BARCLAYS PLC
Form 6-K
February 15, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 6-K

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

February 15, 2011

Barclays PLC and
Barclays Bank PLC
(Names of Registrants)

1 Churchill Place
London E14 5HP
England

(Address of Principal Executive Offices)

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

Form 20-F x Form 40-F

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

Yes No x

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

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

This Report comprises:

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

EXHIBIT INDEX

Final Results - February 15, 2011

SIGNATURES

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

BARCLAYS PLC
(Registrant)

Date: February 15, 2011

By: /s/ Patrick Gonsalves

Patrick Gonsalves
Deputy Secretary

BARCLAYS BANK PLC
(Registrant)

Date: February 15, 2011

By: /s/ Patrick Gonsalves

Patrick Gonsalves
Joint Secretary

Barclays PLC
Preliminary Results Announcement

31st December 2010

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

Unless otherwise stated, the income statement analyses compare the twelve months to 31st December 2010 to the corresponding twelve months of 2009 and balance sheet comparisons relate to the corresponding position at 31st December 2009. Unless otherwise stated, all disclosed figures relate to continuing operations.

Relevant terms that are used in this document but are not defined under applicable regulatory guidance or International Financial Reporting Standards (IFRS) are explained in the glossary on pages 98 to 104.

In accordance with Barclays policy to provide meaningful disclosures that help investors and other stakeholders understand the financial position, performance and changes in the financial position of the Group for the year, and having regard to the BBA Disclosure Code, the information provided in this report goes beyond minimum requirements. Barclays continues to develop its financial reporting considering best practice and welcomes feedback from investors, regulators and other stakeholders on the disclosures that investors would find most useful.

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 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 2010.

The information in this announcement, which was approved by the Board of Directors on 14th February 2011, does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31st December 2009, 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 495 of the Companies Act 2006 and which did not make any statements under Section 498 of the Companies Act 2006, have been delivered to the Registrar of Companies in accordance with Section 441 of the Companies Act 2006. The 2010 Annual Review and Summary Financial Statements will be posted to shareholders together with the Group's full Annual Report and Accounts for 2010 for those shareholders who request it.

These results will be furnished as a form 6-K to the SEC as soon as practicable following their publication. Statutory accounts for the year ended 31st December 2010, which also include certain information required for the Joint Annual Report on Form 20-F of Barclays PLC and Barclays Bank PLC to the SEC, can be obtained from Corporate Communications, Barclays Bank PLC, 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 March. Once filed with the SEC, copies of the Form 20-F will also be available from the Barclays Investor Relations website www.barclays.com/investorrelations and from the SEC's website (www.sec.gov).

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, payment of dividends, projected levels of growth in the banking and financial markets, projected costs, estimates of capital expenditures, and plans and objectives for future operations and other statements that are not historical fact. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, including, but not limited to, UK domestic and global economic and business conditions, the effects of continued volatility in credit markets, market related risks such as changes in interest rates and exchange rates, effects of changes in valuation of credit market exposures, changes in valuation of issued notes, the policies and actions of governmental and regulatory authorities, including capital requirements, changes in legislation, the further development of standards and interpretations under 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.

	Year Ended	Year Ended
2010 Performance Highlights		
Group Unaudited Results	31.12.10	31.12.09

	£m	£m	% Change
Total income net of insurance claims	31,440	29,123	8
Impairment charges and other credit provisions	(5,672)	(8,071)	(30)
Net income	25,768	21,052	22
Operating expenses	(19,971)	(16,715)	19
Profit before tax	6,065	4,585	32
Own credit (gain)/charge	(391)	1,820	nm
Gains on acquisitions and disposals	(210)	(214)	(2)
Gains on debt buy-backs and extinguishments	-	(1,249)	nm
Adjusted profit before tax	5,464	4,942	11
Profit after tax	4,549	3,511	30
Profit attributable to equity holders of the parent	3,564	2,628	36
Basic earnings per share	30.4p	24.1p	26
Dividend per share	5.5p	2.5p	120
Performance Measures			
Return on average shareholders' equity	7.2%	6.7%	nm
Return on average tangible shareholders' equity	8.7%	9.0%	nm
Return on average risk weighted assets	1.1%	0.9%	nm
Cost: income ratio	64%	57%	nm
Cost: net income ratio	78%	79%	nm
Cost: income ratio (excluding own credit)	64%	54%	nm
Cost: net income ratio (excluding own credit)	79%	73%	nm
Capital and Balance Sheet			
Core Tier 1 ratio	10.8%	10.0%	nm
Risk weighted assets	£398bn	£383bn	4
Adjusted gross leverage1	20x	20x	nm
Group liquidity pool	£154bn	£127bn	21
Net asset value per share	417p	414p	1
Net tangible asset value per share	346p	337p	3
Group loan: deposit ratio	124%	130%	nm

Business Segment Analysis - Profit Before Tax	£m	£m	% Change
UK Retail Banking	989	710	39
Barclaycard	791	727	9
Western Europe Retail Banking	(139)	280	nm
Barclays Africa	188	104	81
Absa	616	528	17
Barclays Capital	4,780	2,464	94
Barclays Corporate	(631)	157	nm
Barclays Wealth	163	143	14

Investment Management	67	22	205
Head Office Functions and Other Operations	(759)	(550)	38

Geographic Segment Analysis - Income2	£m	%	£m	%	
UK and Ireland	12,807	40	12,946	45	nm
Europe region	4,735	15	4,359	15	nm
Americas	7,742	25	6,531	22	nm
Africa	4,697	15	4,016	14	nm
Asia	1,459	5	1,271	4	nm

1 31st December 2010 uses a revised definition. Applying this to 31st December 2009 would give 19x. See page 72 for further details.
2 Geographic segment analysis is based on customer location. See glossary for definitions of geographic segments.

"I am proud of what we achieved in 2010, especially our profit growth and enhanced capital and liquidity positions.

We continue to believe that our integrated model provides superior benefits to our customers, clients and broader stakeholders because of its diversity by business, geography and funding source.

Our focus is on execution, which means delivering on our commitments in four key areas: maintaining a strong capital base; improving returns; delivering selective income growth; and demonstrating our credentials as a global citizen."

Bob Diamond, Chief Executive

- Group profit before tax of £6,065m, up 32% (2009: £4,585m)

- Income of £31,440m, up 8% and net income of £25,768m, up 22%

- Impairment charges of £5,672m, down 30%, giving a loan loss rate of 118bps (2009: 156bps) with a sharp decrease in impairment at Barclays Capital partially offset by a significant increase in Barclays Corporate impairment in Spain

- Operating expenses of £19,971m, up 19%, reflecting continued investment in the build-out of Barclays Capital and Barclays Wealth, restructuring charges, goodwill impairment andincreased charges relating to prior year compensation deferrals

- Total Group 2010 performance awards of £3.4bn, down 7% on 2009

- Positive net income: cost "jaws" of 3%, driven by the decrease in impairment charges

- Returns on average shareholders' equity of 7.2% (2009: 6.7%), on average tangible shareholders' equity of 8.7% (2009: 9.0%) and on average risk weighted assets of 1.1% (2009: 0.9%)

- Key measures of Group's financial strength:

- Core Tier 1 ratio of 10.8% (2009: 10.0%) and Tier 1 capital ratio of 13.5% (2009: 13.0%)

- Group liquidity pool of £154bn (2009: £127bn) and adjusted gross leverage of 20x (2009: 20x)

- Gross new UK lending of £36bn (2009: £35bn) plus £7.5bn arising from acquisition of Standard Life Bank

- Global tax paid of £6.1bn. UK tax paid of £2.8bn, including £1.3bn on behalf of staff

- Barclays Capital profit before tax of £4,780m (2009: £2,464m) - excluding the effect of own credit, profit before tax of £4,389m, up 2% (2009: £4,284m)

- Total income up 17% to £13,600m (2009: £11,625m) and net income up 45% to £13,057m (2009: £9,034m)

- Fourth quarter top-line income of £3,380m, up 20% on the third quarter

- Cost: net income ratio excluding own credit of 65% (2009: 61%)

- Significant reduction in credit market losses through income to £124m (2009: £4,417m) and total impairment charges and other credit provisions to £543m (2009: £2,591m), including an impairment charge of £532m against the loan to Protium

- Global Retail Banking (GRB) profit before tax of £1,829m (2009: £1,821m)

- Total income of £10,507m (2009: £10,374m) and net income of £7,604m (2009: £7,086m)

- Return on average risk weighted assets up to 1.7% (2009: 1.5%)

- Absa profit before tax of £616m, up 17%, (2009: £528m)

- Barclays Corporate loss before tax of £631m (2009: profit of £157m)

- Profit before tax in UK & Ireland of £851m (2009: £732m)

- Continental Europe loss before tax of £870m (2009: £142m), reflecting a significant increase in corporate impairment in Spain to £898m (2009: £268m). New Markets loss before tax of £612m (2009: £433m)

- Non-UK & Ireland income £18,633m representing 60% of total income (2009: 55%)

- Final dividend of 2.5p per share making 5.5p for the year (2009: 2.5p)

Chief Executive's Review

Summary

Barclays delivered a significant increase in profit before tax in 2010 on both a headline and underlying basis. This was despite continued economic challenges in our principal markets: historically low interest rates; sluggish volumes in many market segments; and considerable regulatory uncertainty. In light of those circumstances, I am proud of what my colleagues have achieved.

We have much more to do to ensure that we can continue to deliver on our goal to produce top quartile total shareholder returns (TSR) over time. Over 2010, we ranked in the top quartile of our global peer group1 against which we measure our relative TSR performance with a performance of minus 4% reflecting difficult market conditions for bank stocks globally. I focus the latter half of this review on the commitments against which I believe we must deliver to continue to achieve our TSR goal.

2010 Performance

In his review a year ago, John Varley reiterated our focus on the three priorities that had guided us through the financial and economic crises to that point: staying close to customers and clients; managing our risks; and maintaining strategic momentum. That is where we focused our energy throughout 2010, so I will use these priorities for my review of the year.

Staying Close to Customers and Clients: Many of our customers and clients faced continued challenges throughout 2010. Our responsibility was clear - to be there for them, whatever their needs, whenever those needs arose. Our income performance in 2010 provides a good indication of the health of those customer and client relationships, with overall income up 8% to another new record. Our success by business was more mixed than I would like, reflecting either specific market dynamics or purposeful rebalancing on our part. I was particularly pleased with our income performance in UK Retail Banking, Barclays Africa and Absa, the non-US parts of our Barclaycard portfolio, the core UK arm of Barclays Corporate and Barclays Wealth. In Barclays Capital, while the absolute revenues are not yet where we want them, our progress in Equities and Investment Banking was demonstrably better in the latter half of the year and I am pleased by the way we outperformed most of our peers in the final quarter of the year.

Lending is a fundamental part of what we do to support economic growth and our customers and clients. In the UK, there remains significant political and media attention on the banks' lending delivery. In 2010, we provided £36bn of gross new lending to UK households and businesses and we added an additional £7.5bn of UK loans to our balance sheet when we acquired Standard Life Bank at the beginning of the year. We are open for business.

Managing Our Risks: I believe the outcomes on key risk-related metrics demonstrate clearly our success over the past year.

- We ended 2010 with even stronger positions on capital (10.8% Core Tier 1 ratio) and liquidity (£154bn) than we started the year, whilst maintaining our adjusted gross leverage at 20x;
- Balance sheet growth was modest, particularly on a risk-weighted asset basis; and
- Impairment was down considerably, and our 2010 loan loss rate of 118bps was materially lower than the 156bps charge in 2009, though still above our long term average of around 90bps over the last two decades

Maintaining Strategic Momentum: We will continue to pursue the same strategic priorities under my leadership in 2011 that we pursued under John Varley in 2010. We remain focused on ensuring that we capitalise on the value that our universal banking model brings to our customers and clients. A key part of that remains the diversification of our business by geography, business line, client and customer types and funding sources.

Compensation

The decisions that we have made on compensation for 2010 are sensitive to the external environment. We have sought to balance this social responsibility with the requirement to attract and retain the level of qualified people we need to deliver for all our stakeholders. Our decisions are also fully compliant with the significantly altered regulations that now govern discretionary pay awards, especially the re-written FSA Remuneration Code, and with our commitments made under Project Merlin. As a result, the amount of discretionary compensation awards that are deferred has increased further; the proportion of equity in the deferral structures has increased; and we have developed an innovative structure for a deferred compensation scheme for our most senior employees that links future pay-outs under the scheme to the Group's core capital position at the time. In total, and against a backdrop of a 32% increase in Group profit before tax for 2010, our performance awards (which exclude charges relating to prior year deferrals but include current year awards vesting in future years) were down 7% on 2009.

1 Peer group: Bank of America, BBVA, BNP Paribas, Credit Suisse, Deutsche Bank, HSBC, JP Morgan, Morgan Stanley, Santander, Société Générale and Unicredit.

2011 Execution Priorities

At the time my succession was announced, I made it clear that I had no intention of materially altering the strategy that the Group has been pursuing for some time. My attention has been, and will continue to be, focused squarely on increasing the pace and intensity of execution of that strategy. The level of uncertainty in the economic and regulatory environment remains high, but we cannot allow that to distract us. We must make clear commitments to the market, and then deliver against them, in four areas.

