Good morning. This interim result demonstrates that we continue to make the required progress on earnings, capital and leverage. All businesses demonstrated good performance, although the cards business stood out. We also saw the Investment Bank put in a creditable performance, particularly relative to peers. The continued rundown of Non-Core was a highlight.

It’s actually not until one looks back that we can see how far we’ve come, and I would congratulate the management team in achieving this. Of course, we all understand that this doesn’t take us where we need to be, and therefore there is a great deal yet to do.

I have only been in my role for a very short period, so it would be premature at this point to be absolutely definitive on the way forward. However, before Tushar takes you through the results themselves, I’d like to take the opportunity to give you some early impressions that build on my recent shareholder letter and in particular discuss my three priority areas, which are: strategy, value creation and a strong performance culture.

**Strategy**

So firstly, a few observations about strategy. The key principle is that we should focus on core propositions that are both significant and financially compelling, answering the questions “what are we good at”, and “where are we good at it”? In this respect, if I stand back from the Group, I see that we derive virtually all of our profits from three major core markets - the UK, the US and South Africa. Two of these are fully integrated broad-scope propositions (the UK and South Africa) and the US is a much more focused proposition with two of the businesses represented – Investment Banking and Barclaycard. It’s self-evident that most of our near-term shareholder value, therefore, is likely to be delivered from these
markets given the strength of our positions. We should be looking to improve our market position in such markets. And so the strategic priority for Barclays is therefore to focus on what really matters, and where it matters.

Beyond these three markets, Barclays does have an international network in Africa, Asia-Pacific, South Asia, Middle East, Continental Europe, Canada and Latin America, all of which remain important. However, we need to define the role of this network. Essentially, this falls into two categories – firstly, markets where we would seek to develop domestic propositions further, for example certain African countries and countries where we have a significant Barclaycard presence, such as Germany. Otherwise, the role of the network is to be precisely that, a network where its main role is to serve our major market clients internationally, and major international clients in our core markets. If defined in this way, going forward it therefore should be focused and sized to an efficient delivery of its main role, and those propositions that no longer fulfil either their role or their potential, need either to be scaled back or be exited, unless we have a clear competitive advantage in specific products or markets.

Notwithstanding our major markets offer only moderate growth, there are opportunities for us to grow and expand, for example in Barclaycard, particularly in the US. The North/South corridor from Europe and the US to and from Africa and the Middle East is a great opportunity and we are uniquely positioned to deliver this. There are also significant opportunities in greater collaboration between our Personal and Corporate Banking and Barclaycard businesses to deepen penetration of each other’s clients and to share support activities. At the same time, we believe there are untapped commercial banking opportunities with investment banking clients. All of these are good, well-managed businesses, but Barclays, as a whole, is not seeing the full benefit of the opportunities that exist for synergy and cross-selling between them and that needs to change.

At the same time our progress in running down Non-Core without material capital leakage is impressive. The most accretive thing we could do for shareholders is to accelerate the rundown of Non-Core in a sensible way, ensuring there are no stranded costs.
Now I know the Investment Bank is an area of uncertainty for shareholders. This said I am very pleased with recent progress and am optimistic about its future. The IB has generated a double-digit return in the first half, and the challenge for the team is to convert this performance into sustainable economic returns through subsequent periods. The business has presented a refined plan to the Board that shows ongoing improvement. This is a much more focused proposition building more on what we are good at and where we are good at it, and is likely to use less capital. The centre of gravity remains North America and Europe, principally the UK, with an important contribution from its global network, including Asia. This geographic balance is likely to remain the same going forward.

A major hurdle for us is to meet the legal structural requirements in both the UK and the US, and plans for both of these are well advanced and on track. The main issue with ring fencing in the UK has been to create two entities that are equally attractive and financially strong. We now believe we have an appropriate solution which we are discussing with regulators.

Another strategic emphasis is to embrace the digital world both for our clients using mobile technology, but also to improve the productivity of our legacy platforms. This will drive innovation, further efficiencies, and an increase in customer penetration across the whole Group.

The strategy I have outlined is designed to ensure Barclays becomes more focussed on our core propositions and eliminates non value-adding activities. It also addresses a number of key strategic questions that face the Group:

Firstly, what is the long term prognosis for the Investment Bank? I believe an IB focussed on its areas of strength and using capital more productively can create value for shareholders. But it now needs to deliver on the plan it has agreed with the Board and deliver sustainable returns above the cost of equity.

Secondly, is the Group ex-growth? Given our positioning in moderate growth mature markets, we are not going to be a growth stock, but I do see opportunities for above market
growth in our Barclaycard and our African businesses in particular. We should also be aiming to improve our penetration in our more focused markets.

