

Virgin Money UK PLC: Pre 4Q21 Consensus

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P&L (£m)	2020	H1 21	H2 21E	2021E	2022E	2023E	2024E
Net interest income	1,351	677	731	1,408	1,456	1,480	1,483
Non-interest income	191	66	73	139	155	163	170
Total operating income	1,542	743	804	1,547	1,611	1,643	1,653
Underlying operating and administrative expenses	(917)	(460)	(427)	(887)	(837)	(806)	(795)
Operating profit before impairment losses	625	283	377	660	775	837	858
Impairment losses on credit exposures	(501)	(38)	40	2	(170)	(200)	(225)
Underlying profit on ordinary activities before tax	124	245	416	661	605	637	632
Restructuring costs	(139)	(49)	(95)	(144)	(68)	(42)	(25)
Acquisition accounting	(113)	(47)	(34)	(81)	(48)	(13)	(1)
Legacy conduct	(26)	(71)	(6)	(77)	(7)	(5)	(3)
Other	(14)	(6)	(2)	(8)	(2)	(2)	(4)
Exceptional items	(292)	(173)	(138)	(311)	(126)	(62)	(33)
Statutory profit on ordinary activities before tax	(168)	72	279	351	479	575	600
Tax charge	27	8	(33)	(25)	(119)	(140)	(155)
Statutory profit for the period	(141)	80	246	326	360	435	444
Underlying profit after tax, before deductions of distributions	99	222	313	535	460	481	467
AT1 distributions	(79)	(40)	(40)	(80)	(75)	(74)	(76)
Underlying profit after tax attributable to ordinary equity holders	20	182	274	456	385	407	392
Underlying basic earnings per share (p)	1.4	12.6	19.0	31.6	26.7	28.2	27.4
Statutory basic earnings per share (p)	(15.3)	2.8	14.3	17.1	19.8	25.0	25.8
Dividend per share (p)	-	-	1.5	1.5	7.7	10.1	9.8
Effective tax rate	n/a	(11%)	12%	7%	25%	24%	26%

Period end balance sheet (£bn)	2020	H1 21	H2 21E	2021E	2022E	2023E	2024E
Average interest earnings assets (AIEA)	86.8	87.1	86.8	87.0	87.3	88.7	90.8
Total customer loans	72.5	72.2	72.9	72.9	74.4	76.6	78.2
Customer deposits	67.5	68.5	68.4	68.4	69.8	71.7	75.4
Risk weighted assets (RWA)	24.4	24.2	24.5	24.5	25.3	26.1	27.4
Tangible net asset value (TNAV) per share (p)	244.2	257.5	268.6	268.6	284.8	301.0	318.4

Key performance indicators	2020	H1 21	H2 21E	2021E	2022E	2023E	2024E
Net interest margin (NIM)	1.56%	1.56%	1.68%	1.62%	1.67%	1.67%	1.64%
Underlying cost income ratio (CIR)	59%	62%	53%	57%	52%	49%	48%
Cost of risk (COR)	0.68%	0.11%	(0.11%)	0.00%	0.23%	0.26%	0.29%
Underlying return on tangible equity (RoTE)	0.6%	10.1%	14.5%	12.3%	9.6%	9.6%	8.9%
Statutory return on tangible equity (RoTE)	(6.2%)	2.2%	10.9%	6.6%	7.1%	8.5%	8.3%
Loan to deposit ratio (LDR)	107%	105%	107%	107%	107%	107%	104%
CET1 ratio	13.4%	14.4%	14.6%	14.6%	14.1%	14.2%	14.5%

Disclaimer

Note: AT1 distributions are now presented on the restated basis provided in the 2020 interim results for the period ending 31 March 2020, where the taxation impacts of distributions relating to AT1 securities are now recognised within tax expense in the income statement as opposed to being recognised directly in retained earnings within equity. The consensus summary was last updated in November 2021. Consensus figures in the tables above are based on forecasts to the extent they were provided by 13 analysts who have updated models post 30 September 2021. Figures provided by analysts that do not relate to a specific line item have been excluded.

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H2 2021E consensus				
Low	Mean	High	# Analysts	
703	731	748	13	
67	73	82	13	
772	804	830	13	
(430)	(427)	(425)	13	
344	377	401	13	
(26)	40	111	13	
318	416	483	13	
(96)	(95)	(90)	13	
(50)	(34)	(13)	13	
(20)	(6)	-	13	
(14)	(2)	6	13	
(161)	(138)	(113)	13	
184	279	370	13	
(98)	(33)	42	13	
143	246	412	13	
232	313	392	13	
(40)	(40)	(39)	13	
193	274	353	13	
13.4	19.0	24.5	13	
7.2	14.3	25.8	13	
-	1.5	4.0	13	
(11%)	12%	35%	13	

