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Good morning and thanks for joining me.

At our investor seminar in June, I outlined how GRB would deliver strong profit growth, good returns and happy customers.

My presentation this morning is going to be in two parts. Firstly, for context, we'll look at the most recent third quarter numbers for Barclays Group which will give you an idea of how we are progressing on delivering profit growth and good returns. In this section, I will spend some time focusing on Global Retail Banking and its constituent businesses: UK Retail Banking, Barclaycard, Western Europe and Barclays Africa.

I'm then going to share some thoughts on Barclays response to Competing in the New World. And happy customers.

I am convinced that happy customers are central to ensuring success in this New World, so I'll focus on what that means for GRB in the second half of this presentation.

As you might imagine, since becoming CEO of GRB just over a year ago, I have given this subject a lot of thought.

Let's now look at how we're getting on, using the third quarter numbers.

At Group level, both our profit and income performance has been resilient in the face of a subdued economic environment and moderate volumes.

Returns on risk-weighted assets have increased as we continue to focus on the returns on our money over the growth of our money. Impairment is down significantly, and the strength of our capital, leverage and liquidity position makes us well placed to meet new regulatory requirements to be implemented over the next decade.

Let's look under the surface a bit….

Income was up 2% at £22.9 billion.

The annualised net interest margin for GRB, Barclays Corporate, Barclays Wealth and Absa was broadly the same as at the half year.

Impairment of £4.3 billion improved by 31% year on year, resulting in a 15% increase in net income.

Operating expenses grew 18% to £14.5 billion for several reasons:

continued investment in the business;
increased regulatory costs;
higher net pension charges;
and the impact of foreign exchange rates.

Group Profit before tax grew 4% to £4.3 billion.

Once you factor in the impact of own credit, gains on acquisitions & disposals, and gains on debt buy-backs, adjusted profit before tax was £4.2 billion, which is an increase of 6% on the same period last year.

Our core Tier 1 ratio was 10% at the end of September.

Risk weighted assets increased 3% to £405 billion, which gave us a return on risk weighted assets of 1.1%, up marginally on last year's result.

Adjusted gross leverage was 21 times as at 30th September 2010 and has moved between 20 times and 24 times during the nine month period, which is quite normal for us.

The Group liquidity pool as at 30th September was £162 billion - of which £149 billion was in FSA eligible pool assets.

The cost of maintaining this pool for the first nine months of 2010 was close to £700m.

Now let's look more closely at Global Retail Banking.

Overall GRB delivered a good financial performance in Q3 and has shown resilience in tough market conditions.

In fact, GRB now contributes around one third of Group profit, compared with less than one quarter at the half year.

Whilst PBT for the nine months fell by 9% to £1.4bn, income was about the same as 2009 at £7.8bn. Business growth was offset by a slight decline in net interest margin as well as lower fees and commissions.

We saw a good improvement in impairment - 9% - which in turn has improved our risk-adjusted margins. Operating expenses increased by 10% reflecting higher pension charges. That was in part a result of lower pension credits when compared with the same
period in 2009 as well as the impact of acquisitions and higher ongoing regulatory-related costs.

GRB's overall performance was affected by uncertainty and slow growth in our Western European businesses, and this continues.

But, over the medium to long-term, these continue to be attractive markets to us.

Importantly, we have continued to support the UK economy. Our new lending to UK businesses and households has increased 34% to £35 billion compared to the same period in 2009.

We are – and will remain – very much open for business in the lending arena.

Let's look in more detail at each of our 4 businesses.

UK Retail Banking delivered a strong performance.

UK Retail Banking profits grew 20% to £734 million. This includes a gain of £100 million on the acquisition of Standard Life Bank.

Income grew 4% reflecting strong balance sheet growth. The majority of lending was in the UK mortgage book where gross new lending of £20.6 billion, produced net new lending of £4.8 billion.

Both customer deposits and loans were up 18% including Standard Life Bank.

In mortgages, our mortgage book passed £100bn in September. Over the last three years Barclays has lent £56bn in new mortgages and since 2007 has increased overall mortgage lending by 42 per cent, compared to an industry increase of just 3.5 per cent.

We have seen a good increase in overall margins in our mortgage book as the lower margin back book redeems or is paid down. New business margins are being maintained as strong volume of wide margin low risk business is added.

In savings our balances are up 5% this year versus the market average of 3%.

