BARCLAYS PLC
Form 6-K
August 03, 2009
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

PURSUANT TO RULE 13A-16 OR 15D-16

UNDER THE SECURITIES EXCHANGE ACT OF 1934

3 August 2009

Barclays PLC and

Barclays Bank PLC

(Names of Registrants)

1 Churchill Place

London E14 5HP

England

(Address of principal executive offices)

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

Form 20-F x Form 40-F ¨

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ______

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

THIS REPORT ON FORM 6-K SHALL BE DEEMED TO BE INCORPORATED BY REFERENCE IN THE REGISTRATION STATEMENTS ON FORM F-3 (NO. 333-145845) AND FORM S-8 (NOS. 333-112796, 333-112797, 333-149301 AND 333-149302) OF BARCLAYS BANK PLC AND THE REGISTRATION STATEMENT ON FORM S-8 (NO. 333-153723) OF BARCLAYS PLC AND TO BE A PART THEREOF FROM THE DATE ON WHICH THIS REPORT IS FURNISHED, TO THE EXTENT NOT SUPERSEDED BY DOCUMENTS OR REPORTS SUBSEQUENTLY FILED OR FURNISHED.

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

The Report comprises:

The results of Barclays PLC and Barclays Bank PLC as of, and for the six months ended, 30th June 2009.

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SIGNATURES

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

BARCLAYS PLC
(Registrant)

Date: August 3, 2009

By: /s/ Marie Smith
Name: Marie Smith
Title: Assistant Secretary

BARCLAYS BANK PLC
(Registrant)

Date: August 3, 2009

By: /s/ Marie Smith
Name: Marie Smith
Title: Assistant Secretary

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BARCLAYS PLC AND BARCLAYS BANK PLC

This document includes portions from the previously published results announcement of Barclays PLC and Barclays Bank PLC as of, and for the six months ended, June 30, 2009, as amended to comply with the requirements of Regulation G and Item 10(e) of Regulation S-K promulgated by the U.S. Securities and Exchange Commission (the SEC), and also includes the reconciliation to certain financial information prepared in accordance with international financial reporting standards (IFRS). The purpose of this document is to provide such additional disclosure as required by Regulation G and Regulation S-K Item 10 (e), to delete certain information not in compliance with SEC regulations and to include reconciliations of certain non-IFRS figures to the most directly equivalent IFRS figures, as of, and for the six months ended, June 30, 2009. This document does not update or otherwise supplement the information contained in the previously published results announcement.

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

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

Unless otherwise stated, the income statement analyses compare the six months to 30th June 2009 to the corresponding six months of 2008. Balance sheet comparisons, unless otherwise stated, relate to the corresponding position at 31st December 2008.

In accordance with Barclays policy to provide meaningful disclosures that help investors and other stakeholders understand the financial position, performance and changes in the financial position of the Group for the period, the information provided in this report goes beyond the minimum levels required by accounting standards and listing rules for interim reporting. In the specific context of facilitating an understanding of the recent market turmoil Barclays has considered best practice recommendations relating to disclosure and feedback from investors, regulators and other stakeholders on the disclosures that investors would find most useful.

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 , antic target , expect , estimate , intend , plan , goal , believe or other words of similar meaning. Examples of forward-looking st 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 integration of the Lehman Brothers North American businesses into the Group s business and the quantification of the benefits resulting from such acquisition, the proposed disposal of Barclays Global Investors and the impact on the Group, the outcome of pending and future litigation, the success of future acquisitions and other strategic transactions and the impact of competition a number of which factors are beyond the Group s control. As a result, the Group s actual future results may differ materially from the plans, goals, and expectations set forth in the Group s forward-looking statements.

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

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Group Performance

Barclays delivered profit before tax of £2,745m in the first half of 2009, an increase of 21% on 2008. This was after absorbing a further £4,677m of gross losses on credit market exposures (including impairment of £1,170m) and other Group impairment of £3,386m, and £1,192m of gains on debt buy-backs and extinguishment which more than offset a charge of £893m relating to the tightening of own credit spreads.

Income grew 41% to £15,318m. Growth was particularly strong in Barclays Capital, Barclaycard and a number of the international businesses within Global Retail and Commercial Banking (GRCB). Within GRCB however, the momentum of income growth is slowing as the impact of margin compression on deposit income resulting from very low absolute levels of interest rates takes effect and as we have slowed the rate of growth in distribution points across the business. Within Barclays Capital reported income is up 79% compared to the first half of 2008 reflecting the impact of the successful integration of the acquired Lehman Brothers North American businesses and as buoyant market conditions observed across most financial markets in the first quarter of 2009 continued through the second quarter. Barclays Capital also experienced losses of £3,507m relating to credit market exposures held in its trading books, with a marked deterioration in valuations in monolines and commercial real estate in the US and Europe having a notable impact. In addition a charge of £893m relating to own credit on issued structured notes was recognised as credit spreads tightened.

Impairment charges of £4,556m increased 86% on the first half of 2008. These charges included £1,170m against credit market exposures within Barclays Capital. Wholesale impairment charges increased significantly in the corporate loan books of both Barclays Commercial Bank and in Barclays Capital as corporate credit conditions worsened sharply. In UK Retail Banking impairment increased mainly in Consumer Lending as unemployment continued to rise. UK mortgage impairment charges remained relatively low. Loan loss rates continued to rise at Barclaycard, up to 6.8% across our UK books and 9.8% across our US books for the first half on an annualised basis. Significant impairment growth in our Global Retail and Commercial Banking businesses in Western Europe, Absa and Emerging Markets impacted the retail segments in these markets in particular and also our commercial property and SME portfolios in Spain. The loan loss rate for the period was 144 basis points when measured against constant year-end loans and advances balances and impairment at average 2008 foreign exchange rates.

Operating expenses increased 29% to £8,051m. Much of this increase related to prior year growth across our distribution network in GRCB and the Lehman Brothers North American businesses expansion at Barclays Capital. Overall costs across GRCB increased 13%. Adjusting for the non-recurrence of gains from the sale of property, costs across GRCB increased 10% reflecting higher pension costs, growth in the distribution network and new operations in Western Europe and Emerging Markets including entry into Russia, Pakistan and Indonesia. The number of full-time employees across the GRCB businesses decreased 5% over the period. The Group s staff numbers fell 5% to 145,200 (31st December 2008: 152,800).

Outlook

We expect the remainder of 2009 to be challenging, with continuing recessions in many of the economies in which we are represented. In the first half of 2009 our profits were reduced by the impacts of substantial gross credit market losses and impairment. For the remainder of 2009, we expect credit market losses to be lower than in the first half but impairment trends to be consistent with those experienced over the first half.

Official interest rates in the UK and elsewhere have reduced significantly in response to the continuing recession. This has had and will continue to have the impact of substantially reducing the spread generated on our retail and commercial banking liabilities, particularly in the UK. We expect this to continue while interest rates are low. The impact on Barclays will be reduced to an extent by our interest rate hedges, which we expect to mitigate around 50% of the second half impact of low interest rates on our liabilities margin. As well as interest rate reductions, governments in the UK and elsewhere have taken significant measures to assist borrowers and lenders. We expect the combined impact of these measures and the lower interest rate environment to be positive for the economy in time.

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Results by Business

UK Retail Banking

	Half Year Ended 30.06.09	Half Year Ended 31.12.08	Half Year Ended 30.06.08
Income Statement Information	£m	£m	£m
Net interest income	1,315	1,543	1,453
Net fee and commission income	613	660	639
Net premiums from insurance contracts	107	102	103
Other income	7	17	-
Total income	**2,042**	**2,322**	**2,195**
Net claims and benefits incurred under insurance contracts	(35)	(16)	(19)
Total income net of insurance claims	**2,007**	**2,306**	**2,176**
Impairment charges and other credit provisions	(469)	(314)	(288)
Net income	**1,538**	**1,992**	**1,888**
Operating expenses excluding amortisation of intangible assets	(1,253)	(1,304)	(1,195)
Amortisation of intangible assets	(19)	(13)	(7)
Operating expenses	**(1,272)**	**(1,317)**	**(1,202)**
Share of post-tax results of associates and joint ventures	2	4	4
Profit before tax	**268**	**679**	**690**
Balance Sheet Information			
Loans and advances to customers at amortised cost	£96.1bn	£94.4bn	£89.1bn
Customer accounts	£91.5bn	£89.6bn	£88.4bn
Total assets	£102.6bn	£101.4bn	£96.3bn
Performance Ratios			
Cost:income ratio[1]	63%	57%	55%

Other Financial Measures

Risk weighted assets	£31.7bn	£30.5bn	£31.7bn

1 Defined on page 94.

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Results by Business

UK Retail Banking

In a challenging economic environment UK Retail Banking profit before tax decreased 61% (£422m) to £268m (2008: £690m), impacted by the current low interest rates resulting in margin compression on the deposit book, increased impairment charges, the non-recurrence of gains from the sale of property and higher pension costs.

The number of savings accounts increased 8% to 13.0m (31st December 2008: 12.0m), mortgage accounts increased 8,000 to 824,000 (31st December 2008: 816,000). Local Business customer numbers increased 12,000 to 672,000 (31st December 2008: 660,000) and there was gross new lending of £561m. Total loans and advances to customers increased £1.7bn to £96.1bn (31st December 2008: £94.4bn).

