

**Bank of America Merrill Lynch Banking & Insurance CEO Conference
Antony Jenkins, Chief Executive**

Introduction

Good afternoon. I'm delighted to be here and want to thank our hosts for the opportunity to speak today.

The Bank of America Conference brings together many of our largest investors, so it's a fantastic opportunity for me, four weeks into my new role, to talk about:

- the challenges we face as an industry and
- my vision for the future of Barclays and strategy to achieving it.
- All this connects closely with the theme of this Conference - building sustainable franchise value in an uncertain world.

Before I get going, just a little bit about me for those of you who don't know me.

You may have read about me in the media as "reassuringly boring", "a safe pair of hands" and "a sign of dull times". Actually I'm not sure any of those descriptions are a bad thing in today's climate.

What is certainly true is that I am a lifetime banker.

I started my career on the Barclays graduate programme, working on the frontline in retail and corporate banking.

In 1989 I moved to Citigroup and worked in retail, commercial and wholesale banking in both London and New York.

I then returned to Barclays in 2006 to head up Barclaycard before being asked to lead what is now Retail and Business Banking or RBB in 2009.

As CEO of RBB, I was responsible for all retail banking, cards and business banking in the UK, United States, Europe and Africa, accounting for nearly 60% of Group profits in 2011, with almost 100 thousand colleagues across 20 countries serving the needs of 50 million customers.

Under my leadership, profits in Barclaycard more than tripled from nearly £400 million in 2006 to £1.2 billion in 2011.

And in RBB, profits have increased from £2.1 billion in 2009 to £3.3 billion in 2011.

But it's not just 'what' we delivered, it's 'how' we delivered it.

Our relentless focus on improving customer experience has reduced complaints on an underlying basis by more than 30% and increased market share across many of our product lines. Customer satisfaction is at an all-time high, as is employee engagement.

And we have made a significant contribution to wider society, for example through our ground breaking apprenticeship scheme and by impacting over 1 million young people through our Money Skills programme.

We are not complacent and recognize that we still have more work to do, but the direction is clear.

For me, the results we have achieved over the past few years in a difficult environment speak for themselves.

It's truly an honour to have been given the opportunity to lead Barclays and I take up my position at what I believe is a turning point in our 320 year history.

Barclays has navigated many crises over the years and it did so again through the last financial crisis, trading profitably throughout.

But we - and others - have made serious mistakes. We failed to listen to our stakeholders and we failed to meet their needs

Barclays remains a strong franchise and what counts now is how we reshape our business to meet the needs of all stakeholders - colleagues, customers, broader society and - of course - you, our shareholders and clients.

Before I talk more about the strategic approach, I'd like to share my thinking on the wider context in which we operate.

Wider Context

I believe our industry faces a number of profound challenges and I want to talk about four that I think are critical.

Firstly, changes to regulation following the financial crisis have permanently altered the operating environment for banks, particularly in relation to investment banking.

I think of these regulatory changes in two broad areas, capital and structure.

Barclays is well placed to address both of these dimensions.

In terms of capital, we successfully implemented Basel 2.5 on time last year and I believe we can do the same for Basel 3 while still generating acceptable returns over time.

In relation to structure, we believe that the requirements of the ICB are manageable and we are working closely with the authorities on the details. We have shared our intention previously for a 'narrow' ringfence and we have not had any indication that this won't be permissible.

As important, we are well progressed with the development of our Recovery and Resolution plans with our regulators.

So Barclays is well placed against each dimension but collectively they represent a significant challenge.

Second, in the post 2008 world, the question of the "social utility" of business has become much more prominent.

Banks need to serve the interests of all stakeholders.

Classic corporate and social responsibility is an inadequate response. Banks must have a clear understanding of their social purpose and that purpose must determine what they do.

Banks need to actively manage the broader impact they have in the world. Where possible, they need to ensure it is positive. Where it is not, they need to either mitigate the impact or be prepared to justify it.

It's worth noting that other industries are already doing this with Marks & Spencer and Unilever notable sector leaders.

Third, customer and client behaviour is changing. Expectations are much higher. Whether in retail, corporate or investment banking, the attitude is "solve my problem or I'll go elsewhere".

The availability, velocity and quality of information means that customer and client decisions are much more informed while at the same time technology has created an expectation of instant delivery - anywhere, anytime and often for free.

There is no sympathy for our shortcomings restricting solutions. It's the customer outcome that counts.

Finally, technology is transforming our business. The tablet / smart phone / app capability is making it much easier to deliver banking services in a way that makes our customers and clients lives much easier instantly.

In Investment Banking for example platforms are being automated and the 'equitisation' of Fixed Income trading is already underway.

The net effect of this is that it will be possible to create a significantly more compelling customer and client experience at much lower cost and with greater control.

These four trends certainly make for a challenging environment but they also of course represent opportunity.

For the bank that can harness the trends to their advantage, there is a unique chance to build a customer focussed, socially useful bank that generates superior returns for shareholders.

And we must deliver this because in my view the economic environment will not come to our rescue. The global economy appears to be heading towards a longer period of weak growth than was initially thought.

Put another way, we cannot expect income growth to restore our returns. We must also become less risky and more predictable.

So let me now talk about my plans going forward.

Strategic Approach

Quite simply, Barclays can and must be a better bank.

I call this becoming the "go-to" bank in the eyes of all our customers and clients. The partner of choice when an individual or organisation wants to do business with a bank. Where there is an emotional connection as well as a rational one.

This goal applies to all our businesses and geographies. One thing that wholesale, retail and institutional businesses have in common is the critical importance of strong stakeholder relationships to their commercial well-being.

And our success will be defined by how those stakeholders think and feel about us.

