

Barclays PLC Group Strategy Update**8 May 2014****Antony Jenkins, Chief Executive Officer and Tushar Morzaria, Group Finance Director****Slide 1: Cover Slide**

Good morning.

Next year Barclays will be 325 years old.

Without the courage to take bold action, there are many moments in that long history when Barclays could have faltered or failed. Last year, I set out our response to one of those moments – the need to rebuild trust in Barclays.

Today is another moment for decisive action: to fundamentally reshape our business in the post-crisis world. Barclays will remain an international, diversified bank. But the change I will describe today will make it much simpler, much more focussed and much more balanced. And, as a result, stronger.

Slide 2: Repositioning and Simplifying Barclays

So what will that look like?

In future, our Investment Bank will be appropriately sized for Barclays Group as a whole, utilising no more than 30% of total Risk Weighted Assets and £400bn of Leverage Exposure. Its products, services and geographical footprint will be aligned with the client base we wish to serve.

We will re-segment the Group, creating a non-core unit. This will rebalance the Group, upweighting our traditional banking business, and accelerating our exit from businesses that are not strategically attractive to us in the new operating environment.

We will create a new, integrated Personal and Corporate Banking business. Capital will be re-allocated towards our growth businesses, particularly Barclaycard and Africa, and we will continue to reduce our cost base, with a target for core costs of less than £14.5bn.

As a result, our returns will be higher, and more sustainable, with a core RoE target above 12% by 2016. These are bold changes. Together, they will position us to deliver for our customers and clients, our colleagues, and our shareholders. And to win in a changing world.

Fifteen months ago, I launched the Transform programme to become the 'Go-To' bank. I talked about how the landscape for banking had fundamentally altered, and how Barclays needed to change after the traumatic events of 2012.

I am proud of the way my colleagues across the bank have embraced our new Purpose and Values, and risen to the challenge of embedding them across the organisation. We have made significant progress on culture, capital and costs. While we still have a great deal of work to do, Barclays now feels as we intended, a very different place.

The other key objective of Transform was to deliver a return on equity above the cost of equity on a sustainable basis.

Slide 3: Rebalancing the Group to improve returns

There have been major external changes since I set out that objective in February 2013 and I want to emphasise these.

First, the regulatory landscape, particularly with regard to leverage, shifted substantially, and we have had to respond to that.

Second, the economic environment, with low interest rates and levels of volatility, plus an extended period of Quantitative Easing, has severely impacted the FICC markets, including our business, as the Q1 results showed.

We have already taken decisive action, raising equity and debt capital, as well as significantly deleveraging the balance sheet in the second half of last year. But to improve the quality of our performance and increase returns over the medium term, we need to rebalance Barclays. Currently, the Investment Bank is too exposed to volatility in FICC and the Group is too exposed to volatility in the Investment Bank.

What has not changed is my determination to deliver returns that shareholders expect. But how we achieve that objective has to take account of this new operating environment.

Slide 4: A focused international bank delivering improved, sustainable returns and growth

In the future, Barclays will be a focused international bank. We will deliver improved returns and growth by building on our strengths, concentrating on high growth areas, eliminating marginal businesses, and focus on cost. It is a simple strategy to describe, but it will have a profound impact on how Barclays will operate in the future.

First, building on our strengths means we will focus more on our market-leading Retail and Corporate businesses. In our Investment Bank we will continue to build on areas where we have a sustainable competitive advantage, in particular our distinct advantage of having two large investment banking home markets in the US and the UK. These are significant markets, where we have a leading presence, and they are recovering better than other parts of the world.

Second, we will focus more on our higher growth businesses, particularly Barclaycard and Africa, which are differentiating features of Barclays.

Third, we will manage marginal businesses more methodically. Our success in running down Exit Quadrant assets while preserving value over the last year has given us the confidence to go further and faster.

The new Barclays Non-Core structure will allow us to focus on running down non-strategic parts of Barclays in a capital-efficient way and give greater visibility to the results of our core businesses.

Last, we will sharpen our focus on cost. I have spoken of my conviction that cost is the strategic battleground for our industry. The progress we reported in Q1 shows what the cost reduction programme can achieve. We will now accelerate this work across the business to help improve returns. So, our strategy is clear.

