Thank you and good morning. It’s a pleasure to be here and I’d like to thank our hosts for the opportunity to present today.

I recognise that our stock trades at a significant discount to our tangible equity. I do not believe that that is justified so I want to directly address the concerns I know people have: concerns that have been heightened by continued lack of market confidence and by continued lack of certainty.

This includes concerns about the potential impact of regulatory change, concerns about the Eurozone and our exposures there, as well as concerns about whether we will hit our target return on equity of 13% by 2013 in the face of new regulation and slowing economic growth.

While market conditions are challenging and I understand these concerns, we are confident about our position at Barclays.

Let me take this opportunity to explain why starting with regulation.

As you all know, the UK Independent Commission on Banking published its final report recently, after 15 months of careful deliberation.

That publication was a welcome step towards the greater clarity that banks need to be able to operate with confidence.

Of course the hard work doesn’t stop here.

The report calls for changes in UK law, changes in international law, and coordination with international regulation.
There are many steps yet to be taken, and until we know the full details, it is difficult to quantify the precise impact.

But we welcome the ICB’s recognition that the benefits of diversification in banking models should be retained, both for the good of clients and for the internal synergies that exist - I’ll talk more about those synergies later.

It’s important that our shareholders continue to be able to access both retail and institutional earnings.

And as the Chancellor said, the goal must be for Britain to be the home of successful international banks.

We also welcome the fact that the report’s recommendations leave flexibility to determine the detail of implementation.

Importantly, this allows for the definition of the ring fence to be aligned with the shape of our retail, corporate and investment banking businesses and with the work we have underway on recovery and resolution plans.

Let me give you just one example of why this matters.

I recently went to visit one of our small business clients in the North of England, a cold storage company with turnover of just over a million pounds.

They had asked us to help them finance expansion.

Although they are a small UK company, they have developed fast freezing capabilities with design input from Norway and manufacturing in Germany.

This has enabled them to create new business lines exporting frozen foods to Asia.

They need help from an investment bank to hedge their currency risk and they need financing from a corporate bank.
Even small companies want access to a broad range of banking services in order to trade internationally.

Even a small domestic UK company needs more than a small domestic UK bank.

So we welcome the ICB’s recognition of the benefits of diversity and the need for flexibility.

That is what underpins our ability to support clients and foster economic growth through a universal banking model.

The ICB timeline for implementation, which runs until 2019, is also critical for banks to accommodate the changes while continuing to support the economy.

Of course, there is always a risk that implementation becomes more restrictive than necessary and I would urge all investors in UK Banks – both debt and equity – to share their views with the UK authorities at this stage in the process.

We want your perspective to be taken into account, so that an appropriate balance is struck.

Let me move on now to talk about Europe.

We recognize there are pressing concerns about Greece, Italy, Spain, Portugal and Ireland so we gave a detailed breakdown of our assets in these markets at the first half in terms of the businesses they relate to, the nature of the risk, and how we manage that risk.

£44 billion of our exposure – the majority - relates to retail banking activities almost all mortgages, mainly on first homes with low Loan to Value ratios, in Spain, Italy, and Portugal.

Our Corporate Assets total about £14 billion.
We have already taken substantial provisions on our corporate portfolio, our impairment charges are now declining and we expect that to continue.

Our sovereign exposure of £11.6 billion is all fair valued.

70% is held to hedge interest rate risk relating to our local businesses: over half of that has a remaining life of under 2 years and is being replaced by swaps.

30% of our sovereign exposure is in our trading and derivative portfolio resulting from our role as a leading primary dealer, market maker and liquidity provider to our clients.

Those clients include both institutional investors and governments.

The remaining assets – less than £7 billion – relate to financial institutions and normal interbank activity.

A significant part of this is to strong financial institutions with administrative centers in Ireland, but with little Irish exposure.

Keep in mind that while it is booked in Ireland, the real risk is to the strong parent company.

You’ll notice that I have not mentioned Greece - our exposure there is minimal.

In summary, our positions in these markets are not speculative.

They are largely in retail, they are largely secured, and we’re managing our risks carefully, so we’re confident about the assets that we own and the values at which they’re held.

Of course confidence will not be restored until the EU sovereign debt issue is resolved.

