Barclays PLC

AGM Statements

Chairman's 2019 AGM Statement

As you know, this AGM will be my last.

Since you know most of the members of our board, let me introduce our new members, Nigel Higgins, my successor as chairman, and Mary Anne Citrino, a new non-executive director.

> Nigel joined the board on the 1st of March this year from Rothschild where he was Deputy Chairman of Rothschild & Co. having been Managing Partner and co-chairman of the Group's Executive Committee until 1 September last year.
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> Nigel has operated at the most senior level in his profession through a 36-year career at the prestigious firm of Rothschild, which included being the first non-family member to lead the group. Aside from his leadership credentials, Nigel's extensive experience in banking and financial services and his senior investment banking credentials are highly relevant to the Group.
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> Additionally, Mr Higgins is Chairman of Sadler's Wells Opera, and sits on the Board of the Tetra Laval Group, where he also chairs the board meetings of its asset management arm. He will retain those roles upon appointment as Chairman of Barclays.
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> Mary Anne Citrino has strong and relevant executive and board-level experience with a successful executive career with Blackstone and Morgan Stanley as well as non-executive directorships with HP and Alcoa. Her career in the financial services sector, brings appropriate knowledge and perspective to the Board, particularly given our substantive presence in the wholesale sector.
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> With Mary Anne's appointment, female representation on the Board rose to 27%, which is an important step in achieving our diversity target of having 33% female representation by 2020.

At last year's AGM, I highlighted we were at an important turning point in Barclays history. This has proven to have been correct:

> We have now had a full twelve months of clean and respectable profits, producing earnings per share of 20 pence, whereas when I joined the board, we were loss-making, and dividends were paid from reserves.
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> At the same time, we have firmly drawn a line on the past. The most significant litigation concluded last year, government sponsored structural reform at considerable cost is behind us, and major restructuring of the firm is over.
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> Most importantly, 2019 is shaping up to be our most profitable and cleanest statutory year since 2009. The first quarter return at 9.2%, just below our cost of equity, was an improvement over 2018's full-year pre-litigation and conduct return of 8.5%. We produced 6.1 pence earnings per share in the quarter, almost matching last year's full-year dividend, which if continued through the remainder of the year, would produce earnings per share in the 20s pence range, and would give us capacity to invest as well as rewarding shareholders.

Our residual financial position is also good with Capital in line with regulatory requirements, and with very strong liquidity.

Certainly, all of this has been a long time coming. It is understandable given that history, that the market is taking time to assimilate the implications of the new paradigm and develop the necessary confidence that the past is fully behind us and the future brighter.

I have three simple messages for you today:

Firstly, Barclays has drawn a line on the past and is now back in the game.

Secondly, standing back from the short-term noise, Barclays has made real progress in what has been a difficult climate.

And finally, we are fitter and putting runs on the board, but recognise we remain shy of championship fitness and delivery and have plans in place to remedy this.

Let me now turn to Resolution 24 to appoint Edward Bramson to the Barclays Board. The Board unanimously does not support this appointment, which we believe would destabilise the company, particularly as we have recovered from a turbulent past and have only recently emerged in a much stronger position. We remain engaged with Mr. Bramson and his colleagues and are open to further dialogue. We have always welcomed shareholder input in the future direction of the Group.

Turning to the subject of climate change, Mr. Staley will set our position in his remarks. I want to make it clear that Barclays genuinely takes its responsibility in this respect seriously, and our policy is a subject of active discussion and approval by the Board. It is regularly reviewed and debated by the Reputation Committee of the Board, headed by Mary Francis.

It is a long-term policy for Barclays to contribute to society's initiatives in limiting the impact of climate change and we have taken account of feedback and amended our approach. We understand the urgency of this matter but the problem we face is how sensibly to manage the transition from fossil fuels to green energy. Certainly, we should move urgently from financing the most carbon intensive forms of energy and have done so. For some time to come however, renewable sources alone cannot match demand for energy, and bridging this needs to be met from a range of fuel sources, including oil and gas. We will commit to evolve our approach as circumstances change.

At the same time, we are embracing a digital future for the group and are in a leading position on the use of mobile applications and the move to cloud-based technology. Barclays is also a major force in the incubation and use of fintech. While digital technology is changing people's lives and is bringing untold benefits, it has also brought cybercrime. At Barclays, we have made defending against cybercrime one of our most important and most urgent priorities. Accordingly, we are investing heavily to protect our customers, our system, our bank and society. This is a decision not only worth making, but one where there really is no choice in assuring the long-term future of the company.

If we reflect on the past few years, it has indeed been a tough period for the Group. But we have come through it and emerged in a much stronger, whilst never perfect, position. This shift could not have been achieved without the leadership of our Chief Executive, Jes Staley, and his senior team as well as the contribution of the Board.

