

US tax reform, litigation costs push Barclays into red

Barclays fell into the red last year on the sale of its African business, litigation costs and one-off impact from the US tax reforms, the British banking giant said Thursday. The bank posted a net loss of £1.92 billion (\$2.7 billion, 2.2 billion euros) in 2017 compared with profit of £1.62 billion a year earlier, Barclays said in an earnings statement. The lender said the loss resulted from £1.2 billion in litigation costs, a loss of £2.5 billion related to the sale of Barclays Africa Group Limited and a one-off US tax charge of £900 million.

By contrast, pre-tax profit rose 10 percent to £3.5 billion last year, Barclays added. The bank has reduced its stake in its African operations as part of a global strategic re-think unveiled in 2016 by chief executive Jes Staley. The US national has been tasked with restoring Barclays' battered reputation following a series of high-profile scandals, including the rigging of foreign exchange and Libor interest rate markets.

In reaction to Thursday's results, Barclays' share price jumped 5.0 percent in London trading, as investors saluted a planned payout to shareholders.

"The sharp rise in Barclays' shares today reflects management's optimism on the planned 2018 dividend payment... and the future benefits of further cost cuts and changes in the US tax laws," said AJ Bell Investment Director Russ Mould. He added: "The good news is that the African hit will not recur. In addition, Barclays' profits could shoot higher quickly if it can keep impairment and conduct costs down."

Britain's Serious Fraud Office is pursuing Barclays over the lender's emergency fundraising from Qatar during the financial crisis a decade ago. It will be the first time that a British bank has faced a criminal trial over its conduct during the global crisis.

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