BARCLAYS PLC
Form 6-K
July 30, 2013

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

July 30, 2013

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

Half Yearly Report dated 30 July 2013

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: July 30, 2013

By: /s/ Patrick Gonsalves

Patrick Gonsalves
Deputy Secretary

BARCLAYS BANK PLC
(Registrant)

Date: July 30, 2013

By: /s/ Patrick Gonsalves

Patrick Gonsalves
Joint Secretary

Barclays PLC
Results Announcement

30 June 2013

Table of Contents

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

Notes

The term Barclays or Group refers to Barclays PLC together with its subsidiaries. Unless otherwise stated, the income statement analysis compares the six months to 30 June 2013 to the corresponding six months of 2012 and balance sheet comparatives relate to 31 December 2012. The abbreviations '£m' and '£bn' represent millions and thousands of millions of Pounds Sterling respectively; the abbreviations '$m' and '$bn' represent millions and thousands of millions of US Dollars respectively; '€m' and '€bn' represent millions and thousands of millions of Euros respectively; and 'C$m' and 'C$bn' represent millions and thousands of millions of Canadian Dollars respectively.

The comparatives have been restated to reflect the implementation of IFRS 10 Consolidated Financial Statements and IAS 19 Employee Benefits (Revised 2011), the reallocation of elements of the Head Office results to businesses and portfolio restatements between businesses, as detailed in our announcement on 16 April 2013.

Adjusted profit before tax and adjusted performance metrics have been presented to provide a more consistent basis for comparing business performance between periods. Adjusting items are considered to be significant and not representative of the underlying business performance. Items excluded from the adjusted measures are: the impact of own credit; gains on debt buy-backs; impairment and disposal of the investment in BlackRock, Inc.; the provision for Payment Protection Insurance redress payments and claims management costs (PPI redress); the provision for interest rate hedging products redress and claims management costs (interest rate hedging products redress); goodwill impairments; and losses and gains on acquisitions and disposals. The regulatory penalties relating to the industry-wide investigation into the setting of interbank offered rates were not excluded from adjusted measures.

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 Results glossary that can be accessed at www.Barclays.com/results.

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, and having regard to the British Bank Association Disclosure Code and the Enhanced Disclosure Task Force recommendations, 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 they would find most useful.

The information in this announcement, which was approved by the Board of Directors on 29 July 2013 does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2012, 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.

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 Barclays Group's (the Group) 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", "projected", "expect", "estimate", "intend", "plan", "goal", "believe", "achieve" 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 and provisions, business strategy, capital ratios, leverage, payment of dividends, projected levels of growth in the banking and financial markets, projected costs, commitments and targets in connection with the Transform Programme, 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. These may be affected by changes in legislation, the development of standards and interpretations under International Financial Reporting Standards (IFRS), evolving practices with regard to the interpretation and application of standards, the outcome of current and future legal proceedings and regulatory investigations, future levels of conduct provisions, the policies and actions of governmental and regulatory authorities, geopolitical risks and the impact of competition. In addition, factors including (but not limited to) the following may have an effect: prudential capital rules applicable to past, current and future periods; UK domestic, Eurozone and global macroeconomic and business conditions; the effects of continued volatility in credit markets; market related risks such as changes in interest rates and foreign exchange rates; changes in valuation of issued notes; volatility in capital markets, particularly as it may affect the timing and cost of planned capital raisings, changes in credit ratings of the Group; requirements regarding capital and Group structures; the potential for one or more countries exiting the Eurozone; the ability to implement the Transform Programme and the success of future acquisitions, disposals and other strategic transactions. A number of these influences and factors are beyond the Group's control. As a result, the Group's actual future results, dividend payments, and capital and leverage ratios 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 Prudential Regulation Authority, the Financial Conduct Authority, the London Stock Exchange plc (the LSE) or applicable law, Barclays expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein 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 published or may publish via the Regulatory News Service of the LSE and/or has filed or may file with the US Securities and Exchange Commission.

Performance Highlights

Performance Highlights

— Adjusted profit before tax was down 17% (£748m) to £3,591m, driven by costs to achieve Transform of £640m

— Statutory profit increased £806m to £1,677m, including a £1,350m (2012: £300m) provision relating to PPI redress, a £650m (2012: £450m) provision relating to interest rate hedging products redress and an own credit gain of £86m (2012: charge of £2,945m)

— Adjusted return on average shareholders' equity decreased to 7.8% (2012: 10.6%) principally reflecting costs to achieve Transform. Statutory return on shareholders' equity increased to 2.6% (2012: 0.6%)

— Adjusted income decreased 3% to £15,071m, with income growth across the majority of businesses offset by cost of funding deposit growth across the Group

— Investment Bank income was stable at £6,473m driven by increases in Equities and Prime Services and Investment Banking, offset by a decrease in Fixed Income, Currency and Commodities (FICC) income

— Credit impairment charges were down 5% to £1,631m, reflecting improvements in Corporate Banking and Africa RBB, partially offset by increases in Barclaycard, UK RBB, Wealth and Investment Management and Europe RBB

— Adjusted operating expenses were up 3% (£261m) to £9,781m, reflecting costs to achieve Transform of £640m, principally related to restructuring costs in Europe RBB and the Investment Bank. The adjusted cost: income ratio increased to 65% (2012: 61%) largely due to costs to achieve Transform. Excluding costs to achieve Transform, the Investment Bank compensation: income ratio was 38% (2012: 40%)

— Risk weighted assets (RWAs) were stable at £387bn. On an estimated CRD IV basis, Transform Exit Quadrant RWAs reduced by £25.4bn to £68.4bn

— Core Tier 1 ratio increased to 11.1% (2012: 10.8%) principally reflecting capital generated through earnings and the exercise of warrants offset by dividends paid

— Total assets increased to £1,533bn (2012: £1,488bn), principally reflecting increases in reverse repurchase agreements and other similar secured lending, growth in loans and advances and an increase in available for sale investments. These increases were partially offset by a decrease in derivative assets

— Total liabilities increased to £1,473bn (2012: £1,428bn) primarily due to higher than expected deposit inflows, resulting in a decrease in the loan: deposit ratio from 110% to 102%

— Net asset value per share of 397p (2012: 414p) and net tangible asset value per share of 336p (2012: 349p) reflecting an increase in shares issued, including the exercise of warrants

— An estimated £42bn of Funding for Lending (FLS) eligible gross new lending was made to UK households and businesses in H113

Performance Highlights

Barclays Unaudited Results1	Adjusted			Statutory		
	30.06.13	30.06.12		30.06.13	30.06.12	
	£m	£m	% Change	£m	£m	% Change
Total income net of insurance claims	15,071	15,492	(3)	15,157	12,774	19
Credit impairment charges and other provisions	(1,631)	(1,710)	(5)	(1,631)	(1,710)	(5)
Net operating income	13,440	13,782	(2)	13,526	11,064	22
Operating expenses (excluding costs to achieve Transform)	(9,141)	(9,520)	(4)	(11,141)	(10,270)	8
Costs to achieve Transform	(640)	-		(640)	-	
Operating expenses	(9,781)	(9,520)	3	(11,781)	(10,270)	15
Other net (expense)/ income	(68)	77		(68)	77	
Profit before tax	3,591	4,339	(17)	1,677	871	93
Profit after tax	2,467	3,148	(22)	1,083	558	94
Attributable profit	2,055	2,738	(25)	671	148	
Performance Measures						
Return on average shareholders' equity	7.8%	10.6%		2.6%	0.6%	
Return on average tangible shareholders' equity	9.1%	12.5%		3.0%	0.7%	
Return on average risk weighted assets	1.3%	1.6%		0.5%	0.3%	
Cost: income ratio	65%	61%		78%	80%	
Compensation: net operating income ratio	38%	38%		38%	47%	
Loan loss rate	63bps	67bps		63bps	67bps	
Basic earnings per share	16.2p	22.4p		5.3p	1.2p	
Dividend per share	2.0p	2.0p		2.0p	2.0p	

Capital and Balance Sheet	30.06.13	31.12.12
Core Tier 1 ratio	11.1%	10.8%
Risk weighted assets	£387bn	£387bn
Adjusted gross leverage	20x	19x
Group liquidity pool	£138bn	£150bn
Net asset value per share	397p	414p
Net tangible asset value per share	336p	349p

Loan: deposit ratio	102%	110%

Adjusted Profit Reconciliation	30.06.13	30.06.12
Adjusted profit before tax	3,591	4,339
Own credit	86	(2,945)
Gain on disposal of BlackRock investment	-	227
Provision for PPI redress	(1,350)	(300)
Provision for interest rate hedging products redress	(650)	(450)
Statutory profit before tax	1,677	871

	Adjusted			Statutory		
Profit/(Loss) Before Tax by Business	30.06.13	30.06.12		30.06.13	30.06.12	
	£m	£m	% Change	£m	£m	% Change
UK RBB	632	592	7	(28)	292	
Europe RBB	(709)	(148)		(709)	(148)	
Africa RBB	212	183	16	212	183	16
Barclaycard	775	751	3	85	751	(89)
Investment Bank	2,389	2,242	7	2,389	2,242	7
Corporate Banking	402	311	29	(248)	(139)	
Wealth and Investment Management	47	99	(53)	47	99	(53)
Head Office and Other Operations	(157)	309		(71)	(2,409)	
Total profit before tax	3,591	4,339	(17)	1,677	871	93

1 The comparatives on pages 3 to 43 have been restated to reflect the implementation of IFRS 10 Consolidated Financial Statements and IAS 19 Employee Benefits (Revised 2011), the reallocation of elements of Head Office results to businesses and portfolio restatements between businesses, as detailed in our announcement on 16 April 2013, accessible at http://group.barclays.com/about-barclays/investor-relations/investor-news

Chief Executive's Statement

"In February, we outlined our Transform plan to become the 'Go-To' bank. As part of Transform, we set out a number of financial commitments, including in relation to capital, to be achieved by the end of 2015.

As a consequence of the Prudential Regulation Authority (PRA) review we have had to modify our capital plans, in order to meet the 3% PRA Leverage Ratio target by June 2014. After careful consideration of the options, the Board and I have determined that Barclays should respond quickly and decisively to meet this new target.

The plan is a combination of: a rights issue; prudent reduction of our leverage exposure; issuance of additional tier 1 securities; and the retention of earnings and other forms of capital accretion. We believe this represents the right combination to meet the PRA's leverage target. It also enables us to maintain our planned lending growth and broader support of our customers and clients.

I am certain the decisive and prompt action we are taking will leave Barclays stronger and our goal of becoming the 'Go-To' bank even more attainable.

Our first half results demonstrate the strength of our business. We saw good momentum in our performance and - five months on - the execution of our Transform plan is progressing well. Adjusted profit before tax was £3.6bn, excluding an additional £1.35bn charge in respect of PPI redress and an additional £650m for Interest Rate Hedging Products. This takes the total provision Barclays has made for both issues to £5.45bn, of which almost £3bn is unspent, reducing uncertainty for shareholders around these conduct risks. As a result the PRA capital adjustments for the PRA Leverage Ratio no longer include provisions for conduct.

Cost remains a critical component of our commitments and we expect to accelerate part of the £2.7bn of costs to achieve (CTA) Transform in 2013, having recognised £640m in the first half of the year focused on restructuring and investment in the Investment Bank and Europe Retail and Business Banking.

The CTA have impacted Barclays return on equity of 7.8% in the first half but strategic reduction of the cost base is an important step to achieve sustainable returns over the cost of equity in the medium term. Return on equity, excluding costs to achieve, was 9.5% driven by continued momentum across the businesses and in particular in the Corporate and Investment Bank, Barclaycard and UK Retail and Business Banking.

We continue to make good progress in running down Exit Quadrant business units in a positive way for shareholders; in the first half we reduced estimated CRD IV Risk Weighted Assets by £25.4bn. Our commitment to lend has not faltered and we provided a gross £42bn of lending to UK households and businesses under the Funding for Lending Scheme in the first half of the year.

Our capital position remains a key focus, with an estimated fully loaded CRD IV Common Equity Tier 1 ratio of 8.1% as of 30 June 2013. Adjusted for the rights issue this is equivalent to 9.3%. The Board and I expect this ratio to increase during the second half of 2013, with an accelerated achievement of the target 10.5% fully loaded CET1 ratio by early 2015.

We remain committed to our Purpose of helping people achieve their ambitions, in the right way - and the Values that underpin it. To this end, I am pleased to say that 95% of our colleagues have now attended a half day Values workshop and we will be launching our Balanced Scorecard across the Senior Leadership Group in the second half of 2013 to measure our progress. This is a new approach to how we measure and report our performance and will be critical to our success in the future.

It is early days, and there is a long way to go, but I'm pleased with our progress and confident that we are on track to become the 'Go To' bank."

Antony Jenkins, Chief Executive

Group Finance Director's Review

Income Statement

— Adjusted profit before tax decreased 17% to £3,591m, driven by costs to achieve Transform of £640m in H113

— Statutory profit increased £806m to £1,677m, including a £1,350m (2012: £300m) provision relating to PPI redress, a £650m (2012: £450m) provision relating to interest rate hedging products redress and an own credit gain of £86m (2012: charge of £2,945m)

— Adjusted return on average shareholders' equity decreased to 7.8% (2012: 10.6%) while statutory return on average shareholders' equity increased to 2.6% (2012: 0.6%)

— Adjusted income decreased 3% to £15,071m largely due to the margin achieved on higher than expected growth in deposits across the Group. Non-recurring gains of £235m in relation to hedges on employee share awards in Head Office in Q112 was offset by a fair value adjustment of £259m in the Investment Bank primarily as a result of greater certainty regarding the recoverability of certain assets not yet received from the 2008 US Lehman acquisition

— Investment Bank income was stable at £6,473m including increases in Equities and Prime Services and Investment Banking, partially offset by a decrease in Fixed Income, Currency and Commodities (FICC) given strong performance in H112. Income decreased 13% from Q113 to Q213 to £3,010m due to the seasonally higher contributions from FICC in Q113

— Customer net interest income from RBB, Barclaycard, Corporate Banking and Wealth and Investment Management increased 4% to £5,105m. Total net interest income in these businesses increased 2% to £5,628m, as the growth in assets offset the net interest margin decline from 186bps to 177bps

— Credit impairment charges were down 5% to £1,631m, reflecting improvements in Corporate Banking and Africa RBB, partially offset by increases in Barclaycard, UK RBB, Wealth and Investment Management and Europe RBB

– Improved impairment performance in wholesale lending reflected lower charges in Corporate Banking in Europe despite the continued challenging nature of economic conditions in that region

– Higher charges in retail businesses principally reflected an increase in South Africa Card portfolios in Barclaycard, which included the impact of recent acquisitions, and increased impairment in UK RBB principally due to the non-recurrence of provision releases in 2012

— The annualised loan loss rate decreased to 63bps (2012: 67bps) compared to a long term average of 91bps

— Other net expense increased £145m to £68m due to a valuation adjustment of £148m recognised in Europe RBB in respect of contractual obligations to trading partners, based in locations affected by our restructuring plans

— The statutory effective tax rate on statutory profit before tax was 35.4% (2012: 35.9%) principally due to profits taxed in countries with high local tax rates and non-deductible expenses. The effective tax rate on adjusted profit before tax was 31.3% (2012: 27.4%)

— Adjusted operating expenses were up 3% to £9,781m, reflecting costs to achieve Transform of £640m

– Non-performance costs excluding costs to achieve Transform decreased by 3% to £7,865m with the non-recurrence of a £290m charge relating to the setting of inter-bank offered rates in H112

– Performance costs excluding costs to achieve Transform reduced by 10% to £1,276m

The adjusted cost: income ratio increased to 65% (2012: 61%) largely due to costs to achieve Transform of £640m. The Investment Bank cost: net operating income ratio decreased 3% to 62% within which the compensation: income ratio was 39% (2012: 40%). Excluding costs to achieve Transform, the Investment Bank compensation: income ratio was 38% (2012: 40%)

Group Finance Director's Review

Balance Sheet

— Total assets increased to £1,533bn (2012: £1,488bn), principally reflecting increases in reverse repurchase agreements and other similar secured lending (broadly matched by an increase in repurchase agreements and other similar secured liabilities), growth in loans and advances and an increase in available for sale investments. These increases were partially offset by a decrease in derivative assets (broadly matched by a decrease in derivative liabilities) due to increases in major forward curves and exposure reduction initiatives with central clearing parties

— Total loans and advances increased to £517bn (2012: £464bn) primarily due to higher settlement balances in the Investment Bank, the acquisition of ING Direct and increased retail lending in UK RBB and Barclaycard

— Total shareholders' equity including non-controlling interests, was £60.1bn (2012: £60.0bn). Excluding non-controlling interests, shareholders' equity increased £0.5bn to £51.1bn. This reflects a £1.5bn increase in share capital and share premium including the exercise of warrants, and increase of £0.8bn in currency translation reserves, partially offset by a decrease in cash flow hedge reserve of £1.1bn and dividends paid of £0.6bn

— Net asset value per share was 397p (2012: 414p) and the net tangible asset value per share 336p (2012: 349p). The decrease was mainly attributable to an increase in shares issued, including the exercise of warrants

— Adjusted gross leverage was 20x (2012: 19x). Excluding the liquidity pool, adjusted gross leverage was 17x (2012: 16x)

— During H113 the Group's net on-balance sheet exposures to Spain, Italy, Portugal, Ireland, Cyprus and Greece decreased to £57.2bn (2012: £59.3bn)

Capital Management

— The Core Tier 1 ratio strengthened to 11.1% (2012: 10.8%)

— Core Tier 1 capital increased by £1.2bn to £42.9bn principally due to the exercise of outstanding warrants of £0.8bn and foreign currency movements of £0.5bn. Capital generated from earnings absorbed the impact of dividends paid

— RWAs were stable at £387bn, primarily driven by business activity risk reductions of £11.0bn, including Exit Quadrant RWAs, offset by foreign currency movements of £7.1bn and methodology changes of £4.2bn. On a CRD IV basis, Exit Quadrant RWAs reduced by £25.4bn

— Barclays estimated transitional CRD IV Common Equity Tier 1 (CET1) ratio assuming the final rules were applied as at 30 June 2013 is approximately 10.0%. The estimated fully loaded CET1 ratio is approximately 8.1%

— In April 2013, Barclays issued a further $1.0bn of Tier 2 contingent capital notes and repurchased existing Tier 2 instruments for a similar amount, as a step in transitioning towards its future CRD IV capital structure. Barclays also obtained authority, from shareholders, to issue Equity Conversion Notes (ECNs) and/or shares on conversion or exchange of ECNs

Group Finance Director's Review

Funding and Liquidity

— The Group maintained a strong liquidity position throughout H113 as it managed down its internal surplus whilst remaining within internal and regulatory requirements. As at 30 June 2013, the Group estimates the Liquidity Coverage Ratio (LCR) at 111% (2012: 126%) and the Net Stable Funding Ratio (NSFR) at 105% (2012: 104%) based upon the latest standards published by the Basel Committee

— Consistent with optimising the surplus to internal and regulatory stress requirements, the Group liquidity pool as at 30 June 2013 reduced to £138bn (2012: £150bn). During H113, the month end liquidity pool ranged from £138bn to £157bn (2012: £150bn to £173bn)

— As a result of strong growth of customer deposits in UK RBB, Corporate Banking, and Wealth and Investment Management, the loan to deposit ratio for the Group improved to 102% as at 30 June 2013 (2012: 110%) and the ratio for RBB, Barclaycard, Corporate Banking and Wealth and Investment Management businesses, improved to 94% (2012: 102%)

— Strong growth in customer deposits and continued reduction in legacy assets reduced wholesale funding needs. In addition, a significant portion of the Group's 2013 term funding needs were pre-funded in 2012. As a result, term issuance in H113 was fully offset by buybacks

— Total wholesale funding outstanding (excluding repurchase agreements) also reduced as at 30 June 2013 to £217bn (2012: £240bn). Term funding maturities for 2013 were £18bn of which £7bn remains outstanding

Group Finance Director's Review

Other Matters

— As part of its review of the capital adequacy of major UK banks, the PRA introduced a minimum 3% PRA Leverage Ratio[1] target. Barclays discussed a number of options with the PRA to meet the 3% PRA Leverage Ratio target, following which Barclays was asked to submit a plan to achieve a 3% PRA Leverage Ratio the target by 30 June 2014

Following careful consideration of a number of options, Barclays plans to meet this target through a combination of a rights issue, CRD IV leverage exposure reduction, the business as usual issuance of contingent capital and retained earnings and other capital accretion

— The provision in respect of Payment Protection Insurance (PPI) has been increased by £1,350m, bringing the cumulative expense recognised to £3,950m. The monthly volume of claims received has declined by 46% since the peak in May 2012, although the rate of decline has been less than previously expected. Consequently the future level of expected complaints has been increased to reflect the slower rate of decline. With the overall increase in volume of expected complaints, expectations on the number of complaints which are likely to be referred to the Financial Ombudsman Service (FOS) have been revised upwards. As a result an additional provision of £1.35bn was recognised as at June 2013 to reflect these updated assumptions including a provision for operational costs through to December 2014

The resulting provision represents Barclays' best estimate of all future expected costs of PPI redress. However, it is possible the eventual outcome may differ from the current estimate and if this were to be material a further provision will be made, otherwise any residual costs will be handled as part of normal operations

— The provision in respect of interest rate hedging product redress has been increased by £650m, bringing the cumulative expense recognised to £1.5bn. As at 31 December 2012, an expense of £850m had been recognised, reflecting our best estimate of redress costs to customers categorised as non-sophisticated and related costs. This was based on an extrapolation of the results of an initial pilot review. During 2013, additional cases have been reviewed providing a larger and more representative sample upon which to base our provision. The provision on the balance sheet as at 30 June 2013 is £1,349m reflecting cumulative utilisation of £151m. It is expected that this provision will be sufficient to cover the full cost of completing the redress, however no provision has been recognised in relation to claims from customers classified as sophisticated, which are not covered by the redress exercise, or incremental consequential loss claims from customers classified as non-sophisticated. These will be monitored and future provisions recognised to the extent an obligation resulting in a probable outflow is identified

Dividends

— It is our policy to declare and pay dividends on a quarterly basis. We will pay a second interim dividend for 2013 of 1p per share on 13 September 2013. The Barclays PLC Scrip Dividend Programme will be offered for the second interim dividend

Outlook

— We continue to remain cautious about the environment in which we operate and our focus remains on costs, capital, leverage and returns to drive sustainable performance improvements

Chris Lucas, Group Finance Director

1 [i] PRA Leverage Ratio is a non risk based ratio introduced by the PRA in June 2013, calculated as CRD IV CET1 capital after PRA adjustments divided by CRD IV leverage exposures.

