

12 February, 2013

Barclays PLC Strategic Review

Antony Jenkins, Group Chief Executive

Good afternoon and welcome.

Today is a very important day in the 320 year history of Barclays. We are setting out our vision for the future of the bank and our detailed plan to get there, based on a comprehensive and granular review of each part of our business.

I want to talk about the challenges we face and how the landscape for banking has fundamentally altered. Then I want to set out our goal of making Barclays the 'Go-To' bank and the plan that will get us there.

It is an approach that combines strong values with disciplined focus on generating strong and sustainable returns.

My absolute conviction is that there is no choice between doing well financially and behaving well in this business. Indeed, I believe that we will not be able to generate sustainable returns over the long term unless we act at all times with good values.

My overall message today is simple. Barclays is changing. There will be no going back to the old way of doing things.

We get it. We are changing the way we do business, we are changing the type of business we do, and we are setting a new course for the future of Barclays.

Before I go into the detail of our plans, I want to talk about the challenges we face - these are the context for our strategy.

The drivers of growth for banks over the past 30 years – rising GDP, substantial reliance on leverage and deregulation – have either stalled or gone into reverse.

The global economy is set for a long period of subdued growth.

The regulatory framework has become much tougher.

And customer and client expectations are rising. Either we solve their problems as soon as they appear or they will, rightly, walk away.

Now there are those who take the view that these changes are cyclical.

Their plan is to wait until the economy turns, on the expectation that regulatory and societal pressures will recede and they can return to business as usual.

They are wrong. This is a secular shift. It is permanent and it is material.

Those banks that fail to understand this shift will fall behind. There must be a new approach for the whole sector.

Our goal is simple: to make Barclays the 'Go-To' bank for all our stakeholders.

What do I mean by that?

We want Barclays to be the instinctive partner of choice.

We want that choice to be both rational and emotional – because of what people think and feel about us.

This is not an easy position to get to - or to maintain.

We have, after all, a range of stakeholders – shareholders; customers and clients; colleagues; regulators; politicians; the communities in which we work; and broader society.

Their interests will not always be the same. Sometimes, we will need to work hard to reconcile these differences.

But we want all of them to feel that in Barclays they have a partner that they can always trust to deliver.

I recognise that our stakeholders, especially our shareholders, want more than a goal. They want to see a clear path towards this destination. We have called this path TRANSFORM.

TRANSFORM is our detailed plan to meet our goal, and I want to outline the key elements of that plan today. I will set out a series of actions we are taking and a number of commitments against which you can hold us accountable.

TRANSFORM has three elements – one Turnaround; two Return Acceptable Numbers; and three Sustain Forward Momentum.

Turnaround was the immediate task of stabilising the business after the events of last summer.

Return Acceptable Numbers is our approach to delivering a Return on Equity above the Group Cost of Equity.

And Sustaining Forward Momentum is about defining how we will embed a culture and way of working which delivers the right outcomes, in the right way, for all our stakeholders. It is about embedding long term change to deliver long term returns.

I will talk about each element in turn.

First, TURNAROUND. The job we faced in the immediate wake of the Libor crisis was to stabilise the bank and to allow it to move forward from the crisis of confidence that hit it.

I made the decision early in the process of establishing TRANSFORM that we needed a common purpose and common values for the bank as a foundation for everything else that we seek to achieve. We had never had that at Barclays before.

The purpose and values we have set out will ensure that there will be no return to the old way of doing things.

Our purpose is: helping people achieve their ambitions – in the right way.

Let me say that again : helping people achieve their ambitions – in the right way.

It is our answer to the question ‘What is Barclays for?’ and it will guide everything that we do.

By ‘people’, of course, we mean our customers and clients. They must always be at the forefront of our minds. But we also mean everyone we have a relationship with at Barclays, including colleagues.

Our values are simple: Respect, Integrity, Service, Excellence and Stewardship.

These are not just words. We have defined the explicit behaviours we expect colleagues to exhibit if they are living up to these values.

This is not window dressing or PR. They define the work we will do and the work we won’t do.

They define the way we hire, develop, promote and reward our people.

We will assess performance not just on what individuals deliver but also on how they deliver it.