Thirdly, is there a conglomerate discount? The answer frankly is that we cannot validate this, because our businesses are not all performing. However if we can have all of our major businesses firing on all cylinders, are able to execute the Non-Core business as rapidly and as sensibly as possible, and eliminate, as far as we can, the uncertainty associated with the legal and regulatory fines for historical conduct issues, we will then know the true value to the Group and can step back then and reconsider.

**Value Creation**

The second major priority of the Group is to accelerate the delivery of shareholder value.

Now it was particularly pleasing in this half’s result to see strong recovery in earnings, broadly flat costs, a common equity tier 1 ratio that has risen above 11% for the first time and a leverage ratio above 4%, both above minimum targets. All of this has been reflected in the stock price where, as we approached today, we were valued at tangible book.

However, if we stand back and look at basic fundamentals, our stock price is broadly where it was immediately after the Global Financial Crisis, six years ago. On a statutory basis, Group return on equity is 5.9%, well short of our cost of equity, and our cost-income ratio is 70, which is high for our business mix. At the same time, post the rights issue in 2013 we have only been able to generate a modest dividend of 6.5 pence. Accordingly shareholders have been incredibly patient.

A number of factors contributed to this. We remain largely positioned in moderate-growth markets, and revenue growth, excepting cards, has therefore been sluggish. Investment Banking and Non-Core, which only recently together absorbed 50% of our capital, have dragged down Group returns. We have also faced our fair share of conduct headwinds and these have been significant. We have also had significant “cost to achieve” expenditure. And beyond this, our efficiency levels have generally been poor. The priority therefore is to break out of this paradigm into a more virtuous one as quickly as we can.
At this point it is worth articulating what the proposition is for shareholders. Barclays is currently a recovery or value investment. We are approaching the end of this period with our current trading improved to tangible book. However, going forward, as I’ve said, given our positioning in moderate growth markets, Barclays cannot realistically be considered as a growth stock. Accordingly, a high and progressive dividend will in future need to make up a significant portion of our annual total shareholder return. To achieve this we need to throw off sufficient free cash flow, not only to invest in revenue opportunities but also to underpin a healthy dividend level.

Firstly, we need to increase revenue growth to at least that of the growth of our main markets. Secondly, we need to allocate capital away from suboptimal propositions and into investment in the core. Thirdly, we need to reallocate cost from unproductive activities and invest as well as reaping the benefits on the bottom line. And fourthly, we need to get the conduct headwinds, that remain significant, resolved and behind us. And then finally we need to exit the Non-Core.

Now that we have achieved an 11% CET1 ratio, we would like this to continue to improve over time so that we reach our target end-state. It would also be realistic to expect that through action and in a reasonably short timeframe, we would achieve moderate earnings growth, bring down our cost income ratio to a level solidly in the mid-50s and drive up our return on equity above our cost of equity. We would also expect to be around £20 billion in Non-Core RWAs by the end of 2017 without material erosion of our net asset value.

But pending this and the generation of the required free-cash and capital flows, it’s prudent for us not to be ambitious with dividends in 2015 and the Board has therefore concluded that it is appropriate to plan for a flat dividend of 6.5p.

While I am not about to issue new targets for the Group, I can confirm that we will adhere to our existing 2016 cost and returns targets.
A high-performance ethic with strong values and customer focus

Finally one could not argue that given recent return levels, banks have been overly shareholder focused, but the question does remain, whether we have the right balance between customers and clients, staff, community and shareholders. There does seem to be a common theme that we, as banks, should decide how customers deal with us. It is my personal view that this needs to be reversed. Customers should be able to deal with us in any way they like and we should respond accordingly, including face-to-face banking. We need to be convenient and easy to do business with, and to eliminate barriers and activities that inhibit our ability to serve and allocate our time to customers rather than on low value unnecessary internal process. We need more external and less internal focus.

While I believe this is within our grasp, Barclays on the other hand, remains far too hierarchical, bureaucratic and group-centric to deliver the required outcomes. I therefore want to see much more streamlined processes with clearer individual accountability throughout the organisation while maintaining appropriate risk and compliance controls. We will initially contribute to this by decentralising relevant activities back into the business from the centre. Now I am very supportive of the work we have done on culture and values - we wish to maintain that, build on that and look to accelerate it going forward. I want everyone to understand that where we see incongruent conduct behaviour, we will stamp it out, and if unlawful, will assist in bringing the full force of the law on the individuals concerned.

Conclusion

So in summary, I believe this is a credible agenda for the Group that I believe will deliver better service to our customers and clients, a better environment for our people, less erosion of value from poor conduct, and stronger value for our shareholders. Our focus now is therefore on executing them effectively and with pace. I’ll now ask Tushar to take you through the result itself.
Important Notice

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