Barclays PLC
Results Announcement

30 June 2014

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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 2014 to the corresponding six months of 2013 and balance sheet analysis as at 30 June with comparatives relating to 31 December 2013. 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 the Group structure changes and the reallocation of elements of the Head Office results under the revised business structure. These restatements were detailed in our announcement on 10 July 2014, accessible at http://www.barclays.com/barclays-investor-relations/results-and-reports. Balance sheet comparative figures have also been restated to adopt the offsetting amendments to IAS 32, Financial Instruments: Presentation.

Adjusted profit before tax, adjusted attributable profit 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; 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); and goodwill impairment. As Management reviews adjusting items at a Group level, segmental results are presented excluding these items in accordance with IFRS 8: Operating Segments. Statutory and adjusted performance is reconciled at a Group level only.

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.

The information in this announcement, which was approved by the Board of Directors on 29 July 2014 does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2013, 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 (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.

These results will be furnished as a Form 6-K to the SEC as soon as practicable following their publication. Once furnished with the SEC, copies of the Form 6-K will also be available from the Barclays Investor Relations website www.barclays.com/investorrelations and from the SEC's website at http://www.sec.gov.

Forward-looking statements

This document contains certain forward-looking statements within the meaning of Section 21E of the US Securities Exchange Act of 1934, as amended, and Section 27A of the US Securities Act of 1933, as amended, with respect to certain of the Group's plans and its current goals and expectations relating to its future financial condition and performance. Barclays cautions readers that no forward-looking statement is a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking statements. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as 'may', 'will', 'seek', 'continue', 'aim', 'anticipate', 'target', '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, leverage and other regulatory ratios, payment of dividends (including dividend pay-out ratios), projected levels of growth in the banking and financial markets, projected costs or savings, original and revised commitments and targets in connection with the Transform Programme and Group Strategy Update, run-down of assets and businesses within Barclays Non-Core, estimates of capital expenditures and plans and objectives for future operations, projected employee numbers 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 accounting and regulatory 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: capital, leverage and other regulatory rules (including with regard to the future structure of the Group) applicable to past, current and future periods; UK, US, Africa, 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; effects of changes in valuation of credit market exposures; changes in valuation of issued securities; volatility in capital markets; changes in credit ratings of the Group; the potential for one or more countries exiting the Eurozone; the implementation of 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. Additional risks and factors are identified in our filings with the SEC including our Annual Report on Form 20-F for the fiscal year ended 31 December 2013, which are available on the SEC's website at http://www.sec.gov.

Any forward-looking statements made herein speak only as of the date they are made and it should not be assumed that they have been revised or updated in the light of new information or future events. 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 SEC.

Performance Highlights

Income Statement

Group performance

- Adjusted profit before tax was down 7% to £3,349m largely driven by currency movements and a reduction in the Investment Bank profitability, partially offset by improvements in Personal and Corporate Banking (PCB), Barclaycard, and Barclays Non-Core (BNC)
- Adjusted income decreased 12% to £13,332m whilst impairment reduced by 33% to £1,086m, resulting in a 9% decrease in net operating income to £12,246m
- Adjusted operating expenses were down 9% to £8,877m, including costs to achieve Transform (CTA) of £494m (2013: £640m) and litigation and conduct charges of £211m (2013: £126m), reflecting savings associated with prior Transform initiatives and currency movements
- Statutory profit before tax was £2,501m (2013: £1,677m), reflecting an additional £900m of provisions for PPI redress (2013: £1,350m) and the non-recurrence of a provision for interest rate hedging products redress compared to the prior year (2013: £650m)
- Adjusted Group attributable profit was £1,760m (2013: £2,055m). As a result adjusted Group return on average shareholders' equity reduced to 6.5% (2013: 7.8%) reflecting the equity raised from the rights issue in Q413 and the decrease in Core profit before tax partially offset by improvements in BNC

Core performance

- Profit before tax was down 10% to £3,840m, as improved performance across the majority of the Core businesses was more than offset by a reduction in Investment Bank profit
- Income decreased 7% to £12,674m, reflecting a 18% reduction in the Investment Bank, driven by a decrease in Markets and a reduction in Africa Banking due to currency movements, partially offset by growth in Barclaycard and PCB. Net interest income for PCB, Barclaycard and Africa Banking increased 3% to £5,564m reflecting strong savings, mortgage and card growth
- Credit impairment charges improved 13% to £937m. This reflected lower impairments in PCB as the improving economic environment had a positive impact on the majority of retail and wholesale portfolios in the UK and lower impairment in Africa Banking mortgages on a constant currency basis
- Operating expenses decreased £370m to £7,944m, reflecting improvements across each of the businesses as a result of Transform initiatives and currency movements partially offset by higher CTA charges of £453m (2013: £223m) and higher litigation and conduct charges of £177m (2013: £86m)
- Core return on equity decreased to 11.0% (2013: 15.1%)

Non-Core performance

- Loss before tax reduced by 27% to £491m. This reflected lower income, following asset disposals and risk reductions, to £658m (2013: £1,474m), more than offset by a £407m improvement in impairment to £149m and a 36% reduction in operating expenses to £934m including lower CTA of £41m (2013: £418m)
- Non-Core return on equity dilution improved to 4.5% (2013: 7.3%)

Balance Sheet, Leverage and Capital Management

- Fully loaded CRD IV Common Equity Tier 1 (CET1) ratio increased to 9.9% (2013: 9.1%) mainly driven by RWA reductions in BNC
- The PRA leverage ratio increased to 3.4% (2013: 3.0%), reflecting a reduction in the PRA leverage exposure of £99bn to £1,266bn and an increase in eligible PRA adjusted Tier 1 Capital to £43.2bn (2013: £40.5bn) principally from an exchange of existing T1 instruments into new AT1 securities. The estimated BCBS 270 leverage ratio was 3.4%
- Net tangible asset value per share decreased to 279p (2013: 283p) and net asset value per share decreased to 327p (2013: 331p) primarily due to an increase in the number of shares in issue and a decrease in currency translation reserves

Performance Highlights

Barclays Group Results for the six months ended

	Adjusted			Statutory		
	30.06.14 £m	30.06.13 £m	YoY % Change	30.06.14 £m	30.06.13 £m	YoY % Change
Total income net of insurance claims	13,332	15,071	(12)	13,384	15,157	(12)
Credit impairment charges and other provisions	(1,086)	(1,631)	33	(1,086)	(1,631)	33
Net operating income	**12,246**	**13,440**	**(9)**	**12,298**	**13,526**	**(9)**
Operating expenses	(8,172)	(9,015)	9	(8,172)	(9,015)	9
Litigation and conduct[1]	(211)	(126)	(67)	(1,111)	(2,126)	48
Costs to achieve Transform	(494)	(640)	23	(494)	(640)	23
Total operating expenses	**(8,877)**	**(9,781)**	**9**	**(9,777)**	**(11,781)**	**17**
Other net expense	(20)	(68)	71	(20)	(68)	71
Profit before tax	**3,349**	**3,591**	**(7)**	**2,501**	**1,677**	**49**
Tax charge	(1,109)	(1,124)	1	(895)	(594)	(51)
Profit after tax	**2,240**	**2,467**	**(9)**	**1,606**	**1,083**	**48**
Non-controlling interests	(390)	(412)	5	(390)	(412)	5
Other equity interests[2]	(90)	-		(90)	-	
Attributable profit	**1,760**	**2,055**	**(14)**	**1,126**	**671**	**68**

Performance Measures

Return on average tangible shareholders' equity[2]	7.5%	9.1%		4.9%	3.0%
Return on average shareholders' equity[2]	6.5%	7.8%		4.2%	2.6%
Cost: income ratio	67%	65%		73%	78%
Compensation: net operating income ratio	38%	38%		38%	38%
Loan loss rate	45bps	63bps		45bps	63bps
Basic earnings per share[2]	10.9p	15.2p		7.0p	5.0p
Dividend per share	2.0p	2.0p		2.0p	2.0p

Balance Sheet and Leverage

	30.06.14	31.12.13
Net asset value per share	327p	331p
Net tangible asset value per share	279p	283p
PRA leverage exposure	£1,266bn	£1,365bn
Estimated BCBS 270 leverage exposure	£1,353bn	n/a

Capital Management

CRD IV fully loaded		
Common equity tier 1 ratio[3]	9.9%	9.1%
Common equity tier 1 capital	£40.8bn	£40.4bn
PRA adjusted tier 1 capital	£43.2bn	£40.5bn
Risk weighted assets[3]	£411bn	£442bn
PRA leverage ratio	3.4%	3.0%
Estimated BCBS 270 leverage ratio	3.4%	n/a

Funding and Liquidity

Group liquidity pool	£134bn	£127bn
Estimated CRD IV liquidity coverage ratio	107%	96%
Loan: deposit ratio[4]	92%	91%

Adjusted Profit Reconciliation	**30.06.14**	**30.06.13**
Adjusted profit before tax	**3,349**	**3,591**
Own credit	52	86
Provision for PPI redress	(900)	(1,350)
Provision for interest rate hedging products redress	-	(650)
Statutory profit before tax	**2,501**	**1,677**

1 Litigation and conduct charges include regulatory fines, litigation settlements and conduct related customer redress.

2 The profit after tax attributable to other equity holders of £90m (2013: £nil) is offset by a tax credit recorded in reserves of £19m (2013: £nil). The net amount of £71m, along with non-controlling interests (NCI) is deducted from profit after tax in order to calculate earnings per share, return on average tangible shareholders' equity and return on average shareholders' equity.

3 Following the full implementation of CRD IV reporting in 2014, the previously reported 31 December 2013 RWAs have been revised by £6.9bn to £442bn and the fully loaded CET1 ratio revised by (0.2)% to 9.1%. These additional RWAs have been included within Head Office and Other Operations.

4 Loan: deposit ratio for PCB, Barclaycard, Africa Banking and Non-Core retail.

Performance Highlights

Barclays Core and Non-Core Results for the six months ended

	Barclays Core			Barclays Non-Core		
	30.06.14	30.06.13	% Change	30.06.14	30.06.13	% Change
	£m	£m		£m	£m	
Total income net of insurance claims	12,674	13,597	(7)	658	1,474	(55)
Credit impairment charges and other provisions	(937)	(1,075)	13	(149)	(556)	73
Net operating income	**11,737**	**12,522**	**(6)**	**509**	**918**	**(45)**
Operating expenses	(7,314)	(8,005)	9	(860)	(1,010)	15
Litigation and conduct	(177)	(86)		(33)	(39)	15
Costs to achieve Transform	(453)	(223)		(41)	(418)	90
Total operating expenses	**(7,944)**	**(8,314)**	**4**	**(934)**	**(1,467)**	**36**
Other net income/(expense)	47	56	(16)	(66)	(124)	47
Profit/(loss) before tax	**3,840**	**4,264**	**(10)**	**(491)**	**(673)**	**27**
Attributable profit/(loss)	2,224	2,675	(17)	(464)	(619)	25
Performance Measures						
Return on average tangible shareholders' equity[1]	13.5%	19.3%		(6.0%)	(10.2%)	
Return on average shareholders' equity[1]	11.0%	15.1%		(4.5%)	(7.3%)	
Cost: income ratio	63%	61%		142%	100%	
Basic earnings per share contribution	13.8p	19.8p		(2.9p)	(4.6p)	
Capital Management	**30.06.14**	**31.12.13**		**30.06.14**	**31.12.13**	
CRD IV fully loaded						
Risk weighted assets	£324bn	£333bn		£87bn	£110bn	
Average allocated tangible equity	£33bn	£29bn		£14bn	£16bn	
Average allocated equity	£41bn	£37bn		£14bn	£17bn	

Income by Business	**30.06.14**	**30.06.13**	
	£m	£m	% Change
Personal and Corporate Banking	4,361	4,305	1
Barclaycard	2,124	2,019	5
Africa Banking	1,773	2,055	(14)
Investment Bank	4,257	5,222	(18)
Head Office	159	(4)	
Barclays Core	**12,674**	**13,597**	**(7)**
Barclays Non-Core	658	1,474	(55)
Barclays Group adjusted total income	**13,332**	**15,071**	**(12)**

Profit/(Loss) Before Tax by Business	**30.06.14**	**30.06.13**	
	£m	£m	% Change
Personal and Corporate Banking	1,468	1,197	23
Barclaycard	764	616	24
Africa Banking	484	547	(12)
Investment Bank	1,058	1,951	(46)
Head Office	66	(47)	
Barclays Core	**3,840**	**4,264**	**(10)**
Barclays Non-Core	(491)	(673)	27
Barclays Group adjusted profit before tax	**3,349**	**3,591**	**(7)**

1 Return on average equity and average tangible equity for Barclays Non-Core represents its impact on the Group, being the difference between Barclays Group returns and Barclays Core returns.

Group Chief Executive Officer's Review

"In our strategy announcement on 8 May, we committed to simplify, focus and rebalance the Group to deliver higher and more sustainable returns across the cycle, while structurally reducing our cost base and strengthening our capital position.

We are making encouraging progress in executing this plan. Profits before tax in Personal & Corporate Banking and Barclaycard were up 23% and 24% respectively. Africa Banking also delivered a good performance with profits increasing 13% on a constant currency basis. Performance in the Investment Bank was impacted by the repositioning underway as well as difficult trading conditions in the quarter, but it is where we expected it to be at this point. The strong performance of our Banking division is demonstrating the attractiveness of our new origination-led strategy to our clients.

I am pleased with the very good start made in managing down assets in our new non-core unit, with risk-weighted assets reducing by £22bn in the first half. The return on equity drag has also dropped from 7.3% to 4.5% in the quarter, placing us well on track to meet our 3% 2016 target.

Structural cost reduction is vital to achieving strong returns, and we continued to make progress on reducing operating expenses while maintaining controls and improving customer and client experience. Headcount across the Group is now at the lowest level since 2007 and adjusted operating expenses, including CTA, reduced nearly £1bn reflecting cost reductions across all businesses in the half.

The Transform strategy we have been pursuing since February 2013 was designed to create a business which can accommodate external pressures, including the impact of legacy issues, as well as to deliver sustainable performance. Notwithstanding the additional provision taken for Payment Protection Insurance redress, we continued to build our capital strength, with the CRD IV CET1 ratio increasing to 9.9% as at 30 June, keeping us on track to achieve our target of exceeding 11% by 2016. The PRA leverage ratio also increased to 3.4%, as a result of on-going leverage exposure reductions and a successful liability management exercise in June which resulted in the issuance of £2.3bn of new AT1 securities. The estimated BCBS 270 leverage ratio was 3.4%.

As I reflect on the half, I am pleased with our performance, excited by the potential for the Group, and confident in our plans to become the 'Go-To' bank."

Antony Jenkins, Group Chief Executive

Income Statement

Group performance

- Adjusted profit before tax was down 7% to £3,349m largely driven by currency movements and a reduction in the Investment Bank profitability, partially offset by improvements in Personal and Corporate Banking (PCB), Barclaycard, and Barclays Non-Core (BNC)
- Adjusted income decreased 12% to £13,332m whilst impairment reduced by 33% to £1,086m, resulting in a 9% decrease in net operating income to £12,246m
- Adjusted operating expenses were down 9% to £8,877m, including costs to achieve Transform (CTA) of £494m (2013: £640m) and litigation and conduct charges of £211m (2013: £126m), reflecting savings associated with prior Transform initiatives and currency movements
- Statutory profit before tax was £2,501m (2013: £1,677m), reflecting an additional £900m of provisions for PPI redress (2013: £1,350m) and the non-recurrence of a provision for interest rate hedging products redress compared to the prior year (2013: £650m)
- The effective tax rate on adjusted profit before tax increased to 33.1% (2013: 31.3%). The effective tax rate on statutory profit before tax remained constant at 35.8% (2013: 35.4%).
- Adjusted Group attributable profit was £1,760m (2013: £2,055m), resulting in an adjusted Group return on average shareholders' equity of 6.5% (2013: 7.8%) reflecting the equity raised from the rights issue in Q413 and the decrease in Core profit before tax partially offset by improvements in BNC performance

Core Performance

- Profit before tax was down 10% to £3,840m, as improved performance across the majority of the Core businesses was more than offset by a reduction in Investment Bank profit
- Income decreased 7% to £12,674m, reflecting a 18% reduction in the Investment Bank, driven by a decrease in Markets, and a reduction in Africa Banking due to currency movements, partially offset by growth in Barclaycard and PCB
  - Net interest income increased 10% to £5,899m driven by strong savings and mortgage growth in PCB, volume growth in Barclaycard, and lower funding costs, partially offset by a reduction in Africa Banking due to currency movements
  - Investment Bank income was down 18% to £4,257m driven by a 22% decrease in Markets income, partially offset by a 5% increase in Banking income
- Credit impairment charges improved 13% to £937m. This reflected:
  - Lower impairments in PCB as an improving UK economic environment has a positive impact on the majority of retail and wholesale portfolios in the UK
  - Lower impairment in Africa Banking mortgages, on a constant currency basis, driven by improvements mainly in the South Africa mortgages portfolio
  - Stable impairment in Barclaycard as volume growth was largely offset by currency movements
  - Releases across a number of counterparties coupled with low level of new charges in Investment Bank
- Operating expenses decreased £370m to £7,944m, reflecting improvements across each of the businesses as a result of Transform initiatives and currency movements partially offset by higher CTA charges of £453m (2013: £223m) and higher litigation and conduct charges of £177m (2013: £86m)
- Core return on equity decreased to 11.0% (2013: 15.1%)

Non-Core performance

- Loss before tax reduced by 27% to £491m. This reflected lower income, following asset disposals and risk reductions, to £658m (2013: £1,474m), more than offset by a £407m improvement in impairment to £149m and a 36% reduction in operating expenses to £934m including lower CTA of £41m (2013: £418m)
- Non-Core return on equity dilution improved to 4.5% (2013: 7.3%)

Balance Sheet and Leverage

Balance Sheet

- Total assets as at 30 June 2014 decreased by 2% to £1,315bn compared to December 2013
  - Derivative assets decreased by £17bn primarily due to weakening of USD, tightening of credit spreads, reduced activity and balance sheet reduction initiatives, offset by a decrease in major forward interest rates
  - Reverse repurchase agreements decreased by £15bn primarily driven by lower matched book trading due to a focus on deleveraging the balance sheet
- Total loans and advances were £486bn (2013: £474bn) with a £13bn increase due to higher settlement balances, £6bn growth in PCB through UK mortgage lending and £2bn growth in Barclaycard. These were offset by a £7bn reduction in Non Core assets as lending was managed down
- Customer accounts increased by 3% to £444bn due to an increase in settlement balances
- Total shareholders' equity including non-controlling interests, was £65bn (2013: £64bn). Excluding non-controlling interests, shareholders' equity increased £2.6bn to £58bn, primarily reflecting a £2.3bn increase in other equity instruments AT1 instruments were issued to investors in exchange for the cancellation of preference shares and subordinated debt instruments
- Net asset value per share was 327p (2013: 331p) and net tangible asset value per share was 279p (2013: 283p). This decrease was mainly attributable to the increase in the total number of shares in issue and a £0.9bn decrease in currency translation reserve as GBP strengthened

Leverage exposure

- The PRA leverage exposure reduced by £99bn to £1,266bn driven by a reduction in potential future exposures (PFEs) on derivatives, securities financing transactions (SFTs) and currency movements, partially offset by an increase in settlement balances. The estimated Basel Committee on Banking Supervision (BCBS) leverage exposure was £1,353bn

Capital Management

- Fully loaded CRD IV CET1 ratio increased to 9.9% (2013: 9.1%) primarily due to RWA reductions
- CRD IV RWAs reduced £31bn to £411bn, primarily driven by reductions in BNC of £22bn, reflecting rundown and exit of securities and reductions in derivatives risk
- Fully loaded CRD IV CET1 capital increased by £0.4bn to £40.8bn as a result of retained earnings generated
- The PRA leverage ratio increased to 3.4% (2013: 3.0%), reflecting a reduction in the PRA leverage exposure of £99bn and an increase in eligible PRA adjusted Tier 1 Capital to £43.2bn (2013: £40.5bn). Barclays exceeded the minimum of 3% requested by the PRA as at 30 June 2014. From 1 July 2014 the PRA expects Barclays to meet the 3% minimum on a fully loaded BCBS 270 basis. The estimated BCBS leverage ratio on this basis was 3.4% as at 30 June 2014

Funding and Liquidity

- The Group liquidity pool was £134bn (2013: £127bn), remaining within the expected normal operational range, while maintaining compliance with internal liquidity risk appetite and external regulatory requirements
- The pool consists mainly of cash and deposits with central banks and high quality government bonds
- The estimated Liquidity Coverage Ratio (LCR) was 107% (2013: 96%) based upon the CRD IV rules, as implemented by the European Banking Authority (EBA). This is equivalent to a surplus of £9bn above the 100% ratio (2013: shortfall of £6bn). The Group estimated LCR based on the Basel Standards published in January 2013 was 112% (2013: 102%)
- The loan to deposit ratio for PCB, Africa Banking and Barclaycard remained stable at 92% (2013: 91%). The loan to deposit ratio for the Group was broadly unchanged at 100% (2013: 101%)
- Total wholesale funding outstanding (excluding repurchase agreements) was £179bn (2013: £186bn), of which £86bn (2013: £82bn) matures in less than one year and £22bn (2013: £20bn) matures within one month
- The Group issued £9bn of term funding net of early redemptions during 2014. Additionally, £6bn of funding was raised through participation in the Bank of England's Funding for Lending Scheme. Barclays has £12bn of term funding maturing in the reminder of 2014 and £24bn in 2015. The Group expects to issue more public wholesale debt in the reminder of 2014 and 2015, in order to maintain a stable and diverse funding base by type, currency and distribution channel

Dividends

- A second interim dividend of 1.0p will be paid on 19 September 2014

Outlook

- 2014 will be a transition year as we continue to make investments and focus on balance sheet optimisation and cost reduction

Tushar Morzaria, Group Finance Director

Condensed Consolidated Income Statement (Unaudited)

Continuing Operations	Notes[1]	Half Year Ended 30.06.14 £m	Half Year Ended 31.12.13 £m	Half Year Ended 30.06.13 £m
Net interest income		6,082	6,023	5,577
Net fee and commission income		4,256	4,335	4,396
Net trading income		2,575	1,979	4,574
Net investment income		356	263	417
Net premiums from insurance contracts		336	345	387
Other income		19	74	74
Total income		**13,624**	**13,019**	**15,425**
Net claims and benefits incurred on insurance contracts		(240)	(241)	(268)
Total income net of insurance claims		**13,384**	**12,778**	**15,157**
Credit impairment charges and other provisions		(1,086)	(1,440)	(1,631)
Net operating income		**12,298**	**11,338**	**13,526**
Staff costs	2	(5,730)	(5,724)	(6,431)
Administration and general expenses	3	(3,147)	(4,467)	(3,350)
Operating expenses excluding provisions for PPI and interest rate hedging products redress		**(8,877)**	**(10,191)**	**(9,781)**
Provision for PPI redress	11	(900)	-	(1,350)
Provision for interest rate hedging products redress	11	-	-	(650)
Operating expenses		**(9,777)**	**(10,191)**	**(11,781)**
(Loss)/profit on disposal of undertakings and share of results of associates and joint ventures		(20)	44	(68)
Profit before tax		**2,501**	**1,191**	**1,677**
Tax	4	(895)	(977)	(594)
Profit after tax :		**1,606**	**214**	**1,083**
Attributable to:				
Ordinary equity holders of the parent:		1,126	(131)	671
Other equity holders[2]		90	-	-
Total equity holders of the parent[2]		1,216	(131)	671
Non-controlling interests	5	390	345	412
Profit after tax		**1,606**	**214**	**1,083**
Earnings per Share from Continuing Operations				
Basic earnings/(loss) per ordinary share[2]	6	7.0p	(0.9p)	5.0p
Diluted earnings/(loss) per ordinary share[2]	6	7.0p	(0.9p)	4.8p

1 *For notes to the Financial Statements see pages 55 to 88.*

2 *The profit after tax attributable to other equity holders of £90m (2013: £nil) is offset by a tax credit recorded in reserves of £19m (2013: £nil). The net amount of £71m, along with NCI, is deducted from profit after tax in order to calculate earnings per share.*

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

Continuing Operations	Notes[1]	Half Year Ended 30.06.14 £m	Half Year Ended 31.12.13 £m	Half Year Ended 30.06.13 £m
Profit after tax		**1,606**	**214**	**1,083**
Other comprehensive loss that may be recycled to profit or loss:				
Currency translation reserve	15	(1,056)	(2,278)	511
Available for sale reserve	15	341	(288)	(94)
Cash flow hedge reserve	15	254	(753)	(1,137)
Other		(53)	(57)	20
Total comprehensive loss that may be recycled to profit or loss		**(514)**	**(3,376)**	**(700)**
Other comprehensive gain/(loss) not recycled to profit or loss:				
Retirement benefit remeasurements	12	**236**	**(478)**	**(37)**
Other comprehensive loss for the period		**(278)**	**(3,854)**	**(737)**
Total comprehensive profit/(loss) for the period		**1,328**	**(3,640)**	**346**
Attributable to:				
Equity holders of the parent		1,064	(3,638)	232
Non-controlling interests		264	(2)	114
Total comprehensive profit/(loss) for the period		**1,328**	**(3,640)**	**346**

1 *For notes, see pages 55 to 88.*

Condensed Consolidated Balance Sheet (Unaudited)

Assets	Notes[1]	As at 30.06.14 £m	As at 31.12.13 £m
Cash and balances at central banks		44,047	45,687
Items in the course of collection from other banks		1,746	1,282
Trading portfolio assets		128,812	133,069
Financial assets designated at fair value		39,746	38,968
Derivative financial instruments	8	333,220	350,300
Loans and advances to banks		43,448	39,422
Loans and advances to customers		442,549	434,237
Reverse repurchase agreements and other similar secured lending		171,934	186,779
Available for sale investments		87,224	91,756
Current and deferred tax assets	4	4,461	5,026
Prepayments, accrued income and other assets		5,092	4,415
Investments in associates and joint ventures		704	653
Goodwill		4,829	4,878
Intangible assets		3,049	2,807
Property, plant and equipment		3,983	4,216
Retirement benefit assets	12	55	133
Total assets		**1,314,899**	**1,343,628**
Liabilities			
Deposits from banks		62,167	55,615
Items in the course of collection due to other banks		1,958	1,359
Customer accounts		443,638	431,998
Repurchase agreements and other similar secured borrowing		173,669	196,748
Trading portfolio liabilities		56,815	53,464
Financial liabilities designated at fair value		62,248	64,796
Derivative financial instruments	8	326,501	347,118
Debt securities in issue		83,832	86,693
Accruals, deferred income and other liabilities		13,128	12,934
Current and deferred tax liabilities	4	1,429	1,415
Subordinated liabilities	10	19,301	21,695
Provisions	11	3,445	3,886
Retirement benefit liabilities	12	1,743	1,958
Total liabilities		**1,249,874**	**1,279,679**
Equity			
Called up share capital and share premium	13	20,655	19,887
Other reserves	15	(154)	249
Retained earnings		33,241	33,186
Shareholders' equity attributable to ordinary shareholders of parent		53,742	53,322
Other equity instruments	14	4,326	2,063
Total equity excluding non-controlling interests		58,068	55,385
Non-controlling interests	5	6,957	8,564
Total equity		**65,025**	**63,949**

1 *For notes, see pages 55 to 88.*

Condensed Consolidated Statement of Changes in Equity (Unaudited)

Half Year Ended 30.06.14	Called up Share Capital and Share Premium[1] £m	Other Equity Instruments[1] £m	Other Reserves[1] £m	Retained Earnings £m	Total £m	Non-controlling Interests[2] £m	Total Equity £m
Balance at 1 January 2014	**19,887**	**2,063**	**249**	**33,186**	**55,385**	**8,564**	**63,949**
Profit after tax	-	90	-	1,126	1,216	390	1,606
Currency translation movements	-	-	(941)	-	(941)	(115)	(1,056)
Available for sale investments	-	-	345	-	345	(4)	341
Cash flow hedges	-	-	260	-	260	(6)	254
Retirement benefit remeasurements	-	-	-	237	237	(1)	236
Other	-	-	-	(53)	(53)	-	(53)
Total comprehensive income for the year	**-**	**90**	**(336)**	**1,310**	**1,064**	**264**	**1,328**
Issue of new ordinary shares	64	-	-	-	64	-	64
Issue of shares under employee share schemes	704	-	-	379	1,083	-	1,083
Issue and exchange of equity instruments	-	2,263	-	(155)	2,108	(1,527)	581
Other equity instruments coupons paid	-	(90)	-	19	(71)	-	(71)
Increase in treasury shares	-	-	(842)	-	(842)	-	(842)
Vesting of shares under employee share schemes	-	-	775	(775)	-	-	-
Dividends paid	-	-	-	(728)	(728)	(334)	(1,062)
Other reserve movements	-	-	-	5	5	(10)	(5)
Balance at 30 June 2014	**20,655**	**4,326**	**(154)**	**33,241**	**58,068**	**6,957**	**65,025**
Half Year Ended 31.12.13							
Balance at 1 July 2013	**13,988**	**-**	**3,233**	**33,862**	**51,083**	**9,054**	**60,137**
(Loss)/profit after tax	-	-	-	(131)	(131)	345	214
Currency translation movements	-	-	(1,951)	-	(1,951)	(327)	(2,278)
Available for sale investments	-	-	(283)	-	(283)	(5)	(288)
Cash flow hedges	-	-	(746)	-	(746)	(7)	(753)
Retirement benefit remeasurements	-	-	-	(470)	(470)	(8)	(478)
Other	-	-	-	(57)	(57)	-	(57)
Total comprehensive income for the period	**-**	**-**	**(2,980)**	**(658)**	**(3,638)**	**(2)**	**(3,640)**
Issue of new ordinary shares	5,870	-	-	-	5,870	-	5,870
Issue of shares under employee share schemes	29	-	-	352	381	-	381
Issue of other equity instruments	-	2,063	-	-	2,063	-	2,063
Increase in treasury shares	-	-	(17)	-	(17)	-	(17)
Vesting of shares under employee share schemes	-	-	13	(13)	-	-	-
Dividends paid	-	-	-	(289)	(289)	(490)	(779)
Other reserve movements	-	-	-	(68)	(68)	2	(66)
Balance at 31 December 2013	**19,887**	**2,063**	**249**	**33,186**	**55,385**	**8,564**	**63,949**
Half Year Ended 30.06.13							
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**