We never want to be in a position again of rewarding people for activity that is inconsistent with our values.

I am certain the overwhelming majority of our staff will embrace this because I know the vast majority of them right across the Group already live by these values every day.

But for those who have doubts – those who are not sure that this is the way they want to work, be assessed, or rewarded – I have made my views very clear: it is time to move on.

These are the essential foundations for our future success, and putting them in place is a key part of the turnaround at Barclays.

Another part of Turnaround was ensuring that we delivered our financial objectives for 2012 and managing the range of legacy issues we face.

Despite a difficult environment, I am reassured by the good momentum signalled by our 2012 results, which Chris reviewed this morning.

These results demonstrate our resilience, underlying financial strength and strong franchise.

They also signal the quality and commitment of the people at Barclays. I am extremely proud of the way our 140,000 staff have overcome the difficulties of the last year and shown the resilience necessary to deliver the results we announced this morning. It gives me great confidence in our ability to deliver our goal.

But I know that our financial performance has to improve to meet our longer term ambitions. So I want now to discuss in detail the second element of TRANSFORM , return acceptable numbers. In other words our plans to deliver a Group return on equity above the Group's cost of equity during the course of 2015.

Our financial plan is grounded in a detailed business performance review. This was a rigorous, root and branch analysis of 75 business units, informed by a cautious perspective on economic conditions.

Because the economic outlook is muted, for most markets, we assumed only low income growth below historical averages.

Some may say that we have been too conservative in our assumptions; but we believe that these are a prudent base upon which to build our plan.

We included Basel 3 capital attribution, estimates of other key regulatory costs and cost to achieve.

We factored into our decisions the impact of head office allocation that Chris mentioned earlier this morning, even though this is not yet final.

The review was much more granular than any we have ever undertaken before.

Lastly, we explicitly considered reputational risks through the lens of our Purpose and Values. We were sensitive to how we deliver returns, not just what returns we deliver.

The analysis assessed each business against two criteria.

First, the attractiveness of the market, reflecting overall size, profit pools, competitor positioning, regulation, and – crucially -reputational risk.

Second, our ability to generate a sustainable return on equity in excess of our cost of equity, with no attachment to prior assumptions or goals.

This naturally segmented the businesses into four discrete groups.

Most of the businesses fell within Quadrant 1. These are businesses where we will continue to invest and grow.

The majority of the Group's earnings and financial returns are already generated in Quadrant 1 and will continue to be so in future.

Quadrant 2 is comprised of businesses where current returns are below expectations, but where we believe we can re-position for growth through cost reductions or other changes and move to Quadrant 1, delivering a return on equity above the cost of equity by 2015.

Quadrant 3 businesses require more fundamental restructuring to get to Quadrant 1, such as reducing the product offering, refocusing client lists or reducing risk appetite.

We may also consider exiting some of these businesses through sale or closure where it is economically rational to do so.

Lastly, Quadrant 4 consists of assets from legacy businesses or those affected by more recent structural or regulatory changes and which are now uneconomic. These portfolios will be managed by dedicated teams and exited over time, just as we have successfully been doing with our credit market exposures.

Your slides set out how the 2012 financials map to these four quadrants. To summarise:

Quadrant 1 includes 39 of the 75 businesses. They will drive most of our growth over the plan period and together, this group generates a return on equity in 2015 sustainably above the current cost of equity.

Quadrant 2 includes 15 businesses which currently generate over £4bn of income. We will strategically re-align these businesses and expect them to be in Quadrant 1 within the plan period.

Quadrant 3 includes 17 businesses, which currently generate over £2bn of income. We plan to reposition these, monetise or sell them off over time. The estimated costs of this are in the plan. These businesses are primarily in Europe or relate to non-client activity in the Investment Bank.

Finally, Quadrant 4 includes four uneconomic “legacy” businesses. These contribute under £0.5bn of income but currently consume over £90bn of RWAs on a pro forma Basel 3 basis. Over the plan period, we expect these to reduce by nearly £50bn.

While the majority of our businesses are well-positioned, and will generate sustainable returns in the future, we have a lot to do in the balance of the portfolio over the next three years.

