10 September 2013

Barclays Financial Services Conference – New York

Antony Jenkins, Group Chief Executive Officer

Good afternoon and - on behalf of all of the team at Barclays - thank you for joining us at today's conference.

I've now been Chief Executive of Barclays for a year. A great deal has happened in that time to say the least - and over the next 20 minutes or so I'd like to share my assessment of where we are and what we are focused on.

Of course, we will shortly be issuing a full prospectus in relation to the rights issue and this will contain more up-to-date information regarding our business. But I hope I can give you a good idea today of my confidence and of the progress we are making in delivering our Transform plan. A year on, I am more convinced than ever that we have the right strategy in place to become the "Go-To" bank for all our stakeholders. And I am equally convinced that we can execute that strategy. Too often in the past, Barclays has failed to realise its potential. This time, I believe we can.

You might ask why I feel so confident.

There are three reasons.

The first is that over the last year we have put in place a strong foundation. We have a clear goal – becoming the 'Go-To' bank, and with a new executive team in place we are united and focused on delivery. Our people are embracing the purpose and values we launched in January and we have started to put many legacy issues behind us. There is a real sense of energy and commitment among my colleagues.

The second is that we have a strong execution plan – the Transform Programme – which has momentum and is already delivering benefits.

And the third is that we have started to de-risk Barclays and to remove much of the uncertainty that has dogged us for so long. In particular, the Leverage Plan we agreed with the PRA in July will remove some of the regulatory uncertainty around Barclays, and will leave us in an even stronger position from a capital and leverage perspective once completed.

In addition, we have started - and made good progress - in de-risking Barclays in other ways. For example, completing a number of actions I believe will reduce earnings volatility and make the bank less susceptible to mistakes of the past such as mis-selling and other forms of conduct risk.

Some of these de-risking actions include:

- Closure of the personal financial planning business in the UK,
- Elimination of sales incentives in the branch network,
- Stronger underwriting standards for interest-only mortgages, and
- Closure of our Structured Capital Markets tax planning and advisory unit.

These and other actions reduced revenues in the short term, but I believe that they are a critical part of ensuring long term revenues are more sustainable and of reducing the risk of conduct issues in the future.

There is more to do but our goal under Transform is that Barclays will be a lower risk, more predictable and higher performing business.

You will recall that in February I made six financial commitments.

By way of reminder, they were:

- A Transitional Common Equity Tier 1 ratio that exceeds 10.5%;
- A 30% dividend payout ratio;
- A Return on Equity for the Group that exceeds the Cost of Equity;
- Reduction of our cost base by £1.7 billion, net of cost to achieve, to £16.8 billion;
- A cost to income ratio for the Group in the mid-50s; and
- Reduction of Basel 3 RWAs by £75 billion gross, to £440bn.

I want to share with you now the progress we have made towards achieving these with a particular focus on how we're doing on cost and RWA reduction.

Let me take each in turn.

First, our estimated fully-loaded CET 1 ratio, pro-forma'd for the rights issue, is 9.3% as at June 2013. Achievement of our newly targeted 10.5% fully-loaded CET 1 ratio is expected early in 2015, ahead of the original plan.

Second, we are now targeting a payout ratio of between 40% and 50% from 2014, while maintaining our capital buffers and continuing to invest for growth.

Third, we committed to generate a sustainable return on equity above the cost of equity before the end of 2015. We are now anticipating this to be achieved during 2016, driven clearly by the equity raise and due to our limited ability to deploy this additional capital in higher return areas in the short term. While this delay is disappointing, I want to be realistic. I believe that the revised timeframe is achievable based on current plans.

So, the achievement of the first two of the financial commitments will be accelerated as a consequence of the implementation of the Leverage Plan, while the impact on the third is to create a short delay in achieving it. The substance, and timing for delivery, of the other commitments are not affected by the actions in the Leverage Plan, and we have good momentum on all fronts.

Let me talk about cost first.

I have said before that, in a low-growth macro-economic environment, cost will be the strategic battleground for banks over the next decade and that remains my firm conviction.