In general liability margins are gradually tightening across the industry. However, we are sustaining a competitive advantage through a simple and transparent savings range whilst retaining the balances of existing customers and by NOT competing aggressively for 'rate tart' business.

At Barclaycard, profits of £561 million were broadly stable year on year.

There's been profit growth quarter on quarter this year as a result of improved impairment - particularly in the US, where 90 day delinquency rates have declined significantly.

Income was slightly lower as a result of the US Credit Card Act and cost growth was largely the result of higher pension charges.

In challenging economic conditions, Western Europe Retail Banking incurred a loss of £34 million.

If you compare that with the first nine months of 2009, you should note that there was a gain last year of £157 million from the sale of a stake in our Spanish life and pensions business.

Impairment improved by 9% year on year with lower delinquency levels in all products. But note that as house prices have continued to decline in Spain, we've increased our loss severity assumptions here.

Costs grew 15% as we continue to build scale in these markets. This increase includes the impact of the acquisition of two card businesses in Italy and Portugal and 148 new distribution points in these two countries in the last 12 months.

Our Western Europe business is now run by Deanna Oppenheimer. As Vice Chair of Global Retail Banking, Deanna has been relentless in sharing best practice and pursuing operational excellence across GRB. This, together with her outstanding track record in transforming our UK Retail Business, means she is the ideal candidate to accelerate the transformation of our business in Western Europe.

Barclays Africa has done very well.

On a headline basis profits increased an impressive 14% to £106 million. Income grew by 9%, and impairment improved 30% year on year.

Cost growth of 11% was the result of continued planned investment in infrastructure and higher staff charges.

So in summary…

We are in good shape in what are undeniably very subdued economic conditions. We are on track to deliver on the commitments we set out in June – strong profit growth, good returns happy customers.

Now I'll give you Barclays views on Competing in the New World.

To begin, I'd like to remind you of GRB's assets.

We have 37 million customers, who engage with over 67,000 staff either at 3,553 physical distribution points or via leading technology. We have a real opportunity to leverage these relationships.

We cannot forget however, that in this environment it is critical for banks to balance the needs of all stakeholder groups - customers, shareholders, colleagues and society.

In order to compete successfully, all banks – and not just Barclays - must harmonize these interests over the short and long term through a complex web of trade offs.

Our first stakeholder group is customers.

I believe a relentless focus on their needs is crucial to success.

Let's not beat about the bush here. In the last few years, banks have lost the trust of customers and of society.

Public acknowledgement of this fact is an important first step as we plan for the future. But it is not sufficient.

Words alone will not regain the trust of our customers. Only sustained and concerted action to put our customers first will do that.

For Barclays, that's not just customers here in the UK but those in the 50 countries in which we operate.

Banking is never simply about figures. It's about working at every level, on every scale.

It's about people and people's lives. Making it easier for them to use their money to achieve the things in life that matter most. We have to put our customers first. Then we can begin to regain their trust.

Put simply it is by remembering what we're here to do. That we are here to help our customers do the things they want to do – to buy food, book a holiday, start a business.

We're here to make their lives easier.

But we won't differentiate ourselves by making their lives a little bit easier. Our starting point is to make our customers' lives MUCH easier.

But to make the ground a little tougher, customers' expectations are changing.

This would be true even without that loss of trust.

An example of this change is the simplicity and transparency of online shopping. It sets a higher benchmark.

The clunky banking processes of old are quite simply incomprehensible and unacceptable to customers. So too is the inconsistency of service.

I think we'd all accept that the level of UK banking complaints reported in the first half of this year at 1.6m - is a clear indication of failure in some circumstances to meet customer expectations. And it's a poor reflection on our industry.

Another example of change is banking technology. It's already changed the way that many people bank.

Money is becoming increasingly weightless and we now pay for many day-to-day items without money ever changing hands.

Over the weekend, you may have seen that we are predicting that total spend over the Christmas period will reach over £30 billion.

You probably all made some "weightless transactions" on your way here without even realising it:

Whether it was your journey here using your Oyster card, paying your congestion charge via text message, or buying your coffee using a contactless card.

Whatever transaction you made, and whatever you made it with, one thing is clear. The way we are able to access our money and make payments is changing rapidly. And it will continue to change as technology advances.

And people's relationship with their money is changing. The challenge is to make that future a reality for all of our customers.

So what do these changes really mean for banks ?

Let's start with what they don't mean.