Now, let me take you through each of our business divisions, as we report them, since this perspective is the one with which you are most familiar.

We have included further detail in the appendix of each in your slide packs. I will use slides on the screen that summarise the key messages for each.

It is important that you understand the basis on which we show their profitability and returns. We are presenting them on a Basel 3 basis, having included certain regulatory costs and been deliberately conservative on revenue growth assumptions.

We are, however, showing them prior to the allocation of head office, which we expect to reduce our measured divisional returns by 200 to 250 basis points and align them closer to the overall Group return.

Finally, we've made a conservative assumption that the Group cost of equity remains at 11.5%, although many of our actions should help lower that over time.

We hope that the additional transparency and disclosure will help you better understand our current position and future aims.

I'll start with the Investment Bank.

The Investment Bank is our largest division, generating 60% of adjusted PBT in 2012. We intend to maintain its position as one of a small group of full service, global investment banks.

To reach that conclusion, we had to challenge the belief that it can continue to provide a compelling client proposition – while accommodating pending regulatory change, the current market environment and reputational concerns – and still generate appropriate returns to shareholders on a standalone basis.

We believe that it will do just that – subject to some important changes.

Let me emphasise – the Investment Bank will remain a large and very important part of the Group.

Our strong positions in the UK and the US, complemented by our franchises in other parts of the world, give us the opportunity to compete as a true global player, with strong competitive advantages in each of our principal lines of business.

The largest component of the Investment Bank is Fixed Income, Currencies and Commodities or “FICC” for short. FICC is a well-diversified business that generated 63% of the Investment Bank’s income in 2012.

For several years, FICC has been preparing for changes in capital requirements. I take particular confidence in our successful implementation of Basel 2.5 in 2011 with little net RWA impact.

Competitors are retrenching here, and I am confident that we will be one of the true scale players.

Given its scale, our FICC business has generated attractive returns and maintains a leading position. Continued electrification will require further technology investment that will advantage scale players like us.

We must take aggressive action, though, to further reduce our legacy FICC positions which erode current returns. We will model this on the successful reduction of our Credit Market Exposures from £42bn during the crisis to less than £10bn book value today.

We will put assets with a similar profile alongside the remaining credit market assets, including an identified pool of pre-Basel 3 rates instruments.

The slides that we’ve given you in the back of your pack show how we plan to reduce the RWAs associated with this portfolio from the current £79bn on a pro forma Basel 3 basis to £36bn in 2015. We will accelerate that reduction when it makes economic sense to do so.

In other areas of FICC, we have already started to reposition our activity where returns are below expectations.

In commodities, for example, we have already largely completed the restructuring of the business to focus on core banking, financing and risk management.

Importantly, we have ceased trading soft commodities (such as agricultural products) for speculative purposes, as we do not see this activity as being compatible with our purpose.

As a result of these actions, trading headcount in commodities is a third lower and the average value at risk for this business has reduced 50% in 2012 compared to 2011.

This is an example of putting our words into action.

Moving on, our Equities and Investment Banking businesses have significantly lower RWAs than our FICC business, and so are not as capital intensive, and can generate high returns over the cycle when they operate at scale. But they require sharper cost discipline to secure the benefit of scale.

As you know, we built out these businesses after the Lehman acquisition, based on our expectations for the market environment then. We are now well positioned in the US and UK which together represent 1/2 of the global fee pool.

We continue to gain market share as a consequence – in 2012 we finished ranked number 2 in US Equity Capital Markets, up from number 9 in 2009, and maintained a leading position in UK and global Debt Capital Markets, where we are number 1 and 3 respectively.

We have grown our equities client base from around 3,500 in 2010 to over 4,700 in 2012. We are confident that we will be able to convert that scale into appropriate returns, particularly with greater cost discipline.

We believe that Asia and Europe offer significant opportunities to our global client franchise and remain a vital part of making our Equities and IBD platforms effective and efficient.

However, we now anticipate smaller regional fee pools in Asia and Europe and will reposition our franchises there to fit the market opportunities. We have already reduced front office headcount by 15% in these regions.

We are also already reducing headcount across other areas of the Investment Bank, not just Asia and Europe, with a 1,600 headcount reduction in 2013.