1. Capital - We must remove the uncertainty associated with the impact of the implementation of new Basel rules on our capital ratios. The combination of where we finished 2010 and the continued demonstration of our ability to generate substantial equity organically should go some way towards this. While there are significant regulatory questions to be resolved in 2011 - especially the outcome of the Financial Stability Board's deliberations on so-called "G-SIFIs" (i.e. systemically important financial institutions at a global level, one of which we expect to be Barclays) and, in the UK, the recommendations of the Independent Commission on Banking - we believe that we will be able to manage those impacts. But we recognise that we must maintain a strict and pro-active focus on our capital levels, leverage, balance sheet growth and utilisation and the disposal of legacy assets.

2. Returns - The new environment will necessitate lower returns than the period just preceding the recent crisis, but I believe the difference in performance between winners and losers by this vital measure will be stark. Our priority is to ensure we are a winner. The returns we are currently generating will not be acceptable to our shareholders over the medium term.

   We must be in a position to deliver at least a 13% return on equity and a 15% return on tangible equity by the end of our planning cycle. We also expect our cost of equity to decline towards 10% relative to a 12.5% cost in 2010 and the 11.5% cost we have set for 2011 over this period as the worst impacts of the credit crisis abate and the major economies in which we operate return to growth.

   We have instigated a disciplined, rigorous and continuous review of our portfolio to ensure that we can achieve those levels of return. We have already undertaken a strategic review of our operating model that should take out considerable running costs over the medium-term, and you should expect us to continue to act to adjust our business and asset portfolio mix as required to achieve our return goals.

3. Top-line growth - While we are focused on improving returns, we cannot take our eye off the top-line, so we will selectively invest for growth in business areas where the return justifies it. There are clear examples across the Group, including: Barclays Wealth (where our strategic investment programme, known as our Gamma plan, is now one year into delivery); Barclaycard's Global Business Solutions activities which provides commercial payment services; monetising the build-out of Equities and Investment Banking in Barclays Capital; and capitalising on opportunities in Asia and Africa. We expect that this continued investment in growth will be largely organic, as has been our development over the past decade of Barclays Capital and Barclays Global Investors.

4. Citizenship - In general we as banks need to do more to help foster economic growth and job creation as well as helping the public understand better the significant role we already play in this regard. I take pride in the culture at Barclays, where many of my colleagues work selflessly to help those in need in their local communities and we apply our expertise to real world issues. We must do a better job of helping those outside the organisation see the

scale of what we do and the impact it has as we seek to intensify our efforts here. You can expect to hear much more from us in this space later this year.

Conclusion

I have 147,500 colleagues around the world who are focused on bringing the best of Barclays to everything that they do, everyday. They have delivered unfailingly over the past three years. We have many more challenges ahead, but I know I have their support in tackling them. It is my honour to lead them, and this great institution, as we look to deliver against the expectations of all of our stakeholders, most importantly our customers and clients, over the coming months and years.

Bob Diamond, Chief Executive

Group Finance Director's Review

Group Performance

Barclays delivered profit before tax of £6,065m in 2010, an increase of 32% (2009: £4,585m). Excluding movements on own credit, gains on debt buy-backs and gains on acquisitions and disposals, Group profit before tax increased 11% to £5,464m (2009: £4,942m).

Income increased 8% to £31,440m (2009: £29,123m). Barclays Capital reported a 17% increase in total income to £13,600m (2009: £11,625m). This reflected a substantial reduction in losses taken through income relating to credit market exposures which fell to £124m (2009: £4,417m) and a gain relating to own credit of £391m (2009: loss of £1,820m). Top-line income at Barclays Capital, which excludes these items, declined 25% to £13,333m relative to the exceptionally strong levels seen in 2009. Overall activity levels improved towards the end of the year, with top-line income in the fourth quarter of 2010 increasing 20% on the third quarter to £3,380m. Global Retail Banking income increased 1% to £10,507m, with good growth in UK Retail Banking and Barclays Africa, with income flat in Barclaycard, and a decline in Western Europe Retail Banking. Income was up 14% in Absa. Barclays Corporate reported a decrease in income of 7% and income was up 18% in Barclays Wealth.

Impairment charges and other credit provisions improved 30% to £5,672m (2009: £8,071m). This was after an increase of £630m in impairment on the Spanish loan book in Barclays Corporate - Continental Europe. All other businesses reported improvements in impairment charges. Overall impairment charges as a proportion of Group loans and advances as at 31st December 2010 was 118bps, compared to 156bps for 2009.

As a result, net income for the Group after impairment charges increased 22% to £25,768m (2009: £21,052m).

Operating expenses increased £3,256m to £19,971m, a 19% rise compared to the 22% growth in net income. Costs at Barclays Capital increased £1,703m, largely reflecting investment in the business across sales, origination, trading and research functions, investment in technology and infrastructure and increased charges relating to prior year deferrals. Across the Group, restructuring charges totalled £330m (2009: £87m) particularly in Barclays Corporate (£119m) and Barclays Capital (£90m) focusing on delivering future cost and business efficiencies. Goodwill of £243m was written off in Barclays Corporate - New Markets to reflect impairment to the carrying value of Barclays Bank Russia business as our activities there are refocused. As a result, the Group's cost: income ratio increased to 64% (2009: 57%). The cost: net income ratio improved from 79% to 78%, reflecting the reduced impairment charges compared with 2009.

Staff costs increased 20% to £11.9bn (2009: £9.9bn), of which performance costs amounted to £3.5bn (2009: £2.8bn). Within this total, 2010 charges relating to prior year deferrals increased by £0.7bn relative to 2009. The Group 2010 performance awards (which exclude charges relating to prior year deferrals but include current year awards vesting in future years) were down 7% on 2009 at £3.4bn. Within this, the Barclays Capital 2010 performance awards were down 12% at £2.6bn, compared to an increase in headcount of 7%.

Business Performance

Global Retail Banking (GRB) performance exhibited encouraging signs of growing momentum against a challenging backdrop. Overall profit before tax was £1,829m (2009: £1,821m) with strong profit growth in UK Retail Banking and Barclays Africa, good growth in Barclaycard and a loss in Western Europe Retail Banking. Total GRB income increased 1% to £10,507m (2009: £10,374m) reflecting business growth, increased net interest margins in Barclaycard and Barclays Africa, a stable margin in UK Retail Banking and a lower margin in Western Europe Retail Banking. Risk appetite remained consistent with improved collections and better economic conditions leading to lower impairment which drove an improved risk adjusted net interest margin. Operating expenses increased 10% to £6,020m (2009: £5,490m) primarily due to higher pension costs, the impact of acquisitions and higher regulatory-related costs. Overall GRB return on average risk weighted assets improved to 1.7% (2009: 1.5%) and GRB's loan to deposit ratio improved to 140% (2009: 144%). The performance of the businesses within GRB is summarised below:

- UK Retail Banking (UKRB) profit before tax increased 39% to £989m (2009: £710m), including a £100m gain on the acquisition of Standard Life Bank, with good income growth and lower impairment charges more than offsetting an increase in operating expenses. Income increased 6% to £4,518m (2009: £4,276m). Impairment charges decreased 21% to £819m (2009: £1,031m), reflecting good risk management and improving economic conditions. As a result, net income grew 14% to £3,699m (2009: £3,245m). Operating expenses increased 11% to £2,809m (2009: £2,538m), reflecting higher pension costs, the impact of the acquisition of Standard Life Bank and increased regulatory-related costs. Excluding these items, operating expenses were in line with prior year.

- Barclaycard profit before tax increased 9% to £791m (2009: £727m) largely as a result of lower impairment charges. Income was £4,024m (2009: £4,041m) with the impact of regulation offset by business growth. Impairment charges reduced 6% to £1,688m (2009: £1,798m) as a result of focused risk management and improving economic conditions. Delinquency trends were lower in all major areas of the Barclaycard business. Operating expenses increased 3% to £1,570m (2009: £1,527m).

- Western Europe Retail Banking incurred a loss before tax of £139m (2009: profit of £280m). The deterioration was driven by the challenging economic environment, continued investment in the franchise and £157m of profit on disposal recognised in 2009. Income fell 12% to £1,164m (2009: £1,318m) principally due to margin compression and the decline in the average value of the Euro against Sterling, partially offset by higher fees and commissions and the growth in credit cards. Impairment charges improved by 7% to £314m (2009: £338m). Operating expenses increased 16% to £1,033m (2009: £887m) mainly due to continued investment in developing the franchise in Portugal and Italy, notably the expansion of the credit card businesses in these countries.

- Barclays Africa profit before tax increased 81% to £188m (2009: £104m). 2010 included a one-off gain of £77m from the sale of the custody business to Standard Chartered Bank which was partially offset by £40m of restructuring costs. 2009 included a one-off gain of £24m from the sale of shares in Barclays Bank of Botswana Limited. Income grew 8% to £801m (2009: £739m) as a result of improved net interest margins and income from treasury management. Impairment charges decreased 32% to £82m (2009: £121m) as a result of a better economic environment and improved collections. Operating expenses increased 13% to £608m (2009: £538m) reflecting £40m of restructuring costs, investment in infrastructure and an increase in staff-related costs.

Absa Group Limited reported profit before tax of R11,851m (2009: R9,842m), an increase of 20%. In Barclays segmental reporting, the results of the Absa credit card business are included in Barclaycard, the investment banking operations in Barclays Capital and wealth operations in Barclays Wealth. The other operations of Absa Group Limited are reported in the Absa segment.

Absa profit before tax increased 17% to £616m (2009: £528m), driven by the appreciation in the average value of the Rand against Sterling. The impact of exchange rate movements also impacted income, which increased 14%, operating expenses, which increased 25%, and impairment charges, which decreased 15%. Impairment charges in Rand termsimproved 26% reflecting an improvement in economic conditions.

Barclays Capital profit before tax increased to £4,780m (2009: £2,464m). Excluding own credit, profit before tax grew 2% to £4,389m (2009: £4,284m). Total income increased 17% to £13,600m (2009: £11,625m). This reflected a significant reduction in losses taken through income relating to credit market exposures which fell to £124m (2009: £4,417m) and a gain relating to own credit of £391m (2009: loss of £1,820m). Top-line income, which excludes these items, was £13,333m, down 25% on the very strong prior year performance. Fixed Income, Currency and Commodities (FICC) top-line income of £8,811m declined 35%, reflecting lower contributions from Rates and Commodities. Equities and Prime Services top-line income of £2,040m declined 6%, as growth in cash equities and equity financing was more than offset by subdued market activity in European equity derivatives. Investment Banking top-line income of £2,243m increased 3%.

Top-line income in the fourth quarter of 2010 was £3,380m, up 20% on the third quarter of 2010 reflecting higher activity levels and contributions from Equities and Prime Services up 74% and Investment Banking up 45%. FICC top-line income was broadly in line with the prior quarter.

Impairment charges, including impairment of £532m relating to the Protium loan which follows a reassessment of the expected realisation period, improved significantly to £543m (2009: £2,591m), resulting in a 45% increase in net income to £13,057m. Operating expenses increased 26% which largely reflected the continuing investment in our sales, origination, trading and research activities, increased charges relating to prior year deferrals and restructuring costs. Excluding the impact of own credit, the cost: net income ratio was 65% (2009: 61%) and compensation costs represented 43% of income (2009: 33%).

Barclays Corporate recorded a loss before tax of £631m (2009: profit of £157m). An improvement in the results of the profitable UK & Ireland business was more than offset by increased losses in New Markets and Continental Europe, notably Spain. Total income decreased 7% to £2,974m (2009: £3,181), reflecting lower treasury management income and reduced risk appetite outside the UK. Impairment charges increased £138m to £1,696m, with significant improvements in UK & Ireland and New Markets more than offset by an increase of £630m in Spain to £898m due to depressed market conditions in the property and construction sector. Operating expenses increased to £1,907m, principally reflecting the write-down of the £243m of goodwill relating to Barclays Bank Russia and associated restructuring costs of £25m, as well as previously announced restructuring costs of £94m in other geographies within New Markets (predominantly relating to Indonesia).

Barclays Wealth profit before tax increased 14% to £163m (2009: £143m) as very strong growth in income was partially offset by costs of the strategic investment in growing the business. Income increased 18% to £1,560m principally from strong growth in the High Net Worth businesses and higher attributable net interest income from the revised internal funds pricing mechanism. Impairment charges reduced slightly to £48m (2009: £51m). Operating expenses increased 19% to £1,349m (2009: £1,129m), principally due to the start of Barclays Wealth's strategic investment programme which accounted for £112m of additional costs, as well as the impact of growth in High Net Worth business revenues on staff and infrastructure costs.

Investment Management profit before tax of £67m (2009: £22m) principally reflected dividend income from the 19.9% holding in BlackRock, Inc. Total assets decreased to £4.6bn (2009: £5.4bn) reflecting the fair value of the 37.567m shares held in BlackRock, Inc.

Head Office Functions and Other Operations loss before tax increased by £209m to £759m (2009: loss of £550m). The results for 2009 reflected a net gain on debt buy-backs of £1,164m, while 2010 benefited from a significant decrease in the costs of the central funding activity as money market dislocations eased and a reclassification of profit from the currency translation reserve to the income statement.