We will deliver significantly improved and sustainable returns by focusing on areas of competitive advantage, exiting businesses where appropriate returns are no longer achievable and structurally reducing cost.

Slide 5: Reorganising to a simpler, more focused and balanced structure

To help us do that we have reorganised the group into four core businesses. They are: Personal and Corporate; Barclaycard; Africa; and the Investment Bank.

I should highlight now that many of the numbers Tushar and I are using today are based on 2013 preliminary figures. We will publish a full restatement in July, but in the meantime, this is a helpful reference point to describe the future size and shape of Barclays.

Non-core assets representing approximately £115bn of 2013 RWAs have been grouped together in Barclays Non-Core where they will be closely managed to deliver shareholder value through sale or run-off.

The reshaped core Investment Bank has approximately £120bn of RWAs, around 30% of the Group total, as opposed to half of all RWAs now. We will continue to build on the good progress we have made on Leverage, with the core Investment Bank using in 2016 around half the leverage the Investment Bank uses today.

The new Personal and Corporate business is of a similar size to the core Investment Bank in terms of RWAs.

Remaining RWAs are split broadly equally between Barclaycard and Africa, both of which are among our future growth engines.

This model, accelerating balance and maintaining diversification, will enable us to deliver sustainable double digit returns and growth across the whole cycle.

The new 'Core' Barclays is already a compelling proposition on the 2013 numbers shown here, with nearly £26bn of income, just over £7bn in PBT, and an RoE of around 12% on fewer RWAs and lower leverage.

I want now to run through each of the new core businesses, before asking Tushar to give you more financial details on our plans for the Investment Bank and Barclays Non-Core.

Slide 6: Personal & Corporate Banking: Established scale franchise, anchored from the UK

So, first, the Personal and Corporate Banking unit, mainly consisting of the UK businesses of retail, corporate and wealth.

The new Personal and Corporate business is a powerhouse, with the potential to disrupt an established part of the UK banking landscape, and combining high quality, leading businesses, well positioned to benefit from the economic recovery.

Personal and Corporate is one of the key earnings drivers of our Core business. The £2.7bn of PBT this business would have generated in 2013 represents over 35% of the total 2013 profits of the new Core.

As you will have seen on Tuesday, the UK retail business had a good first quarter, enjoying strong income growth largely driven by mortgages and good progress in reducing operating expenses.

The new Personal and Corporate configuration creates significant opportunities to reduce costs further. We will streamline management, and remove duplication in processing, operations and supply chain.

But more interesting are the opportunities that this new business will bring, where we can simultaneously reduce costs and improve the customer and client offering. For example we will

be able to utilise a single back-office transaction platform to support all customer and client segments. These will generate synergies, but also allow us to connect all our customers with our digital assets, which we can now open up to corporate payments and remittances.

This is exactly the sort of strategic cost management that I described in February last year, and just one example of what we will be able to achieve in the new Personal and Corporate business, where our success in Operations and Technology over the past 15 months gives us confidence now to be significantly bolder.

From a regulatory perspective, the creation of the Personal and Corporate business unit gives us the flexibility to implement ring-fence requirements, although it should not necessarily be taken to represent what our ring-fenced bank might look like in the UK.

Slide 7: Barclaycard: High returning business, with strong growth opportunity

Next, Barclaycard.

This business is a clear leader in its segment with strong potential for continuing growth.

In a business where winning is dependent on scale, innovation, analytics, and risk management, we are strong across the board. And we are one of very few consumer payments businesses that combine both the buyer and seller sides of payments across multiple geographies and distribution channels.

This diversified business model allows Barclaycard to deliver consistent returns across the cycle. We continue to lead the sector with new payment ideas and innovation, bringing more and more new customers into Barclays. For example, Barclaycard technology has enabled Transport for London to accept any contactless card or device for payment on tubes and buses.

Our commitment to lead innovation in consumer payments is working. We expect to see further growth from technological innovation to reach more customers, and develop our merchant acquiring business.

We have gained 7.7 million customers over the past three years. And we continue to have an appetite for selective expansion and portfolio acquisition where we can generate efficiencies and economies of scale.

Investing in growth in Barclaycard will be a priority as we consider options for capital allocation.