1 Details of Share Capital, Other Equity Instruments and Other Reserves are shown on page 72 to 73.

2 Details of Non-controlling Interests are shown on page 58.

Condensed Consolidated Cash Flow Statement (Unaudited)

Continuing Operations	Half Year Ended 30.06.14 £m	Half Year Ended 31.12.13 £m	Half Year Ended 30.06.13 £m
Profit before tax	2,501	1,191	1,677
Adjustment for non-cash items	1,760	6,230	351
Changes in operating assets and liabilities	(3,082)	(42,699)	9,866
Corporate income tax paid	(586)	(764)	(794)
Net cash from operating activities	**593**	**(36,042)**	**11,100**
Net cash from investing activities	7,463	(6,017)	(16,628)
Net cash from financing activities	(2,202)	7,122	(1,212)
Effect of exchange rates on cash and cash equivalents	(1,380)	(3,125)	3,323
Net increase/(decrease) in cash and cash equivalents	**4,474**	**(38,062)**	**(3,417)**
Cash and cash equivalents at beginning of the period	81,754	119,816	123,233
Cash and cash equivalents at end of the period	**86,228**	**81,754**	**119,816**

Personal and Corporate Banking

Income Statement Information

	Half Year ended 30.06.14 £m	Half Year ended 31.12.13 £m	Half Year ended 30.06.13 £m	YoY % Change
Net interest income	3,057	3,033	2,860	7
Net fee and commission income	1,257	1,320	1,403	(10)
Other income	47	65	42	12
Total income	**4,361**	**4,418**	**4,305**	**1**
Credit impairment charges and other provisions	(230)	(322)	(299)	23
Net operating income	**4,131**	**4,096**	**4,006**	**3**
Operating expenses	(2,554)	(2,706)	(2,754)	7
Costs to achieve Transform	(115)	(292)	(92)	(25)
UK bank levy	-	(66)	-	-
Total operating expenses	**(2,669)**	**(3,064)**	**(2,846)**	**6**
Other net income	6	4	37	(84)
Profit before tax	**1,468**	**1,036**	**1,197**	**23**
Attributable profit	1,039	800	881	18

Balance Sheet Information and Key Facts

Loans and advances to customers at amortised cost	£216.7bn	£212.2bn	£211.3bn
Total assets	£268.1bn	£278.5bn	£288.3bn
Customer deposits	£298.3bn	£295.9bn	£289.5bn
Risk weighted assets - CRD IV fully loaded	£117.9bn	£118.3bn	n/a
Average allocated tangible equity	£13.0bn	£13.3bn	£13.1bn
Average allocated equity	£17.3bn	£17.5bn	£17.2bn
Average LTV of mortgage portfolio[1]	55%	56%	58%
Average LTV of new mortgage lending[1]	64%	64%	64%
Number of branches	1,546	1,560	1,577

Performance Measures

Return on average tangible equity	16.1%	12.0%	13.5%
Return on average equity	12.1%	9.1%	10.3%
Cost: income ratio	61%	69%	66%
Loan loss rate (bps)	21	29	28

1 *Average LTV of mortgage portfolio and new mortgage lending calculated on the balance weighted basis.*

Personal and Corporate Banking

Personal and Corporate Banking (PCB) comprises personal banking, mortgages, wealth and investment management and corporate banking. Through these businesses we serve the needs of our customers and clients in the UK and in selected international markets. Managing these businesses together will help drive product and customer segment capabilities as well as cost synergies through platform integration and leveraging expertise, particularly within digital channels.

The number of customers using digital channels continued to grow substantially; mobile banking users almost doubled to 3.0m customers and Pingit users more than doubled to 1.7m. PCB continued to support the UK economy advancing £2.3bn of net mortgage lending in the first half of the year and advancing £0.9bn of gross term lending to small businesses[1] in addition to helping close to 60,000 start-ups.

Progress continues to be made on the Transform strategy. During H114, the business incurred £115m (2013: £92m) of costs to achieve Transform. Operational efficiency has been enhanced through ongoing rationalisation to focus on target markets and simplify operations, with continued investment in the customer experience across multiple channels.

Income Statement – H114 compared to H113

- Total income increased 1% to £4,361m driven by strong savings and mortgage growth partially offset by lower fees
- Net interest income increased 7% to £3,057m driven by strong savings and mortgage growth. Net interest margin was up 8bps to 296bps due to lower funding costs and lower customer deposit rates
- Net fee and commission income declined 10% to £1,257m primarily due to lower fees from current account and insurance products, and corporate banking
- Credit impairment charges reduced £69m to £230m due to the improving economic environment in the UK. Personal banking benefited from lower write-offs in overdrafts and in home loans. Corporate banking benefited from higher levels of releases and recoveries in the UK
- Operating expenses reduced 6% to £2,669m reflecting benefits from headcount reduction, partially offset by increased costs to achieve Transform of £115m (2013: £92m)
- Profit before tax increased 23% to £1,468m

Income Statement – Q214 compared to Q114

- Profit before tax increased 13% to £780m driven by £40m lower impairment due to the improving economic environment in the UK and higher levels of releases in corporate banking, in addition to £41m lower operating expenses reflecting benefits from Transform programmes

Balance Sheet – 30 June 2014 compared to 31 December 2013

- Loans and advances to customers increased £4.5bn to £216.7bn due to increases in mortgage balances and UK corporate loans
- Total assets decreased 4% to £268.1bn primarily driven by a reduction in the Group liquidity pool allocation partly offset by the increase in loans and advances to customers
- Customer deposits increased £2.4bn to £298.3bn due to increases in UK corporate and personal deposits, partially offset by net reductions in wealth and investment management deposits primarily driven by reduced institutional cash deposits
- RWAs reduced to £117.9bn (2013: £118.3bn) driven by changes in risk profile and the treatment of high quality liquidity assets, partially offset by balance sheet growth

1 Small businesses with a turnover of less than £5m.

Barclaycard

Income Statement Information	Half Year Ended 30.06.14 £m	Half Year Ended 31.12.13 £m	Half Year Ended 30.06.13 £m	YoY % Change
Net interest income	1,500	1,444	1,385	8
Net fee and commission income	613	631	625	(2)
Other income	11	9	9	22
Total income	**2,124**	**2,084**	**2,019**	**5**
Credit impairment charges and other provisions	(537)	(556)	(540)	1
Net operating income	**1,587**	**1,528**	**1,479**	**7**
Operating expenses	(822)	(912)	(874)	6
Costs to achieve Transform	(36)	(44)	(5)	
UK bank levy	-	(22)	-	-
Total operating expenses	**(858)**	**(978)**	**(879)**	**2**
Other net income	35	17	16	
Profit before tax	**764**	**567**	**616**	**24**
Attributable profit	539	383	439	23

Balance Sheet Information and Key Facts

Loans and advances to customers at amortised cost	£33.2bn	£31.5bn	£30.1bn	
Total assets	£36.2bn	£34.4bn	£34.3bn	
Customer deposits	£5.9bn	£5.1bn	£4.4bn	
Risk weighted assets - CRD IV fully loaded	£37.7bn	£35.7bn	n/a	
Average allocated tangible equity	£4.6bn	£4.2bn	£4.0bn	
Average allocated equity	£5.7bn	£5.4bn	£5.2bn	
30 day arrears rates - UK cards	2.4%	2.4%	2.5%	
30 day arrears rates - US cards	1.9%	2.1%	2.0%	

Performance Measures

Return on average tangible equity	23.6%	18.2%	21.7%	
Return on average equity	18.9%	14.3%	16.8%	
Cost:income ratio	40%	47%	44%	
Loan loss rate (bps)	311	334	342	

Barclaycard

Barclaycard was largely unchanged by the Group Strategy Update, with the exception of the African Card business moving to Africa Banking and the UK secured lending portfolio moving to Barclays Non-Core.

Barclaycard continued to grow across all businesses, delivering 5% income growth, with a net increase of 2.3m customers since June 2013. Innovation remained a key priority, with the launch of the open-market bPay band – a wearable contactless payment device – and Barclaycard Anywhere, a new mobile point-of-sale solution that makes it easy for businesses to take card payments securely, anywhere in the UK.

On the journey to become the 'Go-To' bank for consumer payments, Barclaycard focuses on providing customers and clients with simple solutions that offer clear value. The business looks to improve the customer experience through operational enhancements, improved technical capability and digitalisation.

Income Statement – H114 compared to H113

- Income improved 5% to £2,124m reflecting net lending growth across the business
  - UK income, including both the consumer and merchant sides of payments, increased by 8% to £1,368m reflecting net lending growth and lower funding costs
  - International income remained flat at £756m reflecting higher customer asset balances in the US and Germany, offset by depreciation of USD against GBP
- Net interest income increased by 8% to £1,500m driven by volume growth. Net interest margin remained stable at 9.05% (2013: 9.03%). The impact of promotional offers and a change in product mix, with growth through the US partner portfolio, were offset by lower funding costs
- Net fees and commission income remained broadly stable at £613m (2013: £625m)
- Credit impairment charges remained flat at £537m (2013: £540m), with the impact of volume growth being offset by a reduction in impairment rates and depreciation of USD against GBP. Loan loss rates reduced by 31bps to 311bps and 30 day delinquency rates fell in UK and US consumer cards businesses
- Operating expenses reduced 2% to £858m driven by depreciation of USD against GBP, a VAT refund and improved efficiency, partially offset by costs associated with volume growth and costs to achieve Transform
- Profit before tax improved 24% to £764m

Income Statement – Q214 compared to Q114

- Profit before tax increased 8% to £396m driven by higher volumes

Balance Sheet – 30 June 2014 compared to 31 December 2013

- Total assets increased £1.8bn to £36.2bn driven by the increase in loans and advances to customers across the business
- Customer deposits increased by £0.8bn to £5.9bn due to funding initiatives in the US
- RWAs increased to £37.7bn (2013: £35.7bn) driven by increased customer lending

Africa Banking

Income Statement Information	Half Year Ended 30.06.14	Half Year Ended 31.12.13	Half Year Ended 30.06.13	YoY	Constant Currency[1] Half Year Ended 30.06.14	Constant Currency[1] Half Year ended 30.06.13	Constant Currency[1] YoY
	£m	£m	£m	% Change	£m	£m	% Change
Net interest income	1,007	1,105	1,140	(12)	1,261	1,140	11
Net fee and commission income	527	633	621	(15)	661	621	6
Net premiums from insurance contracts	167	182	192	(13)	211	192	10
Net trading income	144	114	143	1	181	143	27
Other income	12	40	54	(78)	15	54	(72)
Total income	**1,857**	**2,074**	**2,150**	**(14)**	**2,329**	**2,150**	**8**
Net claims and benefits incurred under insurance contracts	(84)	(90)	(95)	12	(106)	(95)	(12)
Total income net of insurance claims	**1,773**	**1,984**	**2,055**	**(14)**	**2,223**	**2,055**	**8**
Credit impairment charges and other provisions	(196)	(205)	(274)	28	(249)	(274)	9
Net operating income	**1,577**	**1,779**	**1,781**	**(11)**	**1,974**	**1,781**	**11**
Operating expenses	(1,082)	(1,221)	(1,230)	12	(1,344)	(1,230)	(9)
Costs to achieve Transform	(17)	(17)	(9)	(89)	(22)	(9)	
UK bank levy	-	(42)	-	-	-	-	
Total operating expenses	**(1,099)**	**(1,280)**	**(1,239)**	**11**	**(1,366)**	**(1,239)**	**(10)**
Other net income	6	3	5	20	8	5	60
Profit before tax	**484**	**502**	**547**	**(12)**	**616**	**547**	**13**
Attributable profit	181	134	222	(18)	231	222	4

Balance Sheet Information and Key Facts	Half Year Ended 30.06.14	Half Year Ended 31.12.13	Half Year Ended 30.06.13	Constant Currency[1] Half Year Ended 30.06.14	Constant Currency[1] Half Year ended 31.12.13
Loans and advances to customers at amortised cost	£33.8bn	£34.9bn	£38.7bn	£35.3bn	£34.9bn
Total assets	£52.4bn	£54.9bn	£61.2bn	£54.8bn	£54.9bn
Customer deposits	£33.2bn	£34.6bn	£37.9bn	£34.6bn	£34.6bn
Risk weighted assets - CRD IV fully loaded	£36.5bn	£38.0bn	n/a		
Average tangible equity[2]	£2.7bn	£2.9bn	£3.4bn		
Average equity[2]	£3.8bn	£4.1bn	£4.7bn		
Average LTV of mortgage portfolio[3]	61.2%	62.3%	63.7%		
Average LTV of new mortgage lending[3]	75.0%	74.9%	74.1%		
Number of distribution points	1,369	1,396	1,433		
ZAR/£ - Period end	18.17	17.37	15.11		
ZAR/£ - Average	17.82	15.94	14.20		

Performance Measures

Return on average tangible equity	13.3%	9.3%	13.0%
Return on average equity	9.6%	6.6%	9.4%
Cost: income ratio	62%	65%	60%
Loan loss rate (bps)	110	107	134

1 *Constant currency results are calculated by converting ZAR results into GBP using the average H113 exchange rate for the income statement and the FY13 exchange rate for the balance sheet to eliminate the impact of movement in exchange rates between the two periods.*

2 *For Africa Banking the equity used for return on average equity is Barclays' share of the statutory equity of the BAGL entity (together with that of the Barclays Egypt and Zimbabwe businesses which remain outside the BAGL corporate entity), as well as the Barclays' goodwill on acquisition of these businesses. The tangible equity for return on tangible equity uses the same basis but excludes both Barclays' goodwill on acquisition and the goodwill and intangibles held within the BAGL statutory equity.*

3 *Average LTV of mortgage portfolio and new mortgage lending calculated on the balance weighted basis.*

Africa Banking

The combined Africa Banking business is managed under three primary businesses: Retail and Business Banking (RBB); Wealth, Investment Management and Insurance (WIMI); Corporate and Investment Banking (CIB) as well as an Africa Head Office function.

The current focus areas of execution are:

- The RBB turnaround strategy which is gaining early traction and key indicators around client numbers, cheque account growth, transactional deposits balances and debit card turnover are reflected in a stabilisation in income
- CIB investment across Africa has seen the roll-out of BARX in markets across Africa and strong growth in income generated outside South Africa
- WIMI growth in net premium income reflects the close collaboration with other business areas and also the expansion outside South Africa

Africa Banking results showed strong underlying momentum in H114, with constant currency profit before tax increasing 13%. Reported results were adversely affected by currency movements with the average ZAR for H114 compared to H113 depreciating 25% against GBP.

Income Statement – H114 compared to H113

- Total income net of insurance claims declined 14% to £1,773m. On a constant currency basis, total income grew 8% reflecting balance sheet growth and strong non-interest income growth in the CIB Markets business, in addition to improved income in RBB despite modest balance sheet growth. WIMI showed modest growth, impacted by higher weather-related short term claims
- Net interest income decreased 12% to £1,007m. On a constant currency basis, net interest income increased 11% driven by higher average loans and advances to customers in CIB, growth in RBB customer deposits and an increased net interest margin following the rise in the South African benchmark interest rate
- Net fee and commission income decreased 15% to £527m. On a constant currency basis, net fee and commission income increased 6% reflecting strong performance particularly in cards
- Credit impairment charges decreased 28% to £196m. On a constant currency basis, credit impairment charges reduced 9% driven by improvements mainly in the South Africa mortgages portfolio, partially offset by increased provisions in the cards portfolio. The loan loss rate improved 24bps to 110bps
- Operating expenses decreased 11% to £1,099m. On a constant currency basis, operating expenses increased 10% largely reflecting increased spend on key initiatives including costs to achieve Transform, in addition to higher staff costs
- Profit before tax decreased 12% to £484m. On a constant currency basis, profit before tax increased 13%

Income Statement – Q214 compared to Q114

- Profit before tax of £244m (Q114: £240m) is largely in line with stronger performance in CIB

Balance Sheet – 30 June 2014 compared to 31 December 2013

- Loans and advances to customers decreased 3% to £33.8bn. On a constant currency basis, loans and advances increased 1%
- Total assets decreased by 5% to £52.4bn. On a constant currency basis, total assets were broadly in line
- Customer deposits decreased 4% to £33.2bn. On a constant currency basis, customer deposits remained broadly in line
- RWAs decreased 4% to £36.5bn. On a constant currency basis RWAs decreased 1% driven by lower operational risk

Investment Bank

Income Statement Information	Half Year Ended 30.06.14 £m	Half Year Ended 31.12.13 £m	Half Year Ended 30.06.13 £m	YoY % Change
Net interest income	334	229	164	
Net fee and commission income	1,726	1,622	1,610	7
Net trading income	2,137	1,792	3,177	(33)
Net investment income[1]	60	(10)	271	(78)
Total income	**4,257**	**3,633**	**5,222**	**(18)**
Credit impairment releases/(charges) and other provisions	26	(16)	38	(32)
Net operating income	**4,283**	**3,617**	**5,260**	**(19)**
Operating expenses	(2,943)	(2,979)	(3,193)	8
Costs to achieve Transform	(282)	(74)	(116)	
UK bank levy	-	(236)	-	-
Total operating expenses	**(3,225)**	**(3,289)**	**(3,309)**	**3**
Profit before tax	**1,058**	**328**	**1,951**	**(46)**
Attributable profit	435	209	1,306	(67)
Balance Sheet Information				
Trading portfolio assets	£101.2bn	£96.6bn	£107.4bn	
Derivative financial instrument assets	£104.2bn	£108.7bn	£128.4bn	
Reverse repurchase agreements and other similar secured lending	£83.0bn	£78.2bn	£93.1bn	
Total assets	£447.8bn	£439.6bn	£515.5bn	
Risk weighted assets – fully loaded CRD IV	£125.5bn	£126.0bn	n/a	
Average allocated tangible equity	£14.9bn	£15.0bn	£16.0bn	
Average allocated equity	£15.6bn	£15.6bn	£16.6bn	
Performance measures				
Return on average tangible equity	5.9%	2.8%	16.3%	
Return on average equity	5.7%	2.7%	15.7%	
Cost: income ratio	76%	91%	63%	

Analysis of Total Income

Investment Banking fees	1,174	1,097	1,063	10
Lending[2]	169	110	215	(21)
Banking	**1,343**	**1,207**	**1,278**	5
Credit[3]	616	539	718	(14)
Equities	1,220	945	1,352	(10)
Macro[3]	1,056	951	1,629	(35)
Markets	**2,892**	**2,435**	**3,699**	**(22)**
Banking & Markets	**4,235**	**3,642**	**4,977**	**(15)**
Other[1]	22	(9)	245	(91)
Total income	**4,257**	**3,633**	**5,222**	**(18)**

1 Net investment income and other income includes the £259m gain recognised in Q2 2013 in respect of assets not yet received from the 2008 US Lehman acquisition.

2 Lending income includes net interest income, fee income and risk management income or losses. H114 net interest and fee income was £268m (2013: £264m), while risk management losses were £99m (2013: £49m). While net interest and fee income tends to be broadly stable over time, there is volatility in risk management income or losses.

3 Macro represents Rates, Currencies and Commodities income. Credit represents Credit, Securitised Products and Municipals income.

Investment Bank

The Investment Bank now consists of origination led and returns focused markets and banking businesses. Non-strategic and lower returning businesses have been moved to Barclays Non-Core, and the African Investment Banking business has been moved to Africa Banking. Investment Bank treasury operations have been moved to be reported where they are now managed alongside the Group treasury operations within Head Office and Other Operations.

Markets income reduced in H114 compared to H113 due to lower volatility and elevated activity in the prior year. In H114 strong growth was seen in the Banking franchise, which continued to outperform the market[1] with Equity underwriting having experienced record half-yearly revenues.

The Investment Bank continued to make progress in delivering the Transform strategy, with a focus on driving cost and capital efficiency, strengthening the control environment, and capitalising on the build out of Equities and Banking. The business incurred costs to achieve Transform of £282m primarily related to restructuring across Europe, Asia and the Americas.

Income Statement – H114 compared to H113

- Total income decreased 18% to £4,257m including a 4% reduction due to a fair value adjustment in the prior year of £259m relating to the 2008 US Lehman acquisition and a 5% reduction due to currency movements. Excluding these items income decreased 10%
  - Investment Banking fee income increased 10% driven by increased financial advisory and record equity underwriting fees with debt underwriting largely in line with prior year
  - Markets income decreased 22%
    - Credit decreased 14% to £616m driven by lower client activity amid challenging trading conditions and tightening credit spreads
    - Equities decreased 10% to £1,220m due to declines in the cash equities business reflecting lower client volumes, partially offset by higher income in equity financing
    - Macro decreased 35% to £1,056m reflecting decreased volatility in currency markets and subdued client activity in rates
  - Other income decreased £223m to £22m primarily related to a fair value adjustment in the prior year 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 release of £26m (2013: £38m) across a number of counterparties
- Operating expenses decreased 3% to £3,225m due to lower compensation costs, benefits from Transform programmes, including business restructuring and operational streamlining, and favourable currency movements. This was partially offset by costs to achieve Transform of £282m (2013: £116m), primarily related to restructuring initiatives across Europe, Asia and the Americas, and litigation and conduct charges
- Including costs to achieve Transform, the cost: income ratio increased 13% to 76%
- Profit before tax decreased 46% to £1,058m

1 Source: Dealogic daily feed, 1 July 2014.

Income Statement – Q214 compared to Q213

- Total income decreased 16% to £2,154m including a 8% reduction due to a fair value adjustment in the prior year of £259m relating to the 2008 US Lehman acquisition and a 6% reduction due to currency movements. Excluding these items total income decreased 2%
  - Investment Banking fee income increased 35% to £661m driven by increased debt and equity underwriting deal issuance and financial advisory
  - Markets income decreased 16% to £1,403m
    - Credit increased 13% to £270m driven by increased income from securitised products
    - Equities decreased 16% to £629m due to a decline in client activity in cash equities as Q213 benefitted from improved global equity markets driven by increased market confidence
    - Macro decreased 27% to £504m reflecting lower client activity across rates and currency in Q214
- Operating expenses increased 12% to £1,594m due to costs to achieve Transform, including business restructuring and operational streamlining, and increased litigation and conduct charges more than offsetting savings from Transform programmes and favourable currency movements
- Profit before tax decreased 50% to £567m

Balance Sheet – 30 June 2014 compared to 31 December 2013

- Trading portfolio assets increased 5% to £101.2bn due to increased client demand for securitised products within Credit
- Derivative financial instrument assets decreased 4% to £104.2bn due to the strengthening of GBP against USD and reduced volumes
- Reverse repurchase agreements increased 6% to £83.0bn in line with mandated limits
- RWAs remained broadly in line at £125.5bn (2013: £126.0bn)

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Head Office and Other Operations

Income Statement Information	Half year Ended 30.06.14 £m	Half year Ended 31.12.13 £m	Half year Ended 30.06.13 £m
Net interest income/(expense)	1	98	(166)
Net fee and commission expense	(181)	(69)	(48)
Net trading income	117	25	146
Net investment income	204	51	17
Net premiums from insurance contracts	9	12	13
Other income	9	29	34
Total income/(expense)	**159**	**146**	**(4)**
Credit impairment releases	-	3	-
Net operating income/(expense)	**159**	**149**	**(4)**
Operating expenses	(91)	(72)	(41)
Costs to achieve Transform	(2)	(22)	-
UK bank levy	-	(29)	-
Total operating expenses	**(93)**	**(123)**	**(41)**
Other net (expense)/income	(0)	6	(2)
Profit/(loss) before tax	**66**	**32**	**(47)**
Attributable profit/(loss)	30	84	(173)
Balance Sheet Information			
Total assets	£41.7bn	£25.0bn	£45.6bn
Risk weighted assets – fully loaded CRD IV[1]	£6.0bn	£14.6bn	n/a
Average allocated tangible equity[2]	£(2.1bn)	£(6.4bn)	£(8.7bn)
Average allocated equity[2]	£(1.8bn)	£(6.0bn)	£(8.3bn)

1 Following the full implementation of CRD IV reporting in 2014, the previously reported 31 December 2013 RWAs have been revised by £6.9bn to £14.6bn.

2 Average allocated tangible equity and equity for the Head Office and Other Operations include risk weighted assets and capital deductions in Head Office and Other Operations, plus the residual balance of average ordinary shareholders' equity and tangible ordinary shareholders' equity caused by allocating equity at the target 10.5% of average risk weighted assets as opposed to the lower actual Core Tier 1 ratio of between 9.1 and 9.9% during H114.

Head Office and Other Operations

Head Office and Other Operations now include treasury operations previously reported in the Investment Bank, while the Africa Head Office function has been transferred to Africa Banking

Income Statement – H114 compared to H113

- Total income increased to £159m (2013: expense of £4m) predominantly driven by a net gain of £69m from foreign exchange recycling arising from the restructure of group subsidiaries
- Operating expenses increased £52m to £93m, mainly due to litigation and conduct charges
- Profit before tax of £66m moved from a loss of £47m in 2013

Income Statement – Q214 compared to Q114

- Profit before tax of £6m (Q114: £60m) due to operating expenses increasing £49m to £71m, mainly due to litigation and conduct charges

Balance Sheet – 30 June 2014 compared to 31 December 2013

- Total assets increased to £41.7bn (2013: £25.0bn) primarily reflecting an increase in surplus Group liquidity pool assets
- RWAs decreased to £6.0bn (2013: £14.6bn). Excluding the impact of the £6.9bn comparative revisions, the decrease was primarily driven by changes in the treatment of high quality liquidity assets.

Barclays Non-Core

Income Statement Information	Half Year Ended 30.06.14 £m	Half Year Ended 31.12.13 £m	Half Year Ended 30.06.13 £m	YoY % Change
Net interest income	183	113	194	(6)
Net fee and commission income	314	198	185	70
Net trading income	116	327	1,000	(88)
Net premiums from insurance contracts	147	140	166	(11)
Other income	53	192	101	(48)
Total income	**813**	**970**	**1,646**	**(51)**
Net claims and benefits incurred under insurance contracts	(155)	(152)	(172)	10
Total income net of insurance claims	**658**	**818**	**1,474**	**(55)**
Credit impairment charges and other provisions	(149)	(344)	(556)	73
Net operating income	**509**	**474**	**918**	**(45)**
Operating expenses	(893)	(1,149)	(1,049)	15
Costs to achieve Transform	(41)	(120)	(418)	90
UK bank levy	-	(109)	-	
Total operating expenses	**(934)**	**(1,378)**	**(1,467)**	**36**
Other net (expense)/income	(66)	14	(124)	47
Loss before tax	**(491)**	**(890)**	**(673)**	**27**
Attributable loss	(464)	(1,271)	(619)	25
Balance Sheet Information				
Loans and advances to banks and customers at amortised cost	£75.5bn	£81.9bn	£95.9bn	
Loans and advances to customers at fair value	£17.0bn	£17.6bn	£18.6bn	
Trading portfolio assets	£22.9bn	£30.7bn	£41.5bn	
Derivative financial instrument assets	£227.0bn	£239.3bn	£301.9bn	
Reverse repurchase agreements and other similar secured lending	£86.8bn	£104.7bn	£123.6bn	
Total assets	£468.6bn	£511.2bn	£623.0bn	
Customer deposits	£28.6bn	£29.3bn	£34.2bn	
Risk weighted assets - CRD IV fully loaded	£87.5bn	£109.9bn	n/a	
Average allocated tangible equity	£14.2bn	£16.3bn	£17.2bn	
Average allocated equity	£14.5bn	£16.5bn	£17.5bn	
Performance Measures				
Return on average tangible equity[1]	(6.0%)	(9.6%)	(10.2%)	
Return on average equity[1]	(4.5%)	(7.5%)	(7.3%)	
Cost: income ratio	142%	168%	99%	
Loan loss rate (bps)	45	81	114	
Analysis of Total Income				
Businesses	564	662	822	(31)
Securities and Loans	147	171	570	(74)
Derivatives	(53)	(15)	82	
Total Income	**658**	**818**	**1,474**	**(55)**

1 Return on average equity and average tangible equity for Barclays Non-Core represents its impact on the Group, being the difference between Barclays Group returns and Barclays Core returns.