Balance Sheet and Capital Management

Shareholders' Equity

Shareholders' equity, including non-controlling interests, increased 6% to £62.3bn in 2010 driven by profit after tax of £4.6bn and £1.5bn generated on exercise of warrants. Net asset value per share was 417p (2009: 414p). Net tangible asset value per share was 346p (2009: 337p).

Balance Sheet

Total assets increased £111bn to £1,490bn in 2010. The biggest increases were in cash and balances at central banks, trading portfolio assets and reverse repurchase lending. Loans and advances increased by £4bn and derivative assets and liability balances increased marginally. Adjusted gross leverage, being the multiple of adjusted total tangible assets over total qualifying Tier 1 capital, was 20x as at 31st December 2010 (2009: 20x) and moved within a month end range 20x to 24x during 2010, reflecting fluctuations in normal trading activities.

Capital Management

At 31st December 2010, on a Basel II basis, the Group's Core Tier 1 ratio was 10.8% (2009: 10.0%) and the Tier 1 ratio was 13.5% (2009: 13.0%), representing a strengthening of our capital ratios ahead of the effects of expected regulatory capital changes.

Risk weighted assets increased 4% from £383bn to £398bn in 2010. Year on year there was a £22bn reduction in underlying risk weighted assets (predominantly in Barclays Capital) as a result of capital management efficiencies and reduced levels of risk and inventory. This was offset by both methodology and model changes, which increased risk weighted assets by approximately £28bn. Foreign exchange and other movements accounted for a further increase of £9bn.

Retained profit contributed approximately 70bps increase to Core Tier 1 ratio from 10.0% to 10.8%. Other movements in Core Tier 1 included the exercise of warrants in February and October 2010, which generated shareholders' equity of £1.5bn, contributing approximately 40bps to the Core Tier 1 ratio. The movement in the fair value of the Group's holding in BlackRock, Inc. resulted in an adverse impact of approximately 20bps on the Core Tier 1 ratio over the year.

The Basel Committee of Banking Supervisors issued final Basel III guidelines in December 2010 and January 2011. The new standards include changes to risk weights applied to our assets and to the definition of capital resources and are applicable from 1st January 2013 with some transitional rules to 2018. The Basel III guidelines have yet to be implemented into European and UK law and therefore remain subject to refinement and change. Recognising the new rules are not complete, based on our current assessment of the guidelines, we expect that we will continue to have a strong capital position post implementation.

Liquidity and Funding

The liquidity pool held by the Group increased £27bn to £154bn at 31st December 2010 (2009: £127bn), of which £140bn was in FSA-eligible pool assets.

The Basel III guidelines propose two new liquidity metrics: the Liquidity Coverage Ratio, which measures short term liquidity stress and is broadly consistent with the FSA framework, and the Net Stable Funding Ratio, which measures the stability of long term structural funding. Applying the metrics to the Group balance sheet as at 31st December 2010, the Liquidity Coverage Ratio was estimated at 80% and the Net Stable Funding Ratio was estimated at 94%.

The Group continues to attract deposits in unsecured money markets and to raise additional secured and unsecured term funding in a variety of markets. As at 31st December 2009, the Group had £15bn of publicly issued term debt maturing during 2010. The corresponding figure for 2011 is £25bn. During 2010 the Group issued approximately £35bn of term funding, which refinanced the 2010 requirement, comprising both maturities and early repayments, as well as pre-financed some of the 2011 and 2012 maturities. Additional term funding raised in 2011 will support balance sheet growth, further extension of liability maturities and strengthening of our liquidity position.

Dividends

It is the Group's policy to declare and pay dividends on a quarterly basis. The Group will pay a final cash dividend for 2010 of 2.5p per share on 18th March 2011 giving an aggregate declared dividend for 2010 of 5.5p per share.

Outlook

We have had a good start to 2011, benefitting from higher volumes. Group income and profit before tax in January were ahead of 2010 average monthly run rates.

The Group is embarking on a programme to reduce its underlying cost base, with a view to ensuring that costs increase at a rate slower than income. We continue to see good impairment trends across the Group and are cautiously optimistic that we will see a further improvement in 2011, albeit at a lower rate than in 2010.

Our balance sheet in 2011 will be impacted by the implementation of new regulatory requirements for market risk which we currently expect to add around £50bn to our total risk weighted assets and have a corresponding impact on our capital ratios. We will continue to manage balance sheet growth cautiously, whilst ensuring that the lending capacity we have committed to put in place in the UK is available. We will also maintain a conservative but progressive dividend policy pending further clarity regarding the final capital, liquidity and other prudential requirements that may be made of us by our regulators.

Chris Lucas, Group Finance Director

Condensed Consolidated Financial Statements
Condensed Consolidated Income Statement

Continuing Operations	Notes1	Year Ended 31.12.10 £m	Year Ended 31.12.09 £m
Net interest income	1	12,523	11,918
Net fee and commission income	2	8,871	8,418
Net trading income	3	8,078	7,001
Net investment income	4	1,477	56
Net premiums from insurance contracts		1,137	1,172
Gains on debt buy-backs and extinguishments		-	1,249

Other income		118	140
Total income		32,204	29,954
Net claims and benefits incurred on insurance contracts		(764)	(831)
Total income net of insurance claims		31,440	29,123
Impairment charges and other credit provisions2		(5,672)	(8,071)
Net income		25,768	21,052
Staff costs	5	(11,916)	(9,948)
Administration and general expenses	5	(6,585)	(5,560)
Depreciation of property, plant and equipment		(790)	(759)
Amortisation of intangible assets		(437)	(447)
Goodwill impairment	5	(243)	(1)
Operating expenses		(19,971)	(16,715)
Share of post-tax results of associates and joint ventures		58	34
Profit on disposal of subsidiaries, associates and joint ventures	6	81	188
Gains on acquisitions	7	129	26
Profit before tax from continuing operations		6,065	4,585
Tax on continuing operations	8	(1,516)	(1,074)
Profit after tax from continuing operations		4,549	3,511
Profit after tax from discontinued operations including gain on disposal		-	6,777
Profit after tax		4,549	10,288
Profit Attributable to Equity Holders of the Parent from:			
Continuing operations		3,564	2,628
Discontinued operations including gain on disposal		-	6,765
Total		3,564	9,393
Profit attributable to non-controlling interest	9	985	895
Earnings per Share from Continuing Operations			
Basic earnings per ordinary share	10	30.4p	24.1p
Diluted earnings per ordinary share	10	28.5p	22.7p

1 For notes see pages 78 to 95.
2 For further analysis see page 45.

Condensed Consolidated Statement of Comprehensive Income

	Notes1	Year Ended 31.12.10 £m	Year Ended 31.12.09 £m
Profit after tax		4,549	10,288
Other Comprehensive Income			

Continuing operations			
Currency translation differences	18	1,184	(863)
Available for sale financial assets	18	(1,236)	1,059
Cash flow hedges	18	(44)	100
Other		59	218
Other comprehensive income for the year, net of tax, from continuing operations		(37)	514
Other comprehensive income for the year, net of tax, from discontinued operations		-	(58)
Total comprehensive income for the year		4,512	10,744
Attributable to:			
Equity holders of the parent		2,975	9,556
Non-controlling interests		1,537	1,188
Total comprehensive income for the year		4,512	10,744

1 For notes, see pages 78 to 95.

Condensed Consolidated Balance Sheet

		As at	As at
Assets		31.12.10	31.12.09
	Notes1	£m	£m
Cash and balances at central banks		97,630	81,483
Items in the course of collection from other banks		1,384	1,593
Trading portfolio assets		168,867	151,344
Financial assets designated at fair value		41,485	42,568
Derivative financial instruments	12	420,319	416,815
Loans and advances to banks2		37,799	41,135
Loans and advances to customers2		427,942	420,224
Reverse repurchase agreements and other similar secured lending		205,772	143,431
Available for sale financial investments		65,110	56,483
Current and deferred tax assets	8	2,713	2,652
Prepayments, accrued income and other assets		5,269	6,358
Investments in associates and joint ventures		518	422
Goodwill and intangible assets		8,697	8,795
Property, plant and equipment		6,140	5,626
Total assets		1,489,645	1,378,929
Liabilities			
Deposits from banks		77,975	76,446
Items in the course of collection due to other banks		1,321	1,466
Customer accounts		345,788	322,429
Repurchase agreements and other similar secured borrowing		225,534	198,781
Trading portfolio liabilities		72,693	51,252
Financial liabilities designated at fair value		97,729	87,881

Derivative financial instruments	12	405,516	403,416
Debt securities in issue		156,623	135,902
Accruals, deferred income and other liabilities		13,233	14,241
Current and deferred tax liabilities	8	1,160	1,462
Subordinated liabilities		28,499	25,816
Provisions	15	947	590
Retirement benefit liabilities	16	365	769
Total liabilities		1,427,383	1,320,451
Shareholders' Equity			
Shareholders' equity excluding non-controlling interests		50,858	47,277
Non-controlling interests	9	11,404	11,201
Total shareholders' equity		62,262	58,478
Total liabilities and shareholders' equity		1,489,645	1,378,929

1 For notes, see pages 78 to 95.
2 For further analysis, see page 42.

Condensed Consolidated Statement of Changes in Equity

Year Ended 31.12.10	Called up Share Capital and Share Premium1 £m	Other Reserves2 £m	Retained Earnings £m	Total £m	Non-controlling Interests £m	Total Equity £m
Balance at 1st January 2010	10,804	2,628	33,845	47,277	11,201	58,478
Profit after tax	-	-	3,564	3,564	985	4,549
Other comprehensive income net of tax:						
Currency translation movements	-	742	-	742	442	1,184
Available for sale investments	-	(1,245)	-	(1,245)	9	(1,236)
Cash flow hedges	-	(100)	-	(100)	56	(44)
Other	-	-	14	14	45	59
Total comprehensive income for the year	-	(603)	3,578	2,975	1,537	4,512
Issue of new ordinary shares	1,500	-	-	1,500	-	1,500
Issue of shares under employee share schemes	35	-	830	865	-	865
Net purchase of treasury shares	-	(989)	-	(989)	-	(989)
Vesting of treasury shares	-	718	(718)	-	-	-
Dividends paid	-	-	(531)	(531)	(803)	(1,334)
Net decrease in non-controlling interests	-	-	-	-	(487)	(487)

arising on redemption of Reserve Capital Instruments						
Other reserve movements	-	-	(239)	(239)	(44)	(283)
Balance at 31st December 2010	12,339	1,754	36,765	50,858	11,404	62,262
Year Ended 31.12.09						
Balance at 1st January 2009	6,138	6,272	24,208	36,618	10,793	47,411
Profit after tax	-	-	9,393	9,393	895	10,288
Other comprehensive income net of tax from continuing operations:						
Currency translation movements	-	(1,140)	-	(1,140)	277	(863)
Available for sale investments	-	1,071	-	1,071	(12)	1,059
Cash flow hedges	-	119	-	119	(19)	100
Other	-	-	171	171	47	218
Other comprehensive income net of tax from discontinued operations	-	(75)	17	(58)	-	(58)
Total comprehensive income for the year	-	(25)	9,581	9,556	1,188	10,744
Issue of new ordinary shares	749	-	-	749	-	749
Issue of shares under employee share schemes	35	-	298	333	-	333
Net purchase of treasury shares	-	(47)	-	(47)	-	(47)
Vesting of treasury shares	-	80	(80)	-	-	-
Dividends paid	-	-	(113)	(113)	(767)	(880)
Net decrease in non-controlling interests arising on redemption of Reserve Capital Instruments	-	-	-	-	(82)	(82)
Conversion of mandatory convertible notes	3,882	(3,652)	(230)	-	-	-
Other reserve movements	-	-	181	181	69	250
Balance at 31st December 2009	10,804	2,628	33,845	47,277	11,201	58,478

1 Details of share capital are shown on page 90.

2 Details of other reserves comprehensive income for the year are shown on page 91.

Condensed Consolidated Cash Flow Statement

Continuing Operations	Year Ended 31.12.10	Year Ended 31.12.09

	£m	£m
Profit before tax	6,065	4,585
Adjustment for non-cash items	971	13,637
Changes in operating assets and liabilities	13,108	24,799
Corporate income tax paid	(1,458)	(1,177)
Net cash from operating activities	18,686	41,844
Net cash from investing activities	(5,627)	11,888
Net cash from financing activities	159	(661)
Net cash from discontinued operations	-	(376)
Effect of exchange rates on cash and cash equivalents	3,842	(2,864)
Net increase in cash and cash equivalents	17,060	49,831
Cash and cash equivalents at beginning of year	114,340	64,509
Cash and cash equivalents at end of year	131,400	114,340

Group Results Summary

Set out below is a summary of the Group's and Barclays Capital's results by quarter from 1st January 2009:

