Barclays Bank PLC
Preliminary Results Announcement

31st December 2009

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Unless otherwise stated, the Performance Highlights, Group Chief Executive's Review and Group Finance Director's Review sections of this Preliminary Results Announcement provide information and discuss the Group as a whole rather than separating out discontinued operations, representing the Barclays Global Investors (BGI) business sold on 1st December 2009. These non-GAAP measures are provided because management believes 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 financial statements included within the annual report and accounts will be prepared on a GAAP basis. In the Notes on pages 28 onwards, the portion of the BGI business sold is represented as discontinued operations and the Notes include only continuing operations unless otherwise indicated. The Consolidated Summary Income Statement on page 11 provides a reconciliation between continuing and total Group results.

The Listing Rules of the UK Listing Authority (LR 9.7A.1) require that preliminary unaudited statements of annual results must be agreed with the listed company's auditors prior to publication, even though an audit opinion has not yet been issued. In addition, the Listing Rules require such statements to give details of the nature of any likely modification that may be contained in the auditors' report to be included with the annual report and accounts. Barclays Bank PLC confirms that it has agreed this preliminary statement of annual results with PricewaterhouseCoopers LLP and that the Board of Directors has not been made aware of any likely modification to the auditors' report required to be included with the annual report and accounts for the year ended 31st December 2009.

The information in this announcement, which was approved by the Board of Directors on 15th February 2010, does not comprise statutory accounts for the years ended 31st December 2009 or 31st December 2008, within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31st December 2008, which included certain information required for the Joint Annual Report on Form 20-F of Barclays PLC and Barclays Bank PLC to the US Securities and Exchange Commission (SEC) and which contained an unqualified audit report under Section 235 of the Companies Act 1985 and which did not make any statements under Section 237 of the Companies Act 1985, have been delivered to the Registrar of Companies in accordance with Section 242 of the Companies Act 1985.

This Preliminary Results Announcement does not contain detailed disclosures reflecting the impact of recent market turmoil as recommended by the Financial Stability Forum in its report on 'Enhancing Market and Institutional Resilience' published in April 2008 and the Committee of European Banking Supervisors in its report on 'Banks' Transparency on Activities and Products affected by the Recent Market Turmoil' published in June 2008. This report contains disclosure on credit market exposures held by Barclays Capital on page 22 and more extensive disclosures are contained in the Barclays PLC Preliminary Results Announcement for the year ended 31st December 2009. The data presented in the Barclays PLC Preliminary Results Announcement relating to credit market exposures is identical to that reportable for the Barclays Bank PLC Group.

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", "estimate", "intend", "plan", "goal", "believe" or other words of similar meaning. Examples of forward-looking statements include, among others, statements regarding the Group's future financial position, income growth, assets, impairment charges, business strategy, capital ratios, leverage, 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.

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Performance Highlights

"Our record income performance produced a sharp increase in underlying profitability in 2009. We have strengthened our financial position considerably over the year in the areas of capital, liquidity and leverage and are well positioned to manage further changes that may be required of us by our regulators. I thank our customers and clients for their trust in us, and our employees for their commitment and stamina in a tough and, at times, hostile environment."

John Varley, Chief Executive

- The underlying profits of the Group were very strong. Excluding movement on own credit, gains on acquisitions and disposals and gains on debt buy-backs, Group profit before tax increased 250% to £5,608m from £1,601m
- Group profit before tax was £11,616m, 92% up on 2008. Excluding the £6,331m profit on disposal of Barclays Global Investors (BGI), total Group profit before tax was £5,285m, down 12%
- Retained earnings in 2009 were £14.6bn (2008: £8.2bn)
- The results were driven by very strong income performance and cost containment creating significant positive income:cost jaws and impairment in line with expectations:
  - Record income of £30,957m, 34% up on 2008
  - Increase in income absorbed higher impairment charges of £8,071m, 49% up on 2008, with a loan loss rate of 156bps (2008: 95bps); or 135bps[1] on a basis consistent with our planning assumption of 130-150bps
  - Cost:income ratio improved to 58% (2008: 62%), driven by control of underlying costs within GRCB and a reduction in the compensation:income ratio within Barclays Capital to 38% (2008: 44%)
  - Total Group 2009 discretionary cash payments of £1.5bn and a further £1.2bn of long term awards, vesting over 3 years and subject to claw back
- There was good progress on key measures of financial strength:
  - Group liquidity pool increased to £127bn (2008: £43bn)
  - Core Tier 1 capital ratio was 10.1% (2008: 5.6%) and Tier 1 capital ratio was 13.0% (2008: 8.6%)
  - Balance sheet reduced 33% to £1,379bn (2008: £2,053m)
  - Adjusted gross leverage reduced to 19x (2008: 28x)
- Global Retail and Commercial Banking generated higher income in a difficult economic environment:
  - Good income growth of £1,004m (7%) to £16,097m (2008: £15,093m) driven by growth in average balances partially offset by liability margin compression
  - Tight control of underlying costs, with the cost:income ratio improving to 52% (2008: 53%)
  - Significant increase in impairment to £5,413m (2008: £2,922m)
- Investment Banking and Investment Management recorded very strong income and profit growth:
  - Barclays Capital top-line income growth of £8,004m (81%) to £17,862m (2008: £9,858m), with very strong performances across client franchises in the UK and Europe and a transformation in the scale and service offering in the US
  - Profit before tax at Barclays Capital up 89% to £2,464m (2008: £1,302m) after absorbing £1,820m of own credit losses (2008: gain of £1,663m)
  - Profit on disposal of Barclays Global Investors of £6,331m. 19.9% economic interest retained in BlackRock
- Total credit market exposures reduced by £14bn
- Gross new lending to UK households and businesses totalled £35bn during 2009

1 On consistent year-end loans and advances balances and impairment at average 2008 foreign exchange rates.

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 wellbeing 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 operated. 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 Lehman acquisition 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 37.567m 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.

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 3m 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 10 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 4m 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[1], 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, through 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.

1 *On consistent year end loans and advances balances and impairment at average 2008 foreign exchange rates.*

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 return. The achievement of these 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 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 on-going 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[1] 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 GRCB - 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.

1 *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, Group Risk Director; Cathy Turner, Group Head of Human Resources and Corporate Affairs.*

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. We want to be able to do four things simultaneously; invest in the business, strengthen our capital ratios, and pay staff appropriate compensation. I don't pretend that achieving this 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. The Remuneration Committee makes its decisions 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.

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.

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 accomodate 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. 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.

4. 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.

Goals

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 and our comparative income and cost performance (the "jaws").

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

Group Performance

Barclays delivered profit before tax of £11,616m in 2009, an increase of 92% on 2008. Excluding a gain of £6,331m realised on the sale of Barclays Global Investors, profit before tax was £5,285m. This 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 £1,249m of gains on debt buy-backs and extinguishment.

Income grew 34% to £30,957m, 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.

Operating expenses increased 24% to £17,849m, but by 10% less than the rate of increase in Group total income. Underlying 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 significant increase in the size of the business and an uplift in volumes. The cost:income ratio improved from 72% to 57%. At Barclays Capital the compensation:income ratio improved from 44% to 38%.

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 addition of 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 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. 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 to 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.

Business Performance – Head Office Functions and Other Operations

Head Office Functions and Other Operations loss before tax was £576m, an improvement of £325m compared to 2008. The increase was the result of gains on debt extinguishment of £1,164m partially offset by increased costs in central funding activity due to money market dislocation, in particular LIBOR resets, and the cost of the announced UK bank payroll tax charge of £190m in respect of 2009 cash compensation, and £35m in respect of certain prior year awards which may fall within the proposed legislation.

