Nationwide Building Society
Interim Results 2024-25 Webinar

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Transcript *(amended in places to improve accuracy and readability)*

Nationwide Attendees:

Debbie Crosbie, Chief Executive Officer

Muir Mathieson, Chief Financial Officer

Chris Rhodes, Chief Executive Officer, Virgin Money

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Interim Results 2024-25 Webinar

Debbie Crosbie

Chief Executive, Nationwide Building Society

Good morning and thank you for joining us for Nationwide Building Society's H1 results call. I'm Debbie Crosbie, the Chief Executive and joining me are Muir Mathieson, our CFO and Chris Rhodes, the Chief Executive of Virgin Money.

Nationwide continues to make excellent progress against our strategy. We have delivered record H1 growth in our core markets of mortgages and retail deposits, a strong service performance, and our highest ever return of value back to our members.

The society remains number one for customer satisfaction among our peer group for the 12th consecutive year, stretching our lead to the most significant in almost five years.

Our approach to provide better value products was demonstrated through our record H1 growth, in both the mortgage and retail deposit markets, outperforming with a record net lending out-turn and increased market share despite competitive pressure.

We continue to grow our presence in current accounts, once again attracting one in six of the overall market switchers. A key highlight this half is more than doubling openings of our refreshed student proposition to achieve a 30% market share of student accounts. This demonstrates that our new brand and marketing strategy really resonates with younger customers.

Despite the recent reductions in bank base rate, we have continued to prioritise value for our members, with average deposit rates over the past six months that were 30% higher than the market average.

Our mortgages also remained well-priced in a highly competitive market, helping to deliver record H1 growth and market-leading levels of retention.

Our focus on value across core products has contributed to a record level of member financial benefit of just over £0.9 billion, representing the difference between the pricing our members enjoyed compared to the average of the rest of the market. When also taking into account June's Fairer Share payment of £385 million, this totals a record £1.3 billion of value, for our members.

As you will all know, our branch network remains fundamental to supporting our customers. Our Branch Promise means that we have committed to closing no branches until at least 2028, and we continue to see tangible benefits from investing in our branches. For example, we saw 35% of all new current account openings over the last six months taking place in a branch.

Whilst we are committed to our face-to-face services, we are continuing to enhance and improve our digital services at pace, to ensure that we really can deliver on giving our customers the choice of how they want to bank with us, and simply brilliant service across all our touch points.

Our digital service mortgage manager platform is used by over half of our customers at deal maturity to switch to our best rates in a matter of minutes; this supports market-leading levels of retention. We're also continuing to enhance our digital capabilities, including the use of AI, to streamline account openings and provide better customer support.

Innovation, and creating responsible solutions to help customers navigate long-term challenges, is at the heart of our mutual purpose. Our unique Helping Hand mortgage was extended to enable first-time buyers to borrow six times income, unlocking home ownership for many of those who could not otherwise achieve it.

I'm delighted that this record of exceptional delivery in both product and service performance, with appropriate focused investment, has been achieved whilst maintaining strong cost discipline.

And finally, we are very proud to have launched our new Fairer Future Social Impact strategy, helping to tackle three of the biggest issues we see in society - youth homelessness, families living in poverty and people living with dementia. We are now the headline partner to three key charities: Centrepoint, Action for Children and Dementia UK, who will help us make a meaningful difference across these important causes. As part of this, we are also rolling out dementia clinics in 200 of our branches.

Now as you're all aware, we completed the acquisition of Virgin Money on the 1st of October. This was a unique opportunity, underpinned by an exceptionally strong business case. And I'm pleased to say that this means the newly combined Nationwide Group is now the second largest retail banking institution in the UK, with significant scale across our core product offerings of mortgages, retail savings and current accounts. We now have a connection with one in three people in the UK.

Our ambitions are not only to build around scale, but also delivering the benefits of mutuality to more people, including to the business banking sector for the first time.

Muir will provide more detail on the financial benefits of the transaction shortly, but I would emphasise the purchase price of £2.8 billion, was significantly below the net asset value of Virgin Money. So we have booked a significant day one gain of £2.3 billion, much of which will flow directly through capital, ensuring that we maintain a peer-leading CET1 ratio.

I believe this demonstrates the strength of the deal for the society's members and also for Virgin Money customers, who will benefit because Virgin Money no longer have to service dividends and share buybacks, and all profits remain within the group.