Slide 8: Africa Banking: Longer term growth, with competitive advantage in many countries

Now, Africa.

This is an exciting, growing part of the world, where we are very well positioned.

We are aligning the reporting of this business to reflect how it is managed, including the whole of our business on the continent: retail, cards, wealth, corporate and investment banking.

Our business in Africa, when viewed on this new basis, shows much more clearly its true value, with around £1.0bn of PBT in 2013 and an RoE of 8-9%. Not yet a satisfactory level, but a solid base upon which to grow.

As one of the largest banks in Africa by revenue, profits and assets, with a presence across 12 countries, we are uniquely placed to promote economic development and serve a growing middle class as we bring global business relationships, products, and expertise to African customers, and provide African customers in turn with access to global markets.

Africa Banking has the potential to be top three by revenue in our five largest African markets – South Africa, Kenya, Ghana, Botswana and Zambia – and increase our share of revenues outside of South Africa over time. We are ambitious for this business and committed to maximising the value of our African interests for all our shareholders.

I will now turn to the Investment Bank where I will set out our plans in some detail.

Slide 9: Core Investment Bank

The Investment Bank is a valuable asset to Barclays, and its strength is a differentiator for us.

But the broad issues around the Investment Bank in the current environment are clear: it consumes too much capital; it does not generate sufficient returns for shareholders; and it is too large as a proportion of the Group. As currently constituted, it is an unacceptable drag on Group returns.

This is an important moment for our Investment Bank. We are shifting from a balance sheet-led business to one more selectively focussed in Markets and driven by the origination needs of our clients. So we will refocus and resize our Investment Bank in terms of products, balance sheet and leverage, and geographical coverage, to bring balance to Barclays and a more coherent offer to the client base we wish to serve.

The core Investment Bank will use around £120bn of RWAs – down from the £222bn reported for the total Investment Bank at full year 2013 – and will have a leverage exposure of around £400bn in 2016, with no more than 30% of Group RWAs and a similar proportion of leverage exposure.

Let me be clear: the resources we are deploying behind the Investment Bank will enable us to compete and win in those areas where we have competitive advantage and strength, and to support our strategy going forward.

Our objective is unchanged: to become the 'Go-To' Investment Bank. But the way we get there will be different.

Slide 10: Core Investment Bank: Building on competitive advantages

The first part of our strategy for the Investment Bank is to refocus our Markets business.

Markets will remain a very important part of the Investment Bank. But we will concentrate on areas where we can drive strong returns, such as our Credit and Equities franchises and certain segments of Macro – particularly our rates and foreign exchange businesses.

We will predominantly focus on standard, liquid Macro products, with shorter dated maturities – where we already have scale and market-leading execution capability – such as FX, short-dated G10 Rates, and cleared swaps and derivatives.

These are areas which have significant infrastructure requirements and so will strengthen our competitive advantage. Businesses and products that do not fit these criteria will be reduced or exited. For example, we have already announced our intention to exit physical commodities, with the exception of precious metals.

In the future we will divert capital away from capital- or leverage-intensive businesses with high balance sheet usage and low returns. Instead we will have a streamlined, client-driven product set where we already have strong capabilities.

Equities and Credit will be better aligned with our origination businesses, prioritising those areas of trading and balance sheet activity which support the Banking fee income stream.

The second part of our strategy is to invest in our Banking business in areas where we have a strong and improving track record. Success in our origination-led Banking strategy requires three things: a distinct product strength – in primary debt and equity capital markets; balance sheet capability; and relationships with key clients and decision makers.

Slide 11: Capitalising on strength of existing client franchise

Some of our peers can claim to have these. But our leading position in two large ‘home markets’ in the US and UK, which account for around 60% of the global revenue pool, gives us a distinctive advantage as a basis to secure our global client base.

Our Investment Bank has excelled in the Debt Capital Markets league tables for the last 10 years ranking in the top five for all international bonds, for every year.

In our “newer” businesses, the compound growth of our US M&A, Equity Capital Markets, and Leveraged Finance revenue since 2009 has been 24% per annum. We were the only bank to serve as an initial underwriter in the three largest leverage finance M&A deals in 2013 – the US\$21bn acquisition of Dell, the US\$25bn acquisition of Virgin Media, and the US\$28bn acquisition of Heinz.