Balance Sheet and Capital Management

Shareholders' Equity

Shareholders' equity, including non-controlling interests, increased 35% to £58.7bn in 2009 driven by profit after tax of £10.3bn. Net tangible asset value increased by 53% to £47.1bn.

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 19x 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 10.1% (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, we were able to increase available liquidity and we extended the average term of unsecured liabilities from at least 14 months to 26 months. We completed senior benchmark transactions totalling £15bn equivalent in the senior unsecured debt markets across multiple currencies and raised €2bn equivalent in the secured covered bond market and issued £21bn equivalent of structured notes. We have continued to manage liquidity prudently in the light of market conditions and in anticipation of ongoing regulatory develop0ments.

Outlook

We had a good start to 2010 with Group profit before tax well ahead of first half and full year 2009 run rates.

Overall impairment levels in the second half of 2009 were 23% lower than in the first half. Whilst we expect 2010 impairment levels to rise in certain books of business, particularly in our commercial lending portfolios, our planning assumption is for a moderate decline in impairment.

The evolution of our balance sheet and, in particular risk weighted assets, capital ratios and liquidity reserves, will depend upon the outcome of multiple regulatory reviews underway. It is our intention to remain conservatively positioned in anticipation of developments in the overall regulatory framework.

Chris Lucas, Group Finance Director

Consolidated Summary Income Statement

		Year Ended 31.12.09			Year Ended 31.12.08		
	Notes	Continuing Operations £m	Discontinued Operations £m	Total £m	Continuing Operations £m	Discontinued Operations £m	Total £m
Net interest income		11,669	33	11,702	11,415	-	11,415
Net fee and commission income		8,418	1,759	10,177	6,491	1,916	8,407
Net trading income/(loss)		6,994	1	6,995	1,270	(10)	1,260
Net investment income		283	66	349	680	-	680
Principal transactions		**7,277**	**67**	**7,344**	**1,950**	**(10)**	**1,940**
Net premiums from insurance contracts		1,172	-	1,172	1,090	-	1,090
Other income		1,389	4	1,393	444	10	454
Total income		**29,925**	**1,863**	**31,788**	**21,390**	**1,916**	**23,306**
Net claims and benefits incurred on insurance contracts		(831)	-	(831)	(237)	-	(237)
Total income net of insurance claims		**29,094**	**1,863**	**30,957**	**21,153**	**1,916**	**23,069**
Impairment charges and other credit provisions		(8,071)	-	(8,071)	(5,419)	-	(5,419)
Net income		**21,023**	**1,863**	**22,886**	**15,734**	**1,916**	**17,650**
Operating expenses		**(16,712)**	**(1,137)**	**(17,849)**	**(13,387)**	**(975)**	**(14,362)**
Share of post-tax results of associates and joint ventures		34	-	34	14	-	14
Profit on disposal of subsidiaries, associates and joint ventures		188	-	188	327	-	327
Gains on acquisitions		26	-	26	2,406	-	2,406
Profit before tax and disposal of discontinued operations		**4,559**	**726**	**5,285**	**5,094**	**941**	**6,035**
Profit on disposal of discontinued operations	6	-	6,331	6,331	-	-	-
Profit before tax		**4,559**	**7,057**	**11,616**	**5,094**	**941**	**6,035**
Tax		(1,047)	(280)	(1,327)	(449)	(337)	(786)
Profit after tax[1]		**3,512**	**6,777**	**10,289**	**4,645**	**604**	**5,249**
Attributable to							
Equity holders of the parent		3,228	6,765	9,993	4,259	587	4,846
Non-controlling interests		284	12	296	386	17	403
		3,512	**6,777**	**10,289**	**4,645**	**604**	**5,249**

1 *Includes profit after tax from discontinued operations including gain on disposal of Barclays Global Investors as set out on page 32*

Consolidated Statement of Comprehensive Income

	Year Ended 31.12.09 £m	Year Ended 31.12.08 £m
Profit after tax	10,289	5,249
Other Comprehensive Income		
Continuing operations		
Currency translation differences	(853)	2,233
Available for sale financial assets	1,320	(1,577)
Cash flow hedges	165	376
Other	(1)	(56)
Tax relating to components of other comprehensive income	(26)	851
Other comprehensive income for the year, net of tax from continuing operations	**605**	**1,827**
Other comprehensive income for the year, net of tax from discontinued operations	(58)	114
Total comprehensive income for the year	**10,836**	**7,190**
Attributable to:		
Equity holders of the parent	10,286	6,654
Non-controlling interests	550	536
Total comprehensive income for the year	**10,836**	**7,190**

Consolidated Summary Balance Sheet

Assets	As at 31.12.09 £m	As at 31.12.08 £m
Cash and balances at central banks	81,483	30,019
Items in the course of collection from other banks	1,593	1,695
Trading portfolio assets	151,395	185,646
Financial assets designated at fair value:		
– held on own account	41,311	54,542
– held in respect of linked liabilities to customers under investment contracts	1,257	66,657
Derivative financial instruments	416,815	984,802
Loans and advances to banks	41,135	47,707
Loans and advances to customers	420,224	461,815
Available for sale financial investments	56,651	65,016
Reverse repurchase agreements and cash collateral on securities borrowed	143,431	130,354
Goodwill and intangibles	8,795	10,402
Property, plant and equipment	5,626	4,674
Deferred tax assets	2,303	2,668
Other assets	7,129	7,032
Total assets	**1,379,148**	**2,053,029**

Liabilities	As at 31.12.09 £m	As at 31.12.08 £m
Deposits from banks	76,446	114,910
Items in the course of collection due to other banks	1,466	1,635
Customer accounts	322,455	335,533
Trading portfolio liabilities	51,252	59,474
Financial liabilities designated at fair value	86,202	76,892
Liabilities to customers under investment contracts	1,679	69,183
Derivative financial instruments	403,416	968,072
Debt securities in issue	135,902	153,426
Repurchase agreements and cash collateral on securities lent	198,781	182,285
Subordinated liabilities	25,816	29,842
Deferred tax liabilities	470	304
Other liabilities	16,564	17,899
Total liabilities	**1,320,449**	**2,009,455**

Shareholders' Equity		
Shareholders' equity excluding non-controlling interests	55,925	41,202
Non-controlling interests	2,774	2,372
Total shareholders' equity	58,699	**43,574**
Total liabilities and shareholders' equity	**1,379,148**	**2,053,029**

Consolidated Statement of Changes in Equity

2009	Share Capital and Share Premium[1] £m	Other Reserves £m	Retained Earnings £m	Total £m	Non-Controlling Interests £m	Total Equity £m
Balance at 1st January 2009	**14,458**	**4,287**	**22,457**	**41,202**	**2,372**	**43,574**
Profit after tax	-	-	9,993	9,993	296	10,289
Other comprehensive income:						
Currency translation differences	-	(1,138)	-	(1,138)	285	(853)
Available for sale financial assets	-	1,334	-	1,334	(14)	1,320
Cash flow hedges	-	194	-	194	(29)	165
Tax relating to components of other comprehensive income	-	(209)	171	(38)	12	(26)
Other	-	-	(1)	(1)	-	(1)
Other comprehensive income net of tax from discontinued operations	-	(75)	17	(58)	-	(58)
Total comprehensive income	**-**	**106**	**10,180**	**10,286**	**550**	**10,836**
Issue of new ordinary shares	25	-	-	25	-	25
Issue of new preference shares	-	-	-	-	-	-
Equity settled share schemes	-	-	298	298	-	298
Vesting of Barclays PLC shares under share-based payment schemes	-	-	(80)	(80)	-	(80)
Capital injection from Barclays PLC	-	-	4,850	4,850	-	4,850
Dividends paid	-	-	(103)	(103)	(132)	(235)
Dividends on preference shares and other shareholders equity	-	-	(599)	(599)	-	(599)
Net increase/decrease in non-controlling interest arising on acquisitions, disposals and capital issuances	-	-	-	-	(82)	(82)
Other	11	(51)	86	46	66	112
Balance at 31st December 2009	**14,494**	**4,342**	**37,089**	**55,925**	**2,774**	**58,699**

