

Virgin Money PLC Virgin Money suffers shareholder revolt over pay

Almost a fifth oppose remuneration report in second consecutive AGM protest r

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Virgin Money suffered its second consecutive shareholder revolt at its annual meeting on Wednesday after the bank was accused of paying its top executives disproportionately large bonuses and ignoring concerns raised by investors last year.

Almost a fifth of voting shareholders opposed the bank's remuneration report, a smaller proportion than last year but still one of the largest investor protests against a major bank in recent years. A spokesperson for Virgin, which was known as CYBG until it bought the previous Virgin Money business and renamed itself last year, said it was "pleased with the outcome of the votes", but would "continue to engage regularly with our major holders". "Virgin Money has strong relationships with its shareholders and we expect this to continue," the person added. Chief executive David Duffy was paid £3.4m in the bank's last financial year, an 84 per cent increase compared with 2018.

The large rise was due in part to a payment linked to CYBG's demerger from former owner National Australia Bank in 2015, but influential shareholder advisory group ISS said the bank also paid excessive bonuses considering its poor recent financial performance.

Virgin made a loss for the second year running in the 12 months to September, as it was hit by costs relating to the payment protection insurance scandal and intense competition in the mortgage market. ISS said it was particularly concerned that the bank had not responded to the significant protest at last year's AGM, when more than a third of votes were cast against the pay report.

Adrian Grace, chair of Virgin's remuneration committee, wrote in the bank's most recent annual report that it had "engaged with the group's largest shareholders . . . to better understand the underlying concerns that may have contributed to the voting outcome", but said its final policy showed "an appropriate level of restraint".

Last week Virgin began the search for a new chairman ahead of the impending departure of Jim Pettigrew, who has led the bank since it separated from NAB. Shares in the lender have fallen 34 per cent since it completed the takeover of the previous Virgin Money, although they have picked up in recent months because of signs of stabilisation in the mortgage market and greater confidence around Brexit.