Barclays delivers £1 billion blow to investors after US trading debacle

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EW Barclays chief executive CS Venkatakrishnan had a shaky start to his tenure today, ditching a share buy back plan while he deals with a $15 billion trading blunder.

He took over from Jes Staley in November, after Staley resigned over a probe into his relationship with Jeffrey Epstein, the convicted sex offender.

Since then, things have hardly improved for the bank. Barclays has had to repay investors £450 million after issuing $15 billion more in structured products than it was supposed to, a matter under the direct oversight of the new CEO. He was previously chief risk officer.

Regulators are investigating.

It also saw leading investor Capital Group sell a £900 million stake.

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Today it said: “Due to the ongoing discussions with the SEC regarding the potential restatement of the 2021 financial statements…Barclays believes that it is prudent to delay the commencement of the buyback until those discussions have been concluded.”

The return of capital would have been worth £1 billion to long suffering shareholders. Profit in the first quarter fell 7% to £2.2 billion, in line with Wall Street rivals such as Citi and Morgan Stanley.

It has taken a £540 million provision for the US trading error.

The shares are down 25% in the last year. Today they rose 3p to 145p.

The UK arm saw profits up by a third to £396 million.

Richard Hunter at interactive investor said: “On the whole Barclays has had a strong start to the year, although the fine relating to over-issuance of securities in the US has punched something of a hole in profits.”

Rob Murphy at Edison said: “The market is still reluctant to re-rate banks due to uncertainty over the deteriorating outlook for economic growth given the squeeze on consumer real incomes and tightening monetary policy, however Barclays has made a good start to the year.”