This is the most critical issue weighing on the markets right now.
And the opportunity for Europe is clear - a big deep liquid sovereign debt market with all the safety and security characteristics of the US Treasury market, underpinning a European corporate funding market and driving economic growth.

That is how it has been operating since the introduction of the single currency in 1999 and the benefits have been huge.

The only way to sustain this is through greater fiscal integration.

I believe the debate must increasingly address how and when we get there, not if we get there.

The issue is solvable - the prize is worth going for.

But as uncertainty continues, we remain focused on 4 key priorities at Barclays capital strength, returns, income growth and citizenship.

Each of these is critical to our ability to succeed in this environment and we have a strong experienced management team committed to executing on each and every one.

Let me start with capital.

In 2008, we signalled that Barclays would get ahead of regulatory change by ensuring a strong capital position.

We raised capital privately and we raised it swiftly.

Since then our Core Tier 1 ratio has doubled to 11%, our total capital ratio is now 17%, and our potential loss absorbing capital is more than double that.

We also reduced leverage to 20 times and our surplus liquidity stood at £145 billion in June.

£85 billion of that pool is cash held with central banks, £25 billion is in UK government bonds, and a further £24 billion is in other government bonds including Switzerland, the US, and Japan.
Despite market volatility our funding position is strong.

We’ve raised £54 billion in term liabilities over the last 18 months, and we recently priced a 2 billion Euro 3 year covered bond at 52 basis points over mid swaps so we’re accessing funding, cost effectively, even though markets have tightened.

Our liquidity stress tests show that even in the worst case scenario, where the wholesale markets close completely, we have a significant buffer period, even without management action.

In addition, our surplus liquidity pool covers an entire year of wholesale maturities.

In short, Barclays today continues to operate with rock solid capital and rock solid liquidity.

What that’s allowed us to do is to focus on our clients and on driving performance in the business.

We set a target in February to generate a Return on Equity of 13% by 2013.

After the Independent Commission on Banking report, we reiterate that target.

Though we’re just 8 months into our journey and still have a long way to go there are signs of good progress in our underlying numbers.

Our Adjusted Return on Equity rose to 9.1% in the first half from just below 7%.

Our return on tangible equity grew to just under 11%.

This was driven by 24% profit growth, excluding PPI and own credit.
Our three world class businesses – Retail and Business Banking in the UK, Barclaycard and Barclays Capital – are businesses that operate in the very top tier of their industry, businesses that have scale, technology, brand, customer depth and breadth.

All three delivered an adjusted return on equity above 13% in the first half this year.

As you know, we apply a Core Tier 1 ratio of 10% to all our businesses.

UK Retail Banking reported a Return on Equity of 15%, at Barclaycard it was 16%, and Barclays Capital generated a return of 15%, even in a soft trading environment.

Together these three businesses account for two thirds of our risk weighted assets, two thirds of our capital.

In addition we have two businesses that have the potential to become top tier, Barclays Wealth and Africa.

I’ll talk about these later in relation to income growth. Both show continued progress.

Then there are two businesses where we recognise we have serious work to do: Corporate Banking and Retail and Business Banking in continental Europe.

Barclays Corporate returned to profitability in the first half.

This is a very significant improvement on the negative return last year, though clearly we have much further to go.

Europe Retail and Business Banking was loss-making due to the costs of restructuring that business.

In Spain, we are reducing headcount and the size of our branch network; the business now has strong leadership and is in much better shape for this environment.
Europe will return to profitability in the second half and deliver positive returns going forward.

Disciplined cost management is also critical to delivering returns and will give us flexibility to navigate challenging market conditions.

We held costs flat in the first half and expect to deliver a reduction of £250 million for the full year, net of restructuring.

One of the big changes here is that we are running Barclays in a more integrated and efficient way.

We’re taking advantage of economies of scale, for example, by creating a single procurement function across all business and geographies, a single IT infrastructure team that covers our networks, data centres, servers and desktops, and a single property team to manage all our facilities around the world more efficiently.

We’re combining support functions to make them more efficient and cost effective between Barclays Capital and Barclays Corporate for example and between Absa and the rest of Africa.

This is why I’m confident that we can comfortably exceed our savings target for 2013 of a billion pounds.

