

NatWest sees profits jump by a third and returns annual bonus for bosses

NatWest Group has said its profits surged by more than a third to reach £5.1 billion last year, as it revealed its chief executive received a pay packet totalling £5.25 million.

The British banking giant took in more income in 2022 as it ramped up mortgage lending amid a higher interest rate environment.

But boss Dame Alison Rose insisted that the lender has not yet seen significant signs of stress among customers, despite being “acutely aware” that many people and businesses are struggling through the cost-of-living crisis.

Nevertheless, shares in NatWest tumbled by more than 8% on Friday morning as the bank flagged that the economic outlook remains uncertain.

The lender’s operating pre-tax profits reached £5.1 billion over the year, up 34% from £3.8 billion in 2021.

Read More

- [NatWest profits jump but CEO Alison Rose admits: It’s high anxiety time.](#)
- [FTSE 100 Live: Surprise retail sales growth, NatWest profits surge](#)
- [NatWest launches new £200 switching offer and increases savings account rate](#)
- SPONSORED

[How climbing helped a troubled teenager find the right](#)

[path in life](#)

Despite not yet seeing significant signs of financial distress among our customers, we are acutely aware that many people and businesses are struggling right now, and that many more are worried about what the future holds

It said total income across its retail banking arm was 27% higher than the previous year as mortgage lending grew and interest rates increased for borrowers.

Dame Alison took home £5.25 million over the year as she received an annual bonus for the first time since the bank's bailout by the [Government](#) during the 2008 financial crisis.

It was the first year of the bank's new executive pay policy which is more closely linked to performance, and resulted in Dame Alison's pay package increasing by a 10th.

The payout includes fixed pay and annual bonus along with an estimated value of the long-term incentive awarded under the previous policy – therefore it is a combination of the new and old policy, NatWest explained.

The group's chief financial officer, Katie Murray, also enjoyed a 4% increase in her yearly compensation, taking home a total pay packet of £3.64 million.

And it ramped up the bonus pool for its bankers by nearly £70 million in 2022, to total £367.5 million.

NatWest said the new pay policy is more competitive and helps it to attract and retain highly talented staff.

But it insisted that it still leaves the bank below the average expected compensation levels paid by other major UK banks.

It comes at a time that pressure has been piled on borrowers

who have faced interest rates edging up consistently over the year.

There are very low impairments but high levels of concern, which is why we are trying to be proactive

NatWest gave assurances that debt levels remain low across the bank and reported no marked rise in the number of borrowers defaulting on loans.

Dame Alison said: “We know there is really considerable anxiety and concern across our customer base, both businesses and consumers, with the squeeze on disposable income and the macro-economic outlook.

“For households on lower income, it’s very unlikely they have savings with us and usually don’t have debt with us, and that’s where we’re seeing real hardship, where we describe people as being in budget deficit.

“And that’s why we put a hardship fund in place and we’re working with charity partners.

“There are very low impairments but high levels of concern, which is why we are trying to be proactive.”

However, NatWest said that in the final three months of the year there was a small increase in stage three defaults – when a bank expects to have incurred a loss from a loan – as economic conditions started to impact some customers.

The economic outlook remains uncertain, the bank said.

Dame Alison added: “NatWest Group delivered a strong performance in 2022. We made considerable progress against our strategic goals, maintained a well-balanced loan book and distributed significant capital to our shareholders, including the UK Government.

“Despite not yet seeing significant signs of financial

distress among our customers, we are acutely aware that many people and businesses are struggling right now, and that many more are worried about what the future holds.

“Our robust balance sheet, responsible lending and continued capital generation allow us to proactively support those who need it whilst helping others to get ahead of the challenges to come.”

The lender, which is no longer majority-owned by the state, said it handed back £2.6 billion to the UK Government over 2022 as it moves closer to being private again.