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Barclays Results by Quarter

Barclays Results by Quarter	Q213 £m	Q113 £m	Q412 £m	Q312 £m	Q212 £m	Q112 £m	Q411 £m	Q311 £m
Adjusted basis								
Total income net of insurance claims	7,337	7,734	6,867	7,002	7,384	8,108	6,213	7,001
Credit impairment charges and other provisions	(925)	(706)	(825)	(805)	(926)	(784)	(951)	(1,023)
Net operating income	6,412	7,028	6,042	6,197	6,458	7,324	5,262	5,978
Operating expenses (excluding costs to achieve Transform and UK bank levy)	(4,359)	(4,782)	(4,345)	(4,353)	(4,555)	(4,965)	(4,441)	(4,686)
Costs to achieve Transform	(126)	(514)	-	-	-	-	-	-
UK bank levy	-	-	(345)	-	-	-	(325)	-
Operating expenses	(4,485)	(5,296)	(4,690)	(4,353)	(4,555)	(4,965)	(4,766)	(4,686)
Other net income	(122)	54	43	21	41	36	5	18
Adjusted profit before tax	1,805	1,786	1,395	1,865	1,944	2,395	501	1,310
Adjusting items								
Own credit	337	(251)	(560)	(1,074)	(325)	(2,620)	(263)	2,882
Gains on debt buy-backs	-	-	-	-	-	-	1,130	-
Gain on disposal and impairment of BlackRock investment	-	-	-	-	227	-	-	(1,800)
Provision for PPI redress	(1,350)	-	(600)	(700)	-	(300)	-	-
Provision for interest rate hedging products	(650)	-	(400)	-	(450)	-	-	-

redress								
Goodwill impairment	-	-	-	-	-	-	(550)	-
(Losses)/gains on acquisitions and disposals	-	-	-	-	-	-	(32)	3
Statutory profit/(loss) before tax	142	1,535	(165)	91	1,396	(525)	786	2,395
Statutory profit/(loss) after tax	39	1,044	(364)	(13)	943	(385)	581	1,345
Attributable to:								
Equity holders of the parent	(168)	839	(589)	(183)	746	(598)	335	1,132
Non-controlling interests	207	205	225	170	197	213	246	213
Adjusted basic earnings per share	8.1p	8.1p	7.2p	8.3p	9.2p	13.2p	1.0p	6.8p
Adjusted cost: income ratio	61%	68%	68%	62%	62%	61%	77%	67%
Basic earnings per share	(1.4p)	6.7p	(4.8p)	(1.5p)	6.1p	(4.9p)	2.8p	9.4p
Cost: income ratio	85%	71%	90%	85%	69%	96%	75%	58%

Adjusted Profit/(Loss) Before Tax	Q213	Q113	Q412	Q312	Q212	Q112	Q411	Q311
by Business	£m	£m	£m	£m	£m	£m	£m	£m
UK RBB	333	299	275	358	360	232	162	429
Europe RBB	(247)	(462)	(114)	(81)	(76)	(72)	(176)	21
Africa RBB	131	81	105	34	51	132	231	191
Barclaycard	412	363	335	396	404	347	261	367
Investment Bank	1,074	1,315	760	988	1,060	1,182	(32)	210
Corporate Banking	219	183	61	88	108	203	(10)	140
Wealth and Investment Management	(13)	60	105	70	49	50	43	70
Head Office and Other Operations	(104)	(53)	(132)	12	(12)	321	22	(118)
Total profit before tax	1,805	1,786	1,395	1,865	1,944	2,395	501	1,310

Condensed Consolidated Financial Statements

Condensed Consolidated Income Statement (Unaudited)

Continuing Operations	Notes1	Half Year Ended 30.06.13 £m	Half Year Ended 31.12.12 £m	Half Year Ended 30.06.12 £m
Net interest income	2	5,577	5,525	6,129
Net fee and commission income		4,396	4,306	4,230
Net trading income		4,574	1,738	1,609
Net investment income		417	478	366
Net premiums from insurance contracts		387	380	516
Net gain on disposal of investment in BlackRock, Inc.		-	-	227
Other income		74	45	60

Total income		15,425	12,472	13,137
Net claims and benefits incurred on insurance contracts		(268)	(237)	(363)
Total income net of insurance claims		15,157	12,235	12,774
Credit impairment charges and other provisions		(1,631)	(1,630)	(1,710)
Net operating income		13,526	10,605	11,064
Staff costs	3	(6,431)	(5,522)	(5,945)
Administration and general expenses	4	(3,350)	(3,175)	(3,575)
Operating expenses excluding UK bank levy, provisions for PPI and interest rate hedging products redress		(9,781)	(8,697)	(9,520)
UK bank levy	5	-	(345)	-
Provision for PPI redress		(1,350)	(1,300)	(300)
Provision for interest rate hedging products redress		(650)	(400)	(450)
Operating expenses		(11,781)	(10,742)	(10,270)
(Loss)/profit on disposal of undertakings and share of results of associates and joint ventures		(68)	63	77
Profit/(loss) before tax		1,677	(74)	871
Tax	6	(594)	(303)	(313)
Profit/(loss) after tax		1,083	(377)	558
Attributable to:				
Equity holders of the parent		671	(772)	148
Non-controlling interests	7	412	395	410
Profit/(loss) after tax		1,083	(377)	558
Earnings per Share from Continuing Operations				
Basic earnings/(loss) per ordinary share	8	5.3p	(6.3p)	1.2p
Diluted earnings/(loss) per ordinary share	8	5.2p	(6.3p)	1.2p

1 For notes to the Financial Statements see pages 97 to 130.

Condensed Consolidated Financial Statements

Condensed Consolidated Statement of Profit or Loss and other Comprehensive Income (Unaudited)

	Half Year Ended	Half Year Ended	Half Year Ended

Continuing Operations	Notes1	30.06.13 £m	31.12.12 £m	30.06.12 £m
Profit/(loss) after tax		1,083	(377)	558
Other comprehensive income that may be recycled to profit or loss:				
Currency translation reserve	18	511	(946)	(602)
Available for sale reserve	18	(94)	745	(199)
Cash flow hedge reserve	18	(1,137)	420	242
Other		20	46	50
Total comprehensive (loss)/income that may be recycled to profit or loss		(700)	265	(509)
Other comprehensive income not recycled to profit or loss:				
Retirement benefit remeasurements	18	(37)	(55)	(1,180)
Other comprehensive (loss)/income for the period		(737)	210	(1,689)
Total comprehensive income/(loss) for the period		346	(167)	(1,131)
Attributable to:				
Equity holders of the parent		232	(396)	(1,498)
Non-controlling interests		114	229	367
Total comprehensive income/(loss) for the period		346	(167)	(1,131)

1 For notes, see pages 97 to 130.

Condensed Consolidated Financial Statements

Condensed Consolidated Balance Sheet (Unaudited)

Assets	Notes1	As at 30.06.13 £m	As at 31.12.12 £m	As at 30.06.12 £m

Cash and balances at central banks		72,720	86,191	126,074
Items in the course of collection from other banks		2,578	1,473	2,598
Trading portfolio assets		151,981	146,352	167,452
Financial assets designated at fair value		46,847	46,629	46,761
Derivative financial instruments	10	403,072	469,156	517,693
Loans and advances to banks		46,451	40,462	48,765
Loans and advances to customers		470,062	423,906	452,744
Reverse repurchase agreements and other similar secured lending		222,881	176,522	173,814
Available for sale investments		91,707	75,109	68,925
Current and deferred tax assets	6	4,697	3,815	3,959
Prepayments, accrued income and other assets		5,579	4,365	5,896
Investments in associates and joint ventures		591	633	549
Goodwill and intangible assets	13	7,849	7,915	7,861
Property, plant and equipment		5,618	5,754	5,909
Retirement benefit assets	16	100	53	56
Total assets		1,532,733	1,488,335	1,629,056
Liabilities				
Deposits from banks		78,330	77,012	94,467
Items in the course of collection due to other banks		1,542	1,587	1,671
Customer accounts		460,264	385,411	408,269
Repurchase agreements and other similar secured borrowing		259,539	217,178	245,833
Trading portfolio liabilities		59,360	44,794	51,747
Financial liabilities designated at fair value		71,274	78,561	95,150
Derivative financial instruments	10	396,125	462,721	507,712
Debt securities in issue		102,946	119,525	124,901
Accruals, deferred income and other liabilities		13,738	12,532	12,589
Current and deferred tax liabilities	6	982	962	999
Subordinated liabilities	14	22,641	24,018	22,089
Provisions	15	4,425	2,766	1,851
Retirement benefit liabilities	16	1,430	1,282	1,358
Total liabilities		1,472,596	1,428,349	1,568,636
Shareholders' Equity				
Shareholders' equity excluding non-controlling interests		51,083	50,615	50,935
Non-controlling interests	7	9,054	9,371	9,485
Total shareholders' equity		60,137	59,986	60,420
Total liabilities and shareholders' equity		1,532,733	1,488,335	1,629,056

1 For notes, see pages 97 to 130.

Condensed Consolidated Financial Statements

Condensed Consolidated Statement of Changes in Equity (Unaudited)

Half Year Ended 30.06.13	Called up Share Capital and Share Premium1 £m	Other Reserves1 £m	Retained Earnings £m	Total £m	Non-controlling Interests2 £m	Total Equity £m
Balance at 1 January 2013	12,477	3,674	34,464	50,615	9,371	59,986
Profit after tax	-	-	671	671	412	1,083
Currency translation movements	-	750	-	750	(239)	511
Available for sale investments	-	(96)	-	(96)	2	(94)
Cash flow hedges	-	(1,080)	-	(1,080)	(57)	(1,137)
Retirement benefit remeasurements	-	-	(33)	(33)	(4)	(37)
Other	-	-	20	20	-	20
Total comprehensive income for the period	-	(426)	658	232	114	346
Issue of new ordinary shares	750	-	-	750	-	750
Issue of shares under employee share schemes	761	-	337	1,098	-	1,098
Increase in treasury shares	-	(1,049)	-	(1,049)	-	(1,049)
Vesting of shares under employee share schemes	-	1,034	(1,034)	-	-	-
Dividends paid	-	-	(570)	(570)	(323)	(893)
Other reserve movements	-	-	7	7	(108)	(101)
Balance at 30 June 2013	13,988	3,233	33,862	51,083	9,054	60,137
Half Year Ended 31.12.12						
Balance at 1 July 2012	12,462	3,279	35,194	50,935	9,485	60,420
(Loss)/profit after tax	-	-	(772)	(772)	395	(377)
Currency translation movements	-	(758)	-	(758)	(188)	(946)
Available for sale investments	-	720	-	720	25	745
Cash flow hedges	-	423	-	423	(3)	420
Retirement benefit remeasurements	-	-	(55)	(55)	-	(55)
Other	-	-	46	46	-	46
Total comprehensive income for the period	-	385	(781)	(396)	229	(167)
Issue of new ordinary shares	-	-	-	-	-	-
Issue of shares under employee share schemes	15	-	348	363	-	363
Increase in treasury shares	-	(24)	-	(24)	-	(24)
Vesting of shares under employee share schemes	-	34	(34)	-	-	-
Dividends paid	-	-	(245)	(245)	(330)	(575)
Other reserve movements	-	-	(18)	(18)	(13)	(31)
Balance at 31 December 2012	12,477	3,674	34,464	50,615	9,371	59,986
Half Year Ended 30.06.12						
Balance at 1 January 2012	12,380	3,837	37,189	53,406	9,607	63,013

Profit after tax	-	-	148	148	410	558
Currency translation movements	-	(531)	-	(531)	(71)	(602)
Available for sale investments	-	(218)	-	(218)	19	(199)
Cash flow hedges	-	234	-	234	8	242
Retirement benefit remeasurements	-	-	(1,180)	(1,180)	-	(1,180)
Other	-	-	49	49	1	50
Total comprehensive income for the period	-	(515)	(983)	(1,498)	367	(1,131)
Issue of new ordinary shares	-	-	-	-	-	-
Issue of shares under employee share schemes	82	-	369	451	-	451
Increase in treasury shares	-	(955)	-	(955)	-	(955)
Vesting of shares under employee share schemes	-	912	(912)	-	-	-
Dividends paid	-	-	(488)	(488)	(364)	(852)
Other reserve movements	-	-	19	19	(125)	(106)
Balance at 30 June 2012	12,462	3,279	35,194	50,935	9,485	60,420

1 Details of Share Capital and Other Reserves are shown on page 120.

2 Details of Non-controlling Interests are shown on page 101.

Condensed Consolidated Financial Statements

Condensed Consolidated Cash Flow Statement (Unaudited)

Continuing Operations	Half Year Ended 30.06.13 £m	Half Year Ended 31.12.12 £m	Half Year Ended 30.06.12 £m
Profit/(loss) before tax	1,677	(74)	871
Adjustment for non-cash items	351	5,478	4,014
Changes in operating assets and liabilities	9,634	(49,530)	27,090
Corporate income tax paid	(794)	(627)	(889)
Net cash from operating activities	10,868	(44,753)	31,086
Net cash from investing activities	(16,628)	(5,007)	(2,150)
Net cash from financing activities	(1,212)	1,019	(3,861)
Effect of exchange rates on cash and cash equivalents	3,323	(1,683)	(2,428)
Net increase in cash and cash equivalents	(3,649)	(50,424)	22,647
Cash and cash equivalents at beginning of the period	121,896	172,320	149,673
Cash and cash equivalents at end of the period	118,247	121,896	172,320

Results by Business

Retail and Business Banking

Income Statement Information	Half Year Ended 30.06.13 £m	Half Year Ended 31.12.12 £m	Half Year Ended 30.06.12 £m	YoY % Change
Net interest income	1,621	1,596	1,594	2
Net fee and commission income	567	587	567	-
Net premiums from insurance contracts	27	35	39	(31)
Other (expense)/income	(2)	(2)	1	
Total income	2,213	2,216	2,201	1
Net claims and benefits incurred under insurance contracts	(11)	(16)	(17)	
Total income net of insurance claims	2,202	2,200	2,184	1
Credit impairment charges and other provisions	(178)	(147)	(122)	46
Net operating income	2,024	2,053	2,062	(2)
Operating expenses (excluding provision for PPI redress, Costs to achieve Transform and UK bank levy)	(1,393)	(1,407)	(1,470)	(5)
Provision for PPI redress	(660)	(880)	(300)	
Costs to achieve Transform	(27)	-	-	
UK bank levy	-	(17)	-	
Operating expenses	(2,080)	(2,304)	(1,770)	18
Other net income	28	4	-	
(Loss)/profit before tax	(28)	(247)	292	
Adjusted profit before tax1	632	633	592	7
Adjusted attributable profit1,2	480	450	424	13

Balance Sheet Information and Key Facts			
Loans and advances to customers at amortised cost	£135.4bn	£128.1bn	£123.4bn
Customer deposits	£133.2bn	£116.0bn	£113.9bn
Total assets3	£159.5bn	£134.6bn	£129.7bn
Risk weighted assets3	£43.6bn	£39.1bn	£36.0bn
Number of UK current accounts	11.8m	11.7m	12.0m
Number of UK savings accounts	16.7m	15.4m	15.6m
Number of UK mortgage accounts	983,000	945,000	932,000
Number of Barclays Business customers	790,000	765,000	790,000
Number of branches	1,577	1,593	1,614
90 day arrears rates - UK personal loans	1.3%	1.3%	1.4%
90 day arrears rates - Home loans	0.3%	0.3%	0.3%
Average LTV of mortgage portfolio4	45%	46%	44%
Average LTV of new mortgage lending4	54%	56%	55%
Number of employees (full time equivalent)	33,600	33,000	32,500

	Adjusted1			Statutory		
Performance Measures	30.06.13	31.12.12	30.06.12	30.06.13	31.12.12	30.06.12

Return on average equity	12.2%	12.3%	12.2%	(1.0%)	(6.0%)	5.7%
Return on average risk weighted assets	2.4%	2.5%	2.6%	(0.1%)	(1.1%)	1.3%
Cost: income ratio	64%	65%	67%	94%	105%	81%
Loan loss rate (bps)	26	21	19	26	21	19

1 Adjusted profit before tax, adjusted attributable profit and adjusted performance measures excludes the impact of the provision for PPI redress of £660m (H212: £880m; H112: £300m).
2 Adjusted attributable profit includes profit after tax and non-controlling interests.
3 2013 total assets and risk weighted assets include an allocation of liquidity pool assets previously held centrally.
4 Average LTV of mortgage portfolio and new mortgage lending calculated on the Valuation basis.

Results by Business

UK Retail and Business Banking

Income Statement - H113 compared to H112

— Net interest income increased 2% to £1,621m driven by strong mortgage balance growth and contribution from Barclays Direct (previously ING Direct UK, acquired during Q113). Net interest margin was down 11bps to 127bps primarily reflecting reduced contributions from structural hedges

- Customer asset margin increased 10bps to 118bps reflecting higher customer margin on newly written mortgages. Average customer assets increased 9% to £132.8bn driven by mortgage growth and Barclays Direct

- Customer liability margin decreased 9bps to 88bps reflecting higher customer deposit rates. Average customer liabilities increased 12% to £124.3bn driven by Barclays Direct and growth in personal customer deposits

— Net fee and commission income was in line at £567m

— Other net income includes a £25m gain on acquisition of ING Direct UK

— Credit impairment charges increased £56m to £178m primarily due to provision releases in 2012 impacting unsecured lending and mortgages

- Loan loss rate increased to 26bps (2012: 19bps)

- 90 day arrears rates on UK personal loans improved to 1.3% (2012: 1.4%). 90 day arrears rates on home loans were flat at 0.3%

— Adjusted operating expenses decreased 3% to £1,420m, despite the increased costs relating to Barclays Direct and costs to achieve Transform of £27m, driven in part by non-recurring operational costs incurred in H112. Statutory operating expenses increased by 18% to £2,080m due to the £660m provision for PPI redress (2012: £300m)

— Adjusted profit before tax improved 7% to £632m, while statutory loss before tax was £28m (2012: profit of £292m) due to the provision for PPI redress

Income Statement - Q213 compared to Q113

— Adjusted profit before tax increased 11% to £333m reflecting a 6% increase in income primarily due to Barclays Direct

— Statutory loss before tax was £327m (Q113: profit of £299m) due to the provision for PPI redress

Balance Sheet - 30 June 2013 compared to 31 December 2012

— Barclays has successfully completed the acquisition of ING Direct UK and customer deposit balances at H113 are higher than initially expected

— Total loans and advances to customers increased 6% to £135.4bn primarily due to Barclays Direct, which added £5.3bn at H113

- Mortgage balances including Barclays Direct of £121.7bn (2012: £114.7bn). Gross new mortgage lending of £7.7bn (30 June 2012: £7.8bn) and mortgage redemptions of £6.0bn (30 June 2012: £5.6bn)

- Average Loan to Value (LTV) ratio on the mortgage portfolio (including Buy to Let) was 45% (2012: 46%). Average LTV of new mortgage lending was 54% (full year to 31 December 2012: 56%)

— Total customer deposits increased 15% to £133.2bn primarily due to Barclays Direct, which added £9.8bn at H113 and continued growth in personal customer deposits

— RWAs increased 12% to £43.6bn primarily due to Barclays Direct and mortgage asset growth

Results by Business

Europe Retail and Business Banking

Income Statement Information	Half Year Ended 30.06.13	Half Year Ended 31.12.12	Half Year Ended 30.06.12	YoY
	£m	£m	£m	% Change
Net interest income	219	207	221	(1)
Net fee and commission income	93	117	131	(29)
Net trading (expense)/income	(1)	3	4	
Net investment income	45	25	27	67
Net premiums from insurance contracts	148	111	220	(33)
Other income/(expense)	10	(12)	13	
Total income	514	451	616	(17)
Net claims and benefits incurred under insurance contracts	(162)	(122)	(237)	(32)
Total income net of insurance claims	352	329	379	(7)
Credit impairment charges and other provisions	(142)	(132)	(125)	14
Net operating income	210	197	254	(17)

Operating expenses (excluding costs to achieve Transform and UK bank levy)	(422)	(378)	(409)	3
Costs to achieve Transform	(356)	-	-	
UK bank levy	-	(20)	-	
Operating expenses	(778)	(398)	(409)	90
Other net (expense)/income	(141)	6	7	
Loss before tax	(709)	(195)	(148)	
Attributable loss1	(522)	(156)	(120)	
Balance Sheet Information and Key Facts				
Loans and advances to customers at amortised cost	£39.8bn	£39.2bn	£40.4bn	
Customer deposits	£17.5bn	£17.6bn	£18.3bn	
Total assets2	£48.7bn	£46.1bn	£47.1bn	
Risk weighted assets2	£16.7bn	£15.8bn	£15.4bn	
Number of customers	2.0m	2.0m	2.0m	
Number of branches	797	923	951	
Number of sales centres	166	219	228	
Number of distribution points	963	1,142	1,179	
90 day arrears rate - Spain home loans	0.7%	0.7%	0.8%	
90 day arrears rate - Portugal home loans	0.4%	0.7%	0.4%	
90 day arrears rate - Italy home loans	1.0%	1.0%	1.0%	
90 day arrears rate - Total Europe RBB home loans	0.8%	0.8%	0.8%	
Number of employees (full time equivalent)	6,900	7,500	7,700	

	Adjusted			Statutory		
Performance Measures	30.06.13	31.12.12	30.06.12	30.06.13	31.12.12	30.06.12
Return on average equity	(49.1%)	(15.0%)	(10.9%)	(49.1%)	(15.0%)	(10.9%)
Return on average risk weighted assets	(6.2%)	(2.0%)	(1.4%)	(6.2%)	(2.0%)	(1.4%)
Cost: income ratio	221%	121%	108%	221%	121%	108%
Loan loss rate (bps)	70	64	61	70	64	61

1 Attributable loss includes profit after tax and non-controlling interests.
2 2013 total assets and risk weighted assets include an allocation of liquidity pool assets previously held centrally.

Results by Business

Europe Retail and Business Banking

Income Statement - H113 compared to H112

— Income declined 7% to £352m, reflecting actions taken to reduce the volume of new assets written as part of the Transform programme and address the continuing economic challenges across Europe, partially offset by an increase due to foreign currency movements

— Net interest income was in line at £219m. Net interest margin was broadly in line at 81bps

- Customer asset margin remained flat at 47bps, with higher customer lending rates offset by higher funding costs. Average customer assets decreased 3% to £40.1bn

- Customer liability margin decreased 5bps to 41bps, with higher rates on new deposits partially offset by increased funding rates. Average customer liabilities were down 9% to £14.1bn

— Net fee and commission income declined 29% to £93m, reflecting lower asset volumes

— Other net expense increased by £148m due to a valuation adjustment recognised in respect of contractual obligations to trading partners, based in locations affected by our restructuring plans

— Net premiums from insurance contracts declined 33% to £148m due to discontinuance of certain products leading to a corresponding 32% decline in net claims and benefits to £162m

— Credit impairment charges increased 14% to £142m due to foreign currency movements and deterioration in recoveries performance within mortgages reflecting current economic conditions across Europe

— - Loan loss rate increased to 70bps (2012: 61bps)

— - Overall 90 day arrears rate increased to 97bps (2012: 94bps)

— Operating expenses increased by £369m to £778m, primarily reflecting costs to achieve Transform of £356m. This related to restructuring costs to significantly downsize the distribution network, with the remaining increase driven by foreign currency movements

— Loss before tax increased £561m to £709m, including costs to achieve Transform of £356m and an increase in other net expenses

Income Statement - Q213 compared to Q113

— Loss before tax of £247m (Q113: £462m), mainly reflecting a reduction in operating expenses including restructuring costs to achieve Transform of £356m in Q113, partially offset by an increase in other net expenses

Balance Sheet - 30 June 2013 compared to 31 December 2012

— Loans and advances to customers increased by 2% to £39.8bn, driven by foreign currency movements offset by reduced volumes as part of the Transform programme

— Customer deposits reduced by 1% to £17.5m, due to customer attrition partially offset by foreign currency movements

— RWAs increased 6% to £16.7bn primarily driven by foreign currency movements and methodology changes to better reflect the risk of forbearance

Results by Business

Africa Retail and Business Banking

Income Statement Information	Half Year Ended 30.06.13	Half Year Ended 31.12.12	Half Year Ended 30.06.12	YoY
	£m	£m	£m	% Change
Net interest income	733	819	835	(12)
Net fee and commission income	478	526	539	(11)
Net trading (expense)/income	(2)	(10)	6	
Net investment income/(expense)	10	(3)	8	
Net premiums from insurance contracts	185	203	214	(14)
Other income/(expense)	43	(1)	(1)	
Total income	1,447	1,534	1,601	(10)
Net claims and benefits incurred under insurance contracts	(95)	(99)	(108)	(12)
Total income net of insurance claims	1,352	1,435	1,493	(9)
Credit impairment charges and other provisions	(208)	(318)	(314)	(34)
Net operating income	1,144	1,117	1,179	(3)
Operating expenses (excluding costs to achieve Transform and UK bank levy)	(926)	(961)	(999)	(7)
Costs to achieve Transform	(9)	-	-	
UK bank levy	-	(24)	-	
Operating expenses	(935)	(985)	(999)	(6)
Other net income	3	7	3	-
Profit before tax	212	139	183	16
Attributable profit/(loss)1	35	(38)	35	-
Balance Sheet Information and Key Facts				
Loans and advances to customers at amortised cost	£27.6bn	£29.9bn	£32.1bn	

Customer deposits	£18.2bn	£19.5bn	£19.9bn
Total assets2	£37.5bn	£42.2bn	£44.3bn
Risk weighted assets2	£25.5bn	£24.5bn	£25.1bn
Number of customers	13.3m	13.5m	14.8m
Number of ATMs	10,529	10,468	10,365
Number of branches	1,317	1,339	1,342
Number of sales centres	119	112	106
Number of distribution points	1,436	1,451	1,448
90 days arrears rate- Home loans	1.1%	1.6%	2.8%
Number of employees (full time equivalent)	40,900	40,500	41,600

	Adjusted			Statutory		
Performance Measures	30.06.13	31.12.12	30.06.12	30.06.13	31.12.12	30.06.12
Return on average equity	3.0%	(3.0%)	2.5%	3.0%	(3.0%)	2.5%
Return on average risk weighted assets	1.1%	0.3%	1.0%	1.1%	0.3%	1.0%
Cost: income ratio	69%	69%	67%	69%	69%	67%
Loan loss rate (bps)	146	202	186	146	202	186

1 Attributable profit includes profit after tax and non-controlling interests.
2 2013 total assets and risk weighted assets include an allocation of liquidity pool assets previously held centrally.

Results by Business

Africa Retail and Business Banking

Income Statement - H113 compared to H112

— The average ZAR depreciated against GBP by 13% on H112. The deterioration was a significant contributor to the year on year movement in the reported results, which are in GBP. Other currency movements were considered insignificant

— Income declined 9% to £1,352m, driven by foreign currency movements, primarily the depreciation of ZAR, partially offset by prior year fair value adjustments on the commercial property finance portfolio. On a constant currency basis income growth was broadly steady following pressure on transaction volumes in a subdued economic environment

—

Net interest income declined 12% to £733m. On a constant currency basis, net interest income was broadly stable. Net interest margin was down 12bps to 311bps through a decrease in the customer asset and liability margins

- Customer asset margin decreased 8bps to 308bps, driven by higher funding costs in South African home loans together with competitor pressure in commercial property finance. Average customer assets decreased 11% to £28.9bn, driven by the depreciation of ZAR. On a constant currency basis, customer assets, particularly home loans, remained broadly stable

- Customer liability margin decreased 5bps to 271bps through increased competition and change in product mix. Average customer liabilities decreased 5% to £18.7bn. Excluding foreign currency movements, deposits reflected modest growth

— Net fee and commission income declined 11% to £478m. On a constant currency basis, net fee and commission income was broadly steady following pressure on transaction volumes through a subdued economic environment

— Credit impairment charges decreased 34% to £208m, driven in part by foreign currency movements. On a constant currency basis, credit impairment charges reduced due to higher 2012 provisions on the South African home loans recovery book. This decrease was partly offset by deterioration in the South African unsecured lending portfolio, which is due to the challenging economic environment

- 90 day arrears rates on home loans improved to 1.1% (2012: 2.8%)

— Operating expenses decreased 6% to £935m. On a constant currency basis, costs remained well contained despite inflation in South Africa of 6%

— Profit before tax increased 16% to £212m, despite currency depreciation, primarily due to higher 2012 provisions on the South African home loans recovery book and prior year fair value adjustments on the commercial property finance portfolio

Income Statement - Q213 compared to Q113

— Profit before tax of £131m (Q113: £81m) was driven by lower credit impairment charges in South African home loans coupled with lower claims in the Absa insurance business, partially offset by further depreciation of ZAR in Q213

Balance Sheet - 30 June 2013 compared to 31 December 2012

— The closing ZAR depreciated against GBP by 10%. The deterioration was a significant contributor to the movement in the reported results, which are in GBP

— Loans and advances to customers decreased 8% to £27.6bn, mainly due to foreign currency movements. On a constant currency basis, loans and advances, particularly home loans, were broadly unchanged

— Customer deposits decreased 7% to £18.2bn, driven by foreign currency movements. On a constant currency basis, deposits were broadly in line

— RWAs increased 4% to £25.5bn primarily driven by the deterioration in Egypt credit ratings and RWA reallocation across businesses partially offset by foreign currency movements

Results by Business

Barclaycard

Income Statement Information	Half Year Ended 30.06.13	Half Year Ended 31.12.12	Half Year Ended 30.06.12	YoY
	£m	£m	£m	% Change
Net interest income	1,626	1,542	1,467	11
Net fee and commission income	698	674	618	13
Net trading expense	(4)	(4)	(5)	
Net premiums from insurance contracts	14	14	22	
Other income	9	6	11	
Total income	2,343	2,232	2,113	11
Net claims and benefits incurred under insurance contracts		-	(1)	
Total income net of insurance claims	2,343	2,232	2,112	11
Credit impairment charges and other provisions	(616)	(557)	(492)	25
Net operating income	1,727	1,675	1,620	7
Operating expenses (excluding provision for PPI redress, costs to achieve Transform and UK bank levy)	(963)	(940)	(886)	9
Provision for PPI redress	(690)	(420)	-	
Costs to achieve Transform	(5)	-	-	
UK bank levy	-	(16)	-	
Operating expenses	(1,658)	(1,376)	(886)	87
Other net income	16	12	17	(6)
Profit before tax	85	311	751	(89)
Adjusted profit before tax1	775	731	751	3
Adjusted attributable profit1,2	524	482	492	7
Balance Sheet Information and Key Facts				
Loans and advances to customers at amortised cost	£34.7bn	£33.8bn	£31.5bn	
Customer deposits	£4.5bn	£2.8bn	£2.0bn	
Total assets3	£39.2bn	£38.2bn	£35.4bn	
Risk weighted assets3	£38.8bn	£37.8bn	£34.2bn	
Total number of Barclaycard customers	33.7m	32.8m	27.0m	
Total number of Barclaycard clients	339,200	315,500	315,800	
Payments processed	£124bn	£121bn	£114bn	
30 day arrears rates - UK cards	2.5%	2.5%	2.7%	
30 day arrears rates - US cards	2.0%	2.4%	2.5%	
30 day arrears rates - South Africa cards4	9.1%	7.4%	5.1%	
Number of employees (full time equivalent)	11,800	11,100	11,100	

Performance Measures	Adjusted1 30.06.13	31.12.12	30.06.12	Statutory 30.06.13	31.12.12	30.06.12

Return on average equity	%	19.4%	20.1%	0.5%	6.5%	20.1%
Return on average risk weighted assets	3.0%	3.1%	3.1%	0.3%	1.2%	3.1%
Cost: income ratio	41%	43%	42%	71%	62%	42%
Loan loss rate (bps)	339	294	295	339	294	295

1 Adjusted profit before tax, adjusted attributable profit and adjusted performance measures excludes the impact of the provision for PPI redress of £690m (H212: £420m; H112: £nil).
2 Adjusted attributable profit includes profit after tax and non-controlling interests.
3 2013 total assets and risk weighted assets include an allocation of liquidity pool assets previously held centrally.
4 H212 30 day arrears rates on South Africa cards restated to reflect a portfolio acquisition.