2008	Share Capital and Share Premium[1] £m	Other Reserves £m	Retained Earnings £m	Total £m	Non-Controlling Interests £m	Total Equity £m
Balance at 1st January 2008	**13,133**	**2,517**	**14,222**	**29,872**	**1,949**	**31,821**
Net profit for the year	-	-	4,846	4,846	403	5,249
Other comprehensive income:						
Currency translation differences	-	2,174	-	2,174	59	2,233
Available for sale financial assets	-	(1,575)	-	(1,575)	(2)	(1,577)
Cash flow hedges	-	271	-	271	105	376
Tax relating to components of other comprehensive income	-	926	(46)	880	(29)	851
Other	-	-	(56)	(56)	-	(56)
Other comprehensive income net of tax from discontinued operations	-	124	(10)	114	-	114
Total comprehensive income	**-**	**1,920**	**4,734**	**6,654**	**536**	**7,190**
Issue of new ordinary shares	16	-	-	16	-	16
Issue of new preference shares	1,309	-	-	1,309	-	1,309
Equity settled share schemes	-	-	463	463	-	463
Vesting of Barclays PLC shares under share-based payment schemes	-	-	(437)	(437)	-	(437)
Capital injection from Barclays PLC	-	-	5,137	5,137	-	5,137
Dividends paid	-	-	(1,160)	(1,160)	(134)	(1,294)
Dividends on preference shares and other shareholders equity	-	-	(502)	(502)	-	(502)
Net increase/decrease in non-controlling interest arising on acquisitions, disposals and capital issuances	-	-	-	-	4	4
Other	-	(150)	-	(150)	17	(133)
Balance at 31st December 2008	**14,458**	**4,287**	**22,457**	**41,202**	**2,372**	**43,574**

1 *Details of share capital and share premium are shown in Note 2*

Consolidated Summary Cash Flow Statement

Reconciliation of Profit Before Tax to Net Cash Flows from Operating Activities	Year Ended 31.12.09 £m	Year Ended 31.12.08 £m
Continuing Operations		
Profit before tax	4,559	5,094
Adjustment for non-cash items	13,092	4,984
Changes in operating assets and liabilities	24,946	23,666
Tax paid	(1,176)	(1,398)
Net cash from operating activities	**41,421**	**32,346**
Net cash from investing activities	12,260	(8,662)
Net cash from financing activities	(610)	13,479
Net cash from discontinued operations	(376)	(6,018)
Effect of exchange rates on cash and cash equivalents	(2,864)	286
Net increase in cash and cash equivalents	**49,831**	**31,431**
Cash and cash equivalents at beginning of period	64,509	33,078
Cash and cash equivalents at end of period	**114,340**	**64,509**

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Overview of Barclays Risk Exposures

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 during 2009.

Barclays continues to actively manage its businesses to mitigate this risk and address these challenges and 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 18 to 26 of this Results Announcement provide details with respect to Barclays risk exposures:

- Pages 18 to 24 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. Further information on the detail within this section is as follows:
  - Analysis of total assets by valuation basis and underlying asset class (pages 18 to 19)
  - Disclosures and analysis of Barclays Capital's credit market exposures by asset class
  - Wholesale credit risk
  - Retail credit risk
- Page 25 provide an analysis of market risk
- Page 26 set out the key measures of liquidity risk

More extensive disclosures can be found in the Barclays PLC Preliminary Results Announcement for the year ended 31st December 2009.

Analysis of Total Assets

Assets as at 31.12.09	Total Assets £m	Accounting Basis: Fair Value £m	Accounting Basis: Cost Based Measure £m
Cash and balances at central banks	**81,483**	-	81,483
Items in the course of collection from other banks	**1,593**	-	1,593
Treasury & other eligible bills	9,926	9,926	-
Debt securities	116,594	116,594	-
Equity securities	19,653	19,653	-
Traded loans	2,962	2,962	-
Commodities[4]	2,260	2,260	-
Trading portfolio assets	**151,395**	151,395	-
Financial assets designated at fair value			
Loans and advances	22,390	22,390	-
Debt securities	4,007	4,007	-
Equity securities	6,256	6,256	-
Other financial assets[5]	8,658	8,658	-
Held for own account	**41,311**	41,311	-
Held in respect of linked liabilities to customers under investment contracts[6]	**1,257**	1,257	-
Derivative financial instruments	**416,815**	416,815	-
Loans and advances to banks	**41,135**	-	41,135
Loans and advances to customers	**420,224**	-	420,224
Debt securities	43,888	43,888	-
Equity securities	6,844	6,844	-
Treasury & other eligible bills	5,919	5,919	-
Available for sale financial instruments	**56,651**	56,651	-
Reverse repurchase agreements and cash collateral on securities borrowed	143,431	-	143,431
Other assets	23,853	1,207	22,646
Total assets as at 31.12.09	**1,379,148**	**668,636**	**710,512**
Total assets as at 31.12.08	**2,053,029**	**1,359,189**	**693,840**

1 *Reverse repurchase agreements comprise primarily short-term cash lending with assets pledged by counterparties securing the loan.*
2 *Equity securities comprise primarily equity securities determined by available quoted prices in active markets.*
3 *Undrawn commitments of £257m (2008: £531m) are off-balance sheet and therefore not included in the table above. This is a change in presentation from 31st December 2008, which reflected certain loan facilities originated post 1st July 2007.*

Analysis of Total Assets						Sub Analysis
Derivatives	Loans and Advances	Debt Securities and Other Bills	Reverse Repurchase Agreements[1]	Equity Securities[2]	Other	Credit Market Exposures[3]
£m	£m	£m	£m	£m	£m	£m
-	-	-	-	-	81,483	-
-	-	-	-	-	1,593	
-	-	9,926	-	-	-	-
-	-	116,594	-	-	-	1,186
-	-	-	-	19,653	-	-
-	2,962	-	-	-	-	-
-	-	-	-	-	2,260	-
-	2,962	126,520	-	19,653	2,260	1,186
-	22,390	-	-	-	-	6,941
-	-	4,007	-	-	-	-
-	-	-	-	6,256	-	-
-	557	-	7,757	-	344	-
-	22,947	4,007	7,757	6,256	344	6,941
-	-	-	-	-	1,257	-
416,815	-	-	-	-	-	2,304
-	41,135	-	-	-	-	-
-	420,224	-	-	-	-	15,186
-	-	43,888	-	-	-	535
-	-	-	-	6,844	-	-
-	-	5,919	-	-	-	-
-	-	49,807	-	6,844	-	535
-	-	-	143,431	-	-	-
-	-	-	-	-	23,853	1,200
416,815	**487,268**	**180,334**	**151,188**	**32,753**	**110,790**	**27,352**
984,802	**542,118**	**224,692**	**137,637**	**39,222**	**124,558**	**41,208**

4 Commodities primarily consists of physical inventory positions.

5 These instruments consist primarily of loans with embedded derivatives and reverse repurchase agreements designated at fair value.

6 Financial assets designated at fair value in respect of linked liabilities to customers under investment contracts have not been further analysed as the Group is not exposed to the risks inherent in these assets.