In EMEA, the equivalent figure for M&A, ECM and Leveraged Finance revenue growth is 34%. We are the only international bank to have gained fee share in each year since 2009.

In the UK, since the creation of the broking team in 2010, we have won more FTSE 350 clients than any of our peers in each of the last four years.

We will continue to build on these strengths, restructuring our products, services and footprint to serve our new business model in line with client needs.

But we will not try to do everything, everywhere. We aim to be a globally relevant investment bank benefitting from a top-tier home-market franchise in both the UK and US, with strong client relationships around the world.

In Asia, for example, we will continue to deliver a first class service to our US and UK and key global clients who want to do business in Asia, and to Asian clients with global needs in key financial markets.

Our strategy for the core Investment Bank will deepen our relationships with core clients – 1,000 of which delivered more than 75% of Investment Bank revenues in 2013. We will focus resources on our key clients and meaningfully reduce the number of non-core global, corporate and institutional clients.

Even in the face of the significant headwinds of last year, the core IB that I have described would have delivered nearly 10% RoE, even before realising further cost reductions.

I am clear that a strong Investment Bank is good for Barclays and good for shareholders. This is what the changes we are making today will deliver: a smaller but stronger Investment Bank with the distinct competitive advantage of being a major player across our two investment banking home markets of the UK and the US.

Slide 12: Rescaling the Investment Bank enables greater balance

We are rebalancing the Investment Bank by reducing RWA consumption and leverage exposure both in absolute terms and in their share of the Group totals. As you can see, we expect core Investment Bank RWAs to be no more than 30% of the Group in 2016.

Looking at 2013 figures, the core IB generates the vast majority of the total IB's income and adjusted profits. Our approach allows us to address simultaneously the challenges of the Investment Bank being overweight in FICC and the Group as a whole being overweight in investment banking.

Slide 13: Focus on Barclays Non-Core

Barclays Non-Core will group together those businesses and assets that are not strategically attractive to us and will be exited over time. Several of the businesses managed within Barclays Non-Core are profitable and will be attractive to other owners. But they are a poor strategic fit with the future of Barclays, either because of structural shifts in the external environment or because they remain sub-scale with limited opportunities for growth within our Group.

Our success in managing the Exit Quadrant assets of Transform, where we reduced RWAs by 37%, or £35bn, in the first year, gives us confidence to take a harder look at non-core assets.

Barclays Non-Core will comprise three main elements: all of Europe retail; parts of the Corporate bank in Europe and the Middle East; and parts of the Investment Bank.

Barclays Non-Core will be a tightly managed commercial operation to maximise shareholder value and preserve book value wherever possible as we exit these businesses. Tushar will provide more detail on the components of Barclays Non-Core and our targets for its future rundown.

I now want to briefly run through some of the high-level financials on cost and capital; then show you a snapshot of what 2013 would look like under this configuration, and finally set out our revised financial commitments under this strategy.

The numbers tell a simple story. Our cost reduction programme is working and can be accelerated further. Our core businesses are strong, valuable and have excellent prospects. They generate most of the Group's returns off an efficient capital base and deliver a strong RoE performance. But our non-core businesses consume far too much capital and deliver poor returns.

Slide 14: Structural cost reduction being achieved

First, cost, which I continue to believe is the strategic battleground for our industry.

As I said, our cost reduction programme is working. At our Q1 results on Tuesday, we reported the lowest level of quarterly expenses, excluding CTA, since 2009, which is a strong indication of what the Transform programme can do. We will now go significantly further.

We are revising guidance for 2014 to around £17bn for total Group operating expenses, below our £17.5bn milestone that we set earlier. We have also changed the delivery profile of our cost reductions, as we are confident of also achieving a 2015 milestone of £16.3bn for the Group overall. We are also now establishing a 2016 cost objective for the Core bank of less than £14.5bn.

The changes we are announcing today will require an additional £800m of CTA to 2016, but this will pay back rapidly. The slide shows the revised annual CTA phasing. This additional

expenditure will be focused largely on re-positioning the Investment Bank, including a gross headcount reduction of 7,000 across both the core and non-core IB by the end of 2016.