I want to reiterate that our business case is not based on the realisation of aggressive cost synergies. So as previously outlined, we can and will take a measured, customer-first approach to integration following the conclusion of a detailed 18-month strategic review.

In the meantime, Virgin Money will continue as a separate legal entity with a separate board, management team and banking licence. Chris's appointment as CEO will ensure we benefit from his leadership and extensive banking experience, and we will continue to work closely together over the coming years.

I'm now going to hand to Muir to run through the financials, including further detail on the acquisition.

Financial Results

Muir Mathieson

Chief Financial Officer, Nationwide Building Society

Thank you Debbie, and good morning everyone. We have delivered record H1 growth on both sides of the balance sheet, increasing market share in our core products of mortgages and retail deposits, whilst increasing our lead in customer satisfaction over our peer group.

I am pleased to say this has been delivered against another robust financial performance. We have continued to price competitively throughout the year, which means Member Financial Benefit has increased to £950 million, a record H1 performance. When taking our Fairer Share payment into account, we delivered over £1.3 billion of value to our members over the last six months.

Underlying profits reduced to £959 million compared to £1.26 billion pounds in H1 last year, as anticipated, due to changes in bank base rate and our choice to offer competitive rates. Statutory profit is £391 million lower than underlying profit, primarily due to the £385 million Fairer Share payment which we announced in May, and that was paid in June.

Total income reduced by £320 million compared to H1 last year, with the net interest margin of 150 basis points ahead of the low-to-mid 140s guided at the full year. Underlying costs remain well controlled with cost growth tracking below the 4% guidance we provided in May. Asset quality remains strong and better than the industry average.

Balance sheet growth in the period primarily reflects record H1 growth in mortgage net lending, of £6.3 billion, and an increase in liquidity balances. Record H1 retail deposit growth of £8.3 billion reflects strong inflows into our competitively priced savings accounts and capitalised interest from higher pay rates.

In light of recent market developments, I can confirm that Nationwide does not have any historic exposure to motor finance.

Capital ratios remain strong, with the leverage ratio growing to 6.7% and the CET1 ratio increasing to 28.4%.

Net interest margin has increased by 4 basis points compared to the H2 NIM for 23/24, supported by retail deposits and our structural hedge. NIM is lower than H1 last year, mainly because of the impact from changes in bank base rate and our choice of offering competitive rates.

Mortgage market activity has shown signs of recovery through 2024, with mortgage approval volumes approaching the levels seen pre-pandemic, despite the higher interest rate environment. Mortgage book margins continue to decline, but at a decreasing pace. New business completions in the first half of the financial year were written at 76 basis points over swap rates, above previous periods.

The retail deposit market continues to grow in line with expectations, with the mix of balances between savings and personal current accounts broadly stable. Our average pay rate for deposits is 318 basis points, 74 basis points higher than the market average deposit rate.

Despite recent bank base rate cuts, our member financial benefit, which measures the value delivered to members through better pricing, increased to £950 million, from £885 million in H1 last year.

We expect deposit margins to continue to decrease as base rate reduces, with the broad expectation that the margin widening which occurred as rates increased, will be reversed as rates fall. In addition, there will be a timing disbenefit because of the lag between base rate reductions and the feed through to customer rates.

We continue to maintain cost discipline. Underlying costs increased by 3.5%, slightly below the 4% guidance provided in May, as inflationary increases were partially offset by efficiencies within strategic investment programmes and other cost items. We also incurred £26 million of one-off, acquisition related expenses in the period, that are excluded from our underlying profit.

The net impairment charge of £7 million is lower than the same period last year.

The multiple economic scenarios are broadly consistent with the year-end. The weightings applied to each scenario remain unchanged, with a 15% weighting applied to the severe downside scenario.

Within our provisions, we continue to reflect modelled adjustments for borrower affordability challenges. We judge that this overlay remains appropriate and the methodology for determining the uplift remains unchanged. The total adjustment has decreased by £40 million however, as a result of the improved economic conditions, including higher wages, lower mortgage rates and lower inflation.

Coverage for the owner-occupied owned portfolio is unchanged compared to the end of the last financial year at six basis points. Buy-to-let coverage has decreased by three basis points to 50 basis points reflecting the revised rate and inflation outlook. Unsecured coverage is lower by 70 basis points at 9.5 percentage points.