Analysis of Barclays Capital Credit Market Assets by Asset Class

	As at 31.12.09	ABS CDO Super Senior	Other US Sub-prime	Alt-A	RMBS Monoline Wrapped US RMBS
	£m	£m	£m	£m	£m
Debt securities	1,186	-	3	323	-
Trading portfolio assets	**1,186**	-	3	323	-
Loans and advances	6,941	-	52	-	-
Financial assets designated at fair value	**6,941**	-	52	-	-
Derivative financial instruments	**2,304**	-	244	211	6
Loans and advances to customers	**15,186**	1,931	24	-	-
Debt securities	535	-	209	326	-
Available for sale financial instruments	**535**	-	209	326	-
Other assets	**1,200**	-	-	-	-
Assets as at 31.12.09	**27,352**	**1,931**	**532**	**860**	**6**
Assets as at 31.12.08	41,208	3,104	3,441	4,288	1,639

1 Undrawn commitments of £257m (2008: £531m) are off-balance sheet and therefore not included in the table above. This is a change in presentation from 31st December 2008, which reflected certain loan facilities originated post 1st July 2007.

Commercial Real Estate Loans £m	Commercial Real Estate Properties £m	Commercial Mortgage Backed Securities £m	Monoline Wrapped CMBS £m	Leveraged Finance[1] £m	SIVs and SIV-lites £m	CDPCs £m	Monoline Wrapped CLO and Other £m	Loan to Protium £m
-	-	860	-	-	-	-	-	-
-	-	860	-	-	-	-	-	-
6,534	-	-	-	-	355	-	-	-
6,534	-	-	-	-	355	-	-	-
-	-	(389)	30	-	53	23	2,126	-
-	-	-	-	5,250	122	-	-	7,859
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	**1,200**	-	-	-	-	-	-	-
6,534	**1,200**	471	**30**	**5,250**	**530**	**23**	**2,126**	**7,859**
11,578	-	735	1,854	8,517	963	150	4,939	-

Barclays Capital Credit Market Exposures

Barclays Capital's credit market exposures as at 31st December 2009 primarily relate to commercial real estate and leveraged finance. These include 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 balances at and gross writedowns to 31st December 2009 are set out by asset class below:

					Year Ended 31.12.09		
US Residential Mortgages	**As at 31.12.09**	**As at 31.12.08**	**As at 31.12.09**	**As at 31.12.08**	**Fair Value Losses**	**Impair-ment Charge**	**Gross Losses**
	$m[1]	$m[1]	£m[1]	£m[1]	£m	£m	£m
ABS CDO Super Senior	3,127	4,526	1,931	3,104	-	714	714
Other US sub-prime & Alt-A	2,254	11,269	1,392	7,729	531	555	1,086
Monoline wrapped US RMBS	9	2,389	6	1,639	282	-	282
Commercial Mortgages							
Commercial real estate loans and properties	12,525	16,882	7,734	11,578	2,466	-	2,466
Commercial mortgage-backed securities	762	1,072	471	735	44	-	44
Monoline wrapped CMBS	49	2,703	30	1,854	497	-	497
Other Credit Market							
Leveraged Finance[2]	8,919	13,193	5,507	9,048	-	396	396
SIVs, SIV-Lites and CDPCs	896	1,622	553	1,113	69	4	73
Monoline wrapped CLO and other	3,443	7,202	2,126	4,939	528	-	528
Total exposures	**31,984**	**60,858**	**19,750**	**41,739**			
Total gross writedowns					**4,417**	**1,669**	**6,086**
Loan to Protium	**12,727**	**-**	**7,859**	**-**			

During the year ended 31st December 2009, these positions have been reduced by £14,130m to £27,609m (31st December 2008: £41,739m), including net sales and paydowns of £6,590m, gross writedowns of £6,086m and a decrease of £4,226m due to currency and other movements. In addition, on 16th September 2009, £5,087m credit market assets and £2,367m other assets were sold to Protium Finance LP, funded by a £7,669m loan extended by Barclays. The loan balance at 31st December 2009 of £7,859m includes accrued interest.

In the year ended 31st December 2009, gross writedowns comprised £4,417m (2008: £6,290m) of fair value losses through income and £1,669m (2008: £1,763m) of impairment charges. Gross writedowns included £2,082m (2008: £5,584m) against US residential mortgage positions, £3,007m (2008: £1,488m) against commercial mortgage positions, and £997m (2008: £981m) against other credit market positions.

1 As the majority of positions are denominated in US Dollars, the positions above are shown in both US Dollars and Sterling.
2 Includes undrawn commitments of £257m (2008: £531m).

Wholesale Credit Risk

Loans and Advances to customers and banks in the wholesale portfolios decreased by £55,202m (18%) to £259,306m, primarily as a result of a £42,972m (21%) fall in Barclays Capital to £165,624m, due to a decrease in the cash collateral held against derivative trades, a reduction in non-UK lending and a decrease in the value of Sterling relative to other currencies. This was partially offset by increases in lending due to restructuring of credit market assets and a reclassification of previously held for trading assets to loans and advances. Loans and advances fell in Barclays Commercial Bank by £8,064m (12%) to £60,840m, due to reduced customer demand. Balances fell in both GRCB – Western Europe and GRCB – Emerging Markets, which was due, in part, to the depreciation of various currencies across the regions against Sterling. The increase of £1,429m (17%) of balances in GRCB – Absa was due to the appreciation of the Rand against Sterling during 2009. In Rand terms, balances were stable.

In the wholesale portfolios, the impairment charge against loans and advances rose by £861m (33%) to £3,441m (2008: £2,580m) mainly due to increases in:

- Barclays Commercial Bank, reflecting rising default rates and lower asset values
- GRCB - Western Europe, reflecting the economic deterioration in Spain which has impacted the commercial, construction and SME portfolios in particular, together with the appreciation of the average value of the Euro against Sterling
- GRCB - Emerging Markets as credit conditions continued to deteriorate resulting in a small number of higher value single name charges and the appreciation of the average value of a number of currencies against Sterling

Impairment in Barclays Capital of £1,898m (2008: £1,936m) was broadly in line with 2008, as a fall in the impairment charge against credit market exposures was partially offset by a rise in the impairment charge against non-credit market exposures.

The loan loss rate across the Group's wholesale portfolios for 2009 was 133bps (2008: 82bps), reflecting the rise in impairment and the 18% reduction in wholesale loans and advances.

As we enter 2010, the principal uncertainties relating to the performance of the wholesale portfolios are:

- The extent and sustainability of economic recovery and asset prices in the UK, US, Spain and South Africa as governments consider how and when to withdraw stimulus packages
- The potential for single name risk and for idiosyncratic losses in different sectors and geographies where credit positions are sensitive to economic downturn
- Possible additional deterioration in our remaining credit market exposures, including commercial real estate and leveraged finance
- The potential impact of deteriorating sovereign credit quality

Retail Credit Risk

Loans and advances to customers in the retail portfolios increased by £11,261m (6%) to £212,849m. Balances grew in most businesses with the largest increase in UK Retail Banking, which increased by £4,981m (5%) to £101,064m primarily in the UK Home Finance portfolio. There was modest growth in balances to local businesses but a moderate decline in balances relating to unsecured loans and overdrafts. GRCB - Western Europe increased by £2,517m (6%), which primarily reflected growth in Italy and Portugal following the expansion of the franchise, principally across mortgages and cards. This growth was partially offset by the appreciation of the Euro against Sterling. The increase of £2,611m (11%) of balances in GRCB - Absa was due to the appreciation of the Rand against Sterling during 2009. In Rand terms, balances fell by 3%. Balances in GRCB - Emerging Markets were £483m (12%) lower, in part reflecting movements in Sterling against local currencies.