We expect these actions to ultimately generate, in aggregate, £300m of annual cost savings.

I am announcing today that we are also closing our Structured Capital Markets tax-related business unit. This demonstrates the change we are instigating at Barclays.

There are different components to the tax services that we have provided clients historically. Many of those are not controversial – delivering value as part of real client transactions –and we will continue to provide such services.

However, there are some areas that relied on sophisticated and complex structures, where transactions were carried out with the primary objective of accessing the tax benefits.

Although this is legal, going forward such activity is incompatible with our purpose, and incompatible with the new tax principles we are publishing today. We will not engage in it again.

Combined with the broader changes that we will be making across our Investment Bank to focus solely on client-related activity, this implies forgoing around £500m in average annual revenue.

Again, we feel this is the right thing to do.

Taken together, these changes will ensure that our Investment Bank is well positioned to be one of an increasingly small group of global investment banks that are gaining market share and improving margins over the next three years.

By 2015, we aim to achieve an RoE of 14 to 15%, driven by RWAs of £210 to 230bn and a comp to income ratio in the mid 30s .

Let me now turn to Corporate Banking, which is in the middle of a very strong turnaround.

This has been driven by a reorientation of the business around a clear and consistent client proposition, focused on serving the cross-border needs of our largest Global Corporates and Financial Institutions clients, as well as the needs of our domestic clients in the UK and Africa.

We see an opportunity to grow these businesses further by accelerating the completion and roll out of our new cash management platform and expanding the product offering across Africa, especially in trade-related services.

While the recent performance of Corporate Banking has been hampered by legacy businesses and unprofitable portfolios, the UK business has been continuously successful and delivers a return on equity above the cost of equity.

Moreover, we have been reducing the legacy businesses and unprofitable portfolios through a dedicated team and will continue to do so.

By 2015, we aim to double PBT in Corporate Banking, with a return on equity over 10%.

UK Retail and Business Banking has a leading franchise in our home market. The majority of our businesses here are high performing, despite the economic conditions in the UK.

We will invest further in our successful Barclays Business franchise, which continues to grow.

Innovation will be a key driver of success in this business. We launched PingIt and Barclays Mobile Banking last year and have several other innovative propositions in the pipeline for this year.

We see significant opportunities to create a technology-driven franchise with major improvements in customer service, controls and costs - and to extend those capabilities to other segments like Corporate and Wealth.

Over the plan period to 2015, we expect to maintain the current level of RoE in the high teens.

Next Barclaycard. Here, we are gaining or maintaining market share as a result of our quality products, competitiveness and innovation.

Barclaycard is now the 8th largest consumer payment business globally and is a top-three player in all of its chosen geographies, except the US, where we are able to compete with much larger players due to our scale advantages.

We will continue to grow our payments business, which holds significant opportunity.

We have outpaced market growth over the past two years and expect to continue that trend, while maintaining return on equity at or above 20%.

Wealth and Investment Management is a diverse mix of businesses operating in a fragmented global market, brought together through the strategic investment plan – ‘Gamma’ – that we initiated in 2010.

We will continue to focus on delivery of the ‘Gamma’ investment to improve the client experience and increase productivity to grow revenue.

We aim to double PBT by 2015, as income continues to grow and the return on equity remains in the high teens.

Moving onto Africa. We expect economic growth in Africa to be higher than in other regions, with GDP growth forecasted at an average of 4% - versus 1% in the UK and 2% in the US.

As you know, this is an important market for Barclays. We operate in 12 countries and generated PBT over £900mn across the continent in 2012, which we expect to grow significantly over time.

In Africa Retail and Business Banking, we will complete the large transformation projects already underway, in particular the combination of the majority of our Barclays Africa operations with Absa.

We have already expanded our retail and business product suites with multiple product launches including Premier, Bancassurance and Barclays Direct, and rolled out new online and mobile banking channels across Africa, including PingIt and Barclays Mobile.

Through initiatives such as these, by 2015, we aim to increase the return on equity from 3.8% to above the cost of equity in Africa Retail and Business Banking.