Secured three-month plus arrears are almost unchanged at 42 basis points, which is significantly below the industry average. The average LTV of new mortgage business increased to 73% from 71% in H1 last year, driven by our support of first-time buyers. The average stock LTV is stable at 55%, supported by our market-leading levels of retention.

Forbearance balances have reduced slightly to £960 million. Mortgage charter interest-only balances, the majority of which are excluded from forbearance, are £875 million, compared to £1.4 billion at the last year-end.

Unsecured three-month plus arrears have decreased from 136 basis points to 124 basis points, which is below the pre-pandemic level of 132 basis points.

The 12-month average LCR was 186% compared to 191% at the end of the prior year, primarily driven by the repayment of £4 billion of TFSME drawings. On-balance sheet liquidity totals £51 billion, compared to £39 billion of deposit balances in excess of the £85,000 FSCS limit. In addition, we hold circa £87 billion of drawdown capacity at the central bank, much of which can be drawn intraday.

We have issued approximately 4.8 billion sterling equivalent of wholesale funding financial year-to-date, including a £750 million AT1 issuance in September.

We will continue to be a regular issuer in benchmark size across the liability structure in our core currencies of sterling, euro and dollar. Our current expectation is that Nationwide group issuance will total between 3 to 5 billion sterling equivalent over the rest of our financial year.

Our issuance plans will continue to take account of credit rating agency requirements for loss absorbing capacity.

On a pre-acquisition standalone basis, our capital resources are well in excess of regulatory requirements with substantial buffers across risk-based, leverage and MREL frameworks.

Following completion of the Virgin Money acquisition on 1st of October, we can now confirm the key day one financial metrics for the combined group.

The agreed acquisition price of £2.8 billion was significantly below the fair value of Virgin Money's net assets as of 1st of October. This has resulted in a £2.3 billion gain on acquisition, £1.8 billion of which will flow into group capital resources.

In line with the prevailing accounting standard, approximately £600 million of new intangibles were created through the transaction, representing the expected future value of sight deposits and credit card relationships acquired from Virgin Money on day one. This is expected to unwind through the I&E over circa seven years, in line with the appropriate behavioural assumptions.

Consistent with the guidance we provided earlier in the year, the combined groups CET1 ratio remains peer-leading, at 19.6%. The capital position reflects the day one net financial impact of acquiring the VM business and all transaction associated adjustments, including the cost of the amendments to the Virgin Enterprises Trademark Licence Agreement.

The leverage ratio remains comfortably above regulatory requirements at 5.4%, or 5.2% after accounting for the impact of exercising our option to call Nationwide's AT1 on 20th of December, as announced earlier this morning. Liquidity resources remain healthy with a group spot LCR of 153%.

The first consolidated group accounts to the new reporting date of 31st March, will be published in May 2025. Thank you and I will now pass back to Debbie.

Debbie Crosbie

Chief Executive, Nationwide Building Society

So thank you Muir. In summary, it's been another excellent six months for Nationwide, delivering record growth, record value back to members and great service, underpinned by a robust financial performance.

The benefits of acquiring Virgin Money are significant, and we're looking forward to bringing the benefits of the UK's first mutual full-service banking provider to more people across society.

Thank you, and we're now happy to go to questions.

Q&A

Vikas Sidhu: Thanks Debbie, and good morning everyone. A reminder please, to submit any questions on the portal, though I can see we've already had a few come in, so we'll jump straight in. The first one's from Lee Street at Citi and I’ll probably direct it at Muir.

What is the combined group NIM including Virgin Money, and what is a realistic expectation for the lower bound of NIM over the next three years based on the current rate trajectory?

Muir Mathieson: Thanks very much for the question, Lee. You will have seen that we haven't disclosed any combined performance metrics like net interest margin today, and as just covered we will give the first full group update in May 2025 for the period ended 31st of March, so I'm afraid you'll have to wait and see exactly how the group NIM looks.

You'll be well aware that Virgin Money runs at a higher net interest margin than Nationwide for three reasons. One is the greater proportion of credit card balances compared to Nationwide. Secondly, the business lending that Virgin Money undertakes and thirdly, a greater proportion of personal current accounts and business current accounts which also get structurally hedged by Virgin Money. So you will see an uplift to the group NIM and should expect to see that delta by the full year, and we'll give you more guidance on what to see, what to expect, after that.