Barclays Non-Core

Barclays Non Core (BNC) groups together businesses and assets that are no longer strategically attractive to Barclays and are being managed under three broad categories:

- Businesses, including all of Europe Retail
- Securities and Loans, incorporating Investment Bank portfolio assets and the UK corporate long term fair value loan portfolio
- Derivatives, including the pre-CRD IV Rates portfolio

These businesses and assets will be exited over time with actions already undertaken during H114.

Income Statement – H114 compared to H113

- Total income net of insurance claims decreased 55% to £658m
  - Businesses income decreased 31% to £564m due to exit from non strategic principal businesses and reduced European retail income
  - Securities and Loans decreased 74% to £147m primarily driven by active rundown of securities, fair value adjustments on wholesale loan portfolios and favourable market movements for certain securitised products in 2013
  - Derivatives income reduced £135m to an expense of £53m reflecting reduced income from the pre-CRD IV Rates portfolio and hedging activities
- Credit impairment charges improved by £407m to £149m primarily driven by a prior year charge against a single name exposure, better credit performance in retail and lower charges on the wholesale portfolio, reflecting actions to reduce exposures to the Spanish property and construction sectors
- Operating expenses decreased 36% to £934m reflecting
  - Benefits from Transform programmes, including reduction in compensation costs, Europe retail employees and distribution points
  - Cost to achieve Transform reduced by £377m to £41m reflecting the significant restructuring in Europe retail in H113
- Other net expense reduced £58m to £66m due to a lower valuation adjustment recognised in Q2 in respect of contractual obligations to trading partners, based in locations affected by the Group Strategy Update
- Loss before tax decreased £182m to £491m

Income Statement – Q214 compared to Q114

- Loss before tax increased £183m to £337m reflecting exits from non-strategic principal businesses and rundown of securities, coupled with a valuation adjustment recognised in respect of contractual obligations to trading partners

Balance Sheet – 30 June 2014 compared to 31 December 2013

- Loans and advances to banks and customers at amortised cost reduced 8% to £75.5bn driven by asset reduction activity as part of the Transform strategy and currency movements
- Trading portfolio assets decreased 25% to £22.9bn due to exiting of positions
- Derivative financial instrument assets decreased 5% to £227.0bn due to balance sheet reduction initiatives, including trade maturities
- Reverse repurchase agreements and other similar lending decreased 17% to £86.8bn predominately driven by lower matched book trading due a focus on deleveraging the balance sheet
- Customer deposits reduced 2% to £28.6bn due to currency movements and reduced customer balances
- RWAs reduced 20% to £87.5bn reflecting rundown and exit of securities and reductions in derivative risk

Barclays Results by Quarter

Barclays Group Results by Quarter	Q214	Q114	Q413	Q313	Q213	Q113	Q412	Q312
	£m	£m	£m	£m	£m	£m	£m	£m
Adjusted basis								
Total income net of insurance claims	6,682	6,650	6,639	6,445	7,337	7,734	6,867	7,002
Credit impairment charges and other provisions	(538)	(548)	(718)	(722)	(925)	(706)	(825)	(805)
Net operating income	**6,144**	**6,102**	**5,921**	**5,723**	**6,412**	**7,028**	**6,042**	**6,197**
Operating expenses	(4,188)	(4,195)	(4,777)	(4,262)	(4,359)	(4,782)	(4,345)	(4,353)
Costs to achieve Transform	(254)	(240)	(468)	(101)	(126)	(514)	-	-
UK bank levy	-	-	(504)	-	-	-	(345)	-
Total operating expenses	**(4,442)**	**(4,435)**	**(5,749)**	**(4,363)**	**(4,485)**	**(5,296)**	**(4,690)**	**(4,353)**
Other net (expense)/income	(46)	26	19	25	(122)	54	43	21
Adjusted profit before tax	**1,656**	**1,693**	**191**	**1,385**	**1,805**	**1,786**	**1,395**	**1,865**
Adjusting items								
Own credit	(67)	119	(95)	(211)	337	(251)	(560)	(1,074)
Provision for PPI redress	(900)	-	-	-	(1,350)	-	(600)	(700)
Provision for interest rate hedging products redress	-	-	-	-	(650)	-	(400)	-
Goodwill impairment	-	-	(79)	-	-	-	-	-
Statutory profit/(loss) before tax	**689**	**1,812**	**17**	**1,174**	**142**	**1,535**	**(165)**	**91**
Statutory profit/(loss) after tax	391	1,215	(514)	728	39	1,044	(364)	(13)
Attributable to:								
Ordinary equity holders of the parent	161	965	(642)	511	(168)	839	(589)	(183)
Other equity holders	41	49	-	-	-	-	-	-
Non-controlling interests	189	201	128	217	207	205	225	170
Adjusted basic earnings/(loss) per share	5.4p	5.5p	(2.8p)	5.4p	7.7p	7.5p	6.7p	7.8p
Adjusted cost: income ratio	66%	67%	87%	68%	61%	68%	68%	62%
Basic earnings per share	1.0p	6.0p	(4.5p)	3.8p	(1.2p)	6.3p	(4.5p)	(1.4p)
Cost: income ratio	82%	66%	89%	70%	85%	71%	90%	85%

Barclays Core

Total income net of insurance claims	6,397	6,277	6,189	6,076	6,773	6,824	6,115	6,278
Credit impairment charges and other provisions	(456)	(481)	(542)	(554)	(558)	(517)	(600)	(628)
Net operating income	**5,941**	**5,796**	**5,647**	**5,522**	**6,215**	**6,307**	**5,515**	**5,650**
Operating expenses	(3,738)	(3,753)	(4,114)	(3,776)	(3,853)	(4,239)	(3,844)	(3,906)
Costs to achieve Transform	(237)	(216)	(365)	(84)	(64)	(158)	-	-
UK bank levy	-	-	(395)	-	-	-	(263)	-
Total operating expenses	**(3,975)**	**(3,969)**	**(4,874)**	**(3,860)**	**(3,917)**	**(4,397)**	**(4,107)**	**(3,906)**
Other net income	27	20	15	15	13	43	21	12
Profit before tax	**1,993**	**1,847**	**788**	**1,677**	**2,311**	**1,953**	**1,429**	**1,756**

Barclays Non-Core

Total income net of insurance claims	285	373	450	368	564	911	752	724
Credit impairment charges and other provisions	(82)	(67)	(176)	(168)	(367)	(189)	(226)	(177)
Net operating income	**203**	**306**	**274**	**200**	**197**	**722**	**526**	**547**
Operating expenses	(451)	(442)	(664)	(485)	(507)	(542)	(500)	(447)
Costs to achieve Transform	(17)	(24)	(103)	(17)	(62)	(356)	-	-
UK bank levy	-	-	(109)	-	-	-	(82)	-
Total operating expenses	**(468)**	**(466)**	**(876)**	**(502)**	**(569)**	**(898)**	**(582)**	**(447)**
Other net (expense)/income	(72)	6	4	10	(135)	11	21	9
(Loss)/profit before tax	**(337)**	**(154)**	**(598)**	**(292)**	**(507)**	**(165)**	**(35)**	**109**

Business Results by Quarter

Personal and Corporate Banking	Q214 £m	Q114 £m	Q413 £m	Q313 £m	Q213 £m	Q113 £m	Q412 £m	Q312 £m
Total income net of insurance claims	2,188	2,173	2,166	2,252	2,192	2,113	2,153	2,151
Credit impairment charges and other provisions	(95)	(135)	(169)	(153)	(165)	(134)	(191)	(152)
Net operating income	**2,093**	**2,038**	**1,997**	**2,099**	**2,027**	**1,979**	**1,962**	**1,999**
Operating expenses	(1,256)	(1,298)	(1,388)	(1,318)	(1,378)	(1,376)	(1,337)	(1,356)
Costs to achieve Transform	(58)	(57)	(219)	(73)	(55)	(37)	-	-
UK bank levy	-	-	(66)	-	-	-	(49)	-
Total operating expenses	**(1,314)**	**(1,355)**	**(1,673)**	**(1,391)**	**(1,433)**	**(1,413)**	**(1,386)**	**(1,356)**
Other net income	1	5	3	1	7	30	3	7
Profit before tax	**780**	**688**	**327**	**709**	**601**	**596**	**579**	**650**

Barclaycard								
Total income net of insurance claims	1,082	1,042	1,034	1,050	1,030	989	987	956
Credit impairment charges and other provisions	(268)	(269)	(266)	(290)	(272)	(268)	(265)	(259)
Net operating income	**814**	**773**	**768**	**760**	**758**	**721**	**722**	**697**
Operating expenses	(420)	(402)	(457)	(455)	(424)	(450)	(472)	(401)
Costs to achieve Transform	(23)	(13)	(38)	(6)	(5)	-	-	-
UK bank levy	-	-	(22)	-	-	-	(15)	-
Total operating expenses	**(443)**	**(415)**	**(517)**	**(461)**	**(429)**	**(450)**	**(487)**	**(401)**
Other net income	25	10	5	12	7	9	5	7
Profit before tax	**396**	**368**	**256**	**311**	**336**	**280**	**240**	**303**

Africa Banking								
Total income net of insurance claims	895	878	980	1,004	1,016	1,039	1,064	1,043
Credit impairment charges and other provisions	(100)	(96)	(104)	(101)	(131)	(143)	(164)	(192)
Net operating income	**795**	**782**	**876**	**903**	**885**	**896**	**900**	**851**
Operating expenses	(545)	(537)	(616)	(605)	(597)	(633)	(605)	(660)
Costs to achieve Transform	(8)	(9)	(15)	(2)	(9)	-	-	-
UK bank levy	-	-	(42)	-	-	-	(34)	-
Total operating expenses	**(553)**	**(546)**	**(673)**	**(607)**	**(606)**	**(633)**	**(639)**	**(660)**
Other net income	2	4	-	3	4	1	12	3
Profit before tax	**244**	**240**	**203**	**299**	**283**	**264**	**273**	**194**

Investment Bank								
Investment Banking fees	661	513	571	526	488	575	621	461
Lending	66	103	68	42	141	74	42	(38)
Banking	**727**	**616**	**639**	**568**	**629**	**649**	**663**	**423**
Credit	270	346	231	308	239	479	248	356
Equities	629	591	421	524	750	602	419	490
Macro	504	552	494	457	689	940	609	841
Markets	**1,403**	**1,489**	**1,146**	**1,289**	**1,678**	**2,021**	**1,276**	**1,687**
Banking & Markets	**2,130**	**2,105**	**1,785**	**1,857**	**2,307**	**2,670**	**1,939**	**2,110**
Other	24	(2)	(3)	(6)	252	(7)	(8)	(8)
Total income	**2,154**	**2,103**	**1,782**	**1,851**	**2,559**	**2,663**	**1,931**	**2,102**
Credit impairment releases/(charges) and other provisions	7	19	(6)	(10)	10	28	21	(24)
Net operating income	**2,161**	**2,122**	**1,776**	**1,841**	**2,569**	**2,691**	**1,952**	**2,078**
Operating expenses	(1,442)	(1,501)	(1,606)	(1,373)	(1,429)	(1,764)	(1,360)	(1,489)
Costs to achieve Transform	(152)	(130)	(71)	(3)	-	(116)	-	-
UK bank levy	-	-	(236)	-	-	-	(139)	-
Total operating expenses	**(1,594)**	**(1,631)**	**(1,913)**	**(1,376)**	**(1,429)**	**(1,880)**	**(1,499)**	**(1,489)**
Profit/(loss) before tax	**567**	**491**	**(137)**	**465**	**1,140**	**811**	**453**	**589**

Head Office								
Total income/(expense) net of insurance claims	78	81	227	(81)	(24)	20	(20)	26
Credit impairment releases/(charges) and other provisions	-	-	3	-	-	-	(1)	(1)
Net operating income/(expense)	**78**	**81**	**230**	**(81)**	**(24)**	**20**	**(21)**	**25**
Operating expenses	(76)	(15)	(47)	(25)	(25)	(16)	(70)	-
Costs to achieve Transform	5	(7)	(22)	-	5	(5)	-	-
UK bank levy	-	-	(29)	-	-	-	(26)	-
Total operating expenses	**(71)**	**(22)**	**(98)**	**(25)**	**(20)**	**(21)**	**(96)**	**-**
Other net (expense)/income	(1)	1	7	(1)	(5)	3	1	(5)
Profit/(loss) before tax	**6**	**60**	**139**	**(107)**	**(49)**	**2**	**(116)**	**20**

Returns and Equity by Business

Returns on average equity and average tangible equity are calculated as profit for the period attributable to ordinary equity holders of the parent (adjusted for the offset by the tax credit recorded in reserves in respect of coupons on other equity instruments) divided by average allocated equity or average allocated tangible equity for the period as appropriate, excluding non-controlling and other equity interests for businesses, apart from Africa Banking (see below). Average allocated equity has been calculated as 10.5% of average CRD IV fully loaded risk weighted assets for each business, adjusted for CRD IV fully loaded capital deductions, including goodwill and intangible assets, reflecting the assumptions the Group uses for capital planning purposes. The excess of the equity so allocated over the Group equity, reflecting CRD IV fully loaded Common Equity Tier 1 capital ratio of 9.9% as at 30 June 2014 being below 10.5%, is allocated as negative equity to Head Office and Other Operations. Average allocated tangible equity is calculated using the same method but excludes goodwill and intangible assets.

For Africa Banking the equity used for return on average equity is Barclays share of the statutory equity of the BAGL entity (together with that of the Barclays Egypt and Zimbabwe businesses which remain outside the BAGL corporate entity), as well as the Barclays' goodwill on acquisition of these businesses. The tangible equity for return on tangible equity uses the same basis but excludes both the Barclays' goodwill on acquisition and the goodwill and intangibles held within the BAGL statutory equity.

	Half year ended 30.06.14	Half year ended 31.12.13	Half year ended 30.06.13
Return on Average Equity	%	%	%
Personal and Corporate Banking	12.1%	9.1%	10.3%
Barclaycard	18.9%	14.3%	16.8%
Africa Banking	9.6%	6.6%	9.4%
Investment Bank	5.7%	2.7%	15.7%
Barclays Core excluding Head Office	**10.4%**	**7.2%**	**13.0%**
Head Office impact[1]	0.6%	1.6%	2.1%
Barclays Core	**11.0%**	**8.8%**	**15.1%**
Barclays Non-Core impact[1]	(4.5%)	(7.5%)	(7.3%)
Barclays Group adjusted total	**6.5%**	**1.3%**	**7.8%**

	Half year ended 30.06.14	Half year ended 31.12.13	Half year ended 30.06.13
Return on Average Tangible Equity	%	%	%
Personal and Corporate Banking	16.1%	12.0%	13.5%
Barclaycard	23.6%	18.2%	21.7%
Africa Banking	13.3%	9.3%	13.0%
Investment Bank	5.9%	2.8%	16.3%
Barclays Core excluding Head Office	**12.5%**	**8.6%**	**15.6%**
Head Office impact[1]	1.0%	2.5%	3.7%
Barclays Core	**13.5%**	**11.1%**	**19.3%**
Barclays Non-Core impact[1]	(6.0%)	(9.6%)	(10.2%)
Barclays Group adjusted total	**7.5%**	**1.5%**	**9.1%**

1 Return on average equity and average tangible equity for Head Office and Barclays Non-Core represents their impact on Barclays Core and the Group respectively.

Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent[1]	Half year ended 30.06.14 £m	Half year ended 31.12.13 £m	Half year ended 30.06.13 £m
Personal and Corporate Banking	1,044	800	881
Barclaycard	540	383	439
Africa Banking	181	134	222
Investment Bank	441	209	1,306
Head Office	31	84	(173)
Barclays Core	**2,237**	**1,610**	**2,675**
Barclays Non-Core	(458)	(1,271)	(619)
Barclays Group adjusted total	**1,779**	**339**	**2,056**

	Average Equity		
	Half year ended 30.06.14 £bn	Half year ended 31.12.13 £bn	Half year ended 30.06.13 £bn
Personal and Corporate Banking	17.3	17.5	17.2
Barclaycard	5.7	5.4	5.2
Africa Banking	3.8	4.1	4.7
Investment Bank	15.6	15.6	16.6
Head Office[2]	(1.8)	(6.0)	(8.3)
Barclays Core	**40.6**	**36.6**	**35.4**
Barclays Non-Core	14.5	16.5	17.5
Barclays Group total	**55.1**	**53.1**	**52.9**

	Average Tangible Equity		
	Half year ended 30.06.14 £bn	Half year ended 31.12.13 £bn	Half year ended 30.06.13 £bn
Personal and Corporate Banking	13.0	13.3	13.1
Barclaycard	4.6	4.2	4.0
Africa Banking	2.7	2.9	3.4
Investment Bank	14.9	15.0	16.0
Head Office[2]	(2.1)	(6.4)	(8.7)
Barclays Core	**33.1**	**29.0**	**27.8**
Barclays Non-Core	14.2	16.3	17.2
Barclays Group total	**47.3**	**45.3**	**45.0**

1 *The profit after tax attributable to other equity holders of £90m (2013: £nil) is offset by a tax credit recorded in reserves of £19m (2013: £nil) allocated across the businesses. The net amount of £71m, along with NCI, is deducted from profit after tax in order to calculate return on average tangible shareholders' equity and return on average shareholders' equity. Hence, H114 attributable profit of £1,760m has been adjusted for the tax credit recorded in reserves of £19m (2013: £nil).*

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

Margins and Balances[1]

	Half Year Ended 30.06.14			Half Year Ended 30.06.13		
	Net Interest Income	Average customer assets	Net interest margin	Net Interest Income	Average customer assets	Net interest margin
	£m	£m	%	£m	£m	%
Personal and Corporate Banking	3,057	208,160	2.96	2,860	200,104	2.88
Barclaycard	1,500	33,410	9.05	1,385	30,932	9.03
Africa Banking	1,007	34,574	5.87	1,140	40,489	5.68
Total Personal and Corporate Banking, Barclaycard and Africa Banking	**5,564**	276,144	4.06	**5,385**	271,525	4.00
Investment Bank	334			164		
Head Office and Other Operations	1			(166)		
Core	**5,899**			**5,383**		
Non-Core	183			194		
Total Net Interest Income	**6,082**			**5,577**		

- Total PCB, Barclaycard and Africa Banking NII increased 3% to £5,564m due to:
  - An increase in average customer assets to £276.1bn (2013: £271.5bn) with growth in PCB mortgage and savings and Barclaycard, partially offset by reductions in Africa Banking as the ZAR depreciated against GBP
  - Net interest margin increased 6bps to 4.06% primarily due to lower customer deposit rates in PCB and lower funding costs
- Group NII increased to £6.1bn (2013: £5.6bn) including structured hedge contributions of £0.8bn (2013: £0.8bn). Equity structural hedge income increased as the weighted average life of the hedge was expanded. This was offset by lower product structural hedges driven by the maintenance of the hedge in a continuing low rate environment
- Net interest margin reflects movements in the Group's internal funding rates which are based on the cost to the Group of alternative funding in wholesale markets. The 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 alternative funding at a rate that is driven by prevailing market rates and includes a term premium.

Quarterly analysis for PCB, Barclaycard and Africa Banking:

	Quarter Ended 30.06.14			Quarter Ended 31.03.14		
	Net Interest Income	Average customer assets	Net interest margin	Net Interest Income	Average customer assets	Net interest margin
	£m	£m	%	£m	£m	%
Personal and Corporate Banking	1,529	209,040	2.93	1,528	207,433	2.99
Barclaycard	754	33,904	8.92	746	32,911	9.19
Africa Banking	504	34,660	5.83	503	34,488	5.91
Total Personal and Corporate Banking, Barclaycard and Africa Banking	**2,787**	**277,604**	**4.03**	**2,777**	**274,832**	**4.10**

1 Margins are calculated as net interest income over average customer assets.

Risk Management and Principal Risks

Barclays risk management responsibilities are laid out in the Enterprise Risk Management Framework (ERMF), which creates clear ownership and accountability, with the purpose that the Group's most significant risk exposures are understood and managed in accordance with agreed risk appetite, and that there is regular reporting of both risk exposures and the operating effectiveness of controls. It includes those risks incurred by Barclays that are foreseeable, continuous, and material enough to merit establishing specific bank-wide control frameworks. These are known as Key Risks and are grouped into six Principal Risks.

Further detail on these risks and how they are managed is available from the 2013 Annual Report and Accounts or online at www.barclays.com/investorrelations. There has been no significant change to the Key Risks, risk management or principal uncertainties during the period or expected for the remaining six months of the financial year.

The following section gives an overview of the performance in Funding Risk – Liquidity, Funding Risk – Capital, Credit Risk and Market Risk for the period.

Funding & Liquidity

Barclays has a comprehensive Liquidity Risk Management Framework (the Liquidity Framework) for managing the Group's liquidity risk.

Liquidity risk is managed separately at Barclays Africa Group Limited (BAGL) due to local currency and funding requirements. Unless stated otherwise, all disclosures in this section exclude BAGL and they are reported on a stand-alone basis. Adjusting for local requirements, BAGL liquidity risk is managed on a consistent basis to Barclays Group.

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 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 90 days of anticipated outflows for a market-wide stress and 30 days of anticipated outflows for each of the Barclays-specific and combined stresses. Of these, the 30 day Barclays-specific scenario requires the largest liquidity pool to meet its stress outflows.

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 CRD IV and Basel 3 metrics, including the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR)[1].

As at 30 June 2014 the Group estimated its LCR at 107% (2013: 96%) based upon the CRD IV rules, as implemented by EBA. This is equivalent to a surplus of £9bn (2013: shortfall of £6bn). The Group estimated its LCR at 112% (2013: 102%) based on the Basel standards published in January 2013

As at 30 June 2014, the Group held eligible liquid assets in excess of 100% of net stress outflows for both the 30 day Barclays-specific LRA scenario and the CRD IV LCR as implemented by the EBA:

Compliance with internal and regulatory stress tests

	Barclays' LRA (30 day Barclays specific requirement)[2] £bn	Estimated CRD IV LCR[1] £bn
Eligible liquidity buffer	134	141
Net stress outflows	125	132
Surplus	**9**	**9**
Liquidity pool as a percentage of anticipated net outflows as at 30 June 2014	**107%**	**107%**
Liquidity pool as a percentage of anticipated net outflows as at 31 December 2013	**104%**	**96%**

1 *The methodology for estimating the LCR and NSFR is based on an interpretation of the CRD IV and Basel III standards respectively and includes a number of assumptions which are subject to change prior to the finalisation of CRD IV rules on these metrics. The estimated LCR and NSFR in this section include BAGL.*

2 *Of the three stress scenarios monitored as part of the LRA, the 30 day Barclays specific scenario results in the lowest ratio at 107% (2013: 104%). This compares to 128% (2013: 127%) under the 90 day market-wide scenario and 114% (2013: 112%) under the 30 day combined scenario.*

The LRA and LCR surpluses were within the expected normal operating range, while maintaining compliance with internal liquidity risk appetite and external regulatory requirements. This includes maintaining an LCR of at least 100% based upon the CRD IV rule ahead of the regulatory requirement.

Barclays estimated its NSFR at 98% (2013: 95%) based on its current interpretation of the January 2014 BCBS consultation. This includes the requirement for 50% required stable funding against short-term reverse repos from non-banks. Without this requirement, which did not exist in 2010 original Basel proposal, the NSFR would have been 113%. Further changes to the rules are expected prior to the Basel Committee's finalisation of the rules and implementation by local regulators ahead of the target 2018 compliance date.

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.

Liquidity pool

The Group liquidity pool was £134bn (2013: £127bn). During 2014, the month-end liquidity pool ranged from £134bn to £156bn (2013: £127bn to £157bn), and the month-end average balance was £145bn (2013: £144bn). The liquidity pool is held unencumbered and is not used to support payment or clearing requirements.

Composition of the Group Liquidity Pool

	Liquidity Pool 30.06.2014	Liquidity pool of which PRA eligible[1]	Liquidity pool of which CRD IV LCR-eligible[2]		Liquidity Pool 31.12.2013
			Level 1	Level 2A	
As at 30.06.2014	£bn	£bn	£bn	£bn	£bn
Cash and deposits with central banks[3]	42	41	40	-	43
Government bonds[4]					
AAA rated	58	57	58	-	52
AA+ to AA- rated	11	10	11	-	9
Other government bonds	1	-	1	-	1
Total Government bonds	**70**	**67**	**70**	**-**	**62**
Other					
Supranational bonds and multilateral development banks	6	3	6	-	3
Agencies and agency mortgage-backed securities	8	-	5	3	10
Covered bonds (rated AA- and above)	5	-	-	5	6
Other	3	-	-	-	3
Total other	**22**	**3**	**11**	**8**	**22**
Total as at 30 June 2014	**134**	**111**	**121**	**8**	
Total as at 31 December 2013	**127**	**104**	**109**	**11**	

Barclays manages the liquidity pool on a centralised basis. As at 30 June 2014, 92% (2013: 90%) of the liquidity pool was located in Barclays Bank PLC 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 *£111bn (2013: £104bn) of the liquidity pool is PRA eligible as per BIPRU 12.7. In addition, there are £10bn (2013: £9bn) of Level 2 assets available, as per PRA's announcement in August 2013 that certain assets specified by PRA as Level 2 assets can be used on a transitional basis.*

2 *The LCR-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.*

3 *Of which over 95% (2013: over 95%) was placed with the Bank of England, US Federal Reserve, European Central Bank, Bank of Japan and Swiss National Bank.*

4 *Of which over 85% (2013: over 85%) are comprised of UK, US, Japanese, French, German, Danish, Swiss and Dutch securities.*

Deposit Funding

Funding of Loans and Advances to Customers (including BAGL)	As at 30.06.2014 Loans and Advances to Customers £bn	Customer Deposits £bn	Loan to Deposit Ratio %	As at 31.12.13 Loan to Deposit Ratio %
Personal and Corporate banking	217	298		
Barclaycard	33	6		
Non-Core (retail)	39	16		
Africa Banking	34	33		
Total Retail funding	**323**	**353**	**92**	**91**
Investment Bank, Non-Core (wholesale) and Other[1]	120	91		
Total	**443**	**444**	**100**	**101**

PCB, Africa Banking, Barclaycard and Non-Core (retail) are largely funded by customer deposits. The loan to deposit ratio for these businesses was 92% (2013: 91%). The customer deposits in excess of loans and advances are primarily used to fund liquidity buffer requirements for these businesses. The Investment Bank is funded with wholesale liabilities and does not rely on customer deposit funding from these businesses. The loan to deposit ratio for the Group was broadly unchanged at 100% (2013: 101%).

As at 30 June 2014, £125bn (2013: £122bn) 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 £3bn (2013: £3bn) of other liabilities insured or guaranteed by governments.

Wholesale Funding

Funding of Other Assets as at 30 June 2014

Assets	£bn	Liabilities	£bn
Trading Portfolio Assets	59	Repurchase agreements	174
Reverse repurchase agreements	115		
Reverse repurchase agreements	57	Trading Portfolio Liabilities	57
Derivative Financial Instruments	332	Derivative Financial Instruments	325
Liquidity pool[2]	104	Less than 1 year wholesale debt	86
Other unencumbered assets[3]	129	Greater than 1 year wholesale debt and equity	154

- Trading portfolio assets are largely funded by repurchase agreements with 60% (2013: 63%) secured against highly liquid assets[4]. The weighted average maturity of these repurchase agreements secured against less liquid assets was 67 days (2013: 69 days)
- The majority of reverse repurchase agreements are matched by repurchase agreements. As at 30 June 2014, 72% (2013: 76%) of matched book activity was secured against highly liquid assets[4]. 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
- The Group liquidity pool is primarily funded by wholesale debt with the remainder being funded by customer deposits
- Other assets are largely matched by term wholesale debt and equity

1 Includes trading settlements and cash collateral balances of £84bn (2013: £71bn) relating to loans and advances to customers and £75bn (2013: £62bn) relating to customer deposits.
2 The portion of the liquidity pool estimated to be funded by wholesale funds.
3 Predominantly available for sale investments, trading portfolio assets, financial assets designated at fair value and loans and advances to banks.
4 Highly liquid assets are limited to government bonds, US agency securities and US agency mortgage-backed securities.

Composition of wholesale funding

As at 30 June 2014 total wholesale funding outstanding (excluding repurchase agreements) was £179bn (2013: £186bn). £86bn (2013: £82bn) of wholesale funding matures in less than one year of which £25bn[1] (2013: £23bn) relates to term funding.

Outstanding wholesale funding comprised of £35bn (2013: £35bn) secured funding and £144bn (2013: £151bn) unsecured funding.