In the retail portfolios, the impairment charge against loans and advances rose by £1,584m (68%) to £3,917m (2008: £2,333m) as economic conditions, particularly unemployment, deteriorated across all regions. Policy and methodology enhancements, currency movements and portfolio maturation also had an impact. The largest increase was in Barclaycard, which increased by £695m (64%) to £1,781m, mainly driven by higher delinquencies and deteriorating economic conditions in the United Kingdom and the United States as well as portfolio maturation. The increase of £334m (55%) to £936m in UK Retail Banking was primarily due to lower recoveries and policy and methodology enhancements. Impairment charges in GRCB - Western Europe and GRCB - Emerging Markets were impacted by increased delinquency rates as credit conditions deteriorated particularly in Spain and India. Impairment increased in GRCB - Absa as a result of high delinquency levels due to consumer indebtedness and increased debt counselling balances following the enactment of the 2007 National Credit Act.

The loan loss rate across the Group's retail portfolios for 2009 was 184bps (2008: 116bps).

As we enter 2010, the principal uncertainties relating to the performance of the Group's retail portfolios are:

- The extent and sustainability of economic recovery in the UK, US, Spain and South Africa as governments consider how and when to withdraw stimulus packages
- The dynamics of unemployment in those markets and the impact on delinquency and charge-off rates
- The speed and extent of possible rises in interest rates in the UK, US and eurozone
- The possibility of any further falls in residential property prices in the UK, South Africa and Spain

Market Risk

Market Risk is the risk that Barclays earnings or capital, or its ability to meet business objectives, will be adversely affected by changes in the level or volatility of market rates or prices such as interest rates, credit spreads, commodity prices, equity prices, and foreign exchange rates. The majority of market risk exposure resides in Barclays Capital.

Risk Measurement and Control

The measurement techniques used to measure and control traded market risk include Daily Value at Risk (DVaR), Expected Shortfall, the average of the three worst hypothetical losses from the DVaR simulation (3W), Global Asset Class stress testing and Global Scenario stress testing.

DVaR is an estimate of the potential loss arising from unfavourable market movements, if the current positions were to be held unchanged for one business day. Barclays Capital uses the historical simulation methodology with a two year unweighted historical period at the 95% confidence level.

The DVaR model has been approved by the FSA to calculate regulatory capital for the trading book. The FSA categorises a DVaR model as either green, amber or red dependent on the number of days when a loss (as defined by the FSA in BIPRU 7.10) exceeds the corresponding DVaR estimate, measured at the 99% confidence level. A green model is consistent with a good working model. For Barclays Capital's trading book, green model status was maintained for 2009 and 2008. Internally, DVaR is calculated for the trading book and certain banking books.

Market volatility decreased from the extreme levels observed in the second half of 2008, but remained above pre-crisis 2007 levels. As a consequence of the unweighted DVaR historical simulation methodology, the extreme 2008 volatility will continue to impact DVaR until late 2010.

Expected Shortfall is the average of all hypothetical losses from the historical simulation beyond DVaR. To improve the control framework, formal monitoring of 3W (average of the three worst observations from the DVaR historical simulation) was started in the first half of 2009.

Stress testing provides an indication of the potential size of losses that could arise in extreme conditions. Global Asset Class stress testing has been designed to cover major asset classes including interest rate, credit spread, commodity, equity and foreign exchange rates. Global Scenario stress testing is based on hypothetical events which could lead to extreme yet plausible stress type moves, under which profitability is seriously challenged.

Market Risk is controlled through the use of limits where appropriate on the above risk measures. Limits are set at the total Barclays Capital level, risk factor level e.g. interest rate risk, and business level e.g. Emerging Markets. Book limits such as foreign exchange and interest rate delta limits are also in place.

Analysis of Barclays Capital's Market Risk Exposure

Barclays Capital's market risk exposure, as measured by average total DVaR, increased by 45% to £77m (2008: £53m). The rise was mainly due to volatility considerations, increased interest rate and credit spread exposure, and the Lehman Brothers North America businesses acquisition. Volatility affected average DVaR because 2008's extreme volatility impacted DVaR throughout 2009 but only impacted 2008 DVaR in the last four months of the year.

DVaR peaked at £119m in March 2009 before trending down mainly due to decreases in credit spread and interest rate exposure, reaching £58m in August.

DVaR subsequently increased as markets began to recover and new positions were added to facilitate client trades. DVaR decreased towards year end driven by a reduction in exposure and an increase in diversification. Total DVaR as at 31st December was £55m (31st December 2008: £87m).

Expected shortfall and 3W averaged £121m and £209m respectively representing increases of £51m (73%) and £93m (80%) compared with 2008.

As we enter 2010, the principal uncertainties which may impact Barclays market risk relate to volatility in interest rates, commodities, credit spreads, equity prices and foreign exchange rates. While these markets exhibit improved liquidity and reduced volatility following Central Bank support, price instability and higher volatility may still arise as government policy seeks to target future economic growth, while controlling inflation risk.

Liquidity Risk

Barclays has a comprehensive Liquidity Risk Management Framework (the Liquidity Framework) for managing the Group's liquidity risk. The objective of the Liquidity Framework is for the Group to have sufficient liquidity to continue to operate for at least the minimum period specified by the FSA in the event that the wholesale funding markets are neither open to Barclays nor to the market as a whole. Many of the stress tests currently applied under the Liquidity Framework will also be applied under the FSA's new regime, although the precise calibration may differ in Barclays final Individual Liquidity Guidance to be set by the FSA. The Framework considers a range of possible wholesale and retail factors leading to loss of financing including:

- Maturing of wholesale liabilities
- Loss of secured financing and widened haircuts on remaining book
- Retail and commercial outflows from savings and deposit accounts
- Drawdown of loans and commitments
- Potential impact of a 2 notch ratings downgrade
- Withdrawal of initial margin amounts by counterparties

These stressed scenarios are used to assess the appropriate level for the Group's liquidity pool, which comprises unencumbered assets and deposits. Barclays regularly uses these assets to access secured funding markets, thereby testing the liquidity assumptions underlying pool composition. The Group does not presume the availability of central bank facilities to monetise the liquidity pool in any of the stress scenarios under the Liquidity Framework.

Going Concern

The Group's business activities and financial position, the factors likely to affect its future development and performance, and its objectives and policies in managing the financial risks to which it is exposed and its capital are discussed in the Results by Business and Risk Management section. The Directors have assessed, in the light of current and anticipated economic conditions, the Group's ability to continue as a going concern. The Directors confirm they are satisfied that the Group has adequate resources to continue in business for the foreseeable future. For this reason, they continue to adopt the 'going concern' basis for preparing accounts.

Changes to Accounting Policy

The Group has continued to apply the accounting policies used for the 2008 Annual Report and has adopted the following:

- The 2008 amendments to IFRS 2 - Shared-Based Payment-Vesting Conditions and Cancellations which has led to a change in accounting for share-based payments to employees. As a result, non-vesting conditions are taken into account in estimating the grant date fair value and the timing of recognition of charges. No prior year adjustments have been made as the impact on previous years is immaterial

- The amendments to IFRS 7 - Improving Disclosures about Financial Instruments which has resulted in additional disclosures being made regarding liquidity risk and fair value of financial instruments

- IAS 1 (revised), which has resulted in the reformatting of the statement of recognised gains and losses into a statement of comprehensive income and the addition of a statement of changes in equity. This does not change the recognition, measurement or disclosure of specific transactions and events required by other standards

Future Accounting Developments

The revised IFRS 3 - Business Combinations and IAS 27-Consolidated and Separate Financial Statements first applied to Barclays from 1st January 2010. The main changes affect acquisitions that are achieved in stages and acquisitions where less than 100% of the equity is acquired. Gains and losses on transactions with non-controlling interests that do not result in loss of control will be accounted for as equity transactions and will no longer be recognised in the income statement but directly in equity. In addition, acquisition related costs will be recognised as expenses unless they are directly connected with the issue of debt or equity securities.