On a Nationwide standalone basis, you'll broadly see a continuation of the trends we talked about earlier. You've seen that mortgage margins in flow now, are pretty close to the stock, so that's really a reducing headwind. Still some headwinds to come from the timing impact of bank base rate decreases, but quite a tailwind now from our structural hedge as well. So you should broadly expect to see continuation of the trends we reported this morning.

Vikas Sidhu: Thanks, Muir. And just sticking on the net interest income subject, are you happy with your NII sensitivity and would you like to grow other income streams and if so, to what extent?

Muir Mathieson: So part of the benefits of acquiring Virgin Money, and as already touched on in terms of their different business mix, is less sensitivity to the interest rate cycle. So on a Nationwide standalone basis, we are heavily reliant upon net interest income as you say Lee. And as interest rates go down, clearly there will be lower margin for Nationwide in line with the rest of the sector, and importantly for us, less opportunity to pass value back to our members.

With the acquisition of Virgin Money and its different mix that will be somewhat more muted. So we will have some cushioning impact in a lower rate environment. I should say of course, with business lending and higher unsecured lending that the flip side of that is somewhat higher credit exposures, but that's perfectly manageable within the overall capacity of the Nationwide balance sheet and our capital strength.

Vikas Sidhu: Thanks, Muir. Question here for Debbie from John Cronin at SeaPoint Insights. So John's asked, can I please come back to the share build in mortgages that you delivered in the first half. How should we expect your share of mortgage drawdowns in particular to evolve from here - are further niche initiatives like the first-time buyer proposition you referenced on the agenda to support growth?

And secondly, what about the business banking book, now that you have a meaningful presence in that space. What is the scale of the ambition in the medium-term? Thank you.

Debbie Crosbie: OK, so well, thank you, John. So first of all, in mortgages, we're very pleased with the growth that we've delivered. And what I'd say is not only are we doing very well in new business, we're also doing exceptionally well with market leading retention rates and as I mentioned in my update, our mortgage manager technology here has really delivered great benefits to our customers - they can switch within minutes. So what you should expect, is in the Nationwide brand we'll continue to drive those propositions, and always look for new and innovative ways.

We're particularly strong in first time buyers and it's really important that we support that market, we've taken about 20% of the market in the first half of this year and you should expect all of that to continue. Looking ahead, I think Virgin Money does give us some really interesting options to specialise in different areas and I'll maybe ask Chris to comment on how he see's the evolution of the mortgage market share that we can hopefully sustain and grow given the Virgin Money acquisition, before we come to business banking?

Chris Rhodes: Yeah, together, there's now 16% market share at group level. Some of the technology that Debbie talked about, the price approach to pricing retention are all the things that we would hope to bring to Virgin Money and improve our performance in-line with what we've seen in Nationwide, and I think second-half of the year momentum looks pretty good on that basis.

Debbie Crosbie: Yeah, we're very optimistic about the second-half of the year.

And then just briefly on Business banking - look, there is a strong ambition and one of the core reasons for acquiring the Virgin Money business was to bring business banking into the mutual model to deliver not just to Nationwide customers, but to actually grow our reach in business banking nationwide. Now it's very early days. We're only 8 weeks in and first and foremost, we're going to be focusing on really investing in that service proposition, not just in business banking, but right across Virgin Money and Chris might want to make some comments. So the ambition is strong, but I think you're going to have to wait probably 18 months to two years before we talk more about that ambition and business banking, but what I'd say is watch this space, there's significant ambition.

Chris Rhodes: So John, our business case always envisaged an investment in service and technology in order to drive the business forward. We've announced the creation of 500 new jobs today focused on IT and customer service in Virgin Money. There's an absolutely fantastic SME proposition, digitally orientated. I want to invest in the scalability of that before we open that to Nationwide members, which as you say, Debbie, I guess is 18 months, two years away. I mean there's 250,000 small businesses in Virgin Money. There's a lot of Nationwide customers who run their own business and there's a great opportunity there.

Vikas Sidhu: Thank you. Just pivoting over to capital and will position this one at Muir. So a question, from both Lee Street and Luis Garrido. What is your target management buffer over leverage requirements, and do we expect our requirements to change?

Muir Mathieson: Yeah, thanks Lee and Luis. Look at 5.4% or even 5.2% after the call of the AT1, we're still in a very comfortable leverage position, and would still be in the pack, if not towards the front-end of the pack there in addition of course, to our market-leading position on CET1. So pretty comfortable.