Finally, in Europe Retail and Business Banking, we will reposition the franchise to focus on the smaller, but more profitable mass affluent segment, where we have an existing business that is profitable.

We propose to significantly rationalise the retail network in all four countries and accelerate the run-off of our legacy assets through dedicated management attention. We expect to reduce the number of branches by 30% and headcount by 25% - or a headcount of nearly 2,000.

We will substantially reduce the cost to income ratio, leading to a return on equity in the low single digits by 2015.

Let me emphasise, there are no magic solutions here, but it is important to bear in mind that this portfolio will consume less than £17bn of RWAs.

I hope that you can see the rigour with which we have completed this review.

We have to face facts and not shy away from the challenges at hand or hope that the passage of time will make things easier.

Before I summarise what this means for the Group, a few words on costs, RWAs, capital and funding.

First, costs. As part of transforming the way we do business, we will target £1.7bn of cost savings by 2015. This is in addition to the reduction that we've achieved since 2010.

Rather than highlighting a target gross of investment spend, which can be confusing, we are showing the more conservative net figure so that our progress is transparent. We expect this reduction to achieve a targeted level of £16.8bn in 2015.

We will share further details about how we will deliver that reduction but cost savings will come from across all businesses and will not be limited to further cuts in headcount.

To make it easier to monitor our progress over the next couple of years, we have estimated the cost flight-path and included this profile in your slide packs.

Moving onto RWAs. In the full year results this morning, we spoke about estimated impacts of CRD IV on RWAs.

Overall we estimate an increase as at December 2012 of £81bn. This gives us a pro forma starting point of £468bn.

We have a lot of experience in adapting our businesses to absorb regulatory increases in RWAs – notably in the way we adopted Basel 2.5 as I mentioned before.

Our plans include clear actions to reduce RWAs, particularly legacy assets. We are also improving management of counterparty positions in the Investment Bank. Through these actions, we are targeting a gross reduction in RWAs of £75bn by 2015.

The net reduction, however, will be less, as we will invest in areas of high return, leading to our target of around £440bn for Group RWAs in 2015.

We have included within your slide pack an outline of where RWA growth is concentrated over the plan period.

Thirdly capital, this remains a critical component of Barclays financial strength and, along with our superior funding and liquidity positions, a source of competitive advantage which we will preserve.

Our target capital position is post Basel 3, with a through-the-cycle core ratio of 10.5%. That implies a 1.5% management buffer above the minimum required by CRD 4 and the 2% G-SIFI buffer applied to Barclays.

We will build contingent capital in our Additional Tier 1 layer over the next few years.

We see loss absorbing capital instruments eventually covering around 2% of Barclays RWAs in our target structure.

As Chris indicated on the results call, our core tier one ratio was 10.9% at 31 December on a Basel 2.5 basis. That equates to a fully loaded pro forma Basel 3 core ratio of 8.2%.

We expect to generate significant capital through profits over the plan period, largely offsetting regulatory headwinds and exceeding the 10.5% target I mentioned earlier.

On funding, we expect our wholesale unsecured volumes – and associated issuance – to come down, and the mix to change over the next three years, in particular towards secured funding.

Last, on liquidity, the announced changes to Basel 3 rules on liquidity should allow us to reduce the volume of liquid assets that we hold and include a broader range of high quality assets within the pool. This should reduce its carry cost to £300m.

So by 2015 we will transform Barclays.

We are going to focus solely on activities which support our customers and clients, measured against our values.

We will concentrate on markets and businesses where we have scale and competitive advantage.

By market we will focus on the UK, US and Africa.

This does not mean we will turn our backs on Europe and Asia.

But we intend to reduce significantly the scale of our European retail and corporate operations as well as reposition our European and Asian equities and IBD businesses to reflect market opportunities. We will close our Structured Capital Markets business unit.

We will manage our RWAs more efficiently with plans to reduce Group RWAs by £75bn gross including aggressive run-off of legacy assets, particularly in Europe and the Investment Bank.

We will use this reduction to invest in high return businesses such as UK mortgages, Barclaycard, Equities and Wealth, as well as to absorb the effects of Basel 3 and other regulatory headwinds.

And finally, we intend to take out significant costs across the Group by operating more efficiently.