On your behalf therefore, I would like to thank the Board, our management and all our staff for the enormous efforts they have made to make Barclays a better place.

Recently Sir Gerry Grimstone retired from the Board and we have three other directors retiring at this AGM in addition to myself, Reuben Jeffery, Dambisa Moyo and Mike Turner. I would like to thank them all for their contribution to Barclays and to wish them well in their new pursuits.

I'm satisfied that I leave a company that is capable and prepared for the future, in particular to be able to deliver returns to shareholders not seen for many years.

And finally, since this is my last address as Chairman, it has indeed been a great privilege for me to have served this great company and you as shareholders, and I thank you for allowing me to do so. I will of course continue to be a strong advocate for the company.

I commend my successor, Nigel Higgins to you. The Board has made an excellent choice, and I have every confidence that Nigel will be a superb steward of the Board and your Company. Thank you.

Now let me now hand over to our Chief Executive, Jes Staley.

Chief Executive's 2019 AGM statement

Thank you John, and good morning everyone.

I am delighted to be here at what is my fourth Annual General Meeting as Group Chief Executive of Barclays.

At my first AGM in April of 2016, we outlined our strategy to capitalise on Barclays' strengths as a transatlantic consumer and wholesale bank, anchored in London and New York.

That strategy was then – as it is today – about making this company fit for the future.

It is about delivering the sustainable and consistent Returns that you rightly expect.

And as a result of the choices we have made, we are now finally approaching a position to reward your patience.

2018 was a very significant year for Barclays.

We resolved the last major legacy conduct issues, including reaching a settlement with the US Department of Justice in relation to Residential Mortgage Backed Securities, and having the Serious Fraud Office's charges against the bank relating to our 2008 capital raisings dismissed.

And we reduced the drag from low returning businesses.

I am pleased to say that we saw an improved performance across the Group compared to 2017.

Excluding litigation and conduct, profit before tax was up 20% and earnings per share were 21.9 pence.

The Group Return on Tangible Equity was 8.5% - versus 5.6% in 2017 - and this is close to our 2019 financial target of greater than 9%. Achieving that target in 2019 remains a priority.

We also launched Barclays Execution Services - or 'BX', as we call it - in 2018.

This is the part of the bank that manages all of the processes and technology, which allow us to deliver products and services to customers and clients.

BX has driven greater efficiency throughout the Group. It has enhanced our ability to control and adjust our cost base, while also creating capacity for investment in future growth.

Flexibility in our expense line gives us the means as a management team to help meet the targets we have made to shareholders on Returns.

For example, you may recall that in 2016 we took a charge of just under 400 million pounds to allow us to better align variable compensation costs – bonus funding - with the firm's revenues.

What you can see in the first Quarter results announced last week is Barclays using this discretion around variable compensation to manage our costs down, and that helped to deliver expected profitability.

The Group earned 1 billion pounds of Attributable Profit in the first three months of this year. We earned 6.1 pence per share.

Profit before tax was 1.5 billion pounds, driven by a 3% reduction in costs, versus a 2% reduction in revenues.

Barclays UK produced another very solid quarter.

Within the Corporate & Investment Bank, whilst banking fees were weak, for the sixth consecutive quarter we out-performed our US peers on average in the Markets business, which, like Q1 last year, generated a double-digit Return on Tangible Equity.

Your management team is very aware of the execution challenges we must still meet in order to deliver acceptable Returns and on a consistent basis, particularly in the Corporate & Investment Bank.

We are confident however that we can meet the challenge, given the enormity of what we faced three years ago.

A 9.6% Return on Tangible Equity in the first Quarter of this year is a good step towards delivering our objective of greater than 9% in 2019.

The strength at the core of the model we have built is diversification - not only between our consumer and wholesale businesses, but also by geography, by product, and by currency.

Take UK retail and business banking.

We serve 23 million customers and a million small businesses in a market where we have roots going back 328 years.

At the same time, we have an enviable position in the fast-growing international cards and payments space in the UK, US, and in Europe.

And we are a strong and profitable global player in corporate and investment banking, anchored in the world's deepest and most sophisticated capital markets of London and New York.

Our diversified model gives us balance. And that balance can produce consistent and attractive returns through an economic cycle. It is also a more robust model for any modern financial services business.

A decade after the financial crisis, I am very confident that Barclays today would be well prepared to weather any major shocks in the future.

Of course, one area where performance progress has unfortunately not been reflected thus far is in total shareholder return. And we are working to address that.

Future earnings should now be focused on returns for shareholders and investment in the growth of Barclays, rather than being absorbed by restructuring costs, capital accumulation, or litigation and conduct charges.

And that progress – to be in this position - has been accomplished through the hard work of our employees these past three years.

Their effort says much about the culture of Barclays today – with colleagues driven by a deep commitment to help customers, clients, and wider society, to rise and succeed.

