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**Barclays Global Financial Services Conference (New York)
Rich Ricci, Chief Executive, Corporate & Investment Banking**

Good afternoon, it's a pleasure to be here today - both as a member of the Barclays Executive Committee, and as Chief Executive of the Corporate and Investment Bank.

Barclays is a 320-year old institution, with a proud history of service to customers and clients around the world.

The events of this summer have clearly been testing for the firm, but what has not changed for one second is our focus on customers and clients and fulfilling their needs.

The recent appointments of Sir David Walker and Antony Jenkins as the new Chairman and Chief Executive give us the strong and experienced leadership that are essential for Barclays; I look forward to working closely with them to write the next chapter of Barclays history, and to playing our part in defining the future of the industry.

One of the greatest strengths of Barclays over the last three centuries has been its ability to adapt and evolve; to meet the changing needs of our clients, in constantly shifting markets.

We successfully navigated the recent economic turmoil, by remaining profitable in every quarter of the financial crisis, and reporting adjusted PBT growth of 13% at the half year.

That was the result of good performances in UK Retail and Business Banking, Corporate Banking, and Wealth and Investment Management, and outperformance vs. peers in the Investment Bank.

And we have delivered these results with disciplined cost management: posting a cost to income ratio for the group of 61%, a three percentage point improvement on the year before.

It's a performance that demonstrates the power of continuously evolving the way our business works, and nowhere is the force of that incremental improvement more evident than in the Investment Bank.

Fifteen years ago we were known as a sterling-focused debt house; today we are a premier, full-service, global firm, and that journey is the result of our ability to constantly adapt, and embrace the best of the new to support and extend the strength of the old.

We remain confident that we will continue to generate returns that exceed the cost of equity through the cycle, because we know through our experience that a clear belief in continuous evolution, and a control environment which clients and regulators can trust, combined with disciplined management of costs and capital, is the best route to long-term success.

Today, I want to share with you our view of the forces shaping the future of banking, and outline how Barclays is transforming itself in response to them - particularly in the Corporate and Investment Bank.

The future is being defined not just by changing regulation, but by a mix of regulation and broader market trends, which together are redefining the boundaries of banking, and reshaping the terrain within them.

That change is the result of four distinct forces: a reduced industry revenue pool; scale and efficiency becoming the key drivers of profitability; increased capital requirements; and renewed expectations for how the financial services industry operates.

The first theme defining the future of the industry is simply its changing size.

Our industry is cyclical, and the size of the revenue pool varies with economic activity and confidence in the markets, but while historically the expansion and contraction of capacity within the industry has been relatively inelastic, we now see this changing.

In 2001 the global investment banking revenue pool was around \$150bn; by 2009 that had doubled to over \$300bn.

This year, the consensus estimate for total revenues within the industry is somewhere in the region of \$250bn, and it is unlikely we will see a return to 2009 levels in the near future.

Simply put, there is too much capacity in the system for all of the players to maintain growth, or even to remain profitable in every area of their business.

Only the strongest global franchises will be able to provide a consistent core offering in all three geographic regions, and Barclays is among the handful of organisations in that group.

As we see retrenchment within the industry, it is those global leaders that are best placed to gain market share, and our position among them is underwritten by the strength of our core client flow business.

We are widely recognised as having one of the best flow platforms in the industry, built to last, over many years of relentless client focus.

Although flow business is seen by some as the more pedestrian side of investment banking, it has tremendous momentum for us and is valued highly by our clients.

Our core strength in FICC, where we have been an industry leader for over a decade, puts us in an excellent position to continue gaining share as the market displaces further.

This strength has seen us recently awarded best global flow house by Euromoney, as well as joint #1 in global fixed income in the latest Greenwich survey.

It also meant that in the first half of this year, we saw the highest year-on-year FICC revenue growth of anyone in our peer group.

At the same time, our build outs of Equities and Investment Banking are steadily building market share; at the end of the first half we were fourth in M&A globally, number one in debt and equity issuance in the second quarter, third in UK Equities for the year to date, and with around 50% growth in Equities share in Hong Kong, Taiwan and Korea between the first and second quarters of this year.

