

John Varley, Group Chief Executive

Group Review

What you need in a financial storm of the sort that we've experienced in 2009 is a very clear and simple set of objectives. There are over 140,000 people working for Barclays. They need to know what direction we want to walk in. And we had three objectives for 2009. Staying close to customers and clients, managing our risks, maintaining strategic momentum.

What customers want in a financial storm, such as the storm we've experienced in 2008 and 2009, what customers want is for their bank to be open for business, available to them.

We made a commitment in the beginning of 2009 in relation to the UK economy that we would increase our lending by £11 billion. Half of that roughly to households, half of that to businesses. What was the reality for 2009? £35 billion of new lending by Barclays demonstrating I think that we were open for business and that we are committed to helping customers and clients work their way through a very difficult recession. And that shows up in our results in 2009. Income grew 34%. And on an underlying basis our profit was up well over 200% demonstrating that we are serving our customers, that the relationships matter to them and that we can convert that - that franchise health if you like - into strong returns for shareholders.

Of course an acid test of the performance of any business during a very difficult climate is has it maintained its profitability. And if I look at the performance of Barclays since this financial crisis began, the aggregate profits of this bank have been over £20 billion. I think that's a strong source of evidence. It's a strong signal that we have managed to serve our customers well through that period and that we've generated good profits for our shareholders. I'm very proud of that fact.

When I then think about the operational focus of the group in 2010 - staying close to customers and clients, managing our risks, maintaining strategic momentum - those will be the operational imperatives for Barclays this year.

If I describe the big picture of strategic opportunity for Barclays over the coming years, I believe that there will be further consolidation in the banking industry and a small number of banks will control a much larger amount of the global action in the banking industry. And my belief is that Barclays should be one of those. That's the context for the strategy of the group. And the strategy of the group is to find higher rates of growth through time for our shareholders by diversification.

When I think about how we develop Barclays it's very important not to be dependent on mergers and acquisitions activity. There will be and there should be opportunities in a crisis like this to buy businesses on advantaged economic terms that fit with the strategy, bolt-on acquisitions if you like. But it's very important to me that we're able to develop this group organically. And there is a lot of organic growth in Barclays over the coming years.