IFRS 9 - Financial Instruments: Classification and Measurement was published on 12 November 2009. It is the first phase of a project to replace IAS 39 – Financial Instruments Recognition and Measurement and will ultimately result in fundamental changes in the way that the Group accounts for financial instruments. Adoption of the standard is not mandatory until accounting periods beginning on or after 1st January 2013. Early adoption is permitted once the standard has been endorsed by the EU.

Aspects of financial instrument accounting that will be addressed in future phases of the project include accounting for financial liabilities, impairment of amortised cost financial assets and hedge accounting. The Group is assessing the impacts of the first phase of the project and is following developments in future phases with the aim of determining a suitable programme for implementation. At this stage, the potential impacts of the project as a whole cannot be determined.

A number of other amendments and interpretations to IFRS have been published that will first apply in future accounting periods. They are not expected to result in material changes to the Group's accounting policies.

Notes

1. Tax

The effective tax rate for 2009, based on profit before tax on continuing operations was 23.0% (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 acquisition.

2. Share Capital

Ordinary Shares

The issued ordinary share capital of Barclays Bank PLC at 31st December 2009 comprised 2,342 million (31st December 2008: 2,338 million) ordinary shares of £1 each.

The whole of the issued ordinary share capital of Barclays Bank PLC at 31st December 2009 is beneficially owned by Barclays PLC.

Preference Shares

The issued preference share capital of Barclays Bank PLC at 31st December 2009 comprised £60m (31st December 2008: £60m) of preference shares of the following denominations:

	31.12.09	**31.12.08**
	'000	'000
Issued and fully paid shares of £1 each	1	1
Issued and fully paid shares of £100 each	75	75
Issued and fully paid shares of US$0.25 each	237,000	237,000
Issued and fully paid shares of US$100 each	100	100
Issued and fully paid shares of €100 each	240	240

3. Legal Proceedings

On 25th November 2009, the UK Supreme Court decided the test case relating to current account overdraft charges in favour of the banks. The Office of Fair Trading subsequently confirmed that it will not proceed with its investigation into the fairness of these charges following the Supreme Court judgment. Accordingly, we are seeking to have all outstanding claims which were premised on the same legal principles as those at issue in the test case discontinued or dismissed. There remain a small number of residual complaints challenging the charges on a different basis, but these complaints are not expected to have a material effect on Barclays.

Barclays Bank PLC, Barclays PLC and various current and former members of Barclays PLC's Board of Directors have been named as defendants in five proposed securities class actions (which have been consolidated) pending in the United States District Court for the Southern District of New York. The initial complaints, filed in 2009, allege that the registration statements relating to American Depositary Shares representing Preferred Stock, Series 2, 3, 4 and 5 (ADS) offered by Barclays Bank PLC at various times between 2006 and 2008 contained misstatements and omissions concerning (amongst other things) Barclays portfolio of mortgage-related (including U.S. subprime-related) securities and Barclays financial condition. The complaints assert claims under Sections 11, 12(a)(2) and 15 of the Securities Act of 1933. Barclays considers that these ADS-related claims against it are without merit and is defending them vigorously. It is not possible to estimate any possible loss in relation to these claims or any effect that they might have upon operating results in any particular financial period.

On 15th September 2009 motions were filed in the United States Bankruptcy Court for the Southern District of New York by Lehman Brothers Holdings Inc. (LBHI), the SIPA Trustee for Lehman Brothers Inc. (the Trustee) and the Official Committee of Unsecured Creditors of Lehman Brothers Holdings Inc. (the Committee). All three motions challenge certain aspects of the transaction pursuant to which Barclays Capital Inc. (BCI) and other companies in the Barclays Group acquired most of the assets of Lehman Brothers Inc. (LBI) in September 2008 and the court order approving such sale. The claimants seek an order: voiding the transfer of certain assets to BCI; requiring BCI to return to the LBI estate alleged excess value BCI received; and declaring that BCI is not entitled to certain assets that it claims pursuant to the sale documents and order approving the sale. On 16th November 2009, LBHI, the Trustee and the Committee filed separate complaints in the Bankruptcy Court asserting claims against BCI based on the same underlying allegations as the pending motions and seeking relief similar to that which is requested in the motions. On 29th January 2010, BCI filed its response to the motions. Barclays considers that the motions and claims against BCI are without merit and BCI is vigorously defending its position. On 29th January 2010, BCI also filed a motion seeking delivery of certain assets that LBHI and LBI have failed to deliver as required by the sale documents and the court order approving the sale. It is not possible to estimate any possible loss to Barclays in relation to these matters or any effect that these matters might have upon operating results in any particular financial period.

Barclays is engaged in various other litigation proceedings both in the United Kingdom and a number of overseas jurisdictions, including the United States, involving claims by and against it which arise in the ordinary course of business. Barclays does not expect the ultimate resolution of any of the proceedings to which Barclays is party to have a significant adverse effect on the financial position of the Group and Barclays has not disclosed the contingent liabilities associated with these claims either because they cannot reasonably be estimated or because such disclosure could be prejudicial to the conduct of the claims.

4. Competition and Regulatory Matters

The scale of regulatory change remains challenging and the global financial crisis is resulting in a significant tightening of regulation and changes to regulatory structures globally, especially for banks that are deemed to be of systemic importance. Concurrently, there is continuing political and regulatory scrutiny of the operation of the banking and consumer credit industries in the UK and elsewhere which, in some cases, is leading to increased regulation. For example, the Credit Card Accountability, Responsibility and Disclosure Act of 2009 in the US will restrict many credit card pricing and marketing practices. The nature and impact of future changes in the legal framework, policies and regulatory action cannot currently be fully predicted and are beyond Barclays control, but, especially in the area of banking regulation, are likely to have an impact on Barclays businesses and earnings.

The market for payment protection insurance (PPI) has been under scrutiny by the UK competition authorities and financial services regulators. Following a reference from the Office of Fair Trading (OFT), the UK Competition Commission (CC) undertook an in depth enquiry into the PPI market. The CC published its final report on 29th January 2009 concluding that the businesses which offer PPI alongside credit face little or no competition when selling PPI to their credit customers. In March 2009, Barclays submitted a targeted appeal focused on the prohibition on sale of PPI at the point of sale (POSP) remedy on the basis that it was not based on sound analysis, and is unduly draconian. The Competition Appeals Tribunal (CAT) upheld Barclays appeal on two grounds, meaning that the CC will be required to reconsider the POSP remedy and the basis for it, and made an order to that effect on 26th November 2009. This remittal process is expected to take until the autumn of 2010, at which time the CC will publish its final Remedies Order.

Separately, in 2006, the FSA published the outcome of its broad industry thematic review of PPI sales practices in which it concluded that some firms fail to treat customers fairly and that the FSA would strengthen its actions against such firms. Tackling poor PPI sales practices remains a priority for the FSA. In September 2009, the FSA issued a Consultation Paper on the assessment and redress of PPI complaints made on or after 14th January 2005. The FSA has announced that it intends to publish a final version of the policy statement in early 2010 and will amend the DISP rules in the FSA Sourcebook. Barclays voluntarily complied with the FSA's request to cease selling single premium PPI by the end of January 2009.

