# NatWest finally leaves state ownership after 17 years of crisis and reform



One Saturday just before Christmas in 2007, Alistair Darling, then Chancellor of the Exchequer, found himself startlingly unprepared for a visit from Fred Goodwin, the head of the Royal Bank of Scotland (RBS). Goodwin arrived bearing a gift-wrapped panettone but, as history would reveal, his intentions were far from festive. He sought urgent help to avert a looming catastrophe for his institution. This moment marked the beginning of a crisis that would culminate in a £45 billion taxpayer bailout, entirely reshaping the UK's banking landscape.

The recent death of Darling in 2023 has prompted reflections on this tumultuous period. Goodwin's legacy stands in stark contrast; living a quieter life funded by a £600,000-a-year pension, he remains a figure of considerable notoriety. After 17 long years, RBS—now rebranded as NatWest—has finally emerged from the grip of state ownership, marking a significant turning point in British finance. According to Sir Howard Davies, former chairman of NatWest, the completion of this transition bears a certain symbolic weight. He stated, "It won't make a huge amount of difference in itself. It is in a territory somewhere between practical and symbolic."

The tale of RBS is one underscored by themes of arrogance and hubris, akin to elements of tragedy where powerful figures believed themselves untouchable. Paul Thwaite, the current chief executive, reflects on the events that shaped his understanding of banking, expressing gratitude for the public’s support during the bailout and acknowledging the monumental impact banks have on communities and economies. This mindset, however, stands in stark contrast to that of Goodwin, whose ambitious drive ultimately led RBS down an unsustainable path, resulting in debt far beyond comprehension.

The NatWest of 2025 is remarkably different from the RBS of the crisis era. Once deemed the largest bank globally, RBS had become a behemoth housing a £2.2 trillion balance sheet and operating in 54 countries. Contrastingly, NatWest now operates on a much more prudent financial model, with a balance sheet reduced to £708 billion. In 2024, it celebrated a profit of £6.2 billion, reversing the £40.7 billion loss recorded in 2008, a peak of financial turmoil. This turnaround has inspired ambitions for further growth, albeit tempered with lessons learned from the past.

While taxpayers endured a loss exceeding £10 billion from the bailout, the damage extended far beyond monetary value. Many entrepreneurs and businesses suffered due to the aggressive practices of RBS's Global Restructuring Group, designed ostensibly to assist struggling companies but which instead often stripped them of vital resources. Ross McEwan, who helmed the bank from 2013 to 2019, described the heartbreaking toll on investors, particularly those whose fates hinged on catastrophic capital raises.

The roots of RBS's downfall trace back to a pivotal moment in 2000, when it executed a £21 billion takeover of NatWest, a move that forced it into a series of high-stakes gambles which ultimately risked its very existence. Goodwin's insatiable appetite for expansion culminated in the poorly timed acquisition of ABN Amro for £49 billion, an endeavour that would expose the bank to perilous subprime mortgage assets.

In the aftermath of the global financial crisis which erupted in 2008, the UK government was compelled to intervene, taking a controlling stake in RBS to stave off economic collapse. Goodwin's resignation as chief executive was emblematic of a broader crisis of confidence, leading to the installation of Stephen Hester, who established a framework for recovery and redefined the bank’s focus.

Despite several changes in leadership, including the stewardship of Dame Alison Rose, success in reclaiming government ownership proved elusive. The exit of the government in 2025 now appears to signal the close of a chapter characterised by financial reform and government intervention. The final exit incurred a £10.5 billion loss, contrasting sharply with strategies employed in the United States which saw quicker recoveries with less taxpayer pain.

As NatWest now navigates the post-bailout landscape, executives like Thwaite underscore a commitment to stringent fiscal discipline. He intimated ambitions to expand strategically, hinting at interests in acquisitions, such as a recent failed bid for Santander’s UK retail operation. Yet, the shadow of the past remains long. The bank must balance growth aspirations against heightened regulatory scrutiny and public expectation—an ongoing legacy of the crisis that reshaped the UK banking sector awash in the lessons of the past.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

