

**Bob Diamond, Chief Executive
2011 H1 Results Announcement**

Good morning and thanks for joining us today.

In February this year I set out our targets for 2013.

At our Investor Day in June we gave you more detail about how we intend to reach them.

We are now six months in, and the results we are reporting today represent the first stage on that journey.

They show that we are making clear progress.

Chris will take you through the numbers in detail, but before he does I would like to discuss the results in the context of the 4 execution priorities I laid out in February: Capital, Returns, Income Growth and Citizenship

Let me start with Capital.

We increased our Core Tier 1 ratio from 10.8% to 11% during the first half.

This was a result of our ability to generate and retain earnings despite making a billion pound provision for Payment Protection Insurance.

As you know, we have agreed to settle all PPI claims as quickly as possible which is the right thing to do for our customers.

We are giving numbers today that exclude that one off provision as well as own credit gains.

By doing this we aim to give you a better understanding of the business performance on an underlying and ongoing basis.

Of course we recognize there are concerns about Greece, Italy, Spain, Portugal and Ireland so we have also given you a detailed and transparent breakdown of our assets in these markets.

Chris will take you through these later but it is important to understand these exposures, in terms of the businesses they relate to, the nature of the risk, and how we manage that risk.

The majority of the assets relate to our retail and corporate banking businesses in Spain, Italy and Portugal.

About half of them are mortgages, mainly on first homes, with low Loans to Value. These are not speculative positions and we are managing the risks carefully. Let me move on now to talk about returns.

Despite the fact that we are just 6 months into our journey and we still have a long way to go there are signs of good progress when you look at the underlying numbers.

You will be aware that we are operating in a challenging environment and that we continue to run with high levels of capital.

Notwithstanding that, our Return on Equity rose from 6.9% to 9.1%.

Our return on tangible equity increased to 10.9%.

I told you at the Investor Day about our three world class businesses; businesses that operate in the very top tier of their industry, businesses that have scale, technology, brand and customer depth and breadth.

Our retail and business bank in the UK, our global cards business and our investment banking business all delivered a high return on equity.

As you know, we apply a Core Tier 1 ratio of 10% to all of our businesses.

UK Retail Banking reported a Return on Equity of 15%, at Barclaycard it was 16%, and Barclays Capital generated a return of 15% despite a soft trading environment for Fixed Income, Currencies and Commodities.

Taken together, these businesses account for two thirds of our risk weighted assets, two thirds of our capital.

Our two businesses that have the potential to become top tier are Wealth and Africa – I'll talk later about these under income growth. Both show continued progress.

Then there are two businesses where we have some serious work to do: corporate banking, particularly outside UK & Ireland, and retail and business banking in Europe.

Barclays Corporate returned to profitability in the first half; this is a very significant improvement on the negative return last year.

Clearly we still have much further to go.

Europe Retail and Business Banking was loss-making due to the costs of restructuring that business.

We are reducing headcount and the size of our branch network in Spain.

The business now has strong leadership and is in much better shape for this environment.

We expect it to return to profitability in the second half and to generate positive returns going forward.

Disciplined cost management is also critical to delivering returns so we held costs flat year on year, excluding restructuring costs.

We expect to deliver a cost reduction of £250 million this year, net of restructuring.

We are running Barclays in a more integrated way so we can deliver both revenue and cost synergies.

We have identified up to £2 billion in savings opportunities by 2013 so we believe we can exceed our billion pound target, a target which underpins delivery of our targeted Return on Equity.

The third execution priority is income growth.

Income growth is an important part of delivering returns and though the environment has been challenging, those areas where we are investing are beginning to deliver.

At Barclays Wealth we are in the second year of a five year investment program.

In 2010 – the first year - revenues grew 18%. This year first half income has grown 12% and we're operating ahead of plan.

We launched One Africa at the beginning of July and Maria Ramos is now CEO of the Africa region in addition to Absa.

Total income was up 7.5% when we combine revenues from all of our activities across the region.

As you know, we have top tier positions in many African markets, and our One Africa strategy will deliver the entire capabilities of Barclays in an integrated way across the continent.

Within Barclays Capital, though overall income was down, there was good growth in the businesses we have targeted to build out globally.

Equities & Prime Services grew 5%, Investment Banking was up 11% and market share is growing.

Our equities franchise has continued to strengthen: we were number 2 in the US IPO market, and number 8 globally.

Our Advisory business is also gaining momentum.

We ranked number 5 in the US, number 7 in Europe, and we advised on 2 of the 5 largest M&A deals during the first half.

For the first time ever Barclays has been named 'Best Global Investment Bank' by Euromoney.

We are also pleased with the very strong performance in UK Retail and Business Banking.

Income grew 4% as we continued to upgrade the customer experience by investing in our branches, in our technology and in our people.

Overall this represents good progress after 6 months.

The fourth pillar of execution is citizenship.