Income decreased 8% (£169m) to £2,007m (2008: £2,176m) reflecting the impact of margin compression, which more than offset excellent growth in Home Finance and good growth in Consumer Lending.

Net interest income decreased 9% (£138m) to £1,315m (2008: £1,453m) driven by margin compression of £381m 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 3% to £88.5bn (2008: £85.7bn), reflecting solid growth in Personal Customer Current Account and Savings balances.

Average mortgage balances grew 13%, reflecting positive net lending. Mortgage balances were £84.4bn at the end of the period (31st December 2008: £82.3bn), a market share of 7% (2008: 7%). Gross advances reduced to £6.0bn (2008: £12.7bn) reflecting a continued conservative approach to lending, with redemptions of £3.8bn (2008: £5.6bn). Net new mortgage lending was £2.2bn (2008: £7.1bn), in a market of £1.1bn (2008: £26.3bn). The average loan to value ratio of the mortgage book (including buy-to-let) on a current valuation basis was 44% (2008: 40%). The average loan to value ratio of new mortgage lending was 46% (2008: 47%).

Net fee and commission income decreased 4% (£26m) to £613m (2008: £639m) reflecting reduced income from mortgage application and redemption fees.

Impairment charges increased 63% (£181m) to £469m (2008: £288m), reflecting lower expectations for recoveries in line with the current economic environment and growth in customer assets of 8%. Impairment charges within Consumer Lending increased 54% to £284m (2008: £185m) and mortgage impairment charges remained relatively low at £35m (2008: £1m). Total impairment charges represented 0.98% (2008: 0.65%) of total loans and advances to customers.

Operating expenses increased 6% (£70m) to £1,272m (2008: £1,202m) reflecting the non-recurrence of gains from the sale of property of £65m and increased costs relating to pensions.

Total assets increased 1% to £102.6bn (31st December 2008: £101.4bn) driven by net new mortgage lending of £2.2bn. Risk weighted assets increased 4% (£1.2bn) to £31.7bn (31st December 2008: £30.5bn) reflecting growth in asset balances and impact of the current economic environment.

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Results by Business

Barclays Commercial Bank

	Half Year Ended 30.06.09	Half Year Ended 31.12.08	Half Year Ended 30.06.08
Income Statement Information	£m	£m	£m
Net interest income	857	883	874
Net fee and commission income	475	464	397
Net trading (loss)/income	-	(1)	4
Net investment (loss)/income	(26)	11	8
Principal transactions	**(26)**	**10**	**12**
Other income	107	39	66
Total income	**1,413**	**1,396**	**1,349**
Impairment charges and other credit provisions	(467)	(266)	(148)
Net income	**946**	**1,130**	**1,201**
Operating expenses excluding amortisation of intangible assets	(533)	(554)	(494)
Amortisation of intangible assets	(9)	(11)	(4)
Operating expenses	**(542)**	**(565)**	**(498)**
Share of post-tax results of associates and joint ventures	-	(1)	(1)
Profit before tax	**404**	**564**	**702**
Balance Sheet Information			
Loans and advances to customers at amortised cost	£62.5bn	£67.5bn	£67.5bn
Customer accounts	£56.8bn	£60.6bn	£61.3bn
Total assets	£77.6bn	£84.0bn	£81.0bn

Performance Ratios

Cost:income ratio[1]	38%	40%	37%
Other Financial Measures			
Risk weighted assets	£61.5bn	£63.1bn	£58.6bn

1 Defined on page 94.

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Results by Business

Barclays Commercial Bank

Barclays Commercial Bank profit before tax decreased 42% (£298m) to £404m (2008: £702m) in a challenging economic environment. Income benefited from continued momentum from net fees and commissions and a gain of £83m from the repurchase of securitised debt issued. 2008 included a £42m gain from restructuring of Barclays interest in a third party finance operation. This was more than offset by a significant increase in impairment resulting from the impact of the UK recession with rising default rates and falling asset values.

Income grew 5% (£64m) to £1,413m (2008: £1,349m).

Net interest income fell 2% (£17m) to £857m (2008: £874m). Although there was good growth in average lending of 10% (£5.8bn) to £64.9bn (2008: £59.0bn) reflecting the continued commitment to lend to viable businesses, income from deposits was affected by margin compression of £83m resulting from the fall in base rate.

Non-interest income increased to 39% of total income (2008: 35%) partly reflecting continued focus on cross sales, impacts of new initiatives and efficient balance sheet utilisation. Net fee and commission income increased 20% (£78m) to £475m (2008: £397m), driven by strong debt fees and an increase in customer demand for risk management solutions in particular derivative sales and foreign exchange income.

Principal transactions income decreased £38m to a loss of £26m (2008: profit of £12m), impacted by investment writedowns and fewer opportunities for equity realisations in the current market.

Other income of £107m (2008: £66m) included income from the repurchase of securitised debt issued of £83m (2008: £7m) and rental income from operating leases of £18m (2008: £11m). Prior year income included a £42m gain from restructuring of Barclays interest in a third party finance operation.

Impairment charges rose to £467m (2008: £148m), primarily reflecting the impact of the economic recession across Larger and Medium businesses with pressures on corporate liquidity, falling asset values and rising default rates. Impairment as a percentage of period-end loans and advances to customers and banks increased to 1.43% (2008: 0.42%).

Operating expenses were tightly controlled and increased 9% (£44m) to £542m (2008: £498m) as a result of increased pension costs and the non-recurrence of gains on the sale of property.

Total assets fell 8% to £77.6bn (31st December 2008: £84.0bn) driven by reduced customer overdraft borrowings and lower volumes in Barclays Asset and Sales Finance (BASF). New term lending extended to customers was £7.4bn. Risk weighted assets fell 3% (£1.6bn) to £61.5bn (31st December 2008: £63.1bn) largely reflecting the reduction in assets and currency movements.

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Results by Business

Barclaycard

	Half Year Ended 30.06.09	Half Year Ended 31.12.08	Half Year Ended 30.06.08
Income Statement Information	£m	£m	£m
Net interest income	1,357	999	787
Net fee and commission income	620	715	584
Net trading income	1	1	1
Net investment income	20	64	16
Principal transactions	**21**	**65**	**17**
Net premiums from insurance contracts	21	26	18
Other income	1	1	18
Total income	**2,020**	**1,806**	**1,424**
Net claims and benefits incurred under insurance contracts	(11)	(5)	(6)
Total income net of insurance claims	**2,009**	**1,801**	**1,418**
Impairment charges and other credit provisions	(915)	(620)	(477)
Net income	**1,094**	**1,181**	**941**
Operating expenses excluding amortisation of intangible assets	(671)	(747)	(614)
Amortisation of intangible assets	(37)	(34)	(27)
Operating expenses	**(708)**	**(781)**	**(641)**
Share of post-tax results of associates and joint ventures	2	(2)	(1)
Profit on disposal of subsidiaries, associates and joint ventures	3	-	-
Gain on acquisition	-	3	89
Profit before tax	**391**	**401**	**388**

Balance Sheet Information			
Loans and advances to customers at amortised cost	£26.0bn	£27.4bn	£22.1bn
Total assets	£29.5bn	£30.9bn	£24.3bn
Performance Ratios			
Cost:income ratio[1]	35%	43%	45%
Other Financial Measures			
Risk weighted assets	£26.9bn	£27.3bn	£22.8bn

1 Defined on page 94.

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Results by Business

Barclaycard

Barclaycard profit before tax increased 1% (£3m) to £391m (2008: £388m) reflecting a resilient performance in challenging market conditions. Strong income growth across the portfolio, driven by increased lending, improved margins and foreign exchange gains, was offset by higher impairment charges, driven by the deterioration in the global economy and increased operating expenses, due to acquisitions in 2008. 2008 results include a gain on acquisition net of restructuring expenses relating to the purchase of Goldfish, and a gain on a portfolio sale in the US.

Income growth of 42% (£591m) to £2,009m (2008: £1,418m) reflected strong growth across the portfolios through acquisitions, lower funding rates, and the appreciation of the average values of the US dollar and the Euro against Sterling.

Net interest income increased 72% (£570m) to £1,357m (2008: £787m) driven by strong growth in international average extended credit card balances, up 93% to £8.1bn (2008: £4.2bn), and lower funding rates as margins improved.

Net fee and commission income increased 6% (£36m) to £620m (2008: £584m) with growth in Barclaycard International offset by lower volumes in FirstPlus.

Principal transactions of £21m (2008: £17m) included a £20m gain from the sale of MasterCard shares (2008: £16m).

Other income in 2008 included a £18m gain on the sale of a portfolio in the US.

Impairment charges increased £438m (92%) to £915m (2008: £477m) reflecting higher charges in Barclaycard International portfolios, particularly Barclaycard US which was driven by loan growth and higher delinquency due to deteriorating economic conditions. Impairment in the international markets was adversely affected by the appreciation of the average values of the US Dollar and the Euro gaining against Sterling. UK portfolio charges were higher as a result of rising delinquency and the inclusion of Goldfish in UK Cards.

Operating expenses increased 10% (£67m) to £708m (2008: £641m), due to growth in the portfolios including the acquisitions made in the UK, US and South Africa in 2008, and the depreciation of the average value of Sterling against the US Dollar and the Euro. Costs in 2008 include £54m of restructuring relating to the Goldfish acquisition.