Results by Business

Barclaycard

Income Statement – H113 compared to H112

— Income improved 11% to £2,343m reflecting continued net lending growth across the business and contributions from 2012 portfolio acquisitions

– UK income increased by 6% to £1,344m reflecting net lending growth

– International income improved 19% to £999m reflecting contribution from 2012 portfolio acquisitions and higher US customer balances

— Net interest income increased by 11% to £1,626m driven by volume growth and a lower impact from structural hedges offsetting lower customer asset margin

– Customer asset margin declined modestly by 29bps to 9.42% reflecting lower rates on customer lending. Average customer assets increased 9% to £36.0bn due to 2012 portfolio acquisitions and business growth

– Customer liability margin was negative 0.33% reflecting the cost of deposit funding initiatives in the US and Germany

— Net fee and commission income improved 13% to £698m due to increased payment volumes predominantly in the US and UK

- Credit impairment charges increased 25% to £616m primarily driven by the impact of portfolio acquisitions and non-recurrence of provision releases in 2012

– Impairment loan loss rates in consumer credit cards remained stable at 366bps (2012: 372bps) in the UK and 280bps (2012: 275bps) in the US, while the impairment loan loss rates in South Africa increased to 493bps (2012: 192bps) due to acquisitions driving a change in product mix

– 30 day arrears rates for consumer cards in UK were down 20bps to 2.5%, in the US were down 50bps to 2.0% and in South Africa were up 401bps to 9.1%

- Adjusted operating expenses increased 9% to £968m reflecting contribution from 2012 portfolio acquisitions, net lending growth and higher operating losses. Statutory operating expenses increased 87% to £1,658m due to the £690m provision for PPI redress (2012: nil)

- Adjusted profit before tax improved 3% to £775m driven by the US and UK card portfolios, while statutory profit before tax was £85m (2012: £751m) due to the provision for PPI redress

Income Statement – Q213 compared to Q113

- Adjusted profit before tax improved 13% to £412m driven by higher income reflecting seasonal trends and business growth

  - Statutory loss before tax was £278m (Q113: profit of £363m) due to the provision for PPI redress

Balance Sheet – 30 June 2013 compared to 31 December 2012

- Total assets increased 3% to £39.2bn in line with loans and advances to customers across UK and International businesses

  - Customer deposits increased by £1.7bn to £4.5bn due to funding initiatives in the US and Germany

  - RWAs increased 3% to £38.8bn primarily driven by asset growth and foreign currency movements

Results by Business
Investment Bank

	Half Year Ended	Half Year Ended	Half Year Ended

Income Statement Information	30.06.13 £m	31.12.12 £m	30.06.12 £m	YoY % Change
Net interest income	86	166	364	(76)
Net fee and commission income	1,622	1,527	1,502	8
Net trading income	4,435	3,369	4,319	3
Net investment income	329	250	271	21
Other income	1	3	4	
Total income	6,473	5,315	6,460	-
Credit impairment charges and other provisions	(181)	(2)	(202)	(10)
Net operating income	6,292	5,313	6,258	1
Operating expenses (excluding costs to achieve Transform and UK bank levy)	(3,751)	(3,381)	(4,044)	(7)
Costs to achieve Transform	(169)	-	-	
UK bank levy	-	(206)	-	
Operating expenses	(3,920)	(3,587)	(4,044)	(3)
Other net income	17	22	28	
Profit before tax	2,389	1,748	2,242	7
Attributable profit1	1,541	1,236	1,446	7
Balance Sheet Information and Key Facts				
Loans and advances to banks and customers at amortised cost2	£186.6bn	£143.5bn	£184.3bn	
Customer deposits2	£117.4bn	£75.9bn	£114.3bn	
Total assets3	£1,043.8bn	£1,073.7bn	£1,224.0bn	
Assets contributing to adjusted gross leverage3	£568.5bn	£567.0bn	£649.2bn	
Risk weighted assets3	£168.8bn	£177.9bn	£190.5bn	
Average DVaR (95%)	£31m	£34m	£42m	
Number of employees (full time equivalent)	25,300	25,600	24,500	

	Adjusted			Statutory		
Performance Measures	30.06.13	31.12.12	30.06.12	30.06.13	31.12.12	30.06.12
Return on average equity	15.4%	11.9%	13.4%	15.4%	11.9%	13.4%
Return on average risk weighted assets	1.8%	1.5%	1.6%	1.8%	1.5%	1.6%
Cost: income ratio	61%	67%	63%	61%	67%	63%
Cost: net operating income ratio	62%	68%	65%	62%	68%	65%
Compensation: income ratio	39%	40%	40%	39%	40%	40%
Loan loss rate (bps)	19	13	22	19	13	22

1 Attributable profit includes profit after tax and non-controlling interests.

2 Loans and advances includes £146.4bn of loans and advances to customers (including settlement balances and cash collateral of £103.5bn) and loans and advances to banks of £40.2bn (including settlement balances and cash collateral of £26.2bn). Customer deposits includes £91.1bn relating to settlement balances and cash collateral.

3 2013 total assets, assets contributing to adjusted gross leverage and risk weighted assets reflect a reallocation of liquidity pool assets to other businesses.

Results by Business

Investment Bank

Income Statement – H113 compared to H112

Analysis of Total Income	Half Year Ended 30.06.13 £m	Half Year Ended 31.12.12 £m	Half Year Ended 30.06.12 £m	YoY % Change
Macro Products1	2,013	1,548	2,476	(19)
Credit Products1	1,467	1,206	1,441	2
Exit Quadrant Assets1	88	415	163	(46)
Fixed Income, Currency and Commodities (FICC)	3,568	3,169	4,080	(13)
Equities and Prime Services	1,531	977	1,206	27
Investment Banking	1,086	1,113	1,024	6
Principal Investments and Other Income	288	56	150	92
Total income	6,473	5,315	6,460	-

— Total income of £6,473m was in line with H112

– FICC income decreased 13% to £3,568m

- Macro Products income decreased 19% to £2,013m due to a strong Q112 where markets were supported by the European Long Term Refinancing Operation (LTRO)

- Credit Products income increased 2% to £1,467m benefitting from credit spreads tightening and strong trading volumes

- Exit Quadrant Assets income of £88m reduced £75m from the prior year as we accelerated the disposal of exit assets

– Equities and Prime Services income increased 27% to £1,531m across US, Asia and European businesses, reflecting steady commission gains, an improvement in global equity markets driven by increased market confidence and increased client activity in Prime Services

– Investment Banking income increased 6% to £1,086m driven by equity and debt underwriting due to increased client activity in favourable market conditions

– Principal Investments and Other income of £288m included a fair value adjustment of £259m as a result of greater certainty regarding the recoverability of certain assets not yet received from the 2008 US Lehman acquisition

— Net credit impairment charges of £181m (2012: £202m) reflect a charge against a single name exposure, partially offset by a number of releases

— Operating expenses reduced 3% to £3,920m, including £169m of costs to achieve Transform primarily related to restructuring. The reduction in operating expenses was driven by the ongoing cost saving initiatives despite £188m of costs relating to infrastructure improvement, including investments to meet the requirements of the Dodd-Frank Act, CRD IV and other regulatory reporting change projects. 2012 included a £193m charge relating to the setting of inter-bank offered rates

— Cost: net operating income ratio improved 3% to 62%. Compensation: income ratio improved to 39% (2012: 40%)

— Profit before tax increased 7% to £2,389m

1 Macro Products represent Rates, Currency and Commodities income. Credit Products represent Credit and Securitised Products income. Exit Quadrant Assets consist of the Investment Bank Exit Quadrant business units as detailed on page 40.

Results by Business

Investment Bank

Income Statement – Q213 compared to Q113

— Income decreased 13% to £3,010m

– FICC income decreased 37% to £1,378m, reflecting lower activity in Macro and Credit Products driven by a decrease in client flow and a decline in Rates as the market weakened over concerns of central banks tapering quantitative easing programmes

– Equities and Prime Services income increased 17% to £825m, with growth in equity derivatives and Prime Services as the business continues to gain market share

– Investment Banking income decreased 5% to £528m, reflecting lower debt underwriting when compared to a seasonally strong first quarter coupled with declines in financial advisory market activity

– Principal Investments and Other income included a fair value adjustment of £259m in the second quarter as a result of greater certainty regarding the recoverability of certain assets not yet received from the 2008 US Lehman acquisition

— Net credit impairment charges of £195m (Q113: release of £14m) reflect a charge against a single name exposure, partially offset by a number of releases

— Operating expenses decreased 19% to £1,750m (Q113: £2,170m) due to lower performance cost and a reduction in costs to achieve Transform

— Profit before tax decreased 18% to £1,074m

Income Statement – Q213 compared to Q212

— Income of £3,010m is in line with Q212

– FICC income decreased 22% to £1,378m, reflecting lower activity in Macro and Credit Products driven by a decrease in client flow market declines over concerns of central banks tapering of quantitative easing programmes. There were also charges of £30m (Q212: gains of £56m) related to accelerated disposals of Exit Quadrant assets

– Equities and Prime Services income increased 34% to £825m driven by stronger performances in cash equities and equity derivatives as markets improved and trading volumes increased

– Investment Banking income increased 4% to £528m as increased deal issuance for equity and debt underwriting was offset by declines in financial advisory market activity

— Operating expenses reduced 5% to £1,750m. Q212 included a £78m charge relating to the setting of inter-bank offered rates

— Profit before tax increased 1% to £1,074m

Balance Sheet – 30 June 2013 compared to 31 December 2012

— Assets contributing to adjusted gross leverage remained in line at £568.5bn reflecting increases in reverse repurchase agreements driven by higher matchbook trading, an increase in available for sale investments, offset by a reduction in cash and balances at central banks

— RWAs decreased 5% to £168.8bn primarily driven by a reduction of sovereign exposures in the trading book and a reduction in Exit Quadrant RWAs, partially offset by foreign currency movements

Results by Business
Corporate Banking

Income Statement Information	Half Year Ended 30.06.13	Half Year Ended 31.12.12	Half Year Ended 30.06.12	YoY
	£m	£m	£m	% Change
Net interest income	998	941	970	3
Net fee and commission income	506	487	511	(1)
Net trading income	49	8	79	(38)
Net investment income	2	14	9	
Other (expense)/income	(3)	13	14	
Total income	1,552	1,463	1,583	(2)
Credit impairment charges and other provisions	(258)	(454)	(431)	(40)
Net operating income	1,294	1,009	1,152	12
Operating expenses (excluding provision for interest rate hedging products redress, costs to achieve Transform and UK bank levy)	(852)	(833)	(839)	2
Provision for interest rate hedging products redress	(650)	(400)	(450)	
Costs to achieve Transform	(41)	-	-	
UK bank levy	-	(39)	-	
Operating expenses	(1,543)	(1,272)	(1,289)	20
Other net income /(expense)	1	12	(2)	
Loss before tax	(248)	(251)	(139)	
Adjusted profit before tax1	402	149	311	29
Adjusted attributable profit1,2	277	75	154	80
Balance Sheet Information and Key Facts				
Loans and advances to customers at amortised cost	£62.7bn	£64.3bn	£65.6bn	
	£16.3bn	£17.6bn	£17.3bn	

Loans and advances to customers at fair value			
Customer deposits	£106.7bn	£99.6bn	£90.9bn
Total assets3	£120.4bn	£87.8bn	£89.9bn
Risk weighted assets3	£73.1bn	£70.9bn	£72.3bn
Number of employees (full time equivalent)	13,000	13,000	13,300

	Adjusted1			Statutory		
Performance Measures	30.06.13	31.12.12	30.06.12	30.06.13	31.12.12	30.06.12
Return on average equity	7.1%	2.0%	3.8%	(4.6%)	(6.3%)	(4.6%)
Return on average risk weighted assets	0.9%	0.4%	0.5%	(0.4%)	(0.5%)	(0.4%)
Loan loss rate (bps)	76	127	124	76	127	124
Cost: income ratio	58%	60%	53%	99%	87%	81%

1 Adjusted profit before tax, adjusted attributable profit and adjusted performance measures exclude the provision for interest rate hedging products redress of £650m (H212: £400m, H112: £450m).

2 Adjusted attributable profit includes profit after tax and non-controlling interests.

3 2013 total assets and risk weighted assets include an allocation of liquidity pool assets previously held centrally.

Results by Business

Corporate Banking

Half Year Ended 30 June 2013	UK	Europe	RoW	Total
Income Statement Information	£m	£m	£m	£m
Income	1,161	117	274	1,552
Credit impairment (charges)/releases and other provisions	(84)	(180)	6	(258)
Operating expenses (excluding provision for sale of interest rate hedging products redress and costs to achieve Transform)	(570)	(78)	(204)	(852)
Provision for sale of interest rate hedging products redress	(650)	-	-	(650)
Costs to achieve Transform	(4)	(37)	-	(41)
Other net income	-	-	1	1
(Loss)/profit before tax	(147)	(178)	77	(248)
Adjusted profit/(loss) before tax1	503	(178)	77	402
Balance Sheet Information				
Loans and advances to customers at amortised cost	£50.1bn	£6.1bn	£6.5bn	£62.7bn
Loans and advances to customers at fair value	£16.3bn	-	-	£16.3bn
Customer deposits	£84.4bn	£9.3bn	£13.0bn	£106.7bn

Risk weighted assets2	£54.4bn	£10.0bn	£8.7bn	£73.1bn
Half Year Ended 31 December 2012				
Income Statement Information				
Income	1,085	132	246	1,463
Credit impairment charges and other provisions	(139)	(265)	(50)	(454)
Operating expenses (excluding provision for sale of interest rate hedging products redress and UK bank levy)	(531)	(85)	(217)	(833)
Provision for sale of interest rate hedging products redress	(400)	-	-	(400)
UK bank levy	(39)	-	-	(39)
Other net income	4	-	8	12
Loss before tax	(20)	(218)	(13)	(251)
Adjusted profit/(loss) before tax1	380	(218)	(13)	149
Balance Sheet Information				
Loans and advances to customers at amortised cost	£51.5bn	£6.5bn	£6.3bn	£64.3bn
Loans and advances to customers at fair value	£17.6bn	-	-	£17.6bn
Customer deposits	£79.0bn	£8.2bn	£12.4bn	£99.6bn
Risk weighted assets2	£49.9bn	£10.5bn	£10.5bn	£70.9bn
Half Year Ended 30 June 2012				
Income Statement Information				
Income	1,136	169	278	1,583
Credit impairment charges and other provisions	(145)	(277)	(9)	(431)
Operating expenses (excluding provision for sale of interest rate hedging products redress)	(538)	(78)	(223)	(839)
Provision for sale of interest rate hedging products redress	(450)	-	-	(450)
Other net expense	(2)	-	-	(2)
(Loss)/profit before tax	1	(186)	46	(139)
Adjusted profit/(loss) before tax1	451	(186)	46	311
Balance Sheet Information				
Loans and advances to customers at amortised cost	£51.1bn	£7.5bn	£7.0bn	£65.6bn
Loans and advances to customers at fair value	£17.2bn	-	£0.1bn	£17.3bn
Customer deposits	£72.6bn	£5.6bn	£12.7bn	£90.9bn
Risk weighted assets2	£49.9bn	£11.5bn	£10.9bn	£72.3bn

1 Adjusted profit before tax and adjusted performance measures exclude the provision for interest rate hedging products redress of £650m (H212: £400m, H112: £450m).
2 2013 total assets and risk weighted assets include an allocation of liquidity pool assets previously held centrally.

Results by Business

Corporate Banking

Income Statement – H113 compared to H112

— Total income decreased 2% to £1,552m reflecting a reduction in gains on fair value items of £24m (2012: £68m), non-recurring income from exited businesses and a reduction in Exit Quadrant portfolios in Europe, partially offset by an increase in UK Cash Management income

— Net interest margin was down 4bps to 123bps primarily reflecting reduced contributions from structural hedges

– Customer asset margin increased 9bps to 128bps reflecting higher margins on term and syndicated loans in the UK. Average customer assets decreased 4% to £67.2bn driven by the rundown of Exit Quadrant portfolios in Europe

– Customer liability margin decreased 8bps to 104bps reflecting higher customer deposit rates. Average customer liabilities increased 15% to £95.9bn driven by an increase in deposits from UK corporates

— Credit impairment charges reduced 40% to £258m. Loan loss rate improved to 76bps (2012: 124bps)

– UK impairment charges reduced by £62m to £84m, partly reflecting reduced impairment against large corporate clients

– Europe impairment charges reduced by £97m to £180m following ongoing action to reduce exposure to the property and construction sector in Spain

— Adjusted operating expenses increased 6% to £893m driven by costs to achieve Transform of £41m largely related to restructuring costs in Europe. Statutory operating expenses increased 20% to £1,543m after charging an additional £650m provision for interest rate hedging products redress (2012: £450m)

— Adjusted profit before tax increased 29% to £402m

– UK adjusted profit before tax increased 12% to £503m driven by lower credit impairment charges

– Europe loss before tax reduced 4% to £178m principally due to lower credit impairment charges, partially offset by non-recurring income from exited businesses and a reduction in Exit Quadrant portfolios, and costs to achieve Transform

– Rest of the World profit before tax increased 67% to £77m reflecting lower costs due to exited businesses

— Statutory loss before tax was £248m (2012: £139m) after charging an additional provision for interest rate hedging products redress

Income Statement – Q213 compared to Q113

- Adjusted profit before tax increased 20% to £219m driven by increased UK Cash Management income and reduced operating expenses due to lower costs to achieve Transform

- Statutory loss before tax was £431m (Q113: profit of £183m) after charging an additional provision for interest rate hedging products redress

Balance Sheet – 30 June 2013 compared to 31 December 2012

- Loans and advances to customers declined 2% to £62.7bn driven by a reduction in the client financing requirements as working capital deposits increased and the rundown of Exit Quadrant portfolios in Europe

- Customer deposits increased 7% to £106.7bn reflecting an increase in UK deposit growth

- Total assets increased £32.6bn to £120.4bn driven by a reallocation of liquidity pool assets. This was following a decision in 2013 to reallocate liquidity costs to the businesses

- RWAs increased 3% to £73.1bn primarily reflecting loss given default recalibration, a change in the regulatory treatment for commercial real estate exposures, and foreign currency movements. This was partially offset by a reduction in Exit Quadrant RWAs and RWA reallocations across businesses

Results by Business
Wealth and Investment Management

Income Statement Information	Half Year Ended 30.06.13	Half Year Ended 31.12.12	Half Year Ended 30.06.12	YoY
	£m	£m	£m	% Change
Net interest income	431	436	420	3
Net fee and commission income	485	480	468	4
Net trading income	9	11	5	80
Net investment income	6	-	-	
Other (expense)/income	-	(1)	1	
Total income	931	926	894	4
Credit impairment charges and other provisions	(49)	(19)	(19)	
Net operating income	882	907	875	1

Operating expenses (excluding costs to achieve Transform and UK bank levy)	(810)	(730)	(775)	5
Costs to achieve Transform	(33)	-	-	
UK bank levy	-	(4)	-	
Operating expenses	(843)	(734)	(775)	9
Other net income/(expense)	8	2	(1)	
Profit before tax	47	175	99	(53)
Adjusted profit before tax	47	175	99	(53)
Adjusted attributable profit1	29	153	70	(59)
Balance Sheet Information and Key Facts				
Loans and advances to customers at amortised cost	£22.6bn	£21.3bn	£19.8bn	
Customer deposits	£62.8bn	£53.8bn	£50.0bn	
Total assets2	£36.5bn	£24.5bn	£23.4bn	
Risk weighted assets2	£17.0bn	£16.1bn	£14.0bn	
Client assets	£202.8bn	£186.0bn	£176.1bn	
Number of employees (full time equivalent)	8,300	8,300	8,200	

	Adjusted			Statutory		
Performance Measures	30.06.13	31.12.12	30.06.12	30.06.13	31.12.12	30.06.12
Return on average equity	2.5%	14.9%	7.3%	2.5%	14.9%	7.3%
Return on average risk weighted assets	0.4%	2.2%	1.2%	0.4%	2.2%	1.2%
Cost: income ratio	91%	79%	87%	91%	79%	87%
Loan loss rate (bps)	43	17	19	43	17	19

1 Attributable profit includes profit after tax and non-controlling interests.
2 2013 total assets and risk weighted assets include an allocation of liquidity pool assets previously held centrally.

Results by Business

Wealth and Investment Management

Income Statement – H113 compared to H112

— Total income increased 4% to £931m, driven by the High Net Worth businesses, with particular growth in the Americas and Asia regions

— Net interest income grew 3% to £431m, driven by growth in deposit and lending balances primarily in the High Net Worth businesses. Net interest margin decreased 17bps to 108bps primarily reflecting reduced contributions from structural hedges

– Customer asset margin increased 16bps to 81bps reflecting higher margins on High Net Worth businesses. Average customer assets increased 16% to £22.1bn

– Customer liability margin decreased 12bps to 99bps reflecting changes in product mix. Average customer liabilities increased 21% to £58.4bn

— Net fees and commission income increased 4% to £485m

— Credit impairment charges increased £30m to £49m, largely due to a £15m charge relating to secured lending on Spanish property

— Operating expenses increased £68m to £843m largely reflecting cost to achieve Transform of £33m related to restructuring costs and a £22m customer remediation provision

— Profit before tax decreased 53% to £47m primarily driven by costs to achieve Transform, customer remediation provision and increased credit impairment charges

Income Statement – Q213 compared to Q113

— Profit before tax decreased £73m to a loss of £13m primarily due to cost to achieve Transform, customer remediation provision and increased credit impairment charges

Balance Sheet – 30 June 2013 compared to 31 December 2012

— Loans and advances to customers increased 7% to £22.6bn and customer deposits increased 17% to £62.8bn primarily driven by growth in the High Net Worth businesses

- Client Assets increased to £202.8bn (2012: £186.0bn) driven by net new assets in the High Net Worth businesses and favourable equity market and foreign currency movements

- RWAs increased 6% to £17.0bn driven by foreign currency movements

Results by Business

Head Office and Other Operations

Income Statement Information	Half Year Ended 30.06.13 £m	Half Year Ended 31.12.12 £m	Half Year Ended 30.06.12 £m
Net interest (expense)/income	(137)	(182)	258
Net fee and commission expense	(53)	(92)	(106)
Net trading income/(expense)	2	(5)	122
Net investment income	24	192	75
Net premiums from insurance contracts	13	17	21
Other income	17	39	17
Adjusted total (expense)/income net of insurance claims	(134)	(31)	387
Own credit	86	(1,634)	(2,945)
Gain on disposal of investment in BlackRock, Inc.	-	-	227
Total expense net of insurance claims	(48)	(1,665)	(2,331)
Credit impairment release/(charges) and other provisions	1	(1)	(5)
Net operating expense	(47)	(1,666)	(2,336)
Operating expenses (excluding UK bank levy)	(24)	(67)	(98)
UK bank levy	-	(19)	-
Operating expenses	(24)	(86)	(98)
Other net (expense)/income	-	(2)	25
Loss before tax	(71)	(1,754)	(2,409)
Adjusted (loss)/profit before tax1	(157)	(120)	309
Adjusted attributable (loss)/profit1,2	(313)	(305)	237
Balance Sheet Information and Key Facts			
Total assets3	£47.2bn	£41.3bn	£35.3bn
Risk weighted assets3	£3.7bn	£5.3bn	£2.7bn
Number of employees (full time equivalent)	100	200	100

1 Adjusted (loss)/profit before tax, adjusted attributable (loss)/profit and adjusted performance measures and profit before tax exclude the impact of £86m own credit gain (H212: loss of £1,634m, H112: £2,945m) and £nil gain on disposal of strategic investment in BlackRock, Inc (H212: nil, H112: £227m).