Maturity profile[2]

	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 nine months £bn	Over nine 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 but not more than five years £bn	Over five years £bn	Total £bn
Deposits from Banks	10.0	6.8	1.0	4.6	0.1	22.5	0.3	0.2	-	23.0
Certificates of Deposit and Commercial Paper	2.4	8.8	6.4	3.7	3.0	24.3	0.5	1.1	0.4	26.3
Asset Backed Commercial Paper	2.8	2.5	0.1	-	-	5.4	-	-	-	5.4
Senior unsecured (Public benchmark)	1.5	0.1	0.1	2.0	0.6	4.3	2.6	7.6	6.2	20.7
Senior unsecured (Privately placed)	1.3	2.4	2.5	4.1	3.1	13.4	7.8	15.5	11.9	48.6
Covered bonds/ABS	-	3.2	0.2	4.0	1.7	9.1	3.8	4.1	7.3	24.3
Subordinated liabilities	-	-	-	0.1	-	0.1	-	2.8	15.6	18.5
Other[3]	3.5	1.4	0.7	0.5	0.3	6.4	2.2	1.4	2.1	12.1
Total as at 30 June 2014	**21.5**	**25.2**	**11.0**	**19.0**	**8.8**	**85.5**	**17.2**	**32.7**	**43.5**	**178.9**
Of which secured	5.0	6.7	0.9	4.5	1.9	19.0	4.2	4.4	7.4	35.0
Of which unsecured	16.5	18.5	10.1	14.5	6.9	66.5	13.0	28.3	36.1	143.9
Total as at 31 December 2013	20.3	24.0	15.5	15.9	6.3	**82.0**	27.1	33.8	42.6	**185.5**
Of which secured	4.6	3.7	1.4	3.5	0.7	13.9	7.3	6.5	7.2	34.9
Of which unsecured	15.7	20.3	14.1	12.4	5.6	68.1	19.8	27.3	35.4	150.6

Outstanding wholesale funding includes £49bn (2013: £50bn) 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.

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 £48bn (2013: £45bn).

The average maturity of wholesale funding net of the liquidity pool was at least 80 months (2013: 69 months).

Term financing

The Group issued £9bn of term funding net of early redemptions during H1 2014. In addition, the Group raised £6bn through participation in the Bank of England's Funding for Lending Scheme. Barclays has £12bn of term funding maturing in the reminder of 2014 and £24bn in 2015.

The Group expect to issue more public wholesale debt in the remainder of 2014, in order to maintain a stable and diverse funding base by type, currency and distribution channel.

Barclays Africa Group Limited

- Liquidity risk is managed separately at BAGL due to local currency, funding and regulatory requirements
- In addition to the Group liquidity pool, BAGL held £5bn (2013: £4bn) of liquidity pool assets against BAGL-specific anticipated stressed outflows. The liquidity pool consists of South African government bonds and Treasury bills
- The BAGL loan to deposit ratio was 104% (2013: 103%)
- As at 30 June 2014, BAGL had £8bn of wholesale funding outstanding (2013: £9bn), of which £5bn matures in less than one year(2013: £6bn)

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.

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 £4bn of liabilities drawn in the European Central Bank's 3 year LTRO.

3 Primarily comprised of fair value deposits £4bn and secured financing of physical gold £5bn.

CRD IV Capital

The Capital Requirements Regulation and Capital Requirements Directive implemented Basel 3 within the EU (collectively known as CRD IV) on 1 January 2014. The rules are supplemented by Regulatory Technical Standards and the PRA's rulebook, including the implementation of transitional rules. However, rules and guidance are still subject to change as certain aspects of CRD IV are dependent on final technical standards and clarifications to be issued by the EBA and adopted by the European Commission and the PRA. All capital, RWA and leverage calculations reflect Barclays' interpretation of the current rules.

Capital Ratios	As at 30.06.14	As at 31.12.13
Fully Loaded Common Equity Tier 1[1]	9.9%	9.1%
PRA Transitional Common Equity Tier 1[2]	9.8%	9.1%
PRA Transitional Tier 1	12.7%	11.3%
PRA Transitional Total Capital	16.0%	15.0%

Capital Resources	£m	£m
Shareholders' equity (excluding non controlling interests) per the balance sheet	**58,068**	**55,385**
- Less: Other equity instruments (recognised as AT1 capital)	(4,326)	(2,063)
Adjustment to retained earnings for foreseeable dividends	(596)	(640)
Minority Interests (amount allowed in consolidated CET1)	1,171	1,238
Other regulatory adjustments and deductions		
Additional value adjustments	(2,492)	(2,479)
Goodwill and intangible assets[3]	(7,828)	(7,618)
Deferred tax assets that rely on future profitability excluding temporary differences	(1,062)	(1,045)
Fair value reserves related to gains or losses on cash flow hedges[3]	(532)	(270)
Excess of expected losses over impairment	(2,036)	(2,106)
Gains or losses on liabilities at fair value resulting from own credit[3]	612	600
Other regulatory adjustments	(172)	(119)
Direct and indirect holdings by an institution of own CET1 instruments	(25)	(496)
Fully Loaded CET1 Capital	**40,782**	**40,387**
Regulatory adjustments relating to unrealised gains[3]	(513)	(180)
PRA Transitional CET1 Capital	**40,269**	**40,207**
Additional Tier 1 (AT1) capital		
Capital instruments and the related share premium accounts	4,326	2,063
Qualifying AT1 capital (including minority interests) issued by subsidiaries	7,592	9,726
Less instruments issued by subsidiaries subject to phase out	(114)	(1,849)
Other regulatory adjustments and deductions	(28)	-
Transitional Additional Tier 1 capital	**11,776**	**9,940**
PRA Transitional Tier 1 capital	**52,045**	**50,147**
Tier 2 (T2) capital		
Qualifying T2 capital (including minority interests) issued by subsidiaries	13,783	16,834
Less instruments issued by subsidiaries subject to phase out	-	(522)
Other regulatory adjustments and deductions	(85)	(12)
PRA Transitional Total regulatory capital	**65,743**	**66,447**

- As at 30 June 2014, Barclays' fully loaded Tier 1 capital was £45,364m, and the fully loaded Tier 1 ratio was 11.0%. Fully loaded total regulatory capital was £61,740m and the fully loaded total capital ratio was 15.0%. The fully loaded Tier 1 capital and total capital measures are calculated without applying the transitional provisions set out in CRD IV and assessing compliance of AT1 and T2 instruments against the relevant criteria in CRD IV
- The transitional total capital is calculated on the basis of PRA rules in the December 2013 publication of PS 7/13[4], reflecting the minimum Capital Requirements Regulation (CRR) transitional path for the grandfathering of existing capital instruments within certain limits

1 Following the full implementation of CRD IV reporting in 2014, the previously reported 31 December 2013 RWAs have been revised by £6.9bn to £442bn and the fully loaded CET1 ratio revised by (0.2)% to 9.1%. As at 31 March 2014, these figures were a £5.7bn increase and a 0.1% decrease respectively. These additional RWAs have been included within Head Office and Other Operations.

2 The CRD IV CET1 ratio (FSA October 2012 transitional statement) as applicable to Barclays' Tier 2 Contingent Capital Notes was 12.0% based on £49.3bn of transitional CRD IV CET1 capital and £411bn RWAs.

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

4 PS 7/13 refers to PRA policy statement PS7/13 on strengthening capital standards published in December 2013.

Movement in fully loaded Common Equity Tier 1 (CET1) Capital

	Six Months Ended 30.06.14 £m
Opening Common Equity Tier 1 capital	**40,387**
Profit for the period	1,216
Movement in own credit[1]	12
Movement in dividends	(755)
Retained regulatory capital generated from earnings	**473**
Movement in reserves - net impact of share awards	305
Movement in available for sale reserves	345
Movement in currency translation reserves	(941)
Retirement benefit remeasurements	237
Other reserves movements	(205)
Other reserves movements	**(259)**
Movement in regulatory adjustments and deductions:	
Minority interests	(67)
Additional value adjustments	(13)
Goodwill and intangible assets[1]	(210)
Deferred tax assets that rely on future profitability excluding those arising from temporary differences	(17)
Negative amounts resulting from the calculation of expected loss amounts	70
Direct and indirect holdings by an institution of own CET1 instruments	471
Other regulatory adjustments	(53)
Closing Common Equity Tier 1 capital	**40,782**

- Fully loaded Common Equity Tier 1 ratio increased to 9.9% (2013: 9.1%) reflecting an increase in CET1 capital of £0.4bn to £40.8bn and a £31bn decrease in RWAs.
- Barclays generated £1.2bn capital from profits. After adjusting for own credit, dividends paid and regulatory foreseeable dividends, retained regulatory capital generated from earnings increased CET1 capital by £0.5bn. Other material movements in CET1 were:
  - £0.5bn decrease in the deduction for holdings for own Common Equity Tier 1 instruments following further management actions
  - £0.9bn reduction due to currency movements primarily driven by strengthening of GBP against USD, ZAR and EUR
  - £0.3bn increase due to gains in the available for sale reserve
- Transitional total capital decreased by £0.7bn to £65.7bn due to the increase in fully loaded CET1 offset by the removal of gains in the available for sale reserves in CET1 and a T2 redemption of dated subordinated liabilities
- During Q2 2014, Barclays PLC issued Fixed Rate Resetting Perpetual Subordinated Contingent Convertible Securities as part of an exchange of £1.5bn of Barclays Bank PLC preference shares and £0.6bn of Tier 1 notes and Reserve Capital Instruments. The Barclays PLC instruments are full end point compliant Additional Tier 1 capital and replace previously grandfathered instruments

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

Risk Weighted Assets by Risk Type and Business

As at 30 June 2014	Credit risk £m	Counterparty credit risk £m	Market risk £m	Operational risk £m	Total £m
Personal & Corporate Banking	100,680	1,064	15	16,176	**117,935**
Barclaycard	32,176	-	-	5,505	**37,681**
Africa Banking	29,088	456	1,314	5,604	**36,462**
Investment Bank	40,044	27,214	38,585	19,621	**125,464**
Head Office and Other Operations	3,818	395	577	1,185	**5,975**
Total Core	**205,806**	**29,129**	**40,491**	**48,091**	**323,517**
Barclays Non Core	37,898	23,138	17,842	8,592	**87,470**
Total risk weighted assets	**243,704**	**52,267**	**58,333**	**56,683**	**410,987**
As at 31 December 2013					
Personal & Corporate Banking	102,385	823	57	15,020	**118,285**
Barclaycard	30,033	-	-	5,627	**35,660**
Africa Banking	29,242	538	1,429	6,837	**38,046**
Investment Bank	38,517	30,711	38,677	18,096	**126,001**
Head Office and Other Operations[1]	6,390	2,158	4,968	1,089	**14,605**
Total Core	**206,567**	**34,230**	**45,131**	**46,669**	**332,597**
Barclays Non Core	48,797	25,861	27,574	7,642	**109,874**
Total risk weighted assets	**255,364**	**60,091**	**72,705**	**54,311**	**442,471**

Risk weighted assets by risk and approach

As at 30 June 2014	£m
- Standardised	77,892
- Internal ratings based	165,812
Credit risk	**243,704**
- Internal model method	37,537
- Non-model method	14,730
Counterparty risk	**52,267**
- Standardised	24,125
- Modelled – VaR	34,208
Market risk	**58,333**
Operational risk	**56,683**
Total risk weighted assets	**410,987**

Movement analysis of risk weighted assets

Risk weighted assets	Credit risk £bn	Counterparty credit risk £bn	Market risk £bn	Operational risk £bn	Total £bn
As at 1 January 2014	255.4	60.1	72.7	54.3	442.5
Book size	7.2	(12.9)	(10.0)	-	**(15.7)**
Acquisitions and disposals	(4.5)	-	-	-	**(4.5)**
Book quality	(2.1)	(1.1)	1.2	-	**(2.0)**
Model updates	3.7	3.2	(0.3)	2.4	**9.0**
Methodology and policy	(9.0)	0.4	(5.1)	-	**(13.7)**
Foreign exchange movement	(4.3)	-	-	-	**(4.3)**
Other	(2.7)	2.6	(0.2)	-	**(0.3)**
As at 30 June 2014	**243.7**	**52.3**	**58.3**	**56.7**	**411.0**

1 Following the full implementation of CRD IV reporting in 2014, the previously reported 31 December 2013 RWAs have been revised by £6.9bn to £14.6bn.

RWAs decreased £31.5bn to £411.0bn, driven by:

- Book size decreased RWAs by £15.7bn, primarily driven by risk reductions in the trading book within BNC, offset by balance sheet growth in PCB and increased customer lending in Barclaycard
- Acquisitions and disposals decreased RWAs by £4.5bn, primarily driven by disposals in BNC
- Book quality improved, resulting in a RWA reduction of £2.0bn, primarily driven by changes in risk profile within the Investment Bank and PCB
- Model updates increased RWAs by £9.0bn, driven by a revision of probability of default metrics for wholesale portfolios and the annual operational risk refresh
- Methodology and policy changes decreased RWAs by £13.7bn, primarily driven by changes to the treatment of high quality liquidity assets, offset by the early adoption of LGD floors for wholesale exposures
- Foreign exchange movements decreased RWAs by £4.3bn, primarily driven by the appreciation of GBP against ZAR, USD and EUR

Leverage ratio requirements

CRD IV introduces a non-risk based leverage ratio that is intended to act as a supplementary measure to the risk-based capital measures. While CRD IV does not currently impose a binding requirement, the PRA requested Barclays to meet a 3% CRD IV adjusted leverage ratio - 'PRA leverage ratio' - by June 2014. The PRA leverage ratio is calculated based on fully loaded CRD IV Tier 1 capital adjusted for certain PRA defined deductions, and a PRA adjusted CRD IV leverage exposure measure.

On 12 January 2014, the Basel Committee finalised its revised standards for calculating the Basel 3 leverage ratio. These standards included a number of changes that would require amendment to CRD IV to retain international consistency. The legislative process to implement these changes is underway and final rules are expected later in 2014. In June 2014 the PRA issued Supervisory Statement SS3/13 and updated their supervisory expectation with a 3% end point leverage ratio based on the revised Basel 3 calculation basis that is applicable from 1 July 2014. For the purposes of calculating this ratio, the PRA adjustments to leverage exposures and Tier 1 capital will no longer apply.

Barclays has disclosed an estimated 'BCBS 270 leverage ratio' based on its understanding of the latest requirements that are expected to be included in the revised CRD IV text and guidance from regulators. The final rules may result in a different calculation methodology when implemented in the revised CRD IV text.

PRA leverage ratio calculation

For an overview of the basis of preparation for the PRA leverage ratio, please refer to the December 2013 Results Announcement.

Revised BCBS 270 leverage ratio calculation

The revised rules contain a number of differences to the way elements of leverage exposure are measured under the current CRD IV rules. Key differences are as follows:

- Counterparty credit risk on derivatives is reduced due to application of eligible collateral, and an exposure value introduced for net written credit derivatives
- Counterparty credit risk on SFTs changes as a result of the removal of haircuts, however cash receivables must be retained on the balance sheet and can only be netted in certain circumstances
- Regulatory add-ons relating to off balance sheet undrawn commitments are based on the credit conversion factors used in the standardised approach to credit risk

Estimated Leverage

Leverage exposure	IFRS Balance Sheet As at 30.06.14 £bn	BCBS 270 Leverage exposure As at 30.06.14 £bn	PRA Leverage exposure As at 30.06.14 £bn	PRA Leverage exposure As at 31.12.13 £bn
Derivatives				
IFRS derivative financial instruments	333	333	333	355
Mark-to-market and margin netting adjustments for derivatives		(298)	(268)	(288)
Cash collateral pledged on derivatives	48	17	39	48
Potential Future Exposure on derivatives		195	195	249
Net written credit protection		29	-	-
Total derivatives		**276**	**299**	**364**
Securities Financing Transactions (SFTs)				
IFRS Reverse repurchase agreements and other similar secured lending	172	199	172	187
Remove IFRS SFTs		-	(172)	(187)
Counterparty risk leverage exposure measure for SFTs		29	60	92
Total Securities Financing Transactions		**228**	**60**	**92**
Other assets and adjustments				
Loans and advances and other assets	762	762	762	752
Weighted undrawn commitments		105	177	179
Regulatory deductions and other adjustments		(18)	(32)	(22)
Total other assets and adjustments		**849**	**907**	909
Total fully loaded leverage exposure	**1,315**	**1,353**	**1,266**	**1,365**

	BCBS 270 Leverage ratio As at 30.06.14	PRA Leverage ratio As at 30.06.14	PRA Leverage ratio As at 31.12.13
CET1 capital	40.8	40.8	40.4
Additional Tier 1 capital	4.6	4.6	2.3
Tier 1 capital	45.4	45.4	42.7
PRA deductions to CET1 capital		(2.2)	(2.2)
PRA adjusted Tier 1 capital	45.4	43.2	40.5
Fully loaded leverage ratio	3.4%	3.4%	3.0%

- The PRA leverage exposure reduced by £99bn to £1,266bn. The decrease was primarily driven by reductions in derivatives PFE and the regulatory exposure for SFTs
  - £54bn reduction in derivative PFE as a result of £18bn reduction due to trade compression and tear ups, £13bn reduction due to change of basis of preparation principally relating to sold options, £10bn reduction due to netting and other optimisations and other reductions due to currency movements
  - £32bn reduction in SFT's primarily driven by netting, collateral and other optimisations as well as other reductions due to currency movements

- The estimated BCBS 270 leverage exposure of £1,353bn represents an £87bn increase on the PRA leverage exposure driven by a change in the treatment of SFTs, derivatives and off balance sheet undrawn commitments
  - £181bn increase in SFTs exposure due to the inclusion of £212bn of on and off balance sheet cash receivables and the change in regulatory counterparty credit risk exposure add on resulting in a £31bn decrease due to the removal of haircuts
  - £23bn decrease in derivatives due £52bn reduction in counterparty credit risk exposure as a result of applying eligible derivatives collateral, offset by £29bn increase due to the incremental exposure value for net written credit derivatives
  - £72bn reduction in undrawn commitments due the application of credit conversion factors to the exposure as used in the standardised approach to credit risk

Analysis of Retail and Wholesale Loans and Advances and Impairment

As at 30.06.14	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[1] £m	Loan Loss Rates bps
Personal & Corporate Banking	143,839	1,302	142,537	2,648	1.8	133	19
Africa Banking	20,820	700	20,120	1,175	5.6	167	162
Barclaycard	34,854	1,607	33,247	1,606	4.6	537	311
Barclays Core	199,513	3,609	195,904	5,429	2.7	837	85
Barclays Non-Core	37,383	823	36,560	2,233	6.0	101	54
Total Group Retail	**236,896**	**4,432**	**232,464**	**7,662**	**3.2**	**938**	**80**
Investment Bank	117,259	31	117,228	43	-	(26)	(4)
Personal & Corporate Banking	80,451	611	79,840	1,852	2.3	97	24
Africa Banking	15,263	263	15,000	633	4.1	29	38
Head Office and Other Operations	2,496	-	2,496	-	-	-	-
Barclays Core	215,469	905	214,564	2,528	1.2	100	9
Barclays Non-Core	40,598	1,629	38,969	2,705	6.7	72	36
Total Group Wholesale	**256,067**	**2,534**	**253,533**	**5,233**	**2.0**	**172**	**14**
Group Total	**492,963**	**6,966**	**485,997**	**12,895**	**2.6**	**1,110**	**45**
Traded Loans	3,074	n/a	3,074				
Loans and advances designated at fair value	18,454	n/a	18,454				
Loans and advances held at fair value	**21,528**	**n/a**	**21,528**				
Total loans and advances	**514,491**	**6,966**	**507,525**				
As at 31.12.13							
Personal & Corporate Banking	140,742	1,325	139,417	2,703	1.9	357	25
Africa Banking	21,586	674	20,912	1,205	5.6	388	180
Barclaycard	33,024	1,517	31,507	1,541	4.7	1,096	332
Barclays Core	195,352	3,516	191,836	5,449	2.8	1,841	94
Barclays Non-Core	40,867	856	40,011	2,118	5.2	320	78
Total Group Retail	**236,219**	**4,372**	**231,847**	**7,567**	**3.2**	**2,161**	**91**
Investment Bank	104,468	-	104,468	-	-	(30)	(3)
Personal & Corporate Banking	77,674	701	76,973	1,861	2.4	264	34
Africa Banking	15,793	352	15,441	722	4.6	89	56
Head Office and Other Operations	3,072	-	3,072	-	-	(3)	(10)
Barclays Core	201,007	1,053	199,954	2,583	1.3	320	16
Barclays Non-Core	43,691	1,833	41,858	3,148	7.2	581	133
Total Group Wholesale	**244,698**	**2,886**	**241,812**	**5,731**	**2.3**	**901**	**37**
Group Total	**480,917**	**7,258**	**473,659**	**13,298**	**2.8**	**3,062**	**64**
Traded Loans	1,647	n/a	1,647				
Loans and advances designated at fair value	18,695	n/a	18,695				
Loans and advances held at fair value	**20,342**	**n/a**	**20,342**				
Total loans and advances	**501,259**	**7,258**	**494,001**				

1 Excluding impairment charges on available for sale investments and reverse repurchase agreements.

- Loans and advances to customers and banks at amortised cost net of impairment increased to £486.0bn (2013: £473.7bn)
  - Investment Bank increased by £12.8bn to £117.2bn reflecting an increase in cash collateral and settlement balances driven principally by higher trading volumes
  - PCB increased £6.0bn to £222.4bn driven by UK mortgage growth and an increase in corporate lending

Analysis of Impairment

Credit impairment charges and other provisions by business

	Half Year Ended 30.06.14	Half Year Ended 31.12.13	Half Year Ended 30.06.13
	£m	£m	£m
Personal and Corporate Banking	230	322	299
Barclaycard	537	556	540
Africa Banking	196	201	276
Investment Bank	(26)	8	(38)
Head Office	-	(3)	-
Barclays Core	937	1084	1,077
Barclays Non-Core	173	344	557
Total loan impairment charge[1]	**1,110**	**1,428**	**1,634**
Impairment charges on available for sale investments	(19)	1	-
Impairment of reverse repurchase agreements	(5)	11	(3)
Total credit impairment charges and other provisions	**1,086**	**1,440**	**1,631**

- Impairment charges on loans and advances decreased 32% to £1,110m reflecting lower charges in Barclays Non-Core, Africa Banking and PCB
  - Non-Core decreased 69% to £173m driven by the non-recurrence of single name exposure charge of £224m in the prior year as well as the on-going actions to reduce corporate exposure in Iberia
  - Africa decreased 29% to £196m principally due to lower charges in the South Africa home loans portfolio and depreciation of ZAR against GBP
  - PCB decreased 23% to £230m reflecting improvements in personal banking, mortgages and corporates as the economic environment improved
  - Lower overall impairment charges led to a decrease in the loan loss rate to 45bps (2013: 64bps)

1 Includes charges of £25m (2013: £17m) in respect of undrawn facilities and guarantees.

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 30th June 2014	United Kingdom £m	Europe £m	Americas £m	Africa and Middle East £m	Asia £m	Total £m
Banks	7,351	12,768	10,825	2,280	6,082	**39,306**
Other financial institutions	27,260	22,175	46,524	2,793	7,604	**106,356**
Home loans	131,849	32,440	771	13,631	331	**179,022**
Cards, unsecured loans and other personal lending	29,273	6,259	14,117	3,831	1,376	**54,856**
Construction and property	18,006	2,434	1,157	2,022	478	**24,097**
Other	41,255	12,685	8,048	16,183	4,189	**82,360**
Net loans and advances to customers and banks	**254,994**	**88,761**	**81,442**	**40,740**	**20,060**	**485,997**
Impairment allowance	3,000	2,203	665	1,033	65	6,966
Gross loans and advances to customers and banks	**257,994**	**90,964**	**82,107**	**41,773**	**20,125**	**492,963**
Loans and Advances at FV	**16,571**	**1,479**	**2,758**	**643**	**77**	**21,528**
As at 31st December 2013						
Banks	5,796	12,353	10,154	2,394	6,691	37,388
Other financial institutions	22,052	17,719	49,157	6,118	8,124	103,170
Home loans	129,591	34,752	782	14,051	351	179,527
Cards, unsecured loans and other personal lending	28,168	6,792	12,630	3,842	1,283	52,715
Construction and property	18,155	2,402	956	2,288	150	23,951
Other	39,381	12,513	7,450	13,444	4,120	76,908
Net loans and advances to customers and banks	**243,143**	**86,531**	**81,129**	**42,137**	**20,719**	**473,659**
Impairment allowance	2,980	2,486	654	1,079	59	7,258
Gross loans and advances to customers and banks	**246,123**	**89,017**	**81,783**	**43,216**	**20,778**	**480,917**
Loans and Advances at FV	**15,992**	**1,974**	**1,617**	**700**	**59**	**20,342**

Analysis of Potential Credit Risk Loans and Coverage Ratios

	CRLs		PPLs		PCRLs	
	As at 30.06.14 £m	As at 31.12.13 £m	As at 30.06.14 £m	As at 31.12.13 £m	As at 30.06.14 £m	As at 31.12.13 £m
Personal & Corporate Banking	2,648	2,703	215	241	2,863	2,944
Africa Banking	1,175	1,205	182	194	1,357	1,399
Barclaycard	1,606	1,541	188	182	1,794	1,723
Barclays Core	5,429	5,449	585	617	6,014	6,066
Barclays Non-Core	2,233	2,118	76	91	2,309	2,209
Total Group Retail	**7,662**	**7,567**	**661**	**708**	**8,323**	**8,275**
Investment Bank	43	-	91	106	134	106
Personal & Corporate Banking	1,852	1,861	745	840	2,597	2,701
Africa Banking	633	722	108	112	741	834
Head Office and Other Operations	-	-	-	-	-	-
Barclays Core	2,528	2,583	944	1,058	3,472	3,641
Barclays Non-Core	2,705	3,148	82	42	2,787	3,190
Total Group Wholesale	**5,233**	**5,731**	**1,026**	**1,100**	**6,259**	**6,831**
Group Total	**12,895**	**13,298**	**1,687**	**1,808**	**14,582**	**15,106**

	Impairment allowance		CRL coverage		PCRL coverage	
	As at 30.06.14 £m	As at 31.12.13 £m	As at 30.06.14 %	As at 31.12.13 %	As at 30.06.14 %	As at 31.12.13 %
Personal & Corporate Banking	1,302	1,325	49.2	49.0	45.5	45.0
Africa Banking	700	674	59.6	55.9	51.6	48.2
Barclaycard	1,607	1,517	100.1	98.4	89.6	88.0
Barclays Core	3,609	3,516	66.5	64.5	60.0	58.0
Barclays Non-Core	823	856	36.9	40.4	35.6	38.8
Total Group Retail	**4,432**	**4,372**	**57.8**	**57.8**	**53.3**	**52.8**
Investment Bank	31	-	72.1	-	23.1	-
Personal & Corporate Banking	611	701	33.0	37.7	23.5	26.0
Africa Banking	263	352	41.5	48.8	35.5	42.2
Head Office and Other Operations	-	-	-	-	-	-
Barclays Core	905	1,053	35.8	40.8	26.1	28.9
Barclays Non-Core	1,629	1,833	60.2	58.2	58.4	57.5
Total Group Wholesale	**2,534**	**2,886**	**48.4**	**50.4**	**40.5**	**42.2**
Group Total	**6,966**	**7,258**	**54.0**	**54.6**	**47.8**	**48.0**

- Credit Risk Loans (CRLs) decreased 3.0% to £12.9bn
- CRLs in wholesale portfolios decreased 8.7% to £5.2bn. This is primarily driven by Non-Core reflecting on-going actions to reduce corporate exposures in Iberia
- CRLs in retail portfolios have remained stable at £7.7bn. The increase in Non-Core has been offset by a decrease in Africa Banking reflecting improvements in the home loans portfolio
- Group's CRL coverage ratio was stable at 54.0% (2013: 54.6%)

Analysis of Forbearance Programmes

	Balances		Impairment Allowance		Allowance Coverage	
	As at 30.06.14 £m	As at 31.12.13 £m	As at 30.06.14 £m	As at 31.12.13 £m	As at 30.06.14 %	As at 31.12.13 %
Personal & Corporate Banking	2,533	2,814	78	90	3.1	3.2
Africa Banking	308	338	41	50	13.3	14.8
Barclaycard	1,044	1,064	353	358	33.8	33.6
Barclays Core	3,885	4,216	472	498	12.1	11.8
Barclays Non-Core	754	786	76	83	10.1	10.6
Total Retail	**4,639**	**5,002**	**548**	**581**	**11.8**	**11.6**
Investment Bank	229	476	4	8	1.7	1.7
Personal & Corporate Banking	1,587	1,569	265	260	16.7	16.6
Africa Banking	129	159	14	14	10.9	8.8
Barclays Core	1,945	2,204	283	282	**14.6**	**12.8**
Barclays Non-Core	976	1,181	462	609	47.3	51.5
Total Wholesale	**2,921**	**3,385**	**745**	**891**	**25.5**	**26.3**
Group Total	**7,560**	**8,387**	**1,293**	**1,472**	**17.1**	**17.6**

- Balances in forbearance decreased by 10% to £7.6bn reflecting falls in the majority of businesses. Overall coverage remained broadly stable at 17.1% (2013: 17.6%)
- Retail forbearance decreased 7% to £4,639m primarily as a result of reductions in PCB, mainly due to a decrease in UK home loans
- Wholesale forbearance reduced by 14% to £2,921m primarily driven by the exit of a single Investment Bank counterparty from the forbearance portfolio and further reductions across the Non-Core portfolios

Analysis of Specific Core Portfolios/Businesses

Secured home loans

- Total home loans to retail core customers grew by 2% to £141bn
- The principal home loan portfolios listed below account for 97% (2013: 97%) of total home loans in the Group's retail core portfolios and principally comprise first lien mortgages