Barclays starts from a position of many strengths.

We delivered a good financial performance in the first half of 2012 with adjusted profit before tax up 13% to £4.2 billion.

This included growth of 15% in Retail and Business Banking, 11% in Corporate and Investment Banking, and 38% in Wealth and Investment Management despite continued uncertainty and volatility.

We have a footprint that is unique amongst our competitors with critical mass in the US, UK and Africa.

Our unrelenting client focus as 'One Barclays' across these geographies is making a real difference.

Our competitive position continues to improve and customer numbers across Retail and Business Banking are up by over 1.5 million on this time last year. In the Investment Bank, the number of top 500 clients trading in all our three regions increased year over year in the first half of 2012, as did the number of those clients trading 7 or more products.

We have also tightly controlled costs while continuing to selectively invest in the business for the long term.

Operating expenses, excluding the provisions for PPI and interest rate swaps, were down 3% to £9.5 billion.

We have managed risk carefully throughout the cycle and will continue to do so. During the first half of this year, sovereign exposures to Spain, Italy, Portugal, Ireland, Greece and Cyprus reduced by 22% to just £5.6 billion.

While the on-going Eurozone crisis continues to be the biggest obstacle to economic confidence, we are confident that we are managing our risks here carefully.

And of course returns are improving.

But we need to do more, much more, to become the "go-to" bank. We need to change the bank fundamentally with sustained, demonstrable action.

Which is why I have agreed with the Board - and already launched - a programme I refer to by the acronym "TRANSFORM".

This has three concurrent initiatives that will deliver the following objectives: turnaround, return acceptable numbers and sustain forward momentum.

I'll talk about each in turn.

Turnaround

Turnaround is about preparing the ground for change and maintaining our short term momentum.

We will energise and engage our 140 thousand colleagues, with a particular focus on serving the needs of our customers and clients.

We will renew and repair our relationships with regulators and other stakeholders.

We will continue to strengthen our control and governance and manage any legacy issues tightly. And doing so while maintaining the strong underlying business performance that we've delivered for the past several quarters.

Return Acceptable Numbers

Our second goal is to improve business returns by building and executing a clear plan to return on equity above the cost of equity on a sustainable basis.

I'd like to share some detail about how we're approaching this.

The aim of the Business Portfolio Review that I recently launched is to make a detailed, analytical assessment of our current businesses and determine the future size, shape, and composition of Barclays.

Using this analysis, we will model a range of options as to

- where we can grow significantly
- where we can turn around businesses

- or where we have to exit them,

so that we can see a path to deliver sustainable returns in any economic environment.

Our intention is to break down the business into around 100 units.

We will challenge the realism of business growth assumptions to understand the returns profile, segmenting the units into those that clearly exceed the cost of equity and those that don't, while scrutinizing those on the periphery.

We will then assess the near and longer term attractiveness of each business unit, leveraging work already underway to assess reputational risk as well as ensuring that we treat customers fairly.

Finally, we intend to apply stress scenarios to assess the performance outcome and resilience.

While this effort will build on some of the financial analysis we have previously undertaken, it will be broader, deeper, and more aggressive than previous exercises. Our analysis will be more granular than before and decisions will not be made solely on financial criteria.

This work won't be easy and no business is out of scope.

We'll need to take some difficult decisions particularly for businesses that are on the borderline in terms of returns or reputational considerations.

Alongside this, I've asked Chris to review how we report and disclose our financial results. We have made progress in terms of transparency but I recognise further changes need to be considered.

We expect to complete the majority of this review over the next 3 months. This will involve drawing up a detailed execution plan to which you will be able to hold us accountable.

We will share our decisions and plan with you in February.

Sustain Forward Momentum

Our third goal is to become the "go-to" bank by embedding a culture and ways of working that give our stakeholders confidence that we will deliver the right outcomes in the right way.

An important input to this will be Anthony Salz's Independent Review of Banking Practices at Barclays.

This global review will assess the bank's current values, principles and standards of operation and determine to what extent these need to change.

It will test how well current decision-making processes incorporate the bank's values, standards and principles and outline any changes required; and determine whether or not the appropriate training, development, incentives and disciplinary processes are in place.

In addition, we will define and embed a refreshed set of values and behaviours.

We will measure performance holistically by introducing a balanced scorecard across the bank. Every business unit and every individual will be judged on how they do business and support our values as well as their financial performance.

This vision, this approach to doing business, in no way means that we will sacrifice returns. I fully expect that the changes will have a positive effect on our bottom line and on future returns over time.

Barclays will remain a universal bank.

Our portfolio of businesses provides diversity of risk, stability of earnings and lower funding costs.

And our range of businesses also allows us to support a diverse set of clients, across a wide range of needs around the world.

This isn't to say there aren't some clear challenges across our businesses, particularly for the Investment Bank and in Europe.

I anticipate that there will need to be changes in these and other businesses.

But I am a strong supporter of the current model.

So that is our TRANSFORM plan.

I have spent my first four weeks as CEO getting it underway, as well as listening to the views of regulators, investors, analysts and customers and clients.

The feedback I've received has underlined the need for change and reinforced the opportunity. And it has shown that our plans are the right way forward.

Conclusion

So to conclude.

Our industry faces significant challenges – challenges that represent a real opportunity for banks that can manage them successfully.

That is what we intend to do at Barclays.

We have a lot to address

The work is underway and we will have a detailed action plan to share with you in February.

We will build a socially useful bank that is customer and client focussed, and delivers sustainable and superior returns to shareholders.

Thank you very much.

Chris Lucas, our Finance Director, and Charlie Rozes, our Head of Investor Relations, will join me to take questions.