2 Attributable profit includes profit after tax and non-controlling interests.

3 2013 total assets and risk weighted assets reflect reallocation to businesses of liquidity pool assets previously held centrally.

Results by Business

Head Office and Other Operations

Income Statement – H113 compared to H112

— Adjusted income declined to a net expense of £134m (2012: income of £387m), predominately driven by lower margins achieved on funding higher growth in customer deposits across the Group and the non-recurrence of gains related to hedges of employee share awards in Q112 of £235m

— Operating expenses decreased £74m to £24m, mainly due to the non-recurrence of the £97m penalty arising from the industry wide investigation into the setting of inter-bank offered rates recognised in H112, partially offset by Transform programme costs and the Salz review

— Adjusted loss before tax increased to £157m (2012: profit of £309m). Statutory loss before tax improved to £71m (2012: £2,409m) including an own credit gain of £86m (2012: charge of £2,945m)

Income Statement – Q213 compared to Q113

— Adjusted loss before tax of £104m (Q113: £53m) principally reflecting a decline in total expense net of insurance claims to £100m (Q113: £34m) driven by the impact of growth in customer deposits, partially offset by a gain on debt buy back

— Statutory profit before tax of £233m (Q113: loss of £304m) included an own credit gain of £337m (Q113: charge of £251m)

Balance Sheet – 30 June 2013 compared to 31 December 2012

— Total assets increased 14% to £47.2bn reflecting growth in the liquidity pool bond portfolio, partially offset by a reallocation of liquidity pool assets across the businesses. This was following a decision in 2013 to reallocate liquidity costs to the businesses

— RWAs decreased 31% to £3.7bn primarily driven by reallocation of liquidity pool assets to the businesses

Business Results by Quarter

	Q213	Q113	Q412	Q312	Q212	Q112	Q411	Q311
UK Retail and Business Banking	£m	£m	£m	£m	£m	£m	£m	£m
Adjusted basis								
Total income net of insurance claims	1,135	1,067	1,077	1,123	1,118	1,066	1,129	1,244
Credit impairment charges and other provisions	(89)	(89)	(71)	(76)	(46)	(76)	(156)	(105)
Net operating income	1,046	978	1,006	1,047	1,072	990	973	1,139
Operating expenses (excluding costs to achieve Transform and UK bank levy)	(689)	(704)	(718)	(689)	(713)	(757)	(790)	(711)
Costs to achieve Transform	(27)	-	-	-	-	-	-	-
UK bank levy	-	-	(17)	-	-	-	(22)	-
Operating expenses	(716)	(704)	(735)	(689)	(713)	(757)	(812)	(711)
Other net income/(expenses)	3	25	4	-	1	(1)	1	1
Adjusted profit before tax	333	299	275	358	360	232	162	429
Adjusting items								
Provision for PPI redress	(660)	-	(330)	(550)	-	(300)	-	-
Statutory (loss)/profit before tax	(327)	299	(55)	(192)	360	(68)	162	429

Europe Retail and Business Banking								
Adjusted basis								
Total income net of insurance claims	176	176	161	168	191	188	198	309
Credit impairment charges and other provisions	(72)	(70)	(74)	(58)	(71)	(54)	(65)	(46)
Net operating income	104	106	87	110	120	134	133	263
Operating expenses (excluding costs to achieve Transform and UK bank levy)	(207)	(215)	(185)	(193)	(200)	(209)	(290)	(244)
Costs to achieve Transform	-	(356)	-	-	-	-	-	-
UK bank levy	-	-	(20)	-	-	-	(21)	-
Operating expenses	(207)	(571)	(205)	(193)	(200)	(209)	(311)	(244)
Other net (expense)/income	(144)	3	4	2	4	3	2	2
Adjusted (loss)/profit before tax	(247)	(462)	(114)	(81)	(76)	(72)	(176)	21
Adjusting items								
Goodwill impairment	-	-	-	-	-	-	(427)	-
Statutory (loss)/profit before tax	(247)	(462)	(114)	(81)	(76)	(72)	(603)	21

Africa Retail and Business Banking								
Adjusted basis								
Total income net of insurance claims	684	668	721	714	729	764	806	883

Credit impairment charges and other provisions	(94)	(114)	(142)	(176)	(208)	(106)	(86)	(108)
Net operating income	590	554	579	538	521	658	720	775
Operating expenses (excluding costs to achieve Transform and UK bank levy)	(452)	(474)	(455)	(506)	(471)	(528)	(468)	(584)
Costs to achieve Transform	(9)	-	-	-	-	-	-	-
UK bank levy	-	-	(24)	-	-	-	(23)	-
Operating expenses	(461)	(474)	(479)	(506)	(471)	(528)	(491)	(584)
Other net income	2	1	5	2	1	2	2	-
Adjusted profit before tax	131	81	105	34	51	132	231	191
Adjusting items								
Gains on acquisitions and disposals	-	-	-	-	-	-	-	2
Statutory profit before tax	131	81	105	34	51	132	231	193

Business Results by Quarter	Q213	Q113	Q412	Q312	Q212	Q112	Q411	Q311
Barclaycard	£m	£m	£m	£m	£m	£m	£m	£m
Adjusted basis								
Total income net of insurance claims	1,190	1,153	1,140	1,092	1,079	1,033	1,037	1,177
Credit impairment charges and other provisions	(313)	(303)	(286)	(271)	(242)	(250)	(287)	(356)
Net operating income	877	850	854	821	837	783	750	821
Operating expenses (excluding costs to achieve Transform and UK bank levy)	(467)	(496)	(508)	(432)	(441)	(445)	(478)	(462)
Costs to achieve Transform	(5)	-	-	-	-	-	-	-
UK bank levy	-	-	(16)	-	-	-	(16)	-
Operating expenses	(472)	(496)	(524)	(432)	(441)	(445)	(494)	(462)
Other net income	7	9	5	7	8	9	5	8
Adjusted profit before tax	412	363	335	396	404	347	261	367
Adjusting items								
Provision for PPI redress	(690)	-	(270)	(150)	-	-	-	-
Statutory (loss)/profit before tax	(278)	363	65	246	404	347	261	367

Investment Bank								
Adjusted and statutory basis								
Macro Products	900	1,113	800	748	1,040	1,436	563	1,131
Credit Products	508	959	505	701	665	776	490	439
Exit Quadrant Assets	(30)	118	189	226	56	107	(120)	(271)
	1,378	2,190	1,494	1,675	1,761	2,319	933	1,299

Fixed Income, Currency and Commodities								
Equities and Prime Services	825	706	454	523	615	591	300	346
Investment Banking	528	558	620	493	509	515	518	402
Principal Investments and Other Income	279	9	26	30	139	11	36	89
Total income	3,010	3,463	2,594	2,721	3,024	3,436	1,787	2,136
Credit impairment (charges)/releases and other provisions	(195)	14	1	(3)	(121)	(81)	(89)	(114)
Net operating income	2,815	3,477	2,595	2,718	2,903	3,355	1,698	2,022
Operating expenses (excluding costs to achieve Transform and UK bank levy)	(1,697)	(2,054)	(1,644)	(1,737)	(1,849)	(2,195)	(1,527)	(1,818)
Costs to achieve Transform	(53)	(116)	-	-	-	-	-	-
UK bank levy	-	-	(206)	-	-	-	(199)	-
Operating expenses	(1,750)	(2,170)	(1,850)	(1,737)	(1,849)	(2,195)	(1,726)	(1,818)
Other net income/(expenses)	9	8	15	7	6	22	(4)	6
Adjusted and statutory profit/(loss) before tax	1,074	1,315	760	988	1,060	1,182	(32)	210

Business Results by Quarter

Corporate Banking	Q213	Q113	Q412	Q312	Q212	Q112	Q411	Q311
	£m	£m	£m	£m	£m	£m	£m	£m
Adjusted basis								
Total income net of insurance claims	780	772	746	717	734	849	753	902
Credit impairment charges and other provisions	(128)	(130)	(240)	(214)	(223)	(208)	(252)	(284)
Net operating income	652	642	506	503	511	641	501	618
Operating expenses (excluding costs to achieve Transform and UK bank levy)	(430)	(422)	(412)	(421)	(402)	(437)	(469)	(480)
Costs to achieve Transform	(4)	(37)	-	-	-	-	-	-
UK bank levy	-	-	(39)	-	-	-	(43)	-
Operating expenses	(434)	(459)	(451)	(421)	(402)	(437)	(512)	(480)
Other net income/(expenses)	1	-	6	6	(1)	(1)	1	2
Adjusted profit/(loss) before tax	219	183	61	88	108	203	(10)	140
Adjusting items								
Goodwill impairment	-	-	-	-	-	-	(123)	-
Provision for interest rate hedging products redress	(650)	-	(400)	-	(450)	-	-	-
Losses on disposal	-	-	-	-	-	-	(9)	-
Statutory (loss)/profit before tax	(431)	183	(339)	88	(342)	203	(142)	140

Wealth and Investment Management								
Adjusted and statutory basis								
Total income net of insurance claims	462	469	483	443	442	452	453	462
Credit impairment charges and other provisions	(35)	(14)	(13)	(6)	(12)	(7)	(10)	(12)
Net operating income	427	455	470	437	430	445	443	450
Operating expenses (excluding costs to achieve Transform and UK bank levy)	(410)	(400)	(361)	(369)	(380)	(395)	(398)	(380)
Costs to achieve Transform	(33)	-	-	-	-	-	-	-
UK bank levy	-	-	(4)	-	-	-	(1)	-
Operating expenses	(443)	(400)	(365)	(369)	(380)	(395)	(399)	(380)
Other net income/(expense)	3	5	-	2	(1)	-	(1)	-
Adjusted and statutory (loss)/profit before tax	(13)	60	105	70	49	50	43	70

Head Office and Other Operations								
Adjusted basis								
Total (expense)/income net of insurance claims	(100)	(34)	(55)	24	68	319	49	(112)
Credit impairment releases/(charges) and other provisions	1	-	-	(1)	(3)	(2)	(6)	2
Net operating (expense)/income	(99)	(34)	(55)	23	65	317	43	(110)
Operating expenses (excluding costs to achieve Transform and UK bank levy)	(7)	(17)	(61)	(6)	(99)	1	(22)	(7)
Costs to achieve Transform	5	(5)	-	-	-	-	-	-
UK bank levy	-	-	(19)	-	-	-	-	-
Operating expenses	(2)	(22)	(80)	(6)	(99)	1	(22)	(7)
Other net (expense)/income	(3)	3	3	(5)	23	2	-	1
Adjusted (loss)/profit before tax	(104)	(53)	(132)	12	(11)	320	21	(116)
Adjusting items								
Own credit	337	(251)	(560)	(1,074)	(325)	(2,620)	(263)	2,882
Impairment and gain on disposal of BlackRock investment	-	-	-	-	227	-	-	(1,800)
Gains on debt buy-backs	-	-	-	-	-	-	1,130	-
(Losses)/gains on acquisitions and disposals	-	-	-	-	-	-	(23)	1
Statutory profit/(loss) before tax	233	(304)	(692)	(1,062)	(109)	(2,300)	865	967

Performance Management

Returns and Equity by Business

Returns on average equity and average tangible equity are calculated using attributable profit for the period, divided by average allocated equity or tangible equity as appropriate. Average allocated equity has been calculated as 10.5% of average RWAs for each business, adjusted for capital deductions, including goodwill and intangible assets, reflecting the assumptions the Group uses for capital planning purposes. The higher capital level currently held, reflecting Core Tier 1 capital ratio of 11.1% as at 30 June 2013, is allocated to Head Office and Other Operations. Average allocated tangible equity is calculated using the same method but excludes goodwill and intangible assets.

	Adjusted			Statutory		
	Half year ended	Half year ended	Half year ended	Half year ended	Half year ended	Half year ended
	30.06.13	31.12.12	30.06.12	30.06.13	31.12.12	30.06.12
Return on Average Equity	%	%	%	%	%	%
UK RBB	12.2	12.3	12.2	(1.0)	(6.0)	5.7
Europe RBB	(49.1)	(15.0)	(10.9)	(49.1)	(15.0)	(10.9)
Africa RBB	3.0	(3.0)	2.5	3.0	(3.0)	2.5
Barclaycard	19.3	19.4	20.1	0.5	6.5	20.1
Investment Bank	15.4	11.9	13.4	15.4	11.9	13.4
Corporate Banking	7.1	2.0	3.8	(4.6)	(6.3)	(4.6)
Wealth and Investment Management	2.5	14.9	7.3	2.5	14.9	7.3
Group excluding Head Office and Other Operations	9.9	9.3	10.4	3.7	3.8	8.0
Head Office and Other Operations impact	(2.1)	(1.9)	0.2	(1.1)	(6.8)	(7.4)
Total	7.8	7.4	10.6	2.6	(3.0)	0.6

	Adjusted			Statutory		
	Half year ended	Half year ended	Half year ended	Half year ended	Half year ended	Half year ended
	30.06.13	31.12.12	30.06.12	30.06.13	31.12.12	30.06.12
Return on Average Tangible Equity	%	%	%	%	%	%
UK RBB	21.5	22.7	23.1	(1.7)	(11.1)	10.7
Europe RBB	(53.8)	(16.5)	(11.9)	(53.8)	(16.5)	(11.9)
Africa RBB1	9.4	1.6	7.9	9.4	1.6	7.9
Barclaycard	26.0	26.6	27.2	0.6	8.9	27.2
Investment Bank	15.9	12.3	13.9	15.9	12.3	13.9
Corporate Banking	7.4	2.1	4.0	(4.8)	(6.6)	(4.9)
Wealth and Investment Management	3.3	20.4	10.2	3.3	20.4	10.2
Group excluding Head Office and Other Operations	11.8	11.1	12.3	4.6	4.7	9.6
Head Office and Other Operations impact	(2.7)	(2.4)	0.2	(1.6)	(8.2)	(8.9)
Total	9.1	8.7	12.5	3.0	(3.5)	0.7

1 The return on average tangible equity for Africa RBB has been calculated including amounts relating to Absa Group's non-controlling interests.

Performance Management

	Adjusted			Statutory		
	Half year ended 30.06.13	Half year ended 31.12.12	Half year ended 30.06.12	Half year ended 30.06.13	Half year ended 31.12.12	Half year ended 30.06.12
Attributable profit	£m	£m	£m	£m	£m	£m
UK RBB	480	450	424	(39)	(219)	197
Europe RBB	(522)	(156)	(120)	(522)	(156)	(120)
Africa RBB	35	(38)	35	35	(38)	35
Barclaycard	524	482	492	13	161	492
Investment Bank	1,541	1,236	1,446	1,541	1,236	1,446
Corporate Banking	277	75	154	(180)	(233)	(186)
Wealth and Investment Management	29	153	70	29	153	70
Head Office and Other Operations1	(309)	(305)	237	(206)	(1,676)	(1,786)
Total	2,055	1,897	2,738	671	(772)	148

	Average Equity			Average Tangible Equity		
	Half year ended 30.06.13	Half year ended 31.12.12	Half year ended 30.06.12	Half year ended 30.06.13	Half year ended 31.12.12	Half year ended 30.06.12
	£m	£m	£m	£m	£m	£m
UK RBB	7,848	7,297	6,945	4,470	3,964	3,666
Europe RBB	2,128	2,081	2,204	1,942	1,891	2,022
Africa RBB	2,318	2,516	2,799	1,012	1,140	1,327
Barclaycard	5,421	4,962	4,886	4,039	3,628	3,617
Investment Bank	20,072	20,823	21,523	19,377	20,133	20,804
Corporate Banking	7,840	7,448	8,030	7,474	7,087	7,650
Wealth and Investment Management	2,294	2,052	1,911	1,732	1,497	1,376
Head Office and Other Operations1	4,056	4,194	4,433	4,039	4,191	4,433
Total2	51,977	51,373	52,731	44,085	43,531	44,895

1 Includes risk weighted assets and capital deductions in Head Office and Other Operations, plus the residual balance of average shareholders' equity and tangible equity.

2 Group average shareholders' equity and average shareholders' tangible equity excludes the cumulative impact of own credit on retained earnings for the calculation of adjusted performance measures.

Performance Management

Costs to achieve Transform

- On 12 February 2013 the Group announced the commencement of a strategic cost management programme targeted at reducing net operating expenditure by £1.7bn by 2015. The programme is being executed and managed through the delivery of rightsizing, industrialisation and innovation initiatives. Rightsizing focuses on restructuring the current cost base to match profitable sources of growth; whilst industrialisation and innovation initiatives seek to invest in technology and new ways of working to reduce future operating costs and enhance customer and client propositions

- In the first half of the year the Transform investment has focused primarily on rightsizing. We expect the programme to shift towards industrialisation and innovation in the second half of 2013 and in 2014. Part of the total expected £2.7bn of costs to achieve Transform is being accelerated in 2013, having recognised £640m in H113

- The material costs within major restructuring initiatives consist of redundancy, reflecting our immediate priorities to rightsize our Europe RBB operations and the Investment Bank's operations in Asia and Europe

	Half year ended 30.06.13		
Costs to achieve Transform by business	Major restructuring initiatives £m	Other Transform costs £m	Total costs to achieve Transform £m
UK RBB	-	(27)	(27)
Europe RBB	(356)	-	(356)
Africa RBB	-	(9)	(9)
Barclaycard	-	(5)	(5)
Investment Bank	(168)	(1)	(169)
Corporate Banking	(37)	(4)	(41)
Wealth and Investment Management	(32)	(1)	(33)
Total costs to achieve Transform	(593)	(47)	(640)

Adjusted performance measures by business excluding costs to achieve Transform	Profit before tax £m	Return on average equity %	Cost: income ratio %
UK RBB	659	12.7	63

Europe RBB	(353)	(25.6)	120
Africa RBB	221	3.6	68
Barclaycard	780	19.5	41
Investment Bank	2,558	16.5	58
Corporate Banking	443	7.8	55
Wealth and Investment Management	80	4.5	87
Head Office and Other Operations	(157)	(2.2)	(18)
Group excluding costs to achieve Transform	4,231	9.5	61

Performance Management

Exit Quadrant Business Units

- On 12 February 2013, the Group announced as part of its Strategic Review that, following a rigorous bottom-up analysis of each of its businesses based on the attractiveness of the market they operate in and their ability to generate sustainable returns on equity above cost of equity, it would be exiting certain businesses

  - The table below presents selected financial data for these Exit Quadrant businesses

	CRD IV RWAs[1]		Balance Sheet		Half Year Ended 30.06.13		
Corporate Banking[2]	As at 30.06.13 £bn	As at 31.12.12 £bn	As at 30.06.13 £bn	As at 31.12.12 £bn	Income/ (Expense) £m	Impairment (charge)/ release £m	Net operating (expense)/ income £m
European legacy assets	4.1	5.0	3.4	3.9	39	(178)	(139)
Europe RBB							
Legacy assets	9.5	9.7	23.0	22.9	56	(110)	(54)
Investment Bank							
US Residential Mortgages	0.7	5.3	1.1	2.2	375	-	375
Commercial Mortgages and Real Estate	3.0	3.1	3.9	4.0	41	-	41
Leveraged and Other Loans	8.4	10.1	9.6	11.5	(65)	2	(63)
CLOs and Other Insured Assets	6.5	5.9	14.1	16.3	(286)	-	(286)
Structured Credit and other	5.3	9.4	8.1	8.6	(40)	-	(40)
Monoline Derivatives	1.8	3.1	0.3	0.6	63	-	63
Corporate Derivatives	3.6	8.3	2.5	3.6	-	-	-
Portfolio Assets	29.3	45.2	39.6	46.8	88	2	90
Pre-CRD IV Rates Portfolio	25.5	33.9					
Total Investment Bank	54.8	79.1					
Total	68.4	93.8					

— The estimated CRD IV RWAs of the Exit Quadrant businesses decreased £25.4bn to £68.4bn, principally reflecting reductions in Investment Bank asset exposures, particularly in the US Residential and Structured Credit portfolios, combined with optimisation initiatives within the Monoline and Corporate Derivatives and pre-CRD IV Rates portfolio. RWAs in Corporate Banking's Exit Quadrant portfolios decreased due to asset run down slightly offset by foreign currency movements. RWAs in Exit Quadrant portfolios in Europe RBB remained broadly flat

— The Portfolio Assets balance sheet includes previously reported Credit Market Exposures of £6.9bn (2012: £8.8bn), and identified loans, securities, investments and derivative exposure of £32.7bn (2012: £38.0bn) that all generate a return on equity below the cost of equity on a CRD IV basis

— The Portfolio Assets balance sheet decreased £7.2bn to £39.6bn driven by net sales and paydowns and other movements of £8.9bn offset by foreign currency movements of £1.6bn and net fair value gains of £0.1bn

— Portfolio Assets income of £88m was primarily driven by realised gains on the disposal of US Residential Mortgage exposures. Income was lower than the £415m recorded in H212 largely due to fair value gains on trading assets

— Pre-CRD IV Rates Portfolio balance sheet of £280.8bn (2012: £353.8bn) represents the carrying value of derivative assets as reported on the balance sheet. The derivative asset exposure would be £249.5bn (2012: £317.3bn) lower than reported under IFRS if netting were permitted for assets and liabilities with the same counterparty or for which the Group holds cash collateral. Therefore, the net exposure post counterparty netting and cash collateral would be £31.3bn (2012: £36.5bn)

1 Estimated RWAs provide an indication of the potential CRD IV impact using the calculation basis set out on page 51. June reflects a refinement in allocation methodology for derivatives to better reflect CVA exemptions and the marginal RWA impact of each business.

2 Corporate Banking Exit Quadrant balance sheet assets in Europe decreased £0.5bn to £3.4bn largely driven by reductions in Spain and Portugal.

Performance Management

Margins and Balances

Analysis of Net Interest Income	Half year ended 30.06.13 £m	Half year ended 31.12.12 £m	Half year ended 30.06.12 £m
RBB, Barclaycard, Corporate Banking and Wealth and Investment Management customer income:			
- Customer assets	3,506	3,334	3,320
- Customer liabilities	1,599	1,614	1,571
Total	5,105	4,948	4,891
RBB, Barclaycard, Corporate Banking and Wealth and Investment Management non-customer income:			
- Product structural hedge1	433	475	487
- Equity structural hedge2	149	163	154
- Other	(59)	(45)	(24)

Total RBB, Barclaycard, Corporate Banking and Wealth and Investment Management net interest income	5,628	5,541	5,508
Investment Bank	86	166	364
Head Office and Other Operations	(137)	(182)	257
Group net interest income	5,577	5,525	6,129

RBB, Barclaycard, Corporate Banking and Wealth and Investment Management Net Interest Income (NII)

Barclays distinguishes the relative net interest contribution from customer assets and customer liabilities, and separates this from the contribution delivered by non-customer income, which principally arises from Group hedging activities.

Customer Interest Income

- Customer NII increased to £5,105m (2012: £4,891m) driven by an increase in both the customer asset margin and growth in average customer assets. Customer liabilities grew due to increases in retail savings products and corporate deposits, however, the customer liability margin declined

- The customer asset margin increased to 2.16% (2012: 2.10%) primarily due to an increase in margin on newly written mortgages in UK RBB and UK lending in Corporate Banking offset by a modest reduction in margin in Barclaycard

- The customer liability margin decreased to 1.02% (2012: 1.14%) predominantly reflecting increased customer rates on deposit accounts in Corporate Banking and UK RBB

Non-customer interest income

- Non-customer NII decreased to £523m (2012: £617m), reflecting a reduction in the non-customer generated margin. Group hedging activities utilise structural interest rate hedges to mitigate the impact of the low interest rate environment on customer liabilities and the Group's equity

- Product structural hedges generated a lower contribution of £433m (2012: £487m), as hedges were maintained in this period of continued low interest rates. Based on current interest rate curves and the on-going hedging strategy, fixed rate returns on product structural hedges are expected to continue to make a significant but declining contribution in H2 2013 and 2014

- The contribution from equity structural hedges in RBB, Barclaycard, Corporate Banking and Wealth and Investment Management decreased to £149m (2012: £154m) due to the continued low interest rate environment

Other Group Interest Income

— Head Office NII decreased £394m to a net expense of £137m reflecting the cost of funding surplus liquidity due to growth in customer deposits across the Group

1 Product structural hedges convert short term interest margin volatility on product balances (such as non-interest bearing current accounts and managed rate deposits) into a more stable medium term rate and are built on a monthly basis to achieve a targeted maturity profile.
2 Equity structural hedges are in place to manage the volatility in net earnings generated by businesses on the Group's equity, with the impact allocated to businesses in line with their economic capital usage.