Progress on cost reduction may not always be linear, as we may see FX movements or extraordinary items in a given period, but we are committed to a material step down in cost over time regardless of the income environment and will provide regular updates on progress.

Slide 15: Accelerated CTA to increase 2014 headcount reduction

In order to accelerate cost reduction, we are today announcing an increase to the planned 2014 CTA from £1bn to £1.6bn with an associated increase in gross 2014 headcount reduction to 14,000.

We anticipate that around 50% of these reductions will come from Front Office and Distribution as we reshape our retail operations across the UK, Europe and Africa to align with changing customer needs, follow through on repositioning of the Investment Bank, and continue Group-wide delayering of management.

Headcount reductions across the Group will occur in all businesses and at all levels. 40% of headcount reductions are expected in Operations and Technology, which will be achieved through a Group-wide delayering of these functions and as we drive structural cost reduction through the automation of IT platforms.

At the same time, we will continue to enhance our controls capability. We will continue to centralise and consolidate our support functions, such as Finance, Risk and HR, resulting in an additional 10% of the gross reductions.

These changes will be challenging for colleagues. The creation of Barclays Non-Core in particular will be unsettling for many, and I want to be clear that we will be exiting those businesses over time in a considered and responsible way.

We have taken some difficult decisions to secure the future of the business, and I am absolutely committed to ensuring that we will be clear and open with colleagues about the impact of our plans, and we will treat those affected with care and respect.

Slide 16: Allocated capital will reflect greater balance of the Group

Now, capital.

Looking at the Group as whole, the effect of the rebalancing and refocusing we are undertaking is clear: A smaller, less capital intensive, Investment Bank; continued investment in our other franchises, which drives the 2014-16 RWA growth you can see here; and the accelerated sell down of non-strategic assets.

Together these will deliver a much more balanced Group in 2016, with the Core IB representing no more than 30% of total RWAs.

Slide 17: Core businesses expected to maintain average adjusted RoE >12% on a much higher equity base

The Barclays we are describing today will produce higher and more sustainable returns.

The key drivers of improved RoE are: the reductions in our cost base which I have just described; and the net reduction in RWAs, once we have invested for growth. This will allow us to release capital from the non-core.

These plans will reduce the RoE drag from the assets in Barclays Non-Core from 6% today, to a target of less than 3% in 2016, of which around 50 basis points is accounted for by Europe retail.

As a result, we can target returns for the core business in excess of 12% even after factoring in the dilutive effect of our stronger equity base, which you can see on this slide.

Slide 18: Rebalanced Barclays – a preliminary snapshot of FY 2013

Now, let me show you more detail on the overall financials.

The story these numbers tell is stark: we currently have far too much capital allocated to non-core, loss-making businesses. Reducing the capital tied up in Barclays Non-Core will significantly improve Group returns. Collectively the Core businesses' return on equity was around 12% in 2013.

Many of these businesses are already generating returns greater than the Group's cost of capital – and we see a clear path to improved returns for the rest, principally through reducing cost and capital requirements, rather than relying on cyclical recovery in income.

On the other hand, you can see that our non-core businesses generated an adjusted loss before tax of £1bn in 2013, and they generated these negative returns on £16bn of equity.

Slide 19: 2016 Transform financial commitments

Finally I want to set out some clear targets by which you will be able to assess our progress in 2016.

As you will have seen in our 2013 Annual Report, we have adopted a Balanced Scorecard approach which sets out 8 specific commitments as a means to monitor and measure our progress in becoming the 'Go-To' bank. Each of these commitments remain and we will continue to report on our progress annually. Our principal commitment is to deliver a return on equity above the cost of equity on a sustainable basis.

We will also continue to focus on capital, leverage and dividend performance. On capital, our objective is a fully loaded CET1 ratio above 11% in 2016, as we move towards the end state capital requirements. On leverage, we are targeting a leverage ratio above 4%. This is after achieving our existing milestones of 10.5% CET1 and 3.5% leverage ratio in 2015.

Our ambition on the dividend is a payout ratio of between 40 and 50%, although we expect to be at 40% until we reach our 10.5% CET1 milestone in 2015.