The OFT has carried out investigations into Visa and MasterCard credit card interchange rates. The decision by the OFT in the MasterCard interchange case was set aside by the CAT in 2006. The OFT is progressing its investigations in the Visa interchange case and a second MasterCard interchange case in parallel and both are ongoing. The outcome is not known but these investigations may have an impact on the consumer credit industry in general and therefore on Barclays business in this sector. In 2007, the OFT expanded its investigation into interchange rates to include debit cards.

Notwithstanding the Supreme Court ruling in relation to the test case (see Legal Proceedings note on page 29) Barclays continues to be involved in the OFT’s work on personal current accounts. The OFT initiated a market study into personal current accounts (PCAs) in the UK in 2007 which also included an examination of other retail banking products, in particular savings accounts, credit cards, personal loans and mortgages in order to take into account the competitive dynamics of UK retail banking. In 2008, the OFT published its market study report, in which it concluded that certain features of the UK PCA market were not working well for consumers. The OFT reached the provisional view that some form of regulatory intervention is necessary in the UK PCA market. The OFT also held a consultation to seek views on the findings and possible measures to address the issues raised in its report. In October 2009, the OFT published a follow-up report containing details of voluntary initiatives agreed between the OFT and the industry. Barclays has participated fully in the market study process and will continue to do so.

US laws and regulations require compliance with US economic sanctions, administered by the Office of Foreign Assets Control, against designated foreign countries, nationals and others. HM Treasury regulations similarly require compliance with sanctions adopted by the UK government. Barclays has been conducting an internal review of its conduct with respect to US Dollar payments involving countries, persons and entities subject to these sanctions and has been reporting to governmental authorities about the results of that review. Barclays received inquiries relating to these sanctions and certain US Dollar payments processed by its New York branch from the New York County District Attorney's Office and the US Department of Justice, which along with other authorities, has been reported to be conducting investigations of sanctions compliance by non-US financial institutions. Barclays has responded to those inquiries and is cooperating with the regulators, the Department of Justice and the District Attorney's Office in connection with their investigations of Barclays conduct with respect to sanctions compliance. Barclays has also received a formal notice of investigation from the FSA, and has been keeping the FSA informed of the progress of the US investigations and Barclays internal review. Barclays review is ongoing. It is currently not possible to predict the ultimate resolution of the issues covered by Barclays review and the investigations, including the timing and potential financial impact of any resolution, which could be substantial.

5. Events After the Balance Sheet Date

On 1st January 2010, the Group acquired 100% ownership of Standard Life Bank Plc for a consideration of £227m in cash. The assets acquired include a savings book of approximately £5.8bn, and a mortgage book with outstanding balances of approximately £7.5bn.

As announced on 3rd November 2009, the Group has made changes to its business structure, which will be reflected in the Group's external financial reporting for periods commencing 1st January 2010. The segmental information presented in this Results Announcement represents the business segments and other operations used for management and reporting purposes during the year ended 31st December 2009. We intend to provide 2009 segmental information based on the revised Group structure for comparative purposes prior to the Q1 2010 Interim Management Statement

6. Discontinued Operations

On 1st December 2009 the Group completed the sale of Barclays Global Investors to BlackRock, Inc. (BlackRock). The consideration at completion was US$15.2bn (£9.5bn), including 37.567 million new BlackRock shares. This gives the Group an economic interest of 19.9% of the enlarged BlackRock group, which is accounted for as an available for sale equity investment. The profit on disposal before tax was £6,331m, with a tax charge of £43m, reflecting the application of UK substantial shareholdings relief in accordance with UK tax law.

The results of the discontinued operations are set out below. For the year ended 31st December 2009 the results are for the 11 month period up to the date of disposal:

	Year Ended 31.12.09 £m	Year Ended 31.12.08 £m
Net interest income	33	-
Net fee and commission income	1,759	1,916
Net trading income/(expense)	1	(10)
Net investment income	66	-
Principal transactions	**67**	**(10)**
Other income	4	10
Total income	**1,863**	**1,916**
Operating expenses excluding amortisation of intangible assets and deal costs	(1,123)	(960)
Amortisation of intangible assets	(14)	(15)
Operating expenses	**(1,137)**	**(975)**
Profit before tax from discontinued operations	**726**	**941**
Tax	(237)	(337)
Profit after tax from discontinued operations	**489**	**604**
Profit on disposal of discontinued operations	6,331	-
Tax	(43)	-
Net profit on the disposal of the discontinued operation	**6,288**	**-**
Profit after tax from discontinued operations, including gain on disposal	**6,777**	**604**

Other comprehensive income relating to discontinued operations is as follows:

Available for sale assets	10	(9)
Currency translation reserve	(85)	133
Tax relating to components of other comprehensive income	17	(10)
Other comprehensive income, net of tax from discontinued operations	(58)	114

The cash flows attributable to the discontinued operations are as follows:

Cash Flows from Discontinued Operations	Year Ended 31.12.09 £m	Year Ended 31.12.08 £m
Net cash flows from operating activities	333	524
Net cash flows from investing activities	(25)	(93)
Net cash flows from financing activities	(550)	(362)
Effect of exchange rates on cash and cash equivalents	(134)	217
Net (decrease)/increase in cash and cash equivalents	(376)	286

Other Information

Registered Office

1 Churchill Place, London, E14 5HP, United Kingdom. Tel: +44 (0) 20 7116 1000.

Company number: 1026167

Website

www.barclays.com

Filings with the SEC

Statutory accounts for the year ended 31st December 2009, which also include certain information required for the Joint Annual Report on Form 20-F of Barclays PLC and Barclays Bank PLC to the US Securities and Exchange Commission (SEC), can be obtained from Corporate Communications, Barclays Bank PLC, 745 Seventh Avenue, New York, NY 10019, United States of America or from the Director, Investor Relations at Barclays registered office address, shown above, once they have been published in late March. Once filed with the SEC copies of the Form 20-F will also be available from the Barclays Investor Relations website (details below) and from the SEC's website (www.sec.gov). These results will be furnished on a Form 6-K to the SEC as soon as practicable after publication.

For Further Information Please Contact

Investor Relations	Media Relations
Stephen Jones / James Johnson	Howell James / Alistair Smith
+44 (0) 20 7116 5752/7233	+44 (0) 20 7116 6060/6132

More information on Barclays can be found on our website at the following address:

www.barclays.com/investorrelations

Absa - Refers to the results for Absa Group Limited as consolidated into the results of Barclays PLC; translated into Sterling with adjustments for amortisation of intangible assets, certain head office adjustments, transfer pricing and non-controlling interests.

Absa Group Limited - Refers to the consolidated results of the South African group of which the parent company is listed on the Johannesburg Stock Exchange (JSE Limited) in which Barclays owns a controlling stake.

ABS CDO Super Senior - Super senior tranches of debt linked to collateralised debt obligations of asset backed securities (defined below). Payment of super senior tranches takes priority over other obligations. See Risk Management section - Credit Market Exposures.

Adjusted Gross Leverage - 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. See 'Tier 1 Capital' below.

Alt-A - Loans regarded as lower risk than sub-prime, but with higher risk characteristics than lending under normal criteria. See Risk Management section - Credit Market Exposures.

Arrears - Customers are said to be in arrears when they are behind in fulfilling their obligations with the result that an outstanding loan is unpaid or overdue. Such a customer is also said to be in a state of delinquency. When a customer is in arrears, his entire outstanding balance is said to be delinquent, meaning that delinquent balances are the total outstanding loans on which payments are overdue.

Asset Backed Securities (ABS) - Securities that represent an interest in an underlying pool of referenced assets. The referenced pool can comprise any assets which attract a set of associated cash flows but are commonly pools of residential or commercial mortgages and, in the case of Collateralised Debt Obligations (CDOs), the referenced pool may be ABS or other classes of assets. See Risk Management section - Credit Market Exposures.