The purchase of Goldfish resulted in a gain on acquisition of £89m in 2008.

Barclaycard International profit before tax decreased 41% to £59m (2008: £100m). Strong income growth driven by higher average extended credit balances was more than offset by impairment growth and increased operating expenses. International customers grew by 3.7m (46%) to 11.8m, primarily in the second half of 2008, including a 36% increase in the US, as scale continued to be built across the portfolios.

Total assets decreased 5% to £29.5bn (31st December 2008: £30.9bn) reflecting the appreciation of Sterling against the US Dollar and Euro, the decision to stop writing new business in FirstPlus and tighter lending criteria. Risk weighted assets decreased 1% (£0.4bn) to £26.9bn (31st December 2008: £27.3bn) reflecting the appreciation of Sterling and lower secured lending balances in FirstPlus.

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Results by Business

Global Retail and Commercial Banking - Western Europe

	Half Year Ended 30.06.09	Half Year[2] Ended 31.12.08	Half Year Ended 30.06.08
Income Statement Information	£m	£m	£m
Net interest income	621	497	378
Net fee and commission income	210	199	190
Net trading (loss)/income	(6)	(18)	11
Net investment income	64	109	52
Principal transactions	**58**	**91**	**63**
Net premiums from insurance contracts	289	169	183
Other income	8	34	16
Total income	**1,186**	**990**	**830**
Net claims and benefits incurred under insurance contracts	(300)	(176)	(189)
Total income net of insurance claims	**886**	**814**	**641**
Impairment charges and other credit provisions	(301)	(194)	(103)
Net income	**585**	**620**	**538**
Operating expenses excluding amortisation of intangible assets	(535)	(524)	(417)
Amortisation of intangible assets	(19)	(13)	(6)
Operating expenses	**(554)**	**(537)**	**(423)**
Gain on acquisition	-	52	-
Profit before tax	**31**	**135**	**115**
Balance Sheet Information			
Loans and advances to customers at amortised cost	£49.0bn	£53.9bn	£41.1bn
Customer accounts	£16.5bn	£15.6bn	£11.4bn

Total assets	£59.9bn	£65.5bn	£51.5bn
Performance Ratios			
Cost:income ratio[1]	63%	66%	66%
Other Financial Measures			
Risk weighted assets	£30.1bn	£37.0bn	£29.1bn

1 Defined on page 94.
2 H2 2008 figures have been restated to include Barclays Russia.

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Results by Business

Global Retail and Commercial Banking - Western Europe

Global Retail and Commercial Banking Western Europe profit before tax fell by 73% (£84m) to £31m (2008: £115m). The results include an operating loss before tax of £35m related to Barclays Russia and restructuring charges of £24m largely concentrated in Spain. All businesses traded profitably except for Barclays Russia which experienced a sharp increase in Rouble funding costs in the first quarter. Profit before tax was favourably impacted by the 15% appreciation in the average value of the Euro against Sterling.

Income increased across all countries improving 38% (£245m) to £886m (2008: £641m) as a result of the significant expansion in the distribution network in 2007 and 2008. The number of distribution points increased 40 to 1,221 (31st December 2008: 1,181).

Net interest income increased 64% (£243m) to £621m (2008: £378m). The increase was principally driven by strong growth in average customer assets of 32% to £51.1bn (2008: £38.7bn) and higher average margins on assets of 1.29% (2008: 1.13%). Average customer liabilities saw strong growth of 55% to £14.9bn (2008: £9.6bn).

Net fee and commission income, predominantly generated from asset management and insurance product lines, increased 11% (£20m) to £210m (2008: £190m), benefiting from the recent recovery in global equity markets.

Principal transactions fell 8% (£5m) to £58m (2008: £63m), in part due to the non-recurrence of the gain on the sale of shares in MasterCard (2008: £17m).

Impairment charges increased £198m to £301m (2008: £103m), principally due to higher impairment in Spain on the commercial property, construction and SME portfolios and the Spanish cards business.

Operating expenses increased 31% (£131m) to £554m (2008: £423m) due to the continued expansion of the Italian and Portuguese networks, the addition of Barclays Russia, restructuring charges of £24m and lower gains from the sale of property of £8m (2008: £37m). The cost:income ratio improved three percentage points to 63% (2008: 66%).

Total assets decreased 9% to £59.9bn (31 December 2008: £65.5bn) principally due to the depreciation in the Euro against Sterling. Risk weighted assets decreased 19% (£6.9bn) to £30.1bn (31st December 2008: £37.0bn) driven by active management, the migration of key retail mortgage portfolios onto the advanced credit risk approach and the depreciation of the Euro against Sterling.

On 25th June 2009, Barclays and CNP Assurances SA (CNP) agreed to establish a long-term life insurance joint venture in Spain, Portugal and Italy. Barclays will sell a 50 per cent stake in Barclays Vida y Pensiones Compania de Seguros, Barclays Iberian life insurance and pensions subsidiary, to CNP. CNP will pay Barclays an upfront cash consideration of approximately 140m (£120m) on completion and an additional consideration up to a maximum of 450m (£385m) over a period of 12 years, dependent on the achievement of certain targets. The transaction is expected to complete in the second half of 2009, subject to regulatory approval.

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Results by Business

Global Retail and Commercial Banking - Emerging Markets

	Half Year Ended 30.06.09	Half Year[2] Ended 31.12.08	Half Year Ended 30.06.08
Income Statement Information	£m	£m	£m
Net interest income	383	346	251
Net fee and commission income	113	121	96
Net trading income	31	46	42
Net investment income	1	74	17
Principal transactions	**32**	**120**	**59**
Other income	1	(3)	4
Total income	**529**	**584**	**410**
Impairment charges and other credit provisions	(213)	(99)	(66)
Net income	**316**	**485**	**344**
Operating expenses excluding amortisation of intangible assets	(417)	(395)	(290)
Amortisation of intangible assets	(2)	(1)	(2)
Operating expenses	**(419)**	**(396)**	**(292)**
Profit on disposal of subsidiaries, associates and joint ventures	17	-	-
(Loss)/profit before tax	**(86)**	**89**	**52**
Balance Sheet Information			
Loans and advances to customers at amortised cost	£7.4bn	£9.7bn	£6.7bn
Customer accounts	£7.7bn	£9.3bn	£7.1bn
Total assets	£11.2bn	£13.9bn	£11.0bn

Performance Ratios			
Cost:income ratio[1]	79%	68%	71%
Other Financial Measures			
Risk weighted assets	£11.3bn	£14.6bn	£12.1bn

1 Defined on page 94.
2 H2 2008 figures have been restated to exclude Barclays Russia.

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Results by Business

Global Retail and Commercial Banking - Emerging Markets

Global Retail and Commercial Banking - Emerging Markets made a loss before tax of £86m (2008: £52m profit). Strong income growth across all regions was offset by significantly increased retail impairment in India and UAE and the cost of investment in the new markets of Pakistan and Indonesia. Despite economic challenges, profit before tax in the established markets in Africa and the Indian Ocean increased £21m to £94m (2008: £73m).

Income increased 29% (£119m) to £529m (2008: £410m) as a result of business growth across most markets.

Net interest income increased 53% (£132m) to £383m (2008: £251m), driven by retail and commercial balance sheet growth in the second half of 2008 with average customer assets up 61% to £9.0bn (2008: £5.6bn) and customer deposits up 27% to £8.4bn (2008: £6.6bn).

Net fee and commission income increased 18% (£17m) to £113m (2008: £96m) primarily driven by growth in retail and commercial fee income.

Principal transactions decreased 46% (£27m) to £32m (2008: £59m) due to the non-recurrence of a gain from the sale of shares in Mastercard (2008: £14m) and lower foreign exchange income.

Impairment charges increased £147m to £213m (2008: £66m) mainly reflecting weakening delinquency trends, primarily across India and UAE due to the deteriorating credit environments and portfolio maturation especially across the retail sector.

Operating expenses increased 43% (£127m) to £419m (2008: £292m) reflecting continued investment in Pakistan and Indonesia and investment in infrastructure, people and the rollout of global platforms in existing markets.

Profit on disposal of subsidiaries, associates and joint ventures was £17m representing the sale of a 5% stake in the GRCB Emerging Markets Botswana business.

Total assets decreased 19% (£2.7bn) to £11.2bn (31st December 2008: £13.9bn) driven by a realignment of lending strategy in light of the economic downturn. Risk weighted assets decreased 23% (£3.3bn) to £11.3bn (31st December 2008: £14.6bn) as the business managed down corporate and retail exposure in select markets in response to tighter global credit conditions, and the movements of Sterling against other currencies.