Naturally, running Barclays as one integrated firm also creates income opportunities so I want to turn now to our third execution priority, which is income growth, and give you some examples of how we’re driving revenue synergies.

We brought Barclays Corporate and Barclays Capital closer together last year.

As a result, the number of capital market transactions with corporate clients was 5 times higher in the first half this year than the same period last year and revenues from this more than tripled.
We’ve also been able to offer corporate banking products, such as cash management, to our investment banking clients resulting in 16% income growth year on year.

Barclaycard is generating incremental income by working closely with our corporate and investment banking businesses.

Traditionally Barclaycard has been a consumer card business but we’re extending our expertise and our platform to payment acceptance and corporate payment solutions.

Our corporate client base gives us a natural competitive advantage to grow this business through collaboration; almost 1,000 corporate clients have been introduced to Barclaycard already this year.

So the benefits of working together as one firm are clear - we’re delivering both cost and revenue synergies.

It’s also important that those areas where we are investing for growth are delivering.

At Barclays Wealth we are in the second year of a five year investment program.

In 2010 – the first year - revenues grew 18%.

This year, first half income grew 12 % and we’re continuing to operate ahead of plan.

We launched One Africa at the beginning of July and Maria Ramos is now CEO of the Africa region.

Total income was up 7.5% when we combine revenues from all of our activities across Africa.

We have top tier positions in many African markets, and our One Africa strategy will deliver the entire capabilities of Barclays in an integrated way across the continent.
Within Barclays Capital, while overall income was down, there was good growth in the businesses that we have targeted to build out globally.

Equities & Prime Services grew 5%, Investment Banking was up 11%, and market share in both is growing.

We are also pleased with the strong performance in UK Retail and Business Banking where income grew 4% as we continued to upgrade the customer experience by investing in our branches, our technology and our people.

Our fourth execution priority is citizenship.

For me this embraces several key elements: it’s about the way we behave, in particular the way we treat customers and clients, it’s about the way we help them create jobs and economic growth, and it’s about the way we support the communities in which we work.

Operating with integrity lies at the very heart of our focus on Citizenship.

We know that trust in the industry has been damaged in recent years.

We know we do not always get things right for our customers.

When we get them wrong, we apologize and we put them right.

That is our commitment.

In a challenging environment, we have continued to do all we can to support job creation and business growth by standing by our clients.

Here in the UK we held over 75,000 meetings with our business clients in the first 6 months this year, we supported the start-up of 50,000 new businesses, and we approved a new loan to a UK SME every 4 minutes.
In the US, Barclays Capital is a leader in taking companies public enabling them to raise the funds they need to invest in their businesses and create jobs.

And globally Barclays Capital was the leading book runner for Debt Capital Markets in the first half so at a time of little certainty and confidence we helped clients raise more financing in public debt markets around the world than any other bank.

We also continue to help the communities in which we live and work.

During the first six months of the year, we supported more than 45,000 of our people who work for causes they believe in, by giving them time and matching their fundraising efforts.

I spoke recently at the Clinton Global Initiative where this year’s focus was on food security and sustainability.

You may wonder what citizenship has to do with banking – why it matters?

The answer is that we care about being good citizens not just because it is the right thing to do but because trust underpins our relationships with customers and clients, trust underpins our reputation and brand, trust underpins the delivery of sustainable returns for shareholders.

We recognize that markets are greatly unnerved by lack of confidence but the UK does not face the challenges we see in Europe.

It’s ahead of many others in reducing public debt.

It’s working hard to pass the mantle of growth from the public to the private sector.

And it has the advantage of its own currency and of fiscal autonomy.

In addition, we now have more certainty about UK regulation.
Against that background, we are clear about our priorities at Barclays.

We took steps early to strengthen our capital, leverage and liquidity and in times of stress, rock solid capital, liquidity and funding is a key differentiator.

That has allowed us to invest for growth - in Cards, Africa, Wealth, Equities and Advisory.

We’re also running Barclays more efficiently and more effectively.

All these factors underpin our commitment to deliver a Return on Equity of 13% by 2013.

The valuations of large well capitalised UK headquartered banks have been discounted due to uncertainty in recent times but I believe it may now be time to look at these banks in a new light.

Thank you very much - I'm happy to take your questions