# Bob Diamond's Tenure at Barclays – A review

With Bob Diamond's resignation from Barclays this morning, it is worth taking stock of the impact he made through his leadership of Barclays Capital.

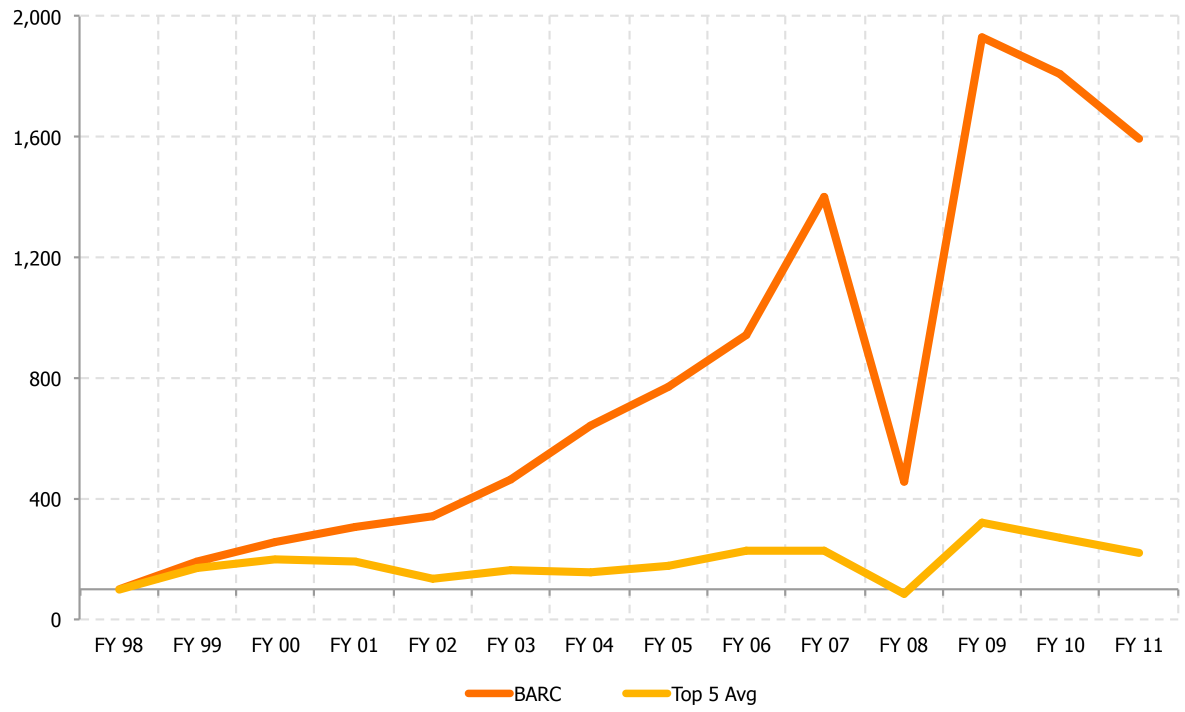
Bob Diamond was appointed CEO of Barclays Global Markets in 1996. A year later, Barclays' capital markets unit, BZW, hurt by derivatives loss, was dismantled; the Equities unit was sold to Credit Suisse First Boston, leaving a Rates and Credit focused rump.

The future for Barclays Capital did not look auspicious. However, by 2003, it was clear that BarCap was becoming a force to be reckoned with. Even without the full Equities unit, BarCap's revenue growth was fast outpacing the best of the peer group (see chart below). BarCap's Rates business was an early adopter of change as Deutsche Bank hire, Alan Burnell, merged bond and swap trading teams and emphasised electronic trading. On the exotics side, Domenico Azzollini arrived in 2004 from J.P.Morgan to build a highly competitive offering with a great expertise in inflation trading and pension solutions. The debt capital markets division steadily increased market share, with revenues enhanced from involvement in the UK government's Private Finance Initiative and the Roger Jenkins led Structured Capital Markets team.

By 2006, BarCap's product expertise had grown further, boasting a $1bn+ equity derivatives business led by Dixit Joshi and supported by a cross-asset class retail structured products sales team. The bank had also developed a Commodities business that challenged the Goldman Sachs and Morgan Stanley oligarchy.

Barclays Capital's growth has not been down to the front office alone; many of our sources commented that the risk functions have a more 'business friendly' approach than is the case at other banks. The bank has also focused on staying ahead in the middle office and operations functions, for example by hiring staff with derivatives expertise to modernise syndicated loan processing.

**Total Capital Markets Revenue Growth: BarCap versus Top 5 Average*** (indexed to FY98)




*Source: Tricumen. Notes: (1) FY99-FY11 datapoints indexed to base year, FY98. (2) Base currency: US$. (3) All figures are post-writedown/-writebacks, and exclude loan net interest income, credit portfolio, DVA and selected one-offs. (4) Top 5 average calculated on a year-by-year basis, from the peer group comprising: Bank of America, BNP Paribas, Citigroup, Credit Suisse, Deutsche Bank, Goldman Sachs, JP Morgan, Morgan Stanley, Societe Generale, and UBS. Bear Stearns, Lehman Brothers and Merrill Lynch are included as independent entities until their takeovers/mergers.*

On the eve of the 2007/08 financial crisis, fortune certainly favoured Bob Diamond over Fred Goodwin; Goodwin's triumph over the ABN Amro deal quickly turned sour as the losses from ABN Amro's last minute investment into the RMBS market mounted rapidly. Following the acquisition of the US parts of Lehman Brothers, Barclays Capital had at last a complete product suite, with taut heritage Lehman Brothers' offerings in munis, prime services, cash equities, ECM and M&A.

While it is true some momentum has been lost, as the challenges of merger integration and tougher markets have bitten in 2010 and 2011, Barclays Capital's track record since Bob Diamond took over remains unique in many respects. In building BarCap into what is now - a world-class investment bank - Bob Diamond surely deserves much of the credit.

## Notes & Caveats

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