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Results by Business

Global Retail and Commercial Banking - Absa

Income Statement Information	Half Year Ended 30.06.09 £m	Half Year Ended 31.12.08 £m	Half Year Ended 30.06.08 £m
Net interest income	616	605	499
Net fee and commission income	434	414	348
Net trading (loss)/income	(12)	(71)	77
Net investment income	66	56	49
Principal transactions	**54**	**(15)**	**126**
Net premiums from insurance contracts	138	123	111
Other income	40	90	23
Total income	**1,282**	**1,217**	**1,107**
Net claims and benefits incurred under insurance contracts	(75)	(66)	(60)
Total income net of insurance claims	**1,207**	**1,151**	**1,047**
Impairment charges and other credit provisions	(295)	(222)	(125)
Net income	**912**	**929**	**922**
Operating expenses excluding amortisation of intangible assets	(639)	(652)	(603)
Amortisation of intangible assets	(26)	(26)	(24)
Operating expenses	**(665)**	**(678)**	**(627)**
Share of post-tax results of associates and joint ventures	-	2	3
Profit on disposal of subsidiaries, associates and joint ventures	1	1	-
Profit before tax	**248**	**254**	**298**

Balance Sheet Information			
Loans and advances to customers at amortised cost	£34.1bn	£32.7bn	£28.5bn
Customer accounts	£18.0bn	£17.0bn	£13.1bn
Total assets	£42.6bn	£40.4bn	£34.2bn
Performance Ratios			
Cost:income ratio[1]	55%	59%	60%
Other Financial Measures			
Risk weighted assets	£20.2bn	£18.8bn	£15.8bn

1 Defined on page 94.

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Results by Business

Global Retail and Commercial Banking - Absa

Global Retail and Commercial Banking - Absa profit before tax decreased 17% (£50m) to £248m (2008: £298m) owing to challenging market conditions despite the 11% appreciation in the average value of the Rand against Sterling. Modest Rand income growth was offset by increased impairment.

Income increased 15% (£160m) to £1,207m (2008: £1,047m) predominantly reflecting the impact of exchange rate movements.

Net interest income improved 23% (£117m) to £616m (2008: £499m) reflecting the appreciation in the average value of the Rand against Sterling and solid balance sheet growth. Average customer assets increased 21% to £31.8bn (2008: £26.3bn) primarily driven by retail and commercial mortgages, instalment finance and commercial cheque accounts. Average customer liabilities increased 32% to £16.5bn (2008: £12.5bn), primarily driven by retail savings.

Net fee and commission income increased 25% (£86m) to £434m (2008: £348m), reflecting pricing increases and the impact of exchange rate movements.

Principal transactions decreased £72m to £54m (2008: £126m) reflecting gains of £17m from the sale of shares in MasterCard offset by the non-recurrence in 2009 of gains on economic hedges and the Visa IPO (2008: £46m).

Net premiums from insurance contracts increased 24% (£27m) to £138m (2008: £111m) reflecting strong volumes in short-term insurance and the impact of exchange rate movements.

Other income increased £17m to £40m (2008: £23m) reflecting higher property rental income, and fair value gains on investment properties.

Impairment charges increased £170m to £295m (2008: £125m) as a result of rising delinquency levels in the retail portfolios as a result of high consumer indebtedness, despite the decline in interest and inflation rates during the first half of the year.

Operating expenses increased 6% (£38m) to £665m (2008: £627m). The cost:income ratio improved five percentage points to 55% (2008: 60%).

Total assets increased 5% (£2.2bn) to £42.6bn (31st December 2008: £40.4bn) and risk weighted assets increased 7% (£1.4bn) to £20.2bn (31st December 2008: £18.8bn), reflecting the impact of exchange rate movements, partially offset by the disclosure of Absa s Wealth business within Barclays Wealth.

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Results by Business

Barclays Capital

	Half Year Ended 30.06.09	Half Year Ended 31.12.08	Half Year Ended 30.06.08
Income Statement Information	£m	£m	£m
Net interest income	828	1,022	702
Net fee and commission income	1,547	863	566
Net trading income/(loss)	3,980	(330)	1,836
Net investment (loss)/income	(265)	255	304
Principal transactions	**3,715**	**(75)**	**2,140**
Other (loss)/income	(1)	10	3
Total income	**6,089**	**1,820**	**3,411**
Impairment charges and other credit provisions	(1,874)	(1,197)	(1,226)
Net income	**4,215**	**623**	**2,185**
Operating expenses excluding amortisation of intangible assets	(3,073)	(2,018)	(1,664)
Amortisation of intangible assets	(103)	(77)	(15)
Operating expenses	**(3,176)**	**(2,095)**	**(1,679)**
Share of post-tax results of associates and joint ventures	8	(12)	18
Gain on acquisition	-	2,262	-
Profit before tax	**1,047**	**778**	**524**
Balance Sheet Information			
Corporate lending portfolio	£58.3bn	£76.6bn	£62.1bn
Loans and advances to banks and customers at amortised cost	£173.5bn	£206.8bn	£178.2bn

Total assets	£1,133.7bn	£1,629.1bn	£966.1bn
Performance Ratios			
Cost:income ratio[1]	52%	115%	49%
Other Financial Measures			
Risk weighted assets	£209.8bn	£227.4bn	£168.1bn
Average DVaR (95%)	£87.4m	£62.6m	£43.8m

1 Defined further on page 94.

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Results by Business

Barclays Capital

Barclays Capital profit before tax increased 100% to £1,047m (2008: £524m). The substantial increase in income and profit reflected very strong performances in the UK, Europe and Asia and a transformation in the scale and service offering in the US through the integration of the acquired Lehman businesses. Profit before tax also reflected credit market writedowns of £4,677m (2008: £3,333m), including £1,170m of impairment, and a loss on own credit of £893m (2008: £852m gain).

	Half Year Ended 30.06.09	Half Year Ended 31.12.08	Half Year Ended 30.06.08
Analysis of Total Income	£m	£m	£m
Fixed Income, Currency and Commodities	7,888	3,735	3,618
Equities and Prime Services	1,625	631	522
Investment Banking	1,086	580	473
Principal Investments	(110)	128	171
Top-line income	**10,489**	**5,074**	**4,784**
Credit market losses in income	(3,507)	(4,065)	(2,225)
Own credit	(893)	811	852
Total Income	**6,089**	**1,820**	**3,411**

Income of £6,089m was up 79% (2008: £3,411m), reflecting strength across the client franchise. Fixed Income, Currency and Commodities produced excellent results which drove a strong increase in trading and interest income. In particular Barclays Capital benefited from increased client flows and wider spreads in fixed income rates and credit. This was supported by significant growth in emerging markets and commodities and increased volumes in currencies. The contribution from Equities and Prime Services increased significantly following the Lehman Brothers North American businesses acquisition with a strong performance in equity cash and derivative products, and in prime services from the expanded client base and increased margins.

Investment Banking, which comprises advisory businesses and equity and debt underwriting, delivered significant net revenues driven by origination and advisory activity. Together with the cash equity business, this drove a significant rise in fee and commission income.

Net investment loss of £265m (2008: income of £304m) was driven by realised losses in a commercial real estate equity investment and losses in our principal investments business.

Impairment of £1,874m (2008: £1,226m) included non credit market related impairment of £704m (2008: £118m) which principally related to charges in the portfolio management, global loans and principal investment businesses.

Operating expenses increased 89% to £3,176m (2008: £1,679m), reflecting the inclusion of the acquired Lehman business and higher performance related costs.

Total headcount decreased from 23,100 at 31st December 2008 to 21,900 as a result of reductions across the business, which more than offset recruitment.

The corporate lending portfolio declined 24% to £58.3bn (31st December 2008: £76.6bn), primarily due to reductions in lending to non UK clients, the repayment of leveraged finance exposure and the appreciation of Sterling against other currencies.

Total assets reduced 30% to £1,133.7bn (31st December 2008: £1,629.1bn) primarily as a result of reductions in derivative balances. Risk weighted assets reduced 8% to £209.8bn (31st December 2008: £227.4bn) driven by the reduction in the balance sheet offset by the impact of credit downgrades.

Average DVaR at 95% of £87.4m was broadly in line with the total DVaR as at 31st December 2008. Total DVaR at 30th June 2009 was £71.1m.

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Results by Business

Barclays Global Investors

Barclays Global Investors profit before tax increased 4% (£11m) to £276m (2008: £265m). Profit was impacted by recovery on liquidity support charges, deal costs of £106m and a 32% appreciation in the average value of the US Dollar against Sterling. Income declined 2% (£24m) to £963m (2008: £987m).

On 16th June 2009 the Board of Barclays PLC announced that it had accepted BlackRock s offer to purchase the Barclays Global Investors business and has resolved to recommend it to shareholders for approval at a general meeting on 6th August 2009.

The continuing operations of BGI represent certain cash fund assets, their associated valuation charges and liquidity support charges. Further information on the disposal is set out in note 33 on page 91.

