

23 April 2015

## BARCLAYS PLC

### Chief Executive's AGM statement

Thank you Chairman, and good morning ladies and gentlemen.

Today I am pleased to report to you that, while we have much more to do, our company is stronger, with better prospects than at any time since the financial crisis.

Execution of the Transform Strategy, which I set out in February of 2013, and updated in May last year, has established a balanced and focused international Bank, working on the right priorities for all our stakeholders, and positioned for growth.

When I addressed this meeting 12 months ago, I said that our intent was to create a Barclays for the future.

A business that will behave in the right way, and deliver performance in the right way.

A bank that we can all be proud of – one that lives our values of respect, integrity, service, excellence and stewardship every day. And one that will reward your support as shareholders financially.

As we look back at our performance in 2014, and toward our prospects for 2015, I am confident that we are starting to realise that promise.

- Group adjusted profit before tax increased by 12% in 2014.
- Personal & Corporate Banking and Barclaycard continued to thrive and grows
- Our Africa business has done well despite currency headwinds.
- And we have seen signs of positive performance in our Investment Bank, which has been in a period of transition.

While there is still a lot of work to do, we have made very good progress against our Transform 2016 targets during the year, providing strong evidence that our strategy is working.

It's easy to forget how hard this improvement has been to achieve. In the Autumn of 2012, when we began the transformation of Barclays, our company was a very different one to the one it is today, and it was by no means inevitable that we would succeed.

I want to thank my colleagues - our staff - who have worked so hard to bring the company to a point where we can look forward to the task ahead with more confidence than for many years.

In our core business - which represents the future of Barclays – our adjusted Return on Equity was nearly 11%, excluding the Costs To Achieve our Transform programme. This is tracking well towards the 12% plus level we are targeting for 2016.

The run-down of Barclays Non-Core - those businesses which are no longer strategically attractive to us - was actually ahead of plan in 2014, with Risk Weighted Assets reducing by nearly £35bn in the year.

You have heard me say before that cost is - and will continue to be - the strategic battleground for our industry, and that working more effectively and efficiently is essential to our future success.

To that end, we took out nearly £1.8bn of spend from our business in 2014, with further reductions to come in 2015. This remarkable achievement will enable us to boost returns for you - our shareholders -and to drive sustainable competitive advantage across the Group.

I am also pleased that we have made substantial progress in strengthening our capital position in the past year. Capital is the critical financial underpinning of the Group, the foundation from which we are building the Barclays we all want to see.

Our fully loaded Core Equity Tier 1 ratio – one of the two key measures of capital strength - improved to 10.5% at the end of 2014. This takes into account the effect of the disposal of our Spanish business which was completed in January, and the impact of further provisions in Quarter 4 for on-going investigations into Foreign Exchange. This figure was just 9.1% at the end of 2013.

We are on the way to taking the question of capital strength – a question which has hung over your company for too long - off the table for good.

In terms of dividend, we have declared a cash dividend of 6.5p for 2014, despite the unwelcome and regrettable impact of substantial provisions for past misconduct.

I know the importance of dividends to you and so let me be clear on my position.

The pursuit and delivery of sustainable improved returns for our shareholders is uppermost in my mind as we execute the Transform strategy. I want to see the dividend increase, and we continue to target a 40%-50% payout ratio of adjusted earnings over time.

As you know we'll update the market on first quarter performance next week and so I must be quite circumspect on that. However I wanted to offer just a few words on the outlook for the year as a whole.

I am confident that 2015 will be a year of continued delivery for Barclays.

Although the global macroeconomic environment remains volatile - a situation expected to persist through the year - we believe that there will be greater clarity on regulation and on several conduct issues during 2015. This will give us much more certainty in predicting future performance.

Our priority is to continue to strengthen the capital position of the Group.

We expect to make further progress in 2015 on the run-down of the Non-Core unit and, in terms of cost, we expect to drive further reductions beyond those achieved in 2014, targeting a base of £16.3bn for the Group for 2015, excluding the costs to achieve Transform.

Finally, as a Group, we intend to build on the positive underlying momentum seen within our businesses, towards achievement of the 2016 Transform targets. And we will accelerate delivery of these targets wherever possible.

We are also performing well against the metrics in our Balanced Scorecard, reported for the first time this year.

The Balanced Scorecard is specifically designed to ensure we deliver for all of our stakeholders in the short and the long term, and it provides an additional way for shareholders to hold us to account.

Barclays measures performance today not just on the basis of what we deliver to our investors, our employees, and wider society, but also on how we deliver that outcome.

In terms of progress against the scorecard, I'm pleased that we have increased the percentage of women in senior leadership positions in 2014; that our Citizenship initiatives are on track or ahead of plan; and that our standing in terms of conduct reputation is improving.

But not everything is where I want it to be. While it is perhaps understandable, given the degree of change we are seeing in Barclays right now, colleague engagement declined a little in 2014, and we still have much work to do on improving how our customers and clients feel about us.