So that is the future shape of Barclays.

But, of course, having a clear strategy to deliver returns above the cost of equity is only the first step.

We must sustain forward momentum.

This is the third leg of our TRANSFORM programme.

I see becoming the 'Go-To' bank as a five to ten year journey. Now that may seem too far away to matter.

But, as we execute our plan over the next three years, we must also build the capabilities, infrastructure and leadership that will allow us to thrive in the market as it will be defined in the future, not now.

Put differently, we must ensure we do not adopt the short-term bias that fostered many of the issues that we face today.

There are four areas on which we will focus our energy:

- Culture;
- Rewards;
- Control; and
- Cost.

First culture. I described earlier how the introduction of our Goal, Purpose, and Values was an important first step – but it was only that.

We now have to weave these into the fabric of the firm.

The linchpin will be a balanced scorecard.

This is designed to create a holistic assessment of performance for all employees, grouped in five dimensions: customers and clients; company; conduct; colleagues; and citizenship.

This scorecard will underpin performance assessment for our 125 most senior leaders this year and for all colleagues in 2014.

We will be transparent about the progress we are making through publishing an annual scorecard. This is a completely new way of measuring and reporting on the performance of the business.

Second, reward.

The balanced scorecard will play an important role in changing the way we reward our people.

But we must do more on our broader pay policy.

Our principles on reward remain the same – we will pay for performance, and we will pay competitively for the best talent.

But we recognise the dynamics at play which mean that we must continue to shift the proportion of income which goes toward staff rewards.

- We need to give our investors a bigger share of the income we generate;
- We need to challenge the expectation that performance-related pay is de facto guaranteed, regardless of actual performance; and
- We need to accept that society's expectations have changed.

We reduced the Group compensation to net income ratio from 42% in 2011 to 38% in 2012. This represents progress but we will do more. Over time, we intend to move towards a ratio in the mid 30s.

Third, controls. In any business, good controls rest on the right culture.

Individuals have to take responsibility for their behaviour and ensure that it is consistent – at all times – with the company's values and code of conduct.

Responsibility for ensuring that we are compliant with regulatory requirements therefore rests squarely with each of our businesses.

But we must also have strong oversight in the form of a world-class compliance organisation.

I have decided that all compliance staff will report to me through a single, global function head and operate independent of business management teams.

In making these changes, I am sending a clear signal to deliver a culture in Barclays where controls and compliance are universally respected and rigorously observed.

Fourth – and potentially the most important area where we must make progress – how we manage costs.

Cost will be the strategic battleground for our industry over the next decade.

The banking industry has to date managed costs tactically. I take a very different view.

The pressures on the industry demand a fundamentally different approach. I think of this as strategic cost management.

The breakthrough in this approach is reducing cost, while improving controls and the customer and client experience.

Let me share two examples with you and there are more in your slidepack.

In 2011, we put in place a new customer on-boarding process in more than 850 branches across our African retail business. The new process was designed around new technology, including customer identification on the basis of biometrics, eliminating manual, paper-based processes with high rates of error.

So far, we have reduced back office validation times by 92% and shortened on-boarding times from five days to around 10 minutes, freeing up the equivalent of 500 full-time staff.

In the Investment Bank, we launched our “BARX” tool for institutional clients and it has redefined the way that FX, Rates and Futures are traded.

This capability enhances the client trading experience and improves efficiency for us and for our clients – trades, affirmations and allocations all now occur electronically.

For instance, despite the volatility that followed the crisis, during which volumes in FX and Government Bond markets more than doubled, we were able to sustain service levels with limited impact on fixed costs because around 90% of these trades are now completed electronically.

This platform also facilitates the rapid and efficient adoption of the technical regulatory reforms that we have had to implement across these markets.

We continue to invest in this platform and extend it to other assets classes.

We will also pursue opportunities to remove duplication. The granularity of the business portfolio review gave us a much better view of this than we have had before.

I shared earlier how initiatives like these will help us reduce costs by £1.7bn through our plan period.

Those cost savings are important in and of themselves, but I view the way in which we intend to achieve them as even more important to Barclays long-term success.

Barclays will not become the ‘Go-To’ bank overnight.