In our Corporate Bank we have also seen a significant turnaround in recent years, having reinforced our leading position in the UK, and taken the decisive action to refocus our international presence.

This is a good example of where we took an honest, pragmatic view of our businesses; we didn't believe we had the scale or platform to compete in some Corporate Banking markets, and so we withdrew or significantly narrowed our activities.

It's that discipline that has allowed us to focus our resources on strengthening our position in the UK, as well as making sustained progress in our Trade Finance and Cash Management businesses.

The incredible support we've had from clients across the Corporate and Investment Bank during the difficult last few months, and the business we have continued to do with them, gives me great confidence in our position.

The revenue pool for our industry is well below its high-water mark, and is unlikely to return to it any time soon, but we believe that a small group of global players is well placed to benefit from that reduction in capacity; and that we have earned our place in that group through our longstanding commitment to our client franchise, and that our business model is the one best suited to the new environment.

The second theme we see is in some ways a consequence of the first.

As the industry moves away from structured, complex trades, towards more standardised flow business, and as the market contracts and consolidates, scale and efficiency become the key drivers of returns.

It's important to make the point that we do not value scale for its own sake; we value scale because it allows us to provide a more effective service to our clients, and because it enables us to capture operational efficiencies.

Because we can operate globally, across a full range of products, we can deliver more complete solutions to our clients; with local support wherever they need it.

As a universal bank, the scale and breadth of Barclays also makes our performance more robust over the complete economic cycle; with diversification of income and geographic focus comes reduced risk, and the closer links we are making across Barclays harnesses that diversification for the benefit of our clients.

Let me tell you what this means in the real world for our clients.

One of our historical Corporate Banking clients is a leading technology solutions provider that we've worked with closely for a number of years, providing them with Corporate Banking products, including cash management, FX and short term deposits.

As they grew and diversified, so did the number of ways in which they needed our support.

In 2008 we advised on the merger of their healthcare division, and then in 2010 on their subsequent merger with a US software company.

Later that year we acted as joint bookrunner on a \$530m secondary offering and a £100m five-year convertible bond, and just a few months ago we acted as lead financial advisor and corporate broker on their £1.3bn sale to a leading private equity house.

That's just one example of how working more closely across the Corporate and Investment Bank enables us to build long-term relationships that support our clients as they grow.

We have long-recognised that scale must be balanced with efficiency and a strong control environment, and have shaped the development of our platform accordingly.

Our significant investment in electronic trading has meant that today our BARX platform leads the market, and our focus on efficiency through things like straight-through processing has ensured that we are in good shape to compete in a world where efficiency is a defining feature of success.

As well as improvements right across our business, we have also taken direct action on costs where we needed to.

In the Corporate and Investment Bank we have delivered efficiencies of over half a billion pounds in the last 18 months, by building synergies across our infrastructure, by increasing our use of lower cost locations and by continuing to focus on sustainably reducing our cost base.

Together these have enabled us to more than absorb the cost of the regulatory and control related changes we have made.

It is this discipline that has placed our cost to net income ratio consistently in the top quartile of our peer group, and I am committed to maintaining that ratio in the 60-65% range for the Investment Bank.

A strong cost: net income ratio gives us strategic freedom; it allows us to react quickly and positively to opportunities in the market, to plan and invest for the long term, and ensure that our actions are proactive, not reactive.

It is also what has helped us generate strong returns relative to our peers through the challenging conditions of the last 12 months, and it will remain an important feature of the way we evolve the organisation in the future.

We remain absolutely committed to our pay-as-you-go approach, through which our investment in growth is self-sustaining.

That means we will continuously review and adapt the structure of our organisation to ensure that it delivers on our cost commitments.

We have a number of initiatives under way to further reduce our run rate costs, and this will be an important objective for us going forward.

So in a future where scale and efficiency are paramount, we have both; and we are bringing those two advantages together, by further integrating the organisation to bring the best of Barclays to every client, with a business model that sets a benchmark for efficiency and controls.