In our core business, we expect to achieve a sustainable adjusted RoE above 12% by 2016, underpinned by an adjusted cost base of less than £14.5bn, down from £16.2bn at the end of 2013.

Finally, in non-core, our focus is to reduce the drag on the core business. We are estimating a drag on RoE from the non-core business of less than 3% in 2016.

These are clear and challenging targets. In some areas they go further than those we set out in February last year. More importantly, they are appropriate to the new structure of our business, and focus on the key determinants of success for our plan.

Finally I want to make two brief comments on remuneration.

First, as we made clear at the AGM, we remain committed to reaching a Group compensation to net income ratio in the mid-30s over time.

Second, it is my intention that variable compensation should closely track performance across the Group in future.

Now let me hand over to Tushar, who will give you more of the financial detail on the core Investment Bank and on Barclays Non-Core.

Slide 20: Core Investment Bank and Barclays Non-Core. Tushar Morzaria

Thank you Antony, and good morning everyone.

Let me start with the core Investment Bank first.

Slide 21: Preliminary 2013 Core Investment Bank financials

Antony outlined the changes we are making to position our Investment Bank for the current and future environment, focusing on those products, markets and client relationships where we have a competitive advantage and where we see the opportunity to generate strong returns.

This slide shows what this split of core/non-core means in terms of current core Investment Bank performance, using 2013 preliminary numbers. The core IB would have generated 9-10% RoE, compared to 5.8%, excluding CTA, for the whole IB, with £17bn of allocated equity, £120bn of CRD IV RWAs, and £490bn of leverage exposure.

On these metrics, in 2013, the new core Investment Bank represented 54% of the current Investment Bank in terms of RWAs, but generated over 80% of the income. Our growing Equities and Investment Banking businesses generated over 50% of that income. In a very challenging revenue environment, the Macro businesses that are included in the new core Investment Bank generated £2.4bn of income. The core Equities business, which has been resegmented to a lesser extent, generated £2.3bn of income. Banking generated £2.1bn of income and Credit £1.9bn of income.

We expect the revenue environment to remain challenging given cyclical and structural changes across parts of the industry – and so we have conservative expectations for revenues going forward. But we do expect some areas of income growth – which we will achieve through market share gains and a pick-up in activity levels in our Banking and Equities businesses.

Given our conservative views on income, we expect the medium to long term returns for this business to be driven by structurally lower costs, including headcount reductions. We will achieve those through both front office and infrastructure reductions, as well as automation of processes.

I will set out the details of our plan to materially reduce costs in the Investment Bank shortly, but first let me take you through our thinking on capital allocation and why we are confident of delivering higher and more stable returns.

Antony has already highlighted the adverse impact on our returns of the excessive proportion of capital allocated to the Investment Bank– suppressing our returns when revenues are weak and increasing their volatility.

Similarly, within the Investment Bank itself, the Macro business component of FICC has historically consumed too much of that division's leverage and RWAs. I have though been impressed with our success at managing down Macro RWAs to offset much of the impact coming from changing regulations and in particular the introduction of CRD IV.

Our weight in Macro, when combined with the weak income performance we saw over the last three quarters, has meant that the returns of the IB overall have suffered. The changes we are making today result in Macro accounting for approximately a quarter of the £120bn of total core IB RWAs as at 2013.

As we re-focus the Investment Bank towards less capital-intensive products in Banking, and as we shift the Markets businesses to increasing automation and greater simplicity, we will be able to increase – and stabilise – our Investment Banking returns.

Let me now turn to the other key way in which we will generate higher returns in the Investment Bank: addressing costs.

As we simplify our Markets product offering, we will continue to re-engineer our operations and technology. That will give us significant opportunities to rationalise our infrastructure. For example, we will over time be putting more Macro products onto existing platforms, enabling us to bring costs and headcount down. And, as Antony has mentioned we expect these plans will result in a gross reduction in total IB headcount of 7,000 by 2016 across core and non-core IB.

One effect of our cost programme will be to re-introduce operational leverage into the Core IB, so that when revenues increase as client activity picks up, we will see a positive impact on returns.

2014 will be a year of significant change for the Investment Bank, during which performance will continue to be challenged, but once the transition is complete, we believe that the core franchise is capable of delivering an average through the cycle RoE of greater than 12%.