I have also said that strategic cost management in our industry requires a new approach - reducing cost at the same time as removing risk, strengthening controls, and improving the customer and client experience.

Achieving that balance requires a more thoughtful approach than the simple expense line trimming approach of the past, deployed when the bottom line was under pressure. The selection and implementation of new technology and the transfer of ideas from outside the sector - where they have been proven to work - is the key differentiator in our approach and why we believe it will deliver sustainable change and competitive advantage.

There are three elements to our approach to cost.

First, Rightsizing, where we are examining every business unit to ensure current resourcing is matched by expected demand.

We have focused on front office restructuring in our wholesale operations. Here there has been a reduction in headcount of 700, giving rise to anticipated annualized run-rate savings of £300 million towards our target.

We are reducing the cost-to-serve in our Corporate and Wealth businesses and we expect to deliver annualized savings of approximately £45 million and £65 million, respectively.

We are also starting to dramatically change how we operate retail branches including through greater use of technology. This work includes the actions we've taken to right-size the European retail branch network with nearly 200 branch and sales centre closures in the first half.

Second, is Industrialisation. This is where we ask if the demand we have - and anticipate – is being handled in the most efficient and effective way.

For example, we have projects underway in our retail call centres to increase first point of contact resolution for customer queries in Africa from 70 to 90%, and through multi-channel and mobile banking to reduce agent-handled calls in the UK from nearly 30 million to 25 million.

Early momentum on these types of projects in the UK has seen an 8% reduction in average monthly call volumes.

Through industrialization we also intend to capitalize on consolidation and rationalization opportunities in Operations and Technology infrastructure.

For example, we have projects underway to:

- exit 12 data centres, reducing them from 32 to 20
- reduce the number of servers by 20%, and
- dispose of over 400 properties globally, equating to nearly 2 million square feet of workspace.

Third and finally, Innovation, leveraging cutting-edge technology and automation. This is something many of our business have been good at individually, but now we intend to deploy this systematically across the Group.

A good example of this is in our Corporate and Investment Bank, where we are streamlining new client on-boarding. We are targeting up to a 75% reduction in the end to end client on-boarding time for UK cash management through more efficient and innovative ways of collecting client information and completing documentation.

Though this all may sound obvious, the benefits for Barclays are significant, as the previously 'federated' model of our bank did not encourage or leverage these types of solutions.

The three elements of our cost programme – right sizing, industrialisation and innovation – are already driving benefits.

In the first half of 2013 we implemented initiatives which we expect to deliver nearly a quarter of the progress required to meet our target of a net £1.7 billion reduction in our cost base by 2015.
The majority of those projected savings have thus far been delivered under rightsizing. However in the second half of 2013 we have begun systematic implementation of business-by-business, function-by-function changes delivering the benefits of industrialisation and creating conditions whereby innovative solutions are actively sought and valued.

Out of the £2.7 billion CTA budget, we expect to incur approximately £1.4bn in our retail businesses, £400 million in Wealth, over £300 million in Corporate and close to £600 million in the Investment Bank.

Our expectation over the three year programme is that approximately half of the overall reduction in our cost base will come from Rightsizing, a further 40% from Industrialisation, and the remainder from Innovation.

Or to look at the target of £1.7 billion of run rate cost reductions in another way, approximately £700 million is expected to come from the front office, £800 million from Operations and Technology and £200 million from functions, such as HR, Finance and Risk.

I would like now to talk about the progress we've made around our RWA targets. As you will recall, during the planning for Transform, we conducted a Business Performance Review which analysed our 75 business lines, in detail, against two criteria.

First, the attractiveness of the market reflecting our assessment of overall size, profit pools, competitor positioning, regulation and, crucially, reputational risk. Second, our ability to generate a sustainable return on equity above the cost of equity with no attachment to prior assumptions or goals.

This process naturally segmented the businesses into 4 groups:

1. those in which we will continue to invest and grow where the majority of our earnings are already generated;
2. those which we are repositioning through cost reduction or other changes to set them up for growth;
3. those where more fundamental restructuring is required to transition to become an 'invest and grow' business, such as reducing product offerings or refocusing client lists; and
4. those which we will exit as they are uneconomic for a variety of reasons.