The third theme defining the future of the industry is capital.

It is easy to treat questions of capital as monolithic, and look for a silver-bullet solution, and there has certainly been much focus on Core Tier 1 capital ratios, but the detail of the trend, and the right response, is more subtle than that.

Increased funding costs and low Price to Book Value for banks demonstrate the market perception that the industry needs to do a better job of redistributing capital and risk, and the incoming Basel III regulations focus on increased capital positions and RWAs, as well as new standards for short- and long-term liquidity.

Our response to the requirements of Basel 2.5 is a good example of our approach to changing capital requirements; we mitigated some £30bn of RWA add-ons, by selling down legacy assets, and reducing risk across our core businesses.

We are addressing the challenges of Basel III in a similar way, along five separate dimensions.

First, regulatory compliance: we have implemented a significant programme internally to ensure that our systems and processes are ready for the new requirements.

We have made significant progress in this area, from enhancement of our technology to training of our people, and are on track to complete this by the current EU deadline of January 2013.

Second, improved management information and optimisation, which includes more than 80 tactical optimisation initiatives, from netting arrangements and collateralisation, to modelling approaches and hedging.

Third, returns-focused repositioning of our business: where we are unable to meet required return hurdles, we will continue to adapt or exit businesses, as we have done already in structured credit and securitised products.

Changes to capital requirements will increase the cost of derivatives significantly, in particular long-dated and uncollateralised transactions, which require up to five times more capital, making certain types of business untenable.

We have been gradually transforming the type of business we do for some time, to ensure we are operating not just within the boundaries being set by regulators today, but also where the boundaries will be in the future.

For example, 18 months ago, in response to changes in the market, we updated the way in which we participated in long-dated swaps; this meant we were off market and likely missed out on a revenue stream in the short term, but it also meant we weren't taking on commitments that we felt could be costly further down the road.

At the time, we were an outlier in the market, and had to explain our philosophy to clients; but we are now seeing the benefits of being the first to move, and our clients tell us that they value us being early and consistent in our approach.

Fourth, we also continue to improve internal ownership, allocation and management of risk weighted assets, at both a business and transaction level, and, critically, we are further enhancing our approach to evaluating performance, specifically to account for risk-weighted assets.

Finally, we continue to manage down our legacy assets, with our credit market exposures nearly halved in the last 18 months to just over £12 and a half billion, bringing our total reduction to £29bn since the end of 2008.

The changing capital requirements in our industry reinforce another market shift as well; from traditional bank loans to the corporate bond market as a way for companies to raise finance.

This is particularly true in Europe, where only around 30% of corporate debt is currently raised in the capital markets.

While people have been predicting this shift for several years, new capital rules look to be the catalyst for this to finally happen.

We are well positioned to benefit, as the market leader in Debt Capital Markets, consistently ranked #1 in Bloomberg and Dealogic league tables, and recently voted the #1 Primary Debt House by Euromoney.

There are also systemic advantages to distributing risk more widely through the market; an important lesson from the credit crisis is that when dealing with certain types of risk, banks should recycle it, not warehouse it.

We have already demonstrated in the way we prepared for Basel 2.5 that we know how to adapt to changing regulation, and we have committed considerable resources to adjusting the composition and management of our business to be ready for Basel III.

As a result of our experience and early action, we are on track to meet even the earliest implementation timescales for the new regulatory environment.

The final theme we see affecting the future of the industry is the most challenging today, whether we call it ethics, integrity, reputation or culture.

The standards and practices of the financial services industry have been called into question, and there is much that Barclays and the industry must do to rebuild the trust of the public.

While we have always been committed to high ethical standards – our clients and our regulators must be able to have the utmost faith in all that we do.

A key part of this is simply being more open and transparent about how we do business.

At its simplest, there are already regulatory changes which actively promote greater transparency.

For example, Dodd Frank requires greater transparency within the system, by increasing reporting requirements for derivatives products.

