BARCLAYS INVESTOR SEMINAR
WEDNESDAY, 15 JUNE 2011

Bob Diamond, Group Chief Executive

Good afternoon - welcome to all of you here in Churchill Place and to everyone joining us by phone or by webcast.

The purpose of today is to give you a more in depth understanding of our businesses and to hear about our execution plans in more detail so that you can see just how we're going to deliver our targets in 2013 in an uncertain regulatory environment .

It's also a chance for you to get to know the senior management team better.

This is a team that has real depth of experience in our industry but more than that, we've known each other and worked together for many years.

This team overhauled UK Retail Banking to make it much more customer focused.

It transformed Barclaycard ahead of the credit curve and took a lead on technological innovation.

This team built Barclays Capital into a business that's delivered over 20% annual profit growth for the last decade and grew BGI from a business worth $500 million to one sold for $15 billion.

This team managed through the financial crisis and improved Barclays strategic position with acquisitions like Standard Life Bank in the UK and Lehman Brothers in the US.

It's a team that I'm proud to be a part of and it's a team that's completely focused on the four execution priorities I set out when I became Chief Executive.

- Capital
- Returns
- Income Growth
- And Citizenship

By the end of this afternoon you should see clearly how this focus in each of the businesses will deliver the objectives we set out in February.

As you know, our Core Tier 1 ratio was 11% at the end of March and the increase in that ratio over the last year has been almost entirely due to our ability to generate profits.

We continue to generate capital but we recognise that there's a balance to strike between being well capitalized and generating returns for shareholders.

And that's important to us because that's what will enable us to grow the dividend.

We've said that our current returns are simply not acceptable.

You'll hear more today about how all our businesses are managing on a returns basis.

For example, Barclays Capital is reducing its credit market exposures, Wealth and Barclaycard are focusing on high return opportunities.

Chris and I review our progress on returns in detail on a regular basis so that we allocate capital to businesses that generate returns above the cost of equity and have a plan of action for those that do not.

In February I set out a goal of achieving a return on equity of 13%, assuming a Core Tier 1 capital position between 9 and 10%, we believe that 9% gives us a strong position but we recognise that there's uncertainty about the level that regulators will settle on so we are showing you today numbers that are based on a more conservative Core Tier 1 position of 10%.

These plans are based on organic growth and do not require acquisitions, they also assume a continuation of current weak economic and market conditions.

I know there has been coverage this morning on UK retail ring fencing, let me remind you we are very engaged with the ICB regulators on this topic and are strong supporters of creating a safer and sounder financial system, while retail ring fencing would not be our first option to achieve that, we can see ways it would work, though clearly there is a lot more work to do on the specifics, importantly the plans that you will hear today show we do not use retail deposits to fund our wholesale business, and the plans your hear today are already based off an assumption of 10% core tier 1 capital for each of our business.

Our focus on returns must of course include income growth so you'll also hear about growth opportunities including opportunities to take market share in Retail and Business Banking, the growth prospects in Africa, the income trajectory in Barclays Capital, what we're doing to restore profitable growth in Barclays Corporate, and how we're building a bigger business in Wealth Management, a business that will generate strong income and profit growth as well as strong returns.

You'll also hear how we're capturing these opportunities and delivering synergies by working together as a team in a truly integrated way across Barclays.

Throughout my career, from running a money market group in the 1980's to starting Barclays Capital in 1997, to leading Barclays today, it's always been important to me to work as a team with a focus on execution, with complete transparency and with total trust.

That's exactly how this team works.

In the first half of the afternoon you'll hear from Antony on Retail and Business Banking and Maria on our One Africa Strategy.

Maria now has geographic responsibility for the whole of Africa while Antony has global product responsibility for Retail and Business Banking, including Africa.

We're talking about Africa today because it's a fast growing region, because we have a strong competitive advantage and because we've changed the way we run our business there to capture the opportunity.

You can expect us to cover other regions such as Asia and the Middle East when we go forward.

After the break you'll hear from Jerry and Rich on our Corporate and Investment Banking businesses.

Tom will update you on our plans for Wealth Management, then Chris will reconcile the commitments made by the businesses to the targets we've set for 2013, before I wrap up the day by talking about why Citizenship is an important part of our strategy.

We’ll take questions at the end of each half and we hope you’ll come and continue the conversation over a drink after the presentations.

So let’s start with Retail and Business Banking and Africa.

I’ll to hand over now to Antony followed by Maria.

Antony

Antony Jenkins, Chief Executive Officer RBB

Good afternoon everybody.

I'm going to talk about the progress of our strategy at Retail and Business Banking, or RBB for short.

I'll cover both what we've done since I spoke to you last year, and how the strategy develops from here. You'll see that we have made significant progress since last year's investor day.

Here briefly are the commitments that we set out last year for 2013.

First, I said that we wanted to have happy customers.

I said we'd improve customer satisfaction and reduce complaints, to differentiate ourselves from the competition and ultimately drive sustainable business.

Second, we want a strong financial performance. In a subdued economic environment we committed to solid income growth and positive operating jaws, delivering strong profit growth.

Third we promised to deliver a return on equity of 13-15% based on rigorous portfolio management.

One year on, we are absolutely on track to deliver these commitments.

Let me remind you of the shape and scale of the business.

We serve 50 million customers in 22 countries in 3 major customer segments: Mass Consumer, Mass Affluent and Business Clients.

To serve these segments, we have four businesses: UK, Europe, Africa and Barclaycard.

Last year, RBB delivered 13 billion pounds in income and 2.4 billion pounds of profit before tax.

We also generated good returns for Barclays, despite a difficult economic environment and only one year into our strategy.

Last year our 3 largest businesses generated over 11% return on equity.

Europe is our smallest business and yes, the return is not good enough. I'll come back later to the actions we've taken to address our performance there.

Overall, we expect returns to improve in the course of this year.

The four businesses in RBB constitute an excellent franchise which is well positioned because of our strong brand, scale positions and track record of innovation.

In our core markets we are number one or two for brand consideration.

Being number one, as we are in the UK, means that people are more likely to choose Barclays than any other bank as their main provider.

We occupy leading positions in many, but not all of our countries.

In the UK we're the number 2 brand by number of current accounts, and we are number 1 in credit cards.

In Africa we're in the top 3 in 9 out of 12 countries, including South Africa.

In the US and Europe we have a smaller presence, but a focused franchise and distinctive customer proposition.

For example in Europe we offer differentiated products and a high level of service for the mass affluent.

Our track record of innovation gives us a competitive advantage, and we have several recent "firsts", for example, contactless and mobile payments.

This means that we are well positioned to take advantage of the growth opportunities that we see here.

Last year we shared our vision and strategy.

We said that customers everywhere – not just in the UK – are looking for a simpler, more effective way to do business and for a more transparent approach to banking and payments.

We also said that making customers lives much easier would give us a competitive advantage.

The last 12 months have seen increasingly rapid change in the countries in which we operate.

Competition has intensified with new entrants, such as Tesco, Virgin Money and Metro Bank in the UK.

Rapid technology changes are transforming the customer experience and increasing their expectations about how we interact with them.

And the voice of the customer has never been more important, reinforced by increased scrutiny from regulators and media.

Given this context, we believe our current customer-centric approach is absolutely the right one.

This strategy doesn't just benefit customers. It benefits shareholders through sustained income growth and reduced costs.

Let me explain how.

Over the last year we have delivered significant improvements to our customer's experience, in 2 main ways.

First we've focused on getting the basics right, with greater automation and simpler processes.

That has delivered real and meaningful cost reductions through lower servicing costs and fewer complaints.

Second, we've used customer insight to differentiate ourselves and to drive income growth through product and channel innovation.

Here are some examples.

In the UK we've re-engineered our debit card process so that we can now deliver a replacement card in under 2 working days.

It used to take a week!

We've also started calling customers when we see suspicious transactions. That's reduced fraud losses by 30%.

These actions have driven down complaints by 33% and increased revenue per card by 34%.

Our customers tell us they really appreciated this service.

The bottom line benefits don't just apply to the UK. For example, in Zambia we simplified our product set, rationalised our charges and made our account opening process more straight forward.

As a result, retail customer deposits have increased by 20% and complaints have fallen by 66%.

I said that our second area of income improvement was innovation in channels and products.

A year ago we had mobile banking in 4 countries. Now we offer it in 6 and will roll it out to another 3 by the end of the year.

In the UK we've introduced new products to better meet customers' =needs in these tough times.

The result was our award-winning "Great Escape" product, which offers customers zero fee variable rate mortgages with the choice of switching to a fixed rate with no early repayment charges.

Since its launch in quarter four last year it has brought us over 13,000 customers from our competitors.

There are lots of other examples, but that's enough to give you a flavour of how we are delivering an improved customer experience as well as sustained income growth, lower costs and superior risk insight.

So that's the strategy. How do we measure up? Let's answer that by business. I'll cover the UK, Europe and Barclaycard and Maria will cover Africa.

UK first.

As you know, our UK retail bank is a well-established and strong franchise.

We have over 15 million personal customers, almost half of whom have banked with us for more than 10 years.

We also have over 700,000 mass affluent customers. 80% of these customers hold 3 or more products with us.

And we have 750,000 business clients, defined as those with turnover of under 5 million pounds.

This segment is an important focus for us as part of our citizenship agenda. 40% of our clients started banking with us within the last 3 years, and I will talk later about how we continue to strengthen and grow the franchise.

