Chief Executive’s review
We have strong foundations in place for delivering to stakeholders and society…

Two years ago, we laid out our plan to build a Barclays that is fit for the future. To recast our business as a transatlantic consumer and wholesale bank, with global reach.

I am pleased to report that the significant task of restructuring this great institution was completed in 2017.

The Barlons of today is almost unrecognisable, compared with just a few years ago. The momentum we have built in successfully delivering on our plans so far, leaves me with a sense of confidence about our next task: delivering acceptable Group returns for you, our shareholders.

Our financial performance in 2017 shows that we are on our way to doing this. Our Group profit before tax is up by 10%, year on year, largely driven by a reduction in Non-Core losses. Group return on tangible equity, excluding litigation and conduct charges, the losses related to the sell down of BAGL and a one-off adverse impact from US tax reform, stood at 5.6% in 2017.

Our two businesses, Barclays UK and Barclays International, performed fairly well in the year despite challenging market conditions, and the Group is benefitting from the balance that the diversity of product, currency, geography, and business mix, gives us. In Barclays UK profitability held up, with good progress in mortgages, deposit growth, and mobile banking. Profits were down in Barclays International versus 2016, due to a poor performance in the Markets business of our Corporate and Investment Bank in difficult trading conditions for the industry. We have strong plans in place to address that underperformance in 2018. Our Consumer, Cards and Payments business continues to produce excellent levels of income, while managing risk effectively.

Perhaps most importantly of all, we enter 2018 in a strong capital position. By the end of 2017, we were at a Common Equity Tier 1 (CET1) ratio of 13.3%, within our end-state target range.
This shows that Barclays can sustainably generate profits at a healthy rate, and our capacity to do so should increase over time as we grow our businesses.

That is why in 2017 we set ourselves ambitious but attainable targets for Group returns of greater than 9% in 2019, and of greater than 10% in 2020, excluding litigation and conduct, and based on a CET1 ratio of around 13%.

A small number of significant legacy conduct issues remain, and we will need to resolve them in due course.

Nevertheless, it is our intention to prioritise the return of capital to shareholders, beginning this year. We plan to pay a dividend for 2018 of six and a half pence, which is more than double the amount paid in 2016 and 2017, and restores it to the level paid in 2015.

This is an important first step, but is still a fairly modest proportion of our anticipated earnings for Barclays. It is our firm intent, over time, to return a greater proportion of our earnings to shareholders, both through the annual dividend and in other ways. For example, it has been some 20 years since Barclays last used share buybacks as a means of returning value to investors, but we expect these to be an important part of the capital return mix going forward.

I have worked in banking for some 38 years, and I can say with conviction that the way Barclays does business, seeking to earn the trust of every customer, client and community in which we serve, is truly extraordinary.

In 2017 we celebrated the 20th anniversary of the Barclays Citizenship Awards - a year which saw over half of our colleagues take part in volunteering, fundraising or giving programmes. Among many examples of great contributions to the communities in which we operate, I was particularly proud of the work we have done to increase digital safety and to prevent the growing threat of fraud. Our education and awareness campaign has seen over 4.8 million people take action to protect themselves as a result.

This kind of effort is not just the right way to act, it also makes commercial sense. When the societies where we operate succeed, Barclays succeeds. That is why, for over three centuries, this great institution continues to rise up to the challenges that our communities face, and to play our part.

This is particularly true as our home country, the United Kingdom, faces an uncertain future as negotiations to leave the European Union unfold. Whatever may come, Barclays is here to stay, and here to help the 24 million customers and almost one million UK businesses, who put their trust in us, every day.

James E. Staley
Group Chief Executive

In 2017 over half of our colleagues took part in volunteering, fundraising or giving programmes.

It is the talent, ingenuity and dedication of our people, and the progress we have made in the past year, which gives me great confidence for our future. I look forward to discussing this future with you when we meet at our AGM in May.

James E. Staley
Group Chief Executive

Barclays Citizenship Awards

Going the extra mile to benefit society and Barclays is what our Shared Growth Ambition is all about. The Citizenship Awards is a chance to celebrate the extraordinary Barclays colleagues who do just that and play a positive role in society.

2017 marked the 20th anniversary of the awards. There were almost 500 nominations for the awards, celebrating the outstanding Citizenship contributions of our employees to driving economic, environmental and social prosperity.

The awards were split into five categories that encompass Citizenship and our Shared Growth Ambition: access to financing, access to financial and digital empowerment, access to employment, colleagues in the community and the way we do business.

Whether it’s creating commercial products with a positive societal impact, empowering customers with better financial and digital skills, helping people get into the world of work, improving the way we do business, or colleagues giving their time and skills to the causes they’re passionate about, there is a huge variety of ways in which Barclays colleagues contributed to society in 2017.

Being a contributor is a very important part of the culture of Barclays. It says the right things about who we are. Barclays is a business built on our people and we are proud of the contributions that our extraordinary people make to our Citizenship ambitions.