These specific measures are as important as the financial targets we pursue, because they go to the heart of running the company in a way that we all can be proud of, for all of our stakeholders, and consistent with our purpose and values.

Each time I have addressed this meeting since becoming Group Chief Executive I have talked about the huge importance of transforming Barclays' culture - as well as fundamentally changing the business operationally and financially.

I continue to believe that work is critical and, while much progress has been made, we still have more to do against the Balanced Scorecard targets.

However I have no doubt that our holistic approach to running Barclays will support strong and sustainable performance for shareholders.

We remain focussed on addressing the behaviours at the centre of historic conduct issues, including those relating to the on-going investigation into Foreign Exchange.

Like the Chairman, I regard the behaviour at the core of these investigations as wholly incompatible with our values.

And I share your frustration as shareholders, and the frustration felt by my colleagues, that legacy matters like these continue to cast a shadow over our business.

Resolving these issues is an important part of our plan for Barclays, and I expect that we will make significant, though sometimes difficult, progress in this area in 2015.

We are grateful for your continued patience and support while we deal with these matters – support which we do not take for granted.

As the Chairman noted, 2015 marks our 325th anniversary as an institution.

It is both humbling and inspiring in equal measure to be Chief Executive of a business that predates the establishment of the Bank of England, the US Declaration of Independence, as well as the Act of Union; which financed the first steam railway built by George Stephenson; and which helped rebuild communities and commerce following two World Wars.

At these times, it is natural to reflect on the qualities which have meant that Barclays has survived and thrived for so long.

For me the principal reason is the character and commitment of our colleagues down the years. The people who spend each day serving customers and clients with distinction across the world.

But I also think that one of the attributes in the Barclays DNA, which has ensured our success over 325 years, is the pioneering spirit of our founders, manifested in adaptability and resilience.

It has instilled in Barclays a willingness to try new approaches. To have the courage to take risks. An endless curiosity about new thinking. And an ability to embrace change rather than to fear it.

For those of you in the audience who are current and former colleagues I'm sure you'll recognise these attributes.

That pioneering quality has never been more important than in today's fast moving and complex world.

It is perhaps most evident in the leadership position we enjoy today in the use of technology to enhance our customers' and clients' lives.

Barclays has always been a leader in this area – from the world's first ATM to the first bank website.

But until the last few years, our sector has not truly felt the full disruptive impact of technology that others have experienced, largely because of the complexity of financial services.

That is changing, and it's changing fast.

Think of the rise of on-line banking, the integration of contactless payment into mobile phones, or the way in which cell-phone technology in Africa is enabling payment systems that are skipping entire generations of infrastructure.

All of these developments are driven by accelerating customer demand for products and services which suit how they live their lives today. However I recognise that for some these changes are daunting.

Barclays is determined that no one is left behind as these digital services are rolled out, and we have committed more resource than any other bank to ensuring that is the case.

To date almost 28,000 Digital Eagles - with over 12,000 in the UK – have been trained and are working with customers every day to improve computing skills. We have held over 2,500 tea and teach sessions

in branches and elsewhere, and almost 400 coder playground sessions with 7,000 young people and 1500 adults. 204 of our branches now run monthly coding clubs, and 43,000 people have signed up for our Digital Driving Licence.

Of course there will continue to be a place for great face to face interaction between our staff and customers in branches – a service which I know many of you value for certain situations and transactions.

But I am utterly convinced that competitive advantage in banking will come from technology driven automation that delivers a much better customer experience and, in turn, superior returns for shareholders.

Along with our proven ability to manage cost, our commitment to continuously driving technology change through Barclays will be the key reason why our bank will emerge as a winner, and continue to thrive for years to come.

To conclude, let me reiterate that this will be a year of continued delivery for our customers, our clients, and our shareholders as we look to accelerate execution of our plans.

Our work is not complete, but we are on the right track, making good progress against our strategic targets. And with every one of my colleagues in Barclays committed to driving performance, we can have strong confidence in our ability to deliver.

Of course from this afternoon we will have a new Chairman to help guide us on our journey, in John McFarlane.

John's experience as a bank CEO and as a company chairman will be invaluable as we look to accelerate the journey to becoming the Go-To bank. I have greatly enjoyed working with him since he joined the Board and am looking forward to working even more closely with him as he assumes his new role.

And I cannot finish this day without paying tribute to our retiring Chairman Sir David Walker. David took over the Chairmanship at a most difficult time in Barclays' history. He was precisely the person we required – diplomatic, brilliantly insightful, courageous, and a stabilising influence when we needed it most.

As well as leading your Board with such distinction, he has helped in particular to transform our relationships with stakeholders such that they are now characterised by constructive engagement.

He has also been a supportive and rightly demanding colleague to me personally.

David has epitomised the Barclays value of Stewardship throughout his tenure as Chairman and I hope you will join me now in thanking him for his service to the company with a round of applause.

Thank you David.

-Ends-

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