Performance Management

— Investment Bank NII decreased to £86m (2012: £364m) primarily due to a reduction in interest income from Exit Quadrant assets

Net Interest Margin

— The net interest margin for RBB, Barclaycard, Corporate Banking and Wealth and Investment Management decreased to 1.77% (2012: 1.86%) reflecting the reduction in contribution from customer liabilities and Group hedging activities. Consistent with prior periods the net interest margin is expressed as a percentage of the sum of average customer assets and liabilities to reflect the impact of the margin generated on retail and commercial banking liabilities

— The net interest margin expressed as a percentage of average customer assets only declined to 3.44% (2012: 3.88%)

— Net interest margin and customer asset and liability margins reflect movements in the Group's internal funding rates which are based on the cost to the Group of alternative funding in the wholesale market. The Group's internal funding rate prices intra-group funding and liquidity to appropriately give credit to businesses with net surplus liquidity and to charge those businesses in need of wholesale funding at a rate that is driven by prevailing market rates and includes a term premium. The objective is to price internal funding for assets and liabilities in line with the cost of alternative funding, which ensures there is consistency between retail and wholesale sources

Analysis of Net Interest Margin

	UK RBB	Europe RBB	Africa RBB	Barclaycard	Corporate Banking	Wealth and Investment Management	Total RBB, Barclaycard, Corporate and Wealth

Half Year Ended 30.06.13		%		%	%	%	%	%	%
Customer asset margin	1.18	0.47	3.08	9.42	1.28	0.81	2.16		
Customer liability margin	0.88	0.41	2.71	(0.33)	1.04	0.99	1.02		
Customer generated margin	1.03	0.45	2.94	8.61	1.14	0.94	1.60		
Non-customer generated margin	0.24	0.36	0.17	(0.25)	0.09	0.14	0.17		
Net interest margin	1.27	0.81	3.11	8.36	1.23	1.08	1.77		
Average customer assets (£m)	132,778	40,129	28,925	35,984	67,168	22,145	327,129		
Average customer liabilities (£m)	124,312	14,124	18,722	3,226	95,875	58,436	314,695		
Half Year Ended 31.12.12									
Customer asset margin	1.06	0.46	3.08	9.42	1.17	0.66	2.08		
Customer liability margin	0.97	0.28	2.78	-	1.14	1.13	1.13		
Customer generated margin	1.02	0.41	2.97	8.88	1.15	0.99	1.63		
Non-customer generated margin	0.31	0.37	0.24	(0.36)	0.07	0.21	0.19		
Net interest margin	1.33	0.78	3.21	8.52	1.22	1.20	1.82		
Average customer assets (£m)	126,186	38,798	31,695	34,101	67,826	20,180	318,786		
Average customer liabilities (£m)	112,953	14,132	19,151	1,908	84,721	52,037	284,902		
Half Year Ended 30.06.12									
Customer asset margin	1.08	0.46	3.16	9.71	1.19	0.65	2.10		
Customer liability margin	0.97	0.46	2.76	-	1.12	1.11	1.14		
Customer generated margin	1.03	0.46	3.01	9.71	1.15	0.98	1.66		
Non-customer generated margin	0.35	0.32	0.22	(0.72)	0.12	0.27	0.20		
Net interest margin	1.38	0.78	3.23	8.99	1.27	1.25	1.86		
Average customer assets (£m)	122,343	41,207	32,386	32,832	69,768	19,137	317,673		
Average customer liabilities (£m)	110,540	15,523	19,783	n/m	83,357	48,264	277,467		

Performance Management

Analysis of Net Interest Margin-Quarterly

	UK RBB	Europe RBB	Barclaycard

				Africa RBB		Corporate Banking	Wealth and Investment Management	Total RBB, Barclaycard, Corporate and Wealth
Quarter Ended 30.06.13	%	%	%		%	%	%	%
Customer asset margin	1.25	0.47	3.19	9.34	1.34	0.75	2.19	
Customer liability margin	0.80	0.40	2.71	(0.30)	1.10	0.97	1.00	
Customer generated margin	1.03	0.45	3.00	8.46	1.20	0.91	1.60	
Non-customer generated margin	0.23	0.36	0.15	(0.22)	0.07	0.15	0.15	
Net interest margin	1.26	0.81	3.15	8.24	1.27	1.06	1.75	
Average customer assets (£m)	134,986	39,767	27,925	36,069	66,869	22,351	327,967	
Average customer liabilities (£m)	129,843	13,943	18,405	3,629	95,178	60,670	321,668	
Quarter Ended 31.03.13								
Customer asset margin	1.10	0.45	2.92	9.49	1.24	0.85	2.12	
Customer liability margin	0.96	0.42	2.73	(0.35)	1.02	1.02	1.06	
Customer generated margin	1.03	0.44	2.85	8.77	1.11	0.97	1.62	
Non-customer generated margin	0.25	0.37	0.18	(0.28)	0.12	0.14	0.17	
Net interest margin	1.28	0.81	3.03	8.49	1.23	1.11	1.79	
Average customer assets (£m)	130,546	40,494	30,451	35,887	66,741	22,221	326,340	
Average customer liabilities (£m)	118,721	14,307	18,925	2,822	93,423	55,642	303,840	

Risk Management

Overview

Barclays has clear risk management objectives, and a well-established strategy and framework for managing risk. The approach to identifying, assessing, controlling, reporting and managing risks is formalised in the Principal Risks Policy, which is implemented through relevant control frameworks. Conduct Risk and Reputation Risk have been re-categorised as Principal Risks in 2013. Further detail on how these risks are managed may be found in the 2012 Annual Report and Accounts

The topics and associated specific key risks, by Principal Risk, covered in this report are described below:

Principal Risks and Key Specific Risks	Topics Covered	Page

Funding Risk		
		46
· Increasing capital requirements or changes to what is defined to constitute capital may constrain planned activities and increase costs and contribute to adverse impacts on earnings	· Capital resources, risk weighted assets, balance sheet leverage and significant regulatory changes	56 93
· Maintaining capital strength. A material adverse deterioration in the Group's financial performance can affect the Group's capacity to support further capital deployment	· Liquidity pool and funding structure	49
	· Eurozone balance sheet redenomination risk	
· Changes in funding availability and costs may impact the Group's ability to support normal business activity and meet liquidity regulatory requirements	· Impact of CRD IV	
· Whilst the text for CRD IV has now been issued, significant risks remain both to its implementation and the additional finish applied to each country, e.g. early implementation of leverage ratios		
Credit Risk		
		63
· Near term economic performance across major geographies is expected to remain subdued, which may lead to material adverse impacts on the Group. The possibility of a slowing of monetary stimulus by one of more governments has increased the uncertainty	· Total assets by valuation basis and underlying asset class	64
	· Loans and advances to customers and banks	66
		69
· The Group could be adversely impacted by deterioration in a country/region as a result of political unrest	· Impairment, potential credit risk loans and coverage ratios	80 85
	· Retail credit risk	
· Possibility of further falls in residential property prices in the UK, South Africa and Western Europe. The UK interest only portfolio is particularly susceptible to weak property prices	· Wholesale credit risk	
	· Group exposures to Eurozone countries	
· Risk of further draw down of unutilised limits by customers in financial difficulties in our Mortgage Current Accounts		
· Impact of increased unemployment, rising inflation and potential interest rate rises in a number of countries in which the Group operates could adversely impact consumer debt affordability and corporate profitability		
· The possibility of increased corporate tax receipts could reduce corporate cash flow for debt serviceability leading to weakening corporate credit		

quality

· Possibility of a Eurozone crisis remains with the risk of one or more countries reverting to a locally denominated currency. This could directly impact the Group should the value of assets and liabilities be affected differently

· Impact of potentially deteriorating sovereign credit quality, particularly debt servicing and refinancing capability

· Large single name losses and deterioration in specific sectors and geographies and deterioration in the Legacy portfolio

Risk Management

Market Risk		
		94
· A significant reduction in client volumes or market liquidity could result in lower fees and commission income and a longer time period between executing a client trade, closing out a hedge, or exiting a position arising from that trade	· Analysis Investment Bank's DvaR	41
		119
	· Analysis of interest margins	
	· Retirement benefit liabilities	
· Uncertain interest and exchange rate environment could adversely impact the Group, for example interest rate volatility can impact Barclays net interest margin		
· Adverse movements between pension assets and liabilities for defined benefit pension schemes could contribute to a pension deficit		
Operational Risk		
· The industry continues to be subject to unprecedented levels of regulatory change and scrutiny in many of the countries in which the Group operates with past business reviews and the new legislation/regulatory frameworks driving heightened risk exposure	· Significant litigation matters	122
	· Significant competition and regulatory matters	126
· The Group is subject to a comprehensive range of legal obligations and is operating in an increasingly litigious environment		

· Increasing risk of cyber attacks to IT systems both in quantity and sophistication · The Transform agenda is driving a period of significant strategic and organisational change, which in the short term, during implementation, may heighten operational risk exposure		
Reputation Risk		
· Impact on stakeholder trust and subsequent damage to Barclays' reputation arising from failure or perceived failure to comply with required/stated standards or to behave in accordance with societal expectations. · Cumulative adverse impact on Barclays reputation of legacy governance failures · Adverse impact on Barclays' reputation and business success due to failure to identify and mitigate emerging reputational issues or events	· Significant litigation matters · Significant competition and regulatory matters	122 126
Conduct Risk		
· Detriment caused to our customers, clients or counterparties or Barclays and its employees arising from risk inherent in: o Business model and strategy o Governance and culture o Product and service design o Transaction services (suitability and sales process) o Customer servicing (post sales process) o Financial crime	· Significant litigation matters · Significant competition and regulatory matters	122 126

The comparatives on pages 16 to 36 have been restated to reflect the implementation of IFRS 10 Consolidated Financial Statements, IAS 19 Employee Benefits (Revised 2011) and the reallocation of elements of Head Office results to businesses and portfolio restatements between businesses, as detailed in our announcement on 16 April 2013.

Funding Risk

Key Capital Ratios	As at 30.06.13	As at 31.12.12	As at 30.06.12

Core Tier 1	11.1%	10.8%	10.7%
Tier 1	13.5%	13.2%	13.2%
Total capital	17.4%	17.0%	16.4%
Capital Resources	£m	£m	£m
Shareholders' equity (excluding non-controlling interests) per balance sheet	51,083	50,615	50,935
Own credit cumulative loss/(gain)1	593	804	(492)
Unrealised (gains)/losses on available for sale debt securities1	(293)	(417)	288
Unrealised gains on available for sale equity (recognised as tier 2 capital)1	(137)	(110)	(95)
Cash flow hedging reserve1	(1,019)	(2,099)	(1,676)
Non-controlling interests per balance sheet	9,054	9,371	9,485
- Less: Other Tier 1 capital - preference shares	(6,171)	(6,203)	(6,225)
- Less: Non-controlling Tier 2 capital	(486)	(547)	(564)
Other regulatory adjustments to non-controlling interests	(116)	(171)	(171)
Other regulatory adjustments and deductions:			
Defined benefit pension adjustment1	12	49	207
Goodwill and intangible assets1	(7,583)	(7,622)	(7,574)
50% excess of expected losses over impairment1	(812)	(648)	(500)
50% of securitisation positions	(759)	(997)	(1,286)
Other regulatory adjustments	(423)	(303)	(426)
Core Tier 1 capital	42,943	41,722	41,906
Other Tier 1 capital:			
Preference shares	6,171	6,203	6,225
Tier 1 notes2	538	509	521
Reserve Capital Instruments	2,902	2,866	2,874
Regulatory adjustments and deductions:			
50% of material holdings	(475)	(241)	(285)
50% of the tax on excess of expected losses over impairment	27	176	100
Total Tier 1 capital	52,106	51,235	51,341
Tier 2 capital:			
Undated subordinated liabilities	1,558	1,625	1,648
Dated subordinated liabilities	14,500	14,066	12,488
Non-controlling Tier 2 capital	486	547	564
Reserves arising on revaluation of property1	19	39	21
Unrealised gains on available for sale equity1	139	110	95
Collectively assessed impairment allowances	2,024	2,002	1,783
Tier 2 deductions:			
50% of material holdings	(475)	(241)	(285)
50% excess of expected losses over impairment (gross of tax)	(839)	(824)	(600)

50% of securitisation positions	(759)	(997)	(1,286)
Total capital regulatory adjustments and deductions:			
Investments that are not material holdings or qualifying holdings	(1,084)	(1,139)	(1,209)
Other deductions from total capital	(326)	(550)	(565)
Total regulatory capital	67,349	65,873	63,995

1 The capital impacts of these items are net of tax
2 Tier 1 notes are included in subordinated liabilities in the consolidated balance sheet.

Funding Risk

Half Year Movement in Core Tier 1 Capital	Half Year Ended 30.06.13 £m	Half Year Ended 31.12.12 £m	Half Year Ended 30.06.12 £m
Opening Core Tier 1 capital	41,722	41,906	42,093
Profit/(Loss) for the period	1,083	(377)	558
Removal of own credit1	(211)	1,296	2,188
Dividends paid	(893)	(575)	(852)
Retained capital generated from earnings	(21)	344	1,894
Movement in reserves - impact of ordinary shares and share schemes	799	339	(504)
Movement in currency translation reserves	511	(946)	(602)
Movement in pension reserves	(37)	(55)	(1,180)
Other reserves movements	12	76	(43)
Movement in other qualifying reserves	1,285	(586)	(2,329)
Movement in regulatory adjustments and deductions:			
Defined benefit pension adjustment1	(37)	(158)	211
Goodwill and intangible asset balances1	39	(48)	(14)
50% excess of expected losses over impairment1	(164)	(148)	6
50% of securitisation positions	238	289	31
Other regulatory adjustments	(119)	123	14
Closing Core Tier 1 capital	42,943	41,722	41,906

- The Core Tier 1 ratio increased to 11.1% (2012: 10.8%) reflecting an increase in Core Tier 1 capital of £1.2bn to £42.9bn reflecting:

  – Capital generated from earnings absorbed the impact of dividends paid

– £0.8bn increase in share capital and share premium due to warrants exercised

– £0.5bn increase due to foreign currency movements, primarily due to appreciation of Euro and US Dollar against Sterling

- Total capital resources increased by £1.5bn to £67.3bn. In addition to the increases in Core Tier 1 capital there was a $1.0bn issuance of Tier 2 Contingent Capital Notes and a £0.6bn increase due to foreign exchange movements, partially offset by £1.2bn of redemptions of dated subordinated liabilities

1 The capital impacts of these items are net of tax.

Funding Risk

Risk Weighted Assets by Risk Type and Business

	Credit Risk			Counterparty Credit Risk		Market Risk			Operational Risk	Total RWAs
As at 30.06.13	STD	F-IRB	A-IRB	IMM	Non Model Method	STD	Modelled - VaR	Charges Add-on and Non-VaR Modelled		
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
UK RBB	3,057	-	33,872	-	-	-	-	-	6,680	43,609
Europe RBB	4,944	-	9,656	-	5	-	-	-	2,128	16,733
Africa RBB	6,196	5,538	9,790	-	3	-	-	-	3,965	25,492
Barclaycard	17,761	-	14,446	-	-	-	-	-	6,594	38,801
Investment Bank	8,862	3,687	48,002	24,871	6,378	22,764	18,935	10,536	24,807	168,842
Corporate Banking	25,990	2,555	37,174	684	-	-	-	-	6,717	73,120
Wealth and Investment Management	11,668	228	1,440	-	382	-	-	-	3,261	16,979
Head Office Functions and Other Operations	117	411	2,965	-	-	-	-	-	161	3,654
Total RWAs	78,595	12,419	157,345	25,555	6,768	22,764	18,935	10,536	54,313	387,230

As at 31.12.12

UK RBB	1,163	-	31,401	-	-	-	-	-	6,524	39,088
Europe RBB	5,051	-	8,786	-	3	-	-	-	1,955	15,795
Africa RBB	3,801	5,778	10,602	-	7	-	-	-	4,344	24,532
Barclaycard	17,326	-	13,957	-	-	-	-	-	6,553	37,836
Investment Bank	9,386	3,055	48,000	25,127	4,264	25,396	22,497	15,429	24,730	177,884
Corporate Banking	28,295	3,430	31,897	500	-	-	-	-	6,736	70,858
Wealth and Investment Management	11,647	317	707	-	199	-	-	-	3,184	16,054
Head Office Functions and Other Operations	205	-	4,961	-	-	-	-	-	160	5,326
Total RWAs	76,874	12,580	150,311	25,627	4,473	25,396	22,497	15,429	54,186	387,373

Movement in RWAs

	£bn
As at 1 January 2013	387.4
Business activity risk reductions	(11.0)
Change in risk parameters	(0.5)
Foreign Exchange	7.1
Methodology and model changes	4.2
As at 30 June 2013	387.2

RWAs remained broadly flat at £387.2bn, reflecting:

- Business activity risk reductions leading to a decrease of £11.0bn, due to a reduction of sovereign exposures in the trading book and Exit Quadrant RWAs

- Change in risk parameters leading to a decrease of £0.5bn, driven by overall improvements in risk profile and market conditions

- Foreign exchange movements increase of £7.1bn, primarily driven by the appreciation of Euro and US Dollar against GBP, partly offset by the depreciation of ZAR

  - Methodology and model changes leading to an increase of £4.2bn reflecting loss given default recalibration and change of regulatory treatment for commercial real estate exposures

Funding Risk

Impact of CRD IV

The new capital requirements regulation and capital requirements directive that implement Basel 3 proposals within the EU (collectively known as CRD IV) were finalised and published in the Official Journal of the EU in June 2013 and will be implemented from 1 January 2014. The actual impact of CRD IV on capital ratios may be materially different to the estimates disclosed as there are interpretative issues outstanding and related technical standards have not yet been finalised. This would impact, for example, provisions relating to the scope of application of the CVA volatility charge, the treatment of minority interest and restrictions on short hedges relating to non-significant financial holdings. The actual impact will also be dependent on required regulatory approvals and the extent to which further management action is taken prior to implementation

— CRD IV includes the requirement for a minimum Common Equity Tier 1 (CET1) ratio of 4.5%, a minimum Tier 1 ratio of 6% and a minimum total capital ratio of 8%. There is an additional requirement for a Capital Conservation Buffer (CCB) of 2.5% and Counter-Cyclical Capital Buffer (CCCB) of up to 2.5% to be applied when macroeconomic conditions indicate areas of the economy are over-heating. Barclays working assumption is that the CCCB would be zero if implemented today

— CRD IV also introduces an additional buffer of up to 2% for Other Systemically Important Institutions (O-SII) that are designated as systemically important at the national level. Globally Systemically Important Institutions (G-SII) are expected to hold a buffer of up to 2.5%, possibly higher. Where a firm is designated both an O-SII and a G-SII the higher buffer will apply. Based on the designation by the Financial Stability Board in November 2012, Barclays expects a G-SII buffer of 2%, resulting in a regulatory target CET1 ratio of 9% including the capital conservation buffer. The G-SII capital buffer will phase in between 2016 and 2019

— CRD IV also includes the potential for a systemic risk buffer. This buffer could be applied at the Group level or at a subset of the institution, such as a particular portfolio in a given country. If required this buffer would be phased in, providing lead time for the institution to meet the requirements. At the moment, no systemic buffer has been communicated to Barclays

— Given the phasing of both capital requirements, transitional provisions and target levels in advance of needing to comply with the end state requirements, Barclays will have the opportunity to continue to generate additional capital from earnings and take management actions to mitigate the impact of CRD IV

— To provide an indication of the potential impact Barclays has estimated RWAs and CET1 ratio on both a transitional and fully loaded basis, reflecting current interpretation of the rules and assuming 2013 is year 1 of the transitional period. As at 30 June 2013, Barclays estimated RWAs on a CRD IV basis are approximately £472bn with a resultant transitional CET1 ratio of approximately 10.0% and a fully loaded CET1 ratio of approximately 8.1%. Further analysis of the impacts are set out on page 50

— The CRD IV rules include a proposed leverage metric to be implemented by national supervisors initially under a parallel run until 2017 with disclosure from 2015. Based on Barclays interpretation of the final CRD IV text, the Group’s leverage ratio as at 30 June 2013 would be above 3%, allowing for transitional relief to Tier 1 capital. On a fully loaded basis, leverage would be 2.5%. Based on the Basel 3 2010 text the fully loaded leverage ratio would be 2.3%

—

The PRA has communicated its expectation that Barclays meets an adjusted 7% fully loaded CET1 ratio by December 2013 and a 3% leverage ratio by June 2014. The PRA leverage ratio is calculated on a PRA-adjusted CET1 capital base and using a CRD IV leverage exposure measure

— Barclays expects to meet the leverage requirements communicated by the PRA and to continue to be in excess of minimum capital ratios on both a transitional and fully loaded basis

Funding Risk

Estimated impact of CRD IV - Capital	CET1 Transitional 30.06.13 £bn	CET1 Fully-loaded 30.06.13 £bn
Core Tier 1 capital (FSA 2009 definition)	42.9	42.9
Risk Weighted Assets (RWA) (current Basel 2.5 rules)	387.2	387.2
Core Tier 1 ratio (Basel 2.5)	11.1%	11.1%
CRD IV impact on Core Tier 1 capital:		
Adjustments not impacted by transitional provisions		
Conversion from securitisation deductions to RWAs	0.8	0.8
Prudential Valuation Adjustment (PVA)	(2.1)	(2.1)
Other	(0.2)	(0.2)
Adjustments impacted by transitional provisions		
Goodwill and intangibles	6.1	-
Expected losses over impairment	0.4	(1.0)
Deferred tax assets deduction	(0.4)	(1.9)
Excess minority interest	(0.2)	(0.6)
Debit Valuation Adjustment (DVA)	(0.1)	(0.3)
Gains on available for sale equity and debt	-	0.5
Non-significant holdings in Financial Institutions	(0.5)	(2.5)
Mitigation of non-significant holdings in Financial Institutions	0.5	2.5
CET1 capital	47.2	38.1
CRD IV impact to RWAs:		
Credit Valuation Adjustment (CVA)	32.2	32.2
Securitisation	19.0	19.0
Central Counterparty Clearing	21.7	21.7
Other	11.4	11.4
Gross Impact	84.3	84.3
RWAs (CRD IV)	471.5	471.5
CET1 ratio	10.0%	8.1%

For further detail, see page 131, CRD IV transitional own funds disclosure

Funding Risk

Basis of calculation of the impact of CRD IV

CRD IV, models and waivers

We have estimated our CRD IV CET1 ratio, capital resources and RWAs based on the final CRD IV text assuming the rules applied as at 30 June 2013 on both a transitional and fully loaded basis. The final impact of CRD IV is dependent on technical standards to be finalised by the European Banking Authority (EBA) and on the final UK implementation of the rules.

The impacts assume that all material items in the Internal Model Method application to the PRA are approved and existing waivers, where such discretion is available under CRD IV, will continue.

— Transitional CET1 capital is based on application of the CRD IV transitional provisions and the PRA (formerly the FSA) guidance on their application. In line with this guidance, adjustments for own shares and interim losses are assumed to transition in at 100%. Other deductions (including goodwill and intangibles, expected losses over impairment and DVA) transition in at 20% in year 1 (except for AFS debt and equity gains which are 0% in the first year), 40% in year 2, 60% in year 3, 80% in year 4 with the full impact in subsequent years. For the purpose of 30 June 2013 disclosures, the PRA have requested that banks assume 2013 is year 1 of transition. However, our disclosures of CRD IV impacts in previous announcements have reflected 2014 as the first year of application in line with the actual CRD IV implementation date

— The PVA deduction is shown as fully deducted from CET1 upon adoption of CRD IV. PVA is subject to a technical standard being drafted by the EBA and therefore the impact is currently based on methodology agreed with the PRA. The PVA deduction as at 30 June 2013 is £2.1bn gross of tax (December 2012: £1.5bn gross of tax, £1.2bn net of tax), with the increase principally reflecting methodology changes during 2013

— As at 30 June 2013, net long non-significant holdings in financial entities were £9.3bn. This exceeds 10% of CET1 capital resources, which would result in a deduction from CET1 of £2.5bn in the absence of identified management actions to eliminate this deduction. The EBA consultation on Technical Standards for Own funds – Part III identifies potential changes to the calculation that are not reflected in the estimate, including the treatment of tranche positions as indirect holdings, the use of notional values for synthetic exposures and the widening of the scope of eligible entities to include Barclays defined pension benefit funds. Depending on the final implementation and further clarification on the application of the proposals, these changes would potentially have a material impact on the calculation of the non-significant holdings deduction

— The impact of changes in the calculation of allowable minority interest may be different pending the finalisation of the EBA's technical standards on own funds, particularly regarding the treatment of non-financial holding companies and the equivalence of overseas regulatory regimes. The estimated CRD IV numbers calculate the full impact and transitional capital base on the assumption that the Group's holding companies will be deemed eligible and their surplus capital due to minority interests consolidated in accordance with CRD IV rules. Our estimated CRD IV fully loaded CET1 capital base includes £1.7bn of minority interests relating to Absa

RWAs

— It is assumed that corporates, pension funds and sovereigns that meet the eligibility conditions are exempt from CVA volatility charges

— It is assumed all Central Clearing Counterparties (CCPs) will be deemed to be ‘Qualifying’. The final determination of Qualifying status will be made by the European Securities and Markets Authority (ESMA)

— The estimated RWA increase from CRD IV includes 1250% risk weighting of securitisation positions while estimated capital includes an add back of 50/50 securitisations deducted under the current rules

— Estimated RWAs for definition of default assume that national discretion over 180 days definition of default remains for UK retail mortgages

  — ‘Other’ CRD IV impacts to RWAs include adjustments for withdrawal of national discretion of definition of default relating to non UK mortgage retail portfolios, Deferred Tax Assets, Significant Holdings in financial institutions, other counterparty credit risk and other items

— RWAs are sensitive to market conditions. The estimated impact on RWAs for all periods reflects market conditions as at 30 June 2013

Funding Risk

Implementation of CRD IV – Leverage impacts

Barclays already measures and reports adjusted gross leverage as an internal measure of balance sheet leverage based on adjusted tangible assets divided by qualifying regulatory Tier 1 capital. As at 30 June 2013, the Group’s adjusted gross leverage was 20x (see page 54).

CRD IV introduces a non-risk based leverage ratio that is intended to supplement the risk based capital requirements, calculated as CRD IV Tier 1 capital divided by CRD IV leverage exposure. Under CRD IV, until a legislative proposal is finalised, following the Commission’s report in 2016, supervisors will monitor leverage ratio levels. From 2015 banks are required to publish their leverage ratios in their Pillar 3 disclosures. A binding limit is due to be established under CRD IV by 2017, prior to which the basis of calculation is expected to be refined and the required limits will be calibrated.

