

12 February 2013

## Barclays PLC

### Barclays announces the outcome of its strategic review and sets out commitments for 2015

Antony Jenkins, Barclays PLC (“Barclays”), Group Chief Executive said today: “Barclays is changing. We intend to change what Barclays does and how we do it and have set out clear commitments against which our progress can be measured. Our goal is to make Barclays the ‘Go-To’ bank for all our stakeholders. The plan that we set out today is critical to delivering that goal.

Our plan is built on a rigorous review of 75 distinct business units to determine not only their ability to generate an appropriate and sustainable return on equity, but also their strategic attractiveness, including their impact on Barclays reputation. We expect to make good progress towards our financial commitments by 2014 and deliver them fully during 2015.

We have today set out a new course for the future of 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 and from today I am determined that no-one should be able to question our intent or our commitment to the path that I have set out.”

### Commitments

Based on the results of its strategic review, Barclays is today making several commitments. Barclays seeks to:

#### *Financial commitments*

- Deliver a return on equity for the Group in excess of the Group cost of equity in 2015, which we have assumed will remain at the current 11.5% level;
- In 2013, reduce headcount by at least 3,700 across the Group, including 1,800 in the Corporate & Investment Bank and 1,900 in Europe Retail and Business Banking. This is expected to result in a restructuring charge of close to £500m in Q1 2013;
- Reduce the Group’s total cost base by £1.7bn to £16.8bn in 2015, including interim cost estimates of £18.5bn and £17.5bn in 2013 and 2014 respectively. This excludes ‘one-time’ costs to achieve the strategic plan of £1bn in 2013, £1bn in 2014 and £0.7bn in 2015, delivering a Group cost to income ratio in the mid 50s in 2015;
- Target Risk Weighted Assets (RWAs) of £440bn by the end of 2015, after mitigating the estimated impact of CRD IV (£81bn) through legacy asset and other RWA reductions (£75bn), enabling RWA investment in selected areas;
- Report a transitional Common Equity Tier 1 ratio above its target ratio of 10.5% in 2015; and
- From 2014, accelerate our progressive dividend policy, targeting a payout ratio of 30% over time.

#### *Non-financial commitments*

- Provide greater disclosure and transparency around our financial performance;
- Embed our purpose and values across Barclays and publish an annual scorecard assessing our performance

## Actions

The strategic review concluded that Barclays will:

- Focus solely on activities that support customers and clients in geographic markets and businesses where Barclays has scale and competitive advantage;
- Focus investment in the UK, US and Africa, whilst maintaining an appropriate presence across Europe and Asia to support our global Investment Banking franchise;
- Restructure Barclays European retail operations to focus on the mass affluent customer segment;
- Reposition Barclays European and Asian Equities and Investment Banking Division businesses to reflect the market opportunities and maintain a relevant proposition for our clients;
- Close the Structured Capital Markets business unit;
- Manage RWAs more efficiently through a run-off of legacy assets in Europe and the Investment Bank and invest in high-return businesses such as UK mortgages, Barclaycard and Wealth; and
- Reduce total costs significantly across the Group by operating more efficiently.

## Context

The actions and commitments set out by Barclays today are built around a programme called Transform, composed of three parts: Turnaround; Return Acceptable Numbers; and Sustain Forward Momentum. That work includes:

- Introducing new Goals, Purpose and Values for the Group on 17 January 2013;
- Completing a detailed analysis of 75 business units, assessing each against two criteria: 1) the attractiveness of the market (reflecting overall size, profit pools, reputational risk, competitor positioning and regulation) and 2) our ability to generate a sustainable return on equity in excess of our Group cost of equity, which is assumed to remain constant for the life of the plan;
- Building a financial plan based on conservative assumptions for the economic outlook and regulatory reform and factoring in the pro-forma impacts of Basel III and allocation of head office into decisions;
- Building new capabilities to ensure sustainable financial performance, including changes to culture, rewards, control and cost management.

A presentation for institutional investors and analysts will be held today at 12:30 GMT, Lindley Hall, London SW1P 2QW.

The briefing will be webcast via [www.barclays.com/investorrelations](http://www.barclays.com/investorrelations) and a live conference call facility made available by dialling 0845-401-0014 (UK) or +44 (0)203-059-8116 (all other locations) and quoting 'Barclays'. Following the presentation there will be an opportunity to participate in a Q&A session.

Supporting presentation slides will be made available for viewing and access at [www.barclays.com/investorrelations](http://www.barclays.com/investorrelations). Speech transcripts will be posted later in the day.

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**About Barclays**

Barclays is a major global financial services provider engaged in personal banking, credit cards, corporate and investment banking, and wealth and investment management with an extensive international presence in Europe, the Americas, Africa and Asia. With over 300 years of history and expertise in banking, Barclays operates in over 50 countries and employs approximately 140,000 people. Barclays moves, lends, invests and protects money for customers and clients worldwide. For more information, please visit the Barclays website: [www.barclays.com](http://www.barclays.com).