

Robert E. Diamond, Jr, President, and CEO Corporate & Investment Banking and Wealth Management

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When we look at the performance in 2009 across the businesses, in Investment Banking and Investment Management, we're very, very pleased.

When we look back it was about risk and returns. It was about staying close to our clients, more business with more clients in more parts of the world than we've ever had before, and it was about strategic positioning.

The Lehman transaction was the critical piece of Barclays Capital in 2009. Let's put it into context. Prior to 2009 the high water mark in revenues for Barclays Capital was just under £10bn. In 2009 top line revenue was close to £18bn. 44% of that revenue was driven by our US operations, and the biggest impact there was the Lehman acquisition.

That's done while our balance sheet leverage reduced from the high 20's to 20 to 1. It was done while our regulatory capital was reduced because we were able to rid ourselves of much of the legacy assets. And it was done while we were managing significantly bigger pools of liquidity.

With the Lehman acquisition we are in the top tier in the US in both cash and derivatives in the equity space, new issue and secondary. The distribution platform that we acquired around equities and all the other products in the US is second to none. And our advisory business, our M&A business in the US, finished in the top five in our first full year, number one in fixed income research, number one in equity research, rated number one by Greenwich Survey in Fixed Income of all the firms in the US; a very, very strong position.

But what's exciting is going forward there's more upside in the equity and advisory business in the US. And we are just beginning to generate client flows in the new platform in Europe and the platform that will go live in Asia over the course of the first half 2010.

We've known for a while that having our Wealth Management business alongside our Investment Bank, Barclays Capital, made a lot of sense. What we added this year is bringing Barclays Corporate Bank alongside both Barclays Capital and Barclays Wealth. And we do think this is going to have a significant impact.

Many of our corporates, both the large corporates and the smaller corporates, in so many regions of the world where we operate, also want to have access to institutional quality investment banking products both advice and service, around debt capital markets, around equity capital markets, around privately accessing all of the capital markets. So the integration of these businesses together fundamentally means that we are going to be better at servicing our clients.

Our Wealth business is now poised with the Gamma Plan to emerge as a top three player over the next four to five years. It's a significant investment its £350m over that period of time, and those investments are targeted at our US footprint, our UK footprint, our

opportunity to attract international private client and high net worth, and that's all about the platform. And it's all about the technology and the brand necessary to deliver on that.

In terms of the regulatory environment going forward I think, to step back for a second a couple of things are really, really important. Strong banks like Barclays want strong regulation. Successful banks like Barclays recognise that banks needed to change and we have changed.

Our core equity ratios have gone from under 5% to over 10%. So we've increased both the quantum and the quality of our equity. Our leverage ratios were in the mid 30's, today they're 20 to 1. The amount of cash we hold on the balance sheet has increased three or four-fold since the crisis began towards the end of 2007.

One of the most important transactions of 2009 for Barclays and frankly for the financial markets was the Barclays Global Investors - Black Rock transaction. The genesis was the decision we made in late 2008 that it was time for us to sell the iShares business or the Exchange Traded Fund business for strategic reasons. The BGI Black Rock transaction put us in exactly the position we want to be in from a regulatory point of view in the asset management space. The 20% ownership that we have, the Board seats in Black Rock, are exactly the position we want to be in.

What is really, really important though is that we step back and recognise that the goals for the regulators, for the governments and administrations around the world and for the banks, are completely consistent. We want a financial system that is both safer and stronger, and we want banks that can foster economic growth and job creation.

I've got to tell you coming out of 2009 with Barclays Capital and the position it's in today, having executed around the transformational opportunity of the Lehman Brothers US business, it puts us in a very, very good position going forward.

So, given all that, what do we expect in 2010? Our expectation is that we will see broad consensus amongst the major economies, and particularly amongst the big financial centres of London and New York. We expect to see consensus around capital and capital levels as the key for this consistency and the key for implementation. And we expect to see clarity that the road to where we are going will be defined by capital, but the implementation period over which we'll get there will be quite long.