Leverage ratio calculation

The CRD IV leverage ratios are higher than the adjusted gross leverage ratio, primarily due to the CRD IV ratio excluding netting of settlement balances and of cash collateral against derivatives and including off balance sheet potential future exposures and undrawn commitments, which the adjusted gross leverage ratio (consistent with many other banks' treatment) does not. The key adjustments to total assets under the CRD IV leverage ratio are as follows:

— Derivatives netting adjustment: regulatory netting applied across asset and liability mark-to-market derivative positions, pursuant to legally enforceable bilateral netting agreements and otherwise meeting the requirements set out in CRD IV

— Potential future exposure (PFE) add-on: regulatory add-on for potential future credit exposure on derivative contracts, calculated by assigning a standardised percentage (based on underlying risk category and residual trade maturity) to the gross notional value of each contract. PFE measure recognises some netting benefits, but these are floored at 40% of gross PFE by netting set, regardless of whether a positive or negative mark-to market exists at the individual trade level. Following clarification in the final CRD IV text, exchange traded and cleared OTC derivative exposures are now included in the calculation on a gross basis

— Securities Financing Transactions (SFT) adjustments: under CRD IV the IFRS exposure measure for SFTs (eg repo/reverse repo) is replaced with the Financial Collateral Comprehensive Method (FCCM) measure. FCCM is calculated as exposure less collateral, taking into account legally enforceable master netting agreements, with standardised adjustments to both sides of the trade for volatility and currency mismatches. Under Basel 3, SFTs are measured by applying the regulatory netting rules per the Basel 2 framework

— Undrawn Commitments: regulatory add on relating to off balance sheet undrawn commitments based on a credit conversion factor of 10% for unconditionally cancellable commitments and 100% for other commitments. The rules specify additional relief to be applied to trade finance related undrawn commitments which are medium/low risk (20%) and medium risk (50%). For Barclays, this relief is not estimated to be material

— Regulatory deductions: items (comprising goodwill and intangibles, deferred tax asset losses, own paper, cash flow hedge reserve, pension assets and PVA) that are deducted from the capital measure are also deducted from total leverage exposure to ensure consistency between the numerator and denominator

— Other adjustments: includes adjustments required to change from an IFRS scope of consolidation to a regulatory scope of consolidation, adjustments for significant investments in financial sector entities that are consolidated for accounting purposes but not for regulatory purposes, and the removal of IFRS netting for other assets

To provide an indication of the potential impact on Barclays, we have estimated our CRD IV leverage ratio as at 30 June 2013.

At the PRA's request, in addition to the CRD IV leverage ratio, Barclays has estimated the fully loaded leverage ratio using the Basel 3 (December 2010) measure of leverage exposure, with additional guidance provided in the July 2012 instructions for the Quantitative Impact Study. The key difference to the CRD IV basis of preparation is the measurement of SFTs. Under Basel 3, SFT leverage exposure is calculated as the IFRS measure of exposure after applying regulatory netting rules based on the Basel 2 Framework. In accordance with the PRA's request, the capital measure remains as CRD IV Tier 1 capital.

Funding Risk

Estimated impact of CRD IV - Leverage	Basel 3 2010 text basis As at 30.06.13	Final CRD IV text basis As at 30.06.13
Leverage exposure	£bn	£bn
Derivative financial instruments	403	403
Reverse repurchase agreements and other similar secured lending	223	223
Loans and Advances and other assets	907	907
Total assets	1,533	1,533
CRD IV exposure measure adjustments		
Derivatives		
Netting adjustments for derivatives	(324)	(324)
Potential Future Exposure on derivatives	308	308
SFTs		
Remove net IFRS SFTs	(223)	(223)
Add leverage exposure measure for SFTs	199	93
Other adjustments		
Undrawn commitments	190	190
Regulatory deductions and other adjustments	(18)	(18)
Fully loaded CRD IV Leverage exposure measure	1,665	1,559
Transitional adjustments to assets deducted from Tier 1 Capital	2	2
Transitional CRD IV Leverage exposure measure	1,667	1,561

Leverage Ratio as at 30.06.13	Tier 1 Capital	Leverage ratio Basel 3 2010 text basis As at 30.06.13	Leverage ratio Final CRD IV text basis As at 30.06.13
	£bn	%	%
Transitional measure1	48.2	2.9	3.1

Adjusted fully loaded measure2	47.9	2.9	3.1
Fully loaded measure3	38.3	2.3	2.5

— The CRD IV fully loaded leverage ratio as at 30 June 2013 was estimated at 2.5%, compared to a previously reported leverage ratio as at 31 December 2012 estimated at 2.8%

— CRD IV leverage exposure increased £85bn as a result of changes in the basis of preparation following the publication of the final CRD IV text on 26 June 2013, reflecting the inclusion of exchange traded and cleared OTC derivatives within the potential future exposure calculation on a gross notional basis, offset by refinements to previous estimates including improvements in both data sourcing and the application of netting

— Except for the differences in changes in the basis of preparation, CRD IV leverage exposure increased in the first half of 2013 by £61bn primarily due to increased loans and advances, reflecting higher settlement balances, the acquisition of ING Direct UK and increased retail lending

1 Tier 1 capital is calculated as the transitional CRD IV measure assuming 2013 is the first year of implementation at the request of the PRA. Regulatory deductions are adjusted to reflect the transitional impact on Tier 1 capital.
2 Tier 1 capital is calculated as the fully loaded CRD IV measure with all ineligible Tier 1 instruments added back. Regulatory deductions reflect the fully loaded impact on Tier 1 capital.
3 Tier 1 capital is calculated as the fully loaded CRD IV measure. Regulatory deductions reflect the fully loaded impact on Tier 1 capital.

Funding Risk

Balance sheet leverage

	As at 30.06.13 £m	As at 31.12.12 £m	As at 30.06.12 £m
Total assets1	1,532,733	1,488,335	1,629,056
Counterparty netting	(324,303)	(387,672)	(425,616)
Collateral on derivatives	(41,044)	(46,855)	(51,421)
Settlement balances and cash collateral	(109,196)	(71,718)	(97,181)
Goodwill and intangible assets	(7,849)	(7,915)	(7,861)
Customer assets held under investment contracts2	(1,838)	(1,542)	(1,710)
Adjusted total tangible assets	1,048,503	972,633	1,045,267
Total qualifying Tier 1 capital	52,106	51,235	51,341
Adjusted gross leverage	20	19	20
Adjusted gross leverage (excluding liquidity pool)	17	16	17
Ratio of total assets to shareholders' equity	25	25	27

Ratio of total assets to shareholders' equity (excluding liquidity pool)	23	22	24

— Adjusted gross leverage increased to 20x (2012: 19x) reflecting a 2% increase in qualifying Tier 1 capital to £52bn and an 8% increase in adjusted total tangible assets to £1,049bn

— At month ends during 2013, the ratio moved in a range from 20x to 21x (2012: 19x to 23x) primarily due to fluctuations in collateralised reverse repurchase lending, driven by increased client demand

— Adjusted total tangible assets include cash and balances at central banks of £73bn (2012: £86bn). Excluding these balances, the balance sheet leverage would be 19x (2012: 17x). Excluding the liquidity pool, leverage would be 17x (2012: 16x)

— The ratio of total assets to total shareholders' equity was 25x (2012: 25x) and moved within a month end range of 25x to 27x (Full Year 2012: 25x to 28x) due to fluctuations in collateralised reverse repurchase lending and derivative assets

1 Includes Liquidity Pool £138bn (2012: £150bn).
2 Comprising financial assets designated at fair value and associated cash balances.

Funding Risk

Funding & Liquidity

Barclays has a comprehensive Liquidity Risk Management Framework (the Liquidity Framework) for managing the Group's liquidity risk. The Liquidity Framework meets the PRA's standards and is designed to ensure that the Group maintains sufficient financial resources of appropriate quality for the Group's funding profile. This is achieved via a combination of policy formation, review and governance, analysis, stress testing, limit setting and monitoring. Together, these meet internal and regulatory requirements.

Liquidity risk is managed separately at Absa Group due to local currency and funding requirements. Unless stated otherwise, all disclosures in this section exclude Absa. For details of liquidity risk management at Absa, see page 62.

Liquidity stress testing

Under the Liquidity Framework, the Group has established a Liquidity Risk Appetite (LRA), which is measured with reference to the liquidity pool compared to anticipated stressed net contractual and contingent outflows under a variety of stress scenarios. These scenarios are aligned to the PRA's prescribed stresses and cover a market-wide stress event, a Barclays-specific stress event and a combination of the two. Under normal market conditions, the liquidity pool is managed to be at least 100% of three months' anticipated outflows for a market-wide stress and one month's anticipated outflows for each of the Barclays-specific and combined stresses. Of these, the one month Barclays-specific scenario is the most constraining.

Since June 2010 the Group has reported its liquidity position against Individual Liquidity Guidance (ILG) provided by the PRA. The Group also monitors its position against anticipated Basel 3 metrics, including the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR). Based on the standards published by the Basel Committee, as at 30 June 2013 Barclays reported ratios in excess of 100% for both of these metrics, with an estimated LCR of 111% (2012: 126%) and an estimated NSFR of 105% (2012: 104%)1,2.

As at 30 June 2013, the Group held eligible liquid assets in excess of 100% of net stress outflows for each of the one month Barclays-specific LRA scenario and the Basel 3 LCR:

Compliance with internal and regulatory stress tests	Barclays' LRA (one month Barclays specific requirement)3	Estimated Basel 3 LCR2
	£bn	£bn
Eligible liquidity buffer	138	145
Net stress outflows	124	131
Surplus	14	14
Liquidity pool as a percentage of anticipated net outflows	111%	111%

Barclays plans to maintain its surplus to the internal and regulatory stress requirements at an efficient level. Barclays will continue to monitor the money markets closely, in particular for early indications of the tightening of available funding. In these conditions, the nature and severity of the stress scenarios are reassessed and appropriate action taken with respect to the liquidity pool. This may include further increasing the size of the pool or monetising the pool to meet stress outflows.

1 The methodology for estimating the LCR is based on an interpretation of the published Basel standards and includes a number of assumptions which are subject to change prior to the implementation of the LCR. CRD IV requires a phased-in implementation of the LCR in Europe. As at 1 January 2015, institutions will be required to comply with a 60% LCR. This will increase gradually to 100% by 1 January 2018.

2 The LCR and NSFR are calculated on a consolidated basis including Absa.

3 Of the three stress scenarios monitored as part of the LRA, the one month Barclays specific scenario results in the lowest ratio at 111% (2012: 129%). This compares to 137% (2012: 141%) under the three month market-wide scenario and 123% (2012: 145%) under the one month combined scenario.

Funding Risk

Liquidity pool

The Group liquidity pool as at 30 June 2013 was £138bn (2012: £150bn). During H113, the month-end liquidity pool ranged from £138bn to £157bn (Full Year 2012: £150bn to £173bn), and the month-end average balance was £148bn (Full Year 2012: £162bn). The liquidity pool is held unencumbered and is not used to support payment or clearing requirements. Such requirements are treated as part of our regular business funding. The liquidity pool is intended to offset stress outflows and comprises the following cash and unencumbered assets.

Composition of the Group Liquidity Pool

	Liquidity Pool 30.06.2013	Liquidity pool of which PRA eligible	Liquidity pool of which Basel III LCR-eligible1		Liquidity Pool 31.12.2012
			Level 1	Level 2A	
As at 30.06.2013	£bn	£bn	£bn	£bn	£bn
Cash and deposits with central banks2	71	69	69	-	85
Government bonds3					
AAA rated	41	40	41	-	40
AA+ to AA- rated	4	3	4	-	5
Other government bonds	2	-	-	1	1
Total Government bonds	47	43	45	1	46
Other					
Supranational bonds and multilateral development banks	4	4	4	-	4
Agencies and agency mortgage-backed securities	7	-	5	3	7
Covered bonds (rated AA- and above)	5	-	-	5	5
Other	4	-	-	-	3
Total other	20	4	9	8	19
Total as at 30 June 2013	138	116	123	9	
Total as at 31 December 2012	150	129	136	8	150

Barclays manages the liquidity pool on a centralised basis. As at 30 June 2013, 87% of the liquidity pool was located in Barclays Bank PLC (2012: 90%) and was available to meet liquidity needs across the Barclays Group. The residual liquidity pool is held predominantly within Barclays Capital Inc. (BCI). The portion of the liquidity pool outside of Barclays Bank PLC is held against entity-specific stressed outflows and regulatory requirements.

1 The Liquidity Coverage Ratio-eligible assets presented in this table represent only those assets which are also eligible for the Group liquidity pool and do not include any Level 2B assets as defined by the Basel Committee on

Banking Supervision.

2 Of which over 95% (2012: over 95%) was placed with the Bank of England, US Federal Reserve, European Central Bank, Bank of Japan and Swiss National Bank.

3 Of which over 80% (2012: over 80%) are comprised of UK, US, Japanese, French, German, Danish, Swiss and Dutch securities.

Funding Risk

Deposit Funding

	As at 30.06.2013			As at 31.12.12
Funding of Loans and Advances to Customers1	Loans and Advances to Customers £bn	Customer Deposits £bn	Loan to Deposit Ratio %	Loan to Deposit Ratio %
RBB and Barclaycard	237.5	173.4	137	148
Corporate Banking2	62.7	106.7	59	65
Wealth and Investment Management	22.6	62.8	36	39
Total funding excluding secured	322.8	342.9	94	102
Secured funding		43.0		
Sub-total including secured funding	322.8	385.9	84	88
RBB, Barclaycard, Corporate Banking & Wealth and Investment Management2	322.8	342.9	94	102
Investment Bank	42.9	26.3	163	173
Head Office and Other Operations	0.9	-		
Trading settlement balances and cash collateral	103.5	91.1	114	123
Total	470.1	460.3	102	110

The Group loan to deposit ratio was 102% (2012: 110%).

RBB, Barclaycard, Corporate Banking and Wealth and Investment Management activities are largely funded by customer deposits with the remaining funding secured against customer loans and advances. The loan to deposit ratio for these businesses was 94% (2012: 102%).

The excess of the Investment Bank's loans and advances over customer deposits is funded with long-term debt and equity. The Investment Bank does not rely on customer deposit funding from RBB, Barclaycard, Corporate Banking and Wealth and Investment Management.

As at 30 June 2013, £126bn (2012: £112bn) of total customer deposits were insured through the UK Financial Services Compensation Scheme and other similar schemes. In addition to these customer deposits, there were £4bn (2012: £3bn) of other liabilities insured or guaranteed by governments.

1 Included within RBB, Barclaycard, Corporate Banking, Wealth and Investment Management and the Investment Bank are Absa Group related balances totalling £35bn of loans and advances to customers funded by £31bn of customer deposits.
2 In addition, Corporate Banking holds £16.3bn (2012: £17.6bn) loans and advances as financial assets held at fair value.

Funding Risk

Wholesale Funding

Funding of Other Assets as at 30 June 2013

Assets	£bn	Liabilities	£bn
Trading Portfolio Assets	96	Repurchase agreements	259
Reverse repurchase agreements	163		
Reverse repurchase agreements	59	Trading Portfolio Liabilities	59
Derivative Financial Instruments	401	Derivative Financial Instruments	394
Liquidity pool	138	Less than 1 year wholesale debt	93
Other unencumbered assets 1	136	Greater than 1 year wholesale debt and equity	181

— Trading portfolio assets are largely funded by repurchase agreements with 72% (2012: 74%) secured against highly liquid assets2. The weighted average maturity of these repurchase agreements secured against less liquid assets was 70 days (2012: 84 days)3,4

— The majority of reverse repurchase agreements are matched by repurchase agreements. As at 30 June 2013, 80% (2012: 75%) of matchbook activity was secured against highly liquid assets2,3. The remainder of reverse repurchase agreements are used to settle trading portfolio liabilities

— Derivative assets and liabilities are largely matched. A substantial proportion of balance sheet derivative positions qualify for counterparty netting and the remaining portions are largely offset once netted against cash collateral received and paid (see Note 12 'Offsetting financial assets and liabilities' for further detail on netting)

— The liquidity pool is funded by wholesale debt, the majority of which matures in less than one year

— Other assets are largely matched by term wholesale debt and equity

1 Predominantly available for sale investments, trading portfolio assets, financial assets designated at fair value and loans and advances to banks.
2 Highly liquid assets are limited to government bonds, US agency securities and US agency mortgage-backed securities.
3 Includes collateral swaps.
4 The 2012 weighted average maturity has been revised to reflect an updated calculation methodology adopted during 2013.

Funding Risk

Composition of wholesale funding

As at 30 June 2013 total wholesale funding outstanding (excluding repurchase agreements) was £217bn (2012: £240bn). £93bn of wholesale funding matures in less than one year (2012: £102bn) of which £19bn relates to term funding (2012: £18bn)1.

Outstanding wholesale funding comprised of £38bn secured funding (2012: £40bn) and £178bn unsecured funding (2012: £199bn).

Maturity profile2

	Not more than one month £bn	Over one month but not more than three months £bn	Over three months but not more than six months £bn	Over six months but not more than one year £bn	Sub-total less than one year £bn	Over one year but not more than two years £bn	Over two years £bn	Total £bn
Deposits from Banks	16.0	5.2	1.7	0.8	23.7	6.0	1.8	31.5
Certificates of Deposit and Commercial Paper	6.5	13.0	9.5	6.0	35.0	1.8	1.2	38.0
Asset Backed Commercial Paper	2.9	1.6	-	-	4.5	-	-	4.5
Senior unsecured (Public benchmark)	-	0.5	-	6.1	6.6	4.7	11.8	23.1
Senior unsecured (Privately placed)	0.8	2.5	2.3	6.9	12.5	11.2	32.1	55.8
Covered bonds/ABS	-	0.1	0.1	1.3	1.5	9.3	15.5	26.3
Subordinated liabilities	-	-	0.1	-	0.1	0.2	21.3	21.6
Other3	4.1	1.7	1.2	2.4	9.4	1.2	5.1	15.7

Total as at 30 June 2013	30.3	24.6	14.9	23.5	93.3	34.4	88.8	216.5
Of which secured	5.1	3.3	1.3	2.5	12.2	9.9	16.0	38.1
Of which unsecured	25.2	21.3	13.6	21.0	81.1	24.5	72.8	178.4
Total as at 31 December 2012	29.4	39.4	17.5	15.4	101.7	28.3	109.7	239.7
Of which secured	5.9	4.0	2.4	1.3	13.6	5.2	21.6	40.4
Of which unsecured	23.5	35.4	15.1	14.1	88.1	23.1	88.1	199.3

Outstanding wholesale funding includes £56bn of privately placed senior unsecured notes in issue. These notes are issued through a variety of distribution channels including intermediaries and private banks. A large proportion of end users of these products are individual retail investors.

In H113, Barclays repaid €1.2bn of funding raised through the European Central Bank's 3 year LTRO, leaving €7.0bn outstanding as at 30 June 2013 (see page 93 for more detail of local Eurozone balance sheet redenomination risk).

The liquidity risk of wholesale funding is carefully managed primarily through the LRA stress tests, against which the liquidity pool is held. Although not a requirement, the liquidity pool exceeded wholesale funding maturing in less than one year by £45bn as at 30 June 2013 (2012: £48bn).

The average maturity of wholesale funding net of the liquidity pool was at least 61 months (2012: 61 months).

1 Term funding maturities comprise public benchmark and privately placed senior unsecured notes, covered bonds/asset-backed securities (ABS) and subordinated debt where the original maturity of the instrument was more than 1 year. In addition, at 30 June 2013, £2bn of these instruments were not counted towards term financing as they had an original maturity of less than 1 year.

2 The composition of wholesale funds comprises the balance sheet reported Deposits from Banks, Financial liabilities at Fair Value, Debt Securities in Issue and Subordinated Liabilities, excluding cash collateral and settlement balances. It does not include collateral swaps, including participation in the Bank of England's Funding for Lending Scheme. Included within deposits from banks are £6.0bn of liabilities drawn in the European Central Bank's 3 year LTRO.

3 Primarily comprised of fair value deposits £5.7bn and secured financing of physical gold £7.4bn.

Funding Risk

Currency profile

As at 30 June 2013 the proportion of wholesale funding by major currency was as follows:

Currency composition of wholesale funds	USD %	EUR %	GBP %	Other %
Deposits from Banks	26	40	26	8
Certificates of Deposit and Commercial Paper	66	13	21	-
Asset Backed Commercial Paper	81	12	8	-
Senior unsecured	27	35	17	21
Covered bonds/ABS	21	63	15	1
Subordinated Liabilities	34	25	39	1
Total as at 30 June 2013	36	34	21	9
Total as at 31 December 2012	31	38	22	9

To manage cross-currency refinancing risk Barclays manages to FX cash-flow limits, which limit the risk at specific maturities

Term financing

Term issuance in H113 was fully offset by buybacks. Term funding maturities were offset by growth in customer deposits and reduction in legacy assets, while a significant portion of the Group's 2013 funding needs were pre-funded in 2012.

The Group has term funding maturities of £7bn for the remainder of 2013 (2012: full-year 2013 maturities £18bn). As a result of strong deposit growth in H113 and further reduction in legacy assets, term wholesale funding needs are likely to be lower than maturities.

In April, Barclays issued $1.0bn of Tier 2 contingent capital notes and repurchased existing Tier 2 instruments for a similar amount, as a transitional step towards its fully loaded CRD IV capital structure.

Funding Risk

Encumbrance of loans and advances

Barclays issues ABS, covered bonds and other similar secured instruments that are secured primarily over customer loans and advances. Notes issued from these programmes are also used in repurchase agreements with market counterparts and in central bank facilities. Barclays also utilises loan collateral in central bank facilities in non-securitised form.

		Notes issued		
	Assets1	Externally issued	Other secured	Retained

As at 30 June 2013	£bn	notes £bn	funding2 £bn	£bn
Mortgages (Residential Mortgage Backed Securities)	35.8	4.2	15.6	9.6
Mortgages (covered bonds)	30.5	16.6	2.0	-
Mortgages (loans)3	13.6	-	5.5	-
Credit cards	13.1	4.9	-	0.9
Corporate loans	6.8	0.2	1.2	5.3
Other4	4.7	-	1.2	3.0
Total as at 30 June 2013	104.4	25.9	25.5	18.9
Total as at 31 December 2012	98.4	27.0	31.1	11.0

As at 30 June 2013, £104bn (2012: £98bn) of customer loans and advances were transferred to asset backed funding programmes or utilised to secure funding from central bank facilities. These assets were used to support £26bn (2012: £27bn) of externally issued notes and a further £25bn (2012: £31bn) of retained notes and non-securitised loan collateral were used in repurchase agreements with market counterparts and at central bank facilities. Inclusive of required over-collateralisation of £14bn, a total of 14% (2012: 17%) of total loans and advances to customers were used to secure external funding via these programmes. Compared to 31 December 2012, the decrease in encumbrance of loans and advances to customers was predominantly driven by increased cash collateral and settlement balances within loans and advances to customers.

In addition, the Group had £19bn (2012: £15bn) of excess collateral over minimum requirements within its asset backed funding programmes that were readily available for use to support future secured funding issuance. A portion of retained notes are also available to raise secured funding.

Credit Rating

Credit Rating as at 30 June 2013	Standard & Poor's	Moody's	Fitch	DBRS
Barclays Bank PLC				
Long Term	A+ (Negative)	A2 (Negative)	A (Stable)	AA (Negative)
Short Term	A-1	P-1	F1	R-1 (high)

During H113, Fitch affirmed Barclays Bank PLC ratings, whereas DBRS placed the bank under review with negative implications, due to the challenges facing the bank and the industry more generally.

The below table shows contractual collateral requirements and contingent obligations following one and two notch long-term and associated short-term simultaneous downgrades across all credit rating agencies, which were fully reserved for in the liquidity pool. These numbers do not assume any management or restructuring actions that could be taken to reduce posting requirements.

1 Includes £6bn of cash reserves supporting secured funding vehicles.
2 Comprised of bilateral repurchase agreements, collateral swaps and participation in central bank facilities.
3 For mortgage loan collateral, asset reflects the value of collateral pledged and other secured funding reflects the liquidity value obtained.
4 Primarily comprised of local authority covered bonds and export credit agency guaranteed loan collateral.

Funding Risk

Contractual Credit Rating Downgrade Exposure (cumulative cash flow)	One-notch	Two-notch
	£bn	£bn
Securitisation derivatives	7	9
Contingent liabilities	6	6
Derivatives margining	-	1
Liquidity facilities	1	1
Total as at 30 June 2013	14	17
Total as at 31 December 2012	13	17

Beyond these contractual requirements, these outflows do not include the potential liquidity impact from loss of unsecured funding, such as from money market funds or loss of secured funding capacity. However, unsecured and secured funding stresses are included in the LRA stress scenarios and a portion of the liquidity pool is held against these risks.

On 2 July 2013, Standard & Poor's downgraded Barclays Bank PLC long term issuer rating one notch to A (Stable), reflecting its view that risks increased for some large European-based banks operating in investment banking, as a result of tightening regulation and uncertain market conditions. Barclays Bank PLC short term rating was affirmed at A-11. The downgrade was fully reserved for in the liquidity pool and there has been no significant change in deposit funding or wholesale funding. Further one and two notch long-term and associated short-term simultaneous downgrades across all credit rating agencies continue to be fully reserved for in the liquidity pool.

Absa Group

- Liquidity risk is managed separately at Absa Group due to local currency, funding and regulatory requirements

- In addition to the Group liquidity pool, Absa Group held £4bn (2012: £5bn) of liquidity pool assets against Absa-specific anticipated stressed outflows. The liquidity pool consists of South African government bonds and Treasury bills

- The Absa loan to deposit ratio was 113% (2012: 113%)

- As at 30 June 2013, Absa had £11bn of wholesale funding outstanding (2012: £12bn), of which £6bn matures in less than 12 months (2012: £6bn)

1 The Standard & Poor's downgrade on 2 July 2013 did not have a significant impact on Barclays' contractual exposure to downgrades across all credit rating agencies.

Credit Risk

Analysis of Total Assets by Valuation Basis

		Accounting Basis	
Assets as at 30.06.13	Total Assets	Cost Based Measure	Fair Value
	£m	£m	£m
Cash and balances at central banks	72,720	72,720	-
Items in the course of collection from other banks	2,578	2,578	-
Debt securities	105,026	-	105,026
Equity securities	39,249	-	39,249
Traded loans	2,340	-	2,340
Commodities1	5,366	-	5,366
Trading portfolio assets	151,981	-	151,981
Loans and advances	20,144	-	20,144
Debt securities	6,081	-	6,081
Equity securities	10,454	-	10,454
Other financial assets2	8,513	-	8,513
Held in respect of linked liabilities to customers under investment contracts	1,655	-	1,655
Financial assets designated at fair value	46,847	-	46,847
Derivative financial instruments	403,072	-	403,072
Loans and advances to banks	46,451	46,451	-
Loans and advances to customers	470,062	470,062	-

Reverse repurchase agreements and other similar secured lending	222,881	222,881	-
Debt securities	91,255	-	91,255
Equity securities	452	-	452
Available for sale investments	91,707	-	91,707
Other assets	24,434	22,832	1,602
Total assets as at 30.06.13	1,532,733	837,524	695,209
Total assets as at 31.12.12	1,488,335	749,403	738,932

1Commodities primarily consist of physical inventory positions.
2Primarily consists of reverse repurchase agreements designated at fair value.

