Shareholders rebel against bank chief's huge pay rise

Patrick Hosking, Financial Editor

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Some 34.2 per cent of shareholders at the annual meeting of CYBG, which owns Clydesdale Bank and Yorkshire Bank, rejected the company's remuneration

More than a third of shareholders have rebelled against a 133 per cent increase in the maximum pay package awarded to the chief executive of the banking group that owns Clydesdale Bank, Yorkshire Bank and Virgin Money.

At the annual meeting of CYBG in Melbourne yesterday, 34.2 per cent of voting shareholders opposed the remuneration report, many in protest over the size of the potential pay rise for David Duffy.

The revolt followed CYBG's plan to increase his maximum possible package from £1.8 million to £4.2 million if he met all targets in full. The maximum package of the chief financial officer Ian Smith, 51, was also raised — from £914,000 to £2.1 million.

The company has argued that the size and complexity of their jobs has increased after the £1.7 billion takeover of Virgin Money last year. But some investors were in no mood to be generous after a slump in the CYBG share price since that deal. CYBG shares have almost halved since August. ISS, the influential shareholder advisory group, had suggested investors should vote down the proposals.

CYBG traces its roots to the foundation of Clydesdale Bank in Glasgow in 1838. Since being demerged from National Australia Bank in 2016, it has had a patchy history, last year swinging to a £164 million loss after earmarking an extra £150 million to pay compensation for mis-sold payment protection insurance. It has 238 branches and "lounges" after the Virgin deal and aims to rebrand the retail operations of Clydesdale and Yorkshire as Virgin. It has set up a digital bank called B. More than half its shareholders are based in Australia. Mr Duffy, 58, headed the turnaround of Allied Irish Banks after its rescue by the Irish government.

He is also a fintech envoy for the Treasury and a board member of the Northern Powerhouse Partnership. At AIB his pay was subject to a government-imposed €500,000 cap and he was not eligible for a bonus or options.

After the vote, CYBG attempted to placate the rebels, saying that having consulted with shareholders before publishing the directors' remuneration report, the company would further engage with shareholders on the implementation of its remuneration policy "to ensure shareholder views are fully understood and considered".