Barclays has led the way in these areas, supported by our leading position in electronic trading.

Dodd Frank also mandates the centralised clearing of over the counter derivatives.

Again, we are ahead of the competition on this and earlier this year we were the first bank to clear more than 1 trillion dollars notional of OTC derivatives transactions on behalf of clients.

Nonetheless, transparency goes beyond what is mandated by regulation; if the industry, and Barclays, is to regain trust, we must go further in redefining what we are here to do, and the way in which we conduct ourselves.

I want to explain what we in the Corporate and Investment Bank, are proactively doing to contribute to that conversation, and make the changes necessary to re-establish our reputation with all of our stakeholders.

We have worked hard to address the problems of the past; but we recognise that we have more to do.

As a result, in early July I kicked off three initiatives across the Corporate and Investment Bank, to harness the energy and desire in the firm to get this right.

The first part of this work is a detailed review of all of our business lines, to ensure that the products and services we provide match the standards expected of us, not just today, but in the future as well.

We have always scrutinised our businesses based on their ability to generate returns, with careful evaluation of risk and controls embedded in that analysis.

Now however, I feel it is appropriate to modify that assessment by explicitly looking at reputational risk as the first hurdle.

We have to take a fresh look to see if there are products and services in which, given the changing environment, we no longer deem it appropriate to do business, regardless of financial return.

For example, elements of our tax advisory business have generated negative media and political attention; as has the sale of structured products to SMEs.

These are the types of things we will look at closely during this stage of the review.

We will also ensure we have the appropriate leadership and reconfirm the controls in each business and only then will we assess the business from a returns perspective.

Where we identify specific risks that we cannot address then we will exit those elements of our businesses.

While this won't dramatically reduce our overall product offering to clients

We feel this is a critical step to take to ensure we are fulfilling all stakeholder expectations and standards.

Second, we are reviewing our policies on business conduct, and the effectiveness of their implementation.

How we conduct ourselves is just as important as the business we do.

We want our policies and procedures to be industry leading.

To achieve this we will be looking at how we can improve the way we operate across a wide number of areas including: how we develop and train our staff, how we share best practice across the firm, how we learn from our own mistakes and those of others in the industry and how we evaluate employees against meeting our standards of conduct .

This leads me on to the final initiative, a review of the way we assess and reward our people.

There is no doubt that compensation is an issue that the industry must continue to address and it is an important part of both our cost management program, and our ongoing efforts to balance the needs of all our stakeholders.

As part of this review we will look at: how we measure and assess our people, how we manage their performance and how we structure, calculate quantum and attribute rewards to ensure that our approach is consistent with the behaviours to which we aspire.

If there are gaps, we are committed to resolve them.

Across all three of these initiatives, we have engaged third party resources to help drive progress and give us an independent assessment of our work.

Additionally, we are seeking input from both the Executive Committee and Board of Barclays, as well as from our regulators, our employees and investors, and a selection of our clients.

This work fully supports Antony Jenkins' desire to see the organisation transformed, and is aligned to the independent review of business practices commissioned by the board of directors.

We have made good progress in the two months since we started and are on track to largely complete the reviews by the end of the year.

I recognise that success on each of these initiatives will be judged not on the recommendations themselves, but on the actions we take to implement them, and maintain these standards.

I look forward to keeping you updated on our progress.

In conclusion therefore, there are several forces that we see shaping the future of financial services: a reduced industry revenue pool; scale and efficiency becoming the key drivers of profitability; increased capital requirements; and changed expectations for how the financial services industry operates.

On each, we have responded by taking clear, decisive, and early action to adapt to the future.

We believe that continuous evolution is the best way to ensure long-term success for our industry, and that the organisation best placed to win is the one that knows most clearly where it is going, not where it has been.

We have demonstrated through our results that not only are we able to anticipate and adapt to change, but that we can do so profitably and sustainably.

And that is because of our relentless focus on clients, with their interests and ambitions guiding our decisions about the way we manage our business, both now and for the future.

Thank you very much, I'm happy to take any questions.