Slide 22: Barclays Non-Core: Run-down will be a critical element of Transform

I will now turn to the details of Barclays Non-Core.

Looking at the 2013 preliminary financials for the non-core, you can clearly see that the £1bn of adjusted losses before tax is driven by: £2.5bn of income, coming largely from Investment Bank Markets assets and NII on European mortgages, offset by £2.5bn of operating expenses, and around £1bn of impairment, largely relating to the European retail and corporate businesses.

The equity allocated to the non-core was approximately £16bn at the end of 2013, and leverage exposure totalled £400bn.

We know it will be important for you to track the P&L, RWA, Leverage Exposure and cost performance in the non-core, and we will provide you with that on a quarterly basis.

Slide 23: Rigorous discipline is being applied to non-core

As Antony has set out, Barclays Non-Core will comprise three main elements: all of Europe Retail; parts of the Corporate bank in Europe and the Middle East; and parts of the Investment Bank.

We determined which businesses should be placed in Barclays Non-Core using two criteria: first, strategic attractiveness; second, returns on both a CRD IV capital and leverage exposure. From a strategic attractiveness perspective, these businesses are either not client-driven or they are a poor fit with our sources of competitive advantage. On a returns basis, these businesses tend to be capital and/or leverage intensive, with high cost structures, and so are not expected to meet our target returns over the medium term.

Barclays Non-Core will not be a separate legal entity within Barclays. It will however be run by its own dedicated management team and it will operate within a clear governance framework.

As at the end of 2013 Barclays Non-Core had around £115bn of RWAs, almost double those that are currently in our Exit Quadrant, representing approximately 25% of total RWAs.

The non-core Investment Bank accounts for a significant share – almost 80% – of Barclays Non-Core's RWAs. Europe retail will represent £16bn of non-core RWAs and the Corporate components, including fair value, long dated loans, will be £7bn.

While we are focused on bringing down RWAs in the non-core, we recognise that reducing costs in this non-core unit is also critical. We will reduce costs as we reduce RWAs, although not necessarily at the same rate.

This slide shows a more granular view of the Investment Bank non-core assets – their contribution in terms of RWAs, income and leverage exposure.

Slide 24: Investment Bank assets are a majority of non-core

You will be familiar with those that have been in our Exit Quadrant, which we have been actively reducing over recent years, with a 37% reduction in RWAs in 2013.

From today we will be adding to this: physical Commodities, excluding precious metals; elements of other trading businesses including Emerging Markets and non-standard derivatives; and non-strategic businesses.

The income attached to the Investment Bank non-core was £1.5bn in 2013, with RWAs of £90bn and Leverage Exposure of approximately £340bn.

We will actively sell down these assets or see them naturally roll off over the period to 2016, according to the type of asset. Within the trading book portion there are a lot of short-dated liquid assets for example, which should be relatively easy to run down. Counterparty risk in longer dated derivatives may take longer to exit, but with limited downside risk to book value.

Slide 25: Selected corporate, retail and other assets constitute remainder of non-core

The key non-core portfolios outside of the Investment Bank are the entirety of our Europe retail business and our European corporate exposures, plus fair value, long dated loans in the UK, and a small number of Barclaycard and Wealth portfolios.

We will explore options to exit our European retail banking exposures or materially reduce the capital they consume. These assets are on the whole of good quality, but offer insufficient returns for us. We will be disciplined in this process and only do so where it delivers benefits to our shareholders.

The mortgage portfolios in Spain and Italy are the largest components of our Europe retail exposure and pay down at around 9% per annum. They benefit from stable average >90 day delinquency rates of just 80 bps.

The £1bn of income generated in 2013 was largely driven by our European retail businesses. It is projected to decline only modestly in the coming years, while we further reduce the cost base.

I know many of you will be interested in the forward trajectory of the key financials for Barclays Non-Core.

Slide 26: Non-core will be tightly managed to reduce RWAs and leverage

This slide shows the guidance for non-core RWAs to reduce from approximately £115bn as at the end of 2013 to around £50bn in 2016, driven largely by reductions in our non-core Investment Bank exposures. We expect capital allocated to BNC to reduce from the 2013 level of £16bn roughly in line with the RWA reduction. We have not factored in a further reduction of European retail into these estimates. Sale of all or substantial parts of that business would have further benefits.