Group Results	Q410	Q310	Q210	Q110	Q409	Q309	Q209	Q109
	£m	£m	£m	£m	£m	£m	£m	£m
Top-line income	7,965	7,413	7,678	8,117	7,453	8,189	10,419	9,299
Credit market income/(losses)	116	(175)	(115)	50	(166)	(744)	(1,648)	(1,859)
Total income net of insurance claims (ex own credit)	8,081	7,238	7,563	8,167	7,287	7,445	8,771	7,440
Impairment charges and other credit provisions	(1,374)	(1,218)	(1,572)	(1,508)	(1,857)	(1,658)	(2,247)	(2,309)
Net income (ex own credit)	6,707	6,020	5,991	6,659	5,430	5,787	6,524	5,131
Operating expenses	(5,495)	(4,756)	(4,868)	(4,852)	(4,482)	(4,182)	(3,888)	(4,163)
Share of post tax results of associates & JVs	16	9	18	15	16	5	24	(11)
Gains on acquisitions and disposals	76	1	33	100	36	157	18	3
Profit before tax (ex own credit)	1,304	1,274	1,174	1,922	1,000	1,767	2,678	960
Own credit gain/(charge)	487	(947)	953	(102)	(522)	(405)	(1,172)	279
Profit before tax	1,791	327	2,127	1,820	478	1,362	1,506	1,239
Basic earnings per share	9.1p	0.4p	11.6p	9.3p	1.1p	6.6p	9.5p	6.9p
Cost: income ratio (ex own credit)	68%	66%	64%	59%	62%	56%	44%	56%
Cost: net income ratio (ex own credit)	82%	79%	81%	73%	83%	72%	60%	81%
Cost: income ratio	64%	76%	57%	60%	66%	59%	51%	54%

Cost: net income ratio	76%	94%	70%	74%	91%	78%	73%	77%

Barclays Capital Results

Fixed Income, Currency and Commodities	1,915	1,948	2,253	2,695	2,711	2,714	3,883	4,344
Equities and Prime Services	625	359	563	493	334	545	748	538
Investment Banking	725	501	461	556	643	459	751	335
Principal Investments	115	19	4	101	(46)	13	(107)	(3)
Top-line income	3,380	2,827	3,281	3,845	3,642	3,731	5,275	5,214
Credit market income/(losses)	116	(175)	(115)	50	(166)	(744)	(1,648)	(1,859)
Total income (ex own credit)	3,496	2,652	3,166	3,895	3,476	2,987	3,627	3,355
Impairment charges - credit market write-downs	(299)	(11)	(120)	(191)	(245)	(254)	(416)	(754)
Impairment charges - other	77	(1)	79	(77)	(126)	(92)	(390)	(314)
Impairment charges and other credit provisions	(222)	(12)	(41)	(268)	(371)	(346)	(806)	(1,068)
Net income (ex own credit)	3,274	2,640	3,125	3,627	3,105	2,641	2,821	2,287
Operating expenses	(2,201)	(1,881)	(2,154)	(2,059)	(1,552)	(1,864)	(1,529)	(1,647)
Share of post tax results of associates & JVs	2	6	7	3	17	(3)	20	(12)
Profit before tax (ex own credit)	1,075	765	978	1,571	1,570	774	1,312	628
Own credit gain/(charge)	487	(947)	953	(102)	(522)	(405)	(1,172)	279
Profit before tax	1,562	(182)	1,931	1,469	1,048	369	140	907
Cost: income ratio (ex own credit)	63%	71%	68%	53%	45%	62%	42%	49%
Cost: net income ratio (ex own credit)	67%	71%	69%	57%	50%	71%	54%	72%
Cost: income ratio	55%	110%	52%	54%	53%	72%	62%	45%
Cost: net income ratio	59%	111%	53%	58%	60%	83%	93%	64%

Results by Business

UK Retail Banking

Income Statement Information	Year Ended 31.12.10 £m	Year Ended 31.12.09 £m
Net interest income	3,165	2,842
Net fee and commission income	1,255	1,299
Net trading loss	(2)	-
Net premiums from insurance contracts	130	198
Other income	1	5
Total income	4,549	4,344
Net claims and benefits incurred under insurance contracts	(31)	(68)
Total income net of insurance claims	4,518	4,276
Impairment charges and other credit provisions	(819)	(1,031)
Net income	3,699	3,245
Operating expenses excluding amortisation of intangible assets	(2,779)	(2,496)
Amortisation of intangible assets	(30)	(42)
Operating expenses	(2,809)	(2,538)

Share of post-tax results of associates and joint ventures	(1)	3
Gains on acquisition	100	-
Profit before tax	989	710
Balance Sheet Information		
Loans and advances to customers at amortised cost1	£115.6bn	£103.0bn
Customer accounts1	£108.4bn	£96.8bn
Total assets	£121.6bn	£109.3bn
Risk weighted assets	£35.3bn	£35.9bn
Performance Measures		
Return on average equity	12%	8%
Return on average tangible equity	24%	17%
Return on average risk weighted assets	2.2%	1.5%
Loan loss rate (bps)	70	98
3 month arrears rates - UK loans	2.6%	3.8%
Cost: income ratio	62%	59%
Cost: net income ratio	76%	78%
Key Facts		
Number of UK current accounts	11.6m	11.2m
Number of UK savings accounts2	14.4m	13.2m
Number of UK mortgage accounts2	916,000	834,000
Number of Barclays Business customers	760,000	742,000
LTV of mortgage portfolio2	43%	43%
LTV of new mortgage lending2	52%	48%
Number of branches	1,658	1,698
Number of ATMs	3,345	3,394

1 In 2010 the acquisition of Standard Life Bank contributed £5.9bn loans and advances and £5.2bn customer accounts.
2 Data for year ended 31st December 2010 includes the impact of Standard Life Bank.

UK Retail Banking

UK Retail Banking profit before tax increased 39% to £989m (2009: £710m), driven by good income growth and lower impairment charges, more than offsetting an increase in operating expenses. The 2010 results also reflected a gain of £100m on the acquisition of Standard Life Bank.

Income increased 6% to £4,518m (2009: £4,276m) reflecting strong balance sheet growth.

Net interest income increased 11% to £3,165m (2009: £2,842m) reflecting business growth. The net interest margin for UK Retail Banking remained stable at 145bps (2009: 145bps) with the risk adjusted net interest margin increasing to 108bps (2009: 93bps). Total average customer deposit balances increased 12% to £104.5bn (2009: £93.6bn), reflecting good growth in personal customer balances and the impact of Standard Life Bank. The liability margin increased to 157bps (2009: 138bps) reflecting the impact of the revised internal funds pricing mechanism. Total customer account balances increased to £108.4bn (2009: £96.8bn).

Total average customer asset balances increased 11% to £113.7bn (2009: £102.0bn), reflecting good growth in Home Finance mortgage balances and the acquisition of Standard Life Bank. The average asset margin decreased to 121bps (2009: 139bps) reflecting the impact of the revised internal funds pricing mechanism. Total loans and advances to customers increased to £115.6bn (2009: £103.0bn).

Average mortgage balances grew 16%, reflecting strongly positive net lending and the acquisition of Standard Life Bank. As at 31st December 2010 mortgage balances were £101.2bn (2009: £87.9bn), a share by value of 8% (2009: 7%). Gross new mortgage lending increased to £16.9bn (2009: £14.2bn), a share by value of 13% (2009: 10%). Mortgage redemptions increased to £11.0bn (2009: £8.5bn), resulting in net new mortgage lending of £5.9bn (2009: £5.7bn). The average loan to value ratio of the mortgage portfolio (including buy to let) on a current valuation basis was 43% (2009: 43%). The average loan to value ratio of new mortgage lending was 52% (2009: 48%).

Barclays Business had good income growth driven by an increase in net interest income with customer numbers increasing to 760,000 (2009: 742,000).

Net fee and commission income decreased 3% to £1,255m (2009: £1,299m) reflecting reduced income from Current Accounts and Barclays Financial Planning.

Total impairment charges represented 70bps (2009: 98bps) of total gross loans and advances to customers and banks. This translates to a reduction in impairment charges of 21% to £819m (2009: £1,031m), reflecting focused risk management and improved economic conditions. Impairment charges within Consumer Lending and Current Accounts decreased 29% to £418m (2009: £592m), and 27% to £134m (2009: £183m) respectively. Home Finance impairment charges remained low at £29m (2009: £26m). As a percentage of the portfolio, three month arrears rates for the UK loans improved to 2.6% (2009: 3.8%).

Operating expenses increased 11% to £2,809m (2009: £2,538m), reflecting higher pension costs, increased regulatory-related costs and the impact of the acquisition of Standard Life Bank. Excluding these items operating expenses were in line with prior year.

Total assets increased 11% to £121.6bn (2009: £109.3bn) driven by growth in Home Finance. Risk weighted assets remained broadly flat at £35.3bn (2009: £35.9bn) with growth in Home Finance offset by a decline in Consumer Lending balances and improvements in operational risk weighted assets.

Improvements in the return on average equity to 12% (2009: 8%), return on average tangible equity to 24% (2009: 17%) and return on average risk weighted assets to 2.2% (2009: 1.5%) reflected the increase in profit after tax which more than offset the growth in average risk weighted assets.

Barclaycard

Income Statement Information	Year Ended 31.12.10 £m	Year Ended 31.12.09 £m
Net interest income	2,814	2,723
Net fee and commission income	1,136	1,271
Net trading loss	(8)	(1)
Net investment income	39	23
Net premiums from insurance contracts	50	44
Other income	1	1
Total income	4,032	4,061

Net claims and benefits incurred under insurance contracts	(8)	(20)
Total income net of insurance claims	4,024	4,041
Impairment charges and other credit provisions	(1,688)	(1,798)
Net income	2,336	2,243
Operating expenses excluding amortisation of intangible assets	(1,481)	(1,445)
Amortisation of intangible assets	(89)	(82)
Operating expenses	(1,570)	(1,527)
Share of post-tax results of associates and joint ventures	25	8
Profit on disposal of subsidiaries, associates and joint ventures	-	3
Profit before tax	791	727
Balance Sheet Information		
Loans and advances to customers at amortised cost	£26.6bn	£26.5bn
Total assets	£30.3bn	£30.3bn
Risk weighted assets	£31.9bn	£30.6bn
Performance Measures		
Return on average equity	13%	14%
Return on average tangible equity	19%	21%
Return on average risk weighted assets	1.9%	1.8%
Loan loss rate (bps)	570	604
1 month arrears rates - UK cards	3.4%	4.2%
1 month arrears rates - US cards	4.6%	6.1%
1 month arrears rates - Absa cards	4.9%	6.7%
Cost: income ratio	39%	38%
Cost: net income ratio	67%	68%
Key Facts		
Number of Barclaycard UK customers	11.2m	10.4m
Number of Barclaycard International customers	10.5m	10.8m
Total number of Barclaycard customers	21.7m	21.2m
UK credit cards - average outstanding balances	£11.2bn	£10.8bn
International - average outstanding balances	£9.7bn	£9.7bn
Total - average outstanding balances	£20.9bn	£20.5bn
UK credit cards - average extended credit balances	£8.8bn	£8.5bn
International - average extended credit balances	£8.2bn	£7.9bn
Total - average extended credit balances	£17.0bn	£16.4bn
Loans - average outstanding balances	£5.5bn	£6.0bn
Number of retailer relationships	87,000	87,000

Barclaycard

Barclaycard profit before tax increased 9% to £791m (2009: £727m).

Barclaycard's international businesses reported strong growth in profit before tax, particularly in Absa Card and the US. Absa Card increased 85% to £176m (2009: £95m) primarily through lower underlying impairment. The US business was profitable following adoption of the requirements of the Credit Card Accountability, Responsibility and Disclosure Act in the US (US Credit Card Act).

Income was £4,024m (2009: £4,041m) with the impact of the US Credit Card Act broadly offset by balanced growth across the business. Over 20% of income was generated from products other than consumer credit cards. Barclaycard's UK businesses reported income at £2,453m (2009: £2,493m) reflecting the continued run-off of the FirstPlus secured lending portfolio and lower insurance-related income. International income increased 1% to £1,571m (2009: £1,548m) despite the impact of the US Credit Card Act.

Net interest income increased 3% to £2,814m (2009: £2,723m) reflecting growth in UK consumer card extended credit balances, up 4% to £8.8bn (2009: £8.5bn), and the appreciation of the average value of the Rand against Sterling, partially offset by lower net interest income due to the impact of the US Credit Card Act and the continued run-off of the FirstPlus portfolio. The asset margin improved to 906bps (2009: 897bps), with the net interest margin at 977bps (2009: 969bps).

Net fee and commission income decreased 11% to £1,136m (2009: £1,271m) primarily due to the impact of the US Credit Card Act.

Investment income of £39m included a gain of £38m from the sale of Visa shares and MasterCard shares (2009: £20m).

Impairment charges reduced 6% to £1,688m (2009: £1,798m) reflecting focused risk management and improving economic conditions. As a result, loan loss rates improved to 570bps (2009: 604bps). In addition the 30 day delinquency rates for consumer card portfolios in the UK of 3.4% (2009: 4.2%), in the US of 4.6% (2009: 6.1%) and in Absa of 4.9% (2009: 6.7%) all reduced compared to 2009.

Operating expenses increased 3% to £1,570m (2009: £1,527m). Excluding increased pension costs and the appreciation of the average value of the Rand against Sterling, operating expenses decreased compared to the prior year.

Total assets were flat at £30.3bn (2009: £30.3bn) reflecting the appreciation of the US Dollar and the Rand against Sterling offset by the continued run-off of the First Plus portfolio.

Risk weighted assets increased 4% to £31.9bn (2009: £30.6bn), reflecting securitisation redemptions and the appreciation of the US Dollar and the Rand against Sterling.