We serve all these customers through branches, ATMs, and our award-winning online and mobile channels.

We currently process a staggering 900,000 transactions per day in our branches, but an even more impressive 640,000 a day through mobile and online.

Branch transactions will remain fairly constant, but I expect mobile and internet transactions to increase rapidly.

Although the UK is a mature market there are income growth opportunities from growing our share in more attractive segments with higher returns.

Last year we set out to

- Further improve productivity and innovation
- Grow the business bank
- And develop a tailored proposition for mass affluent customers.

We have delivered on all of these commitments.

For example, in mid March, working closely with Barclays Wealth, we launched an online investment platform.

Nearly 4,000 customers have already registered. It offers a convenient way to buy, sell and manage investments.

And there's the award–winning mobile platform, Barclays.mobi, which has more than doubled the number of users over the last year.

Our investment in the branch network continues with nearly 70% of the transformation programme complete.

In our refurbished branches, the growth rate of customers opening current accounts is twice that of those in the branches awaiting investment.

And if you want to see for yourself how these branches are really making a difference for our customers, then just let us know and we'd be delighted to set up a visit for you.

In Barclays Business we've strengthened the franchise significantly over the past year. You can now open an account in less than 24 hours.

And we've also introduced services such as electronic statements and Creditfocus, which allows small businesses to better assess their credit risk profile.

And the result?

Our actions have reduced complaints by 24%, and improved customer satisfaction with relationship managers by 7 percentage points.

By serving the needs of these customers better, we've grown income by 5% from this segment to 1.1 billion pounds as well as increasing the lending platform by 22%.

In our mass affluent segment we've made good progress in laying the foundations for our tailored proposition, which we call Premier.

We launched a new current account, we improved the quality of our telephony service and we delivered a new tool to support relationship managers to increase wallet share.

As a result, the number of Premier customers has increased 6%. Remember, these customers deliver on average £500 per annum more income than non-Premier mass affluent customers.

Income from this segment has increased 18% year on year while customer satisfaction has risen and complaints have fallen.

And we have grown UK product share.

For example, we grew our share of mortgage balances despite a flat market, while maintaining a conservative risk appetite with loan to value of total stock flat at 43%.

RWA returns on this portfolio remain well above our group hurdle rate.

We have also grown our share of liabilities balances despite tough competition for deposits.

And we have done so while preserving margins in the low interest rate environment.

This is a good point to talk about our outlook for interest rates and the likely impact that will have on income and margins.

As you can see on the diagram, we saw rapid and severe liability margin compression as the base rate fell to 0.5% in 2009.

In our planning assumptions we expect that interest rates will start to rise later this year, initially by 25 basis points, with a further 50 basis points in 2012 and 100 basis points in 2013.

Since 2009 we have seen increasing demand for deposits. Combined with customer expectations this is likely to make significant margin expansion for the industry challenging.

We therefore expect income growth from interest rate rises to be modest, as the majority of these rises will be passed on to customers.

As a result net interest margins will remain broadly stable, with only a moderate improvement in liability margins.

Given this outlook, we'll continue to focus on operational excellence to reduce cost and improve the customer experience.

We've established a programme called Relentless Simplification focusing on 15 of our key customer processes.

One example is improving business customers' experiences when they change mandates. This used to take up to 8 days.

Our programme has identified a much simpler process which will reduce the time by half and the required headcount by 34%.

We are 6 months into this programme and we expect the review of these processes to deliver:

- A continued improvement in customer satisfaction
- A reduction in complaints for these processes of between 20 and 50%
- And a reduction in costs of between 30 and 50 million pounds by 2013

So one year on, we are delivering on our commitments in the UK and we're on track to meet our 2013 targets.

We grew income by almost 6% in 2010 while maintaining a constant risk profile and we saw 39% profit growth last year.

We'll continue to deliver solid income growth, and we'll hold costs flat net of investments to fund income growth.

This means we'll continue to deliver strong profit growth through to 2013.

We have taken a disciplined approach to returns, taking robust action where businesses do not meet our return hurdles.

For example, we recently closed our Financial Planning business because we could not see a path to delivering returns above the cost of equity.

All new business flows must meet or exceed the minimum hurdle for returns.

This approach means we are well placed to achieve 14 to 15% return on equity by 2013.

That's the UK, now Europe.

Our retail franchise in Europe lost £139m in 2010.

Over previous years we had grown our businesses there too rapidly and had not fully integrated some of our portfolio acquisitions.

Profit had been largely driven by one-offs rather than by underlying growth in the business.

So when the economic environment deteriorated and the competition for deposits intensified, our income was hit by margin compression and lower treasury revenues, while costs increased due to continued investment in the branch network.

Going forward, we expect the economic recovery to be slow.

We will continue to optimise our franchise in order to turn the business around and reposition it for profitable growth.

Unlike the UK Financial Planning business, we do see a path to returns above the cost of equity in Europe, and we have taken action to achieve this.

This includes:

Appointing a new and experienced management team. We brought Europe under Deanna Oppenheimer as Chief Executive bringing her significant retail experience and proven track record from the UK to bear.

We appointed Curt Hess as CFO for Europe, with his experience of turnaround at Barclaycard.
We have brought focus and discipline to drive underlying income growth, concentrating on building primary relationships, particularly in the mass affluent segment, where customer numbers grew 14% in 2010.

We are leveraging product capability across RBB. For example, Business Banking in the UK is working closely with Spain and Portugal, supporting incentive setting and marketing. Barclaycard's risk capability has also been extensively shared across Europe.

We are taking significant restructuring action to reduce headcount and optimise the distribution network.

And we have imposed strong discipline in terms of risk and pricing, leveraging pan RBB analytic capabilities across both front and back books to drive profitability and returns.

These actions have driven down impairment by 7% during 2010.

Barclays remains committed to the long-term opportunity in Europe.

Rich will talk about our corporate franchise later, but from the bank's perspective Europe represents a large revenue pool and a strategically important fit with the UK.

We have a well capitalised business, a strong brand, a reputation for delivering consistently top end satisfaction scores, and a good distribution network across all 4 countries.

As I said earlier, Europe is one of those regions where we have smaller presence, but with a better-focused franchise and leveraging our RBB and wider Barclays capability, we have room to grow in profitable segments.

We take advantage of this opportunity with a Premier-focused franchise. The mass affluent segment delivers on average over 2.5x more income per customer than mass consumers.

For this reason we have a Premier-driven strategy for Europe as a whole and I'll now take you through our priorities by country.

First, Spain, the largest of our retail franchises in Europe.

We've put in place a new and experienced management team, led by Jaime Echegoyen. Jaime was previously CEO of Bankinter, the 6th largest non-savings bank in Spain and one of our key competitors in the Premier space.

We've also strengthened the Board with the appointment of Pedro Solbes, the former Finance Minister.

We have signed an agreement with local unions, subject to government approval, to close around 20% of branches and reduce RBB headcount by 16%.

And we are optimising the portfolio by exiting unprofitable liability products and repricing the flow of mortgages and liabilities above our hurdle rate.

In Portugal our franchise is profitable and has remained so throughout the economic downturn.

Here our focus is to expand the cards business, building on the successful acquisition of the Citi portfolio. We're also investing in risk and debt management capability.

We want to further enhance the customer experience even though we are already number one in independent mystery shopping. For example we have reduced the time to open a Premier account from 5 days to 30 minutes.

And we are ruthlessly leveraging capability from across RBB. The roll out of mobile banking is a great example. It was achieved using the UK model for an implementation cost of just 67,000 Euros.

In Italy we have a focused franchise across 10 key northern cities.

Here too we are reshaping and optimising the portfolio.

We have launched award-winning and innovative deposit products such as the Premier Life and Conto 3% accounts which have contributed to a 27% increase in customer liabilities so far this year.

We are also doing more business from our current footprint. Branches are now operating at 77% of customer capacity, as opposed to 40% at the end of 2009.

Finally, in France we are a Premier specialist.

We have a strong brand and excellent reputation for service in this segment. Premier customers increased by 4% in 2010 and we are leveraging our investment management capability from France across Europe.

Our focus is to reduce the cost to serve and increase our ability to cross sell through delivery of alternate channels, for example, by launching mobile banking in December 2010.

We are now migrating non-premier customers – who account for 62% of our clients – to a telephone-based service so we can free up relationship management capacity. We aim to migrate 20% of these customers to this service during 2011.

And we are optimising the portfolio to enhance returns, for example by exiting part of our mortgage broker business where we were unable to cross-sell.

Across Europe we have refocused and repositioned the franchise for profitable growth and we have the building blocks in place to deliver on our commitments.

We'll continue to re-price and drive fee-based income.

Loan loss rates are expected to carry on declining at a slower pace and we'll continue to drive down underlying costs.

We have seen improvement in our underlying performance and expect to return to profitability in the second half of this year and on a full year basis in 2012.

We target return on equity of 4 to 5% by 2013, and we are committed to achieving 13% by 2015.

Moving onto Barclaycard.

Barclaycard is an important source of earnings diversification for RBB and plays a key role in terms of innovation, continuing to take the lead in emerging payment trends.

Since we launched the first UK credit card in 1966, the business has diversified well beyond its roots.

Today we earn about 57% of PBT from outside our UK consumer credit card franchise.

The result of this diversification is a broad, international payments business with a strong brand, a scaled franchise and a focused strategy, which is delivering on its commitments.