In this last group, we made good progress in the first half in running down legacy assets. We reduced our 'Exit' Quadrant assets by the equivalent of just over £25 billion of CRD IV RWAs out of the £94 billion originally identified for the Group.

Much of this reduction has been, and is expected to be, in the Investment Bank. Our Transform plan in the Investment Bank calls for a £43 billion reduction in Exit Quadrant RWAs by 2015, from £79 to £36 billion. This reduction includes £20bn of derivative efficiencies, mainly in the pre-CRD IV Rates book and in Monoline and Corporate derivatives, and £23 billion across the remaining Portfolio Assets.

During the first half, Investment Bank Exit Quadrant RWAs reduced £24 billion to £55 billion. Of that reduction, just under 60% related to derivative efficiencies and the balance to other Portfolio Assets.

The derivative efficiencies were achieved through a number of projects including trade specific actions such as contract amendments and tear-ups.

We also sold a number of positions in the half, including £5 billion relating to US Residential mortgages, as we sold a significant proportion of remaining ABS CDO Super Senior and other US Residential exposure, and reduced a structured credit portfolio. These positions accounted for the majority of the £318 million gain in 2012 that related to the Restatement for IFRS10 and were sold above their marks in the first half.

We remain comfortable with our 2015 Transform targets and continue to review our progress against these commitments on a regular basis, and to focus not just on reducing exposures that are low returning on a Basel 3 RWA basis but also on those that consume excess leverage compared to the returns they generate.

A number of investors have asked what further, or longer term, impacts the PRA's expectations regarding Barclays leverage ratio may have on the Group. As I said on July 30th, analysis and scrutiny of our balance sheet, particularly in the Investment Bank, continues as part of the on-going review of returns across our business, taking into account evolving regulation.

As part of this work, one of the things we are doing is updating the Business Performance Review, including a revised leverage ratio criteria. We had considered leverage previously in our analysis, but in the context of CRD IV requirements. We expect to complete this analysis in the fourth quarter and that it will present further opportunities to reshape our balance sheet over time.

We will provide some early thoughts on the analysis at the time of our third quarter interim management statement on October 30th, with a full report in February.

I want to stress that I see the analysis conducted as part of Transform as an on-going exercise to identify opportunities to tighten our balance sheet and target growth. We must deploy our capital where it will generate high, stable and predictable returns, consistent with our purpose and values.

To close, I feel confident that the actions we are taking will enable us to deliver even more for our customers and clients, our staff and our shareholders. To deliver more for all our stakeholders.

I am not complacent. Here in the US and certainly in Europe and other markets where we operate, economic conditions remain tough. There will be no quick return to the era of strong growth. And that will make life more difficult for everyone in this industry, but particularly for those who are slow to change.

And of course, no matter how committed we are to the course we have set out, unexpected events may periodically slow our progress. I called them 'bumps in the road' in February and we have certainly faced a few already.

But I do believe that the period of greatest uncertainty for our investors – both in terms of regulatory risks and legacy challenges – is starting to pass. And we have a plan in Transform to achieve both our medium term financial targets and our longer term goal to become the 'Go-To' bank.

It is of course early days, but we are demonstrating that we have the commitment and focus to deliver.

I was proud to be appointed Chief Executive of Barclays a year ago. A year on, I am even prouder to lead it. Thank you.