Return on average equity of 13% (2009: 14%) and return on average tangible equity of 19% (2009: 21%) decreased due to the requirement to hold an increased amount of regulatory capital. Return on average risk weighted assets increased to 1.9% (2009: 1.8%) reflecting increased profit after tax, offset by increased average risk weighted assets.

Western Europe Retail Banking

Income Statement Information	Year Ended 31.12.10 £m	Year Ended 31.12.09 £m
Net interest income	679	868
Net fee and commission income	421	352
Net trading income	20	14
Net investment income	67	118
Net premiums from insurance contracts	479	544
Other income/(loss)	9	(6)
Total income	1,675	1,890
Net claims and benefits incurred under insurance contracts	(511)	(572)
Total income net of insurance claims	1,164	1,318

Impairment charges and other credit provisions	(314)	(338)
Net income	850	980
Operating expenses excluding amortisation of intangible assets	(1,001)	(865)
Amortisation of intangible assets	(32)	(22)
Operating expenses	(1,033)	(887)
Share of post-tax results of associates and joint ventures	15	4
Profit on disposal of subsidiaries, associates and joint ventures	-	157
Gains on acquisition	29	26
(Loss)/profit before tax	(139)	280
Balance Sheet Information		
Loans and advances to customers at amortised cost	£43.4bn	£41.1bn
Customer accounts	£18.9bn	£17.6bn
Total assets	£53.6bn	£51.0bn
Risk weighted assets	£17.3bn	£16.8bn
Performance Measures		
Return on average equity1	(0.2%)	10%
Return on average tangible equity1	(0.3%)	13%
Return on average risk weighted assets1	(0.0%)	1.2%
Loan loss rate (bps)	71	80
Cost: income ratio	89%	67%
Cost: net income ratio	122%	91%
Key Facts		
Number of customers	2.7m	2.4m
Number of branches	1,120	1,094
Number of sales centres	243	168
Number of distribution points	1,363	1,262

1 2010 return on average equity, return on average tangible equity and return on average risk weighted assets reflect a deferred tax benefit of £205m.

Western Europe Retail Banking

Western Europe Retail Banking incurred a loss before tax of £139m (2009: profit of £280m). The deterioration in performance was largely driven by the challenging economic environment and continued investment in the franchise. In addition, the 2009 result benefited notably from a £157m gain on the sale of 50% of Barclays Iberian life insurance and pensions business.

Income fell 12% to £1,164m (2009: £1,318m), due to lower net interest income and the 3% decline in the average value of the Euro against Sterling, partially offset by higher net fee and commission income.

Net interest income fell 22% to £679m (2009: £868m), mainly reflecting a decline in treasury interest income and continued underlying liability margin compression due to the highly competitive market, partially offset by the benefit from growth in credit cards. As a result, the net interest margin reduced to 116bps (2009: 166bps). The risk adjusted net interest margin fell to 62bps (2009: 102bps).

Net fee and commission income increased 20% to £421m (2009: £352m). The growth reflects the investment in the network in previous years and the growth in the credit card business.

Net premiums from insurance contracts decreased 12% to £479m (2009: £544m) and net claims and benefits fell correspondingly 11% to £511m (2009: £572m).

Despite the challenging economic conditions, impairment charges improved 7% to £314m (2009: £338m) reflecting focused credit risk management. Delinquency trends improved with the overall 30 day delinquency rate falling to 1.8% (2009: 2.1%).

Operating expenses increased 16% to £1,033m (2009: £887m) due to investment in developing the franchise, in Portugal and Italy in particular, with a net increase of 101 distribution points in 2010, and costs associated with the expansion of the credit card businesses in these countries.

The £29m gain on acquisition was generated on the purchase of Citigroup's Italian card business in March 2010. This resulted in the addition of approximately 200,000 customers and loans and advances to customers of £0.2bn. The £26m gain in 2009 arose on the acquisition of Citigroup's Portuguese card business.

Loans and advances to customers increased 6% to £43.4bn (2009: £41.1bn) and customer accounts increased 7% to £18.9bn (2009: £17.6bn) due to continued growth in the businesses more than offsetting the negative impact of the value of the Euro against Sterling. Risk weighted assets increased 3% to £17.3bn (2009: £16.8bn) in line with the growth in loans and advances to customers.

Negative returns on average equity, average tangible equity and average risk weighted assets in 2010 were the result of the deterioration in profitability.

Customer numbers increased 13% to 2.7 million (2009: 2.4 million) reflecting the growth in the underlying business and the benefit of the purchase of Citigroup's Italian cards business

Barclays Africa

Income Statement Information	Year Ended 31.12.10 £m	Year Ended 31.12.09 £m
Net interest income	533	498
Net fee and commission income	195	178
Net trading income	67	54
Net investment (loss)/income	(1)	7
Other income	7	2
Total income	801	739
Impairment charges and other credit provisions	(82)	(121)
Net income	719	618
Operating expenses excluding amortisation of intangible assets	(600)	(533)
Amortisation of intangible assets	(8)	(5)

Operating expenses	(608)	(538)
Profit on disposal of subsidiaries, associates and joint ventures	77	24
Profit before tax	188	104
Balance Sheet Information		
Loans and advances to customers at amortised cost	£3.6bn	£3.9bn
Customer accounts	£7.0bn	£6.4bn
Total assets	£7.9bn	£7.9bn
Risk weighted assets	£8.0bn	£7.6bn
Performance Measures		
Return on average equity	20%	8%
Return on average tangible equity	22%	9%
Return on average risk weighted assets	2.2%	1.0%
Loan loss rate (bps)	186	252
Cost: income ratio	76%	73%
Cost: net income ratio	85%	87%
Key Facts		
Number of customers	2.7m	2.8m
Number of branches	481	490
Number of sales centres	55	83
Number of distribution points	536	573

Barclays Africa

Barclays Africa profit before tax increased 81% to £188m (2009: £104m). 2010 included a one-off gain of £77m from the sale of the custody business to Standard Chartered Bank which was partially offset by £40m of restructuring costs. Prior year results included a one-off gain of £24m from the sale of shares in Barclays Bank of Botswana Limited. Excluding these one-off items, profit before tax increased 89% to £151m (2009: £80m).

Income increased 8% to £801m (2009: £739m) as a result of improvement across major income categories.

Net interest income increased 7% to £533m (2009: £498m) and the net interest margin increased to 507bps (2009: 460bps). The asset margin improved to 697bps (2009: 575bps) primarily driven by a reduction in funding costs and changes in business mix. The liability margin decreased to 263bps (2009: 270bps) due to margin compression.

Net fee and commission income increased 10% to £195m (2009: £178m) primarily driven by growth in retail fee income.

Net trading income increased 24% to £67m (2009: £54m) driven by treasury securities sales in Ghana, Kenya and Zambia.

Impairment charges decreased 32% to £82m (2009: £121m) with impairment charges on the retail portfolio decreasing 39% to £54m (2009: £88m) as a result of a better economic environment and improved collections. The retail portfolio 30 day delinquency rate decreased to 2.2% (2009: 2.7%).

Operating expenses increased 13% to £608m (2009: £538m) reflecting £40m of restructuring costs to facilitate the consolidation of operations and infrastructure, and an increase in staff-related costs.

Customer deposits increased 9% to £7.0bn (2009: £6.4bn). Total assets remained flat at £7.9bn (2009: £7.9bn) and risk weighted assets increased 5% to £8.0bn (2009: £7.6bn) reflecting changes in the business mix.

Significant improvements in return on average equity to 20% (2009: 8%), return on average tangible equity 22% (2009: 9%) and return on average risk weighted assets to 2.2% (2009: 1.0%) were due to improved franchise profitability achieved with moderate growth in risk weighted assets.

Absa

Income Statement Information	Year Ended 31.12.10	Year Ended 31.12.09
	£m	£m
Net interest income	1,500	1,300
Net fee and commission income	1,123	943
Net trading loss	(14)	(5)
Net investment income	59	128
Net premiums from insurance contracts	399	294
Other income	47	64
Total income	3,114	2,724
Net claims and benefits incurred under insurance contracts	(215)	(171)
Total income net of insurance claims	2,899	2,553
Impairment charges and other credit provisions	(480)	(567)
Net income	2,419	1,986
Operating expenses excluding amortisation of intangible assets	(1,753)	(1,400)
Amortisation of intangible assets	(57)	(51)
Operating expenses	(1,810)	(1,451)
Share of post-tax results of associates and joint ventures	3	(4)
Profit/(loss) on disposal of subsidiaries, associates and joint ventures	4	(3)
Profit before tax	616	528
Balance Sheet Information		
Loans and advances to customers at amortised cost	£41.8bn	£36.4bn
Customer accounts	£24.3bn	£19.7bn
Total assets	£52.4bn	£45.8bn
Risk weighted assets	£30.4bn	£21.4bn
Performance Measures		
Return on average equity1	11%	10%
Return on average tangible equity2	20%	24%
Return on average risk weighted assets	1.7%	1.9%
Loan loss rate (bps)	112	152
Cost: income ratio	62%	57%
Cost: net income ratio	75%	73%

Key Facts		
Number of corporate customers	83,000	89,000
Number of retail customers	11.6m	11.4m
Number of ATMs	8,578	8,560
Number of branches	840	857
Number of sales centres	167	205
Number of distribution points	1,007	1,062

1 The return on average equity differs from the return on equity reported by Absa Group Ltd of 15.1% as the latter does not include goodwill arising from Barclays acquisition of Absa and does include other Absa Group businesses that Barclays Group reports within Barclaycard, Barclays Capital and Barclays Wealth.

2 Includes non-controlling interests.

Absa

Impact of Absa Group Limited on Barclays Results

Absa Group Limited profit before tax of R11,851m (2009: R9,842m), an increase of 20%, is translated in Barclays results at an average exchange rate of R11.31/£ (2009: R13.14/£), a 16% appreciation in the average value of the Rand against Sterling. Consolidation adjustments reflected the amortisation of intangible assets of £69m (2009: £61m) and internal funding and other adjustments of £52m (2009: £83m). The resulting profit before tax of £927m (2009: £605m) is included within the following Barclays business segments: Absa £616m (2009: £528m), Barclays Capital £136m (2009: £16m loss), Barclaycard £176m (2009: £95m), and Barclays Wealth £1m loss (2009: £2m loss).

Absa Group Limited's total assets were R716.5bn (2009: R710.8bn), an increase of 1%. This is translated into Barclays results at a year-end exchange rate of R10.26/£ (2009: R11.97/£).

Absa

Absa profit before tax increased 17% to £616m (2009: £528m) mainly as a result of the 16% appreciation in the average value of the Rand against Sterling. In Rand terms, income declined 1% with 10% cost growth, offset by 26% lower impairments.

Income increased 14% to £2,899m (2009: £2,553m) primarily reflecting the impact of exchange rate movements.

Net interest income improved 15% to £1,500m (2009: £1,300m) reflecting the appreciation in the average value of the Rand against Sterling.

Average customer assets increased 15% to £37.4bn (2009: £32.5bn) driven by the appreciation of the Rand. In Rand terms, retail loans and commercial mortgages remained stable as personal loans increased while cheque, instalment finance and commercial property finance balances showed a decline as a result of a slower take up of new loans by customers. The asset margin increased to 272bps (2009: 268bps) as a result of the pricing of new loans and a change in the product mix as higher margin products grew faster than low margin products. Average customer liabilities increased 21% to £21.1bn (2009: £17.4bn), primarily driven by the appreciation of the Rand. In Rand terms, retail and commercial deposits increased by 4.1% and 7.4% respectively. The liability margin decreased to 240bps (2009: 243bps) as a result of significant competition for deposits. Absa's hedging programme partly offset the impact of lower interest rates.

Net fee and commission income increased 19% to £1,123m (2009: £943m), mainly reflecting the impact of exchange rate movements and volume growth.

Net investment income decreased to £59m (2009: £128m) reflecting prior year gains of £17m from the sale of shares in MasterCard and an adverse impact of the mark-to-market adjustment on Visa of £12m (2009: gain of £19m).

Net premiums from insurance contracts increased 36% to £399m (2009: £294m) reflecting good growth in new business in life and short-term insurance in addition to the impact of exchange rate movements.

Other income decreased to £47m (2009: £64m) reflecting lower profits on the sale of repossessed properties and lower mark-to-market adjustments on investment property portfolios.

Impairment charges decreased by 15% to £480m (2009: £567m) mainly as a result of the 26% lower impairments in Rand terms, particularly in retail, due to an improving economy.

Operating expenses increased 25% to £1,810m (2009: £1,451m) due to exchange rate movements and continued investment in growth initiatives, partially offset by a one-off credit of £54m relating to the Group's recognition of a pension fund surplus. The cost: income ratio deteriorated to 62% from 57%.

Total assets increased 14% to £52.4bn (2009: £45.8bn) mostly due to the impact of exchange rate movements. Risk weighted assets increased 42% to £30.4bn (2009: £21.4bn), due to the impact of exchange rate movements, enhancements to the retail model and wholesale credit remediation plan.

Return on average equity increased 1% as the improved profit before tax more than offset the increased allocation of equity from the Group which, in turn, reflected an increase in risk weighted assets. This increase led to a decline in the return on average risk weighted assets. Return on average tangible equity decreased due to the effect of the equity allocation and an increase in non-controlling interests.