Our strategy has allowed Barclaycard to deliver consistent profit growth through the economic downturn with double digit growth from 2006 to 2010.

You could say that the combination of a fee-based and asset-led business is a conservative risk posture. That's intentional.

But this combination, along with strong cost control, has allowed Barclaycard to maintain consistently strong returns on risk weighted assets of 1.9%.

Our strategy for Barclaycard is:

- To outpace our competitors in our consumer businesses
- To diversify income into business payment products
- And to lead innovation in payments.

How? Let's see.

In the UK, we are number one in consumer credit cards.

But we're also the only major card company in the UK gaining share organically. We've done this while maintaining a conservative risk appetite, with lower losses than our peers.

Excluding our acquisition of Egg, we grew receivables by 7% last year whilst the other major issuers reduced theirs – this alone made us number one.

The Egg acquisition has quite simply put clear water between us and our competitors adding over 1 million accounts and 2.3 billion pounds of receivables.

We expect to integrate the Egg portfolio onto Barclays systems this year, driving benefits from economies of scale.

But this scale doesn't add risk. Our delinquency rates continue to decline.

Our marketing and risk management capabilities also give us the edge over the competition.

For example, we launched a market-leading balance transfer product at the end of last year which has so far attracted 194,000 new customers.

These customers are profitable, and provide a great source of income for the business.

So we continue to drive value and outpace the competition in the UK.

But we are also outpacing our international competitors.

For example, in the US we have returned to profitability following the impact of the Cards Act and the economic downturn.

We achieved this through working closely with our co-brand partners, continued targeted customer acquisition, careful risk management and strong action on cost.

This business is now the 9th largest Visa and Mastercard issuer and has outperformed the top US issuers for the last 12 months with returns more than 100 basis points above those of our peers.

We are also building on our leading positions in Germany, Scandinavia and South Africa.

All 3 businesses grew last year, with South Africa increasing profits by 85% due to a focus on delivering new product solutions for customers.

Moving onto further diversifying in business payments.

The economics of this segment are particularly attractive with global revenues of approximately 40 billion pounds, expected to grow at over 7% in the next 3 years.

Returns are 7x higher than those for consumer cards through lower impairment and a greater focus on fees as opposed to lending.

We are aggressively growing this business using the scale we have in the UK as a leading merchant acquirer.

Nearly one third of all card purchases in the UK are made through merchants that acquire through Barclaycard.

And we are growing. We are expanding on existing relationships, such as John Lewis, and winning new clients, with QVC the latest to come on board.

Our commercial payments business provides travel and procurement cards to 155,000 clients.

This is primarily for UK-based companies and government agencies but we are growing internationally, and are now issuing in key countries in Europe.

We are working closely with Barclays Corporate on a joint strategy for multinational companies to continue to drive our international expansion and further deepen relationships with these clients.

In support of this we have launched Total Spend Management which provides the capability for business-to-business payments without the need for plastic.

It also enables us to perform cross-border issuing in 22 more countries. This capability has been rolled out already in 3 currencies and 5 languages, with 4 more currencies planned.

Our third area of focus for Barclaycard is leading innovation in the payments space.

Quite simply, this will enable consumers and businesses to make payments faster and more simply and more intuitively than they can now.

We are already recognised as leading in this area and this reputation helps to attract new customers as well as retain existing ones.

And we now have the core infrastructure in place, which gives us the flexibility to implement future developments at speed, ultimately reducing cost.

So let me share with you two initiatives in payment innovations that are already underway.

In 2007, we recognised that contactless payment would be part of the journey towards mobile payments.

Barclays unique position as a major card player in the UK gave us the opportunity to drive this change.

We took the decision to upgrade our point of sales terminals, as well as to convert all of our cards, to contactless.

That conversion is well advanced. We now have 11 million of the 13 million contactless cards in issue and over 90% of the contactless terminals.

We have signed up 42 leading high street retailers including Starbucks, Pret a Manger and the Co-Operative.

The result is that contactless transaction volumes have more than doubled in the last year alone.

Contactless is a great example of how Barclaycard is innovating in payments.

But payment developments don't stop there. So let's talk about mobile.

This is a space where the power of partnership is critical because no single player has all the capabilities necessary to succeed in this space.

And we're working with partners to develop compelling mobile payment propositions, using Near Field Communications, or NFC, technology.

We launched mobile payments last month in the UK, in partnership with Orange.

I'm sure you've seen the adverts and you'll be able to try this out for yourselves at the break.

This is one of the first nationwide launches of NFC-enabled payments in the world.

We will expand it throughout 2011 to a broader range of handsets, and across more phone operating systems and manufacturers.

We are also in active discussions with other potential partners to launch mobile payments in the United States and Europe.

And you'll hear more from Maria about how mobile technology is being rolled out in South Africa.

Over the next 3 years, Barclaycard will deliver solid income growth, with a decline in loan loss rates through continued conservative risk management.

We will maintain the cost income ratio at current levels, contributing towards very strong profit growth to 2013.

This will generate substantial returns at 16 to 17% return on equity.

I'm now going to hand over to Maria to talk about Africa.

Maria.

Maria Ramos, ABSA Chief Executive Officer

Good afternoon and thank you Antony.

I want to talk about the scale of the opportunity in Africa; the strong position we have already with Absa and Barclays Africa; and how we plan to take better advantage of that position by working together more closely.

In order to give you a better picture of Africa's potential the numbers I'm going to use today combine Absa Retail, Absa Business Banking, Absa Cards, Absa Capital and Wealth as well as the whole of Barclays Africa.

The size of the opportunity in Africa is very attractive.

GDP has grown at more than twice the rate of the developed world for the last decade.

At $1.7 trillion, it's larger than Russia or India; it's expected to grow 6% a year to $2.4 trillion by 2015; and consumer spending at double the rate of OECD countries.

80% of adults are currently unbanked in Africa, product penetration is low and capital markets are under-developed, so as the economy grows and financial markets mature we estimate the banking revenue pool will double to £50 billion.

Africa then represents a very significant growth opportunity.

Barclays starts with a very strong competitive advantage in Africa.

We operate in 12 countries covering three fifths of Africa's total revenue pool; we're one of the top 3 banks by revenue in nine of those countries, we serve over 14 million customers; and our franchise is well established - on average we've been in these markets for about 85 years.

This gives us a unique footprint in the third fastest growing region in the world.

The strength of our position is evident from our revenues.

Barclays was the leading bank on the continent last year generating total income of £4.7 billion and profit before tax of more than £1.1billion.

To put this in context, that's larger than the UK Retail Bank.

We operate as a fully fledged universal bank across Africa.

Barclays Africa comprises an integrated Retail and Commercial bank in 10 countries while in South Africa; Absa includes Retail and Business Banking, as well as Corporate and Investment Banking and Wealth Management.

We also have a very successful Bancassurance business.

Retail Banking accounts for over half of total revenues, Commercial and Corporate Banking is about 30% of revenues and the remainder comes from Investment Banking, Wealth and Bancassurance.

Looking at our Retail Banking operation in Africa we have almost 1,600 branches and over 10,000 ATM's making this the largest distribution network across the continent.

We have a fully fledged retail offering in South Africa with a large market share not just in deposits but in cards, mortgages and insurance.

The opportunity is to extend the best of our retail platform across our other Africa markets and grow market share.

We're also using technology in order to increase access to banking services in all our markets.

That's why we've developed mobile banking solutions allowing customers to use their phones to check balances, pay utility bills, transfer money, and even apply for a personal loan.

CashSend, for example, is an award winning product allowing customers to transfer money to anyone via their mobile phone.

The recipient collects the transfer at an ATM using a confidential PIN number.

Our CashSend transactions in South Africa almost trebled in the last year and we believe this product is very well suited to our other African operations.

As you heard from Antony, Barclays has just launched the first ever service in the UK, allowing customers to make contactless payments with their mobile phone.

We're also taking advantage of new contactless technology, developed in partnership with Barclaycard, and we go live with this soon on our transport systems in Cape Town and Johannesburg.

We've offered mobile banking in South Africa since 2000 and it's now well established with 2.7 million customers. We're adding as many as 100,000 new mobile customers a month and customer transactions via internet and mobile banking exceeded £1.7 billion in March.

In our other African markets the majority of transactions are branch based so we're improving access to banking as well as reducing costs by extending mobile and internet banking.

We launched mobile banking in Kenya and Botswana in 2009 and we're extending it to Zambia and Ghana this year.

We've also launched internet banking in 4 countries outside South Africa this year and plan to extend it to all our markets, except the Seychelles, by the year end.

Our award winning Islamic Banking offer has been very successful in South Africa and we're looking to use this in our markets in East Africa where there's a Muslim population of more than 60 million.

We serve more than 550,000 small and medium size businesses across Africa.

Our share of business customers in South Africa grew by 4 percentage points to 24% when we improved our electronic platform and our main focus is on establishing a leading platform that we can roll out across the continent.

One of the sectors we've developed in is Business Banking, and within that, Agriculture.
Agriculture represents more than 15% of Africa's total GDP and it's a sector where we've developed real expertise working with farmers in South Africa over many years.

We plan to use Absa's agribanking capabilities in other countries including Zambia, Mozambique, Kenya and Tanzania.

Let me give you an example of the way in which we support our farming clients.

Anna Phosa has been named Female Farmer of the year two years running in South Africa, she was recently offered a contract by a major retailer worth over £2 million a year to provide them with 100 pigs a week.