	Half Year Ended 30.06.09	Half Year Ended 30.06.09	Half Year Ended 31.12.08	Half Year Ended 31.12.08	Half Year Ended 30.06.08	Half Year Ended 30.06.08
	Continuing	Discontinued	Continuing	Discontinued	Continuing	Discontinued
Income Statement	£m	£m	£m	£m	£m	£m
Total income	28	935	(58)	915	(14)	1,001
Operating expenses excl amortisation and deal costs	9	(590)	(76)	(451)	(198)	(524)
Deal costs	-	(106)	-	-	-	-
Operating expenses	**9**	**(696)**	**(76)**	**(451)**	**(198)**	**(524)**
Profit/(loss) before tax	**37**	**239**	**(134)**	**464**	**(212)**	**477**

Balance Sheet

Assets

Financial assets designated at fair value: held in respect of linked liabilities under investment contracts	-	64,158	-	67,142	-	75,124
Available for sale financial investments	899	83	673	119	241	111
Other assets	551	2,151	1,201	2,205	2,032	1,522
	1,450	**66,392**	**1,874**	**69,466**	**2,273**	**76,757**
Liabilities						
Liabilities under investment contracts	-	64,158	-	67,142	-	75,124
Other liabilities	613	454	57	1,173	411	919
	613	**64,612**	**57**	**68,315**	**411**	**76,043**

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Results by Business

Barclays Wealth

	Half Year Ended 30.06.09	Half Year Ended 31.12.08	Half Year Ended 30.06.08
Income Statement Information			
	£m	£m	£m
Net interest income	246	261	225
Net fee and commission income	369	371	349
Net trading income/(loss)	12	(12)	1
Net investment (loss)	(1)	(163)	(170)
Principal transactions	**11**	**(175)**	**(169)**
Net premiums from insurance contracts	-	54	82
Other income	1	18	8
Total income	**627**	**529**	**495**
Net claims and benefits incurred under insurance contracts	-	127	173
Total income net of insurance claims	**627**	**656**	**668**
Impairment charges and other credit provisions	(21)	(32)	(12)
Net income	**606**	**624**	**656**
Operating expenses excluding amortisation of intangible assets	(518)	(450)	(469)
Amortisation of intangible assets	(14)	(11)	(5)
Operating expenses	**(532)**	**(461)**	**(474)**
Profit on disposal of subsidiaries, associates and joint ventures	1	326	-
Profit before tax	**75**	**489**	**182**
Balance Sheet Information			
Loans and advances to customers at amortised cost	£12.0bn	£11.4bn	£9.4bn

Customer accounts	£38.2bn	£42.4bn	£36.7bn
Total assets	£14.3bn	£13.3bn	£17.7bn
Performance Ratios			
Cost:income ratio[1]	85%	70%	71%
Other Financial Measures			
Risk weighted assets	£10.9bn	£10.3bn	£9.0bn

1 Defined on page 94.

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Results by Business

Barclays Wealth

Barclays Wealth profit before tax reduced 59% to £75m as a result of the sale of the closed life assurance business on 31st October 2008 (profit before tax of £89m in the first half of 2008) and the integration of the Lehman Brothers North American businesses (Barclays Wealth Americas) which made a loss of £15m as business operations continued to be re-established.

Income reduced 6% (£41m) to £627m (2008: £668m) driven by the sale of the closed life business partly offset by the addition of Barclays Wealth Americas.

Net interest income increased 9% (£21m) to £246m (2008: £225m) reflecting growth in customer deposits and lending and pricing changes as the assets margin increased 11 basis points to 1.13% (2008: 1.02%). Average lending grew 30% to £12.1bn (2008: £9.3bn). Average deposits grew 6% to £38.2bn (2008: £36.0bn).

Net fee and commission income increased 6% (£20m) to £369m (2008: £349m) driven by Barclays Wealth Americas.

The decreases in principal transactions and net premiums from insurance contracts were due to the sale of the closed life assurance business.

Impairment charges increased £9m to £21m (2008: £12m). This growth reflected both the increase in the loan book over the last three years and the impact of the current economic environment on client liquidity and collateral values.

Operating expenses increased 12% (£58m) to £532m (2008: £474m) principally reflecting the impact of the acquisition of Barclays Wealth Americas.

Total client assets, comprising customer deposits and client investments, were £134.1bn (31st December 2008 £145.1bn). The reduction principally reflects exchange rate movement and a small net outflow in Barclays Wealth Americas.

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Results by Business

Head Office Functions and Other Operations

	Half Year Ended 30.06.09	Half Year Ended 31.12.08	Half Year Ended 30.06.08
Income Statement Information	£m	£m	£m
Net interest (expense)/income	(511)	161	21
Net fee and commission (expense)	(226)	(244)	(242)
Net trading profit/(loss)	80	(62)	(183)
Net investment (loss)/income	(2)	(18)	45
Principal transactions	**78**	**(80)**	**(138)**
Net premiums from insurance contracts	47	48	71
Other income	1,135	2	24
Total income	**523**	**(113)**	**(264)**
Impairment charges and other credit provisions	(1)	(27)	(3)
Net income/(loss)	**522**	**(140)**	**(267)**
Operating expenses excluding amortisation of intangible assets	(193)	(256)	(195)
Amortisation of intangible assets	1		-
Operating expenses	**(192)**	**(256)**	**(195)**
Profit/(loss) before tax	**330**	**(396)**	**(462)**

Balance Sheet Information

Total assets	£6.1bn	£3.1bn	£4.5bn
Other Financial Measures			
Risk weighted assets	£0.1bn	£0.4bn	£1.1bn

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Results by Business

Head Office Functions and Other Operations

Head Office Functions and Other Operations profit before tax increased £792m to £330m (2008: loss of £462m).

Total income increased £787m to £523m (2008: loss of £264m).

During 2009, certain upper Tier 2 perpetual debt was exchanged for new issuances of lower Tier 2 dated loan stock resulting in net gains of £1,109m. Gains of £1,127m have been included within other income and fees paid of £18m included within net fee and commission income.

Group segmental reporting is performed in accordance with Group accounting policies. This means that inter-segment transactions are recorded in each segment as if undertaken on an arm s length basis. Adjustments necessary to eliminate inter-segment transactions are included in Head Office Functions and Other Operations. The impact of such inter-segment adjustments decreased £5m to £135m (2008: £140m). These adjustments included internal fees for structured capital market activities of £147m (2008: £98m) and fees paid to Barclays Capital for debt and equity raising and risk management advice of £22m (2008: £67m), both of which reduce net fee and commission income. In addition a consolidation adjustment is required to match the booking of certain derivative hedging transactions between different segments in the Group. This resulted in a £131m decrease in net interest income with an offsetting increase in principal transactions.

Net interest income decreased £532m to a loss of £511m (2008: profit of £21m) primarily due to an increase in costs in central funding activity due to the money market dislocation, in particular LIBOR resets, and a decrease of £131m in the consolidation adjustment on hedging derivatives.

Principal transactions increased £216m to a profit of £78m (2008: loss of £138m) reflecting a £131m increase in consolidation reclassification adjustment on hedging derivatives.

Other income increased £1,111m to £1,135m (2008: £24m). This reflects the gain made on debt extinguishment.

Operating expenses decreased £3m to £192m (2008: £195m). This reflects a reduction of £26m in the costs relating to an internal review of Barclays compliance with US economic sanctions (2008: £52m) and reduced staff costs, partially offset by a charge of £37m for the Group s share of levies that will be raised by the UK Financial Services Compensation Scheme (2008: nil) and lower proceeds on property sales.

Total assets increased 97% to £6.1bn (31st December 2008: £3.1bn).

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Risk Management

Principal Risks and Uncertainties

As a consequence of adverse economic conditions in most of the parts of the world in which Barclays operates, the overall market and risk environment has been challenging for all of Barclays businesses in the first half of 2009.

Barclays continues to actively manage its businesses to mitigate this risk and address these challenges. Since the year end there have been no material changes to the risk management processes as described in the Risk Management section of our Annual Report and Accounts for the year ended 31st December 2008.

Pages 23 to 49 of this Interim Results Announcement provide further details with respect to Barclays risk exposures:

Pages 23 to 46 provide an analysis of the key credit risks faced by Barclays across a number of asset classes and businesses, referencing significant portfolios and including summary measures of asset quality. Additional information referenced in this section is to be found in the notes to the financial statements. Further information on the detail within this section is as follows:

Detailed disclosures and analysis of Barclays Capital s credit market exposures by asset class, covering current exposures, losses in the year, sales and paydowns, foreign exchange movements and, where appropriate, details of collateral held, geographic spread, vintage and credit quality (pages 24 to 33)

Quality of loans and advances to banks and customers with further information being provided on:

> Loans and advances at amortised cost, impairment charges and segmental analyses (pages 34 to 36)

> Wholesale Credit Risk (pages 37 to 41)

> Retail Credit Risk (pages 42 to 44)

> Potential Credit Risk Loans and Coverage Ratios (pages 44 to 45)

Analysis of the credit quality of debt and similar securities, other than loans held within Barclays (page 46)

Pages 47 to 48 provide an analysis of market risk and, in particular, Barclays Capital s DVaR

- Pages 48 to 49 set out the key measures of liquidity risk, including Barclays surplus liquidity, GRCB and Barclays Wealth surplus liquidity and funding, Barclays Capital funding and commentary on unsecured and secured funding

Barclays is also affected by legal risk and regulatory compliance risk through the extensive range of legal obligations, regulations and codes in force in the territories in which Barclays operates. The principal uncertainties regarding these risks are further discussed on pages 80 to 82.

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Risk Management

Barclays Capital Credit Market Exposures

Barclays Capital s credit market exposures primarily relate to US residential mortgages, commercial mortgages and leveraged finance businesses that have been significantly impacted by the continued deterioration in the global credit markets. The exposures include both significant positions subject to fair value movements in the profit and loss account and positions that are classified as loans and advances and as available for sale.