Collateralised Debt Obligations (CDOs) - Securities issued by a third party which reference Asset Backed Securities (ABSs) (defined above) and/or certain other related assets purchased by the issuer. CDOs may feature exposure to sub-prime mortgage assets through the underlying assets. CDO^2 securities represent investments in CDOs that have been securitised by a third party. See Risk Management section - Credit Market Exposures.

Collateralised Loan Obligation (CLO) - A security backed by the repayments from a pool of commercial loans. The payments may be made to different classes of owners (in tranches). See Risk Management section - Credit Market Exposures.

Commercial Mortgage Backed Securities (CMBS) - Securities that represent interests in a pool of commercial mortgages. Investors in these securities have the right to cash received from future mortgage payments (interest and/or principal). See Risk Management section - Credit Market Exposures.

Commercial Real Estate - Commercial real estate includes office buildings, industrial property, medical centres, hotels, malls, retail stores, shopping centres, farm land, multifamily housing buildings, warehouses, garages, and industrial properties. Commercial real estate loans are those backed by a package of commercial real estate assets. See Risk Management section - Credit Market Exposures.

Compensation: income ratio - Staff compensation based costs compared to total income net of insurance claims less impairment charges.

Core Tier 1 capital - Called-up share capital and eligible reserves plus equity non-controlling interests, less intangible assets and deductions relating to the excess of expected loss over regulatory impairment allowance and securitisation positions as specified by the FSA.

Cost:income ratio - Operating expenses compared to total income net of insurance claims.

Cost:net income ratio - Operating expenses compared to total income net of insurance claims less impairment charges.

Coverage ratio - Impairment allowances as a percentage of CRL balances.

Credit Derivative Product Company (CDPC) - A company that sells protection on credit derivatives. CDPCs are similar to monoline insurers. However, unlike monoline insurers, they are not regulated as insurers. See Risk Management section - Credit Market Exposures.

Credit Market Exposures - Relates to commercial real estate and leveraged finance businesses that have been significantly impacted by the continued deterioration in the global credit markets. The exposures include positions subject to fair value movements in the Income Statement, positions that are classified as loans and advances and available for sale and other assets.

Credit spread - The yield spread between securities with the same coupon rate and maturity structure but with different associated credit risks, with the yield spread rising as the credit rating worsens. It is the premium over the benchmark or risk-free rate required by the market to accept a lower credit quality.

Customer deposits - Money deposited by all individuals and companies that are not credit institutions. Such funds are recorded as liabilities in the Group's balance sheet under Customer Accounts.

Daily Value at Risk (DVaR) - An estimate of the potential loss which might arise from market movements under normal market conditions, if the current positions were to be held unchanged for one business day, measured to a confidence level. (Also see VaR).

Delinquency - See 'Arrears'.

Economic profit - Profit after tax and non-controlling interests excluding amortisation of acquired intangible assets less a capital charge representing adjusted average shareholders' equity excluding non-controlling interests multiplied by the Group cost of capital.

Gain on acquisition - The amount by which the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities, recognised in a business combination, exceeds the cost of the combination.

Income - Total income net of insurance claims, unless otherwise specified.

Income:cost jaws - The difference between the growth in cost and the growth in income.

Liquidity pool/buffer - The group liquidity pool comprises cash at central banks and highly liquid collateral specifically held by the group as contingency to enable the bank to meet cash outflows in the event of stressed market conditions.

Loan loss rate - Total credit impairment charge (excluding available for sale assets and reverse repurchase agreements) divided by gross loans and advances to customers and banks (at amortised cost).

Monolines - A monoline insurer is defined as an entity which specialises in providing credit protection to the holders of debt instruments in the event of default by a debt security counterparty. This protection is typically held in the form of derivatives such as credit default swaps (CDS) referencing the underlying exposures held. See Risk Management section - Credit Market Exposures.

Monoline Wrapped - Debt instruments for which credit enhancement or protection by a monoline insurer has been obtained. The wrap is credit protection against the notional and principal interest cash flows due to the holders of debt instruments in the event of default in payment of these by the underlying counterparty. Therefore, if a security is monoline wrapped its payments of principal and interest are guaranteed by a monoline insurer. See Risk Management section - Credit Market Exposures.

Mortgage Backed Securities (MBS) - Securities that represent interests in a group of mortgages. Investors in these securities have the right to cash received from future mortgage payments (interest and/or principal). See Risk Management section - Credit Market Exposures.

Mortgage related securities - Securities which are referenced to underlying mortgages. See RMBS, CMBS and MBS.

Net Interest Income - The difference between interest received on assets and interest paid on liabilities including the interest income on Group equity.

Own Credit - The effect of the Group's own credit standing on the fair value of financial liabilities.

Prime - Loans of a higher credit quality and would be expected to satisfy the criteria for inclusion into Government programs.

Principal transactions - Principal transactions comprise net trading income and net investment income.

Repo/Reverse repo - A repurchase agreement that allows a borrower to use a financial security as collateral for a cash loan at a fixed rate of interest. In a repo, the borrower agrees to sell a security to the lender subject to a commitment to repurchase the asset at a specified price on a given date. For the party selling the security (and agreeing to repurchase it in the future) it is a repo; for the party on the other end of the transaction (buying the security and agreeing to sell in the future) it is a reverse repurchase agreement or reverse repo.

Residential Mortgage Backed Securities (RMBS) - Securities that represent interests in a group of residential mortgages. Investors in these securities have the right to cash received from future mortgage payments (interest and/or principal). See Risk Management section - Credit Market Exposures.

Retail Loans - Loans to individuals rather than institutions. This includes both secured and unsecured loans such as mortgages and credit card balances.

Risk weighted assets - A measure of a bank's assets adjusted for their associated risks. Risk weightings are established in accordance with the Basel Capital Accord as implemented by the FSA.

Securitisation - A process by which debt instruments are aggregated into a pool, which is used to back new securities. A company sells assets to an SPV (special purpose vehicle) who then issues securities backed by the assets based on their value. This allows the credit quality of the assets to be separated from the credit rating of the original company and transfers risk to external investors.

SIV Lites - Are SPEs (Special Purpose Entities) which invest in diversified portfolios of interest earning assets to take advantage of the spread differentials between the assets in the SIV and the funding cost. Unlike SIVs they are not perpetual, making them look more like CDOs, which have fixed maturity dates. See Risk Management section - Credit Market Exposures.

Structured Investment Vehicles (SIVs) - SPEs (Special Purpose Entities) which invest in diversified portfolios of interest earning assets to take advantage of the spread differentials between the assets in the SIV and the funding cost. See Risk Management section - Credit Market Exposures.

Sub-Prime - Loans to borrowers typically having weakened credit histories that include payment delinquencies and potentially more severe problems such as court judgements and bankruptcies. They may also display reduced repayment capacity as measured by credit scores, high debt-to-income ratios, or other criteria indicating heightened risk of default. See Risk Management section - Credit Market Exposures.

Tier 1 capital - A measure of a bank's financial strength defined by the FSA. It captures Core Tier 1 capital plus other Tier 1 securities in issue, but is subject to a deduction in respect of material holdings in financial companies.

Tier 1 capital ratio - The ratio expresses Tier 1 capital as a percentage of risk weighted assets.

Top-line income - Income before own credit gains/losses and credit market write-downs.

Value at Risk (VaR) - An estimate of the potential loss which might arise from market movements under normal market conditions, if the current positions were to be held unchanged for one business day, measured to a confidence level. (Also see DVaR).