The way we always think about our risk appetite from a capital perspective, is if our business went through a severe Bank of England style stress test, will we still stay above MDA buffers and still retain the ability to pay our distributions and keep that choice open to us and so far we've always managed to do that through Bank of England stress tests with some considerable buffer.

You'll have to wait until the first Bank of England stress test on a combined group basis, but if you actually take the ACS stress test from 2022 where both the results for Virgin Money and Nationwide were published and combine them on a pro-rata basis, then you can come to a pretty safe conclusion there as well. So, very happy with our capital strength.

We should expect to see all other things being equal, a slight increase in our D-SIB buffer, our O-SII buffer over a 12 month period given we're just now at the next grade up in terms of scale of the business.

Vikas Sidhu: Thanks, Muir. Just following up on capital, a question from Corinne Cunningham at Autonomous. Can you give an estimate of the impact of Basel 3.1 as of January 2026?

Muir Mathieson: So no impact from Basel 3.1, or negligible to even maybe even a small positive impact from Basel 3.1 on day one. At the full year, we'll say a bit more around endpoint impacts on a combined group basis. But no impact day one.

Vikas Sidhu: And just rounding off on the capital questions Muir, from Lee, you highlight you are requesting to renew your right to tender CCDS. Is there a particular reason for this or should we regard this as something you will seek to renew every year?

Muir Mathieson: We want to keep the option open. Clearly, we are in that strong capital position. We have been very happy to be able to provide liquidity to the market to keep the instrument alive and keep interest in the instrument strong and healthy. So it's important to us that we retain that option should we choose to take it, either to buy back more of the CCDS or indeed the CCDS that we have bought back today, be free to recycle those back into the market.

Vikas Sidhu: Thanks, Muir. And then a question from Domenico Maggio at Jefferies. Do you have any need for further sub debt issuance, for example due to rating agency considerations following our recent AT1 and Tier 2 issuance?

Muir Mathieson: So you you'll have heard us say before and we'll say again, we will always keep at least one instrument out there in benchmark size across the capital stack. We think that's important in terms of our relevance and coverage globally, and so you should see us continue to issue across the capital stack, certainly as we have maturities come up.

And as we said earlier and exactly to your point, it's important to us to maintain our rating agency ratios in the right place, so you shouldn't expect to see us going backwards in those ratios.

Vikas Sidhu: Thanks, Muir. I think we are approaching the end of the questions, so just a reminder if you do want to ask anything, please do so before we close.

Just pivoting to a question from Corinne again at Autonomous, perhaps one for you Debbie, in the first instance - can you give an idea of the impact of the recent UK budget on your cost base and staff cost please?

Debbie Crosbie: So for us, in Nationwide the impact is relatively muted. It's less than 1% of our cost base. So, you know as ever we'll maintain good cost discipline and will work hard to absorb that.

Vikas Sidhu: Thanks, Debbie. No more questions that I can see. Oh, sorry, I beg your pardon, there is another one that I've just seen, one from Jesper Anderson at Nordea.

Has the acquisition of Virgin resulted in any changes in terms of view of the CCDS instruments and plans to increase the liquidity in the instrument, so that's probably one for you Muir.

Muir Mathieson: We want to keep it a vibrant and liquid instrument, Jesper, so certainly if anything, redoubles our interest in in making it a living instrument that is liquid, traded and widely tracked and followed. So yeah, would just refer back to my earlier comments in terms of we're seeking further permission to buyback, and we have not cancelled what we're effectively holding as treasury stock now in CCDS, and we could potentially recycle that back into the market as well.

Vikas Sidhu: We do have a couple more questions that have come through, so we'll keep going. It's from John again at SeaPoint, so he's asked, you noted the mortgage completion margins Muir, were 76 basis points in the first half. Can you please give us an update regarding where completion margins have trended more recently in October and November?

Muir Mathieson: Yeah, with the little bit of a rise and then fall in swap rates we have seen margins compress a little bit and then widen out again. So as of today, they're broadly in line with where we completed in the six months, John. So broadly in line with where we were completing, and all other things being equal, if they stay around here, as I say, the flow margin and the stock margins are not too far apart now, so a decreasing headwind as we look forward.

Vikas Sidhu: Great, thank you. And then a couple of questions from Jean Etienne at BNP. Muir, so when you indicate you expect NIM evolution to have a similar trend to H1, do you mean a NIM staying around 150 basis points or improving sort of, on the trend that we've seen over the last six months?