Anna could only fulfil the contract if she had a bigger farm so we gave her a loan on the strength of the contract she'd been offered enabling her to buy the farm and create about 20 new jobs.

In fact we actively encourage our corporate clients to use emerging suppliers, while offering financing and mentoring to those suppliers to help them take their businesses to the next stage.

When it comes to Corporate and Investment Banking in Africa being part of an integrated universal bank gives us a strong competitive advantage.

Absa Capital's trading capability has been transformed in the five years we've been part of Barclays Capital.

As you can see in the chart on the left, trading revenues have grown fivefold from just over £50 million in 2006 to almost £300 million last year.

We adopted Barclays Foreign Exchange Trading platform, BARX in the first quarter of 2010 giving clients the ability to trade in nine different African currencies.

As a result we've gained hundreds of new corporate clients.

Average volumes on the platform have grown about 70% a quarter, and we've seen double digit income growth in Foreign Exchange.

So we benefit from a global product platform and as an integrated universal bank we're also able to take advantage of regional and global cross border trade flows.

Let me give you some examples.

Kosmos Energy is an American company operating in Ghana.

They needed $750 million of debt finance to develop one of the world's largest oil discoveries, the Jubilee oil field.

Barclays Capital originated the deal in New York and London and they worked with Absa Capital and Barclays Commercial Bank in Ghana to deliver it.

When Kosmos Energy wanted to IPO on the New York Stock Exchange in May of this year they chose Barcap as book runner and global coordinator so a relationship that developed from helping them in Africa has led to further large international mandates.

Axis Bank in India is another example.

They came to us because they wanted to support an Indian company building power plants in Ghana so we're providing finance locally while they underwrite the project because they have no operations in Africa and can't finance the project in local currency.

It's a similar story for many Chinese companies.

They want to access Africa directly without going through London or New York.

Since the beginning of last year Barclays has successfully referred over 70 multinational clients to Absa.

Many of these clients have large operations in Africa but did not bank with us.

We now have a relationship with them in Africa as well and we're systematically focusing on large global companies to make sure we're operating in a joined up way.

We're also building a combined cross border payments system and we see opportunities in cash management where Absa banks most of South Africa's top retailers.

You'll hear later today how Barclays Corporate is rolling out a new global cash management platform which we plan to take advantage of in Africa.

We see bancassurance as a strong long term opportunity combining Absa's manufacturing skills and Barclays distribution capability across the continent.

Absa has a well established insurance business that's very profitable.

It accounted for 14% of Absa's profits in 2010 and delivered a return on equity of 35%.

This includes life, mortgage, vehicle and home insurance for more affluent customers as well as funeral insurance for the mass market.

Consumers are very well protected in South Africa and we operate an open architecture model providing insurance from a number of third party providers so that customers can chose what suits them best.

As you can see from the chart on the right, insurance penetration is very low outside South Africa.

As economic growth feeds into higher disposable income we expect that penetration to increase.

We started selling insurance in Botswana in March of this year and in just two months we've sold almost 3000 policies generating over £2 million of revenues.

We expect to expand into Mozambique and Zambia later in the year, pending regulatory approval.

When it comes to risk management we believe we're well positioned. We've been operating in many of these markets for almost a century. We understand the markets and the risks associated with them well, and we draw on the superior risk modelling capabilities of Barclays though we clearly adapt our models for the local markets.

We saw a big improvement in loan loss rates in Africa last year as we enhanced our collections capability in an improving economy.

Our margins, shown here on the right, demonstrate that our lending is appropriately priced.

Our trading risks are also well managed.

Our business model is client-driven and Absa's average daily value at risk was low at just £2.5 million last year.

In summary, we believe there's very significant potential from operating as One Bank across Africa.

We're targeting double digit income growth in local currencies as we leverage our product capability and technology across all our markets and as we take advantage of our strength as a universal bank to support regional cross border trade as well as global transactions for large corporates and multi nationals.

We're also realising cost synergies by combining our operations into one regional centre in South Africa so the work currently done in Dubai for Barclays Africa will be relocated to Johannesburg by the end of this year.

We expect a cost income ratio of 58% by 2013 while continuing to invest in the business.

We're targeting a return on risk weighted assets above 2%, a return on equity of more than 13% and since we're seen as a safe haven with a strong brand we also have a funding surplus in all of the countries in which we operate.

Ladies and gentlemen thank you very much – I'll hand you back to Antony.

Antony Jenkins, Chief Executive Officer RBB

Thank you Maria.

I'd like to end with the performance of RBB as a whole and to emphasise the power of the franchise.

First, income.

Given our core economic assumptions, we have a clear roadmap to deliver an additional £1.5 to £2 billion of income from 2010 to 2013, a growth of 4 to 5% per year.

Last year we said that despite subdued economic growth and the challenging regulatory environment, our customer-focused strategy would deliver good income growth. And it did.

This focus will continue to grow share in attractive products and segments as well as build new income streams through product innovation.

Together this should complement the limited impact from margin expansion in the UK.

On costs we will drive £500 million of savings through to 2013, net of restructuring costs.

We have several initiatives already underway to optimise our business model, including:

- Right-shoring operational roles
- Removing management layers
- And consolidating functions.

Last year we indicated a 2 to 3% growth in cost from 2010 to 2013 to maintain positive cost income jaws.

Inflationary pressure will add £400 million to our cost line over the next three years.

And we will continue to fund investments in future income growth from cost savings.

But the actions we're taking will ensure we can continue to deliver on our commitments.

So what does this mean for returns?

We’re continuing to improve returns using the disciplined approach I talked about earlier.

Every portfolio and all new business will remain under tight scrutiny and we will not hesitate to take further tough decisions.

I have spoken about our European business and the actions we are taking to improve returns there, and for this business we will achieve a 13% return on equity by 2015.

However RBB as a whole remains on track for delivering 13 to 15% return on equity by 2013.

I will end by saying that our customer-centric strategy has proven it to be the right one, delivering not just an improved customer experience but also solid income growth and significant cost savings.

One year on we've delivered what we promised and we're on track to deliver on our commitments for 2013.

Ladies and Gentleman thank you very much - Maria and I will now take your questions.

Bob Diamond, Group Chief Executive

Welcome back to the second half of our Investor Meeting.

We're now going to turn to Corporate and Investment Banking and Wealth Management.

You're probably more familiar with Barclays Capital and Barclays Corporate than Barclays Wealth.

Our Wealth Management business has quietly undergone a real transformation over the last 5 years.

Tom has been leading that change and continues to do so with the Gamma plan so today is an opportunity for you to hear more about that.

But we'll start with Rich and Jerry outlining their plans for Corporate and Investment Banking in more detail.

Rich.

Rich Ricci & Jerry del Missier, Co-Chief Executive Officers, CIB

Good afternoon

I'd like to start by explaining why we've brought Barclays Capital and Barclays Corporate closer together.

First, we serve some of the largest corporates in the world in Barclays Capital.

These companies, along with their subsidiaries, are natural clients for Barclays Corporate and there was an opportunity to make more of our existing relationships with them.

Secondly, corporate banking clients want access to investment banking products such as foreign exchange, hedging and access to debt markets.

While we already had some success in cross selling there was an opportunity to do more.

Thirdly, we could see benefits from co-locating the businesses in some places and developing shared services, enabling us to serve clients more efficiently and effectively.

So late in 2009 we decided to reposition Barclays Corporate and bring it under joint management with Barclays Capital.

As you'd expect, we're managing both businesses for returns using three main levers – income, capital and costs.

We'll outline today how we can manage all three of these to deliver our commitments.

I'd like to hand over now to Jerry to talk about Barclays Capital and then I'll pick up on Barclays Corporate and wrap up.

Thank you and good afternoon.

Before I go on to talk about revenue and capital, I'd like to start with our 2010 results at Barclays Capital.

Last year we delivered a Return on Equity of 16% with RWAs of £191 billion and a cost income ratio of 65%.

At our Investor Day in 2009, we said that we could generate up to £5 billion of incremental revenue in the medium term from our investments in businesses in Equities, Prime Services and Investment Banking.

As you can see, we reported revenues from these businesses of more than £4 billion in 2010.

Top line revenue of £13.3 billion was down 25% on 2009 mainly as a result of challenging market conditions.

I'm going to talk today about why we believe we can deliver a further £2 billion of income from Equities and Investment Banking and maintain income in our FICC businesses despite continued market uncertainty. I'll then go on to cover capital and Rich will talk about cost management later.

But first I want to show you the strength of our client franchise because that's what underpins all our businesses.

Over the last 13 years we've built a leading global business in Fixed Income, Currencies and Commodities and its growth has been almost entirely down to our client focus.

We started with our sterling business in the UK.

Then as the Euro market evolved, we took UK companies to the European market and brought European companies to the sterling market.

On this basis we developed a very successful investment grade debt business.

From that foundation, we built a market leading rates business based on strong client relationships and early investment in technology to increase footprint and market share.

We did the same to create a leading position in Foreign Exchange, using the BARX platform, and I could tell a similar story for the other FICC businesses.

On the basis of strong client relationships in the UK and Europe we then extended into the US.

This early investment, combined with the Lehman franchise, gives us a business of real scale in the United States.

You can see the depth and breadth of our current client franchise from our market share, shown on this slide, both by region and by client type.