Home loans principal portfolios

As at 30.06.14	Gross loans and advances £m	> 90 Day arrears %	> 90 Day arrears, including recoveries %	Annualised gross charge-off rates %	Recoveries proportion of outstanding balances %	Recoveries impairment coverage ratio %
PCB - UK	125,221	0.2	0.7	0.4	0.4	15.7
Africa Banking - South Africa	11,544	0.7	5.6	1.9	4.9	32.6
As at 31.12.13						
PCB - UK	122,880	0.3	0.8	0.5	0.5	14.7
Africa Banking- South Africa	12,172	0.7	6.2	2.6	5.6	34.7

- **UK:** The home loans portfolio grew by 2% to £125bn. As a result of the ongoing low base rate environment and conservative credit policy, arrears and charge-off rates remained stable. Buy to let home loans of £10bn (2013: £9bn) represent 8% (2013: 8%) of total balances. The 90 day arrears rates for Buy to let home loans remained steady at 15bps while balance weighted portfolio LTV improved to 61.6% (2013: 62.9%), due to an increase in average house prices
- **South Africa:** Gross loans and advances of £11.5bn (2013: £12.2bn) were broadly unchanged on a constant currency basis. The improvement in the charge-off rates was due to the continued strong performance of new lending. The decrease in recoveries balances was driven by a combination of the ongoing strategy of reducing this segment of the portfolio and lower charge-off rates
- **Non-Core Europe:** Gross loans and advances to Spain and Italy reduced 7% to £26.4bn reflecting the amortisation of existing portfolios and reduced new business flows. The 90 days arrears rates excluding recoveries remained broadly stable in 2014 with Spain at 0.7% (2013: 0.7%) and Italy at 1.2% (2013: 1.1%)

Home loans principal portfolios - distribution of balances by LTV

	PCB UK		Africa Banking South Africa	
	30.06.14	31.12.13	30.06.14	31.12.13
	%	%	%	%
<=75%	86.9	84.2	72.2	69.6
>75% and <=80%	5.8	6.9	8.3	8.8
>80% and <=85%	3.1	3.4	6.4	7.1
>85% and <=90%	1.9	2.1	4.5	4.8
>90% and <=95%	1.0	1.3	3.0	3.3
>95% and <=100%	0.6	0.8	1.7	1.9
>100%	0.7	1.3	3.9	4.5
Portfolio Marked To Market LTV: Balance weighted %	54.5	56.3	61.2	62.3
Portfolio Marked To Market LTV: Valuation weighted %	42.4	43.6	41.4	42.1
For > 100% LTV:				
Balances £m	910	1,596	442	540
Marked to market collateral £m	813	1,411	369	452
Average LTV: Balance weighted %	116.9	120.5	123.7	123.1
Average LTV: Valuation weighted %	111.9	113.2	119.9	119.5
% Balances in Recovery Book	4.0	3.2	42.0	45.6

- House price appreciation in the UK and South Africa led to a reduction on the average LTV of the home loan portfolios
- UK: Balances with >100% LTV reduced 43% to £910m, primarily due to an increase in average house prices
- South Africa: Balances with >100% LTV reduced 18% to £442m, primarily due to decrease in the size of the recoveries book

Home loans principal portfolios - new lending

	PCB - UK		Africa Banking - South Africa	
	30.06.14	30.06.13	30.06.14	30.06.13
New Bookings (£m)	10,162	7,652	591	532
New Mortgages Proportion Above 85% LTV (%)[1]	5.0	2.9	32.9	28.1
Average LTV on New Mortgages: Balance weighted (%)[1]	64.4	63.9	75.0	74.1
Average LTV on New Mortgages: Valuation weighted (%)[1]	57.2	56.8	65.6	63.8

- **UK:** New bookings grew by 33% to £10.2bn, reflective of the increased confidence in the housing market. The higher proportion of bookings above 85% LTV is due to increased appetite for lending into this segment, but remains at conservative levels
- **South Africa:** Proportion of new home loans above 85% LTV increased to 32.9% (2013: 28.1%) due to a revised strategy in H2 13 which allows a greater proportion of higher LTV loans to be booked for customers with high credit quality

1 UK figures were restated following a detailed review of the LTV's post migration to a new data management system.

Exposures to interest only home loans

- Interest only mortgages comprise £52.5bn (2013: £52.6bn) of the total £125bn (2013: £123bn) UK home loans portfolio. Of these, £43bn (2013: £45bn) are owner-occupied with the remaining £9bn (2013: £8bn) buy-to-let

Exposure to interest only owner-occupied home loans	As at 30.06.14	As at 31.12.13
Interest only balances (£m)[1]	**43,354**	44,543
90 days arrears (%)	**0.2**	0.3
Total Impairment Coverage (bps)	**2**	2
Marked to market LTV: Balance weighted %	**52.6**	54.2
Marked to market LTV: Valuation weighted %	**40.8**	42.4

- In line with the overall portfolio's performance, risk indicators remained stable with the average balance weighted LTV for owner-occupied interest only balances reduced to 52.6% (2013: 54.2%) and 90 day arrears remained low at 0.2% (2013: 0.3%)

Credit cards, overdrafts and unsecured loans

- Gross loans and advances in credit cards, overdrafts and unsecured loans in the Group's retail core portfolios increased 3% to £44.7bn (2013: £43.4bn)
- The principal portfolios listed below account for 95% (2013: 94%) of total and increased by 4% to £42.4bn (2013: £40.7bn) with increases in US cards, UK cards and Barclays Partner Finance being offset by decreases in South Africa Personal Loans and UK overdrafts

Principal Portfolios	Gross Loans and Advances	30 Day Arrears, excluding recoveries	90 Day Arrears, excluding recoveries	Annualised Gross Charge-off Rates	Recoveries Proportion of Outstanding Balances	Recoveries Impairment Coverage Ratio
As at 30.06.14	£m	%	%	%	%	%
Barclaycard - UK cards	16,185	2.4	1.2	4.4	4.9	83.7
Barclaycard - US cards [2]	11,565	1.9	0.9	3.8	1.8	88.0
Barclaycard - Barclays Partner Finance	3,055	1.6	0.8	2.3	2.9	75.9
Barclaycard - Germany cards	1,308	2.5	1.0	3.9	3.5	74.9
Barclaycard - Iberia cards	1,011	6.5	2.7	7.9	8.9	88.2
PCB - UK personal loans	5,110	2.5	1.3	3.2	14.5	79.3
PCB - UK overdrafts	1,165	4.9	3.5	7.1	15.8	94.9
Africa Banking - South Africa cards	2,255	9.5	5.1	7.3	5.5	69.5
Africa Banking - South Africa personal loans	782	5.6	2.8	8.5	7.7	71.4
As at 31.12.13						
Barclaycard - UK cards	15,937	2.4	1.1	4.4	4.6	86.2
Barclaycard - US cards	10,301	2.1	1.0	4.0	1.8	86.6
Barclaycard - Barclays Partner Finance [3]	2,765	1.6	0.8	2.9	3.2	83.2
Barclaycard - Germany cards [4]	1,290	2.5	1.0	3.7	3.2	73.5
Barclaycard - Iberia cards	1,036	5.7	2.4	10.7	9.9	84.8
PCB - UK personal loans	4,958	2.7	1.2	4.6	15.8	79.4
PCB - UK overdrafts	1,307	4.8	3.3	7.6	14.5	94.5
Africa Banking - South Africa cards	2,224	8.1	4.3	7.3	5.1	70.7
Africa Banking - South Africa personal loans	906	5.4	2.6	7.9	7.4	70.4

1 Includes forborne interest-only loans.

2 US Airways portfolio of US$745m, which was brought onto the balance sheet in Q2 14, is included within Gross Loans and Advances but excluded from the risk metrics.

3 Gross Loans and Advances have been revised to include the Secure Motor portfolio of £266m.

4 Germany cards recovery figures have been restated to align to the Barclays Group charge-off policy and Gross Loans and Advances have been revised to exclude Personal Loans and Fundy Loans portfolios totaling £879m.

- **UK cards**: Recovery coverage reduced to 83.7% (2013: 86.2%) following the write off of accounts in late 2013 where repayments were below that required by Barclays group policy
- **US cards:** Significant improvement in arrears rates was driven by a targeted growth strategy focused on high quality customers and low-risk Partnerships
- **UK personal loans:** Charge-off rates reduced due to the improved performance of new bookings following changes to credit criteria in 2013
- **South Africa cards:** The arrears rate deterioration reflected the maturation of lower quality business in the Edcon portfolio booked pre-2014

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 H114 the Group's net on-balance sheet exposures to Spain, Italy, Portugal, Ireland, Cyprus and Greece reduced by 11% to £47.4bn principally due a fall of 31% in Financial Institutions due to loan repayments; and residential mortgage exposure decreasing 7% to £29.3bn due to lower volumes of new lending
- As at 30 June 2014, the local net funding deficit in Italy was €10.8bn (2013: €11.6bn) and the deficit in Portugal was €2.6bn (2013: €3.0bn). The net funding surplus in Spain was €2.4bn (2013: €3.1bn)
- The following table shows Barclays exposure to Eurozone countries monitored internally as being higher risk and thus being the subject of particular management focus. The basis of preparation is consistent with that described in the 2013 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

As at 30.06.14	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
Spain	134	753	2,736	11,710	1,984	**17,317**	25,198	3,335
Italy	1,898	681	1,377	14,284	1,592	**19,832**	26,396	2,773
Portugal	165	43	653	3,187	1,370	**5,418**	5,793	1,575
Ireland	30	2,972	1,394	92	88	**4,576**	8,217	1,521
Cyprus	42	2	118	20	41	**223**	322	28
Greece	-	27	35	6	6	**74**	1,119	2
Total	**2,269**	**4,478**	**6,313**	**29,299**	**5,081**	**47,440**	**67,045**	**9,234**
As at 31.12.13								
Spain	184	1,029	3,203	12,537	2,292	19,245	26,474	3,253
Italy	1,556	417	1,479	15,295	1,881	20,628	27,341	3,124
Portugal	372	38	891	3,413	1,548	6,262	6,608	2,288
Ireland	67	5,032	1,356	103	100	6,658	10,051	2,047
Cyprus	-	7	106	19	43	175	256	66
Greece	8	5	51	6	12	82	903	3
Total	2,187	6,528	7,086	31,373	5,876	53,050	71,633	10,781

Traded Market Risk

During H114 average DVaR in the trading book reduced in line with lower levels of market activity

Analysis of Management VaR

- The table below shows the total Management VaR on a diversified basis by risk factor. Total Management VaR includes all trading positions in the Investment Bank, Non-Core and Africa Banking
- Limits are applied against each risk factor VaR as well as total Management VaR, which are then cascaded further by risk managers to each business
- Average management VaR fell during the period reflecting the lower levels of market volatility than observed in H113 and reduced overall positioning. During the period Management VaR fell to a level as low as £18m

	Six months ended 30.06.14			Six months ended 31.12.13			Six months ended 30.06.13		
Management VaR (95%)	**Daily Avg**	**High[1]**	**Low[1]**	**Daily Avg**	**High[1]**	**Low[1]**	**Daily Avg**	**High[1]**	**Low[1]**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Credit risk	12	15	9	16	21	12	21	25	17
Interest rate risk	10	14	6	11	16	7	14	24	6
Spread risk	5	8	3	7	9	5	15	21	7
Basis risk	6	8	4	9	13	7	13	17	9
Equity risk	12	23	8	11	17	6	10	21	5
Commodity risk	3	8	2	4	6	2	5	8	4
Foreign exchange risk	4	6	2	3	7	2	4	7	2
Inflation risk	3	4	2	3	5	2	4	8	2
Diversification effect	(32)	-	-	(38)	-	-	(55)	-	-
Total Management VaR	**23**	**31**	**18**	**26**	**33**	**21**	**31**	**39**	**23**

- In H114, Equity VaR replaced Credit VaR as the single largest contributor, which was reflected in the level of activity and revenue performance from the Equity business
- The three main contributors to total DVaR were equity, credit and interest rate risks. From average H113 levels, average DVaR fell for spread risk by £10m (67%), credit risk by £9m (43%), basis risk by £7m (54%) and interest rate risk by £4m (29%). Average DVaR for the Group fell by £8m (26%)
- The business remained within the Management VaR limits agreed with the Board Financial Risk Committee throughout H114 for both risk type VaR and total VaR
- For regulatory market risk capital calculations, VaR is calculated at the 99% level. The model is subject to daily back-testing, where it is compared to profit and loss results. The VaR model has performed well in back-testing and maintains its Green categorisation, as defined by the PRA

1 The high and low DVaR figures reported for each category did not necessarily occur on the same day as the high and low DVaR reported as a whole. Consequently a diversification effect balance for the high and low DVaR figures would not be meaningful and is therefore omitted from the above table.

Analysis of Net Interest Income Sensitivity

Annual Earnings at Risk (AEaR) is the primary income risk metric used to measure and control non-traded market risk exposure. AEaR measures net interest income sensitivity over the next twelve months after instantaneous 200bp parallel shocks up and down are applied to the current yield curve. 200bp shocks are consistent with industry best practice and are supported by banking regulators.

The table below shows sensitivity analysis on the pre-tax net interest income for the non-trading financial assets and financial liabilities held at 31 May 2014 and 31 December 2013.

The main model assumptions are:

- The balance sheet is projected on a static basis (kept flat over the horizon) so all changes in AEaR sensitivity are linked to the interest rate shock, rather than variations in balances
- Balances are adjusted for an assumed behavioural profile. This includes the treatment of fixed rate loans including mortgages
- The parallel shock down is subject to an interest rate floor at 0%

Net interest income sensitivity (AEaR) by business unit

Period ended 31.05.14[1]	Personal & Corporate Banking £m	Barclaycard £m	Africa £m[2]	Non-core £m	Other £m[3]	Total £m
+200bps	412	(74)	28	2	(66)	302
+100bps	224	(35)	14	1	(53)	151
-100bps	(418)	24	(14)	(1)	(8)	(417)
-200bps	(461)	24	(26)	(1)	(17)	(481)
Period ended 31.12.13						
+200bps	373	(84)	19	9	(92)	225
+100bps	195	(42)	9	5	(57)	110
-100bps	(315)	25	(8)	(1)	56	(243)
-200bps	(352)	26	(15)	(1)	49	(293)

Total AEaR from a -200bp shock increased by 64% to £(481)m (2013: £(293)m). For a +200bp shock, total AEaR increased by 34% to £302m (Dec 13: £225m) predominantly due to the following changes in PCB:

- The inclusion of re-pricing lag risk within the overall AEaR numbers from May 14
- A steepening of the forecast base rate path (next base rate rise expected to occur in December 14 against a previous expectation of February 15) allowing larger shocks to funding income on liability products

1 Based on May 2014 data, being the latest available.
2 Excluding Investment banking operations.
3 Other consists of Group Treasury and adjustments made for hedge ineffectiveness.

Statement of Directors' Responsibilities

The Directors (who are listed below) confirm that the condensed consolidated interim financial statements set out on pages 9 to 13 and 55 to 88 have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union, and that the interim management report herein includes a fair review of the information required by Disclosure and Transparency Rules 4.2.7R and 4.2.8R namely:

- an indication of important events that have occurred during the six months ended 30 June 2014 and their impact on the condensed consolidated interim financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year
- material related party transactions in the six months ended 30 June 2014 and any material changes in the related party transactions described in the last Annual Report

Signed on behalf of the Board by

Antony Jenkins
Group Chief Executive

Tushar Morzaria
Group Finance Director

Barclays PLC Board of Directors:

Chairman
Sir David Walker

Executive Directors
Antony Jenkins (Group Chief Executive)
Tushar Morzaria (Group Finance Director)

Non-executive Directors
Mike Ashley
Tim Breedon
Crawford Gillies
Reuben Jeffery
Wendy Lucas-Bull
Dambisa Moyo
Frits van Paasschen
Sir Michael Rake
Diane de Saint Victor
Sir John Sunderland
Steve Thieke

Independent Auditors' Review Report to Barclays PLC

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed the condensed consolidated interim financial statements, defined below, in the interim results announcement of Barclays PLC for the six months ended 30 June 2014. Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

This conclusion is to be read in the context of what we say in the remainder of this report.

What we have reviewed

The condensed consolidated interim financial statements, which are prepared by Barclays PLC, comprise:

- the Condensed Consolidated Income Statement for the six months ended 30 June 2014;
- the Condensed Consolidated Statement of Profit or Loss and other Comprehensive income for the period then ended;
- the Condensed Consolidated Balance Sheet as at 30 June 2014;
- the Condensed Consolidated Statement of Changes in Equity for the period then ended;
- the Condensed Consolidated Cash Flow Statement for the period then ended; and
- the related notes to the condensed consolidated interim financial statements.

As disclosed in note 1, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The condensed consolidated interim financial statements included in the interim results announcement have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

What a review of condensed consolidated financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the interim results announcement and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated interim financial statements.

Responsibilities for the condensed consolidated interim financial statements and the review

Our responsibilities and those of the directors[1,2]

The interim results announcement including the condensed consolidated interim financial statements, is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the interim results announcement in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express to the company a conclusion on the condensed consolidated interim financial statements in the interim results announcement based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure and Transparency Rules of the Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
London, United Kingdom
29 July 2014

1 *The maintenance and integrity of the Barclays website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.*

2 *Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.*

1. Basis of preparation

These condensed interim financial statements for the six months ended 30 June 2014 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority (previously the Financial Services Authority) and with IAS 34, 'Interim financial reporting', as adopted by the European Union. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2013, which have been prepared in accordance with IFRSs as adopted by the European Union.

The accounting policies and methods of computation used in these condensed interim financial statements are the same as those used in the 2013 Annual Report, except as detailed below:

IAS 32 Financial Instruments: Presentation

IAS 32, Amendments to Offsetting Financial Assets and Financial Liabilities, which was adopted by the Group on 1 January 2014, clarified the circumstances in which netting is permitted; in particular what constitutes a currently legally enforceable right of set-off and the circumstances in which gross settlement systems may be considered equivalent to net settlement. The financial impact for the group to the 31 December 2013 balance sheet is to gross up certain financial assets and financial liabilities (mainly derivatives and settlement balances) by £31.4bn that were previously reported net.

Other reporting changes

As a result of the business reorganisation outlined in the Group Strategy Update on 8 May 2014, the Group has made changes to the composition of its business segments for the purposes of reporting in accordance with IFRS 8. For more details of the changes made please refer to the Restatement Document published on 10 July 2014, which outlines the impact on the Group's previously reported segmental results from the Group structure changes and the subsequent reallocation of elements of the Head Office results to the businesses post the resegmentation. The Head Office allocation and resegmentation only affects the reported results of the individual businesses and does not impact the consolidated primary financial statements.

Future accounting developments

IFRS 9 Financial Instruments

IFRS 9 will change the classification and therefore the measurement of the Group's financial assets, the recognition of impairment and hedge accounting. In addition to these changes, the effect of changes in the Group's own credit risk on the fair value of financial liabilities that the group designates at fair value through profit and loss will be included in other comprehensive income rather than the income statement. A final version of the standard was issued in July 2014. The new Standard will come into effect on 1 January 2018 subject to EU Endorsement.

IFRS 15 Revenue from Contracts with Customers

The International Accounting Standards Board (IASB) and the US Financial Accounting Standards Board (FASB) have jointly issued a converged standard on the recognition of revenue from contracts with customers. The impact for the Group of the new standard is currently being assessed. The standard will be effective for annual reporting periods beginning on or after 1 January 2017 with retrospective application, subject to EU Endorsement.

For more information on future accounting changes, refer to the Barclays 2013 annual report.

Going Concern

The Directors confirm they are satisfied that the Group has adequate resources to continue in business for the foreseeable future. For this reason, they continue to adopt the going concern basis for preparing accounts.

2. Staff Costs

	Half Year Ended 30.06.14	Half Year Ended 31.12.13	Half Year Ended 30.06.13
Compensation costs	£m	£m	£m
Deferred bonus charge	573	492	655
Current year bonus charges	430	446	511
Sales commissions, commitments and other incentives	111	246	204
Performance costs	**1,114**	**1,184**	**1,370**
Salaries	2,510	2,278	2,703
Social security costs	363	339	376
Post retirement benefits	327	340	348
Other compensation costs	296	325	353
Total compensation costs	**4,610**	**4,466**	**5,150**
Other resourcing costs			
Outsourcing	532	562	522
Redundancy and restructuring	253	304	383
Temporary staff costs	263	270	281
Other	72	122	95
Total other resourcing costs	**1,120**	**1,258**	**1,281**
Total staff costs	**5,730**	**5,724**	**6,431**

Total staff costs decreased 11% to £5,730m, principally reflecting an 19% decrease in performance costs, a 7% decrease in salaries and a 34% decrease in redundancy and restructuring.

Group compensation costs decreased 10% to £4,610m with the Group compensation: adjusted net operating income ratio remaining at 38% (2013: 38%). Group performance costs reduced 19% to £1,114m primarily reflecting lower deferred and current year bonus charges. There was an expected charge of £1.1bn (2013: £1.2bn) relating to future periods for bonus awards granted but not yet expensed as at 30 June 2014.

No awards have yet been granted in relation to the 2014 bonus pool as decisions regarding incentive awards are not taken by the Remuneration Committee until the performance for the full year can be assessed. The current year bonus charge for the first six months represents an accrual for estimated costs in accordance with accounting requirements.

Other resourcing costs decreased by 13% to £1,120m primarily due to a reduction in redundancy and restructuring costs of 34% to £253m due to a number of Transform initiatives occurring particularly in Europe.

3. Administration and General Expenses

	Half Year Ended 30.06.14	Half Year Ended 31.12.13	Half Year Ended 30.06.13
	£m	£m	£m
Infrastructure costs			
Property and equipment	727	711	899
Depreciation of property, plant and equipment	292	316	331
Operating lease rentals	288	325	320
Amortisation of intangible assets	251	246	234
Impairment of property, equipment and intangible assets	10	101	48
Total infrastructure costs	**1,568**	**1,699**	**1,832**
Other costs			
Consultancy, legal and professional fees	729	712	541
Subscriptions, publications, stationery and communications	378	479	390
Marketing, advertising and sponsorship	260	326	257
Travel and accommodation	97	154	153
UK bank levy	-	504	-
Goodwill impairment	-	79	-
Other administration and general expenses	115	514	177
Total other costs	**1,579**	**2,768**	**1,518**
Total administration and general expenses	**3,147**	**4,467**	**3,350**

Administration and general expenses have decreased 6% to £3,147m. This was driven by decreased infrastructure and other costs due to the Transform program which is offset by an increase in litigation and conduct charges.

4. Tax

	Assets		Liabilities	
Current and Deferred Tax Assets and Liabilities	**30.06.14**	**31.12.13**	**30.06.14**	**31.12.13**
	£m	£m	£m	£m
Current tax	216	219	(1,076)	(1,042)
Deferred tax	4,245	4,807	(353)	(373)
Total	**4,461**	**5,026**	**(1,429)**	**(1,415)**

The tax charge for H114 was £895m (2013: £594m), representing an effective tax rate of 35.8% (2013: 35.4%). The effective tax rate is higher than the UK statutory tax rate of 21.5% (2013: 23.25%) mainly due to profits outside of the UK taxed at higher local statutory tax rates, non-creditable taxes and non-deductible expenses, partially offset by the effect of non-taxable gains and income and deferred tax asset measurement adjustments.

The deferred tax asset of £4,245m (2013: £4,807m) mainly relates to amounts in the UK, US and Spain.

5. Non-controlling Interests

	Profit Attributable to Non-controlling Interest			Equity Attributable to Non-controlling Interest		
	Half Year ended 30.06.14	Half Year ended 31.12.13	Half Year ended 30.06.13	As at 30.06.14	As at 31.12.13	As at 30.06.13
	£m	£m	£m	£m	£m	£m
Barclays Bank PLC Issued:						
- Preference shares	237	171	239	4,341	5,868	5,948
- Upper Tier 2 instruments	1	1	1	486	485	486
Barclays Africa Group Limited	149	185	158	2,126	2,204	2,509
Other non-controlling interests	3	(12)	14	4	7	111
Total	**390**	**345**	**412**	**6,957**	**8,564**	**9,054**

Equity attributable to non-controlling interests decreased by £1,607m to £6,957m due to £1,527m of Barclays Bank Plc preference shares being bought back and cancelled as part of the Additional Tier 1 (AT1) exchange exercise detailed in Note 14.

6. Earnings Per Share

	Half Year Ended 30.06.14	Half Year Ended 31.12.13	Half Year Ended 30.06.13
	£m	£m	£m
Profit/(loss) attributable to ordinary equity holders of the parent[1]	1,126	(131)	671
Dilutive impact of convertible options	-	1	-
Tax credit on profit after tax attributable to other equity holders	19	-	-
Total profit/(loss) attributable to equity holders of the parent including tax credit on other equity	1,145	(130)	671
Basic weighted average number of shares in issue[2]	**16,296**	**14,308**	**13,525**
Number of potential ordinary shares	127	360	365
Diluted weighted average number of shares	**16,423**	**14,668**	**13,890**
Basic earnings/(loss) per ordinary share	7.0p	(0.9p)	5.0p
Diluted earnings/(loss) per ordinary share	7.0p	(0.9p)	4.8p

7. Dividends on Ordinary Shares

It is Barclays policy to declare and pay dividends on a quarterly basis. The first interim dividend for 2014 of 1p per share was paid on 23 June 2014. The Board has decided to pay on 19 September 2014, a second interim dividend for 2014 of 1p per ordinary share to shareholders on the share register on 8 August 2014, making a total for H114 of 2p (2013: 2p).

Dividends Paid During the Period	Half Year ended 30.06.14		Half Year Ended 31.12.13		Half Year Ended 30.06.13	
	Per Share	Total	Per Share	Total	Per Share	Total
	Pence	£m	Pence	£m	Pence	£m
Final dividend paid during period	3.5p	564	-	-	3.5p	442
Interim dividends paid during period	1.0p	164	2.0p	289	1.0p	128

For qualifying US and Canadian resident ADR holders, the second interim dividend of 1p per ordinary share becomes 4p per ADS (representing four shares). The ADR depositary will post the second interim dividend on 19 September 2014 to ADR holders on the record at close of business on 8 August 2014.

1 The profit after tax attributable to other equity holders of £90m (2013: £nil) is offset by a tax credit recorded in reserves of £19m (2013: £nil). The net amount of £71m, along with NCI, is deducted from profit after tax in order to calculate earnings per share.

2 The basic weighted average number of shares excludes Treasury shares held in employee benefit trusts or held for trading. The rights issue in October 2013 resulted in the issue of an additional 3,219m shares. In accordance with IAS33, a retrospective adjustment has been applied to the basic weighted average number of shares in issue for the prior periods which has resulted in a movement in earnings per share of 5.3p to of 5.0p for the half year ended 30 June 2013.

8. Derivative Financial Instruments

As at 30.06.14	Contract Notional Amount	Fair Value	
		Assets	Liabilities
	£m	£m	£m
Foreign exchange derivatives	4,331,867	39,519	(41,055)
Interest rate derivatives	31,655,700	240,332	(227,604)
Credit derivatives	1,246,563	23,571	(22,681)
Equity and stock index and commodity derivatives	1,332,423	27,813	(33,738)
Derivative assets/(liabilities) held for trading	**38,566,553**	**331,235**	**(325,078)**
Derivatives in Hedge Accounting Relationships			
Derivatives designated as cash flow hedges	155,819	725	(338)
Derivatives designated as fair value hedges	159,810	1,168	(1,084)
Derivatives designated as hedges of net investments	3,179	92	(1)
Derivative assets/(liabilities) designated in hedge accounting relationships	**318,808**	**1,985**	**(1,423)**
Total recognised derivative assets/(liabilities)	**38,885,361**	**333,220**	**(326,501)**
As at 31.12.13			
Foreign exchange derivatives	4,637,028	59,605	(64,765)
Interest rate derivatives	34,706,623	230,127	(217,326)
Credit derivatives	1,576,184	27,350	(27,068)
Equity and stock index and commodity derivatives	1,063,431	30,473	(36,686)
Derivative assets/(liabilities) held for trading	**41,983,266**	**347,555**	**(345,845)**
Derivatives in Hedge Accounting Relationships			
Derivatives designated as cash flow hedges	160,809	899	(500)
Derivatives designated as fair value hedges	123,459	1,278	(752)
Derivatives designated as hedges of net investments	19,377	568	(21)
Derivative assets/(liabilities) designated in hedge accounting relationships	**303,645**	**2,745**	**(1,273)**
Total recognised derivative assets/(liabilities)	**42,286,911**	**350,300**	**(347,118)**

Derivative assets decreased by £17bn primarily due to a decrease in foreign exchange derivatives as GBP strengthened against USD and reduced trading activity; and a decrease in credit derivatives due to tightening of credit spreads and trade maturities, offset by an increase in interest rate derivatives due to a decrease in major forward interest rates.

Derivative asset exposures would be £305bn (2013: £321bn) lower than reported under IFRS if the netting of financial instruments and financial collateral were permitted for all amounts that are covered by enforceable netting arrangements, irrespective of whether the stricter requirements of IAS 32 were met. Similarly, derivative liabilities would be £301bn (2013: £317bn) lower. Netting posted on the balance sheet under IFRS for Derivative assets and liabilities was £164bn (2013: £265bn) and £165bn (2013: £265bn) respectively.