H2 2021E consensus				
Low	Mean	High	# Analysts	
83.7	86.8	88.0	12	
72.2	72.9	73.8	13	
66.9	68.4	70.7	13	
24.1	24.5	25.0	13	
257.1	268.6	280.7	13	

H2 2021E consensus				
Low	Mean	High	# Analysts	
1.65%	1.68%	1.72%	12	
52%	53%	55%	13	
(0.31%)	(0.11%)	0.07%	13	
10.2%	14.5%	18.7%	13	
5.5%	10.9%	19.2%	13	
104%	107%	109%	13	
14.0%	14.6%	15.1%	13	

FY 2021E consensus				
Low	Mean	High	# Analysts	
1,380	1,408	1,425	13	
133	139	148	13	
1,515	1,547	1,573	13	
(890)	(887)	(885)	13	
627	660	684	13	
(64)	2	73	13	
563	661	728	13	
(145)	(144)	(139)	13	
(97)	(81)	(60)	13	
(91)	(77)	(71)	13	
(20)	(8)	-	13	
(334)	(311)	(286)	13	
256	351	442	13	
(90)	(25)	50	13	
223	326	492	13	
454	535	614	13	
(80)	(80)	(79)	13	
375	456	535	13	
26.0	31.6	37.2	13	
10.0	17.1	28.6	13	
-	1.5	4.0	13	
(11%)	7%	26%	13	

FY 2021E consensus				
Low	Mean	High	# Analysts	
85.4	87.0	87.8	13	
72.2	72.9	73.8	13	
66.9	68.4	70.7	13	
24.1	24.5	25.0	13	
257.1	268.6	280.7	13	

FY 2021E consensus				
Low	Mean	High	# Analysts	
1.60%	1.62%	1.64%	13	
57%	57%	59%	13	
(0.10%)	-	0.09%	13	
10.2%	12.3%	14.1%	13	
3.9%	6.6%	11.2%	13	
104%	107%	109%	13	
14.0%	14.6%	15.1%	13	

FY 2022E consensus				
Low	Mean	High	# Analysts	
1,412	1,456	1,516	13	
138	155	169	13	
1,563	1,611	1,675	13	
(858)	(837)	(814)	13	
719	775	854	13	
(235)	(170)	(102)	13	
528	605	752	13	
(155)	(68)	(25)	13	
(75)	(48)	(30)	13	
(25)	(7)	-	13	
(15)	(2)	-	13	
(210)	(126)	(75)	13	
366	479	672	13	
(163)	(119)	(90)	13	
276	360	522	13	
388	460	602	13	
(80)	(75)	(59)	13	
309	385	530	13	
21.3	26.7	36.7	13	
14.0	19.8	31.1	13	
4.5	7.7	15.5	13	
22%	25%	31%	13	

FY 2022E consensus				
Low	Mean	High	# Analysts	
82.6	87.3	88.6	13	
73.3	74.4	76.1	13	
65.0	69.8	74.0	13	
24.6	25.3	26.4	13	
272.5	284.8	301.3	13	

FY 2022E consensus				
Low	Mean	High	# Analysts	
1.61%	1.67%	1.73%	13	
49%	52%	54%	13	
0.14%	0.23%	0.32%	13	
7.8%	9.6%	12.9%	13	
4.9%	7.1%	10.9%	13	
102%	107%	115%	13	
13.6%	14.1%	14.5%	13	

FY 2023E consensus				
Low	Mean	High	# Analysts	
1,411	1,480	1,562	13	
138	163	183	13	
1,575	1,643	1,730	13	
(838)	(806)	(781)	13	
750	837	938	13	
(231)	(200)	(157)	13	
547	637	781	13	
(100)	(42)	-	13	
(30)	(13)	-	13	
(15)	(5)	-	13	
(15)	(2)	-	13	
(125)	(62)	(15)	13	
459	575	746	13	
(169)	(140)	(107)	13	
346	435	590	13	
403	481	625	13	
(80)	(74)	(55)	13	
323	407	553	13	
22.3	28.2	38.2	13	
18.5	25.0	35.8	13	
4.9	10.1	19.4	13	
21%	24%	28%	13	

FY 2023E consensus				
Low	Mean	High	# Analysts	
83.0	88.7	90.8	13	
74.2	76.6	79.2	13	
66.3	71.7	76.9	13	
24.9	26.1	27.6	13	
285.5	301.0	324.7	13	

FY 2023E consensus				
Low	Mean	High	# Analysts	
1.57%	1.67%	1.74%	13	
46%	49%	53%	13	
0.20%	0.26%	0.31%	13	
8.0%	9.6%	12.2%	13	
6.3%	8.5%	11.5%	13	
100%	107%	115%	13	
13.4%	14.2%	15.6%	13	

FY 2024E consensus				
Low	Mean	High	# Analysts	
1,408	1,483	1,550	5	