

Barclays PLC

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Barclays says FCA investigating CEO Staley over Epstein links

Barclays PLC (LON:BARC) shares dropped on Thursday as the bank accompanied its full-year results although the bank with news the City's financial watchdog is carrying out an investigation into its chief executive Jes Staley's historical links with US billionaire sex offender Jeffrey Epstein.

The FTSE 100-listed lender said its usual performance assessments of its directors had made it aware of reports highlighting that Staley had a professional relationship with Epstein earlier in his career, but added that it remained confident in his ongoing leadership.

READ: A timeline of Barclays CEO Jes Staley

The bank said Staley had given an explanation of his relationship with Epstein to certain Barclays executives and the chairman last year, and then "confirmed to the board that he has had no contact whatsoever with Mr Epstein at any time since taking up his role as Barclays Group CEO in December 2015".

The Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA) both launched an investigation last year, which the bank said was ongoing, into Staley's characterisation of his relationship with Epstein to Barclays and the subsequent description of that relationship in the company's response to the FCA.

An FCA spokesman said: "The FCA and PRA confirm there is an investigation concerning Mr Staley. We are unable to comment any further."

Barclays said it believed Staley, who two years ago escaped with a fine but kept his job after regulators investigated his attempts to unmask an anonymous whistleblower at the bank, had been "sufficiently transparent" and so "retains the full confidence of the board".

Full-year profits jump

The announcement was made in a separate statement alongside the UK high street bank's annual results, which saw it post a profit before tax (PBT) of £4.4bn for 2019, up 26% on the previous year.

Profits were dented by £1.4bn of additional provisions for the historical mis-selling of payment protection insurance (PPI) after the government set a final deadline for claims last summer.

Excluding litigation and conduct, Barclays PBT was £6.2bn, which was up 6% year-on-year and beat analyst consensus forecasts of £6.05bn.

The group proposed a final dividend of 6p, meaning the annual total will be increased by 38% to 9p, in line with market expectations.

Barclays' capital position was better than predicted, with its core tier 1 ratio ending the year at 13.8% compared to the

Price: 103.14

Market Cap: £17.88 billion

1 Year Share Price Graph



May 2019 November 2019 May 2020

Share Information

Code: BARC

Listing: LSE

52 week High Low
192.99 73.04

Sector: Banks

Website: www.barclays.com

Company Synopsis:

Barclays is a major global financial services provider engaged in retail and commercial banking, credit cards, investment banking, wealth management and investment management services, with an extensive international presence in Europe, the USA, Africa and Asia. With over 300 years of history and expertise in banking, Barclays operates in over 50 countries and employs 147,000 people.

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average City forecast of 13.5%.

However, the bank's board has backed away from its target of achieving return on tangible equity (ROTE) above 10% this year, saying "given global macroeconomic uncertainty and the current low-interest rate environment, it has become more challenging to achieve this in 2020" but still feel it can achieve "a meaningful improvement in returns".

Analysts at broker Shore Capital said the results were better than expected reflecting slightly better than expected performance on income, costs and impairments.

"From a divisional perspective, Barclays UK and Consumer, Cards & Payments both reported adjusted profit slightly ahead of consensus expectations with the Corporate & Investment Bank slightly below (albeit with a beat in its Markets business)," the analysts said in a note to clients.

They noted that a meaningful improvement in returns in 2020, "which would still suggest significant upside risk to consensus which is currently looking for a return of just 8.5%".

But Barclays shares were still down 3% to 173.60p in London, reflecting the worries over Staley's position.

-- Updates share price --

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