The exposures and gross writedowns to 30th June 2009 are set out by asset class below:

						Half Year Ended 30.06.09		
						Fair	Impair-	
		As at	As at	As at	As at	Value	ment	Gross
		30.06.09	31.12.08	30.06.09	31.12.08	Losses	Charge	Losses
US								
Residential Mortgages	Notes	$m[1]	$m[1]	£m[1]	£m[1]	£m	£m	£m
ABS CDO Super Senior	A1	3,709	4,526	2,255	3,104	-	437	437
Other US sub-prime	A2	2,873	5,017	1,747	3,441	506	148	654
Alt-A	A3	3,745	6,252	2,277	4,288	51	347	398
Monoline wrapped US RMBS	A4	2,092	2,389	1,272	1,639	256	-	256
Commercial Mortgages								
Commercial real estate	B1	14,354	16,882	8,728	11,578	1,443	-	1,443

Commercial mortgage-backed securities	B1	954	1,072	580	735	17	-	17
Monoline wrapped CMBS	B2	2,577	2,703	1,567	1,854	549	-	549
Other Credit Market								
Leveraged Finance	C1	11,394	15,152	6,928	10,391	-	204	204
SIVs and SIV -Lites	C2	962	1,404	585	963	97	34	131
CDPCs	C3	138	218	84	150	(5)	-	(5)
Monoline wrapped CLO and other	C4	7,396	7,202	4,497	4,939	593	-	593
Total gross writedowns						**3,507**	**1,170**	**4,677**

During the period ended 30th June 2009, these exposures have been reduced by net sales and paydowns of £6,252m, including a £3,056m sale of leveraged finance exposure which was repaid at par, £1,448m of Alt-A and £865m of sub-prime exposure. Exposure reductions were impacted as the US Dollar and the Euro both depreciated 11% relative to Sterling.

In the period to 30th June, there were gross writedowns of £4,677m (2008: £3,333m), before related income and hedges of £346m (2008: £502m) and own credit losses of £893m (2008: gain £852m).

The gross writedowns, which included £1,170m (2008: £1,108m) in impairment charges, comprised: £1,745m (2008: £2,832m) against US residential mortgage exposures; £2,009m (2008: £271m) against commercial mortgage exposures; and £923m (2008: £230m) against other credit market exposures.

1 *As the majority of exposure is held in US Dollars, the exposures above are shown in both US Dollars and Sterling.*

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Risk Management

A. US Residential Mortgages

A1. ABS CDO Super Senior

	As at 30.06.09 Total £m	As at 31.12.08 Total £m	As at 30.06.09 Marks[1] %	As at 31.12.08 Marks[1] %
2005 and earlier	1,052	1,226	81%	90%
2006	418	471	16%	37%
2007 and 2008	22	25	48%	69%
Sub-prime	**1,492**	**1,722**	**62%**	**75%**
2005 and earlier	768	891	51%	77%
2006	245	269	62%	75%
2007 and 2008	55	62	23%	37%
Alt-A	**1,068**	**1,222**	**52%**	**74%**
Prime	445	520	100%	100%
RMBS CDO	351	402	0%	0%
Sub-prime second lien	108	127	0%	0%
Total US RMBS	**3,464**	**3,993**	**56%**	**68%**
CMBS	37	44	100%	100%
Non-RMBS CDO	397	453	56%	56%
CLOs	31	35	100%	100%
Other ABS	36	51	100%	100%

Total Other ABS	**501**	**583**	**65%**	**66%**
Total Notional Collateral	**3,965**	**4,576**	**57%**	**68%**
Subordination	(400)	(459)		
Gross exposure pre-impairment	**3,565**	**4,117**		
Impairment allowances	(1,310)	(1,013)		
Net exposure	**2,255**	**3,104**		

ABS CDO Super Senior exposure at 30th June 2009 comprised five high grade liquidity facilities which were fully drawn and classified within loans and receivables.

During the period, ABS CDO Super Senior exposures reduced by £849m to £2,255m (31st December 2008: £3,104m). Net exposures are stated after writedowns and charges of £437m incurred in 2009 (2008: £875m). There was a decline of £321m resulting from stronger Sterling and amortisation of £91m in the period.

The impairment assessment of these exposures is based on cash flow methodology using standard market assumptions such as default curves and remittance data to calculate the net present value of the future losses for the collateral pool over time. As a result, future potential impairment charges depend on changes in these assumptions.

1 Marks above reflect the gross exposure after impairment and subordination.

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Risk Management

A2. Other US Sub-Prime

	As at	As at	Marks at	Marks at
	30.06.09	31.12.08	30.06.09	31.12.08
	£m	£m	%	%
Whole loans - performing	537	1,290	55%	80%
Whole loans - more than 60 days past due	177	275	35%	48%
Total whole loans	**714**	**1,565**	**48%**	**72%**
AAA securities	101	111	24%	40%
Other securities	389	818	12%	23%
Total securities (net of hedges)	**490**	**929**	**14%**	**25%**
Other exposures with underlying sub-prime collateral:				
Derivatives	370	643	95%	87%
Loans	123	195	55%	70%
Real Estate	50	109	32%	46%
Total other direct and indirect exposure	**1,033**	**1,876**		
Total	**1,747**	**3,441**		

The majority of Other US sub-prime exposures are measured at fair value through profit and loss. Exposure reduced by £1,694m to £1,747m (31st December 2008: £3,441m), driven by net sales, paydowns and other movements of £792m and gross losses of £654m. Stronger Sterling resulted in a decrease in exposure of £248m.

At 30th June 2009, 75% of the whole loan exposure remaining was performing. Whole loans were largely originated by EquiFirst. On 17th February 2009, the operations of EquiFirst were discontinued. No sub-prime loans were originated in 2009.

Counterparty derivative exposures to vehicles which hold sub-prime collateral was £370m (31st December 2008: £643m). The majority of this exposure was the most senior obligation of the vehicles.

A3. Alt-A

	As at	As at	Marks at	Marks at
	30.06.09	31.12.08	30.06.09	31.12.08
	£m	£m	%	%
Whole Loans	495	776	55%	67%
AAA securities	753	1,847	38%	43%
Other Alt-A securities	769	1,265	8%	9%
Residuals	-	2	-	6%
Derivative exposure with underlying Alt-A collateral	260	398	99%	100%
Total	**2,277**	**4,288**		

The majority of Alt-A exposures are measured at fair value through profit and loss. Net exposure to the Alt-A market reduced by £2,011m to £2,277m (31st December 2008: £4,288m), driven by net sales, paydowns and other movements of £1,312m and gross losses of £398m in the period. Stronger Sterling resulted in a decrease in exposure of £301m.

At 30th June 2009, 83% of the Alt-A whole loan exposure was performing.

Counterparty derivative exposure to vehicles which hold Alt-A collateral was £260m (31st December 2008: £398m). The majority of this exposure was the most senior obligation of the vehicles.

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A4. US Residential Mortgage Backed Securities Exposure Wrapped by Monoline Insurers

The deterioration in the US residential mortgage market has resulted in exposure to monoline insurers and other financial guarantors that provide credit protection.

The table below shows RMBS assets where Barclays Capital held protection from monoline insurers at 30th June 2009. These are measured at fair value through profit and loss.

By Rating of the Monoline	Notional	Fair Value of Underlying Asset	Fair Value Exposure	Credit Valuation Adjustment	Net Exposure
As at 30.06.09	£m	£m	£m	£m	£m
A/BBB	-	-	-	-	-
Non-investment grade	2,281	348	1,933	(661)	1,272
Total	**2,281**	**348**	**1,933**	**(661)**	**1,272**
As at 31.12.08					
A/BBB	2,567	492	2,075	(473)	1,602
Non-investment grade	74	8	66	(29)	37
Total	**2,641**	**500**	**2,141**	**(502)**	**1,639**

Net exposure reduced by £367m to £1,272m (31st December 2008: £1,639m). This reflected an increase in the credit valuation adjustment and stronger Sterling which was partially offset by an increase in fair value exposure in local currency.

Claims become due in the event of default of the underlying assets. There is uncertainty as to whether all of the monoline insurers will be able to meet liabilities if such claims were to arise. Certain monoline insurers have been subject to downgrades in 2009. A fair value loss of £256m was recognised in 2009 (2008: £94m). There have been no claims due under these contracts as none of the underlying assets defaulted in the period.

The fair value is determined by a credit valuation adjustment calculation which incorporates stressed cashflow shortfall projections, current market valuations, stressed Probability of Default (PDs) and a range of Loss Given Default (LGD) assumptions. The cashflow shortfall projections are stressed to ensure that the valuation considers the potential for further market deterioration and resultant additional cashflow shortfall in underlying collateral. In addition, depending on the monoline and the underlying asset, it considers current market valuations. Monoline ratings are based on external ratings analysis and where appropriate significant internal analysis conducted by the independent Credit Risk function. In addition, the valuation reflects the potential for further deterioration of monolines by using stressed PDs. LGDs range from 45% to 100% depending on the monoline.

The notional value of the assets split by the rating of the underlying asset is shown below.