9. Fair value of assets and liabilities

This section should be read in conjunction with Note 18 "Fair value of assets and liabilities" of the 2013 Annual Report, which provides more detail about accounting policies adopted, valuation methodologies used in calculating fair value and, the valuation control framework which governs oversight of valuations.

Valuation

This section should be read in conjunction with Note 18 "Fair value of assets and liabilities" of the 2013 Annual Report, which provides more detail about the definitions of the three levels of the fair value hierarchy.

The following table shows the Group's assets and liabilities that are held at fair value disaggregated by valuation technique (fair value hierarchy) and balance sheet classification:

	Valuation technique using			
	Quoted market prices (Level 1)	Observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
As at 30.06.14	£m	£m	£m	£m
Trading portfolio assets	53,012	69,391	6,409	128,812
Financial assets designated at fair value	12,131	9,213	18,402	39,746
Derivative financial assets	5,466	322,738	5,016	333,220
Available for sale assets	32,033	52,942	2,249	87,224
Investment property	-	-	362	362
Non current assets held for sale	-	-	30	30
Total assets	**102,642**	**454,284**	**32,468**	**589,394**
Trading portfolio liabilities	(34,694)	(22,098)	(23)	(56,815)
Financial liabilities designated at fair value	(5)	(60,584)	(1,659)	(62,248)
Derivative financial liabilities	(5,648)	(315,812)	(5,041)	(326,501)
Total liabilities	**(40,347)**	**(398,494)**	**(6,723)**	**(445,564)**
As at 31.12.13	£m	£m	£m	£m
Trading portfolio assets	54,363	72,285	6,421	133,069
Financial assets designated at fair value	11,188	9,010	18,770	38,968
Derivative financial assets	4,824	340,463	5,013	350,300
Available for sale assets	36,050	53,561	2,145	91,756
Investment property	-	-	451	451
Non current assets held for sale	-	-	114	114
Total assets	**106,425**	**475,319**	**32,914**	**614,658**
Trading portfolio liabilities	(29,450)	(24,014)	-	(53,464)
Financial liabilities designated at fair value	(98)	(63,058)	(1,640)	(64,796)
Derivative financial liabilities	(5,627)	(337,172)	(4,319)	(347,118)
Total liabilities	**(35,175)**	**(424,244)**	**(5,959)**	**(465,378)**

There are no assets or liabilities measured at fair value on a non-recurring basis.

The following table shows the Group's assets and liabilities that are held at fair value disaggregated by valuation technique (fair value hierarchy) and product type:

	Assets Valuation technique using			Liabilities Valuation technique using		
	Quoted market prices (Level 1) £m	Observable inputs (Level 2) £m	Significant unobservable inputs (Level 3) £m	Quoted market prices (Level 1) £m	Observable inputs (Level 2) £m	Significant unobservable inputs (Level 3) £m
As at 30.06.14						
Interest rate derivatives	-	241,060	1,151	-	(227,674)	(1,343)
Foreign exchange derivatives	-	39,521	104	-	(40,945)	(120)
Credit derivatives[1]	-	21,870	1,701	(26)	(22,011)	(644)
Equity derivatives	3,625	10,773	1,662	(3,661)	(15,768)	(2,420)
Commodity derivatives	1,841	9,514	398	(1,961)	(9,414)	(514)
Government and government sponsored debt	51,894	68,603	328	(14,275)	(16,183)	(15)
Corporate debt	307	22,037	3,268	-	(3,966)	(14)
Certificates of deposit, commercial paper and other money market instruments	4	953	-	-	(4,511)	-
Reverse repurchase and repurchase agreements	-	5,767	1	-	(5,713)	-
Non asset backed loans	-	3,395	16,000	(5)	(588)	(342)
Asset backed securities	2	17,676	1,885	-	(882)	(4)
Commercial real estate loans	-	-	1,219	-	-	-
Issued debt	-	148	-	-	(46,414)	(1,103)
Equity cash products	44,372	7,449	207	(20,419)	(2,165)	-
Funds and fund linked products	-	2,096	866	-	(2,056)	(44)
Physical commodities	477	2,206	-	-	(18)	-
Investment properties	-	-	362	-	-	-
Other[2]	120	1,216	3,316	-	(186)	(160)
Total	**102,642**	**454,284**	**32,468**	**(40,347)**	**(398,494)**	**(6,723)**
As at 31.12.13						
Interest rate derivatives	-	231,218	1,031	-	(217,517)	(1,046)
Foreign exchange derivatives	-	60,111	117	-	(64,715)	(86)
Credit derivatives[1]	-	25,150	2,200	(26)	(26,262)	(780)
Equity derivatives	3,353	11,665	1,266	(3,926)	(16,237)	(1,867)
Commodity derivatives	1,471	12,319	399	(1,675)	(12,441)	(540)
Government and government sponsored debt	53,518	63,627	220	(17,833)	(17,758)	-
Corporate debt	1,005	34,247	3,040	(63)	(5,247)	(12)
Certificates of deposit, commercial paper and other money market instruments	-	1,493	-	(96)	(5,303)	(409)
Reverse repurchase and repurchase agreements	-	5,323	-	-	(5,306)	-
Non asset backed loans	-	2,493	16,132	-	-	-
Asset backed securities	-	15,141	2,112	-	(105)	-
Commercial real estate loans	-	-	1,198	-	-	-
Issued debt	-	54	1	-	(48,734)	(1,164)
Equity cash products	45,547	397	168	(11,554)	(704)	-
Funds and fund linked products	-	8,509	550	-	(3,369)	(54)
Physical commodities	1,155	3,048	-	-	(72)	-
Investment properties	-	-	451	-	-	-
Other[2]	376	524	4,029	(2)	(474)	(1)
Total	106,425	475,319	32,914	(35,175)	(424,244)	(5,959)

1 *Credit derivatives also includes derivative exposure to Monoline insurers.*

2 *Other primarily includes receivables resulting from the acquisition of the North American businesses of Lehman Brothers, asset backed loans, private equity investments and non-current assets held for sale.*

Assets and liabilities reclassified between Level 1 and Level 2

There were no transfers between level 1 and 2 during the period.

Level 3 movement analysis

The following table summarises the movements in the Level 3 balance during the year. The table shows gains and losses and includes amounts for all financial assets and liabilities transferred to and from Level 3 during the year. Transfers have been reflected as if they had taken place at the beginning of the year.

For the period ended 30 June 2014, net transfers into Level 3 totalled £576m primarily due to £426m of funds and fund linked products within trading assets and £77m of non asset backed loans classified as trading portfolio assets following a decrease in the observable market activity. Liabilities of £267m were also transferred in mainly in relation to issued debt classified as financial liabilities designated at fair value.

Transfers out of level 3 totalled £186m primarily due to a transfer out of non-asset backed loans of £92m within trading assets, £78m of non-asset backed loans classified as financial assets designated at fair value and £33m of private equity investments classified as available for sale financial investments in line with more observable market activity.

						Total gains and losses in the period recognised in the income statement		Total gains or losses recognised in OCI	Transfers		
	As at 01.01.14	Purchases	Sales	Issues	Settlements	Trading income	Other income		In	Out	As at 30.06.14
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Government and government sponsored debt	161	22	(25)	-	(25)	(12)	-	-	3	-	124
Corporate debt	3,039	176	(195)	-	(2)	203	-	-	3	(10)	3,214
Asset backed securities	2,111	1,388	(1,611)	-	(109)	106	-	-	4	(5)	1,884
Non asset backed loans	176	52	(28)	-	(1)	13	-	-	77	(92)	197
Funds and fund linked products	494	-	(64)	-	-	(35)	-	-	426	-	821
Other	440	10	(301)	-	-	11	-	-	13	(4)	169
Trading portfolio assets	**6,421**	**1,648**	**(2,224)**	**-**	**(137)**	**286**	**-**	**-**	**526**	**(111)**	**6,409**
Commercial real estate loans	1,198	994	(761)	-	(195)	(17)	-	-	-	-	1,219
Non asset backed loans	15,956	-	(43)	7	(72)	31	2	-	-	(78)	15,803
Asset backed loans	375	130	(376)	-	(4)	11	-	-	-	(7)	129
Private equity investments	1,168	19	(107)	-	(11)	1	27	-	-	-	1,097
Other	73	80	(36)	-	(12)	(5)	1	-	57	(4)	154
Financial assets designated at fair value	**18,770**	**1,223**	**(1,323)**	**7**	**(294)**	**21**	**30**	**-**	**57**	**(89)**	**18,402**
Asset backed securities	1	-	-	-	-	-	-	-	-	-	1
Government and government sponsored debt	59	145	-	-	-	-	-	-	-	-	204
Other	2,085	15	(25)	-	-	3	(61)	29	31	(33)	2,044
Available for sale investments	**2,145**	**160**	**(25)**	**-**	**-**	**3**	**(61)**	**29**	**31**	**(33)**	**2,249**
Investment property	**451**	**-**	**(131)**	**-**	**-**	**(9)**	**-**	**-**	**51**	**-**	**362**
Non current assets held for sale	**114**	**-**	**(84)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**30**

	As at 01.01.14	Purchases	Sales	Issues	Settlements	Total gains and losses in the period recognised in the income statement: Trading income	Total gains and losses in the period recognised in the income statement: Other income	Total gains or losses recognised in OCI	Transfers: In	Transfers: Out	As at 30.06.14
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Trading portfolio liabilities	**-**	**(2)**	**-**	**-**	**-**	**(1)**	**-**	**-**	**(20)**	**-**	**(23)**
Certificates of deposit, commercial paper and other money market instruments	(409)	-	-	-	408	1	-	-	-	-	-
Issued debt	(1,164)	-	74	(13)	204	55	-	-	(267)	8	(1,103)
Other	(67)	(395)	50	(161)	3	4	(1)	-	-	11	(556)
Financial liabilities designated at fair value	**(1,640)**	**(395)**	**124**	**(174)**	**615**	**60**	**(1)**	**-**	**(267)**	**19**	**(1,659)**
Interest rate derivatives	(15)	(120)	(16)	-	32	(242)	21	-	154	(6)	(192)
Credit derivatives	1,420	5	(14)	-	(68)	(168)	(22)	-	(66)	(30)	1,057
Equity derivatives	(601)	(143)	(14)	(172)	2	91	-	-	(11)	90	(758)
Commodity derivatives	(141)	-	(13)	(5)	5	3	(1)	-	63	(27)	(116)
Foreign exchange derivatives	31	136	(13)	(34)	38	(233)	-	-	58	1	(16)
Net derivative financial instruments[1]	**694**	**(122)**	**(70)**	**(211)**	**9**	**(549)**	**(2)**	**-**	**198**	**28**	**(25)**
Total	**26,955**	**2,512**	**(3,733)**	**(378)**	**193**	**(189)**	**(34)**	**29**	**576**	**(186)**	**25,745**

Included in financial assets designated at fair value is the Education, Social Housing and Local Authority (ESHLA) loan portfolio of £15.8bn (2013:£15.6bn). The valuation of the ESHLA portfolio continues to be based on internally modelled spreads. Valuation uncertainty arises mainly from the long dated nature of the portfolio, the lack of active secondary market in the loans and the lack of observable loan spreads.

1 *The derivative financial instruments are represented on a net basis. On a gross basis derivative financial assets as at 30 June 2014 totalled £5,016m (31 December 2013: £5,013m) and derivative financial liabilities totalled £5,041m (31 December 2013: £4,319m).*

	As at 01.01.13	Purchases	Sales	Issues	Settlements	Total gains and losses in the period recognised in the income statement		Total gains or losses recognised in OCI	Transfers		As at 31.12.13
						Trading income	Other income		In	Out	
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Government and government sponsored debt	321	135	(199)	82	(23)	(3)	(11)	-	-	(141)	161
Corporate debt	3,136	84	(83)	-	-	(46)	-	-	-	(52)	3,039
Asset backed securities	3,614	2,773	(4,729)	-	(389)	831	-	-	50	(39)	2,111
Non asset backed loans	344	91	(281)	35	(37)	16	-	-	8	-	176
Funds and fund linked products	685	-	(64)	-	-	(95)	-	-	-	(32)	494
Other	414	46	(42)	-	(44)	44	-	-	34	(12)	440
Trading portfolio assets	8,514	3,129	(5,398)	117	(493)	747	(11)	-	92	(276)	6,421
Commercial real estate loans	1,798	1,542	(1,717)	-	(526)	156	2	-	2	(59)	1,198
Non asset backed loans	2,021	390	(1)	-	(208)	(1,441)	(107)	-	15,317	(15)	15,956
Asset backed loans	564	595	(748)	-	(23)	106	-	-	-	(119)	375
Private equity investments	1,350	161	(134)	-	(87)	50	(139)	-	18	(51)	1,168
Other	353	11	(237)	-	(28)	(36)	(1)	-	105	(94)	73
Financial assets designated at fair value	6,086	2,699	(2,837)	-	(872)	(1,165)	(245)	-	15,442	(338)	18,770
Asset backed securities	492	-	(521)	-	(29)	(1)	30	30	-	-	1
Government and government sponsored debt	46	13	-	-	(1)	-	1	-	-	-	59
Other	2,342	25	(77)	-	(471)	1	255	2	36	(28)	2,085
Available for sale investments	2,880	38	(598)	-	(501)	-	286	32	36	(28)	2,145
Investment property	1,686	151	(1,210)	-	-	17	(31)	-	-	(162)	451
Non current assets held for sale	-	-	-	-	-	-	-	-	114	-	114

	As at 01.01.13	Purchases	Sales	Issues	Settlements	Total gains and losses in the period recognised in the income statement: Trading income	Total gains and losses in the period recognised in the income statement: Other income	Total gains or losses recognised in OCI	Transfers: In	Transfers: Out	As at 31.12.13
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Trading portfolio liabilities	(2)	(1)	-	-	-	1	-	-	-	2	-
Certificates of deposit, commercial paper and other money market instruments	(760)	-	-	-	7	204	93	-	-	47	(409)
Issued debt	(1,439)	-	9	(67)	319	60	6	-	(205)	153	(1,164)
Other	(156)	(2)	1	-	(2)	(3)	3	-	-	92	(67)
Financial liabilities designated at fair value	(2,355)	(2)	10	(67)	324	261	102	-	(205)	292	(1,640)
Interest rate derivatives	149	(26)	(1)	-	31	262	2	-	(26)	(406)	(15)
Credit derivatives	1,776	95	(66)	(2)	54	(488)	(81)	-	(74)	206	1,420
Equity derivatives	(608)	301	(1)	(394)	(48)	151	2	-	(85)	81	(601)
Commodity derivatives	117	(57)	-	(44)	42	66	1	-	(146)	(120)	(141)
Foreign exchange derivatives	(40)	-	-	-	145	(44)	1	-	(10)	(21)	31
Other	(164)	-	-	-	-	-	-	-	-	164	-
Net derivative financial instruments[1]	1,230	313	(68)	(440)	224	(53)	(75)	-	(341)	(96)	694
Total	18,039	6,327	(10,101)	(390)	(1,318)	(192)	26	32	15,138	(606)	26,955

1 *The derivative financial instruments are represented on a net basis. On a gross basis derivative financial assets as at 31 December 2013 totalled £5,013m (31 December 2012: £6,217m) and derivative financial liabilities totalled £4,319m (31 December 2012: £4,987m).*

Unrealised gains and losses on Level 3 financial assets and liabilities

The following table discloses the unrealised gains and losses recognised in the year arising on Level 3 financial assets and liabilities held at the period end.

Unrealised gains and losses recognised during the period on Level 3 financial assets and liabilities held at period end

	As at 30.06.14				As at 31.12.13			
	Income statement				Income statement			
	Trading income	Other income	Other comprehensive income	Total	Trading income	Other income	Other comprehensive income	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Trading portfolio assets	284	-	-	**284**	222	-	-	**222**
Financial assets designated at fair value	(122)	34	-	**(88)**	(1,276)	10	-	**(1,266)**
Available for sale assets	5	(4)	32	**33**	-	(5)	27	**22**
Investment property	(10)	-	-	**(10)**	(27)	(31)		**(58)**
Trading portfolio liabilities	(1)	-	-	**(1)**	-	-	-	**-**
Financial liabilities designated at fair value	22	-	-	**22**	74	-	-	**74**
Net derivative financial instruments	(78)	(21)	-	**(99)**	(411)	(75)	-	**(486)**
Total	**100**	**9**	**32**	**141**	**(1,418)**	**(101)**	**27**	**(1,492)**

Valuation techniques and sensitivity analysis

Sensitivity analysis is performed on products with significant unobservable inputs (Level 3) to generate a range of reasonably possible alternative valuations. The sensitivity methodologies applied take account of the nature of valuation techniques used, as well as the availability and reliability of observable proxy and historical data and the impact of using alternative models.

Current year valuation and sensitivity methodologies are consistent with those described within note 18 'Fair value of assets and liabilities' in the 2013 Annual Report.

Sensitivity analysis of valuations using unobservable inputs

	Fair value		Favourable changes		Unfavourable changes	
Product type	**Total assets £m**	**Total liabilities £m**	**Income statement £m**	**Equity £m**	**Income statement £m**	**Equity £m**
As at 30.06.14						
Interest rate derivatives	1,151	(1,343)	109	-	(108)	-
Foreign exchange derivatives	104	(120)	36	-	(36)	-
Credit derivatives	1,701	(644)	61	-	(208)	-
Equity derivatives	1,662	(2,420)	321	-	(321)	(0)
Commodity derivatives	398	(514)	40	-	(40)	-
Government and government sponsored debt	328	(15)	1	-	(1)	-
Corporate debt	3,268	(14)	10	-	(9)	(0)
Certificates of deposit, commercial paper and other money market instruments	-	-	-	-	-	-
Repurchase agreements	1	-	-	-	-	-
Non asset backed loans	16,000	(342)	123	-	(1,217)	-
Asset backed securities	1,885	(4)	89	1	(48)	(1)
Commercial real estate loans	1,219	-	56	-	(45)	-
Issued debt	-	(1,103)	-	-	-	-
Equity cash products	207	-	-	10	-	(10)
Funds and fund linked products	866	(44)	21	-	(21)	-
Physical commodities	-	-	-	-	-	-
Investment property	362	-	26	-	(12)	-
Other	3,316	(160)	225	64	(190)	(51)
Total	**32,468**	**(6,723)**	**1,118**	**75**	**(2,256)**	**(62)**
As at 31.12.13						
Interest rate derivatives	1,031	(1,046)	246	-	(251)	-
Foreign exchange derivatives	117	(86)	32	-	(32)	-
Credit derivatives	2,200	(780)	145	-	(287)	-
Equity derivatives	1,266	(1,867)	234	-	(234)	-
Commodity derivatives	399	(540)	41	-	(41)	-
Government and government sponsored debt	220	-	1	-	(1)	-
Corporate debt	3,040	(12)	10	-	(4)	-
Certificates of deposit, commercial paper and other money market instruments	-	(409)	-	-	-	-
Non asset backed loans	16,132	-	151	-	(1,177)	-
Asset backed securities	2,112	-	104	1	(74)	(1)
Commercial real estate loans	1,198	-	61	-	(29)	-
Issued debt	1	(1,164)	-	-	-	-
Equity cash products	168	-	-	12	-	(12)
Funds and fund linked products	550	(54)	25	-	(25)	-
Investment property	451	-	22	-	(21)	-
Other	4,029	(1)	186	58	(182)	(47)
Total	**32,914**	**(5,959)**	**1,258**	**71**	**(2,358)**	**(60)**

The effect of stressing unobservable inputs to a range of reasonably possible alternatives alongside considering the impact of using alternative models would be to increase fair values by up to £1.2bn (31 December 2013: £1.3bn) or to decrease fair values by up to £2.3bn (31 December 2013: £2.4bn) with substantially all the potential effect impacting profit and loss rather than equity.

Significant unobservable inputs

The valuation techniques and significant unobservable inputs for assets and liabilities recognised at fair value and classified as Level 3, along with the range of values used for those significant unobservable inputs, are consistent with Note 18 'Fair value of assets and liabilities' in the 2013 Annual Report. The description of the significant unobservable inputs and the sensitivity of fair value measurement of the instruments categorised as Level 3 assets or liabilities to increases in significant unobservable inputs is also found in Note 18 'Fair value of assets and liabilities' of the 2013 Annual Report.

Fair value adjustments

Key balance sheet valuation adjustments that may be of interest from a financial statement user perspective are quantified below:

	30.06.14 £m	31.12.13 £m
Bid-offer valuation adjustments	(366)	(406)
Other exit adjustments	(171)	(208)
Uncollateralised derivative funding	(83)	(67)
Derivative credit valuation adjustments:		
- Monolines	(24)	(62)
- Other derivative credit valuation adjustments	(321)	(322)
Derivative debit valuation adjustments	220	310

- Bid offer and other exit adjustments have reduced by £40m to £366m and by £37m to £171m respectively during 2014 as a result of movements in market bid offer spreads
- Derivative credit valuation adjustments reduced by £39m to £345m in 2014 as a result of a reduction in monoline exposure and improvements in counterparty credit
- Uncollateralised derivative funding adjustments have increased by £16m to £83m
- Derivative debit valuation adjustments have reduced by £90m to £220m as a result of improvements in Barclays credit

Portfolio exemption

The Group uses the portfolio exemption in IFRS 13 Fair Value Measurement to measure the fair value of certain groups of financial assets and financial liabilities. Assets and liabilities are measured using the price that would be received to sell a net long position (i.e. an asset) for a particular risk exposure or to transfer a net short position (i.e. a liability) for a particular risk exposure in an orderly transaction between market participants at the balance sheet date under current market conditions.

Unrecognised gains as a result of the use of valuation models using unobservable inputs

The amount that has yet to be recognised in income that relates to the difference between the transaction price (the fair value at initial recognition) and the amount that would have arisen had valuation models using unobservable inputs been used on initial recognition, less amounts subsequently recognised, is as follows:

	Half year ended 30.06.14 £m	Half year ended 31.12.13 £m
Opening balance	137	159
Additions	10	12
Amortisation and releases	(22)	(34)
Closing balance	**125**	**137**

The reserve held for unrecognised gains is predominantly related to derivative financial instruments.

Third party credit enhancements

Structured and brokered certificates of deposit issued by Barclays Group are insured up to $250,000 per depositor, by the Federal Deposit Insurance Corporation (FDIC) in the United States of America. The FDIC is funded by premiums that Barclays and other banks pay for deposit insurance coverage. The carrying value of these issued certificates of deposit that are designated under the IAS 39 fair value option includes this third party credit enhancement. The on balance sheet value of these brokered certificates of deposit amounted to £3.1bn at 30 June 2014.

Comparison of carrying amounts and fair values for assets and liabilities not held at fair value

Valuation methodologies employed in calculating the fair value of financial assets and liabilities measured at amortised cost are consistent with the 2013 Annual Report disclosure.

The following table summarises the fair value of financial assets and liabilities measured at amortised cost on the Group's balance sheet where carrying amount is not a reasonable approximation of fair value:

	As at 30.06.14		As at 31.12.13	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Financial assets	£m	£m	£m	£m
Loans and advances to banks	43,448	43,435	39,422	39,408
Loans and advances to customers:				
-Home loans	179,022	166,169	179,527	170,793
-Credit cards, unsecured and other retail lending	62,412	61,975	64,551	63,944
-Finance lease receivables	5,471	5,424	5,827	5,759
-Corporate loans	195,644	192,648	184,332	180,499
Reverse repurchase agreements and other similar secured lending	171,934	171,934	186,779	186,756
Financial liabilities				
Deposits from banks	(62,167)	(62,162)	(55,615)	(55,646)
Customer accounts:				
-Current and demand accounts	(142,610)	(142,610)	(134,849)	(134,849)
-Savings accounts	(127,807)	(127,933)	(123,824)	(123,886)
-Other time deposits	(173,221)	(173,254)	(173,325)	(173,056)
Debt securities in issue	(83,832)	(84,919)	(86,693)	(87,022)
Repurchase agreements and other similar secured borrowing	(173,669)	(173,669)	(196,748)	(196,748)
Subordinated liabilities	(19,301)	(21,466)	(21,695)	(22,193)

10. Subordinated Liabilities

	As at 30.06.14	As at 31.12.13
	£m	£m
Opening balance as at 1 January	21,695	24,018
Issuances	23	700
Redemptions	(1,526)	(1,426)
Other	(891)	(1,597)
Total dated and undated subordinated liabilities as at period end	**19,301**	**21,695**

Subordinated liabilities decreased 11% to £19,301m. Redemptions included £821m Callable Fixed/Floating Rate Subordinated Notes (€1,000m) and £98m 8.80% Callable Subordinated Notes (ZAR 1,725m). In addition, £607m Tier One Notes and Reserve Capital Instruments were exchanged as part of the Additional Tier 1 (AT1) exchange exercise detailed in Note 14.

11. Provisions

	As at 30.06.14 £m	As at 31.12.13 £m
Conduct Remediation		
- Payment Protection Insurance redress	1,295	971
- Interest rate hedging product redress	648	1,169
- Other conduct	288	388
Litigation	358	485
Redundancy and restructuring	344	388
Undrawn contractually committed facilities and guarantees	180	165
Onerous contracts	108	100
Sundry provisions	224	220
Total	**3,445**	**3,886**

Payment Protection Insurance Redress

As at 31 December 2013, Barclays had recognised cumulative provisions totalling £3.95bn against the cost of Payment Protection Insurance (PPI) redress and associated processing costs. Utilisation of £2.98bn left a remaining balance of £0.97bn at that date.

During H114, utilisation has been £576m, down 15% compared to H113 (£680m) and 16% on H213 (£685m). As at 30 June 2014, 1.1m (31 December 2013: 1.0m) customer initiated claims[1] had been received and processed. The monthly volume of claims received in H1 declined 22% compared to H113 and 10% versus H213. This rate of decline was slower than previously expected with an increased level of claims from Claims Management Companies (CMCs) experienced during Q2 14 in particular. CMC claims have reduced by only 39% from the peak in May 2012 compared to a drop in direct customer claims of 69%.

The appropriate provision is determined by reference to a number of key assumptions which involve significant management judgement and modelling:

- Customer initiated claim volumes - claims received but not yet processed as at 30 June and an estimate of future claims
- Proactive response rate - volume of claims in response to proactive mailing
- Uphold rate - the percentage of claims that are upheld as being valid upon review
- Average claim redress - the expected average payment to customers for upheld claims based on the type and age of the policy/policies

An additional provision of £900m was recognised in June 2014, as a result of the lower than expected decline in claims, related referrals of cases to the Financial Ombudsman Service (FOS) and associated operational costs. As at 30 June 2014, cumulative utilisation has been £3.56bn, leaving a remaining provision of £1.3bn.

The assumptions underlying the provision remain subjective, in particular due to the uncertainty associated with future claims levels, which include complaints driven by CMC activity. The current provision represents Barclays' best estimate of all future expected costs of PPI redress, however, due to the level of uncertainty regarding future complaint volumes it is possible the eventual outcome may differ from the current estimate. If this were to be material, the provision will be increased or decreased accordingly.

The following table details, by key assumption, actual data through to 30 June 2014, forecast assumptions used in the provision calculation and a sensitivity analysis illustrating the impact on the provision if the future expected assumptions prove too high or too low.

1 Total claims received to date, which include those received via CMCs but exclude those for which no PPI policy exists and excluding responses to proactive mailing. This sensitivity includes the associated costs of FOS referrals and operating costs.

Assumption	Cumulative actual to 30.06.14	Future Expected	Sensitivity Analysis increase/decrease in provision
Customer initiated claims received and processed[1]	1,120k	330k	50k = £98m
Proactive mailing	680k	320k	50k =£18m
Response rate to proactive mailing	28%	20%	1% = £5m
Average uphold rate per claim[2]	76%	80%	1% = £7m
Average redress per valid claim[3]	£1,797	£1,668	£100 = £38m

Interest Rate Hedging Product Redress

	£m
As at 31 December 2013	1,169
Increase in provision in period	-
Utilisation of provision in period	(521)
As at 30 June 2014	**648**

As at 30 June 2014, the provision for interest rate hedging product redress was £648m after H114 utilisation of £521m primarily due to the payment of redress to customers. Redress outcomes have been communicated to approximately 95% of the non-sophisticated customers covered by the review. Over 60% of the customers covered by the review have now been paid all redress due or are not due redress.

There has been no significant change to the estimate of future costs and the group expects the provision to be sufficient to cover the cost of completing redress. No provision has been recognised in relation to possible incremental consequential loss claims (over and above 8% per annum simple interest and an allowance for tax rate differentials). As at 30 June 2014, no significant incremental consequential loss claims from customers categorised as non-sophisticated had been agreed. Incremental consequential loss claims and claims from sophisticated customers will be monitored and future provisions will be recognised to the extent an obligation resulting in a probable outflow is identified.

1 Total claims received to date, including those received via CMCs but excluding those for which no PPI policy exists and excluding responses to proactive mailing. This sensitivity includes the associated costs of FOS referrals and operating costs.

2 Average uphold rate per claim excludes those for which no PPI policy exists.

3 Average redress stated on a per policy basis.

12. Retirement Benefits

As at 30 June 2014, the Group's IAS 19 (Revised) pension deficit across all schemes was £1.7bn (2013: £1.8bn). The UK Retirement Fund (UKRF), which is the Group's main scheme, had a deficit of £1.3bn (2013: £1.4bn).

