

Top bankers risk shareholder revolt over £10m pay awards

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Leading bankers risk being challenged by shareholders this spring as they are forced to spell out how their pay could hypothetically break the £10 million level.

Banks and other companies have been told by the corporate governance lobby to show how much their bosses would earn if they met stretching targets, such as boosting the share price by 50 per cent.

That will prompt several banks to publish hypothetical large sums in their annual reports alongside financial results starting this week.

Based on their previous pay packages, [Jes Staley](#), 63, at Barclays and [António Horta-Osório](#), 56, at Lloyds could each earn about £10 million, while [Alison Rose](#), 51, the new boss at Royal Bank of Scotland, could receive about £5 million.

The banks will publish the figures as they seek shareholder approval for three years for their remuneration policy at their annual meetings.

Executive pay is a sensitive issue. Virgin Money attracted the wrath of investors when it revealed that its boss, [David Duffy](#), could earn £5.1 million this year measured on the basis of a 50 per cent rise in the share price as well as hitting other goals.

While that is seen as unlikely, the package rankled with shareholders given that the bank is loss-making.

Almost a fifth of them opposed its remuneration report at its annual meeting last month, after a third did last year.

The three larger lenders have consulted shareholders about their new pay policies to avoid embarrassing clashes. Lloyds is set to switch to a restricted share award from its long-term incentive plan for its boss, which is likely to mean a smaller payout.

Barclays is to cut Mr Staley's pension payout to bring it into line with corporate governance rules aligning the proportion of retirement rewards for staff and bosses.

HSBC put its pay policy to a vote last year, when it said the boss could earn as much as £11.9 million. It has since shrunk pension payments, so the chief executive could take home a maximum of just over £11 million if its shares rose by 50 per cent. Who HSBC's chief executive will be is undecided as the bank has put off making an announcement until after its results. Noel Quinn, the former head of commercial banking, is the interim chief executive.

The pay disclosure will be in the annual reports alongside the results, which kick off with Barclays on Thursday. The bank is expected to make pre-tax profit of £6 billion for 2019. Some believe Mr Staley has managed to hit his key target of 9 per cent return on tangible equity for 2019, which would be likely to boost the share price.

Lloyds is expected to make pre-tax profits of £4.5 billion with investors nervous about whether it has had to take any further top up to its payment protection insurance provision in addition to the £1.8 billion hit in October. Lloyds has paid out almost £22 billion over the scandal.

RBS is expected to make £2.5 billion annual profit. HSBC is set for profits of \$20 billion, with Mr Quinn set to unveil a strategy update which may include thousands of job cuts.