

Virgin Money UK PLC: Pre Q4 22 Consensus

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P&L (£m)	2021	H1 22	H2 22E	2022E	2023E	2024E
Net interest income	1,412	782	811	1,593	1,605	1,635
Non-interest income	160	83	75	158	172	180
Total operating income	1,572	865	886	1,751	1,778	1,815
Underlying operating and administrative expenses	(902)	(456)	(452)	(908)	(901)	(894)
Operating profit before impairment losses	670	409	433	842	877	921
Impairment losses on credit exposures	131	(21)	(58)	(79)	(267)	(265)
Underlying profit on ordinary activities before tax	801	388	376	764	610	656
Restructuring costs	(146)	(46)	(88)	(134)	(90)	(57)
Acquisition accounting	(88)	(14)	(20)	(34)	(14)	(9)
Legacy conduct	(76)	(5)	(6)	(11)	(9)	(8)
Other	(74)	(8)	-	(8)	(1)	(1)
Exceptional items	(384)	(73)	(113)	(186)	(113)	(75)
Statutory profit on ordinary activities before tax	417	315	263	578	497	581
Tax charge	57	(77)	(53)	(130)	(106)	(134)
Statutory profit for the period	474	238	210	448	390	447
Underlying profit after tax, before deductions of distributions	771	294	302	596	479	503
AT1 distributions	(79)	(40)	(32)	(72)	(68)	(68)
Underlying profit after tax attributable to ordinary equity holders	691	254	270	524	411	435
Underlying basic earnings per share (p)	47.9	17.6	19.0	36.8	30.1	33.6
Statutory basic earnings per share (p)	27.3	13.7	12.5	26.4	23.6	29.3
Dividend per share (p)	1.0	2.5	5.2	7.7	8.0	10.1
Share Buyback announced	-	-	76	87	93	128
Period end number of shares (#m)	1,440	1,446	1,406	1,403	1,337	1,259
Effective tax rate	(14%)	24%	20%	22%	21%	23%

H2 2022E consensus				
Low	Mean	High	# Analysts	
781	811	827	18	
53	75	87	18	
858	886	914	18	
(460)	(452)	(446)	18	
405	433	457	18	
(107)	(58)	(30)	18	
326	376	427	18	
(94)	(88)	(64)	18	
(39)	(20)	(7)	18	
(25)	(6)	5	18	
(7)	-	8	18	
(140)	(113)	(91)	18	
216	263	316	18	
(77)	(53)	(12)	18	
165	210	264	18	
249	302	361	18	
(40)	(32)	(7)	18	
209	270	321	18	
14.7	19.0	22.6	18	
9.5	12.5	15.8	18	
3.5	5.2	8.6	18	
-	76	150	18	
1,381	1,406	1,447	18	
4%	20%	26%	18	

FY 2022E consensus				
Low	Mean	High	# Analysts	
1,563	1,593	1,609	18	
136	158	170	18	
1,723	1,751	1,779	18	
(916)	(908)	(902)	18	
814	842	866	18	
(128)	(79)	(51)	18	
714	764	815	18	
(140)	(134)	(110)	18	
(53)	(34)	(21)	18	
(30)	(11)	-	18	
(15)	(8)	-	18	
(213)	(186)	(164)	18	
531	578	631	18	
(154)	(130)	(89)	18	
403	448	502	18	
543	596	655	18	
(80)	(72)	(47)	18	
463	524	575	18	
32.3	36.8	40.2	18	
23.3	26.4	29.5	18	
6.0	7.7	11.1	18	
-	87	200	18	
1,381	1,403	1,443	18	
15%	22%	25%	18	

FY 2023E consensus				
Low	Mean	High	# Analysts	
1,501	1,605	1,762	18	
157	172	202	18	
1,681	1,778	1,920	18	
(929)	(901)	(884)	18	
770	877	1,034	18	
(580)	(267)	(145)	18	
304	610	780	18	
(138)	(90)	(69)	18	
(40)	(14)	(5)	18	
(30)	(9)	-	18	
(5)	(1)	-	18	
(163)	(113)	(83)	18	
141	497	683	18	
(143)	(106)	(15)	18	
126	390	548	18	
241	479	624	18	
(80)	(68)	(47)	18	
175	411	549	18	
12.9	30.1	40.7	18	
4.4	23.6	35.7	18	
3.0	8.0	11.3	18	
-	93	200	18	
1,226	1,337	1,395	18	
11%	21%	27%	18	