A strong content-led client centric approach has helped us gain this market position.

Euromoney and Institutional Investor rank us as leaders in research across a range of categories and we're highly valued by our clients.

We've had a market leading share in European Rates for the past four years; clients have named us best bank for Credit in the Americas for the past two years; and the Greenwich client survey awarded us Quality Leader in more categories than any competitor in 2010.

Our Fixed Income, Currencies and Commodities business forms the core of Barclays Capital and having a client driven model gives us more stable less volatile earnings than some of our peers.

So let's look at how we plan to maintain our position in these businesses given the economic and regulatory environment.

As you know, we have very strong market positions in the four businesses on the left hand side of this chart – rates, credit, Foreign Exchange and Commodities.

We believe we'll continue to be well positioned in the new regulatory environment, whether it's Basel III, the UK Independent Commission on Banking, or Dodd Frank, first because our model is client driven, and second, because regulation is likely to result in further industry polarisation.

We've been managing our flow businesses successfully and growing market, despite the impact of increased liquidity requirements and extended duration of liabilities, which has increased our funding costs.

As you know, Barclays Capital funds itself entirely through the wholesale market, both secured and unsecured.

We do not use retail deposits for funding and we deal with the rest of the Group at arm's length.

All transfers are at the prevailing wholesale price.

Future regulation will no doubt have an impact on these businesses but we still expect them to prosper.

For example in flow rates, the corporate derivatives business will become more expensive in terms of capital but there are mitigating factors.

First an increasing number of corporates are signing credit support agreements allowing derivatives business to continue in a capital efficient way.

Secondly, as capital becomes a more scarce commodity, corporates will increasingly raise funding from the capital markets rather than borrowing from banks and we expect this to be a catalyst to further development of the corporate bond market in Europe.

If you look at the history of our Foreign Exchange business, it shows clearly the power of investing early in technology.

In revenue terms, we've moved from around 15th position in 2003 to a Number 5 position today by revenue as you see on the chart and from Number 12 to Number 2 in the annual Euromoney client survey.

We're perfectly positioned here to benefit from polarisation in the industry because major players in flow businesses with strong scalable technology and an extended footprint are likely to continue gaining share while weaker players fall away.

Commodities also faces regulatory uncertainty but here we have a client driven business which is in the top 3 globally, covers the full range of commodities, including physical, options and derivatives, with a leading global research team.

What's more it's backed up by the strength of our other FICC and advisory businesses as well as our capacity to raise capital and financing for clients.

In an environment with supply demand imbalances clients will increasingly need to manage their commodity risks and we believe global players offering this breadth of service will grow share and profitability.

Moving to the two businesses in the middle of the slide we believe we can maintain and develop these further.

In Emerging Markets, we're highly valued by clients in Europe and the US who rank us Top 3 in the Greenwich Survey, even though our market share is only 4%.

That's largely because we've focused on international flows and we see an opportunity to extend deeper into these markets when it's appropriate and

I'll come back to talk about this later.

And in Munis, given the state of public finances in the US we expect to see continued high levels of issuance.

We're looking to maintain our top 5 position in this business which offers good returns and requires relatively low levels of capital.

Looking at the right hand side of the slide, we've made deliberate decisions to run Securitised Products and Structured Credit by managing capital for returns.

I'll talk more about this on the next slide.

Our Securitised Product business has a model of origination and distribution where we manage our inventory aggressively with strict aging rules across all our books.

We also focus on the less capital intensive products.

I said that we're managing this business for returns and we expect to outperform our peers on a returns basis by as much as 30%. We may not always be a leading revenue generator; however, by applying this model, securitised products will remain a key component of our FICC business with good long term prospects.

In Structured Credit, since we couldn't see a way to adapt the model we've made a decision to scale it back allowing us to redeploy capital in areas with a better risk profile and stronger returns.

We've managed down our exposures in Structured Credit by 60% since 2009 and we've re-oriented the business to generate fee income by working with clients in an advisory capacity on restructuring their balance sheets.

Given these plans, we believe we can maintain our position as a leading player in FICC and it's from this base that we're building out our Equities and Investment Banking businesses.

You can see on the next slide how we're benefiting from client relationships built up over the last decade or so in our FICC businesses.

We've already established strong momentum in our US equities business which is the cornerstone for building a global franchise.

We were Number 3 in primary issuance with a share of 9.6% at the end of the first quarter which is broadly double our share since acquiring Lehman in 2008 and stronger than Lehman had ever attained as a stand-alone business.

In the secondary markets we're Number 5 with a share of 7.1%.

Looking at the chart on the right, in 2008 we had a share of the fee pool of 1.5 % as an all debt business.

The addition of M&A and Equities has enabled us to almost triple our share by 2010.

This shows the changing shape of our Investment Banking business.

You can see that we've more than tripled our revenues in M&A and Equity Capital Markets since 2008 and they now account for 35% of Investment Banking revenues.

Revenues from our debt businesses have continued to grow in this time but they now represent 65% down from 80% in 2008.

We expect this proportion to reduce further as our M&A and ECM businesses continue to grow.

Within debt we have a strong Leveraged Finance and High Yield business which is attractive thanks to high returns and where the share of revenues is growing.

Turning now to our Equities business.

I've talked about our position in the US, so I want to focus now on Europe where we've been growing our business over the past couple of years.

As you know the process consists of obtaining broker votes that convert to market share and ultimately commissions.

We've gone from a standing start at the beginning of 2009 to a number 9 ranking in Europe today and by the end of the year, we expect to be closer to a top 5 ranking, by continuing to execute our plans.

This includes, for example, increasing the number of stocks our research team covers from 460 to 550 by the year end which is ahead of our plan.

Having a leading position in the US is critical to building a global franchise but you also have to capture the home market and as you'd expect, within Europe we're most advanced in the UK, which is also of course the biggest equity market.

A measure of our success is the number of corporate broking mandates we've won.

We now have 14, including 7 FTSE 100 companies, and we believe we can more than double that number by 2013.

If you look at the charts on the bottom, showing UK equity and equity linked issuance over the last 12 months Barclays Capital has moved from 15th position in May last year to number two this year.

There's also a significant opportunity to drive revenue growth in Prime Services.

We've been leaders here in Fixed Income for years so our real opportunity lies in building out our equity finance business.

We've spent the last 2 years building a product suite and infrastructure.

Our client base has tripled in that time and so have our balances.

We've also managed to grow share in a falling market so we stand to do well as the market recovers. We're aiming for a Top 5 position from our current ranking of Number 8.

The widespread move to Central Clearing will also change the shape of this industry.

We've built our business around electronic trading, we've pioneered swaps clearing, and we're the only dealer with a large scale clearing platform so we're recognised as industry leaders.

This capability means we're already well placed to grow Prime Services in the new regulatory environment.

While our build out in Europe is largely complete, we're continuing to build our equities and investment banking businesses in Asia which will also benefit our US and European clients.

And as we develop critical mass in a number of local markets this will give us the opportunity to deepen our presence in our FICC businesses too.

In Equities, we built Japan first and we now have a 10% share on the Tokyo Stock Exchange.

We cover over 170 stocks in Japan and our research team is ranked within the top 10 by Institutional Investor.

Outside Japan, we opened in Hong Kong last August; we launched in India in May; and we'll open in Taiwan and Korea in the second half of this year.

Our presence in these centres gives us the ability to execute globally on behalf of all our clients.

Moving to Investment Banking, our headcount in Asia has nearly doubled over the last two years to 450 professionals.

Income in Asia grew 22% last year, and within that, revenues in China tripled, albeit from a low base, while M&A revenues quadrupled year on year.

Its early days but we're already building our credentials.

We were book runners on the largest ever IPO in Hong Kong for AIA as well as the largest follow on equity offering in Asia for Sumitomo Mitsui Banking Corporation

We were also named Best M&A house in India and Australia last year.

At the end of 2011, we'll have a world class capability as a global player in Equities and Investment Banking and we should see increasing returns on our investment from now on.

Any investment from next year onwards will be on a pay as you go basis.

So having outlined how we're managing our businesses let me sum up on income.

We've already said that we believe we can generate somewhere in the region of £2 billion from our Equities and Investment Banking build out.

While there's obvious potential for growth in Asia the majority of this increase will come from the US and Europe as the new hires we've made begin to generate revenues and as we continue to grow market share.

As you've heard, we also have further opportunities in Emerging Markets and Prime Services.

Taking this together with a sustained position in our FICC businesses and potential uplift from industry polarization we believe we'll be able to drive income generation despite subdued market conditions.

We've also built a contingency into our plans to manage the uncertain regulatory environment.

Let's turn now to capital which is the second main lever in our managing of returns.

We've always managed capital with a focus on returns but that focus has intensified as a result of the financial crisis, so we're building out new businesses that are less capital intensive; revising our securitised products business, and managing down our structured credit exposures.

It's also why we were early adopters of OTC derivatives clearing.

We've always said that we would grow revenues and profits at a faster rate than capital usage.

Since 2007 we've delivered top line income growth of more than 50%, we've more than doubled profits, and we've absorbed the impact of new regulation, while our risk weighted assets remained broadly stable.

One of the biggest drags on our capital position is our credit market exposures so we're working hard to reduce these with an acceleration this year resulting from the sale of over $500 million of mortgage assets to Crexus Investment Corporation and the restructuring of Protium announced in April.