	As at 30.06.09			As at 31.12.08			
	A/BBB	Non-Investment Grade	Total	AAA/AA	A/BBB	Non-Investment Grade	Total
	£m	£m	£m	£m	£m	£m	£m
2005 and earlier	-	117	117	143	-	-	143
2006	-	1,086	1,086	-	-	1,240	1,240
2007 and 2008	-	452	452	-	-	510	510
High Grade	-	**1,655**	**1,655**	**143**	-	**1,750**	**1,893**
Mezzanine - 2005 and earlier	301	284	585	31	330	338	699
CDO^2 - 2005 and earlier	-	41	41	-	-	49	49
US RMBS	**301**	**1,980**	**2,281**	**174**	**330**	**2,137**	**2,641**

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B. Commercial Mortgages

B1. Commercial Real Estate and Mortgage-Backed Securities

Commercial mortgages held at fair value include commercial real estate loan exposure of £8,728m (31st December 2008: £11,578m) and commercial mortgage-backed securities of £580m (31st December 2008: £735m). In the period there were gross losses of £1,460m, of which £856m relates to the US and £561m relates to Europe; Sterling movement decreased exposure by £1,275m. There were gross sales and paydowns of £418m in the US and £202m in the UK and Continental Europe.

The commercial real estate loan exposure comprised 54% US, 42% UK and Europe and 4% Asia.

Two large transactions comprised 44% of the total US exposure. The remaining 56% of the US exposure comprised 71 transactions. The remaining weighted average number of years to initial maturity of the US portfolio is 1.2 years (31st December 2008: 1.4 years).

The UK and Europe portfolio is well diversified with 63 transactions as at 30th June 2009. In Europe protection is provided by loan covenants and periodic LTV retests, which cover 84% of the portfolio. 48% of the German exposure relates to one transaction secured on residential assets.

	As at	**As at**	**Marks at**	**Marks at**
	30.06.09	**31.12.08**	**30.06.09**	**31.12.08**
Commercial Real Estate Loan Exposure by Region				
	£m	£m	%	%
US	4,703	6,329	77%	88%
Germany	2,004	2,467	84%	95%
France	216	270	84%	94%
Sweden	210	265	89%	96%
Switzerland	140	176	89%	97%
Spain	73	106	71%	92%
Other Continental Europe	425	677	63%	90%
UK	597	831	69%	89%
Asia	360	457	91%	97%
Total	**8,728**	**11,578**		

	As at 30.06.09		Other				As at 31.12.08
Commercial Real Estate Loan	**US**	**Germany**	**Europe**	**UK**	**Asia**	**Total**	**Total**
Exposure by Industry	£m	£m	£m	£m	£m	£m	£m
Office	1,589	354	624	141	110	2,818	3,656
Residential	1,455	1,063	-	173	112	2,803	3,582
Retail	57	432	78	73	94	734	957
Hotels	798	-	240	9	1	1,048	1,633
Leisure	-	-	-	168	-	168	233
Land	135	-	-	-	-	135	232
Industrial	473	107	103	33	10	726	887
Mixed/Others	198	48	19	-	33	298	375
Hedges	(2)	-	-	-	-	(2)	23
Total	**4,703**	**2,004**	**1,064**	**597**	**360**	**8,728**	**11,578**

	As at 30.06.09	**As at 31.12.08**	**Marks[1] at 30.06.09**	**Marks[1] at 31.12.08**
Commercial Mortgage Backed Securities (Net of Hedges)	£m	£m	%	%
AAA securities	417	588	46%	42%
Other securities	163	147	35%	8%
Total	**580**	**735**		

1 Marks are based on gross collateral.

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B2. CMBS Exposure Wrapped by Monoline Insurers
The deterioration in the commercial mortgage market has resulted in exposure to monoline insurers and other financial guarantors that provide credit protection.

The table below shows commercial mortgage backed security assets where Barclays Capital held protection from monoline insurers at 30th June 2009. These are measured at fair value through profit and loss.

By rating of the monoline	Notional	Fair Value of Underlying Asset	Fair Value Exposure	Credit Valuation Adjustment	Net Exposure
As at 30.06.09	£m	£m	£m	£m	£m
AAA/AA	57	13	44	(5)	39
A/BBB	-	-	-	-	-
Non-investment grade	3,263	920	2,343	(815)	1,528
Total	**3,320**	**933**	**2,387**	**(820)**	**1,567**
As at 31.12.08	£m	£m	£m	£m	£m
AAA/AA	69	27	42	(4)	38
A/BBB	3,258	1,301	1,957	(320)	1,637
Non-investment grade	425	181	244	(65)	179
Total	**3,752**	**1,509**	**2,243**	**(389)**	**1,854**

Net exposure reduced by £287m to £1,567m (31st December 2008: £1,854m). This reflected an increase in the credit valuation adjustment and stronger Sterling which was partially offset by an increase in fair value exposure in local currency.

Claims would become due in the event of default of the underlying assets. At 30th June 2009, 82% of the underlying assets were rated AAA/AA.

There is uncertainty as to whether all of the monoline insurers will be able to meet liabilities if such claims were to arise: certain monoline insurers have been subject to downgrades in 2009. A fair value loss of £549m was recognised in 2009 (2008: £100m). There have been no claims due under these contracts as none of the underlying assets defaulted in the period.

The fair value is determined by a credit valuation adjustment calculation which incorporates stressed cashflow shortfall projections, current market valuations, stressed Probability of Default (PDs) and a range of Loss Given Default (LGD) assumptions. The cashflow shortfall projections are stressed to ensure that the valuation considers the potential for further market deterioration and resultant additional cashflow shortfall in underlying collateral. In addition, depending on the monoline and the underlying asset, it considers current market valuations. Monoline ratings are based on external ratings analysis and where appropriate significant internal analysis conducted by the independent Credit Risk function. In addition, the valuation reflects the potential for further deterioration of monolines by using stressed PDs. LGDs range from 45% to 100% depending on the monoline.

The notional value of the assets split by the current rating of the underlying asset is shown below.

	As at 30.06.09			**As at 31.12.08**	
	AAA/AA	**A/BBB**	**Total**	**AAA/AA**	**Total**
	£m	£m	£m	£m	£m
2005 and earlier	-	385	385	437	437
2006	333	206	539	613	613
2007 and 2008	2,396	-	2,396	2,702	2,702
CMBS	**2,729**	**591**	**3,320**	**3,752**	**3,752**

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C. Other Credit Market Exposures

C1. Leveraged Finance

Leveraged Finance Exposure by Region	As at 30.06.09 £m	As at 31.12.08 £m
UK	4,813	4,810
US	727	3,830
Europe	1,422	1,640
Asia	195	226
Total lending and commitments	**7,157**	**10,506**
Impairment	(229)	(115)
Net lending and commitments at period end	**6,928**	**10,391**

Leveraged loans are classified within loans and advances and are stated at amortised cost less impairment. The overall credit performance of the assets remains satisfactory with the majority of the portfolio performing to plan or in line with original stress tolerances. There are however a small number of deteriorating positions and as a result the impairment has increased.

At 30th June 2009, the gross exposure relating to leveraged finance loans was £7,157m (31st December 2008: £10,506m) following a repayment of £3,056m at par in January 2009. Of this exposure, £6,426m was drawn at 30th June 2009 (31st December 2008: £9,476m).

There are two major loans comprising 48% of the exposure which continue to perform strongly.

	As at 30.06.09			As at 31.12.08		
Leveraged Finance Exposure by Industry	**Drawn**	**Undrawn**	**Total**	**Drawn**	**Undrawn**	**Total**
	£m	£m	£m	£m	£m	£m

Insurance	2,560	17	2,577	2,546	31	2,577
Retail	929	99	1,028	904	128	1,032
Healthcare	713	93	806	659	144	803
Services	524	152	676	568	131	699
Media	600	72	672	655	89	744
Manufacture	471	66	537	500	102	602
Chemicals	278	19	297	317	26	343
Telecoms	27	13	40	2,998	211	3,209
Other	324	200	524	329	168	497
Total	**6,426**	**731**	**7,157**	**9,476**	**1,030**	**10,506**

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C2. SIVs and SIV-Lites

	As at 30.06.09 £m	As at 31.12.08 £m	Marks at 30.06.09 %	Marks at 31.12.08 %
Liquidity facilities	447	679	48%	62%
Bond inventory	-	11	-	7%
Derivatives	138	273		
Total	**585**	**963**		

SIV exposure reduced by £378m to £585m (31st December 2008: £963m). There were £131m of writedowns in the period.

At 30th June 2009 liquidity facilities of £447m (31st December 2008: £679m) include £353m designated at fair value through profit and loss. The remaining £94m represented drawn liquidity facilities in respect of SIV-lites and SIVs classified as loans and advances stated at cost less impairment.

Bond inventory and derivatives are fair valued through profit and loss.

C3. CDPC Exposure

As at 30.06.09	Notional £m	Gross Exposure £m	Total Write-downs £m	Net Exposure £m

AAA/AA	705	43	(1)	42
A/BBB	787	49	(7)	42
Total	**1,492**	**92**	**(8)**	**84**
As at 31.12.08	£m	£m	£m	£m
AAA/AA	796	77	(14)	63
A/BBB	976	87	-	87
Total	**1,772**	**164**	**(14)**	**150**

Credit derivative product companies (CDPCs) are specialist providers of credit protection principally on corporate exposures in the form of credit derivatives. Barclays Capital has purchased protection from CDPCs against a number of securities with a notional value of £1,492m (31st December 2008: £1,772). The fair value of the exposure to CDPCs at 30th June 2009 was £84m (31st December 2008: £150m). There was no new trading activity since 31st December 2008.

