

NatWest to splash billions in dividends as profits jump

NATWEST is to hand out more than £2 billion in [dividends](#) to investors, of which half goes to the UK [government](#), as it showed strong form almost 15 years after it was bailed out.

The bank still 48% owned by the Treasury is in rude enough health to pay a special [dividend](#) of 16.8p and a 3.5p interim divi, worth £2.1 billion in all.

It is also buying back shares and puts the returns to shareholders so far this year at £3.3 billion.

With the economy shaking, that could prove controversial.

Chief executive Alison Rose insists the balance sheet is robust enough to allow for the pay-outs while still supporting customers. She says so far there are no signs of distress, but admits that is likely to change as higher energy bills arrive.

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“We are very comfortable with where we are, there are no signs of defaults. But we are going to see a fall in disposable incomes. Lots of households and businesses have never had to

operate in a high interest or inflationary environment," she said.

Half-year profits jumped from £1.5 billion to £2.8 billion and guidance for the rest of the year was raised. NatWest shares jumped 17p, 7%, to 247p.

On the economy Rose told the Standard: "Clearly it is going to get tougher. My job over the next two to three years or however long the economic cycle is to make sure we are in good shape to help customers."

NatWest is doing 5000 financial health checks a week and has already spoken to three million customers it fears may be hit hardest.

NatWest, then Royal Bank of Scotland, was bailed out in 2008 following a worldwide credit crunch and a reckless deal spree led by then CEO Fred Goodwin. He lost his knighthood and has seldom been seen in public since.

While other banks have begun to set aside provisions for bad debts, NatWest is still releasing earlier funds set aside to deal with Covid.

NatWest has also set up a £4 million hardship fund that is delivered by [Citizens Advice](#), [StepChange](#) and Money Advice Trust.

Russ Mould at AJ Bell said: "In a mixed UK bank reporting season so far, there's no question who is getting the gold star.

"Natwest has knocked it out of the park with its latest results. It's hard to see what more it could have done to impress the market."