Since then, we've sold more than $2 billion of assets from the Protium portfolio, above our marks, and overall, our credit market exposures have reduced by £6 billion to £18 billion since the end of 2010.

In total we've reduced the Protium loan by almost 50% since inception and a third since we brought it back onto the books at the end of April.

Let me tell you what that means in terms of risk weighted assets.

At the end of 2010, our legacy assets amounted to £38 billion of RWAs on a Basel 2 basis including capital deduction items equivalent to £9 billion of RWAs.

We initially expected this to grow substantially as a result of Basel 3.

We're now more confident that we can make further sales of legacy assets and we expect a reduction of £29 billion so that legacy assets account for about £14 billion of RWAs at the end of 2013 on a pro forma basis.

If we look at our overall risk weighted assets for Barclays Capital, they were £206 billion at the end of 2010, including £15 billion in RWA equivalents.

Since we've significantly reduced the risk on our books and refined our forecast as implementation approaches the anticipated impact of Basel 2.5 has reduced from about £60 billion to about £40 billion.

We're confident that we can reduce Basel III add-ons through asset sales and other management actions including hedging of counterparty exposures and tail risks, the sell-down of the correlation book and continued model refinement.

This will result in overall Basel 3 pro forma assets of £250-£270 billion in 2013.

Taking our income trajectory and view on capital together, we believe that we're building a stronger business at Barclays Capital that's more diversified, has a bigger market share, and is well positioned to manage the demands of regulation, as well as generate our targeted level of returns.

Thanks very much - I'll hand over now to Rich.

Thanks Jerry.

I'm going to talk about income and capital in Barclays Corporate before moving on to look at how we're managing costs across the Corporate and Investment Bank.

As I said earlier, we repositioned Barclays Corporate last year in order to take advantage of the real opportunities we see for developing our Corporate Banking business.

We knew that we were punching below our weight.

Corporate banking accounted for a third of global banking revenues in 2009 and in Europe the proportion was slightly higher, but at Barclays, corporate banking was just 11% of our total revenues so we could see significant revenue pools that we were not capturing.

At the same time we were underperforming.

We had an ill-defined strategy that was poorly executed, added to which we were not banking clients with whom we already had strong relationships through Barclays Capital.

So we took the opportunity to refocus the corporate bank and align it more closely with Barclays Capital in order to capture the synergies between the 2 businesses.

Looking at the performance of the Corporate Bank last year you can see that about four fifths of the revenues were generated by the UK which remains a strong foundation for the business; costs in the Rest of the World were out of kilter with income even after excluding restructuring costs and goodwill write downs as we began to take action; and impairment in Europe was very high, resulting from a flawed growth strategy.

It was clear from this that we needed to reassess our international businesses to generate income growth, reduce costs and manage down impairment in order to restore them to profitability.

Let's start with what we're doing to generate income growth where we have a clear opportunity to work better with our existing client base.

Barclays Capital serves multi-national companies with over 7,000 subsidiaries in countries where Barclays Corporate operates.

Of those 7,000 subsidiaries, Barclays Corporate currently banks only 12%.

We're focusing our non-UK businesses on capturing this opportunity by targeting multi-national corporates, large local corporations, and financial institutions to take advantage of our leading investment banking franchise.

We plan to increase penetration of our shared customer base to 25% and double revenues from this segment over the next 5 years to £1 billion.

Focusing on clients where we can maximise synergies with Barclays Capital is a model we'll use in all our markets and it's one that has already proven successful in Ireland where we achieved a Return on Equity of 13% last year.

Ireland is a good example of how we're going to operate going forwards.

Our corporate banking team there is co-located with Barclays Capital under a single management structure and they cover a range of large corporate clients and multinationals delivering both corporate banking and investment banking products.

Let me give you an example of how this works.

In 2006 a single electricity operator was created across both Northern Ireland and the Irish Republic from a consolidation of Eirgrid of the Republic and its counterpart, System Operator Northern Ireland or SONI.

Barclays Corporate provided the funding for the consolidation.

Three years later when Eirgrid acquired SONI.

Barclays Corporate provided the acquisition finance, working capital, hedging and foreign exchange.

Subsequently Barclays Capital acted for Eirgrid on a deal providing €200 million of financing to create a high voltage link under the sea between Ireland and Wales.

Barclays Capital also hedged the copper required to manufacture the cable and Barclays Corporate provided day to day banking for the interconnector company

This is a great example of the kind of opportunity we referred to earlier that excites us.

We believe this model, focused on high value clients, and run to maximise synergies between corporate and investment banking will return our international business to profitability.

Making better use of our existing relationships means that much of this gain can be made without a corresponding uplift in cost.

We are looking to bring down operating costs in our Rest of the World business by around 25% in the next three years.

As Antony said earlier, Spain is an important market for Barclays and one that we remain committed to so let me tell you what we're doing to fix our business there.

Spain accounted for over 80% of European impairment in the Corporate Bank last year.

Impairment leapt up in 2010 with a few large single name defaults, and a general deterioration across the portfolio as the Spanish property market collapsed and the economy faltered.

We are dealing with this head on.

We've added 100 risk specialists to our risk management team in Spain and we're focusing on the under-performing components of our portfolio.

We are proactively working out some of the biggest exposures by selling assets and renegotiating terms; we've reduced exposure to real estate and construction; and we've actively recognised impairment charges, giving us confidence that the worst is behind us assuming current market conditions continue.

At the same time we've changed the focus of our Corporate business from small and medium businesses to multinationals and large corporate so that instead of competing with local banks for local business we're exploiting our capabilities and franchise as a global bank.

Despite its current difficulties, we believe the Spanish market is an important one in the long term.

Our business there has scale – in fact it's the biggest franchise outside the UK and as Bob said earlier in the year, it also has the potential to be top tier in the eyes of our clients.

Our clients operate across most major European markets including Spain; our existing footprint there means it is core to our pan-European product propositions; and Spain is also home to some of our strongest relationships - 75% of our revenues there come from our 300 largest clients.

I'd like to turn now to the UK where you can see we have a great market position with the second highest share and where our performance has shown resilience in the face of very tough conditions.

Despite having a strong position, there are still opportunities to gain share, by increasing penetration with our client base across the Group, and by exploiting our strengthened cash management and trade capabilities, which I'll talk about later.

The UK business delivered profits of more than a billion pounds in 2008 before being impacted by impairment which peaked in the fourth quarter of 2009.

We're now rebuilding profitability.

Unlike our international strategy, we're committed to serving small and medium sized businesses in the UK and we've taken on more than a thousand new clients in this segment since the beginning of last year.

We're also making further efforts to strengthen our client relationships.

Contact with existing customers has increased 60% compared with the first quarter of last year and we've tripled the number of times we contact target clients as we look to build market share.

We've also made big improvements to client service.

We achieved an 80% reduction in delayed payments in 2010, for example, and we've more than halved the number of client complaints year on year.

We believe that these initiatives will enable us to regain and exceed the levels of profitability we saw in 2008, and we're beginning to see results.

For example, customers generating revenues of more than a £1 million grew by over 20% last year.

We're also building product capabilities, in particular cash management and trade finance, that can be exploited across all our markets so the model is both scalable and capable of being run at low cost.

We're investing substantially in our new cash management platform, Barclays.net, which you can see in action in the foyer outside.

It allows clients to look across all their accounts, in different countries and different banks, and move money around easily at the push of a button, enhancing our ability to serve clients efficiently and in a controlled way.

Remember we have the experience of doing something similar with our award winning BARX platform in Barclays Capital.

We launched a pilot of Barclays.net in the first quarter this year with about 20 of our largest clients and the feedback we've had so far has been very encouraging.

The full roll out will begin in the second half this year with a steady migration of 2,500 clients a month. We expect a 70% increase in cash management revenues over the next 5 years adding incremental revenues of more than £700 million.

We've also expanded our trade finance business by establishing hubs in Frankfurt, Singapore and Hong Kong and by rolling out a new global trade platform to meet the growing needs of our client base both in the UK and internationally.

This should enable us to double our revenues in trade finance over the next 5 years to £500 million.

Together these initiatives will support our ambition to be the cross border bank of choice.

While we're focused on rebuilding profitability we're also actively managing our capital and balance sheet.

Despite increasing UK lending across Barclays in 2010, Barclays Corporate reduced Risk Weighted Assets by 8%, freeing up capital to create additional lending capacity.

We also closed our UK funding gap, moving from a deficit of £6 billion in 2009, to a surplus of £2 billion in 2010, while improving the quality and size of our overall loan book.

This was facilitated by the introduction of new products such as current accounts with varying levels of interest depending on the balance.

So we've talked about income and capital in Barclays Capital and Barclays Corporate.

Let's move on now to the synergies between the two businesses, in both revenues and costs.
I'll start with revenues.

This slide shows how we've been able to significantly increase cross sales between Barclays Corporate and Barclays Capital.

We've been working on Foreign Exchange and derivatives since 2005 where we've increased revenues by a compound annual rate of 16%.

Since we created a closer relationship with Barclays Capital last year we've been able to extend our cross selling to other areas, including Equity and Debt Capital Markets, where revenues more than trebled from 2009 to 2010.

We've also grown revenues by over 20% from the delivery of Barclays Corporate products – usually cash management – to Barclays Capital clients in the last year.

We expect to accelerate revenue growth from cross sales going forward.

Moving on to costs.

As you know, since 2008 we've been investing in the business and our cost base has expanded accordingly.

