

## Marcus Agius, Chairman

### 2009 Review

By any standards, 2009 was an extraordinarily eventful year. It was eventful for many of our customers. It was certainly eventful for Barclays. The year started, as I think you can probably recall, with a near-total collapse of confidence in the global economic system, the banking system. Luckily, and happily, that changed as the year went on and by the end of the year we were in a much better place.

So what did we do in 2009? A great deal. At the corporate level, we worked very hard on improving the financial strength of Barclays. We increased our capital base. We greatly increased our liquidity and we reduced our gearing.

Secondly, in the operations, we spent a lot of time doing what we should always do, which is to concentrate on our customers, servicing their needs and managing the bank through a very severe economic downturn. And that we did. I think our results demonstrate that.

Thirdly, we participated in what is a continuing activity, and that is contributing to enormous debate taking place just now on regulatory change. We all understand that there needs to be new regulation. The previous regulations were not equal to the challenges we had in the financial crisis. But what those regulations are, and how quickly they should be implemented, are very important questions, and we want to do what we can to help make sure we end up in the right place.

In this regard, a good start was made at the various meetings of the G-20 group of world leaders during the course of last year, and I hope those are going to continue in the course of this year. But whatever happens, I'm quite clear that the regulatory outcome needs to serve at least three different purposes.

Firstly, the new regulatory system must be safe and efficient. It must work. It must do what it's meant to do: protect the global financial services system.

Secondly, it must be effective in such a way as not to stifle the fragile economic recovery that we are seeing.

But thirdly, it's also got to leave banks in a position where they can generate a sufficient return to service the capital that is provided by outside investors. This is very important if we're to avoid banks having to fall back on the taxpayer again.

Barclays as a business has a number of different activities. We're involved in investment banking. We're involved in commercial banking. We're involved in retail banking. We're involved in wealth management. The reason for that is because the bank has evolved servicing its clients, and, as the business of our clients has evolved over the years, so our business has developed as well.

A structure like this is called Universal Banking, and we at Barclays are a firm adherent to this model, and the reason for that is, as I said, it's what our clients want. Over the years, the world has got smaller, and the volume of international trade has got greater. This has been of tremendous benefit to the global economy. It helps the developed world. It helps the developing world as well. And as this world gets smaller, so the activities of our clients become more complex, more international and more far-reaching.

And we find that as our clients develop like this, they need more and more banking services which we can provide. So I believe firmly that we should do – like all businesses - should continue to follow the demand created by our clients and service those clients as best we know how.

I don't have to tell you that one of the unfortunate consequences of the credit crunch has been that the reputation of banks and bankers has sunk to an all-time low. I greatly regret that, partly because I think it's somewhat unfair, but partly because it serves no useful purpose. And I think we have to work very hard indeed to restore people's trust in bankers, to restore our reputation and to make people happy once again to be transacting with banks, it's in everybody's interest that that's what happens.

Now I don't for a moment think that that's going to happen overnight. I realise it's going to take a long time. It will be achieved in a series of small steps. But we have to do that in every way. And the way in which we can best do that is to convince people, correctly, that we are responsible when we do our banking activity. We need to make our activities sustainable. We need to make them socially useful. We need to operate to a very high standard of ethics and a very high standard of service.

And only when we do that on a consistent basis, so that people can judge us by our actions, will we have a chance of doing what I believe we need to do, which is to restore our reputation and to restore people's trust in banking.