Royal Bank of Scotland

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Royal Bank of Scotland considering paying dividends of similar level to Lloyds Banking Group

State-owned lender, the Royal Bank of Scotland PLC (LON:RBS) is reportedly mulling asking permission to resume paying dividends.

A senior source said to be close to the bank, told The Times newspaper that it was "reasonable speculation" that the bank could, if allowed by the Prudential Regulation Authority, pay dividends that could rival the dividends being paid by Lloyds Banking Group PLC (LON:LLOY), another bank that had its bacon saved by the tax-payer in the previous decade.

READ: RBS set to move closer to privatisation after Saudi Arabian bank merger

Royal Bank of Scotland (RBS) has been barred from paying dividends since it was bailed out ten years ago to the tune of £45.5bn by the tax-payer.

The bank holds its annual general meeting on May 30 and some in the City are said to be hoping the company might make an announcement about its dividend plans then.

Legacy issues have weighed on the bank's share price and earnings, holding back RBS from resuming dividends but in May, RBS came closer to resolving its legacy issues by agreeing a US$4.9bn settlement with the US Department of Justice to end an investigation into the sale of mortgage-backed securities.

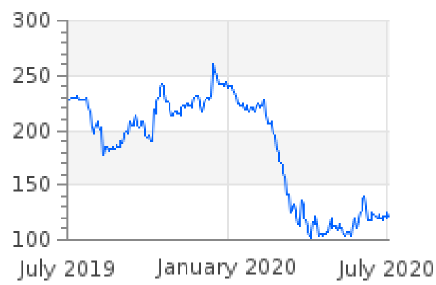
The penalty was much less than estimates published in the media, ranging up to US$13bn and drew a line under an issue that had been hanging over the bank's head for some time.

The company has also made progress in its turnaround plan, reporting its first annual profit in a decade in February.

Price: 121.85

Market Cap: £14.77 billion

1 Year Share Price Graph



Share Information

Code:		RBS
Listing:		LSE
52 week	**High**	**Low**
	265	**100.336**
Sector:		**Banks**
Website:		**www.rbs.com**

Company Synopsis:
RBS is one of the world's top 10 financial services groups and a leading provider of personal, business and institutional banking services. RBS is traded in the ISDX Exchange HERE.

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Were it to resume paying dividends, the FTSE 100 stock would only be adding to a record level of dividends being paid out worldwide.

According to the latest edition of the Janus Henderson Global Dividend Index, global dividend payments rose 10.2% from a year earlier, on a headline basis, to US$244.7bn in the first-quarter.

According to Janus Henderson, 2018 is expected to see global dividend growth of 6.0% in underlying terms (e.g. adjusting for currency fluctuations) from 2017's level.

Janus Henderson has maintained its forecast for underlying dividend growth of 6.0% this year, with expansion expected to come from every region of the world.

The dollar decline in recent months has added to the headline growth forecast and Janus Henderson now expects dividends to rise 8.5% in headline terms for the full year, reaching a total of US$1.358trn, which is US$10bn more than its initial expectations in January.

"2018 has started well for dividends. Economic growth is strong, and corporate profitability is rising, generating cash that companies can return to their shareholders," observed Ben Lofthouse, the director of Global Equity Income at Janus Henderson.

"The Q1 acceleration in US dividend growth may be an early sign that companies are feeling confident about returning some of the cash they have accumulated to shareholders. Recent US corporate tax reforms could encourage this trend. The second quarter is seasonally important for European dividend payments and we will see a much broader range of industries and countries contributing than in Q1," he added.

"Europe's economic recovery is likely to yield healthy growth from across the region," Lofthouse said, adding: "We're confident investors will get to celebrate a new record for global dividends in 2018."

Royal Bank of Scotland is considering restarting dividends on a scale that would make it one of Britain's most generous payers to shareholders and would be likely to accelerate the government's sale of its holding. https://t.co/GjrQYNOPJP #shares pic.twitter.com/agi03UN0No

— Johnsons Accountants (@Johnsons_Ealing) May 21, 2018

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