The majority of this investment has now been made and our costs have stabilized.

That's not to say we're done.

In bringing Barclays Capital and Barclays Corporate together we're targeting significant cost synergies.

We're delivering these synergies in three ways.

First, we're eliminating duplication and integrating management, support functions, and infrastructure wherever possible.

Second, we're moving to lower cost locations in order to be in line with best practice.

And third, we're managing down all discretionary spending.

Taken together, we believe we can reduce our run rate costs by about £250 to £300 million by 2013 allowing us to reinvest in the business on a selective basis and ensuring that we meet our commitment on returns.

So in conclusion.

We have a powerful client franchise across Barclays Capital and Barclays Corporate and we're taking advantage of untapped sources of income by bringing these two businesses together.

We're working hard to protect and enhance our core franchise in both businesses FICC in Barclays Capital and UK in Barclays Corporate.

We've also invested in products and markets to drive future growth: equities and investment banking; cash management and trade finance; Asia and Corporate's non-UK businesses.
That incremental investment is now largely complete and from the end of this year we'll invest on a pay as you go business as usual basis.

At Barclays Corporate, we expect our UK business to deliver a 14% return on equity by 2013, while the overall business will move from a negative position to target returns in the region of 11%.

And at Barclays Capital, we confirm our target of 15% returns by 2013.

These targets are based on our confidence about income generation our ability to reduce costs, and our disciplined capital management.

Thank you very much. I'd like to hand over to Tom before we take questions.

Tom Kalaris, Chief Executive Officer, Wealth

Good afternoon.

Since we haven't spoken about Barclays Wealth before at an Investor day you may not know the business well.

It consists of three elements.

The main one is our Private Banking business for High Net Worth clients, family offices and intermediaries.

We also offer international banking for ex-patriots, and we serve as an investment product engine for Retail and Business Banking.

I'm going to cover three topics today.

I'll touch briefly on the scale of the opportunity for Wealth Management, and the progress we've made between 2005 and 2009, and then I want to take you through our plan to accelerate our development into a top tier player in the industry.

We call this plan 'Gamma'.

I want to leave you with an understanding of the remarkable opportunity we see in Wealth Management and the clear plan we have to execute against this.

So let me start with the opportunity.

The first thing to understand is that this is a growth market.

Client assets are projected to increase by $40 trillion over the next five years or 6% per annum.

This growth is driven by demographics as an aging population in the developed world accumulates savings and as economic growth rapidly generates wealth in developing economies.

Secondly this market is very fragmented.

The top 5 wealth players account for just 15% of the market and the industry's in flux so this is an ideal time to take market share.

Finally this is an attractive business for Barclays because it offers high quality earnings, robust annuitised income with low capital consumption and a strong liability position.

Barclays Wealth was created in 2005 when we brought together several legacy businesses into one.

We've been on a journey of transformation ever since.

Despite difficult market conditions, our performance has been amongst the best in the industry.

Income has grown at 9% a year and we've increased profits at 16% a year.

We've achieved that profit growth in four main ways.

First we applied the same principles used in other businesses, focusing where we knew we could compete, building step by step on a pay as you go basis and breaking down the silos between the businesses.

Second, we significantly upgraded the calibre of our people in every function – client facing and support.

Third, we moved from a commercial banking proposition to a wealth management offering in terms of both product and service.

By that I mean we moved from just taking deposits and making loans to providing a full range of investment and advisory services.

We also acquired a leading trust and fiduciary firm, Walbrook, to supplement a strong Wealth Advisory function.

And fourth, we expanded our footprint.

In 2005 this was a business with its centre of gravity in the UK.

Since then, we opened offices in Western Europe - in Spain, Portugal and Italy; we built a presence in the Middle East – in Abu Dhabi, Dubai and Qatar; and we launched businesses in India and South Africa.

We added significant capacity in Hong Kong and Singapore.

And very importantly, we established a sizeable platform in the US with the acquisition of Lehman's Wealth Management Business.

So by the end of 2009 we had a global business with a presence in all the largest, fastest growing markets; we'd more than doubled the number of client facing professionals; we'd grown client assets from £98bn to over £150bn, and we'd moved from 27 in the league table to about 10.

In 2009 we saw a window of opportunity provided by the financial crisis.

The industry was badly weakened, clients had lost faith in their existing relationships, and there was a compelling opportunity to redefine wealth management.

So we decided to increase our pace of investment to capitalise on that opportunity.

In January 2010 we launched the Gamma plan with the aim of:

- Building a market leading reputation for performance and client service
- Significantly increasing our scale
- And becoming a meaningful contributor to Barclays PBT

We have a very clear definition of what kind of Wealth Management business we want to be.

We focus on High Net Worth Clients who have more than £5 million of investible assets.

We do not try to compete in retail brokerage or the mass affluent segment.

We have a distinctive client proposition, which I'll talk about more in a minute.

And we have a very targeted plan for geographic expansion.

Let me touch on that now.

Our first key market is the US - the world's largest wealth pool.

There isn't a single leading player that doesn't have a strong US presence.

Looking at the scale and footprint, we can cover our target market with about 500 bankers.

That means doubling our scale.

Our second target market, the UK, is the world's fifth largest wealth pool and is a base for many wealthy families from fast growing developing countries.

It's our home market and we're already the largest wealth manager here.

But even so, we estimate our market share is less than 10% so there's plenty of opportunity for growth.

And the third key market for us is the global high net worth segment which is the world's second largest wealth pool after the US.

We're creating a consistent menu of products and solutions for these clients that can be delivered on a global basis out of 3 hubs:

- London
- Geneva
- And Singapore

So all in all, we're creating a depth of presence in the world's largest wealth pools.

The Gamma plan has two essential components.

The first is a step change in the client experience and the second is a dramatic increase in our productive capacity.

Taken together this fundamentally alters the structure and foundation of the business.

So how will we achieve this?

First, we're investing in high calibre client advisors because the client base is changing rapidly.

Wealth clients are much more likely to be entrepreneurs and professionals than ever before, they're much more international, and they're much more sophisticated – both in financial and technological terms.

They demand the same kind of service in their private finances as they do in their business life.

Put simply we're facing the professionalisation of the industry.

Clients want institutional calibre product delivered by institutional calibre people.

Secondly we've created a highly differentiated investment proposition based on a rigorous process designed to understand the client better than anyone in the industry.

We've replaced the traditional, simplistic approach which asks clients about their views on two factors - risk and returns, with a process that helps clients to understand themselves as investors so we use multiple vectors to calibrate client attitudes.

We ask, for example, how clients feel about market movements, how much they want to delegate, what their sensitivity is to short term volatility.

As a result we get a much finer calibration of understanding.

Thirdly we're transforming the client experience – let me give you some examples.

In the past, being taken on as a client by a private bank could mean completing 100 pages of forms, endless signatures, all the documents were processed manually, and it took weeks.

What clients want now is a simple electronic process taking minutes and hours.

In the past, clients received statements giving them information as it was retrieved from underlying core systems.

What clients want now is a statement telling them clearly what information they need to know.

In the past, clients came to visit their banker to find out what was happening in their portfolio.

What clients want now is instant access by phone and internet 24 hours a day.

Fourth, we're building a robust and scalable technology platform taking advantage of the Barclays Capital and Retail Banking platforms to improve speed and efficiency, with a low risk of error, reduced cost to serve and higher productivity.

This global technology platform will differentiate us in an industry where technology and client facing systems have grown up largely on a country by country basis.

And increased regulatory requirements can only be met with global infrastructure.

Finally, the strongest competitive advantage any wealth manager can have is in-depth knowledge of their clients so we're developing a single seamless view of each client across the firm.

A key element of our strategy is delivering a fully integrated approach.

Barclays Wealth acts as a gateway to the firm for private clients opening up access to products and capabilities across Barclays.

Let me give you an example of how we're doing that.

One of our current clients is a family with a long running – but until recently - completely dormant relationship with Barclays.

We've rebuilt our relationship with them through Barclays Wealth not because of the private banking solutions we offer but by bringing the best of Barclays Capital and Barclays Corporate to their family enterprise.

We started by helping them with a £1 billion securitisation.

From that we built a real understanding of the client's need and won their confidence to go on and do a share offering worth more than £250 million.

We also offer them commercial banking facilities and other investment banking advisory services, all delivered through Wealth.

This is what we call "private investment banking".

The ability to serve clients like this depends on four things:

- Common infrastructure and platforms
- Real expertise in each area of the bank
- High quality relationship managers
- And most important of all, the ability to work together to deliver the right solutions seamlessly for the client.

We believe Barclays is perfectly placed to deliver this distinctive proposition; we have the reach of a global universal bank and the power of our brand, we have intellectual firepower and first rate product capability, we have a management team with a single vision focused on integrated execution across the firm.

In order to deliver our ambition we are investing an additional £350 million over 5 years with 60% spent on infrastructure and platforms and 40% spent on relationship managers and product specialists.

The plan is aligned to Barclays targets for 2013 when we expect that investment to result in net income of £2.3 billion and a return on equity of 17 to 18%.

And as the investment continues to monetise we should see a strong uptick in revenue, profit and returns in 2014, when Gamma comes to its conclusion.

Almost all the revenue uplift will be driven by our High Net Worth business.

You can see that projected revenue growth is reasonably well distributed reflecting our broad geographic footprint.

In addition we'll see a continued migration from cash to investments.