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2. <https://www.ft.com/content/dbbe4978-3f95-46cc-8866-34e1abaf5867> - This article chronicles the dramatic collapse and recovery of the Royal Bank of Scotland (RBS), once the world’s largest bank, during the 2008 global financial crisis. Led by Fred Goodwin, RBS expanded aggressively, culminating in the ill-timed £49bn acquisition of ABN Amro, exposing it to toxic U.S. mortgage assets. When the crisis struck, the UK government was forced to nationalise the bank with a £45.5bn bailout, gaining a 60% stake to prevent economic collapse. The bank's mismanagement, over-reliance on wholesale funding, and overambitious growth led to severe losses and public outcry. Over nearly 17 years, RBS, rebranded as NatWest, underwent significant transformation under successive CEOs, downsizing, divesting international operations, and focusing on domestic retail banking. Taxpayers recouped £10.5bn less than they invested. Regulatory reforms reshaped the UK's financial landscape, prioritising consumer protection at the cost of industry competitiveness. Despite challenges such as scandals and political tensions, including the "debanking" controversy involving Nigel Farage, NatWest regained profitability and was fully returned to private ownership in 2025. Executives are now eyeing strategic acquisitions, while debates persist about the balance between regulation and growth. The bailout cast a long economic and political shadow, influencing public trust, austerity measures, and regulatory frameworks.
3. <https://www.ft.com/content/a2150ee7-75df-4b33-9ec2-43b41a6f5712> - After nearly 17 years, the UK government has sold its remaining shares in NatWest, formerly Royal Bank of Scotland, marking the end of its most visible involvement in the 2008 financial crisis. The government exits with a £10 billion loss, highlighting the contrasting bailout strategies between the UK and the US. The US adopted a limited, strategic approach under the Troubled Asset Relief Program (TARP), investing over $300 billion in financial institutions and exiting largely with a profit by 2014. The UK, by contrast, took substantial ownership stakes in failing banks like RBS, Northern Rock, and Bradford & Bingley, driven by moral conviction to reform the sector. This Achilles-style approach gave the UK more control but also exposed it to substantial ongoing financial, legal, and reputational risks, including liabilities from legacy issues like the World Online IPO. While some argue the UK’s full control enabled deeper reforms, others note that the US’s Odyssean pragmatism yielded faster recovery and minimised taxpayer exposure. As NatWest returns to private hands, the debate remains: was moral rectitude worth the long-term entanglement and financial cost?
4. <https://apnews.com/article/24118ca4ee73d0e4d977ed1cba54eac2> - The British government has officially ended its involvement in the banking sector by selling its remaining shares in NatWest bank, the Treasury announced. This move concludes a chapter that began in 2008 when the bank, then known as the Royal Bank of Scotland, was bailed out during a severe financial crisis. At that time, the government invested 45.5 billion pounds to prevent the bank's collapse, acquiring a majority stake. Despite recovering 35 billion pounds through share sales, dividends, and fees, the overall cost to taxpayers remained at 10.5 billion pounds ($14.1 billion). Chancellor Rachel Reeves acknowledged the necessity of the bailout at the time to protect savers and businesses, and celebrated the return of NatWest to private ownership. The bank extended its gratitude to taxpayers for their support during the crisis.
5. <https://www.ft.com/content/ede5be67-7623-448a-8f4e-ca8bde6aed95> - Seventeen years after receiving a £46 billion bailout during the 2008-2009 financial crisis, NatWest, formerly known as the Royal Bank of Scotland (RBS), has returned to full private ownership. The UK government, which once held an 84% stake in the bank, has completed the sale of its remaining shares, marking the end of one of the most significant interventions in British financial history. The government recouped £35 billion through dividends, fees, and share sales—£10.5 billion less than the initial rescue cost. The bailout stabilised the banking system and protected savers, homeowners, and businesses. Renamed NatWest in 2020, the bank underwent a substantial overhaul, shifting from a global institution to a UK-focused lender. While the government exited Lloyds Banking Group fully in 2017 with a profit, its exit from NatWest incurred a loss. NatWest’s recent share price gains, driven by rising interest rates, helped facilitate the final government sell-off. The bank is now positioned for strategic expansion under CEO Paul Thwaite, who has expressed ambitions for acquisitions, including a previously rejected £11 billion bid for Santander's UK retail operations. NatWest’s return to the private sector marks a significant milestone in the UK’s post-crisis financial recovery.
6. <https://www.reuters.com/sustainability/society-equity/uk-government-says-it-has-sold-its-last-remaining-natwest-stock-2025-05-30/> - The British government has sold its remaining stake—less than 1%—in NatWest, concluding a 45 billion-pound ($60.59 billion) bailout initiated during the 2008 financial crisis. This marks the full return of NatWest to private ownership, an event hailed by Finance Minister Rachel Reeves as the end of a significant chapter in the UK's economic history. At one point as recently as December 2023, the government held a 38% stake. While NatWest’s share price has risen over 30% in 2025, reaching 523 pence, many earlier government share sales occurred below the initial bailout price of 502 pence, resulting in an overall loss of approximately 10.5 billion pounds. Formerly known as RBS, the bank had become a symbol of pre-crisis excess, growing into a global entity with a massive balance sheet. Since rebranding in 2020, NatWest has refocused on domestic mortgage and business lending. Despite the return to private hands, the bank still faces political expectations to drive economic growth, especially under the Labour government, and may pursue further acquisitions to expand its fee-based income as competition intensifies among major lenders.
7. <https://en.wikipedia.org/wiki/Fred_Goodwin> - Fred Goodwin is a Scottish chartered accountant and former banker who served as the chief executive officer (CEO) of the Royal Bank of Scotland Group (RBS) between 2001 and 2009. Under his leadership, RBS expanded rapidly, culminating in the £49 billion acquisition of ABN Amro in 2007, which exposed the bank to significant losses during the 2008 financial crisis. In October 2008, Goodwin resigned as CEO, and by January 2009, RBS was effectively nationalised, with the UK government owning nearly 70% of the ordinary shares due to the bank's enormous debts. Goodwin's tenure was marked by aggressive expansion strategies and significant financial losses, leading to widespread criticism and the eventual annulment of his knighthood in 2012.