Barclays Capital

Income Statement Information	Year Ended 31.12.10 £m	Year Ended 31.12.09 £m
Net interest income	1,121	1,598
Net fee and commission income	3,347	3,001
Net trading income	8,377	7,185
Net investment income/(loss)	752	(164)
Other income	3	5
Total income	13,600	11,625
Impairment charges and other credit provisions	(543)	(2,591)
Net income	13,057	9,034
Operating expenses excluding amortisation of intangible assets	(8,151)	(6,406)
Amortisation of intangible assets	(144)	(186)
Operating expenses	(8,295)	(6,592)
Share of post-tax results of associates and joint ventures	18	22
Profit before tax	4,780	2,464
Profit before tax (excluding own credit)	4,389	4,284

Balance Sheet Information		
Loans and advances to banks and customers at amortised cost	£149.7bn	£162.6bn
Total assets	£1,094.8bn	£1,019.1bn
Assets contributing to adjusted gross leverage1	£668.1bn	£618.2bn
Risk weighted assets	£191.3bn	£181.1bn
Liquidity pool	£154bn	£127bn
Performance Measures		
Return on average equity	16%	9%
Return on average tangible equity	17%	9%
Return on average risk weighted assets	1.6%	0.8%
Loan loss rate (bps)	42	115
Cost: income ratio	61%	57%
Cost: net income ratio	64%	73%
Cost: net income ratio (excluding own credit)	65%	61%
Compensation: income ratio (excluding own credit)	43%	33%
Other Financial Measures		
Average DVaR (95%)	£53m	£77m
Average income per employee (000s)	£548	£515

1 31st December 2010 uses a revised definition. Applying this to 31st December 2009 would give £597.4bn.

Barclays Capital

Barclays Capital profit before tax increased to £4,780m (2009: £2,464m). Excluding own credit, profit before tax increased 2% to £4,389m (2009: £4,284m). Top-line income of £13,333m (2009: £17,862m) was down 25% on the very strong prior year performance, reflecting a more challenging market environment. Top-line income in the fourth quarter of 2010 was £3,380m, up 20% on the third quarter of 2010 reflecting higher activity levels and contributions from Equities and Prime Services up 74% and Investment Banking up 45%. Fourth quarter FICC top-line income, which benefited from non-recurring gains, was broadly in line with the prior quarter with higher contributions from Rates, Currency and Commodities. Net income for 2010, excluding an own credit gain of £391m (2009: loss of £1,820m), increased 17% to £12,666m (2009: £10,854m). There was a significant reduction both in credit market losses taken through income to £124m (2009: £4,417m) and in impairment charges to £543m (2009: £2,591m).

Analysis of Total Income	Year Ended 31.12.10 £m	Year Ended 31.12.09 £m
Fixed Income, Currency and Commodities	8,811	13,652
Equities and Prime Services	2,040	2,165
Investment Banking	2,243	2,188
Principal Investments	239	(143)
Top-line income	13,333	17,862
Credit market losses in income	(124)	(4,417)
Total income (excluding own credit)	13,209	13,445

Own credit	391	(1,820)
Total income	13,600	11,625

Income increased 17% to £13,600m (2009: £11,625m). The impact on top-line income of difficult trading conditions from the second quarter onwards was more than offset by the significant reduction of credit market losses in income and the impact of the gain in own credit in 2010.

Fixed Income, Currency and Commodities top-line income declined 35% to £8,811m (2009: £13,652m), reflecting lower contributions particularly from Rates and Commodities. Higher funding costs also led to a reduction in net interest income.

Equities and Prime Services decreased 6% to £2,040m (2009: £2,165m) due to the subdued market activity in European equity derivatives, partially offset by improved client flow in cash equities and equity financing, as the benefits of the build out of the cash equities business started to come through.

Investment Banking, which comprises advisory businesses and equity and debt underwriting, increased 3% to £2,243m (2009: £2,188m) as a result of continued growth in banking activities. Fee and commission income increased 12% to £3,347m (2009: £3,001m) across Investment Banking and Equities with a higher contribution from Asia.

Principal Investments generated income of £239m (2009: loss of £143m) which contributed to the increase in net investment income to £752m (2009: loss of £164m) in addition to an increase in income from the disposal of available for sale assets and a reduction in fair value losses on assets held at fair value.

Impairment charges of £543m (2009: £2,591m) included credit market impairment of £621m (2009: £1,669m) primarily relating to the difference between the loan principal and the fair value of the underlying assets supporting the Protium loan which follows a reassessment of the expected realisation period. Non-credit market related impairment was a release of £78m (2009: charge of £922m).

Operating expenses increased 26% to £8,295m (2009: £6,592m) which largely reflected investment in our sales, origination, trading and research activities, increased charges relating to prior year compensation deferrals and restructuring costs. Excluding the impact of own credit, the cost: net income ratio was 65% (2009: 61%) and compensation costs represented 43% of income (2009: 33%).

Total assets increased 7% to £1,095bn (2009: £1,019bn). The increase reflected the net depreciation in the value of Sterling relative to other currencies in which our assets are denominated, growth in reverse repurchase trading and an increase in the liquidity pool to £154bn (2009: £127bn). Assets contributing to adjusted gross leverage increased 8% to £668bn (2009: £618bn). Risk weighted assets increased 6% to £191bn (2009: £181bn) due to changes in methodology and the impact of foreign exchange rate movements, offset by reductions resulting from capital management efficiencies.

Return on average equity increased to 16% (2009: 9%), return on average tangible equity increased to 17% (2009: 9%) and return on average risk weighted assets increased to 1.6% (2009: 0.8%) reflecting a significant increase in profit before tax.

Average DVaR decreased to £53m (2009: £77m), due to lower client activity. Spot DVaR at 31st December 2010 reduced to £48m (2009: £55m).

Barclays Corporate

Income Statement Information	Year Ended 31.12.10 £m	Year Ended 31.12.09 £m
Net interest income	2,004	2,083
Net fee and commission income	910	1,002
Net trading income	80	18
Net investment loss	(32)	(46)
Gains on debt buy-backs and extinguishments	-	85
Other income	12	39
Total income	2,974	3,181
Impairment charges and other credit provisions	(1,696)	(1,558)
Net income	1,278	1,623
Operating expenses excluding amortisation of intangible assets and goodwill impairment	(1,616)	(1,430)
Amortisation of intangible assets	(48)	(36)
Goodwill impairment	(243)	-
Operating expenses	(1,907)	(1,466)
Share of post-tax results of associates and joint ventures	(2)	-
(Loss)/profit before tax	(631)	157
Balance Sheet Information		
Loans and advances to customers at amortised cost	£65.7bn	£70.7bn
Loans and advances to customers at fair value	£14.4bn	£13.1bn
Customer accounts	£71.0bn	£66.3bn
Total assets	£85.7bn	£88.8bn
Risk weighted assets	£70.8bn	£76.9bn
Performance Measures		
Return on average equity	(8%)	2%
Return on average tangible equity	(9%)	2%
Return on average risk weighted assets	(0.8%)	0.1%
Loan loss rate (bps)	226	211
Cost: income ratio	64%	46%
Cost: net income ratio	149%	90%

Barclays Corporate

Year Ended 31st December 2010

Income Statement Information	UK & Ireland £m	Continental Europe £m	New Markets £m	Total £m
Income	2,313	394	267	2,974
Impairment charges and other credit provisions	(468)	(1,063)	(165)	(1,696)
Operating expenses	(992)	(201)	(714)	(1,907)
Share of post-tax results of associates and joint ventures	(2)	-	-	(2)
Profit/(loss) before tax	851	(870)	(612)	(631)

Balance Sheet Information				
Loans and advances to customers at amortised cost	£50.1bn	£12.2bn	£3.4bn	£65.7bn
Loans and advances to customers at fair value	£14.4bn	-	-	£14.4bn
Customer accounts	£64.1bn	£4.5bn	£2.4bn	£71.0bn
Total assets	£66.6bn	£14.7bn	£4.4bn	£85.7bn
Risk weighted assets	£49.8bn	£15.6bn	£5.4bn	£70.8bn
Year Ended 31st December 20091				
Income Statement Information				
Income	2,380	466	335	3,181
Impairment charges and other credit provisions	(770)	(417)	(371)	(1,558)
Operating expenses	(878)	(191)	(397)	(1,466)
Profit/(loss) before tax	732	(142)	(433)	157
Balance Sheet Information				
Loans and advances to customers at amortised cost	£53.1bn	£14.0bn	£3.6bn	£70.7bn
Loans and advances to customers at fair value	£13.1bn	-	-	£13.1bn
Customer accounts	£58.4bn	£5.6bn	£2.3bn	£66.3bn
Total assets	£68.8bn	£15.3bn	£4.7bn	£88.8bn
Risk weighted assets	£54.2bn	£17.7bn	£5.0bn	£76.9bn

1 2009 figures have been revised to reflect the transfer from UK & Ireland to Continental Europe of the Italian business, IVECO (representing £59m of loss before tax and £2.5bn of total assets).

Barclays Corporate

Barclays Corporate recorded a loss before tax of £631m (2009: profit of £157m). An improvement in the result of the profitable UK & Ireland business was more than offset by increased losses in Continental Europe, notably Spain, and New Markets.

Profit before tax in the UK & Ireland increased 16% to £851m. Performance was primarily driven by significantly reduced impairment. Loss before tax in Continental Europe increased £728m to a loss of £870m mainly due to impairments on property and construction exposures in Spain. New Markets recorded a loss before tax of £612m (2009: £433m loss) reflecting the write-down of the £243m goodwill relating to Barclays Bank Russia and restructuring costs totalling £119m, including £25m relating to restructuring of the Russian business. These were partially offset by a substantial reduction in impairment charges and tight control of operating expenses.

Total income decreased 7% to £2,974m mainly as a result of lower treasury management income and reduced risk appetite outside the UK. Excluding the 2009 gains on buy-backs of securitised debt of £85m and fair value adjustments in 2010, UK income remained resilient.

Net interest income fell 4% to £2,004m (2009: £2,083m) reflecting lower treasury management income and higher funding charges in Continental Europe and reduced average asset balances in New Markets. UK & Ireland net interest income increased 3% (£36m), with higher deposit income reflecting strong growth in balances, offset by reduced demand for lending and higher funding costs. Barclays Corporate net interest margin decreased 12bps to 153bps (2009: 165bps).

Non interest-related income decreased 12% to £970m. Net fees and commissions fell 9% to £910m (2009: £1,002m) driven by lower debt fees and treasury income.

Net trading income increased to £80m (2009: £18m) mainly as a result of loan fair value adjustments in the UK. Net investment loss decreased to £32m (2009: £46m) reflecting reduced write-downs in venture capital investments.

Other income decreased to £12m (2009: £39m) due to lower operating lease income.

Impairment charges increased to £1,696m (2009: £1,558m), primarily in Spain where a £630m increase to £898m was driven by depressed market conditions in the property and construction sector, including some significant single name cases. This was partly offset by an improvement of £302m in UK & Ireland reflecting lower default rates and fewer insolvencies; and an improvement in New Markets of £206m, including £130m in the retail book. Loan loss rates increased to 226bps (2009: 211bps).

Operating expenses grew 30% to £1,907m (2009: £1,466m), reflecting the write-down of the £243m of goodwill relating to Barclays Bank Russia and associated restructuring costs of £25m, as well as previously announced restructuring costs of £94m in other geographies within New Markets (predominantly relating to Indonesia), higher pension costs in the UK, and increased investment spend as Barclays Corporate continues to invest in its infrastructure to deliver leading product and superior client service capabilities.

Total average lending fell 8% to £69.8bn (2009: £75.7bn). In the UK, this was due to reduced utilisation of overdraft facilities and reduced demand in asset based lending. There was strong growth in total average customer accounts which grew 21% to £60.9bn, mostly within the UK & Ireland, as a result of significant increases in current account balances and deposits benefiting from product innovation. As a result the balance between loans and deposits, including banks, in the UK & Ireland moved by £8bn to surplus deposits of £2.4bn.

Risk weighted assets fell 8% to £70.8bn (2009: £76.9bn) reflecting lower levels of customer assets across the business and improvements in the credit quality of the UK portfolio.

Negative returns on average equity, average tangible equity and average risk weighted assets in 2010 were the result of the increased losses in Continental Europe and New Markets, which more than offset the improved profitability of UK & Ireland.

Barclays Wealth

Income Statement Information	Year Ended 31.12.10	Year Ended 31.12.09
	£m	£m
Net interest income	678	503
Net fee and commission income	869	792
Net trading income	11	7
Net investment income	2	13
Other income	-	7
Total income	1,560	1,322
Impairment charges and other credit provisions	(48)	(51)
Net income	1,512	1,271

Operating expenses excluding amortisation of intangible assets	(1,320)	(1,105)
Amortisation of intangible assets	(29)	(24)
Operating expenses	(1,349)	(1,129)
Profit on disposal of subsidiaries, associates and joint ventures	-	1
Profit before tax	163	143
Balance Sheet Information		
Loans and advances to customers at amortised cost	£16.1bn	£13.0bn
Customer accounts	£44.8bn	£38.4bn
Total assets	£17.8bn	£14.9bn
Risk weighted assets	£12.4bn	£11.4bn
Performance Measures		
Return on average equity	9%	9%
Return on average tangible equity	14%	14%
Return on average risk weighted assets	1.2%	1.1%
Loan loss rate (bps)	29	38
Cost: income ratio	86%	85%
Other Financial Measures		
Total client assets	£163.9bn	£151.2bn
Average net income per employee (000s)	£201	£168

Barclays Wealth

Barclays Wealth profit before tax increased 14% to £163m (2009: £143m).