They don't mean that banks should stop making profits! We need profits to support economic growth and job creation.

But to do that we need to deliver for all our of stakeholders.

If a bank failed to produce an acceptable return on equity through the cycle it would severely impact its ability to lend.

These changes also don't mean throwing out all that has served our customers well.

Not all the answers lie in "giga bytes or micro chips".

Sometimes it simply means traditional banking in a modern way.

And that's what we've sought to achieve by investing in our branches throughout the world.

At Barclays, we have said goodbye to bandit screens, we've introduced staff who meet and greet customers and we have expanded self service functionality.

The difference is appreciated by all those who visit our refurbished branches.

This is not just good for customers. It's good for business.

We are also investing in our customers, not just our infrastructure.

We need to move to being adults talking to adults as part of a long term relationship, investing in the relationship by making time for customers, calling them, texting them, and meeting them face to face.

We need to adopt a multi-channel strategy so that wherever, however and whenever they need us, we can respond.

It's absolutely right that if a customer has rewarded us with their loyalty, that we in turn reward them with our service levels.

This why we have recently launched a loyalty mortgage, exclusively for existing customers, offering a discounted rate for keeping their mortgage with us.

We need to continue to raise the bar on customer service and, crucially, to clear that bar day in and day out.

To achieve this, Barclays is investing £1bn over the next four years to do just that. Our customer services will be reliable, responsive and always relevant.

As our customer relationships deepen, so too does our knowledge of our customers' financial behaviour.

Our future success will be based on how we combine our knowledge with the most relevant technology to help make our customers' lives much easier.

With every advance in technology, people are adapting faster and sooner.

Here's a quick example of Moore's Law in action:

It took 50 years for the telephone to become mainstream, but television took just half that. Mobile phones and PCs, half again, and the internet just seven years (about half again).

And we now see people adopting new technology from iPhones to twitter in months not years.

This shows us the enormous potential for our industry to respond to the fact that people think very differently today about their money and their financial provider from the way they did in the past.

When I talk to customers, from Nairobi to Norwich, they tell me about the difference that technology has made to many areas of their lives.

As I said earlier, their expectations have rightly risen.

They expect us to anticipate their needs and use technology to make their lives easier.

Customers want to be in control. They want to bank when it suits them.

Online banking is now growing even faster than internet use.

We know that online banking customers are more loyal to banks whose technology significantly improves the way they transfer money and pay bills.

And as the first high street bank to roll out mobile banking in 2007, Barclays has led the way in proving that it really is possible to do business wherever you are.

These applications were barely in their infancy a decade ago, but are now expected by customers and give them more information and control than ever before.

All around the world people are grasping new technologies to make the simple task of payments much easier.

Here are some great examples of what we're already doing in this "New World".

In Kenya, we have two mobile banking initiatives, Hello Money, and our money transfer initiative in partnership with M-PESA.

These harness the technology of mobile phones to enable millions of people to make payments for services, to send funds and to store savings for a short time.

In the UK, we are the clear market leader in contactless cards. 8 million out of the 10 million contactless cards issued are from Barclays.

And since January this year, our contactless transactions have increased by an impressive 217 per cent.

It doesn't stop there. We are developing many new leading apps. Apps that will allow customers to pay for goods directly from their mobile phones. Apps that will show personal or household budgets. And apps that will help people manage their money in an intelligent way.

These examples show how technology and money have joined together to make people's lives much easier and customers happier.

They are dynamic examples of a fundamental challenge to all banks today.

If we don't harness the power of technology to help make the lives of our customers easier, someone else will.

That is what Competing in the New World means.

I passionately believe that this approach will deliver. Not only for the customer, but also for the shareholder through greater revenue per customer and ultimately through lower cost to serve.

You will remember how I said an important part of our strategy was to differentiate ourselves by making our customers' lives much easier. This strategy is already driving income and reducing costs. It is good for customers and good for business.

Growth in new current accounts in our refurbished UK branches is double that of branches awaiting investment.

Another example is Barclaycard, where research has shown that highly satisfied customers on average increase their card use by over 8%.

When we launched e-statements recently, over one million customers signed up in the first week alone. This demonstrates how we can use technology to deliver a cost effective solution that makes our customers happy.

This strategy will also deliver to our colleagues through richer and more rewarding work. And it will deliver to society through the creation of a vibrant, fair and safe banking industry.

Thank you.

Any questions ?