Despite the challenging environment, we have done a lot to support job creation and business growth in all the markets in which we operate.

In the UK for example, we take our commitments under Project Merlin seriously.

We met them in the first half with new lending to UK businesses totaling £20 billion. £7 billion of this was to small and medium businesses.

We held over 75,000 meetings with our business clients in the first six months of the year.

On average we processed over fourteen thousand loan applications a month to small and medium businesses, and our approval rate was above 80%.

In other words, we approved a new loan to a UK SME every 4 minutes.

We supported over 50,000 UK business start-ups in the first 6 months of this year.

“Take One Small Step” is an award scheme we run to help entrepreneurs launch new businesses.

Fiona Wood is one of the winners with Naturally Cool Kids which makes chemical-free skin care products for children.

She used her £50,000 prize to launch 6 products at the same time instead of just one.

As a result, her business landed a contract with John Lewis which increased turnover by 45%.

This is just one example.

I could give you many others where we advise start-ups on a whole range of essential skills from developing a business plan and managing cash flow through to launching a website, complying with legislation, or starting to trade internationally.

Operating with integrity lies at the very heart of our focus on Citizenship.

We know that trust in the industry has been damaged in recent years.

We know we do not always get things right for our customers.

When we get them wrong, we apologize and we put them right.

That is our commitment to our customers.

We care about being good citizens not just because it is the right thing to do but because trust underpins our relationships with customers and clients, trust underpins our reputation and brand, trust underpins our aim of delivering sustainable returns for shareholders.

We continue to focus on four execution priorities in order to achieve just that:

We remain committed to our targets of a 13% return on equity and 15% return on tangible equity in 2013 and though we are never satisfied, we have made good progress.

We are on track to deliver those targets.

Thanks you - I'll hand over to Chris now to take you through the numbers in detail.

Before we open it up for questions, I want to end by talking about the market and regulatory environment.

There continues to be uncertainty surrounding sovereign debt in Europe and the US, and about the prospects for economic growth, all of which are contributing to a lack of market confidence

We see that most clearly from our customers and clients.

In the UK, our small business customers have grown their current account credit balances by 41% since the start of the year.

These are successful businesses generating profits and cash but they lack the confidence to invest.

Lack of confidence has also impacted the financial markets where volumes are down and investors and issuers are hesitant.

The two most important factors to move forwards are confidence and certainty.

As we continue to work through issues over the debt ceiling in the US and fears of contagion in Europe we also need to work through the final stages of bank regulation.

I have said many times that we are strong supporters of creating a safer and sounder financial system a system that fosters job creation and economic growth

Strong banks want strong regulation.

It is critical now that we all work towards achieving certainty as quickly as possible so that UK banks become 'investible', so that we can support economic growth and so that we can act as a source of stability amidst market volatility.

We submitted and published our full written response to the UK Independent Commission on Banking in July and we continue to engage closely with them.

As I have said before, we believe that if banks could be allowed to fail without creating systemic risk then many of the more emotive issues about those that are seen as "too big to fail" would be addressed.

What is important is that customers can still access their deposits and essential services even if a bank does fail.

Credible resolution and recovery plans are critical. At Barclays we have invested a lot of time and energy in developing these and we expect to have them in place early next year.

There continues to be a lot of discussion about ring-fencing – and the final outcome remains unclear.

Ring-fencing would not be our choice, but we could make it work if we have to, and we would work constructively with regulators to implement it in such a way that UK banks and their customers are not unduly disadvantaged.

But what is most important right now is that we achieve certainty.

It is time for governments, for banks and for the private sector to work together to achieve that because only then can banks play the key role that they must in helping the private sector pick up the growth mantle from the public sector; in supporting customers and clients to create jobs and generate economic growth.

This is important around the world but we have a special responsibility here in the UK; a responsibility because of the economic challenges we face; a responsibility because of the important role London plays, as one of the world's leading financial centers.

We have to continue to attract companies to come here, to invest here, to stay here.

This is a great place to do business and if we can work together with a common aim - to regain confidence and certainty - the business environment will recover.

In the meantime we remain focused on executing against our priorities at Barclays capital strength, returns, income growth and citizenship and our results today demonstrate good progress.

Our three world class businesses, which account for two thirds of our capital, delivered a return on equity of 15% or more; we're investing in the two businesses with potential to become top tier and they are generating strong income growth already; and we have made good progress with those businesses that need work.

In short, we are on track to deliver our targeted Return on Equity of 13% by 2013.

Chris and I are here with the team you know well to take questions we have with us Rich Ricci (co-CEO CIB), Robert le Blanc (CRO), Antony Jenkins (CEO RBB), Jerry del Missier (co-CEO CIB), Tom Kalaris (CEO Wealth) and Maria Ramos (CEO Africa) is unfortunately not with us today as she is hosting the Absa results but in future she will be here in person.