Muir Mathieson: There's going to be a lot to unpack at the full year. Our financials, once you take into account six months-worth of Virgin Money, the gain on acquisition, we'll give a fuller breakdown and update when we get to the full year.

As I say, I think the broad headwinds and tailwinds stay about the same. So, headwind from bank base rate decreases and the timing impact thereof, little bit of a headwind from mortgage margins as we talked about although that’s approaching the end game now, good tailwind both from the structural hedge benefits, which as you can see on Slide 24 for the aficionados of structural hedging, we unpack that, that’s above 2% now we're carrying in the structural hedge. And from an NII, total income perspective of course, that great growth that Debbie started the call with, is becoming a real tailwind as well, just as the balance sheet grows. So some headwinds, some tailwinds, we’ll unpack the full margin when we get to the full year, there'll be quite a lot to unpack.

Vikas Sidhu: Thanks, Muir. And then a question around the unsecured lending and credit card book and what do we see as the optimal size of that portfolio relative to the overall Nationwide balance sheet, and also relative to the target market share in those segments?

Debbie Crosbie: So look, I think it might be a good opportunity for Chris?

Chris Rhodes: Yeah, so I mean Virgin's got a £6 billion credit card book, the society's about £1.7 billion, so we sit firmly in line with the big banks now in terms of the scale of our credit card book. And it's clearly an opportunity I think to grow more credit cards into the society's current account base where the society's under-penetrated.

In terms of the market share of Virgin standalone, I think it's broadly where it needs to be. So we'll see some evolution in terms of growth, but it's not going to be that material I'd say, if you look at the penetration into the society over time, a couple of billion is what you would expect on credit cards in terms of cross sales into the current account base.

Muir Mathieson: The one thing I just bring back to as well, is as we mentioned earlier, our capital risk appetite will always be informed by can we stay above MDAs during a severe Bank of England stress test. You will see slightly larger loan losses in future Bank of England stress tests, of course, because we have greater unsecured balances on the balance sheet, but we won't change from that capital risk appetite.

Vikas Sidhu: Thanks all. Just the last two questions that I have on screen. So one is from Stephen Hayde. He asked, does the Virgin Money acquisition change our credit rating aspiration Muir?

Muir Mathieson: So you will have seen Stephen, that all of our three main rating agencies have affirmed our ratings, and in fact, when we announced the deal in the spring, they were all very quick to come out and affirm. And all of them called out similar themes, that whilst in the shorter-term, they would say that there might be a few more headwinds for Nationwide, as we invest into the Virgin Money business, in the integration and the natural risks that arise on bank integrations.

However, all of them conceded that in the longer term, this brings greater diversification and scale to Nationwide, which is exactly in-line with our strategic intent when we bought Virgin Money. So I would hope in the longer term, once we have fully realised the potential of this deal, that there could be some potential upside, and clearly those will be conversations that we continue with our friends at the rating agencies.

Vikas Sidhu: Thanks Muir. And then just a final question around costs. So in half one last year our employee costs increased by 17%, partly due to the decision we made to bring forward the annual employee pay review to support our colleagues. Does the underlying cost in half one this year include earlier compensation too? And secondly, do you still expect underlying operating costs to grow by 4 to 5% over the whole year?

Muir Mathieson: Just taking a big step back, the way we think about our cost base is we want to do better than inflation and we take a multi-year view on our cost base. One of the stats you might have seen in Debbie's slide right at the start, is if you look back since 2019-2020 right through to today, cumulative inflation has been 27% and that's based on a blend of CPI and RPI as best we can proxy those against our cost base, whereas we've managed to contain our own cost growth to just 5% cumulatively, over that five year period.

So I think we're doing pretty well on costs. There will be some timing bring-forwards and push backs due to exactly when we choose to compensate employees. I think our ambition is to do a bit better than 4 to 5% underlying cost growth.

Now the other important thing I should say of course, is we will be investing in making the most of the opportunity of the acquisition. So there will be acquisition-related costs which we’ll strip out of our underlying profits, in the months and years to come, as you would fully expect, in order to realise the full potential of the deal.

Vikas Sidhu: Thanks, Muir. I think that's all the questions done. So I'll just hand back to Debbie to close please.

Debbie Crosbie: OK. Well, I'm going to be very brief. So thank you to everyone for joining. We think we've had a very strong six months, and we look forward to updating you with our full year results in May. Thank you.

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