Of the notional exposure, 47% (31st December 2008: 45%) related to AAA/AA rated counterparties, with the remainder rated A/BBB.

Exposures have reduced in the period due to maturing of various credit derivatives. The remaining portfolio has an average life of 3.6 years.

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C4. CLO and Other Exposure Wrapped by Monoline Insurers

The table below shows Collateralised Loan Obligations (CLOs) and other assets where we held protection from monoline insurers at 30th June 2009.

By Rating of the Monoline	Notional	Fair Value of Underlying Asset	Fair Value Exposure	Credit Valuation Adjustment	Net Exposure
As at 30.06.09	£m	£m	£m	£m	£m
AAA/AA	7,319	4,893	2,426	(86)	2,340
A/BBB	-	-	-	-	-
Non-investment grade	11,268	7,968	3,300	(1,143)	2,157
Total	**18,587**	**12,861**	**5,726**	**(1,229)**	**4,497**
As at 31.12.08					
AAA/AA	8,281	5,854	2,427	(55)	2,372
A/BBB	6,446	4,808	1,638	(204)	1,434
Non-investment grade	6,148	4,441	1,707	(574)	1,133
Total	**20,875**	**15,103**	**5,772**	**(833)**	**4,939**

Net exposure reduced by £442m to £4,497m (31st December 2008: £4,939m). This reflected an increase in the credit valuation adjustment and stronger Sterling, which was partially offset by an increase in fair value exposure in local currency.

Claims would become due in the event of default of the underlying assets. At 30th June 2009, 93% of the underlying assets have investment grade ratings and 39% were wrapped by monolines rated AAA/AA. 87% of the underlying assets were CLOs, 94% of which were rated AAA/AA.

There is uncertainty whether all of the monoline insurers would be able to meet all liabilities if such claims were to arise certain monoline insurers have been subject to downgrades in 2009. Consequently, a fair value loss of £593m was recognised in 2009 (2008: £173m). There have been no claims due under these contracts as none of the underlying assets defaulted in the period.

The fair value is determined by a credit valuation adjustment calculation which incorporates stressed cashflow shortfall projections, current market valuations, stressed Probability of Default (PDs) and a range of Loss Given Default (LGD) assumptions. The cashflow shortfall projections are stressed to ensure that the valuation considers the potential for further market deterioration and resultant additional cashflow shortfall in underlying collateral. In addition, depending on the monoline and the underlying asset, it considers current market valuations. Monoline ratings are based on external ratings analysis and where appropriate significant internal analysis conducted by the independent Credit Risk function. In addition, the valuation reflects the potential for further deterioration of monolines by using stressed PDs. LGDs range from 45% to 100% depending on the monoline.

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The notional value of the assets split by the current rating of the underlying asset is shown below.

	As at 30.06.09				As at 31.12.08		
	AAA/AA	A/BBB	Non-investment grade	Total	AAA/AA	A/BBB	Total
	£m	£m	£m	£m	£m	£m	£m
2005 and earlier	4,752	237	313	5,302	6,037	-	6,037
2006	5,052	214	-	5,266	5,894	-	5,894
2007 and 2008	5,384	239	-	5,623	6,295	-	6,295
CLOs	**15,188**	**690**	**313**	**16,191**	**18,226**	**-**	**18,226**
2005 and earlier	-	629	139	768	862	-	862
2006	116	153	207	476	535	-	535
2007 and 2008	437	-	715	1,152	785	467	1,252
Other	**553**	**782**	**1,061**	**2,396**	**2,182**	**467**	**2,649**
Total	**15,741**	**1,472**	**1,374**	**18,587**	**20,408**	**467**	**20,875**

Own Credit

The carrying amount of issued notes that are designated under the IAS 39 fair value option is adjusted to reflect the effect of changes in own credit spreads. The resulting gain or loss is recognised in the income statement.

At 30th June 2009, the own credit adjustment arose from the fair valuation of £53.1bn of Barclays Capital structured notes (31st December 2008: £54.5bn). The tightening of Barclays credit default swap spreads in the period affected the fair value of these notes and as a result revaluation losses of £893m were recognised in trading income (2008: gain £852m).

Barclays Capital also uses credit default swap spreads to determine the impact of Barclays own credit quality on the fair value of derivative liabilities. At 30th June 2009, cumulative adjustments of £596m (31st December 2008: £1,176m) were netted against derivative liabilities. The impact of these adjustments in both periods were more than offset by the impact of the credit valuation adjustments to reflect counterparty creditworthiness that were netted against derivative assets.

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Credit Risk

Loans and Advances to Customers and Banks

Total loans and advances to customers and banks net of impairment allowance fell 9% to £491,237m. Loans and advances at amortised cost were £464,748m (31st December 2008: £509,522m) and loans and advances at fair value were £26,489 (31st December 2008: £32,596m).

Loans and Advances at Amortised Cost

	Gross Loans & Advances	Impairment Allowance	Loans & Advances Net of Impairment	Credit Risk Loans	CRLs % of Gross Loans & Advances	Impairment Charge[1]	Loan Loss Rates[2]
As at 30.06.09	£m	£m	£m	£m	%	£m	bps
Wholesale - customers	220,030	3,906	216,124	9,886	4.5%	1,911	174
Wholesale - banks	53,002	58	52,944	42	0.1%	11	4
Total wholesale	**273,032**	**3,964**	**269,068**	**9,928**	**3.6%**	**1,922**	**141**
Retail - customers	200,552	4,872	195,680	10,017	5.0%	1,981	198
Total retail	**200,552**	**4,872**	**195,680**	**10,017**	**5.0%**	**1,981**	**198**
Total	**473,584**	**8,836**	**464,748**	**19,945**	**4.2%**	**3,903**	**165**
As at 31.12.08							
Wholesale - customers	266,750	2,784	263,966	8,144	3.1%	2,540	95
Wholesale - banks	47,758	51	47,707	48	0.1%	40	8

Total wholesale	**314,508**	**2,835**	**311,673**	**8,192**	**2.6%**	**2,580**	**82**
Retail - customers	201,588	3,739	197,849	7,508	3.7%	2,333	116
Total retail	**201,588**	**3,739**	**197,849**	**7,508**	**3.7%**	**2,333**	**116**
Total	**516,096**	**6,574**	**509,522**	**15,700**	**3.0%**	**4,913**	**95**

Gross loans and advances to customers and banks at amortised cost fell 8% to £473,584m (31st December 2008: £516,096m).

The fall in balances in the wholesale portfolio was primarily within Barclays Capital, where gross loans and advances fell by £32,415m (16%), principally due to a decrease in the cash collateral held against derivative trades and the increase in the value of Sterling relative to other currencies. Balances in Barclays Commercial Bank fell by £5,125m (7%) due to reduced customer demand in Larger Business and BASF.

In the retail portfolios, balances were stable. There were increases of £1,766m (2%) in UK Retail Banking, reflecting a rise of £2,126m (3%) in Home Finance balances, and of £1,038m (4%) in GRCB Absa, mainly due to increases in the Home Finance book. These were offset by falls in GRCB Emerging Markets, GRCB Western Europe, and Barclaycard, which were principally driven by an increase in the value of Sterling relative to other currencies.

1 For 30.06.09, the impairment charge provided above relates to the six months ended 30.06.09. For 31.12.08, the impairment charge provided above relates to the twelve months ended 31.12.08

2 The loan loss rates for 30.06.09 have been calculated on an annualised basis.

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Impairment Charges

Impairment charges on loans and advances increased 73% (£1,642m) to £3,903m (2008: £2,261m). Approximately one third of this increase was attributable to currency movements and methodology and model enhancements, with the remainder being driven by economic deterioration and portfolio maturation. This increase in impairment, combined with a fall in loans and advances balances means that the impairment charges on loans and advances as a percentage of period-end Group total loans and advances increased to 165bps (31st December 2008: 95bps). When measured against constant year-end loans and advances balances and impairment at average 2008 foreign exchange rates, the loan loss rate for the period was 144 bps.

In the wholesale portfolios, impairment charges on loans and advances rose 51% (£646m) to £1,922m (2008: £1,276m) mainly as a consequence of increases in Barclays Capital, Barclays Commercial Bank and GRCB Western Europe (Spain). With gross loans and advances falling by 13% to £273,032m (31st December 2008: £314,508m), the wholesale loan loss rate increased to 141bps (31st December 2008: 82bps).

In the retail portfolios, impairment charges on loans and advances rose 101% (£996m) to £1,981m (2008: £985m), as a consequence of increased impairment across all GRCB businesses, particularly in the international portfolios. With gross loans and advances remaining broadly stable at £200,552m (31st December 2008: £201,588m), the retail loan loss rate increased to 198bps (31st December 2008: 116bps).

Impairment Charges and Other Credit Provisions

	Half Year Ended 30.06.09	**Half Year Ended 31.12.08**	**Half Year Ended 30.06.08**
	£m	£m	£m
Impairment charges on loans and advances	3,870	2,651	1,933
Charges in respect of undrawn facilities and guarantees	33	1	328
Impairment charges on loans and advances	**3,903**	**2,652**	**2,261**
Impairment charges on reverse repurchase agreements	3	21	103
Impairment charges on available for sale assets	650	298	84
Impairment charges and other credit provisions	**4,556**	**2,971**	**2,448**