FY 2024E consensus				
Low	Mean	High	# Analysts	
1,494	1,635	1,791	18	
153	180	227	18	
1,679	1,815	1,980	18	
(957)	(894)	(857)	18	
792	921	1,072	18	
(452)	(265)	(182)	18	
443	656	825	18	
(100)	(57)	(26)	18	
(40)	(9)	-	18	
(30)	(8)	-	18	
(5)	(1)	-	18	
(104)	(75)	(29)	18	
343	581	760	18	
(182)	(134)	(67)	18	
277	447	578	18	
330	503	627	18	
(80)	(68)	(47)	18	
264	435	547	18	
21.1	33.6	44.7	18	
16.7	29.3	40.6	18	
5.0	10.1	15.2	18	
-	128	200	18	
1,070	1,259	1,396	18	
18%	23%	30%	18	

Period end balance sheet (£bn)	2021E	H1 22	H2 22E	2022E	2023E	2024E
Average interest earnings assets (AIEA)	86.9	85.7	86.1	86.1	86.3	87.4
Total customer loans	72.0	71.9	72.3	72.3	72.8	74.0
Customer deposits	66.9	64.4	64.8	64.8	65.8	67.3
Risk weighted assets (RWA)	24.2	24.2	24.6	24.6	25.3	26.2
Tangible net asset value (TNAV) per share (p)	289.8	313.2	329.4	330.9	355.8	389.6

H2 2022E consensus				
Low	Mean	High	# Analysts	
85.4	86.1	87.7	16	
71.4	72.3	72.9	18	
63.5	64.8	66.9	17	
24.1	24.6	25.4	18	
315.2	329.4	382.2	16	

FY 2022E consensus				
Low	Mean	High	# Analysts	
85.5	86.1	87.1	18	
71.4	72.3	72.9	18	
63.5	64.8	66.9	17	
24.1	24.6	25.4	18	
320.8	330.9	382.2	18	

FY 2023E consensus				
Low	Mean	High	# Analysts	
84.7	86.3	87.8	18	
71.0	72.8	74.1	18	
63.6	65.8	68.4	17	
23.7	25.3	26.3	18	
334.7	355.8	407.5	18	

FY 2024E consensus				
Low	Mean	High	# Analysts	
84.8	87.4	90.0	18	
71.2	74.0	76.7	18	
63.0	67.3	71.2	17	
23.8	26.2	27.6	18	
348.9	389.6	431.0	18	

Key performance indicators	2021E	H1 22	H2 22E	2022E	2023E	2024E
Net interest margin (NIM)	1.62%	1.83%	1.88%	1.85%	1.86%	1.87%
Underlying cost income ratio (CIR)	57%	53%	51%	52%	51%	49%
Cost of risk (COR)	(0.18%)	0.06%	0.16%	0.11%	0.37%	0.36%
Underlying return on tangible equity (RoTE)	17.8%	11.7%	11.8%	11.9%	8.9%	9.2%
Statutory return on tangible equity (RoTE)	10.2%	9.1%	7.8%	8.6%	6.9%	8.0%
Loan to deposit ratio (LDR)	108%	112%	112%	111%	111%	110%
CET1 ratio (transitional)	14.9%	14.7%	14.6%	14.6%	14.4%	14.3%

H2 2022E consensus				
Low	Mean	High	# Analysts	
1.82%	1.88%	1.90%	16	
50%	51%	53%	18	
0.08%	0.16%	0.30%	18	
9.2%	11.8%	14.0%	16	
6.0%	7.8%	9.8%	16	
108%	112%	115%	17	
14.1%	14.6%	15.0%	18	

FY 2022E consensus				
Low	Mean	High	# Analysts	
1.82%	1.85%	1.86%	18	
51%	52%	53%	18	
0.07%	0.11%	0.18%	18	
10.6%	11.9%	13.0%	18	
7.6%	8.6%	9.6%	18	
108%	111%	115%	17	
14.1%	14.6%	15.0%	18	

FY 2023E consensus				
Low	Mean	High	# Analysts	
1.75%	1.86%	2.06%	18	
46%	51%	55%	18	
0.20%	0.37%	0.82%	18	
3.9%	8.9%	12.1%	18	
1.3%	6.9%	10.3%	18	
106%	111%	115%	17	
13.5%	14.4%	15.4%	18	

FY 2024E consensus				
Low	Mean	High	# Analysts	
1.75%	1.87%	2.07%	18	
45%	49%	54%	18	
0.25%	0.36%	0.62%	18	
6.0%	9.2%	11.3%	18	
4.7%	8.0%	10.3%	18	
103%	110%	119%	17	
13.3%	14.3%	15.5%	18	

Disclaimer

Note: The consensus summary was produced in October 2022 and prior to that was last updated in July 2022. Consensus figures in the tables above are based on forecasts to the extent they were provided by 18 analysts who have updated models since the Q3 Trading Update published by Virgin Money UK PLC ("Virgin Money") and its subsidiaries dated 2 August 2022. H2 22 and FY 22 figures for "Share Buyback announced" include nil estimates for Buyback announcements for those periods from 2 analysts, which do not therefore reflect the Group's announcement of a £75m Share Buyback commencing on 30 June 2022. Figures provided by analysts that do not relate to a specific line item have been excluded.

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