Credit Risk

Analysis of Loans and Advances to Customers and Banks

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

As at 30.06.13	United Kingdom £m	Europe £m	Americas £m	Africa and Middle East £m	Asia £m	Total £m
Banks	7,413	15,403	11,039	2,668	6,761	43,284
Other financial institutions	27,576	27,324	59,991	2,642	5,583	123,116
Manufacturing	5,491	2,751	1,525	1,649	613	12,029
Construction	3,137	432	2	696	29	4,296
Property	15,370	2,113	728	1,993	102	20,306
Government	977	2,383	1,457	1,548	2,461	8,826
Energy and water	1,791	3,576	1,912	854	392	8,525
Wholesale and retail distribution and leisure	9,618	2,123	739	1,858	155	14,493
Business and other services	18,296	2,658	3,079	2,445	611	27,089
Home loans	127,234	36,621	311	15,596	125	179,887
Cards, unsecured loans and other personal lending	28,444	7,295	12,273	7,467	1,456	56,935
Other	6,654	2,324	1,151	6,851	747	17,727
Net loans and advances to customers and banks	252,001	105,003	94,207	46,267	19,035	516,513
Impairment allowance	(3,357)	(2,490)	(742)	(1,247)	(68)	(7,904)

As at 31.12.12						
Banks	7,134	14,447	12,050	1,806	3,405	38,842
Other financial institutions	17,113	20,812	40,884	4,490	3,031	86,330
Manufacturing	6,041	2,533	1,225	1,232	487	11,518
Construction	3,077	476	1	699	21	4,274
Property	15,167	2,411	677	3,101	247	21,603
Government	558	2,985	1,012	1,600	253	6,408
Energy and water	2,286	2,365	1,757	821	393	7,622
Wholesale and retail distribution and leisure	9,567	2,463	734	1,748	91	14,603
Business and other services	15,754	2,754	2,360	2,654	630	24,152
Home loans	119,653	36,659	480	14,931	270	171,992
Cards, unsecured loans and other personal lending	29,716	5,887	11,725	7,170	1,147	55,645
Other	9,448	2,390	1,232	7,788	520	21,378
Net loans and advances to customers and banks	235,514	96,182	74,137	48,040	10,495	464,368
Impairment allowance	(3,270)	(2,606)	(472)	(1,381)	(70)	(7,799)

Impairment Allowance

	Half Year Ended 30.06.13 £m	Half Year Ended 31.12.12 £m	Half Year Ended 30.06.12 £m
At beginning of period	7,799	8,153	8,896
Acquisitions and disposals	(5)	(7)	(73)
Exchange and other adjustments	72	(69)	(137)
Unwind of discount	(95)	(102)	(109)
Amounts written off	(1,605)	(1,917)	(2,202)
Recoveries	116	117	95
Amounts charged against profit	1,622	1,624	1,683
At end of period	7,904	7,799	8,153

Credit Risk

Loans and Advances Held at Fair Value, by Industry Sector and Geography

As at 30.06.13	United Kingdom £m	Europe £m	Americas £m	Africa and Middle East £m	Asia £m	Total £m
Banks	2	336	156	516	-	1,010
Other financial institutions1	82	664	631	58	37	1,472
Manufacturing	142	42	352	19	4	559
Construction	153	-	-	84	1	238
Property	8,018	875	264	53	-	9,210

Government	5,441	28	-	22	1	5,492
Energy and water	10	99	63	79	3	254
Wholesale and retail distribution and leisure	44	11	165	59	-	279
Business and other services	3,125	96	454	11	-	3,686
Other	42	64	104	74	-	284
Total	17,059	2,215	2,189	975	46	22,484
As at 31.12.12						
Banks	-	493	120	422	-	1,035
Other financial institutions1	13	611	622	8	39	1,293
Manufacturing	6	38	601	16	15	676
Construction	161	1	-	28	4	194
Property	8,671	830	295	121	-	9,917
Government	5,762	6	314	17	5	6,104
Energy and water	10	73	41	46	3	173
Wholesale and retail distribution and leisure	33	2	220	72	1	328
Business and other services	3,404	20	685	14	-	4,123
Other	105	132	46	224	56	563
Total	18,165	2,206	2,944	968	123	24,406

1 Included within Other financial institutions (Americas) are £239m (2012: £427m) of loans backed by retail mortgage collateral.

Credit Risk

Credit impairment charges and other provisions by business

	Half Year Ended 30.06.13 £m	Half Year Ended 30.12.12 £m	Half Year Ended 30.06.12 £m
Loan impairment			
UK RBB	178	147	122
Europe RBB	142	132	125
Africa RBB	211	318	314
Barclaycard	616	557	492
Investment Bank	179	(10)	202
Corporate Banking	260	439	425

Wealth and Investment Management	49	19	19
Head Office and Other Operations	(1)	1	1
Total loan impairment charge[1]	1,634	1,603	1,700
Impairment charges on available for sale investments	-	29	11
Impairment of reverse repurchase agreements	(3)	(2)	(1)
Total credit impairment charges and other provisions	1,631	1,630	1,710

- Impairment charges on loans and advances were 5% lower than H112 reflecting releases and lower charges in the wholesale portfolios, notably in Corporate Banking and the Investment Bank, as well as in Africa RBB. This was partially offset by increased charges in unsecured products for UK RBB and Barclaycard

- Further detail can be found in the Retail and Wholesale Credit Risk sections on pages 69 and 80 respectively

Potential Credit Risk Loans and Coverage Ratios

	CRLs		PPLs		PCRLs	
	As at 30.06.13	As at 31.12.12	As at 30.06.13	As at 31.12.12	As at 30.06.13	As at 31.12.12
	£m	£m	£m	£m	£m	£m
Retail	8,439	8,821	629	656	9,068	9,477
Wholesale	6,246	6,303	1,072	1,102	7,318	7,405
Group	14,685	15,124	1,701	1,758	16,386	16,882

	Impairment Allowance		CRL Coverage		PCRL Coverage	
	As at 30.06.13	As at 31.12.12	As at 30.06.13	As at 31.12.12	As at 30.06.13	As at 31.12.12
	£m	£m	%	£m	%	£m
Retail	4,699	4,635	55.7	52.5	51.8	48.9
Wholesale	3,205	3,164	51.3	50.2	43.8	42.7
Group	7,904	7,799	53.8	51.6	48.2	46.2

Credit Risk Loan (CRL) balances decreased by 3% in H113 reflecting improvements in both the wholesale and retail portfolios. The CRL coverage ratio increased to 53.8% (2012: 51.6%)

Further detail can be found in the Retail and Wholesale Credit Risk sections on pages 71 and 81 respectively

1 Includes charges of £12m (H212: £21m write back, H112: £17m charge) in respect of undrawn facilities and guarantees.

Credit Risk

Retail and Wholesale Loans and Advances to Customers and Banks

As at 30.06.13	Gross L&A £m	Impairment Allowance £m	L&A Net of Impairment £m	Credit Risk Loans £m	CRLs % of Gross L&A %	Loan Impairment Charges1 £m	Loan Loss Rates bps
Total retail	240,079	4,699	235,380	8,439	3.5	1,112	93
Wholesale - customers	238,457	3,170	235,287	6,192	2.6	534	45
Wholesale - banks	45,881	35	45,846	54	0.1	(12)	(5)
Total wholesale	284,338	3,205	281,133	6,246	2.2	522	37
Loans and advances at amortised cost	524,417	7,904	516,513	14,685	2.8	1,634	63
Traded Loans	2,340	n/a	2,340				
Loans and advances designated at fair value	20,144	n/a	20,144				
Loans and advances held at fair value	22,484	n/a	22,484				
Total loans and advances	546,901	7,904	538,997				
As at 31.12.12							
Total retail	232,672	4,635	228,037	8,821	3.8	2,075	89
Wholesale - customers	199,423	3,123	196,300	6,252	3.1	1,251	63
Wholesale - banks	40,072	41	40,031	51	0.1	(23)	(6)
Total wholesale	239,495	3,164	236,331	6,303	2.6	1,228	51
Loans and advances at amortised cost	472,167	7,799	464,368	15,124	3.2	3,303	70
Traded Loans	2,410	n/a	2,410				
Loans and advances designated at fair value	21,996	n/a	21,996				
Loans and advances held at fair value	24,406	n/a	24,406				

Total loans and advances	496,573	7,799	488,774

— Loans and advances to customers and banks at amortised cost net of impairment increased 11%, reflecting:

– £44.8bn increase to £281.1bn in the wholesale portfolios principally in the Investment Bank, reflecting an increase in settlement balances driven by higher trading volumes

– £7.3bn increase to £235.4bn in the retail portfolios, driven by increased mortgage lending and the acquisition of ING Direct UK in UK RBB and business growth in Barclaycard, offset by reductions in Africa RBB, principally reflecting currency movements

— This growth, combined with lower impairment charges on loans and advances, resulted in a lower annualised loan loss rate of 63bps (30 June 2012: 67bps; 31 December 2012: 70bps)

— Further detail can be found in the Retail and Wholesale Credit Risk sections on pages 69 and 80 respectively

1 Loan impairment charge as at 31 December 2012 is the charge for the 12 month period.

Credit Risk

Exposure to UK Commercial Real Estate

	Loans and advances at amortised cost		Balances Past Due		Impairment Allowances	
	As at		As at		As at	
	30.06.13	31.12.12	30.06.13	31.12.12	30.06.13	31.12.12
	£m	£m	£m	£m	£m	£m
Wholesale	9,271	9,676	306	295	134	106
Retail	1,554	1,534	114	123	18	20
Group	10,825	11,210	420	418	152	126

— Overall, balances to UK CRE decreased by 3% in H113 reflecting a reduction in the wholesale portfolio, with retail balances remaining stable. Balances past due remained stable reflecting increases in wholesale and decreases in retail

— Further detail can be found in the Retail and Wholesale Credit Risk sections on pages 78 and 84 respectively

Credit Risk
Retail Credit Risk

Retail Loans and Advances at Amortised Cost

As at 30.06.13	Gross L&A £m	Impairment Allowance £m	L&A Net of Impairment £m	Credit Risk Loans £m	CRLs % of Gross L&A %	Loan Impairment Charges2 £m	Loan Loss Rates bps
UK RBB	137,135	1,337	135,798	2,770	2.0	178	26
Europe RBB	40,661	638	40,023	1,807	4.4	142	70
Africa RBB	22,297	656	21,641	1,469	6.6	176	159
Barclaycard	36,666	2,004	34,662	2,296	6.3	616	339
Corporate Banking1	607	48	559	54	8.9	(5)	(166)
Wealth and Investment Management	2,713	16	2,697	43	1.6	5	37
Total	240,079	4,699	235,380	8,439	3.5	1,112	93
As at 31.12.12							
UK RBB	129,682	1,369	128,313	2,883	2.2	269	21
Europe RBB1	39,997	560	39,437	1,734	4.3	257	64
Africa RBB	23,987	700	23,287	1,790	7.5	472	197
Barclaycard	35,732	1,911	33,821	2,288	6.4	1,050	294
Corporate Banking1	739	79	660	92	12.4	27	365
Wealth and Investment Management	2,535	16	2,519	34	1.3	-	-
Total	232,672	4,635	228,037	8,821	3.8	2,075	89

— Gross loans and advances to customers and banks in the retail portfolios increased 3% to £240.1bn during H113 principally reflecting movements in:

– UK RBB, where a 6% increase to £137.1bn primarily reflected the purchase of ING Direct UK and growth in home loans balances

– Barclaycard, where an 3% increase to £36.7bn primarily reflected business growth across UK and International businesses

– Wealth and Investment Management, where a 7% increase to £2.7bn mainly reflected growth in the Wealth International home loans portfolio

— The loan impairment charge increased 12% to £1,112m (H112: £994m) principally the result of:

– Barclaycard increased 25% to £616m reflecting higher charges in South Africa Card portfolios which included the impact of recent acquisitions, and the non-recurrence of provision releases in 2012

– UK RBB increased 46% to £178m primarily due to provision releases in 2012 as a result of improved recoveries in consumer lending and resolution of backlogs in litigation in home loans

– Europe RBB increased 14% to £142m due to foreign currency movements and deterioration in recoveries performance within mortgages reflecting current economic conditions across Europe

— Higher overall impairment charges coupled with slightly higher loan balances led to a rise in the retail annualised loan loss rate to 93bps (H112: 87bps; FY12: 89bps)

1 Primarily comprises UAE retail portfolios.
2 Loan impairment charge as at December 2012 is the charge for the 12 month period.

Credit Risk

Analysis of Retail Gross Loans & Advances to Customers

	Secured Home Loans1	Credit Cards, Overdrafts and Unsecured Loans	Other Secured Retail Lending2	Business Lending	Total Retail
As at 30.06.13	£m	£m	£m	£m	£m

UK RBB	121,784	7,002	-	8,349	137,135
Europe RBB	35,795	3,193	-	1,673	40,661
Africa RBB	15,956	2,696	2,839	806	22,297
Barclaycard	-	33,472	2,475	719	36,666
Corporate Banking	294	245	59	9	607
Wealth and Investment Management	2,418	74	221	-	2,713
Total	176,247	46,682	5,594	11,556	240,079
As at 31.12.12					
UK RBB	114,766	6,863	-	8,053	129,682
Europe RBB	34,825	3,430	-	1,742	39,997
Africa RBB	17,422	2,792	3,086	687	23,987
Barclaycard	-	32,432	2,730	570	35,732
Corporate Banking	274	336	117	12	739
Wealth and Investment Management	2,267	63	205	-	2,535
Total	169,554	45,916	6,138	11,064	232,672

1 All portfolios under Secured Home Loans are primarily first lien mortgages. Other Secured Retail Lending under Barclaycard is a second lien mortgage portfolio.
2 Other Secured Lending includes Vehicle Auto Finance in Africa RBB and UK Secured Lending in Barclaycard.

Credit Risk

Analysis of Potential Credit Risk Loans and Coverage Ratios

	CRLs		PPLs		PCRLs	
	As at 30.06.13 £m	As at 31.12.12 £m	As at 30.06.13 £m	As at 31.12.12 £m	As at 30.06.13 £m	As at 31.12.12 £m
Home loans	3,167	3,397	244	262	3,411	3,659
Credit cards and unsecured lending	3,861	3,954	298	295	4,159	4,249
	1,411	1,470	87	99	1,498	1,569

Other retail lending and business banking						
Total retail	8,439	8,821	629	656	9,068	9,477

	Impairment allowance		CRL coverage		PCRL coverage	
	As at 30.06.13 £m	As at 31.12.12 £m	As at 30.06.13 %	As at 31.12.12 %	As at 30.06.13 %	As at 31.12.12 %
Home loans	866	849	27.3	25.0	25.4	23.2
Credit cards and unsecured lending	3,224	3,212	83.5	81.2	77.5	75.6
Other retail lending and business banking	609	574	43.2	39.0	40.7	36.6
Total retail	4,699	4,635	55.7	52.5	51.8	48.9

Potential Credit Risk Loans and Coverage Ratios by business

	CRLs		PPLs		PCRLs	
	As at 30.06.13 £m	As at 31.12.12 £m	As at 30.06.13 £m	As at 31.12.12 £m	As at 30.06.13 £m	As at 31.12.12 £m
UK RBB	2,770	2,883	251	283	3,021	3,166
Europe RBB	1,807	1,734	85	98	1,892	1,832
Africa RBB	1,469	1,790	64	61	1,533	1,851
Barclaycard	2,296	2,288	223	208	2,519	2,496
Corporate Banking	54	92	4	5	58	97
Wealth and Investment Management	43	34	2	1	45	35
Total retail	8,439	8,821	629	656	9,068	9,477

	Impairment allowance		CRL coverage		PCRL coverage	
	As at 30.06.13 £m	As at 31.12.12 £m	As at 30.06.13 %	As at 31.12.12 %	As at 30.06.13 %	As at 31.12.12 %
UK RBB	1,337	1,369	48.3	47.5	44.3	43.2
Europe RBB	638	560	35.3	32.3	33.7	30.6
Africa RBB	656	700	44.7	39.1	42.8	37.8
Barclaycard	2,004	1,911	87.3	83.5	79.6	76.6
Corporate Banking	48	79	88.9	85.9	82.8	81.4
Wealth and Investment Management	16	16	37.2	47.1	35.6	45.7
Total retail	4,699	4,635	55.7	52.5	51.8	48.9

— CRL balances in retail portfolios decreased 4%, primarily in:

– Africa RBB, principally due to improved recoveries in South Africa home loans and depreciation of ZAR against GBP

– UK RBB, where reductions reflected lower recovery balances across portfolios primarily due to improved performance in Business Banking and in Consumer Lending

– This was partially offset by higher balances in Europe RBB primarily due to an increase in mortgage recovery balances across all home loans portfolios reflecting challenging economic conditions

Credit Risk

Secured home loans

— The principal home loan portfolios listed below account for 96% (2012: 96%) of total home loans in the Group's retail portfolios

— Total home loans to retail customers increased 4% to £176,247m (2012: £169,554m)

Home loans principal portfolios1

As at 30.06.13	Gross loans and advances £m	> 90 Day arrears %	> 90 Day arrears, including recoveries2 %	Gross charge-off rates %	Recoveries proportion of outstanding balances %	Recoveries impairment coverage ratio %
UK	121,784	0.3	0.8	0.5	0.5	13.7
South Africa	14,156	1.1	7.8	2.9	6.8	36.0
Spain	13,756	0.7	2.8	1.0	2.0	36.5
Italy	16,248	1.0	3.1	0.7	2.1	25.8
Portugal	3,814	0.4	3.5	1.1	3.1	30.0
As at 31.12.12						
UK	114,766	0.3	0.8	0.6	0.5	13.4
South Africa	15,773	1.6	8.4	3.9	6.9	34.6
Spain	13,551	0.7	2.6	1.1	1.9	34.0
Italy	15,529	1.0	2.9	0.8	1.8	25.4
Portugal	3,710	0.7	3.4	1.4	2.8	25.6

— Arrears rates remained steady in the UK due to targeted balance growth and improved customer affordability that continued to be supported by the low interest rate environment. The recoveries impairment coverage ratio also remained stable in line with the recoveries balances

— In the UK, of the total home loans portfolio of £121,784m

- Owner-occupied interest only balances of £46.1bn (2012: £45.7bn) represented 37.9% of total home loan balances (see page 75 for more detail). The average balance weighted LTV for interest only balances remained low at 57.3% (2012: 58.9%) and with 90 day arrears rates were flat at 30bps (2012: 30bps) and in line with overall portfolio performance

- Buy to let home loans comprised 7% of the total stock (2012: 7%). For buy to let home loans, arrears rates improved marginally from 0.54% to 0.49% while balance weighted portfolio LTV remained broadly stable at 64.7% (2012: 65.7%)

— South African home loans arrears decreased and charge off rates improved due to continued focus on collection strategies. Recovery impairment coverage ratio increased in part due to an increase in ageing within the recovery book

— Recoveries performance of home loans in Europe continued to decline as reflected in the increase in the recoveries proportion of outstanding balances for Spain, Italy and Portugal and the increase in recoveries impairment coverage ratio

1 Excluded from the above analysis are Wealth International home loans, which are managed on an individual customer exposure basis, France home loans and other small home loans portfolios.
2 90 days Arrears including recoveries is sum of balances more than 90 days in arrears and balances charged off to recoveries, expressed as a percentage of total outstanding balances.

Credit Risk

Home loans principal portfolios - distribution of balances by LTV1

	UK		South Africa		Spain		Italy		Portugal	
	30.06.13	31.12.12	30.06.13	31.12.12	30.06.13	31.12.12	30.06.13	31.12.12	30.06.13	31.12.12
	%	%	%	%	%	%	%	%	%	%
<=75%	80.4	76.1	66.7	62.8	62.3	64.2	74.4	74.3	37.6	40.3
>75% and <=80%	8.4	9.2	9.0	9.0	6.5	6.5	15.3	16.0	7.4	8.3
>80% and <=85%	4.1	5.4	7.8	8.2	6.0	6.1	6.0	5.5	9.5	10.6
>85% and <=90%	2.6	3.3	5.4	6.4	5.5	5.5	1.6	1.4	10.8	11.1

>90% and <=95%	1.7	2.2	3.5	4.0	4.8	4.4	0.8	0.9	11.0	10.2
>95% and <=100%	1.0	1.4	2.3	2.8	3.8	3.3	0.6	0.6	8.3	7.6
>100%	1.8	2.4	5.3	6.8	11.1	10.0	1.3	1.3	15.4	11.9
Marked to market LTV: valuation weighted %2	44.8	45.5	43.0	44.2	46.5	45.4	46.6	46.7	69.3	67.7
Marked to market LTV: balance weighted %2	57.9	59.1	63.7	65.6	65.7	64.6	59.8	59.6	79.7	77.6
For >100% LTVs: balances (£m)	2,223	2,698	739	1,064	1,523	1,343	215	203	587	440
Marked to market collateral (£m)	2,006	2,478	618	898	1,305	1,136	172	167	538	405
Average LTV: valuation weighted %	110.8	108.9	119.6	118.4	116.8	118.2	125.4	121.1	109.2	108.5
Average LTV: balance weighted %	115.8	112.3	123.1	121.7	116.8	118.1	145.3	137.0	111.6	110.7
% of balances in recoveries	2.7	2.6	50.1	46.2	11.3	12.0	58.1	51.2	11.4	12.5

— Credit quality of the principal home loan portfolios reflected relatively conservative credit criteria resulting in low levels of high LTV lending as well as moderate LTV on existing portfolios

— During H113, the average marked to market LTV (both balance weighted and valuation weighted) of UK decreased due to appreciating house prices. The increase in Spain and Portugal was as a result of continued decline in house prices. The marked to market LTV in Italy remained broadly stable

— In UK, balances >100% LTV reduced in the first half of 2013. However, the balance weighted LTV for the same period increased due to the remaining balances having higher LTVs than those paid down

— In South Africa Home Loans, whilst balances with >100% LTV reduced to £739m (2012: £1,064m) the percentage of balances in recoveries with >100% LTV increased to 50.1% (2012: 46.2%) due to longer resolution time for recovery balances

1 Portfolio marked to market based on the most updated valuations and includes recoveries balances. Updated valuations reflect the application of the latest house price index available in the country as at 30 June 2013.
2 Valuation weighted LTV is the ratio between total outstanding balances and the value of total collateral held against these balances. Balance weighted LTV approach is derived by calculating individual LTVs at account level and weighting by the individual loan balances to arrive at the average position.