The movement for the UKRF is largely due to an increase in asset values, which was partially offset by an increase in defined benefit obligation. The increase in defined benefit obligation can be linked to a decrease in discount rate to 4.31% (2013: 4.46%), partially offset by a decrease in long term expected inflation to 3.34% (2013: 3.42%).

The triennial funding valuation of the UKRF is currently underway with an effective date of 30 September 2013. Contribution requirements, including any deficit recovery plans, will be agreed between the Group and Trustee by the end of 2014. The previous triennial funding valuation at 30 September 2010 showed a deficit of £5.0bn. Under the agreed recovery plan, deficit contributions of £1.8bn were paid to the fund in December 2011 and a further £0.5bn paid in April 2012. Further deficit contributions are payable from 2017 to 2021 starting at £0.7bn in 2017 and increasing by approximately 3.5% per annum until 2021. These deficit contributions are in addition to the regular contributions to meet the Group's share of the cost of benefits accruing over each year.

In non-valuation years the Scheme Actuary prepares an annual update of the funding position. The latest annual update was carried out as at 30 September 2012 and showed a deficit of £3.6bn.

13. Called Up Share Capital

Called up share capital comprises 16,417m (2013: 16,113m) ordinary shares of 25p each. The increase was largely due to the issuance of shares under employee share schemes.

As at 30 June 2014, there were no unexercised warrants (2013: nil).

14. Other Equity Instruments

Other Equity Instruments of £4,326m (2013: £2,063m) include Additional Tier 1 (AT1) securities issued by Barclays PLC during 2013 and 2014. During 2013, there were two separate issuances of Fixed Rate Resetting Perpetual Subordinated Contingent Convertible Securities, with principal amounts of $2bn and €1bn. In 2014, there were three issuances of Fixed Rate Resetting Perpetual Subordinated Contingent Convertible Securities, with principal amounts of $1.2bn, €1.1bn and £0.7bn. The 2014 AT1 securities were issued as part of an exchange of £1,527m of Barclays Bank PLC preference shares (held as non controlling interests for Barclays PLC) and £607m of subordinated debt instruments (Tier 1 Notes and Reserve Capital Instruments).

The exchange exercise involved Barclays PLC issuing AT1 securities to investors in exchange for Barclays Bank PLC preference shares and Barclays Bank PLC subordinated debt instruments held by the same investors. As part of the exercise, Barclays Bank PLC issued three AT1 instruments to Barclays PLC. Upon completion of the exercise, the preference shares and subordinated debt instruments were cancelled by Barclays Bank PLC.

The AT1 securities are perpetual securities with no fixed maturity and are structured to qualify as AT1 instruments under CRD IV.

15. Other Reserves

Currency Translation Reserve

As at 30 June 2014 there was a debit balance of £2,083m (2013: £1,142m debit) in the currency translation reserve. The increase of £941m (2013: £750m) principally reflected the depreciation of USD against GBP. The currency translation reserve associated with non-controlling interests increased by £115m (2013: £239m) due to the depreciation of ZAR against GBP.

The recycling impact of the currency translation reserve recognised in the income statement during the period was a £61m net gain (2013: £2m).

Available for Sale Reserve

As at 30 June 2014 there was a credit balance of £493m (2013: £148m) in the Available for sale reserve. The increase of £345m (2013: £96m decrease) was largely driven by £2,014m gains from changes in fair value on Government Bonds offset by £1,253m due to fair value hedging, £212m of net gains transferred to net profit and £123m of tax.

Cash Flow Hedging Reserve

The cash flow hedging reserve represents the cumulative gains and losses on effective cash flow hedging instruments that will be recycled to the income statement when the hedged transactions affect profit or loss.

As at 30 June 2014 there was a credit balance of £533m (2013: £273m credit) in the cash flow hedging reserve. The increase of £260m (2013: £1,080m decrease) principally reflected £535m increases in the fair value of interest rate swaps held for hedging purposes as interest rate forward curves decreased, partly offset by £212m gains transferred to net profit and a deferred tax debit of £63m.

Treasury Shares

During the period £842m (2013: £1,049m) net purchases of treasury shares were made, principally reflecting the increase in shares held for the purposes of employee share schemes, and £775m (2013: £1,034m) was transferred to retained earnings reflecting the vesting of deferred share based payments.

16. Contingent Liabilities and Commitments

	As at 30.06.14 £m	As at 31.12.13 £m
Guarantees and letters of credit pledged as collateral security	13,777	15,226
Performance guarantees, acceptances and endorsements	5,062	5,958
Contingent liabilities	**18,839**	21,184
Documentary credits and other short-term trade related transactions	**1,098**	780
Forward starting reverse repurchase agreements	**24,492**	19,936
Standby facilities, credit lines and other commitments	**257,579**	254,855

Further details on contingent liabilities relating to legal, competition and regulatory matters can be found in Note 17.

17. Legal, competition and regulatory matters

Barclays PLC (BPLC), Barclays Bank PLC (BBPLC) and the Group face legal, competition and regulatory challenges, many of which are beyond our control. The extent of the impact on BPLC, BBPLC and the Group of these matters cannot always be predicted but may materially impact our operations, financial results, condition and prospects.

Investigations into Certain Agreements

The Financial Conduct Authority (FCA) has alleged that BPLC and BBPLC breached their disclosure obligations in connection with two advisory services agreements entered into by BBPLC. The FCA has imposed a £50m fine. BPLC and BBPLC are contesting the findings. The United Kingdom (UK) Serious Fraud Office (SFO) is also investigating these agreements and the US Department of Justice (DOJ) and US Securities and Exchange Commission (SEC) are investigating whether the Group's relationships with third parties who help it to win or retain business are compliant with the US Foreign Corrupt Practices Act.

Background Information

The FCA has investigated certain agreements, including two advisory services agreements entered into by BBPLC with Qatar Holding LLC (Qatar Holding) in June and October 2008 respectively, and whether these may have related to BPLC's capital raisings in June and November 2008.

The FCA issued warning notices (Warning Notices) against BPLC and BBPLC in September 2013.

The existence of the advisory services agreement entered into in June 2008 was disclosed but the entry into the advisory services agreement in October 2008 and the fees payable under both agreements, which amount to a total of £322m payable over a period of five years, were not disclosed in the announcements or public documents relating to the capital raisings in June and November 2008. While the Warning Notices consider that BPLC and BBPLC believed at the time that there should be at least some unspecified and undetermined value to be derived from the agreements, they state that the primary purpose of the agreements was not to obtain advisory services but to make additional payments, which would not be disclosed, for the Qatari participation in the capital raisings.

The Warning Notices conclude that BPLC and BBPLC were in breach of certain disclosure-related listing rules and BPLC was also in breach of Listing Principle 3 (the requirement to act with integrity towards holders and potential holders of the company's shares). In this regard, the FCA considers that BPLC and BBPLC acted recklessly. The financial penalty in the Warning Notices against the Group is £50m. BPLC and BBPLC continue to contest the findings.

Other Investigations

The FCA and the SFO have agreed that the FCA enforcement process be stayed pending progress in the SFO's investigation into the agreements referred to above, including the advisory services agreements, in respect of which the Group has received and has continued to respond to requests for further information. The DOJ and the SEC are undertaking an investigation into whether the Group's relationships with third parties who assist BPLC to win or retain business are compliant with the US Foreign Corrupt Practices Act. They are also investigating the same agreements. The US Federal Reserve has requested to be kept informed.

Claimed Amounts/Financial Impact

It is not currently practicable to provide an estimate of the financial impact of the actions described on the Group or what effect, if any, that they might have upon the Group's operating results, cash flows or financial position in any particular period.

Swiss / US Tax Programme

In August 2013, the DOJ and the Swiss Federal Department of Finance announced the Programme for Non-Prosecution Agreements or Non-Targeted letters for Swiss Banks (Programme). This agreement was the consequence of a long-running dispute between the US and Switzerland regarding tax obligations of US related accounts held in Swiss banks.

Barclays Bank (Suisse) SA and Barclays Bank PLC Geneva Branch were participating in the Programme; however, following a structured review of their US related accounts, it was determined that continued participation in the Programme was not warranted. As a result, Barclays Bank (Suisse) SA and Barclays Bank PLC Geneva Branch have withdrawn from the Programme.

Alternative Trading Systems and High-Frequency Trading

The SEC, the New York State Attorney General (NYAG) and regulators in certain other jurisdictions have been investigating a range of issues associated with alternative trading systems (ATSs, also known as dark pools) and the activities of high-frequency traders. The Group has been providing information to the relevant regulatory authorities in response to their enquiries.

Recent Developments

On 25 June 2014, the NYAG filed a complaint against BPLC and Barclays Capital Inc. (BCI) in the Supreme Court of the State of New York (NY Supreme Court) alleging, amongst other things, that BPLC and BCI engaged in fraud and deceptive practices in connection with LX Liquidity Cross, the Group's SEC-registered ATS.

In addition, on 28 July 2014, BPLC was named as a defendant along with four former or current directors of BPLC in a proposed securities class action filed in the US District Court for the Southern District of New York (SDNY Court). The complaint asserts various claims under the US Securities Exchange Act of 1934, principally that certain annual and other reports of BPLC contained misstatements and omissions concerning LX Liquidity Cross. The complaint was brought on behalf of a proposed class consisting of all persons or entities that purchased or otherwise acquired BPLC-issued American Depositary Shares (ADSs), and options contracts to purchase or sell such ADSs, between 2 August 2011 and 25 June 2014.

BPLC is also one of a number of defendants, including several US and international banks, named in proposed securities class actions filed in the SDNY Court on various dates in 2014 alleging, among other things, violations of the federal securities laws related to high frequency trading.

It is possible that additional complaints relating to these or similar matters may be brought in the future against BPLC and/or its affiliates.

Claimed Amounts/Financial Impact

The complaints seek unspecified monetary damages and injunctive relief. It is not currently practicable to provide an estimate of the financial impact of the matters in this section or what effect, if any, that these matters might have upon operating results, cash flows or the Group's financial position in any particular period.

FERC

The US Federal Energy Regulatory Commission (FERC) has filed a civil action against BBPLC and certain of its former traders in the US District Court in California seeking to collect on an order assessing a $435m civil penalty and the disgorgement of $34.9m of profits, plus interest, in connection with allegations that BBPLC manipulated the electricity markets in and around California. BBPLC and the former traders have filed a motion to dismiss the action for improper venue or, in the alternative, to transfer it to the Southern District of New York (SDNY), and a motion to dismiss the complaint for failure to state a claim. The US Attorney's Office in SDNY has informed BBPLC that it is looking into the same conduct at issue in the FERC matter.

Background Information

In October 2012, FERC issued an Order to Show Cause and Notice of Proposed Penalties (Order and Notice) against BBPLC and four of its former traders in relation to the Group's power trading in the western US. In the Order and Notice, FERC asserted that BBPLC and its former traders violated FERC's Anti-Manipulation Rule by manipulating the electricity markets in and around California from November 2006 to December 2008, and proposed civil penalties and profit disgorgement to be paid by BBPLC.

In July 2013, FERC issued an Order Assessing Civil Penalties in which it assessed a $435m civil penalty against BBPLC and ordered BBPLC to disgorge an additional $34.9m of profits plus interest (both of which are consistent with the amounts proposed in the Order and Notice).

In October 2013, FERC filed a civil action against BBPLC and its former traders in the US District Court in California seeking to collect the penalty and disgorgement amount. FERC's complaint in the civil action reiterates the allegations previously made by FERC in its October 2012 Order and Notice and its July 2013 Order Assessing Civil Penalties.

In September 2013, BBPLC was contacted by the criminal division of the US Attorney's Office in SDNY and advised that such office is looking at the same conduct at issue in the FERC matter.

On 16 December 2013, BBPLC and its former traders filed a motion to dismiss the action for improper venue or, in the alternative, to transfer it to the SDNY Court, and a motion to dismiss the complaint for failure to state a claim.

Claimed Amounts/Financial Impact

FERC has made claims against the Group totalling $469.9m, plus interest, for civil penalties and profit disgorgement. This amount does not necessarily reflect the Group's potential financial exposure if a ruling were to be made against it.

Investigations into LIBOR, ISDAfix, other Benchmarks and Foreign Exchange Rates

Regulators and law enforcement agencies from a number of governments have been conducting investigations relating to BBPLC's involvement in manipulating financial benchmarks and foreign exchange rates. BBPLC has reached settlements with the relevant law enforcement agency or regulator in certain of the investigations, but others, including those set out in more detail below, remain pending.

Background Information

The FCA, the US Commodity Futures Trading Commission (CFTC), the SEC, the DOJ Fraud Section (DOJ-FS) and Antitrust Division (DOJ-AD), the European Commission (Commission), the SFO, the Monetary Authority of Singapore, the Japan Financial Services Agency, the prosecutors' office in Trani, Italy and various US state attorneys general are amongst various authorities conducting investigations into submissions made by BBPLC and other financial institutions to the bodies that set or compile various financial benchmarks, such as LIBOR and EURIBOR and in connection with efforts to manipulate certain benchmark currency exchange rates.

On 27 June 2012, BBPLC announced that it had reached settlements with the Financial Services Authority (FSA) (as predecessor to the FCA), the CFTC and the DOJ-FS in relation to their investigations and BBPLC agreed to pay total penalties of £290m, which were reflected in operating expenses for 2012. The settlements were made by entry into a Settlement Agreement with the FSA, a Settlement Order with the CFTC (CFTC Order) and a Non-Prosecution Agreement (NPA) with the DOJ-FS. In addition, BBPLC was granted conditional leniency from the DOJ-AD in connection with potential US antitrust law violations with respect to financial instruments that reference EURIBOR. Summaries of the NPA and the CFTC Order are set out below. The full text of the CFTC Order and the NPA are publicly available on the websites of the CFTC and the DOJ, respectively.

FSA Settlement Agreement

The terms of the Settlement Agreement with the FSA are confidential. However, the Final Notice of the FSA, which imposed a financial penalty of £59.5m, is publicly available on the website of the FCA. This sets out the FSA's reasoning for the penalty, references the settlement principles and sets out the factual context and justification for the terms imposed.

CFTC Order

In addition to a $200m civil monetary penalty, the CFTC Order requires BBPLC to cease and desist from further violations of specified provisions of the US Commodity Exchange Act (CEA) and take specified steps to ensure the integrity and reliability of its benchmark interest rate submissions, including LIBOR and EURIBOR, and improve related internal controls. Amongst other things, the CFTC Order requires BBPLC to:

- make its submissions based on certain specified factors, with BBPLC's transactions being given the greatest weight, subject to certain specified adjustments and considerations;
- implement firewalls to prevent improper communications, including between traders and submitters;
- prepare and retain certain documents concerning submissions and retain relevant communications;
- implement auditing, monitoring and training measures concerning its submissions and related processes;
- make regular reports to the CFTC concerning compliance with the terms of the CFTC Order;
- use best efforts to encourage the development of rigorous standards for benchmark interest rates; and
- continue to cooperate with the CFTC's ongoing investigation of benchmark interest rates.

DOJ Non-Prosecution Agreement

As part of the NPA, BBPLC agreed to pay a $160m penalty. In addition, the DOJ agreed not to prosecute BBPLC for any crimes (except for criminal tax violations, as to which the DOJ cannot and does not make any agreement) related to BBPLC's submissions of benchmark interest rates, including LIBOR and EURIBOR, contingent upon BBPLC's satisfaction of

specified obligations under the NPA. In particular, under the NPA, BBPLC agreed for a period of two years from 26 June 2012, amongst other things, to:

- commit no US crimes whatsoever;
- truthfully and completely disclose non-privileged information with respect to the activities of BBPLC, its officers and employees, and others concerning all matters about which the DOJ inquires of it, which information can be used for any purpose, except as otherwise limited in the NPA;
- bring to the DOJ's attention all potentially criminal conduct by BBPLC or any of its employees that relates to fraud or violations of the laws governing securities and commodities markets; and
- bring to the DOJ's attention all criminal or regulatory investigations, administrative proceedings or civil actions brought by any governmental authority in the US by or against BBPLC or its employees that alleges fraud or violations of the laws governing securities and commodities markets.

BBPLC also agreed to cooperate with the DOJ and other government authorities in the US in connection with any investigation or prosecution arising out of the conduct described in the NPA, which commitment shall remain in force until all such investigations and prosecutions are concluded. BBPLC also continues to cooperate with the other ongoing investigations.

In anticipation of the expiry of the two year period, Barclays and DOJ-FS entered into a letter agreement which: (1) gives DOJ-FS until 27 June 2015 to make a determination under the NPA solely as to whether any of Barclays trading activities in the foreign exchange market during the two year period from 26 June 2012 constituted the commission of a "United States crime"; and (2) with respect to the ongoing investigation of those trading activities by DOJ-FS and DOJ-AD, extends Barclays' obligation to disclose non-privileged information in response to inquiries of the DOJ-FS to 27 June 2015. The two year period under the NPA has otherwise expired.

Investigations by the US State Attorneys General

Following the settlements announced in June 2012, 31 US state attorneys general commenced their own investigations into LIBOR, EURIBOR and the Tokyo Interbank Offered Rate. The NYAG, on behalf of this coalition of attorneys general, issued a subpoena in July 2012 to BBPLC (and subpoenas to a number of other banks) to produce wide-ranging information and has since issued additional information requests to BBPLC for both documents and transactional data. BBPLC is responding to these requests on a rolling basis.

Investigation by the SFO

In addition, following the settlements announced in June 2012, the SFO announced in July 2012 that it had decided to investigate the LIBOR matter, in respect of which BBPLC has received and continues to respond to requests for information.

Investigations by the European Commission

The Commission has also been conducting investigations into the manipulation of, amongst other things, EURIBOR. On 4 December 2013, the Commission announced that it had reached a settlement with the Group and a number of other banks in relation to anti-competitive conduct concerning EURIBOR. The Group had voluntarily reported the EURIBOR conduct to the Commission and cooperated fully with the Commission's investigation. In recognition of this cooperation, the Group was granted full immunity from the financial penalties that would otherwise have applied.

ISDAfix Investigation

Regulators and law enforcement agencies, including the CFTC and the FCA, are also conducting separate investigations into historical practices with respect to ISDAfix, amongst other benchmarks. BBPLC has received and continues to respond to subpoenas and requests for information from various authorities including the CFTC and the FCA.

Foreign Exchange Trading Investigation

Various regulatory and enforcement authorities, including the FCA, the CFTC, the DOJ, the SEC, the New York State Department of Financial Services and the Hong Kong Monetary Authority are investigating foreign exchange trading, including possible attempts to manipulate certain benchmark currency exchange rates or engage in other activities that would benefit their trading positions. Certain of these investigations involve multiple market participants in various countries. BBPLC has received enquiries from certain of these authorities related to their particular investigations, and from other regulators interested in foreign exchange issues. The Group is reviewing its foreign exchange trading covering a several year period at least through October 2013 and is cooperating with the relevant authorities in their investigations.

For a discussion of litigation arising in connection with these investigations see "LIBOR and other Benchmarks Civil Actions" and "Civil Actions in Respect of Foreign Exchange Trading" below.

Claimed Amounts/Financial Impact

It is not currently practicable to provide an estimate of the financial impact of the matters in this section or what effect, if any, that these matters might have upon operating results, cash flows or the Group's financial position in any particular period. Amongst other things, a breach of any of the NPA provisions could lead to prosecutions in relation to BBPLC's benchmark interest rate submissions and could have significant consequences for BBPLC's current and future business operations in the US.

LIBOR and other Benchmarks Civil Actions

A number of individuals and corporates in a range of jurisdictions have threatened or brought civil actions against the Group and other banks in relation to manipulation of LIBOR and/or other benchmark rates. The lawsuits seek an unspecified amount of damages with the exception of five lawsuits, in which the plaintiffs are seeking a combined total in excess of $1.25bn in actual damages against all defendants, including BBPLC, plus punitive damages. While several of such cases have been dismissed, others remain pending and their ultimate impact is unclear.

Background Information

Following the settlements of the investigations referred to above in "Investigations into LIBOR, ISDAfix, other benchmarks and foreign exchange rates", a number of individuals and corporates in a range of jurisdictions have threatened or brought civil actions against the Group in relation to LIBOR and/or other benchmarks.

The majority of the USD LIBOR cases, which have been filed in various US jurisdictions, have been consolidated for pre-trial purposes before a single Judge in the SDNY Court (MDL Court).

The complaints are substantially similar and allege, amongst other things, that BBPLC and the other banks individually and collectively violated provisions of the US Sherman Antitrust Act, the CEA, the US Racketeer Influenced and Corrupt Organizations Act (RICO) and various state laws by manipulating USD LIBOR rates.

The lawsuits seek unspecified damages with the exception of five lawsuits, in which the plaintiffs are seeking a combined total in excess of $1.25bn in actual damages against all defendants, including BBPLC, plus punitive damages. Some of the lawsuits also seek trebling of damages under the US Sherman Antitrust Act and RICO.

The proposed class actions purport to be brought on behalf of (amongst others) plaintiffs that (i) engaged in USD LIBOR-linked over-the-counter transactions (OTC Class); (ii) purchased USD LIBOR-linked financial instruments on an exchange (Exchange-Based Class); (iii) purchased USD LIBOR-linked debt securities (Debt Securities Class); (iv) purchased adjustable-rate mortgages linked to USD LIBOR; or (v) issued loans linked to USD LIBOR.

USD LIBOR Cases in MDL Court

In March 2013, the MDL Court issued a decision dismissing the majority of claims against BBPLC and other panel bank defendants in three lead proposed class actions (Lead Class Actions) and three lead individual actions (Lead Individual Actions).

Following the decision, the plaintiffs in the Lead Class Actions sought permission to either file an amended complaint or appeal an aspect of the March 2013 decision. In August 2013 and June 2014, the MDL Court denied the majority of the motions presented in the Lead Class Actions. As a result, the:

- Debt Securities Class has been dismissed entirely;
- the claims of the Exchange-Based Class have been limited to claims under the CEA; and
- the claims of the OTC Class have been limited to claims for unjust enrichment and breach of the implied covenant of good faith and fair dealing.

Subsequent to the MDL Court's March 2013 decision, the plaintiffs in the Lead Individual Actions filed a new action in California state court (since moved to the MDL Court) based on the same allegations as those initially alleged in the proposed class action cases discussed above. The Debt Securities Class attempted to appeal the dismissal of their action to the U.S. Court of Appeals for the Second Circuit (Second Circuit), but the Second Circuit dismissed the appeal as untimely on the grounds that the MDL Court had not reached a decision resolving all of the claims in the consolidated actions. The U.S. Supreme Court has agreed to review the dismissal of the Debt Securities Class' appeal. Depending on the decision of

the U.S. Supreme Court and further proceedings in the MDL Court, various plaintiffs may attempt to bring appeals of some or all of the MDL Court's decisions in the future.

Additionally, a number of other actions before the MDL Court remain stayed, pending further proceedings in the Lead Class Actions.

Until there are further decisions, the ultimate impact of the MDL Court's decisions will be unclear, although it is possible that the decisions will be interpreted by courts to affect other litigation, including the actions described below, some of which concern different benchmark interest rates.

Additional USD LIBOR Case in the SDNY

An additional individual action was commenced on 13 February 2013 in the SDNY against BBPLC and other panel bank defendants. The plaintiff alleged that the panel bank defendants conspired to increase USD LIBOR, which caused the value of bonds pledged as collateral for a loan to decrease, ultimately resulting in the sale of the bonds at a low point in the market. This action is not assigned to the MDL Court; it is proceeding on a different schedule before a different judge in the SDNY. The panel bank defendants have moved to dismiss the action, and their motion is now fully submitted to the court.

Securities Fraud Case in the SDNY

BPLC, BBPLC and BCI have also been named as defendants along with four former officers and directors of BBPLC in a proposed securities class action pending in the SDNY in connection with BBPLC's role as a contributor panel bank to LIBOR. The complaint asserts claims under the US Securities Exchange Act of 1934, principally alleging that BBPLC's Annual Reports for the years 2006 to 2011 contained misstatements and omissions concerning (amongst other things) BBPLC's compliance with its operational risk management processes and certain laws and regulations. The complaint also alleges that BBPLC's daily USD LIBOR submissions constituted false statements in violation of US securities law. The complaint was brought on behalf of a proposed class consisting of all persons or entities that purchased BPLC-sponsored American Depositary Receipts on a US securities exchange between 10 July 2007 and 27 June 2012. In May 2013, the district court granted BBPLC's motion to dismiss the complaint in its entirety. The plaintiffs appealed, and, in April 2014, the Second Circuit issued an order upholding the dismissal of certain of the plaintiffs' claims, but reversing the dismissal of the plaintiffs' claims that BBPLC's daily USD LIBOR submissions constituted false statements in violation of US securities law. The action will be remanded back to the district court for further proceedings.

Complaint in the US District Court for the Central District of California

In July 2012, a purported class action complaint in the US District Court for the Central District of California was amended to include allegations related to USD LIBOR and name BBPLC as a defendant. The amended complaint was filed on behalf of a purported class that includes holders of adjustable rate mortgages linked to USD LIBOR. BBPLC moved to dismiss all of the plaintiffs' claims and, in October 2012, the district court granted the motion to dismiss. The plaintiffs appealed the dismissal to the US Court of Appeals for the Ninth Circuit (Ninth Circuit), and, in March 2014, the Ninth Circuit issued an order reversing dismissal of the proposed class action, which reinstated most of the plaintiffs' claims. The action has now been remanded back to the district court for further proceedings, and one of the plaintiffs has indicated she will file a fourth amended complaint in August 2014.

Japanese Yen LIBOR Case in SDNY

An additional class action was commenced in April 2012 in the SDNY against BBPLC and other Japanese Yen LIBOR panel banks by a plaintiff involved in exchange-traded derivatives. The complaint also names members of the Japanese Bankers Association's Euroyen Tokyo Interbank Offered Rate (Euroyen TIBOR) panel, of which BBPLC is not a member. The complaint alleges, amongst other things, manipulation of the Euroyen TIBOR and Yen LIBOR rates and breaches of the CEA and US Sherman Antitrust Act between 2006 and 2010. The defendants filed a motion to dismiss and, on 28 March 2014, the Court issued a decision granting in part and denying in part that motion. Specifically, the court dismissed the plaintiff's antitrust claims in full, but sustained the plaintiff's CEA claims. The defendants have moved for reconsideration of the decision concerning the CEA claims, and the plaintiff has moved for leave to file a third amended complaint adding additional claims, including a RICO claim.

EURIBOR Cases

On 12 February 2013, a Euribor-related class action was filed against BPLC, BBPLC and BCI and other Euribor panel banks. The plaintiffs assert antitrust, CEA, RICO, and unjust enrichment claims. In particular, BBPLC is alleged to have conspired with other Euribor panel banks to manipulate Euribor. The lawsuit is brought on behalf of purchasers and sellers of NYSE LIFFE Euribor futures contracts, purchasers of Euro currency-related futures contracts and purchasers of other derivative

contracts (such as interest rate swaps and forward rate agreements that are linked to Euribor) during the period 1 June 2005 through 31 March 2011.

In addition, BBPLC has been granted conditional leniency from the DOJ-AD in connection with potential US antitrust law violations with respect to financial instruments that reference EURIBOR. As a result of that grant of conditional leniency, BBPLC is eligible for (i) a limit on liability to actual rather than treble damages if damages were to be awarded in any civil antitrust action under US antitrust law based on conduct covered by the conditional leniency and (ii) relief from potential joint-and-several liability in connection with such civil antitrust action, subject to BBPLC satisfying the DOJ-AD and the court presiding over the civil litigation of fulfilment of its cooperation obligations.

Non-US Cases

In addition to US actions, legal proceedings have been brought or threatened against the Group in connection with alleged manipulation of LIBOR and EURIBOR, in a number of jurisdictions. The first such proceeding in England and Wales was brought by Graiseley Properties Limited for trial in the High Court of Justice and was settled on confidential terms in April 2014. The number of such proceedings in non US jurisdictions, the benchmarks to which they relate, and the jurisdictions in which they may be brought are anticipated to increase over time.

Claimed Amounts/Financial Impact

It is not currently practicable to provide an estimate of the financial impact of the actions described on the Group or what effect, if any, that they might have upon the Group's operating results, cash flows or financial position in any particular period.

Civil Actions in Respect of Foreign Exchange Trading

Since November 2013, a number of civil actions have been filed in the SDNY on behalf of proposed classes of plaintiffs alleging manipulation of foreign exchange markets under the US Sherman Antitrust Act and New York state law and naming several international banks as defendants, including BBPLC.

Recent Developments

The SDNY Court, before whom all the cases are pending, has combined all actions alleging a class of U.S. persons in a single consolidated action and has directed that this consolidated action be coordinated for pretrial and other proceedings with two cases making similar allegations on behalf of a Norwegian class and a Korean class, respectively. The defendants, including BBPLC, have moved to dismiss the complaints.

Claimed Amounts/Financial Impact

It is not currently practicable to provide an estimate of the financial impact of the actions described on the Group or what effect, if any, that they might have upon the Group's operating results, cash flows or financial position in any particular period.

Civil Actions in Respect of the Gold Fix

Since March 2014, a number of civil complaints have been filed in US federal courts, each on behalf of a proposed class of plaintiffs, alleging that Barclays entities and other members of The London Gold Market Fixing Ltd. manipulated the prices of gold and gold derivative contracts in violation of the CEA, the US Sherman Antitrust Act, and state antitrust and consumer protection laws.