Therefore, the residual RWAs of £50bn in 2016 reflect assets in Europe retail with a good risk profile, where we will continue to review exit options – and the longer dated, less liquid

Investment Bank non-core assets where we see limited downside risk to book value. As we reduce the non-core, preservation of net tangible asset value of the Group will be a priority.

As Antony said, as a result of these moves in costs and RWAs, and taking into consideration our expectation for income, we have a clear target of reducing the drag on returns from the non-core from around 6% as at the end of 2013, to less than 3% in 2016. Of this, around 50 basis points is accounted for by Europe retail.

We expect the 2014 and 2015 drag to be between these figures. You will be able to read through all these numbers later – but I wanted to show you on the next slide a preliminary snapshot of the resegmentation we are announcing today.

Slide 27: Preliminary adjusted results FY 2013

These preliminary figures will be superseded by a full, quarterly restatement for 2012 and 2013, as well as Q1 2014, that we expect to issue in July. Some of the numbers we have shown you here may change with the detailed restatements, but we do not expect that to be material.

As you can see, we are dramatically reducing the size of the Investment Bank within the Group as a whole, and the capital that it consumes. Our core businesses are already able to generate an RoE of around 12%, which reflects very strong franchises with attractive growth opportunities.

I also believe that these changes will put Barclays in a strong position to address the requirements of Section 165 in the US, as well as better position us to implement ring-fence regulation in the UK as those rules are finalised.

And with that, I'll hand back to Antony. I look forward to answering any questions shortly.

Slide 28: Conclusion. Antony Jenkins

Thank you, Tushar.

I now want to describe briefly our new leadership structure. The leaders of the new core businesses will be members of the Group Executive Committee:

- For Personal and Corporate: Ashok Vaswani.
- For Barclaycard: Val Soranno-Keating.
- For Africa: Maria Ramos.
- And for the Investment Bank: Tom King will become sole CEO and represent that business on the Executive Committee, with a highly experienced senior executive group to provide operational leadership for the major businesses in the new Investment Bank.

The new non-core unit will be led by Eric Bommensath, who will step down from the Group Executive Committee but continue to report directly to me.

The other members of the Executive Committee remain unchanged:

- Tushar Morzaria, Group Finance Director;
- Bob Hoyt, Group General Counsel;
- Robert Le Blanc, Chief Risk Officer;
- Irene McDermott Brown, Group Human Resources Director;
- Mike Roemer, Group Compliance Director; and
- Darryl West, Acting Chief Operations and Technology Officer until Michael Harte joins us later this Summer.

Slide 29: 2016 Transform financial commitments

To date we have made significant progress on culture, capital and costs. We now believe that in many areas we can go further and faster than we set out last year and I want to emphasise that most of the changes described today are already being executed.

All these commitments, while challenging, are intended to drive a sustainable, average return on equity for the core bank, the future of Barclays, above 12%.

These are the targets on which our shareholders can hold management to account, and we will provide regular updates on our progress towards these goals.

This then is the reshaping of Barclays. A bold simplification, focused on areas where we have capability, scale and competitive advantage. Much more balanced, and positioned to deliver growth and higher returns.

My goal remains unchanged:

To create a Barclays that is doing business in the right way, with the right values, and generating the returns that our shareholders deserve. A focussed, international bank. A Barclays that all our stakeholders can be proud of.

Thank you.

Forward-looking Statements

This document contains certain forward-looking statements within the meaning of Section 21E of the US Securities Exchange Act of 1934, as amended, and Section 27A of the US Securities Act of 1933, as amended, with respect to certain of the Barclays PLC's and its subsidiaries' (the Group) plans 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 or savings, original and revised commitments and targets in connection with the Transform Programme and Group Strategy Update, run-down of assets and businesses within Barclays Non-Core, estimates of capital expenditures and plans and objectives for future operations, projected employee numbers 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; UK, US, Africa 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 implementation of 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.

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 (the LSE) 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 it has published or may publish via the Regulatory News Service of the LSE and/or has filed or may file with the US Securities and Exchange Commission.