Credit Risk

Home loans principal portfolios - new lending1

	UK		South Africa		Spain		Italy		Portugal	
As at 30 June	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
New home loans (£m)	7,700	7,800	532	504	221	96	374	516	11	68
New home loans proportion above 85% LTV	2.6	4.8	28.1	33.3	0.6	5.2	-	-	17.6	4.6
Average LTV: Valuation weighted %	53.8	55.3	63.8	62.9	56.1	54.1	53.3	56.2	53.5	57.4
Average LTV: Balance weighted %	60.6	63.6	74.1	73.8	61.6	62.5	60.2	63.7	63.3	60.6

— New lending in principal home loan portfolios decreased 2% to £8,838m (2012: £8,984m)

— The decrease in average valuation weighted LTV in the UK to 53.8% (2012: 55.3%) was driven by an increased proportion of lower LTV originations. The volume in the UK is constrained by conservative credit criteria and risk limits, as evidenced by the decrease in the new home loans proportion above 85%

— In South Africa, new home loans above 85% LTV decreased from 33.3% to 28.1% due to stricter lending criteria

— During H113, new lending was reduced in Europe home loans as conservative credit criteria were maintained. Average LTV on new home loans in Spain remained broadly stable. Whilst the proportion of new home loans above 85% LTV decreased from 5.2% to 0.6%

1 New home loans for 2013 and 2012 is total for the first half of the year.

Credit Risk

Exposures to interest only home loans

— The Group provides interest only mortgages to customers, mainly in the UK. Under the terms of these loans, the customer makes payments of interest only for the entire term of the mortgage, although customers may make early repayments of the principal provided that these are no more than 5% of the principal balance in any year

— Subject to such overpayments, the entire principal remains outstanding until the end of the loan term and the customer is responsible for repaying this on maturity. The means of repayment may include the sale of the mortgaged property

— Interest only lending is subject to underwriting criteria that includes: a maximum size of loan, maximum LTV ratios, affordability and maximum loan term amongst other criteria. Borrowers on interest only terms must have a repayment strategy in place to repay the loan at maturity and a customer contact strategy has been developed to ensure ongoing communications are in place with interest only customers at various points during the term of the mortgage. The contact strategy is varied dependent on our view of the risk of the customer

— Interest only mortgages comprise £53bn (2012: £53bn) of the total £122bn (2012: £115bn) UK home loans portfolio. Of these, £46bn (2012: £46bn) are owner-occupied with the remaining £7bn (2012: £7bn) buy-to-let

Exposure to interest only owner-occupied home loans	As at 30.06.13	As at 31.12.12
Interest only balances (£m)	46,080	45,693
90 days arrears (%)	0.3	0.3
Marked to market LTV: Valuation weighted %	44.2	45.2
Marked to market LTV: Balance weighted %	57.3	58.9
Interest only mortgages maturing during:		
2013	£350m	£710m
2014	£923m	£872m
2015	£928m	£1046m

— The average valuation weighted LTV for interest only balances remained low at 44.2% (2012: 45.2%) and overall 90 days arrears rates was flat at 30bps (2012: 30bps) and in line with overall portfolio performance

Exposures to Mortgage Current Accounts Reserves

— A Mortgage Current Account (MCA) Reserve is a secured overdraft facility available to a home loan customer which allows them to borrow against the equity in their home. It allows draw-down up to an agreed available limit. The balance drawn must be repaid on redemption of the mortgage

— Of total 920k home loan customers, 611k have Mortgage Current Account (MCA) reserves, with total reserve limits of £18.5bn. Utilisation of these limits was 31.5% at June 2013 (2012: 30.9%)

— While the MCA reserve was withdrawn from sale in December 2012, as existing customers, including those in potential financial difficulty, can continue to draw down against the available reserve (£13.0bn of undrawn limits as at June 2013)

— Including the drawn down proportion of MCA reserves, these accounts represent £78.1bn (2012: £82.2bn) of the total UK Home Loans exposure of £121.8bn (2012: £114.8bn)

— Using current valuations, the average balance weighted LTV of accounts with a mortgage current account reserve is 58.3% (2012: 59.7%). This compares with a portfolio average balance weighted LTV of 57.9%

Credit Risk

Credit cards, overdrafts and unsecured loans

— The principal portfolios listed below account for 90% (2012: 90%) of total credit cards, overdrafts and unsecured loans in the Group's retail portfolios

Principal Portfolios As at 30.06.13	Gross Loans and Advances £m	30 Day Arrears %	90 Day Arrears %	Gross Charge-off Rates %	Recoveries Proportion of Outstanding Balances %	Recoveries Impairment Coverage Ratio %
UK cards1	15,695	2.5	1.2	4.4	6.1	82.9
US cards2	9,672	2.0	1.0	4.4	2.2	88.4
UK personal loans	4,942	2.9	1.3	5.0	16.6	78.7
Barclays Partner Finance	2,508	1.8	0.9	3.1	4.4	80.2

South Africa cards2	2,409	9.1	4.7	6.7	4.7	73.1
Germany cards	2,071	2.4	1.0	3.9	3.7	82.1
UK overdrafts	1,283	5.4	3.6	8.0	15.6	95.1
Italy salary advance loans3	1,214	4.1	2.0	7.7	10.9	15.8
Iberia cards	1,174	7.5	3.6	9.8	9.8	88.0
South Africa personal loans	1,017	5.7	3.0	7.8	7.7	75.3
As at 31.12.12						
UK cards1	15,434	2.5	1.1	4.9	6.2	80.4
US cards2	9,296	2.4	1.1	5.0	2.3	90.7
UK personal loans	4,861	3.0	1.3	5.1	17.4	78.9
Barclays Partner Finance	2,323	1.9	1.0	3.9	4.8	78.1
South Africa cards2	2,511	7.4	3.9	4.7	4.7	70.9
Germany cards	1,778	2.5	0.9	3.6	3.2	79.4
UK overdrafts	1,382	5.3	3.5	8.2	14.6	92.7
Italy salary advance loans3	1,354	2.3	0.9	8.4	9.4	12.5
Iberia cards	1,140	7.5	3.5	9.6	12.4	88.2
South Africa personal loans	1,061	5.6	3.1	8.5	7.6	72.3

— Gross loans and advances in credit cards, overdrafts and unsecured loans remained broadly stable with the increase in Germany, Barclays Partner Finance and US card portfolios being offset by decreases in Italy salary advance loans and UK overdrafts

— With the exception of South Africa cards and Italy salary advance loans, arrears rates remained broadly stable. In Iberia cards portfolios recoveries proportion of outstanding balances have been actively reduced during the period following a tightening in write off policy

— In South Africa, delinquency and charge off rates deteriorated due to the difficult macroeconomic environment

— The deterioration in arrears rates in Italy salary advance loans was driven by one intermediary otherwise underlying performance was broadly stable. The increase in recoveries proportion of outstanding balances and coverage ratio reflected the difficult economic environment and insurance claims experience which resulted in the lower recovery of outstanding balances

1 UK cards includes the acquired Egg credit card assets, which totalled £1.7bn at acquisition. The outstanding acquired balances have been excluded from the recoveries impairment coverage ratio on the basis that the portfolio has been recognised on acquisition at fair value during 2011 (with no related impairment allowance). Impairment allowances have been recognised as appropriate where these relate to the period post acquisition.

2 South Africa Cards now includes the acquired Edcon portfolio and in both FY12 and H113 figures. The outstanding acquired balances have been excluded from the recoveries impairment coverage ratio on the basis that the portfolio has been recognised on acquisition at fair value during 2012 (with no related impairment allowance). Impairment allowances have been recognised as appropriate where these relate to the period post acquisition.

3 The recoveries impairment coverage ratio for Italy salary advance loans is lower than other unsecured portfolios as these loans are extended to customers where the repayment is made via a salary deduction at source by qualifying employers and Barclays is insured in the event of termination of employment or death. Recoveries represent balances where insurance claims are pending that we believe are largely recoverable, hence the lower coverage.

Credit Risk

Other Secured Retail Lending

— The principal portfolio listed below accounts for 50% (2012: 50%) of total Other Secured Retail Lending Loans in the Group's retail portfolios

South Africa Vehicle auto finance	Gross Loans and Advances	30 Day Arrears	90 Day Arrears	Gross Charge-off Rates	Recoveries Proportion of Outstanding Balances	Recoveries Impairment Coverage Ratio
	£m	%	%	%	%	%
As at 30.06.13	2,797	2.0	0.7	3.1	2.6	62.3
As at 31.12.12	3,081	2.0	0.7	3.6	3.0	57.6

— Arrears rates in South Africa auto loans remained stable. This has been driven by focussing sales efforts on lower risk customers and improving the effectiveness of collection processes

Business Lending

— Business lending primarily relates to small and medium enterprises typically with exposures up to £3m or with a turnover up to £5m

— The principal portfolios listed below account for 86% of total Business Lending Loans (2012: 88%) in the Group's retail portfolios

Principal Portfolios

Early Warning List

Arrears Managed1 Managed2

Gross

As at 30.06.13	Loans and Advances	Drawn balances	Of which Arrears balances	Drawn balances	Of which Early Warning List Balances	Loan Loss Rates	Gross Charge-off Rates	Recoveries Proportion of Outstanding Balances	Recoveries Coverage Ratio
	£m	£m	%	£m	%	bps	%	%	%
UK	8,349	698	5.4	7,245	9.1	145	2.0	3.8	37.8
Spain	1,071	97	9.7	978	33.2	320	2.6	6.4	45.1
Portugal	549	188	5.5	335	20.7	588	7.6	8.0	57.5
As at 31.12.12									
UK	8,053	713	6.0	7,122	9.2	140	2.5	4.3	34.9
Spain	1,095	95	11.3	993	60.4	210	3.8	6.6	45.0
Portugal	596	185	6.4	393	17.8	503	5.7	6.7	65.9

— UK business lending gross loans and advances increased 4% to £8,349m (2012: £8,053m). Arrears and charge off rates improved due to close monitoring of the portfolio resulting in a reduction in recoveries balances

— Business lending gross loans and advances in Europe reduced 4% in the first half of 2013 to £1,673m (2012: £1,742m) primarily due to the tightening of credit policy and a reduction in new business volumes

— Spain gross loans and advances reduced 2% to £1,071m (2012: £1,095m). Loan loss rates increased to 320bps (2012: 210bps) due to difficult macro economic conditions. Spain early warning list balances as a percentage of drawn balances reduced significantly as a result of closely managing cases

— Portugal gross loans and advances reduced 8% to £549m (2012: £596m). Loan loss rates increased to 588bps (2012: 503bps) reflecting both increasing arrears in the difficult macro environment and reducing balances

1Arrears Managed accounts are principally customers with an exposure limit less than £50,000 in the UK and €100,000 in Europe, with processes designed to manage a homogeneous set of assets. Arrears Balances reflects the total balances of accounts which are past due on payments.
2Early Warning List Managed accounts are customers that exceed the Arrears Managed limits and are monitored with processes that record heightened levels of risk through an Early Warning List grading. Early Warning List balances comprise of a list of three categories graded in line with the perceived severity of the risk attached to the lending, and can include customers that are up to date with contractual payments or subject to forbearance as appropriate.

Credit Risk

UK Commercial Real Estate (UK CRE)

—

Total loans and advances at amortised cost to UK CRE in business lending amounted to £1,554m (2012: £1,534m), with a total of £114m (7% of the total) being past due (2012: £123m; 8%). Impairment allowances totalled £18m (2012: £20m)

— The impairment charge for H113 was lower at £10m (2012: £17m)

— As at H113, UK CRE in business lending accounted for 18.6% of total UK Business Lending balances

— Arrears balances have reduced due to improved economic conditions coupled with more effective turnaround strategies

UK Commercial Real Estate

	As at 30.06.13	As at 31.12.12
UK CRE loans and advances (£m)	1,554	1,534
Past due balances (£m)	114	123
Balances past due as % of UK CRE total loans and advances	7.0%	8.0%
Impairment allowances (£m)	17.9	19.9
Past due coverage ratio	15.6%	16.1%

	Six months ended 30.06.13	Six months ended 30.06.12
Impairment Charge (£m)	10.1	16.5

Retail forbearance programmes

Forbearance programmes on principal Credit Cards, Overdrafts, Unsecured Loans, Home Loans and Business Lending portfolios

— Retail forbearance is available to customers experiencing financial difficulties. Forbearance solutions may take a number of forms depending on the extent of the financial dislocation. Short term solutions normally focus on temporary reductions to contractual payments and switches from capital and interest payments to interest only. For customers with longer term financial difficulties, term extensions may be offered, which may also include interest rate concessions and fully amortising balances for card portfolios

— Forbearance on the Group's principal portfolios in the US, UK and Europe is presented below

—

Forbearance balances in South Africa are not included as local practices are in the process of being aligned to Group policy. In other retail portfolios, the level of forbearance extended to customers is not material and, typically, is not a significant factor in the management of customer relationships

Credit Risk

Principal Portfolios	Gross L&A subject to forbearance programmes	Forbearance programmes proportion of outstanding balances	Marked to market LTV of forbearance balances: valuation weighted	Marked to market LTV of forbearance balances: balance weighted
As at 30.06.13	£m	%	%	%
Home loans				
UK	1,634	1.3	36.6	58.2
Spain	177	1.3	53.3	69.1
Italy	493	3.0	52.7	63.0
Credit Cards, Overdrafts and Unsecured Loans				
UK cards	961	6.0	n/a	n/a
UK personal loans	155	3.1	n/a	n/a
US cards	95	1.0	n/a	n/a
Business Lending				
UK	275	3.3	n/a	n/a
As at 31.12.12				
Home Loans				
UK	1,596	1.4	36.6	58.2
Spain	174	1.3	53.3	68.9
Italy	217	1.4	49.1	60.6
Credit Cards, Overdrafts and Unsecured Loans				
UK cards	991	6.3	n/a	n/a
UK personal loans	168	3.4	n/a	n/a
US cards	116	1.3	n/a	n/a
Business Lending				
UK	203	2.5	n/a	n/a

- Loans in forbearance in the principal home loans portfolios increased 16% to £2,304m, mainly due to an increase in UK and Italy

- In Spain, forbearance accounts are predominantly full account restructures, In Italy, the majority of the balances relate to specific schemes required by the Government and amendments are weighted towards payment holidays and interest suspensions

- Within UK home loans, term extensions account for over 60% of forbearance balances, the majority of the remainder being switches from 'capital and interest' to 'interest only' pre 2010

- Loans in forbearance in principal Credit Cards, Overdrafts and Unsecured Loans portfolios decreased 5% to £1,211m. Forbearance programmes as a proportion of outstanding balances reduced in UK and US cards due to an improved credit environment and repayment behaviours and a tightening of forbearance policy in 2012

- The increase in Italy forbearance is in part due to inclusion of €256m (£219m) of Italian government payment suspension schemes relating to earthquakes in Abruzzo, Emilia and Lombardy

Credit Risk
Wholesale Credit Risk

Wholesale Loans and Advances to Customers and Banks at Amortised Cost

As at 30.06.13	Gross L&A £m	Impairment allowance £m	L&A net of impairment £m	Credit risk loans £m	CRLs % of gross L&A %	Loan impairment charges2 £m	Loan loss rates bps
Investment Bank1	187,256	640	186,616	835	0.4	179	19
Corporate Banking	68,295	2,180	66,115	3,966	5.8	265	78
- UK	52,007	450	51,557	1,377	2.6	83	32
- Europe	7,636	1,543	6,093	2,416	31.6	180	475
- Rest of World	8,652	187	8,465	173	2.0	2	5
Wealth and Investment Management	20,386	167	20,219	706	3.5	44	44
Africa RBB	6,767	198	6,569	719	10.6	35	104
Head Office and Other Operations	1,634	20	1,614	20	1.2	(1)	(12)
Total	284,338	3,205	281,133	6,246	2.2	522	37

As at 31.12.12							
Investment Bank1	144,143	586	143,557	768	0.5	192	13
Corporate Banking	67,337	2,171	65,166	4,232	6.3	838	124
- UK	52,667	428	52,239	1,381	2.6	279	53
- Europe	8,122	1,536	6,586	2,607	32.1	527	649
- Rest of World	6,548	207	6,341	244	3.7	32	49
Wealth and Investment Management	19,236	141	19,095	603	3.1	38	20
Africa RBB	7,313	250	7,063	681	9.3	160	219
Head Office and Other Operations	1,466	16	1,450	19	1.3	-	-
Total	239,495	3,164	236,331	6,303	2.6	1,228	51

— Gross loans and advances to customers and banks increased 19% during H113 principally due to a 30% rise in the Investment Bank as a result of higher settlement balances. For more detail, see analysis of Investment Bank wholesale loans and advances on page 82

— The loan impairment charge decreased 26% to £522m (H112: £706m) principally due to improvements in Corporate Banking partly reflecting reduced impairment against large corporate clients in the UK and lower charges in Europe reflecting actions to reduce exposure to the Spanish property and construction sectors

— The lower impairment charge coupled with the higher loan balances resulted in an annualised loan loss rate of 37bps (H112: 50bps; FY12: 51bps)

1 Investment Bank gross loans and advances include cash collateral and settlement balances of £129,667m as at 30 June 2013 and £85,116m as at 31 December 2012. Excluding these balances CRLs as a proportion of gross loans and advances were 1.5% and 1.3% respectively and the loan loss rates were 63bps and 33bps respectively.

2 Loan impairment charge as at December 2012 is the charge for the 12 month period.

Credit Risk

Potential Credit Risk Loans and Coverage Ratios

	CRLs		PPLs		PCRLs	
	As at 30.06.13	As at 31.12.12	As at 30.06.13	As at 31.12.12	As at 30.06.13	As at 31.12.12
	£m	£m	£m	£m	£m	£m
Investment Bank	835	768	316	327	1,151	1,095
Corporate Banking	3,966	4,232	606	624	4,572	4,856

Wealth and Investment Management	706	603	103	74	809	677
Africa RBB	719	681	46	77	765	758
Head Office and Other Operations	20	19	1	-	21	19
Total wholesale	6,246	6,303	1,072	1,102	7,318	7,405

	Impairment allowance		CRL coverage		PCRL coverage	
	As at 30.06.13 £m	As at 31.12.12 £m	As at 30.06.13 %	As at 31.12.12 %	As at 30.06.13 %	As at 31.12.12 %
Investment Bank	640	586	76.6	76.3	55.6	53.5
Corporate Banking	2,180	2,171	55.0	51.3	47.7	44.7
Wealth and Investment Management	167	141	23.7	23.4	20.6	20.8
Africa RBB	198	250	27.5	36.7	25.9	33.0
Head Office and Other Operations	20	16	100.0	84.2	95.2	84.2
Total wholesale	3,205	3,164	51.3	50.2	43.8	42.7

— CRL balances decreased 1% to £6,246m primarily due to Corporate Banking where lower balances reflected a reduction in Europe, most notably Spain, following write-offs and a debt sale

— This decrease was partially offset by higher balances in:

– Wealth and Investment Management, principally reflecting the inclusion of a single name exposure

– Investment Bank reflecting the inclusion of a single name exposure partially offset by sales and payments and the exit from one large position

Credit Risk

Analysis of Investment Bank Wholesale Loans and Advances at Amortised Cost

As at 30.06.13	Gross L&A £m	Impairment allowance £m	L&A net of impairment £m	Credit risk loans £m	CRLs % of gross L&A %	Loan impairment Charges £m	Loan loss rates bps
Loans and advances to banks							
Interbank lending	13,946	35	13,911	54	0.4	-	-
Cash collateral and settlement balances	26,217	-	26,217	-	-	-	-

Loans and advances to customers							
Corporate lending	30,344	155	30,189	168	0.6	(13)	(9)
Government lending	1,322	-	1,322	-	-	-	-
Other wholesale lending	11,973	450	11,523	613	5.1	192	323
Cash collateral and settlement balances	103,454	-	103,454	-	-	-	-
Total	187,256	640	186,616	835	0.4	179	19
As at 31.12.12							
Loans and advances to banks							
Interbank lending	13,763	41	13,722	51	0.4	41	30
Cash collateral and settlement balances	23,350	-	23,350	-	-	-	-
Loans and advances to customers							
Corporate lending	29,546	205	29,341	349	1.2	160	54
Government lending	1,369	-	1,369	-	-	-	-
Other wholesale lending	14,349	340	14,009	368	2.6	(9)	(6)
Cash collateral and settlement balances	61,766	-	61,766	-	-	-	-
Total	144,143	586	143,557	768	0.5	192	13

— Investment Bank wholesale loans and advances increased 30% to £186,616m driven by higher settlement balances offset by a reduction in other wholesale lending

— Excluding settlement and cash collateral balances from total loans and advances, the annualised loan loss rate for the Investment Bank increased to 63bps (2012: 33bps) due to a charge on a single name exposure within Other wholesale lending

— Included within corporate lending and other wholesale lending portfolios are £1,280m (2012: £1,336m) of loans backed by retail mortgage collateral

Credit Risk

Wholesale Forbearance

— Wholesale client relationships are individually managed and lending decisions are made with reference to specific circumstances and on bespoke terms

- Forbearance occurs when Barclays, for reasons relating to the actual or perceived financial difficulty of an obligor, grants a concession below current Barclays standard terms (i.e. lending criteria below our current lending terms), that would not normally be considered. This includes all troubled debt restructures granted below our standard rates

- Personal and Trusts includes Wealth and Investment Management clients that are high net worth individuals who organise their affairs through funds and trusts

- Loan impairment on forbearance cases amounted to £1,005m (2012: £1,149m), which represented 26% (2012: 27%) of total forbearance balances

- Maturity date extension accounted for the largest proportion of forbearance recognised, followed by changes to cashflow profile other than maturity extension and adjustments to or non-enforcement of covenants

- Corporate borrowers accounted for 86% (2012: 89%) of balances and 94% (2012: 95%) of impairment booked to forbearance exposures at 30 June 2013, with impairment representing 28% (2012: 29%) of forbearance balances

- Corporate Banking accounted for the single largest proportion of overall Wholesale forbearance, with forbearance exposures concentrated in Western Europe and particularly Spain, which accounted for 21% (2012: 29%) of total Wholesale forbearance balances and 43% (2012: 45%) of total impairment booked to forbearance exposures at 30 June 2013

Wholesale forbearance reporting split by exposure class

As at 30.06.13	Sovereign £m	Financial Institutions £m	Corporate £m	Personal and Trusts £m	Total £m
Restructure: reduced contractual cashflows	3	16	433	-	452
Restructure: maturity date extension	5	109	1,194	68	1,376
Restructure: changed cashflow profile (other than extension)	5	47	612	23	687
Restructure: payment other than cash	-	-	40	1	41
Change in security	-	-	30	8	38
Adjustments/ non enforced covenant	10	7	508	125	650
Other	1	-	537	130	668
Total	24	179	3,354	355	3,912
As at 31.12.12					
Restructure: reduced contractual cashflows	4	16	405	-	425
Restructure: maturity date extension	5	107	1,412	33	1,557
Restructure: changed cashflow profile (other than extension)	5	46	876	26	953

Restructure: payment other than cash	-	-	71	1	72
Change in security	-	-	76	8	84
Adjustments/ non enforced covenant	10	7	626	128	771
Other	-	-	318	74	392
Total	24	176	3,784	270	4,254

Credit Risk
Wholesale forbearance reporting split by business unit

	Corporate Banking	Investment Bank	Wealth & Investment Management	Africa RBB	Total
As at 30.06.13	£m	£m	£m	£m	£m
Restructure: reduced contractual cashflows	325	103	-	25	453
Restructure: maturity date extension	775	352	135	113	1,375
Restructure: changed cashflow profile (other than extension)	428	116	75	68	687
Restructure: payment other than cash (e.g. debt to equity)	40	-	1	-	41
Change in security	19	7	12	1	39
Adjustments/ non enforced covenant	296	73	279	1	649
Other	377	-	279	12	668
Total	2,260	651	781	220	3,912
As at 31.12.12					
Restructure: reduced contractual cashflows	258	138	-	29	425
Restructure: maturity date extension	952	408	112	85	1,557
Restructure: changed cashflow profile (other than extension)	624	152	70	107	953
Restructure: payment other than cash (e.g. debt to equity)	64	7	1	-	72
Change in security	45	26	12	1	84
Adjustments/ non enforced covenant	377	115	277	2	771
Other	162	-	211	19	392
Total	2,482	846	683	243	4,254

UK Commercial Real Estate (UK CRE)

— The UK CRE portfolio includes property investment, development, trading and housebuilders but excludes social housing contractors

— Total loans and advances at amortised cost to UK CRE amounted to £9,271m (2012: £9,676m), with a total of £306m (3.3% of the total) being past due (2012: £295m; 3.0%). Impairment provisions allowances totalled £134m at 30 June 2013 (2012: £106m)

— The impairment charge for H113 for the UK CRE portfolio was £28m (2012: £28m) principally within UK Corporate Banking

Commercial Real Estate1

	As at 30.06.13	As at 31.12.12
UK CRE loans and advances (£m)	9,271	9,676
Past due balances (£m)	306	295
Balances past due as % of total loans	3.3%	3.0%
Impairment provision (£m)	134	106
Balances past due coverage ratio (%)	44%	36%

	Six months ended 30.06.13	Six months ended 30.06.12
Impairment charge (£m)	28	28

1 An additional £178m (2012: £270m) of UK CRE exposure is held at fair value.

Credit Risk

Group exposures to Eurozone countries

— The Group recognises the credit and market risk resulting from the ongoing volatility in the Eurozone and continues to monitor events closely while taking coordinated steps to mitigate the risks associated with the challenging economic environment

— During H113 the Group's net on-balance sheet exposures to Spain, Italy, Portugal, Ireland, Cyprus and Greece reduced by 4% to £57.2bn (2012: £59.3bn) principally due to Sovereign exposure decreasing 50% to £2.7bn with a reduction in Spanish and Italian government bonds held as available for sale

— As at 30 June 2013, the local net funding deficit in Italy was €13.6bn (2012: €11.8bn) and the deficit in Portugal was €4.4bn (2012: €4.1bn). The net funding surplus in Spain was €1.8bn (2012: €2.3bn). Barclays continues to monitor the potential impact of the Eurozone volatility on local balance sheet funding and will consider actions as appropriate to manage the risk

Summary of Group exposures

— The following table shows Barclays exposure to Eurozone countries monitored internally as being higher risk and thus being the subject of particular management focus. Detailed analysis on these countries is on pages 86 to 93.

The basis of preparation is consistent with that described in the 2012 Annual Report

— The net exposure provides the most appropriate measure of the credit risk to which the Group is exposed. The gross exposure is also presented below, alongside off-balance sheet contingent liabilities and commitments

	Sovereign	Financial institutions	Corporate	Residential mortgages	Other retail lending	Net on-balance Sheet exposure	Gross on-balance sheet exposure	Contingent liabilities and commitments
As at 30.06.13	£m	£m	£m	£m	£m	£m	£m	£m
Spain	292	1,028	4,976	13,546	2,436	22,278	30,345	3,245
Italy	1,967	390	1,489	16,034	2,072	21,952	30,260	3,464
Portugal	388	30	1,357	3,595	1,720	7,090	7,680	2,536
Ireland	26	4,194	1,144	108	114	5,586	9,752	1,363
Cyprus	-	-	133	45	29	207	301	48
Greece	2	7	40	6	14	69	1,185	3
As at 31.12.12								
Spain	2,067	1,525	4,138	13,305	2,428	23,463	32,374	3,301
Italy	2,669	567	1,962	15,591	1,936	22,725	33,029	3,082
Portugal	637	48	1,958	3,474	1,783	7,900	8,769	2,588
Ireland	21	3,585	1,127	112	83	4,928	10,078	1,644
Cyprus	8	-	106	44	26	184	300	131
Greece	1	-	61	8	9	79	1,262	5

— During H113 the Group's sovereign exposure to Spain, Italy, Portugal, Ireland, Cyprus and Greece reduced by 50% to £2.7bn

– Spanish sovereign exposure reduced 86% to £292m due to the disposal of available for sale government bonds

– Italian sovereign exposure decreased 26% to £2bn principally due to a reduction in government bonds held as available for sale

— Residential mortgage and other retail exposures increased by 2% to £33.3bn and £6.4bn respectively, reflecting foreign exchange movements offset partially by lower new originations across Spain, Italy and Portugal

— Corporate exposure reduced 2% to £9.1bn, largely reflecting reduced lending in Italy and Portugal, partially offset by increased trading assets in Spain and foreign exchange movements

— Exposures to financial institutions fell marginally by 1% to £5.6bn, with lower exposure in Spain and Italy offset predominately by increased exposure in Ireland relating to a loan to a single investment grade counterparty

Credit Risk

Barclays has exposures to other Eurozone countries as set out below. Total net on-balance sheet exposures to individual countries that are less than £1bn are reported in aggregate under Other

As at 30.06.13	Sovereign £m	Financial institutions £m	Corporate £m	Residential mortgages £m	Other retail lending £m	Net on-balance sheet exposure £m	Gross on-balance sheet exposure £m	Contingent liabilities and commitments £m
France	3,448	5,422	5,328	2,584	182	16,964	56,365	8,647
Germany	1,985	4,760	6,621	26	2,013	15,405	58,055	7,160
Netherlands	3,336	4,480	1,958	16	70	9,860	26,092	2,286
Belgium	2,866	17	390	13	4	3,290	9,480	778
Luxembourg	39	823	706	208	22	1,798	5,027	931
Austria	1,092	340	151	1	6	1,590	3,528	210
Finland	1,079	120	38	3	-	1,240	6,454	463
Other	130	4	11	5	64	214	466	-