NatWest finalises £450m bonus pot as return to private ownership looms

NatWest Group is finalising plans to pay out close to £450m in bonuses for last year as it prepares for a return to full private ownership nearly 17 years after its bailout.

Sky News has learnt that the bank's remuneration committee is close to signing off the bonus pool ahead of its annual results announcement later this month.

The figure of roughly £450m will be about 25% higher than last year's bonus pot of £356m, reflecting NatWest's sharply improved performance in 2024, according to City sources.

Shares in the bank, which at one point was more than 80%-owned by British taxpayers, have nearly doubled over the last 12 months.

The Treasury has been rapidly reducing its stake in NatWest, with it now standing at just under 8%.

This weekend, Sky News can also reveal that the state will cease to become the company's single-biggest shareholder within a matter of weeks, based on the current pace of the government's trading plan, which drip-feeds stock into the market.

BlackRock, the world's largest asset manager, holds a stake in NatWest of roughly 6%, meaning it could replace the Treasury as NatWest's biggest investor as early as this month.

More from Money

Honeymoon couple unable to access their money online as Barclays suffers major IT glitch

Donald Trump hits Canada, Mexico and China with tariffs – amid fears US consumers could suffer

China has avoided the same tariffs as Mexico and Canada for now – and is taking Trump in its stride

That would represent another significant milestone for NatWest's board, chaired by Rick Haythornthwaite.

In October, the bank raised its profit outlook after posting a 26% rise in third-quarter income.

After its shares closed at 433.1p on Friday afternoon, it now has a market capitalisation of close to £35bn.

Last year, Sky News revealed that NatWest was planning to hand its chief executive a potential multimillion pound pay boost as it returns to full private ownership.

Lena Wilson, the chair of the bank’s remuneration committee has been consulting leading institutional shareholders about an overhaul of its boardroom pay policy, with the proposals to be put to a vote at its spring AGM.

Under the plans, Paul Thwaite, who took over as the bank’s interim chief executive in July 2023 before being handed the role on a permanent basis in February, would be in line for an increase in his maximum annual bonus from 100pc of his base salary to 150%.

NatWest also intends to replace its restricted share plan (RSP) for Mr Thwaite, which awarded him stock worth a maximum of 150% of his salary, with a performance share plan (PSP) which could pay him up to three times his basic pay each year.

Assuming his salary of just under £1.2m remains unchanged, that would mean him being in line for a maximum reward package – excluding pension contributions and other items – of about £6.6m, up from roughly £4.2m today.

The prospective increase would bring Mr Thwaite’s compensation more closely into line with peers including Charlie Nunn at Lloyds Banking Group and CS Venkatakrishnan at Barclays – who himself is expected to see his annual pay capped at just over £14m under a new policy.

Mr Thwaite replaced Dame Alison Rose after she was forced to step down over the debanking row involving Nigel Farage, the Reform Party leader.

Leading City investors who have been part of the consultation process are said to be overwhelmingly supportive of the pay overhaul.

During its previous incarnation as Royal Bank of Scotland, the bank encountered annual controversy over its remuneration –

for its chief executives and the wider workforce.

In the immediate aftermath of its £45.5bn rescue by taxpayers during the financial crisis of 2008, the pension package of Fred Goodwin, RBS’s former chief, and bonuses awarded to his successor, Stephen Hester, became political headaches for the governments of Gordon Brown and David Cameron.

In recent years, however, such conflagrations have been defused by a combination of pay restraint and improved performance.

Even after the recent recovery in its valuation, taxpayers will see a loss running to billions of pounds from NatWest’s emergency bailout.

A NatWest Group spokesperson declined to comment.