In 2009 deposits represented about one third of our client assets.

While we expect them to continue growing they should be a smaller proportion of assets in 2013 as we move to a broader range of investment and advisory services.

So what have we achieved in the first 15 months of the Gamma Plan?

We've hired 285 client facing professionals with a focus on senior people who bring relationships, assets and revenues with them.

In the US, which is the deepest market, we've been hiring at the top end, and we've added about $200 million in revenue generating capacity to the business; in the UK we're building out scale with growth equally distributed between London and the regions; and for the Global High Net Worth segment we've hired some of the most senior bankers in key markets such as Singapore and Hong Kong.

The best bankers want to be able to offer the best service from the best platform so our investment in infrastructure helps to attract high calibre people as well as improve productivity.

We've divided our programme into 2 phases.

The first is the investment phase

In the second you'll see monetisation from this investment.

The investment phase is 1000 days long and we have a day to day calendar with deadlines for each part of the project.

Today is day 385 and we're due to deliver a credit application that reduces processing times by 30%.

So far, we've hit all the key milestones in our plan to deliver a global integrated platform including: an extensive upgrade of our data, new tools for on boarding clients, and global systems for customer relationship management and portfolio management.

Two thirds of our infrastructure costs and one third of our people are now jointly shared with Corporate and Investment Banking.

As a result of better people, a broader product base, stronger leverage of the rest of the firm, as well as improved system, the productivity of our High Net Worth bankers has increased by 31% in the last year.

Let's look at how this progress has fed into financial performance.

We had income increased 19% in 2010 despite a low interest rate environment with inconsistent transaction volumes.

Profits grew by 14%, even after the additional investment.

This is top quartile performance amongst our peer group.

Growth in all our markets has been very strong.

We've achieved this by building our High Net Worth business systematically.

Let me take the UK as an example.

The Times Rich list includes 1000 people, of which we currently serve about a quarter.

We also have a target list including both clients and prospects we believe we should be doing more business with.

Since January we've pitched to 106 of these, we've won 33, 65 are in progress, and we've lost 8.

We have 120 more pitches scheduled in the next three months.

We're also growing faster than the market as a whole in selected markets with real upside.

In Asia Pacific we've doubled the size of the banker population, increased our assets under management by 49%, and grown revenues by 44% in 2010.

We launched in India in 2008 and expect to be in the Top 5 next year.

It's a market that has phenomenal long term potential and we have a great position there.

Finally Japan is the second largest wealth market in the world and it's largely untapped.

We launched a joint venture there last year with Sumitomo Mitsui which is jointly branded and enables us to join our product capability with access to their client base.

So in summary.

15 months into the Gamma plan, we're delivering income growth in the mid teens and expect to continue this throughout the plan.

We'll drive profit growth above 30% per annum through managing costs and economies of scale.

And we're targeting a return on equity of 17-18% as well as a significant increase in client assets making a strong contribution to liquidity.

When we've successfully delivered our plan we expect to be a leading player with a powerful client franchise generating strong income, profit and returns for Barclays.

Thank you very much – Rich, Jerry and I are happy to take your questions.

Bob Diamond, Group Chief Executive Officer, Intro for Chris Lucas

Good, thank you.

I hope that what you've heard so far gives you a fuller picture of what we're doing in each of our businesses to deliver on our four key priorities.

I also hope that you'll have seen something new in terms of how we work together as a team across Barclays.

You've heard today how we're deploying technology developed by Barclaycard in Africa; you've heard how Barclays Corporate is working with Barclays Capital to deepen client relationships and reduce costs; you've heard how Barclays Wealth was able to serve a client with the investment banking products that they needed.

These examples show the real power of the integrated universal banking model.

They show why it's the best model for clients and customers.

They show why it's the best model for shareholders.

You've seen for yourselves today how we're working to generate income and cost synergies across Barclays and how we're benefiting from diversification.

In this context, it's very important that our business is well spread and that no single area dominates either our earnings or the capital we deploy.

It is an integrated and well diversified group that we're delivering on our targets.

Let me touch briefly on regulation.

You've heard me say before that we want a safe and sound financial system which fosters economic growth and job creation and which allows banks to operate on a level playing field globally so we've sought to be at the forefront in developing important areas of reform and we're engaged with all the regulators whether it's Basel or the Financial Stability Board, the FSA, the UK Independent Commission on Banking, or Dodd-Frank in the US.

If there was confidence that banks could be allowed to fail without systemic risk then many of the more emotive issues about banks that are seen as "too big to fail" would be addressed.

I believe strongly that credible resolution and recovery plans address these issues, so we're holding up Barclays as a test case, we've invested £30 million this year in resolution and recovery plans and we expect to have these in place early next year and we expect to have these.

So we are prepared - and we believe we can reach our targets within all the likely regulatory outcomes.

We'll do this by balancing three levers – cost, capital and income.

You've heard from each of the businesses about their future plans.

Chris is now going to take you through their commitments and how they feed into the targets we've set as a Group for 2013.

Chris.

Chris Lucas, Group Chief Financial Officer, Achieving Targets

Thank you Bob.

I now want to summarise briefly on income growth, costs and capital as well as the income/risk trade off and outlook for impairment to show you how all this builds into delivering our target returns.

This slide shows the major contributors to income growth by 2013.

Barclays Capital expects to deliver incremental income somewhere in the region of £2 billion, Retail and Business Banking is targeting an additional 1.5 to 2 billion pounds, and in both Barclays Corporate and Barclays Wealth, we're expecting growth in the range of 500 million to a billion pounds.

In total we expect additional income to range from 4.3 to 6.4 billion pounds.

We're assuming an average UK base rate of 2.25% for 2013. This won't all be reflected in improved liability margins as we'll pass a fair amount of this increase on to customers.

This shows Barclays income performance on a quarterly basis since the beginning of 2009, comparing it with the total impairment charge taken in that quarter.

It also shows the average Daily Value at Risk run in Barclays Capital.

You can see these measures of risk have declined without impacting income.

As client business volumes increase, we expect income to grow without materially increasing impairment or DVaR as a percentage of income.

The impairment outlook through to 2013 is relatively positive.

Lead indicators continue to move in the right direction and this will be an important component of higher returns.

For example, if we deliver an aggregate loan loss rate of 75 basis points in 2013, assuming the same quantum of loans as in 2010, this would improve the impairment charge by over £2 billion relative to last year.

As you are aware, we have a major cost reduction programme across the business.

We've already told you that we've identified £500 million of cost savings for 2011 or £250m net of restructuring.

We expect non-performance costs for 2011 to be flat on 2010, excluding the provision for PPI and the bank levy.

Our work has currently identified up to £2 billion of potential savings opportunities by 2013 so we have a high degree of confidence in achieving at least our targeted cost savings of £1 billion.

This means that we're targeting a £300 million increase in non performance costs in 2013 taking 2010 as our base.

This is before taking into account the estimated bank levy of about £350 to £400 million per annum.

We also have the ability to flex performance costs if necessary, as we've done in the past.

An additional lever available to us in delivering our target returns is the capital invested in the business.

I'll begin with an update of the RWA proforma we showed you at Group level at the third quarter last year quantifying the estimated impact of new Basel rules on RWAs.

This proforma starts with RWAs of just under £400 billion at the end of 2010.

At the third quarter we estimated an impact of £60 billion from Basel 2.5, which as you know comes into effect at the end of this year.

Following actions we've taken to manage our risk positions and refinements to the calculations we now expect a net impact of around £40 billion.

This is a good example of the way new regulation is already factored into how we do business.

Moving on Basel 3, we now estimate an overall impact of £97bn on RWAs which is higher than we thought at the third quarter as a result of further clarification of the Basel III capital proposals at the end of last year.

We expect further management actions to deliver a reduction in RWAs of £46 billion.

As you heard earlier, £29 billion of this will come through reductions in legacy asset positions, including Protium.

This gives us a pro forma RWA base of around £490 billion for 2013 before factoring in organic RWA growth.

Turning to the pro forma Core Tier 1.

We've taken as a starting point current market consensus for retained profits from 2011 to 2013.

Together with outstanding in-the-money warrants, this adds about 3 percentage points to Core Tier 1.

Market consensus for retained earnings already factors in dividend increases to just under 13 pence per share in 2013 compared with 5.5 pence we've paid in 2010.

The RWA increases shown on the previous slide, net of management actions, would consume just over 2 percentage points in the Core Tier 1 ratio.

We've also included for the first time an estimated impact on capital of the pension deficit.

Taking all this into account, we estimate a proforma Core Tier 1 ratio of around 11.2% by 2013 compared to our assumption of a 10% ratio.

This leaves capacity in RWAs of up to £57 billion, allowing for both organic growth and further increases in dividends.

So to wrap up on returns, this shows the Return on Equity by business for 2010 on the basis of a 10% Core Tier 1 ratio as well as our targeted returns for 2013.

Retail and Business Banking Europe and Barclays Corporate are not expected to achieve returns of 13% by then but you will see significant progress.

We expect RBB Europe to achieve 13% by 2015; In Barclays Corporate we expect the UK business to exceed 13% and the overall business to be at 10 to 11% by 2013.

Together, RBB Europe and Barclays Corporate outside the UK are projected to consume less than 10% of group capital in 2013.

We've shown here a range for target returns by business, and together with Head Office we expect these to deliver an overall Return on Equity of 13%.

Thank you very much indeed – I'll now hand back to Bob.