We will not achieve a return over the cost of equity until sometime in 2015 and, while there will be continuous progress, cultural change will take a few more years to be fully embedded.

This may seem long to some of you, but it's realistic.

And, as we have set out earlier, progress will not always be linear.

In particular, in 2013 overall performance for the Group may moderate versus 2012 due to the cost of reshaping our portfolio and of other actions to reduce future costs. For 2013, this will include £1bn of cost to achieve, including approximately £350mn for the headcount reductions in Europe RBB.

But I expect performance to rebound quickly in 2014 and accelerate in 2015 as restructuring benefits are realised.

I see four risks to achieving our plan:

- A major macroeconomic downturn;
- A significant unexpected change in regulation;
- Legacy issues; and
- Failure to execute the plan.

To address the first two risks, we have been deliberately conservative in our planning.

While a number of regulatory reforms have not yet been finalised, we believe that the direction of travel on the principal reforms is clear.

The plan that I have outlined anticipates the new landscape as much as possible.

To the extent that the final shape of regulation differs from what we expect, our track record demonstrates a clear ability to adapt while still delivering against our commitments.

I know that potential structural reform is an area of particular focus for many of you.

With respect to the ring-fence in the UK, we have analysed the impact of this extensively.

There will be a cost to transition to a new structure, and to operate within it.

While much remains uncertain, the work we have done gives us confidence that that cost will be lower than current market estimates.

We will start the transition process now by beginning to implement actions that are not dependent on the detailed legislation and regulation that will come next year.

We are also confident that we will be able to meet our recovery and resolution requirements in any scenario.

On legacy issues, as you know, we have a number of on-going areas of litigation and regulatory review.

These remain subject to varying degrees of uncertainty. While we have put in place robust processes to address them, we will remain vigilant and proactive.

Finally, execution risk.

Execution risk is completely within our control and it rests squarely with me and my leadership team.

We know that. But we also know that you need to be able to assess our progress.

So, importantly, we are making a series of financial and non-financial commitments today that will allow you to monitor our progress.

On the financial side, there are six commitments.

- We will deliver a return on equity for the Group in excess of the cost of equity during 2015;
- We will reduce headcount in 2013 by around 3,700 in the Group, including 1,800 in the Corporate and Investment Bank and 1,900 in Europe RBB;
- We will reduce the cost base by £1.7bn over the period to 2015, giving a cost to income ratio in the mid 50s;
- We will reduce RWAs by £75bn gross by 2015;

- We will ensure our transitional Common Equity Tier 1 ratio exceeds 10.5% in 2015; and
- We will accelerate our progressive dividend policy from 2014, targeting a payout ratio of 30% over time.

We will update you on progress against these commitments every six months.

On the non-financial side, there are two commitments relating to disclosures.

- We will embed our purpose and values across Barclays and publish an annual scorecard assessing our performance against the five dimensions I mentioned earlier; and
- We will provide greater disclosure and transparency around our financial results and performance, aiming to be industry leading. We would welcome your feedback on the changes that we have made today and any further changes required.

We also recognise it is important for you to understand our individual businesses in greater detail and take the measure of the management teams in each.

We will therefore hold a series of “focus sessions” covering each of our major businesses to do just that.

The first of the sessions will cover our Corporate business on May 1st, while the Investment Bank will be in late June. Both of these will be held in London.

The dates of the other sessions will be announced shortly, with the aim of covering all the businesses by the end of the year.

I want to end where I started.

Change is needed across the industry and Barclays is leading that change. I am totally committed to this.

We have a clear goal – to make Barclays the “Go-To” bank.

We have a clear plan, our Transform programme.

We are turning the organisation around, with a clear purpose and common values.

We are reshaping the business to generate sustainable returns.

And we are making long term changes to our culture, rewards, controls and costs to allow us to sustain that return in future.

Together this forms a credible plan that will meet the needs of all our stakeholders.

We may sometimes fall short of the high standards that we have set.

But I promise you it won't be for lack of energy, effort or intent.

And where we do get it wrong, we will put it right.

From today I am determined that no-one will be able to question our intent or – indeed - my absolute commitment to the path I have set out.

Thank you.