Income increased 18% to £1,560m (2009: £1,322m) principally from growth in the High Net Worth businesses and higher attributable net interest income from the revised internal funds pricing mechanism.

Net interest income increased 35% to £678m (2009: £503m), mostly due to changes in internal funds pricing which gives credit for the behaviourally long-term deposits held by Barclays Wealth. The net interest margin increased to 122bps (2009: 102bps). This reflects the increase in the liabilities margin from 96bps to 129bps as well as the reduction in the asset margin from 101bps to 81bps. Customer accounts grew 17% to £44.8bn (2009: £38.4bn) and loans and advances to customers grew 24% to £16.1bn (2009: £13.0bn).

Net fee and commission income increased 10% to £869m (2009: £792m) primarily driven by higher transactional activity with High Net Worth clients.

Impairment charges reduced to £48m (2009: £51m).

Operating expenses increased 19% to £1,349m (2009: £1,129m). This was principally due to the impact of the growth in High Net Worth business revenues on staff and infrastructure costs and the start of Barclays Wealth's strategic investment programme. Expenditure in this programme was £33m in the first half of 2010 and £79m for the second half. This programme is focused on hiring client facing staff to build productive capacity and investment in the facilities and technology required to develop our delivery to clients.

Total client assets, comprising customer deposits and client investments, were £163.9bn (2009: £151.2bn) with underlying net new asset inflows of £6bn. Risk weighted assets increased 9% to £12.4bn (2009: £11.4bn) reflecting growth in loans and advances, impact of exchange rate movements and collateral management.

Stable returns on average equity and average tangible equity, and the improved return on average risk weighted assets reflected the strong performance of the business offset by the cost of strategic investment and the increase in capital allocation.

Investment Management

Income Statement Information	Year Ended 31.12.10	Year Ended 31.12.09
	£m	£m
Net interest (expense)/income	(6)	10
Net fee and commission income/(expense)	4	(2)
Net trading (loss)/income	(19)	20
Net investment income	100	11
Other (loss)/income	(1)	1
Total income	78	40
Operating expenses	(11)	(17)
Loss on disposal of subsidiaries, associates and joint ventures	-	(1)
Profit before tax	67	22
Balance Sheet Information		
Total assets	£4.6bn	£5.4bn
Risk weighted assets	£0.1bn	£0.1bn

Investment Management

Investment Management profit before tax of £67m (2009: £22m) principally reflected dividend income from the 19.9% holding in BlackRock, Inc., which was acquired as part of the consideration for the sale of Barclays Global Investors on 1st December 2009.

Total assets as at 31st December 2010 of £4.6bn (2009: £5.4bn) reflected the fair value of the Group's investment in 37.567 million BlackRock, Inc. shares.

The available for sale reserve impact of £1.1bn relating to this investment as at 31st December 2010 resulted in an adverse impact of approximately 20bps in the Core Tier 1 ratio over the year. The offsetting appreciation in the shares' US Dollar value against Sterling of £0.3bn was hedged by foreign exchange instruments.

The holding was assessed for impairment by the Group as at 31st December 2010. This analysis identified that the reduction in fair value from the original acquisition value was not significant or prolonged in the light of an increase in share price through the second half of the year and ongoing price volatility and, as such, no impairment was recognised.

Head Office Functions and Other Operations

	Year Ended	Year Ended

Income Statement Information	31.12.10	31.12.09
	£m	£m
Net interest income/(expense)	35	(507)
Net fee and commission expense	(389)	(418)
Net trading loss	(434)	(291)
Net investment income/(loss)	491	(34)
Net premiums from insurance contracts	79	92
Gains on debt buy-backs and extinguishments	-	1,164
Other income	39	22
Total (loss)/income	(179)	28
Net claims and benefits incurred under insurance contracts	1	-
Total (loss)/income net of insurance claims	(178)	28
Impairment charges and other credit provisions	(2)	(16)
Net (loss)/income	(180)	12
Operating expenses	(579)	(570)
Share of post-tax results of associates and joint ventures	-	1
Profit on disposal of associates and joint ventures	-	7
Loss before tax	(759)	(550)
Balance Sheet Information		
Total assets	£20.9bn	£6.4bn
Risk weighted assets	£0.6bn	£0.9bn

Head Office Functions and Other Operations

Head Office Functions and Other Operations loss before tax increased £209m to a loss of £759m (2009: loss of £550m). The results for 2009 reflected a net gain on debt buy-backs of £1,164m, while 2010 benefited notably from a significant decrease in the costs of the central funding activity as money market dislocations eased, and a reclassification of profit from the currency translation reserve to the income statement.

Group segmental reporting is consistent with internal reporting to the Board, with inter-segment transactions being recorded in each segment as if undertaken on an arm's length basis. Adjustments necessary to eliminate inter-segment transactions are included in Head Office Functions and Other Operations.

Gilts held as part of the structural hedge portfolio were disposed of during the year realising net gains of approximately £500m, which were distributed out to the businesses through net interest income as part of the allocation of the share of the benefit of Group equity. In Head Office Functions and Other Operations these gains were recognised in net investment income. Further details of the Group's structural hedging approach are set out on page 75.

Income decreased £206m to a loss of £178m (2009: income of £28m).

Net interest income improved £542m to £35m (2009: £507m expense) with a significant decrease in the costs of the central funding activity as the money market dislocations eased. In addition, an increase of £336m from the reclassification consolidation adjustment on hedging derivatives from net trading loss was more than offset by the allocation to the businesses of the profit on disposal of gilts.

Net fee and commission expense decreased by £29m to £389m (2009: £418m) reflecting increases in fees for structured capital market activities to £239m (2009: £191m) and increases in adjustments to eliminate inter-segment transactions, partially offset by a reduction in fees paid to Barclays Capital for debt and equity raising and risk management advice to £73m (2009: £174m).

Net trading loss increased to £434m (2009: £291m) due to the increase of £336m in the reclassification to net interest expense partially offset by the repatriation of capital from overseas leading to a reclassification of £265m of profit from the currency translation reserve to the income statement. In addition, there were reduced profits on hedging activities.

Net investment income increased to £491m (2009: loss of £34m) predominately due to the gains on disposal of gilts.

Operating expenses increased £9m to £579m (2009: £570m) principally due to payment of a £194m settlement to US regulators in resolution of the investigation into Barclays compliance with US economic sanctions, which was partially offset by a £129m reduction in the bank payroll tax charge to £96m (2009: £225m) and a reduction of £59m in Financial Services Compensation Scheme charges.

Total assets increased to £20.9bn (2009: £6.4bn), largely due to an £7.4bn net increase in gilts held for the equity structural hedge and £6.8bn of covered bonds and other notes. Risk weighted assets were £0.6bn (2009: £0.9bn).

Risk Management

Overview

Barclays has clear risk management objectives, a well-established strategy to deliver these objectives, and a robust framework for managing risk. The Group's approach to identifying, assessing, managing and reporting risks is formalised in its Principal Risk framework. This:

- Creates clear ownership and accountability
- Ensures that the Group's risk exposures are understood and managed in accordance with agreed risk appetite (for financial risks) and risk tolerances (for non-financial risks)
- Ensures regular reporting of both risk exposures and the operating effectiveness of controls

The Group's Principal Risks, together with references to where areas of significant risk affecting the 2010 results are described, are as follows:

Principal Risks	Analysis Relating to Key Risks	Page
Retail and Wholesale Credit Risk	Analysis of total assets by valuation basis and underlying asset class	39
	Overview of credit risk management and impairment analysis	41
	Analysis of loans and advances to customers and banks	42
	Impairment, potential credit risk loans and coverage ratios	44
	Wholesale credit risk	48
	Retail credit risk	51
	Debt securities and other bills	57
	Barclays Capital Credit Market Exposures	63
	Group exposures for selected countries	69
Market Risk	Analysis of market risk and, in particular, Barclays Capital's DVaR	58
		60

Liquidity Risk	Key measures of liquidity risk, including the Group's liquidity pool, term financing and funding structure	
Legal Risk	Significant litigation matters, including legal challenges with respect to the acquisition of most of the assets of Lehman Brothers Inc.	93
Regulatory Risk	Significant regulatory matters, including structural changes to the UK and global regulatory environment and the recent developments in relation to historical sales of Payment Protection Insurance	94
Capital Risk	Analysis of the current capital base, risk weighted assets, adjusted gross leverage and anticipated significant regulatory changes	70

The other Principal Risks that form part of the Group's Principal Risk Framework but are not covered in the Preliminary Announcement are: People Risk, Operations Risk, Taxation Risk, Technology Risk, Financial Reporting Risk and Financial Crime Risk. These will be covered in the Annual Report and Accounts.

Analysis of Total Assets by Valuation Basis and Underlying Asset Class

		Accounting Basis	
Assets as at 31.12.10	Total Assets	Cost Based Measure	Fair Value
	£m	£m	£m
Cash and balances at central banks	97,630	97,630	-
Items in the course of collection from other banks	1,384	1,384	-
Debt securities & other eligible bills	139,240	-	139,240
Equity securities	25,613	-	25,613
Traded loans	2,170	-	2,170
Commodities7	1,844	-	1,844
Trading portfolio assets	168,867	-	168,867
Loans and advances	22,352	-	22,352
Debt securities	1,918	-	1,918
Equity securities	5,685	-	5,685
Other financial assets8	10,101	-	10,101
Held in respect of linked liabilities to customers under investment contracts9	1,429	-	1,429
Financial assets designated at fair value	41,485	-	41,485
Derivative financial instruments	420,319	-	420,319
Loans and advances to banks	37,799	37,799	-
Loans and advances to customers	427,942	427,942	-
Debt securities & other eligible bills	59,629	-	59,629
Equity securities	5,481	-	5,481
Available for sale financial instruments	65,110	-	65,110

Reverse repurchase agreements and other similar secured lending	205,772	205,772	-
Other assets	23,337	21,767	1,570
Total assets as at 31.12.10	1,489,645	792,294	697,351
Total assets as at 31.12.09	1,378,929	710,512	668,417

1 Further analysis of loans and advances is on pages 42 to 44.
2 Further analysis of derivatives is on pages 84 to 85.
3 Further analysis of debt securities and other bills is on page 57.
4 Reverse repurchase agreements comprise primarily short-term cash lending with assets pledged by counterparties securing the loan.
5 Equity securities comprise primarily equity securities determined by available quoted prices in active markets.

Analysis of Total Assets						Sub Analysis
Loans and Advances1	Derivatives2	Debt Securities & Other Bills3	Reverse Repurchase Agreements4	Equity Securities5	Other	Credit Market Exposures6
£m	£m	£m	£m	£m	£m	£m
-	-	-	-	-	97,630	-
-	-	-	-	-	1,384	-
-	-	139,240	-	-	-	154
-	-	-	-	25,613	-	-
2,170	-	-	-	-	-	-
-	-	-	-	-	1,844	-
2,170	-	139,240	-	25,613	1,844	154
22,352	-	-	-	-	-	4,712
-	-	1,918	-	-	-	345
-	-	-	-	5,685	-	743
-	-	-	7,559	-	2,542	-
-	-	-	-	-	1,429	-
22,352	-	1,918	7,559	5,685	3,971	5,800
-	420,319	-	-	-	-	1,922
37,799	-	-	-	-	-	-
427,942	-	-	-	-	-	13,691
-	-	59,629	-	-	-	407
-	-	-	-	5,481	-	-
-	-	59,629	-	5,481	-	407

-	-	-	205,772	-	-	-
-	-	-	-	-	23,337	1,651
490,263	420,319	200,787	213,331	36,779	128,166	23,625
487,268	416,815	180,334	151,188	32,534	110,790	26,601

6 Further analysis of Barclays Capital credit market exposures is on pages 63 to 68. Undrawn commitments of £264m (2009: £257m) are off-balance sheet and therefore not included in the table above.
7 Commodities primarily consist of physical inventory positions.
8 These instruments consist primarily of reverse repurchase agreements designated at fair value.
9 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.

Overview of Credit Risk Management

The granting of credit is one of the Group's major sources of income and, as the most significant risk, the Group dedicates considerable resources to managing its credit risk.

Barclays has structured the responsibilities of credit risk management so that ownership of the risk is held by the business management team. At the same time, credit sanctioning decisions are performed by risk officers who are independent of the business line but are positioned in the business, whilst ensuring robust review and challenge of credit sanctioning, portfolio performance, risk infrastructure and strategic plans. The credit risk management teams in each business are accountable to the business risk directors in those businesses who, in turn, report to the heads of their businesses and to the Chief Risk Officer.

The role of the Group Risk function is to provide Group-wide direction, risk appetite policy, oversight and challenge of credit risk-taking. Group Risk sets the Credit Risk Control Framework, which provides a structure within which credit risk is managed together with supporting Group Credit Risk Policies. Group Risk also provides technical support, review and validation of credit risk measurement models across the Group, and conformance testing of control processes.

Credit risk management also relies on the use of the risk appetite framework which consists of two elements: 'Financial Volatility' and 'Mandate & Scale'. Taken as a whole, the risk appetite framework provides a basis for the allocation and control of risk capacity across Barclays Group.