You can see that in the work we do in Citizenship, through programmes like Lifeskills; Connect with Work; and Unreasonable Impact – where we are supporting people into employment,
or in the colleague reaction to our recent announcement of the title sponsorship of the Barclays FA Women's Super League. This represents the largest ever investment in women's sport in the UK, and will also see us supporting girls' football programmes in nearly 6,000 schools up and down the country.

We see it in the work our people do to back the economy here in our home market, the United Kingdom, particularly as uncertainty around Brexit continues.

Whether that's our £14bn lending fund for smaller businesses, or the more than 100 business clinics we ran in communities across the country to give advice to companies on how to cope with Brexit, or in the daily support our relationship managers give to businesses trying to navigate these uncertain times.

We know that it is the local entrepreneurs, the farmers, the manufacturers, the house-builders, and countless other businesses that will help the UK to deal with a period of profound change. And we are here to help them do exactly that.

Now, let me turn to a matter which has been the subject of successive years of discussion and debate, both here at this meeting, and in ongoing dialogue with stakeholders. The issue of climate change.

Last year at this meeting we committed to produce a statement that would comprehensively explain Barclays' stance on Energy & Climate Change.

This was to include:

- what we are doing to mitigate our impact on the environment as a major corporation;
- what are we doing to support the growth of the green economy and technologies; and

- our role as a responsible banker to the energy sector.

We published our statement at the beginning of this year, and I invite you to read it in full on our website at home.barclays.

The fundamental underpinning of the policy is that Barclays is determined to do what we can to support the transition to a low carbon economy, while also ensuring that global energy needs continue to be met.

We are already doing a considerable amount to support that transition to a low carbon economy, and let me give you some examples.

In 2018 we facilitated over £27 billion in financing for social and environmental segments around the world, including issuing green bonds and renewable financing.

We launched the first green mortgage by a mainstream UK bank, helping hundreds of British customers to buy highly energy efficient homes thus far.

We were proud to recently provide £118 million of debt facilities for a new build 'Energy from Waste' Power Plant in Bedfordshire. Once constructed, it will produce enough low carbon energy each year to power tens of thousands of homes. And it will do that through processing more than half a million tonnes of waste annually that would otherwise be diverted to landfill. It's also creating welcome employment in the local economy.

And in the last few weeks we launched a Green Agriculture product which has seen us already lend millions to UK farmers to buy new environmentally friendly plant and equipment.

Apart from our support for the green economy, we have also set out clear restrictions on carbon-intensive energy sectors.

For example:

- We have ruled out financing oil or gas exploration in the Arctic;
- We no longer finance greenfield thermal coal mining activity; and
- We have introduced new enhanced checks on all transactions related to the exploration, extraction, transportation or processing of oil sands output.

We're consciously reducing our own carbon footprint, with a commitment to procure 100% renewable energy for every Barclays site by 2030.

We have established a dedicated taskforce, as part of our formal governance, to consider and act on the Environmental and Social Impact agenda of the company – chaired by me as Group CEO.

We also welcome and fully support the Bank of England's decision to commit to deliver the objectives of the Network for Greening the Financial System. That includes designating Climate Change as a Financial Stability Risk.

Put simply, Barclays fully understands our corporate responsibility in respect of climate change. We are a supporter of the goals of the Paris accord. And we will keep our policy position under constant review to ensure that our actions align with those goals.

In a related matter, you may also recall that we gave an undertaking last year to divest Barclays' controlling interest in Third Energy – a company which holds a licence to frack in Yorkshire.

I'm pleased to say that it was announced last week that we no longer own Third Energy.

Finally, before I close, I want to pay tribute to our retiring Chairman, John McFarlane.

John took on the Chairmanship of the Group during a period of tumultuous change for financial services, and for this bank in particular.

Barclays, and I personally, have been fortunate to benefit from his wisdom, his challenge, his courage to make tough calls, and his steadfast leadership for four years.

On behalf of colleagues across the bank, I would like to thank John for his stewardship, and to wish him, his wife Ann, and the rest of his family, every happiness following his retirement at the close of our meeting today.

It is due in no small part to John that we find Barclays in a more positive position today, with opportunity in front of us.

While we've got more still to do, our turnaround is complete, and our strategy is now delivering.

And as a result, we are able to focus on improving returns to you, our shareholders, over time. That is what we intend to do.

Thank you.

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About Barclays

Barclays is a transatlantic consumer and wholesale bank offering products and services across personal, corporate and investment banking, credit cards and wealth management, with a strong presence in our two home markets of the UK and the US.

With over 325 years of history and expertise in banking, Barclays operates in over 40 countries and employs approximately 83,500 people. Barclays moves, lends, invests and protects money for customers and clients worldwide.

For further information about Barclays, please visit our website home.barclays