MARKETS

Barclays Takes $800 Million Provision Related to Forex Probes

Charge Weighs on U.K. Bank’s Net Profit

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A pedestrian passes scooters parked beneath a logo outside a Barclays branch in Madrid, Spain, on July 23. BLOOMBERG NEWS

LONDON—Barclays PLC on Thursday reported a fresh £500 million ($800 million) legal provision related to investigations into the alleged manipulation of the foreign-exchange market.

The charge weighed down what was otherwise a brighter quarterly performance by the British bank. After stripping out the charge and other one-off items, Barclays posted a better-than-expected adjusted third-quarter pretax profit of £1.59 billion, 15% higher than last year’s £1.39 billion and beating analyst expectations of around £1.21 billion because of lower-than-expected restructuring costs in the three-month period.

The provision, which comes as the first stage of a global probe into alleged foreign-exchange price rigging nears an end, relates to “ongoing investigations into foreign exchange with certain regulatory authorities,” the bank said.

Quarterly net profit was £379 million, down from £511 million in the third quarter of 2013. The figure includes the foreign-exchange provision and a £364 million loss from the sale of Barclays’s Spanish retail business. Those charges were partly offset by an expected £461 million gain related to Barclays’s 2008 purchase of Lehman
Brothers’s U.S. business.

“This is a good performance from the group, our strategy is working, and we expect to see continued progress as we go forward,” Chief Executive Antony Jenkins said.

Mr. Jenkins is leading a radical overhaul of the 300-year-old lender to adapt to tougher global banking rules and shrink its investment bank. Around 14,000 jobs have been cut this year and a noncore unit was created in May to house unwanted assets.

The multibillion-pound restructuring has been overshadowed, though, by ongoing litigation and regulatory woes, including coming U.K. rules that will force banks to separate their retail and investment banks and hold more capital against their total assets. Barclays shares are down 18% this year.

The U.K. Financial Conduct Authority is aiming to reach settlements within weeks with six banks after an 18-month probe into foreign-exchange markets. The potential settlements are separate from ongoing investigations by other global authorities into allegations of attempted manipulation of currency prices and information sharing between traders.

Barclays’s investment banking unit recorded a 10% fall in revenue to £1.66 billion from £1.85 billion, driven by a 25% revenue fall in its equities business. The unit was hit in June with a lawsuit by the New York attorney general alleging that the bank lied to clients about aspects of its electronic trading “dark pool.” Barclays filed to dismiss the suit in July, saying it was based on misleading information and cherry-picked facts.

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