Claimed Amounts/Financial Impact

It is not currently practicable to provide an estimate of the financial impact of the potential exposure of the actions described or what effect, if any, that they might have upon operating results, cash flows or the Group's financial position in any particular period.

US Residential Mortgage Related Activity and Litigation

The Group's activities within the US residential mortgage sector during the period from 2005 through 2008 included:

- Sponsoring and underwriting of approximately $39bn of private-label securitisations;
- Economic underwriting exposure of approximately $34bn for other private-label securitisations;

- Sales of approximately $0.2bn of loans to government sponsored enterprises (GSEs); and
- Sales of approximately $3bn of loans to others.

In addition, during this time period, approximately $19.4bn of loans (net of approximately $500m of loans sold during this period and subsequently repurchased) were also originated and sold to third parties by mortgage originator affiliates of an entity that the Group acquired in 2007 (Acquired Subsidiary).

In connection with its loan sales and certain private-label securitisations the Group provided certain loan level representations and warranties (R&Ws), which if breached may require the Group to repurchase the related loans. On 30 June 2014, the Group had unresolved repurchase requests relating to loans with a principal balance of approximately $2.2bn at the time they were sold, and civil actions have been commenced by various parties alleging that the Group must repurchase such loans. In addition, the Group is party to a number of lawsuits filed by purchasers of residential mortgage-backed securities (RMBS) asserting statutory and/or common law claims and has entered into tolling agreements with certain institutional purchasers of RMBS concerning their potential claims. The current outstanding face amount of RMBS related to such pending and threatened claims against the Group as of 30 June 2014 was approximately $1.5bn.

RMBS Repurchase Requests

Background

In connection with the Group's loan sales and sponsored private-label securitisations, the Group provided certain R&Ws generally relating to the underlying mortgages, the property, mortgage documentation and/or compliance with law. The Group was the sole provider of R&Ws with respect to:

- Approximately $5bn of Group sponsored securitisations;
- Approximately $0.2bn of sales of loans to GSEs; and
- Approximately $3bn of loans sold to others.
- In addition, the Acquired Subsidiary provided R&Ws on all of the $19.4bn of loans it sold to third parties.

Other than approximately $1bn of loans sold to others for which R&Ws expired prior to 2012, there are no stated expiration provisions applicable to the R&Ws made by the Group or the Acquired Subsidiary. The Group's R&Ws with respect to the $3bn of loans sold to others are related to loans that were generally sold at significant discounts and contained more limited R&Ws than loans sold to GSEs, the loans sold by the Acquired Subsidiary or the Group sponsored securitisations.

R&Ws on the remaining Group sponsored securitisations were primarily provided by third party originators directly to the securitisation trusts with a Group subsidiary, as depositor for the securitisation, providing more limited R&Ws.

Under certain circumstances, the Group and/or the Acquired Subsidiary may be required to repurchase the related loans or make other payments related to such loans if the R&Ws are breached.

The unresolved repurchase requests received on or before 30 June 2014 associated with all R&Ws made by the Group or the Acquired Subsidiary on loans sold to GSEs and others and private-label activities had an original unpaid principal balance of approximately $2.2bn at the time of such sale.

Substantially all of the unresolved repurchase requests discussed above relate to civil actions that have been commenced by the trustees for certain RMBS securitisations in which the trustees allege that the Group and/or the Acquired Subsidiary must repurchase loans that violated the operative R&Ws. The trustees in these actions have also alleged that the operative R&Ws may have been violated with respect to a greater (but unspecified) amount of loans than the amount of loans previously stated in specific repurchase requests made by such trustees.

Claimed Amounts/Financial Impact

It is not currently practicable to provide an estimate of the financial impact of the actions described on the Group or what effect, if any, that they might have upon the Group's operating results, cash flows or financial position in any particular period.

RMBS Securities Claims

Background

As a result of some of the RMBS activities described above, the Group is party to a number of lawsuits filed by purchasers of RMBS. In April 2014, the Group settled RMBS related lawsuits brought by the US Federal Housing Finance Agency (FHFA). However, the Group remains party to a number of similar lawsuits filed by purchasers of RMBS sponsored and/or underwritten by the Group between 2005 and 2008. As a general matter, these lawsuits allege, amongst other things, that the RMBS offering materials allegedly relied on by such purchasers contained materially false and misleading statements and/or omissions and generally demand rescission and recovery of the consideration paid for the RMBS and recovery of monetary losses arising out of their ownership. The Group has also entered into tolling agreements with certain institutional purchasers of RMBS that have threatened to assert claims of various types against the Group in connection with the sale of RMBS sponsored and/or underwritten by the Group.

In addition, the Group has received inquiries, including subpoenas, from various regulatory and governmental authorities, including the DOJ, regarding its mortgage-related activities, and is cooperating with such inquiries.

The original face amount of RMBS related to the pending and threatened civil actions against the Group total approximately $4.1bn, of which approximately $1.5bn was outstanding as at 30 June 2014.

Cumulative realised losses reported on these RMBS as at 30 June 2014 were approximately $0.9bn.

Recent Developments

On 24 April 2014, the Group settled RMBS litigation brought by the FHFA against BBPLC and certain of its affiliates for $280m. These litigations related to allegedly materially false and misleading statements and/or omissions that were allegedly reflected in offering materials for RMBS purchased by the Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac).

Claimed Amounts/Financial Impact

If the Group were to lose the pending and threatened actions the Group believes it could incur a loss of up to the outstanding amount of the RMBS at the time of judgement (taking into account further principal payments after 30 June 2014), plus any cumulative losses on the RMBS at such time and any interest, fees and costs, less the market value of the RMBS at such time and less any provisions taken to date.

The Group has estimated the total market value of these RMBS as at 30 June 2014 to be approximately $1bn. The Group may be entitled to indemnification for a portion of such losses.

Lehman Brothers

Since September 2009, the Group has been engaged in litigation with various entities that have sought to challenge certain aspects of the transaction pursuant to which BCI and other companies in the Group acquired most of the assets of Lehman Brothers Inc. (LBI) in September 2008, as well as the court order (Order) approving the sale (Sale). The Order was upheld by the courts and is no longer being challenged. Lower courts have ruled for the Group on certain claims and against the Group on certain claims with respect to its rights over assets it claims from the Sale and an appeal process is currently pending before the Second Circuit. The Second Circuit's ruling could result in additional recoveries or losses for the Group and may be subject to further appeals or proceedings.

Background Information

In September 2009, motions were filed in the United States Bankruptcy Court for the SDNY (Bankruptcy Court) by Lehman Brothers Holdings Inc. (LBHI), the SIPA Trustee for Lehman Brothers Inc. (Trustee) and the Official Committee of Unsecured Creditors of Lehman Brothers Holdings Inc. (Committee). All three motions challenged certain aspects of the Sale, as well as the Order. The claimants sought an order voiding the transfer of certain assets to BCI, requiring BCI to return to the LBI estate any excess value BCI allegedly received, and declaring that BCI is not entitled to certain assets that it claims pursuant to the Sale documents and the Order (Rule 60 Claims).

In January 2010, BCI filed its response to the motions and also filed a motion seeking delivery of certain assets that LBHI and LBI had failed to deliver as required by the Sale documents and the Order (together with the Trustee's competing claims to those assets, Contract Claims).

In 2011, the Bankruptcy Court rejected the Rule 60 Claims and decided some of the Contract Claims in the Trustee's favour and some in favour of the Group. The Group and the Trustee each appealed the Bankruptcy Court's adverse rulings on the

Contract Claims to the SDNY Court. LBHI and the Committee did not appeal the Bankruptcy Court's ruling on the Rule 60 Claims.

The SDNY Court issued an opinion in June 2012, reversing one of the Bankruptcy Court's rulings on the Contract Claims that had been adverse to the Group and affirming the Bankruptcy Court's other rulings on the Contract Claims. In July 2012, the SDNY Court issued an agreed judgement implementing the rulings in the opinion (Judgement). Under the Judgement, the Group is entitled to receive:

- $1.1bn (£0.6bn) from the Trustee in respect of "clearance box" assets (Clearance Box Assets); and
- property held at various institutions in respect of the exchange traded derivatives accounts transferred to BCI in the Sale (ETD Margin).

Recent Developments

The Trustee has appealed the SDNY Court's adverse rulings to the Second Circuit. The current judgement is stayed pending resolution of the Trustee's appeal.

It appears that the Trustee may dispute the Group's entitlement to certain of the ETD Margin even in the event the Group prevails in the pending Second Circuit appeal. Moreover, there is uncertainty regarding recoverability of a portion of the ETD Margin not yet delivered to the Group that is held by an institution outside the US. Thus, the Group cannot reliably estimate how much of the ETD Margin the Group is ultimately likely to receive.

Claimed Amounts/Financial Impact

Approximately $4.3bn (£2.5bn) of the assets to which the Group is entitled as part of the Sale had not been received by 30 June 2014. Approximately $2.7bn (£1.6bn) has been recognised as a receivable on the balance sheet in respect of these assets. The unrecognised amount, approximately $1.6bn (£1.0bn) as of 30 June 2014, effectively represents a provision against the uncertainty inherent in the litigation and potential post-appeal proceedings and issues relating to the recovery of certain assets held by an institution outside the US.

If the SDNY Court's rulings are unaffected by future proceedings, but conservatively assuming the Group does not receive any ETD Margin that the Group believes may be subject to a post-appeal challenge by the Trustee or to uncertainty regarding recoverability, the Group will receive assets in excess of the $2.7bn (£1.6bn) recognised as a receivable on the Group's balance sheet as at 30 June 2014. The Group would then recognise a gain equal to such excess.

In a worst case scenario in which the Second Circuit reverses the SDNY Court's rulings and determines that the Group is not entitled to any of the Clearance Box Assets or ETD Margin, the Group estimates that, after taking into account its effective provision, its total losses would be approximately $6bn (£3.5bn). Approximately $3.4bn (£2.0bn) of that loss would relate to Clearance Box Assets and ETD Margin previously received by the Group and prejudgement and post-judgement interest on such Clearance Box Assets and ETD Margin that would have to be returned or paid to the Trustee.

In this context, the Group is satisfied with the valuation of the asset recognised on its balance sheet and the resulting level of effective provision.

Citibank Indemnity Action

On 11 March 2014, Citibank N.A. (Citi) and BBPLC settled an action brought by Citi under an indemnity provided by BBPLC for losses incurred by Citi between 17 and 19 September 2008 in performing foreign exchange settlement services for LBI, as LBI's designated settlement member with CLS Bank International.

American Depositary Shares

BPLC, BBPLC and various current and former members of BPLC's Board of Directors have been named as defendants in five proposed securities class actions consolidated in the SDNY Court, alleging misstatements and omissions in registration statements for certain American Depositary Shares offered by BBPLC.

Background Information

The consolidated amended complaint, filed in February 2010, asserted claims under the Securities Act of 1933, alleging that registration statements relating to American Depositary Shares representing preferred stock, series 2, 3, 4 and 5 (Preferred Stock ADS) offered by BBPLC at various times between 2006 and 2008 contained misstatements and omissions concerning (amongst other things) BBPLC's portfolio of mortgage-related (including US subprime-related) securities, BBPLC's exposure to mortgage and credit market risk, and BBPLC's financial condition.

Recent Developments

The claims concerning the series 2, 3 and 4 offerings have been dismissed on the basis that they were time barred. Although the SDNY Court also dismissed the claims concerning the series 5 offering, the Second Circuit reversed the dismissal and ruled that the plaintiffs should have been permitted to file a second amended complaint in relation to the series 5 offering claims.

In June 2014, the SDNY Court denied defendants' motion to dismiss with respect to the claims in the amended complaint concerning the series 5 offering.

Claimed Amounts/Financial Impact

It is not currently practicable to provide an estimate of the financial impact of the actions described on the Group or what effect, if any, that they might have upon the Group's operating results, cash flows or financial position in any particular period.

Devonshire Trust

On 19 June 2014 BBPLC and Devonshire reached an agreement to settle proceedings brought before the Ontario Superior Court in connection with BBPLC's early terminations of two credit default swaps under an ISDA Master Agreement with the Devonshire Trust (Devonshire). The Court previously determined that Devonshire was entitled to receive back from BBPLC cash collateral of approximately C$533m together with accrued interest. The implementation of the settlement is subject to certain conditions, including noteholder and Court approval. BBPLC had previously recognized an impairment provision in relation to these swaps, and no incremental profit or loss for Barclays is expected as a result of this settlement.

BDC Finance L.L.C.

BDC Finance L.L.C. (BDC) filed a complaint against BBPLC in the NY Supreme Court alleging breach of a portfolio of total return swaps governed by an ISDA Master Agreement (collectively, the Agreement). A ruling was made against BBPLC, but an appeal is pending before the New York State Court of Appeals. Parties related to BDC have also sued BBPLC and BCI in Connecticut state court in connection with BBPLC's conduct relating to the Agreement.

Background Information

In October 2008, BDC filed a complaint in the NY Supreme Court alleging that BBPLC breached the Agreement when it failed to transfer approximately $40m of alleged excess collateral in response to BDC's October 2008 demand (Demand).

BDC asserts that under the Agreement BBPLC was not entitled to dispute the Demand before transferring the alleged excess collateral and that even if the Agreement entitled BBPLC to dispute the Demand before making the transfer, BBPLC failed to dispute the Demand.

BDC demands damages totalling $298m plus attorneys' fees, expenses, and prejudgement interest.

In August 2012, the NY Supreme Court granted partial summary judgement for BBPLC, ruling that BBPLC was entitled to dispute the Demand before transferring the alleged excess collateral, but determining that a trial was required to determine whether BBPLC actually did so. The parties cross-appealed to the Appellate Division of the NY Supreme Court (NY Appellate Division).

In September 2011, BDC's investment advisor, BDCM Fund Adviser, L.L.C. and its parent company, Black Diamond Capital Holdings, L.L.C. also sued BBPLC and BCI in Connecticut state court for unspecified damages allegedly resulting from BBPLC's conduct relating to the Agreement, asserting claims for violation of the Connecticut Unfair Trade Practices Act and tortious interference with business and prospective business relations. The parties have agreed to a stay of that case.

In October 2013, the NY Appellate Division reversed the NY Supreme Court's grant of partial summary judgement in favour of BBPLC, and instead granted BDC's motion for partial summary judgement, holding that BBPLC breached the Agreement. The NY Appellate Division did not rule on the amount of BDC's damages, which has not yet been determined by the NY Supreme Court.

Recent Developments

In January 2014 the NY Appellate Division granted BBPLC leave to appeal its October 2013 decision to the NY Court of Appeals and the appeal is pending.

Claimed Amounts/Financial Impact

BDC has made claims against the Group totalling $298m plus attorneys' fees, expenses, and prejudgement interest. This amount does not necessarily reflect the Group's potential financial exposure if a ruling were to be made against it.

Credit Default Swap (CDS) Antitrust Investigations

The Commission and the DOJ-AD commenced investigations in the CDS market, in 2011 and 2009, respectively. In July 2013 the Commission addressed a Statement of Objections to BBPLC, 12 other banks, Markit Ltd. and ISDA. The case relates to concerns that certain banks took collective action to delay and prevent the emergence of exchange traded credit derivative products.

If the Commission does reach a decision in this matter it has indicated that it intends to impose sanctions. The Commission's sanctions can include fines. The DOJ-AD's investigation is a civil investigation and relates to similar issues. Barclays is also contesting a proposed, consolidated class action alleging similar issues that has been filed in the US.

Claimed Amounts/Financial Impact

It is not currently practicable to provide an estimate of the financial impact of the actions described on the Group or what effect, if any, that they might have upon the Group's operating results, cash flows or financial position in any particular period.

Interchange Investigations

The Office of Fair Trading, as well as other competition authorities elsewhere in Europe, continues to investigate Visa and MasterCard credit and debit interchange rates.

BBPLC receives interchange fees, as a card issuer, from providers of card acquiring services to merchants. The key risks arising from the investigations comprise the potential for fines imposed by competition authorities, litigation and proposals for new legislation.

Claimed Amounts/Financial Impact

It is not currently practicable to provide an estimate of the financial impact of the matters in this section or what effect, if any, that these matters might have upon operating results, cash flows or the Group's financial position in any particular period.

Interest Rate Hedging Products Redress

See Note 11. Provisions for a description of the FSA's review and redress exercise in respect of interest rate hedging products and the provisions recognized by the Group in connection with it.

General

The Group is engaged in various other legal, competition and regulatory matters both in the UK and a number of overseas jurisdictions. It is subject to legal proceedings by and against the Group which arise in the ordinary course of business from time to time, including (but not limited to) disputes in relation to contracts, securities, debt collection, consumer credit, fraud, trusts, client assets, competition, data protection, money laundering, employment, environmental and other statutory and common law issues.

The Group is also subject to enquiries and examinations, requests for information, audits, investigations and legal and other proceedings by regulators, governmental and other public bodies in connection with (but not limited to) consumer protection measures, compliance with legislation and regulation, wholesale trading activity and other areas of banking and business activities in which the Group is or has been engaged.

At the present time, the Group does not expect the ultimate resolution of any of these other matters to have a material adverse effect on its financial position. However, in light of the uncertainties involved in such matters and the matters specifically described in this note, there can be no assurance that the outcome of a particular matter or matters will not be material to the Group's results of operations or cash flow for a particular period, depending on, amongst other things, the amount of the loss resulting from the matter(s) and the amount of income otherwise reported for the reporting period.

The Group has not disclosed an estimate of the potential financial effect on the Group of contingent liabilities where it is not currently practicable to do so or, in cases where it is practicable, where disclosure could prejudice the conduct of matters. Provisions have been recognised for those cases where the Group is able to reliably estimate probable losses.

18. Related Party Transactions

Related party transactions in the period ended 30 June 2014 were similar in nature to those disclosed in the Group's 2013 Annual Report. No related party transactions that have taken place in 2014 have materially affected the financial position or the performance of the Group during this period and there were no changes in the related parties transactions described in the 2013 Annual Report that could have a material effect on the financial position or performance of the Group in the current financial year.

19. Segmental Reporting

Analysis of results by business Half Year Ended 30 June 2014	Personal and Corporate Banking £m	Barclaycard £m	Africa Banking £m	Investment Bank £m
Total income net of insurance claims	4,361	2,124	1,773	4,257
Credit impairment charges and other provisions	(230)	(537)	(196)	26
Net operating income	**4,131**	**1,587**	**1,577**	**4,283**
Operating expenses	(2,554)	(822)	(1,082)	(2,943)
Costs to achieve Transform	(115)	(36)	(17)	(282)
Other net income[1]	6	35	6	-
Profit before tax	**1,468**	**764**	**484**	**1,058**
	£bn	£bn	£bn	£bn
Total assets	268.1	36.2	52.4	447.8

Analysis of results by business Half Year Ended 30 June 2014	Head Office £m	Barclays Core £m	Barclays Non-Core £m	Barclays Group £m
Total income net of insurance claims	159	12,674	658	**13,332**
Credit impairment charges and other provisions	-	(937)	(149)	**(1,086)**
Net operating income	**159**	**11,737**	**509**	**12,246**
Operating expenses	(91)	(7,491)	(893)	**(8,383)**
Costs to achieve Transform	(2)	(453)	(41)	**(494)**
Other net (expense)/income[1]	-	47	(66)	**(20)**
Profit/(loss) before tax	**66**	**3,840**	**(491)**	**3,349**
	£bn	£bn	£bn	£bn
Total assets	41.7	846.2	468.6	**1,314.9**

Analysis of results by business Half Year Ended 31 December 2013	Personal and Corporate Banking £m	Barclaycard £m	Africa Banking £m	Investment Bank £m
Total income net of insurance claims	4,418	2,084	1,984	3,633
Credit impairment charges and other provisions	(322)	(556)	(205)	(16)
Net operating income	**4,096**	**1,528**	**1,779**	**3,617**
Operating expenses	(2,772)	(934)	(1,263)	(3,215)
Costs to achieve Transform	(292)	(44)	(17)	(74)
Other net income[1]	4	17	3	-
Profit before tax	**1,036**	**567**	**502**	**328**
	£bn	£bn	£bn	£bn
Total assets	278.5	34.4	54.9	439.6

Analysis of results by business Half Year Ended 31 December 2013	Head Office £m	Barclays Core £m	Barclays Non-Core £m	Barclays Group £m
Total income net of insurance claims	146	12,265	818	**13,084**
Credit impairment charges and other provisions	3	(1,096)	(344)	**(1,440)**
Net operating income	**149**	**11,169**	**474**	**11,644**
Operating expenses	(101)	(8,285)	(1,258)	**(9,543)**
Costs to achieve Transform	(22)	(449)	(120)	**(569)**
Other net income[1]	6	30	14	**44**
Profit/(loss) before tax	**32**	**2,465**	**(890)**	**1,576**
	£bn	£bn	£bn	£bn
Total assets	25.0	832.4	511.2	**1,343.6**

1 Other income/(expense) represents: share of post-tax results of associates and joint ventures; profit or (loss) on disposal of subsidiaries, associates and joint ventures; and gains on acquisitions.

Analysis of results by business	Personal and Corporate Banking	Barclaycard	Africa Banking	Investment Bank
Half Year Ended 30 June 2013	£m	£m	£m	£m
Total income net of insurance claims	4,305	2,019	2,055	5,222
Credit impairment charges and other provisions	(299)	(540)	(274)	38
Net operating income	**4,006**	**1,479**	**1,781**	**5,260**
Operating expenses	(2,754)	(874)	(1,230)	(3,193)
Costs to achieve Transform	(92)	(5)	(9)	(116)
Other net income[1]	37	16	5	-
Profit before tax	**1,197**	**616**	**547**	**1,951**
	£bn	£bn	£bn	£bn
Total assets	288.3	34.3	61.2	515.5

Analysis of results by business	Head Office	Barclays Core	Barclays Non-Core	Barclays Group
Half Year Ended 30 June 2013	£m	£m	£m	£m
Total income net of insurance claims	(4)	13,597	1,474	**15,071**
Credit impairment charges and other provisions	-	(1,075)	(556)	**(1,631)**
Net operating income	**(4)**	**12,522**	**918**	**13,440**
Operating expenses	(41)	(8,091)	(1,049)	**(9,141)**
Costs to achieve Transform	-	(223)	(418)	**(640)**
Other net (expense)/income[1]	(2)	56	(124)	**(68)**
(Loss)/profit before tax	**(47)**	**4,264**	**(673)**	**3,591**
	£bn	£bn	£bn	£bn
Total assets	45.6	944.9	623.0	**1,567.9**

Reconciliation of adjusted basis to statutory basis	Barclays Group Adjusted	Own credit	Provision for PPI redress	Provision for interest rate hedging products	Goodwill Impairment	Barclays Group Statutory
Half Year Ended 30 June 2014	£m	£m	£m	£m	£m	£m
Total income net of insurance claims	**13,332**	52	**-**	**-**	**-**	**13,384**
Credit impairment charges and other provisions	**(1,086)**	**-**	**-**	**-**	**-**	**(1,086)**
Net operating income	**12,246**	**52**	**-**	**-**	**-**	**12,298**
Operating expenses	**(8,383)**	-	(900)	-	-	**(9,283)**
Costs to achieve Transform	**(494)**	-	-	-	-	**(494)**
Other losses	**(20)**	-	-	-	-	**(20)**
Profit/(loss)	**3,349**	**52**	**(900)**	**-**	**-**	**2,501**
Half Year Ended 31 December 2013	£m	£m	£m	£m	£m	£m
Total income net of insurance claims	13,084	(306)	-	-	-	12,778
Credit impairment charges and other provisions	(1,440)	-	-	-	-	(1,440)
Net operating income	**11,644**	**(306)**	**-**	**-**	**-**	**11,338**
Operating expenses	(9,543)	-	-	-	(79)	(9,622)
Costs to achieve Transform	(569)	-	-	-	-	(569)
Other income	44	-	-	-	-	44
Profit/(loss)	**1,576**	**(306)**	**-**	**-**	**(79)**	**1,191**
Half Year Ended 30 June 2013	£m	£m	£m	£m	£m	£m
Total income net of insurance claims	15,071	86	-	-	-	15,157
Credit impairment charges and other provisions	(1,631)	-	-	-	-	(1,631)
Net operating income	**13,440**	**86**	**-**	**-**	**-**	**13,526**
Operating expenses	(9,141)	-	(1,350)	(650)	-	(11,141)
Costs to achieve Transform	(640)	-	-	-	-	(640)
Other losses	(68)	-	-	-	-	(68)
Profit/(loss)	**3,591**	**86**	**(1,350)**	**(650)**	**-**	**1,677**

1 Other income/(losses) represents: share of post-tax results of associates and joint ventures; profit or (loss) on disposal of subsidiaries, associates and joint ventures; and gains on acquisitions.

Shareholder Information

Results Timetable[1]	Date
Ex-dividend date	6 August 2014
Dividend Record date	8 August 2014
Scrip reference share price set and made available to shareholders	13 August 2014
Cut off time of 4.30 pm (London time) for the receipt of Mandate Forms or Revocation Forms (as applicable)	29 August 2014
Dividend Payment date /first day of dealing in New Shares	19 September 2014
Q3 2014 Interim Management Statement	30 October 2014

For qualifying US and Canadian resident ADR holders, the second interim dividend of 1p per ordinary share becomes 4p per ADS (representing four shares). The ADR depositary will post the second interim dividend on 19 September 2014 to ADR holders on the record at close of business on 8 August 2014.

Exchange Rates[2]	Half Year Ended 30.06.14	Half Year Ended 31.12.13	Half Year Ended 30.06.13	Change 31.12.13	Change 30.06.13[3]
Period end - US$/£	1.71	1.65	1.52	4%	12%
Average - US$/£	1.67	1.58	1.54	5%	8%
3 month average - US$/£	1.68	1.62	1.54	4%	10%
Period end - €/£	1.25	1.20	1.17	4%	7%
Average - €/£	1.22	1.18	1.18	3%	3%
3 month average - €/£	1.23	1.19	1.18	3%	4%
Period end - ZAR/£	18.17	17.37	15.11	5%	20%
Average - ZAR/£	17.82	15.94	14.20	12%	26%
3 month average - ZAR/£	17.76	16.43	14.57	8%	22%

Share Price Data	30.06.14	31.12.13	30.06.13
Barclays PLC (p)	212.80	271.95	278.45
Barclays Africa Group Limited (formerly Absa Group Limited) (ZAR)	161.50	132.25	148.50

For Further Information Please Contact

Investor Relations	Media Relations
Charlie Rozes +44 (0) 20 7116 5752	Giles Croot +44 (0) 20 7116 6132

More information on Barclays can be found on our website: www.barclays.com

Registered Office

1 Churchill Place, London, E14 5HP, United Kingdom. Tel: +44 (0) 20 7116 1000. Company number: 48839

Registrar

The Registrar to Barclays, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA United Kingdom.

Tel: 0871 384 2055[4] from the UK or +44 121 415 7004 from overseas.

1 Note that these announcement dates are provisional and subject to change. Any changes to the Scrip Dividend Programme dates will be made available at Barclays.com/dividends.

2 The average rates shown above are derived from daily spot rates during the year used to convert foreign currency transactions into Sterling for accounting purposes.

3 The change is the impact to Sterling reported information.

4 Calls cost 8p per minute plus network extras. Lines open 8.30am to 5.30pm UK time, Monday to Friday excluding UK public holidays.

Shareholder Information

Listing

The principal trading market for Barclays PLC ordinary shares is the London Stock Exchange. Trading on the New York Stock Exchange is in the form of ADSs under the ticker symbol 'BCS'. Each ADS represents four ordinary shares of 25p each and is evidenced by an ADR. The ADR depositary is JP Morgan Chase Bank, whose international telephone number is +1-651-453-2128, domestic telephone number is 1-800-990-1135 and address is JPMorgan Chase Bank, PO Box 64504, St. Paul, MN 55164-0504, USA.

Barclays PLC Scrip Dividend Programme

Shareholders may have their dividends reinvested in Barclays shares by joining the Barclays PLC Scrip Dividend Programme (the Programme). At the Barclays 2013 Annual General Meeting, shareholders approved the introduction of the Programme to replace the Barclays Dividend Reinvestment Plan. The Programme enables shareholders, if they wish, to receive new fully paid ordinary shares in Barclays PLC instead of a cash dividend, without incurring dealing costs or stamp duty. The Programme was initially offered for the second interim dividend, paid on 13 September 2013, and for any dividends paid thereafter (subject to the Directors making the Programme available for each dividend).

For further details, including the full Terms and Conditions and information about how to join or leave the Programme, please visit **Barclays.com/dividends** or alternatively contact: The Registrar to Barclays, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA United Kingdom, or by telephoning 0871 384 2055[1] from the UK or +44 121 415 7004 from overseas.

Global Systemically Important Institutions

Barclays is required by the PRA following an EBA request to publicly disclose the Global Systemically Important Institutions template for the reporting period 31 December 2013. This will be available at: www.barclays.com/barclays-investor-relations/investor-news.html on 31 July 2014.

1 Calls cost 8p per minute plus network extras. Lines open 8.30am to 5.30pm UK time, Monday to Friday excluding UK public holidays.