The annual setting of Financial Volatility risk appetite considers the Group's chosen risk profile as it affects the strategic objectives and business plans of the Group, including the protection of capital levels, the control of loss levels, the achievement of annual financial targets and the payment of dividends. If the projections entail too high a level of risk, management will challenge each area to find new ways to rebalance the business mix to incur less overall risk. Performance against Risk Appetite is measured and reported to the Executive and the Board regularly during the year.

The second element to the setting of risk appetite in Barclays is an extensive system of Mandate & Scale limits, which is a risk management approach that seeks to formally review and control business activities to ensure that they are within Barclays mandate (i.e. aligned to the expectations of external stakeholders), and are of an appropriate scale (relative to the risk and reward of the underlying activities). Barclays achieves this by using limits and triggers to avoid concentrations which would be out of line with external expectations, and which may lead to unexpected losses of a scale that would be detrimental to the stability of the relevant business line or of the Group. These limits are set by the independent Risk function, formally monitored each month and subject to Board-level oversight.

Analysis of Loans and Advances to Customers and Banks

As at 31.12.10	Gross L&A £m	Impairment Allowance £m	L&A Net of Impairment £m	Credit Risk Loans1 £m	CRLs % of Gross L&A1 %	Impairment Charges £m	Loan Loss Rates bps
Wholesale - customers	204,991	5,501	199,490	11,716	5.7%	2,347	114
Wholesale - banks	37,847	48	37,799	35	0.1%	(18)	(5)
Total Wholesale	242,838	5,549	237,289	11,751	4.8%	2,329	96
Retail - customers	235,335	6,883	228,452	12,571	5.3%	3,296	140
Total Retail	235,335	6,883	228,452	12,571	5.3%	3,296	140
Loans and Advances at Amortised Cost	478,173	12,432	465,741	24,322	5.1%	5,625	118
Loans and Advances Held at Fair Value	24,522	n/a	24,522				
Total Loans and Advances	502,695	12,432	490,263				
As at 31.12.09							
Wholesale - customers	217,470	4,616	212,854	10,982	5.0%	3,428	158
Wholesale - banks	41,196	61	41,135	57	0.1%	11	3
Total Wholesale	258,666	4,677	253,989	11,039	4.3%	3,439	133
Retail - customers	213,489	6,119	207,370	11,503	5.4%	3,919	184
Total Retail	213,489	6,119	207,370	11,503	5.4%	3,919	184
Loans and Advances at Amortised Cost	472,155	10,796	461,359	22,542	4.8%	7,358	156
Loans and Advances Held at Fair Value	25,909	n/a	25,909				
Total Loans and Advances	498,064	10,796	487,268				

Total gross loans and advances to customers and banks increased 1% to £502,695m (2009: £498,064m). Loans and advances at amortised cost were £478,173m (2009: £472,155m) and loans and advances at fair value were £24,522m (2009: £25,909m).

Gross loans and advances to customers and banks at amortised cost increased 1% (£6,018m) to £478,173m (2009: £472,155m) with a 10% rise in the retail portfolios offset by a 6% fall in wholesale. Included in this balance are settlement balances of £27,112m (2009: £25,825m) and cash collateral balances of £29,374m (2009: £29,847m). The principal drivers for this increase were:

- UK Retail Banking where loans and advances increased 12% to £117,689m (2009: £105,066m), due to increased lending in Home Finance and the acquisition of Standard Life Bank at the beginning of 2010

- Western Europe Retail Banking where loans and advances increased 6% to £44,500m, which primarily reflected growth in Italian mortgages partially offset by the depreciation in the value of the Euro against Sterling

- Absa where loans and advances increased 14% to £42,725m (2009: £37,365m), reflecting appreciation in the value of the Rand against Sterling

- Barclays Wealth where loans and advances increased 22% to £16,468m (2009: £13,467m) primarily due to growth in High Net Worth lending

1 Excludes from credit risk loans (CRLs) the loan to Protium of £7,560m against which an impairment of £532m is held. Further disclosure of CRLs and coverage ratios including the impact of Protium are set out on page 67.

These increases were partially offset by decreases in:

- Barclays Capital where loans and advances decreased 8% to £152,711m (2009: £165,624m) due to a reduction in borrowings partially offset by a net depreciation in the value of Sterling relative to other currencies

- Barclays Corporate where loans and advances decreased by 6% to £68,632m (2009: £73,007m), principally due to lower customer demand in the UK & Ireland business

In the Wholesale portfolios, impairment allowances increased 19% to £5,549m (2009: £4,677m) principally reflecting the increase in Barclays Corporate - Continental Europe and an impairment of £532m recognised on the loan to Protium. Excluding the impact of the loan to Protium, the credit risk loans (CRL) coverage ratio increased to 42.7.% (2009: 42.4%) and the potential credit risk loans (PCRL) coverage ratio increased to 36.6% (2009: 34.1%).

Retail impairment allowances rose 12% to £6,883m (2009: £6,119m) comprising growth of 34% in Home Loans to £854m (2009: £639m) and 10% (£549m) in Credit Cards, Unsecured and Other Retail Lending to £6,029m (2009: £5,480m) as impairment stock increased against delinquent assets flowing into later cycles.

Loans and Advances at Amortised Cost Net of Impairment Allowances, by Industry Sector and Geography

As at 31.12.10	United Kingdom	Other European Union	United States	Africa	Rest of the World	Total
	£m	£m	£m	£m	£m	£m
Financial institutions	23,184	25,173	53,191	3,786	18,677	124,011
Manufacturing	6,591	4,160	704	1,193	2,118	14,766
Construction	3,607	1,258	5	739	254	5,863
Property	13,356	2,895	493	4,706	1,357	22,807
Government	533	1,159	324	2,217	2,068	6,301
Energy and water	2,181	3,090	2,092	136	1,732	9,231
Wholesale and retail distribution and leisure	11,441	2,444	509	1,646	1,317	17,357

Business and other services	15,185	4,358	979	2,841	2,865	26,228
Home loans	104,872	36,979	28	24,911	1,265	168,055
Cards, unsecured loans and other personal lending	26,255	7,499	6,765	3,755	2,394	46,668
Other	8,023	4,629	766	8,483	2,553	24,454
Net loans and advances to customers and banks	215,228	93,644	65,856	54,413	36,600	465,741
As at 31.12.09						
Financial institutions	26,194	26,815	57,442	4,295	15,077	129,823
Manufacturing	8,407	5,327	773	1,398	2,292	18,197
Construction	3,503	1,380	7	850	192	5,932
Property	13,424	4,129	412	4,154	1,124	23,243
Government	913	770	360	3,072	4,111	9,226
Energy and water	2,447	3,878	2,333	156	1,909	10,723
Wholesale and retail distribution and leisure	12,610	2,362	720	1,690	1,774	19,156
Business and other services	16,359	4,774	1,708	3,997	2,765	29,603
Home loans	90,840	35,644	19	21,596	1,000	149,099
Cards, unsecured loans and other personal lending	24,999	6,737	6,672	813	1,354	40,575
Other	9,003	5,224	1,046	7,862	2,647	25,782
Net loans and advances to customers and banks	208,699	97,040	71,492	49,883	34,245	461,359

Loans and Advances Held at Fair Value by Industry Sector	As at 31.12.10	As at 31.12.09
	£m	£m
Financial institutions	2,125	3,543
Manufacturing	347	1,561
Construction	249	237
Property	11,934	11,490
Government	5,088	5,024
Energy and water	370	241
Wholesale and retail distribution and leisure	800	664
Business and other services	3,246	2,793
Other	363	356
Total	24,522	25,909

Total loans and advances held at fair value were £24,522m (2009: £25,909m), principally relating to Barclays Corporate and Barclays Capital. Barclays Corporate loans and advances held at fair value, which comprise lending to property, government and business and other services, were £14,401m (2009: £13,074m). Movements in the fair value of these loans are substantially offset by fair value movements on hedging instruments. Barclays Capital loans and advances held at fair value were £9,987m (2009: £12,835m). Included within this balance is £4,712m relating to credit market exposures, the majority of which is made up of commercial real estate loans, £5,275m primarily comprising loans to financial institutions and business and other services.

Impairment, Potential Credit Risk Loans and Coverage Ratios

Impairment Allowance	Year Ended 31.12.10	Year Ended 31.12.09

	£m	£m
As at 1st January	10,796	6,574
Acquisitions and disposals	78	434
Exchange and other adjustments	331	(127)
Unwind of discount	(213)	(185)
Amounts written off	(4,310)	(3,380)
Recoveries	201	150
Amounts charged against profit	5,549	7,330
As at 31st December	12,432	10,796
Geographical analysis		
United Kingdom	4,429	4,009
Other European Union	2,760	2,015
United States	2,958	2,575
Africa	1,631	1,354
Rest of the World	654	843
At end of period	12,432	10,796

Impairment allowances increased 15% to £12,432m (2009: £10,796m), reflecting: increased impairment against delinquent assets across the majority of retail businesses as they flowed into later cycles; higher impairment charges against the Spanish property sector, recognised in Barclays Corporate - Continental Europe; and the impairment on the loan to Protium recognised in Barclays Capital.

Impairment Charges and Other Credit Provisions

	Year Ended 31.12.10 £m	Year Ended 31.12.09 £m
Impairment charges on loans and advances	5,549	7,330
Charges in respect of undrawn facilities and guarantees	76	28
Impairment charges on loans and advances and other credit provisions	5,625	7,358
Impairment (writebacks)/charges on reverse repurchase agreements	(4)	43
Impairment charges on available for sale assets	51	670
Impairment charges and other credit provisions	5,672	8,071

Impairment charges on loans and advances fell 24% to £5,625m (2009: £7,358m), reflecting improving credit conditions in the main sectors and geographies in which Barclays lends, which led to lower charges across the majority of businesses. The largest reduction was in the wholesale portfolios, due to lower charges against credit market exposures and fewer large single name charges. This reduction was partially offset by the impact of deteriorating credit conditions in the Spanish property and construction sectors which resulted in an increase of £630m in impairment against the Barclays Corporate loan book in Spain, and £532m in impairment charges against the loan to Protium recognised in Barclays Capital. In the retail portfolios, impairment performance improved as delinquency rates fell across Barclays businesses, most notably the UK, US, Spanish, Indian and African portfolios.

As a result of this fall in impairment and the 1% rise in loans and advances, the loan loss rate decreased to 118bps (2009: 156bps).

The impairment charges against available for sale assets and reverse repurchase agreements fell by 93% to £47m (2009: £713m), principally driven by lower impairment against credit market exposures.

Impairment Charges and other Credit Provisions by Business

Year Ended 31.12.2010	Loans and Advances1	Available for Sale Assets	Reverse Repurchase Agreements	Total
	£m	£m	£m	£m
UK Retail Banking	819	-	-	819
Barclaycard	1,688	-	-	1,688
Western Europe Retail Banking	314	-	-	314
Barclays Africa	82	-	-	82
Absa	480	-	-	480
Barclays Capital2	642	(95)	(4)	543
Barclays Corporate	1,551	145	-	1,696
Barclays Wealth	48	-	-	48
Head Office Functions and Other Operations	1	1	-	2
Total impairment charges and other credit provisions	5,625	51	(4)	5,672
Year Ended 31.12.2009				
UK Retail Banking	1,031	-	-	1,031
Barclaycard	1,798	-	-	1,798
Western Europe Retail Banking	334	4	-	338
Barclays Africa	121	-	-	121
Absa	567	-	-	567
Barclays Capital2	1,898	650	43	2,591
Barclays Corporate	1,544	14	-	1,558
Barclays Wealth	51	-	-	51
Head Office Functions and Other Operations	14	2	-	16
Total impairment charges and other credit provisions	7,358	670	43	8,071

1 Includes charges of £76m (2009: £28m) in respect of undrawn facilities and guarantees.
2 Credit market related impairment charges within Barclays Capital comprised £660m (2009: £706m) against loans and advances and a write back of £39m (2009: £464m charge) against available for sale assets.

Potential Credit Risk Loans and Coverage Ratios

	CRLs		PPLs		PCRLs	
	31.12.10	31.12.09	31.12.10	31.12.09	31.12.10	31.12.09
Home Loans1	4,294	3,758	260	290	4,554	4,048
Credit Cards, Unsecured and Other Retail Lending	8,277	7,745	465	559	8,742	8,304
Retail	12,571	11,503	725	849	13,296	12,352
Wholesale (excluding loan to Protium)	11,751	11,039	1,970	2,674	13,721	13,713

Loan to Protium2	7,560	-	-	-	7,560	-
Wholesale	19,311	11,039	1,970	2,674	21,281	13,713
Group (excluding loan to Protium)	24,322	22,542	2,695	3,523	27,017	26,065
Group	31,882	22,542	2,695	3,523	34,577	26,065

	Impairment Allowance		CRL Coverage		PCRL Coverage	
	31.12.10	31.12.09	31.12.10	31.12.09	31.12.10	31.12.09
Home Loans1	854	639	19.9%	17.0%	18.8%	15.8%
Credit Cards, Unsecured and Other Retail Lending	6,029	5,480	72.8%	70.8%	69.0%	66.0%
Retail	6,883	6,119	54.8%	53.2%	51.8%	49.5%