and Local Business balances. The average liabilities margin declined to 2.01% (2007: 2.15%) reflecting the reductions in UK base rates in the second half of 2008.

Mortgage balances grew 18%, driven by increased share of new lending and higher levels of balance retention. Mortgage balances were £82.3bn at the end of the period (31st December 2007: £69.8bn), a market share of

7% (2007: 6%). Gross advances were stable at £22.9bn, with redemptions of £10.4bn (2007: £15.0bn). Net new lending was £12.5bn (2007: £8.0bn), a market share[a] of 36% (2007: 8%). The average loan to value ratio of the mortgage book (including buy-to-let) on a current valuation basis was 40% (2007: 34%). The average loan to value ratio of new mortgage lending was 47% (2007: 49%). The assets margin increased to 1.25% (2007: 1.20%) reflecting increased returns from mortgages.

Net fee and commission income increased 10% (£116m) to £1,299m (2007: £1,183m) reflecting £116m settlements on overdraft fees in 2007. Excluding this, net fees and commissions were stable.

Impairment charges increased 8% (£43m) to £602m (2007: £559m), reflecting growth in customer assets of 15% and the impact of the current economic environment. Mortgage impairment charges were £24m (2007: release of £3m). Impairment charges within Consumer Lending increased 3%.

Operating expenses increased 2% (£49m) to £2,519m (2007: £2,470m) reflecting reduced gains from the sale of property of £75m (2007: £193m). Continued strong and active management of expense lines, including back-office consolidation and process efficiencies, funded increased investment in product development and distribution channels.

The cost:income ratio improved one percentage point to 56% (2007: 57%).

UK Retail Banking	**2009** **£m**	2008 £m	2007 £m
Income statement information			
Net interest income	**2,624**	2,996	2,858
Net fee and commission income	**1,225**	1,299	1,183
Net premiums from insurance contracts	**198**	205	252
Other income	**6**	17	47
Total income	**4,053**	4,517	4,340
Net claims and benefits on insurance contracts	**(68)**	(35)	(43)
Total income net of insurance claims	**3,985**	4,482	4,297
Impairment charges	**(936)**	(602)	(559)
Net income	**3,049**	3,880	3,738
Operating expenses excluding amortisation of intangible assets	**(2,400)**	(2,499)	(2,461)
Amortisation of intangible assets	**(40)**	(20)	(9)
Operating expenses	**(2,440)**		