

John Varley, Group Chief Executive

Global Retail and Commercial Banking

The environment for doing business in a retail and commercial banking world in 2009 was pretty tough. And when I think about the toughness of the environment I'm very proud of the way in which GRCB performed. Its profits were down year-on-year, I acknowledge that. But that was, I think, inevitable given the severity of the recession that so many countries in which we were doing business in were experiencing during the course of last year.

Income was up year-on-year; income grew 7%. And what we did in 2009 was follow the strategic path that we had created for GRCB over the course of the years, increasing the diversification of the business, growing the number of customers that we serve, trying to ensure that through time we find higher rates of growth for our retail and commercial banking businesses around the world. And that was a strategy that was well deployed, well pursued in a very difficult environment.

If I look at the performance of GRCB last year relative to that strategic context, about 25% of the profits came from outside the United Kingdom, but closer to 50% of the income came from outside the United Kingdom. We now have more customers and more branches and more employees outside the United Kingdom than inside the United Kingdom, implying a rapid development of that business through time. Of course the UK business itself will always remain the sheet anchor of the brand and the sheet anchor of our financial performance. But I do want to see the retail and commercial banking businesses diversify and I am pleased with the progress that we made in that respect during the course of 2009.

When I talk to the leaders of our business customers all around the world, I find that they're increasingly looking for a blended service of corporate banking and investment banking.

And so

we made some changes to the organisational structure of Barclays during the back end of 2009 and right at the heart of that was our view about how we could create customer advantage, serve our customers and clients better through time.

What we're doing in this reorganisation is putting Barclays Corporate alongside Barclays Capital so that the banking and investment banking needs of those customers can be addressed in an increasingly seamless way.

The second thing we did was to move the smaller customers that had been in Barclays Commercial Banking into what is now called Global Retail Banking. And again what I'm looking for there is to ensure that our ability to serve the needs of customers is strengthened through time.

These two structural moves I think will create advantage for customers and we will translate them into good returns for shareholders in the coming years.