Forward-looking Statements

This document contains certain forward-looking statements within the meaning of Section 21E of the U.S. Securities Exchange Act of 1934, as amended, and Section 27A of the U.S. Securities Act of 1933, as amended, with respect to certain of the plans of the Barclays Group (the "Group") and its current goals and expectations relating to its future financial condition and performance. Barclays cautions readers that no forward-looking statement is a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking statements. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as "may", "will", "seek", "continue", "aim", "anticipate", "target", "projected", "expect", "estimate", "intend", "plan", "goal", "believe", "achieve" or other words of similar meaning. Examples of forward-looking statements include, among others, statements regarding the Group's future financial position, income growth, assets, impairment charges and provisions, business strategy, capital, leverage and other regulatory ratios, payment of dividends (including dividend pay-out ratios), projected levels of growth in the banking and financial markets, projected costs, original and revised commitments and targets in connection with the Transform Programme, deleveraging actions, estimates of capital expenditures and plans and objectives for future operations and other statements that are not historical fact. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. These may be affected by changes in legislation, the development of standards and interpretations under International Financial Reporting Standards ("IFRS"), evolving practices with regard to the interpretation and application of accounting and regulatory standards, the outcome of current and future legal proceedings and regulatory investigations, future levels of conduct provisions, the policies and actions of governmental and regulatory authorities, geopolitical risks and the impact of competition. In addition, factors including (but not limited to) the following may have an effect: capital, leverage and other regulatory rules (including with regard to the future structure of the Group) applicable to past, current and future periods; U.K. domestic, Eurozone and global macroeconomic and business conditions; the effects of continued volatility in credit markets; market related risks such as changes in interest rates and foreign exchange rates; effects of changes in valuation of credit market exposures; changes in valuation of issued securities; volatility in capital markets; changes in credit ratings of the Group; the potential for one or more countries exiting the Eurozone; the ability to implement the Transform Programme; and the success of future acquisitions, disposals and other strategic transactions. A number of these influences and factors are beyond the Group's control. As a result, the Group's actual future results, dividend payments and capital and leverage ratios may differ materially from the plans, goals and expectations set forth in the Group's forward-looking statements. Additional risks and factors are identified in our filings with the US Securities and Exchange Commission (the "SEC"), including in our Annual Report on Form 20-F for the fiscal year ended December 31, 2012, which is available on the SEC's website at http://www.sec.gov.

Any forward-looking statements made herein speak only as of the date they are made and it should not be assumed that they have been revised or updated in the light of new information or future events. Except as required by the Prudential Regulation Authority, the Financial Conduct Authority, the London Stock Exchange plc or applicable law, Barclays expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in Barclays' expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. The reader should, however, consult any additional disclosures that Barclays has made or may make in documents Barclays has filed or may file with the SEC.

Other Important Notices

The information, statements and opinions contained in this document do not constitute a public offer under any applicable legislation or an offer to sell or solicitation of any offer to buy any securities or financial instruments or any advice or recommendation with respect to such securities or other financial instruments.

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Nothing in this document is intended, or is to be construed as a profit forecast or to be interpreted to mean that earnings per Barclays share for the current or future financial years will necessarily match or exceed the historical published earnings per Barclays share.

Notice to US investors and ADS holders. In the United States, the rights issue will be made pursuant to a U.S. prospectus that Barclays expects to file with the SEC. Barclays has filed a registration statement (including a base prospectus) on Form F-3 (Registration No. 333-173886) with the SEC for the offering to which this document relates. Before any person invests, such person should read the base prospectus in that registration statement, as it may be amended from time to time, the U.S. prospectus (when it is filed) and other documents Barclays has filed, and will file, with the SEC for more complete information about Barclays and the rights issue. Readers may get these documents for free by visiting EDGAR on the SEC Web site at www.sec.gov or by accessing Barclays' website at www.barclays.com. Alternatively, copies of the base prospectus and, when available, the U.S. prospectus may be obtained by contacting D.F. King & Co. Inc., 48 Wall Street, New York, NY 10005 or by calling +1 (212) 269-5550 (call collect) or +1 (800) 269-6427 (toll free in the United States or Canada).

Certain non-IFRS measures. This document includes certain non-IFRS measures, including fully-loaded CET1 ratio. These non-IFRS measures are important to understanding the background of, and rationale for, the rights issue as well as the Group's capital and leverage position in light of the implementation of CRD IV and requirements of the Prudential Regulation Authority. For more information on these measures, readers should consult "Appendix 4 – Certain non-IFRS measures" in the Group's announcement (*Barclays PLC Announces Leverage Plan*) dated 30 July 2013, filed with the SEC on Form 6-K on 30 July 2013.