REGISTRATION DOCUMENT DATED JULY 3, 2025

NATIONWIDE BUILDING SOCIETY

(incorporated in England and Wales under the UK Building Societies Act 1986, as amended)

This document (the "**Registration Document**", which expression shall include this document and all documents incorporated by reference herein) constitutes a registration document for the purposes of Regulation (EU) 2017/1129 as it forms part of domestic law in the United Kingdom ("**UK**") by virtue of the European Union (Withdrawal) Act 2018, as amended (the "**EUWA**") (the "**UK Prospectus Regulation**"). It has been prepared in connection with debt or derivative securities ("**Securities**") of Nationwide Building Society ("**Nationwide**", the "**Issuer**" or the "**Society**") which may be admitted to trading on the London Stock Exchange's main market. The London Stock Exchange's main market is a UK regulated market for the purposes of Regulation (EU) No 600/2014 on markets in financial instruments as it forms part of domestic law by virtue of the EUWA ("**UK MiFIR**"). When combined with a securities note, which contains information on the Securities and has been approved by the UK Financial Conduct Authority (the "**FCA**"), the combination will form a prospectus in relation to the Securities for the purposes of the UK Prospectus Regulation.

This Registration Document has been prepared as a registration document issued in compliance with the UK Prospectus Regulation for the purpose of providing information with regard to the Issuer of debt or derivative securities during the period of twelve months after the date hereof. This Registration Document has been approved by the FCA, as competent authority under the UK Prospectus Regulation. The FCA only approves this Registration Document as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer that is the subject of this Registration Document.

This Registration Document is valid for a period of twelve months from the date of approval.

As at the date of this Registration Document: (i) long-term senior obligations of the Issuer are rated "A+" by S&P Global Ratings UK Ltd ("**S&P**"), "A1" by Moody's Investors Service Ltd. ("**Moody's**") and "A" by Fitch Ratings Limited ("**Fitch**"); and (ii) short-term senior obligations of the Issuer are rated "A-1" by S&P, "P-1" by Moody's and "F1" by Fitch. Each of S&P, Moody's and Fitch is established in the UK and registered under Regulation (EU) No. 1060/2009 as it forms part of the domestic law of the UK by virtue of the EUWA (the "**UK CRA Regulation**"). None of Moody's, S&P or Fitch is established in the European Economic Area (the "**EEA**") and they have not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"). Accordingly, the ratings issued by Moody's, S&P and Fitch have been endorsed by Moody's Deutschland GmbH, S&P Global Ratings Europe Limited and Fitch Ratings Ireland Limited respectively in accordance with the CRA Regulation and have not been withdrawn. Each of Moody's Deutschland GmbH, S&P Global Ratings Europe Limited and Fitch Ratings Ireland Limited is established in the EEA and registered under the CRA Regulation. As such each of Moody's Deutschland GmbH, S&P Global Ratings Europe Limited and Fitch Ratings Ireland Limited is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the CRA Regulation.

Information on how to use this Registration Document is set out on page i.

Certain risk factors relating to the Issuer are set out in "*Risk Factors*" which commences on page 14.

HOW TO USE THIS REGISTRATION DOCUMENT

Unless stated otherwise, all references in this Registration Document to the "Issuer" or the "Society" refer to Nationwide Building Society, all references to "Group" refer to Nationwide Building Society and its subsidiary undertakings excluding the Virgin Money Group (as defined below), all references to "**Nationwide**" refer to the Society or the Group, as applicable in the context, and references to "**we**", "**our**", "**us**" and analogous expressions refer to Nationwide. References to "**Virgin Money**" refer to Virgin Money UK PLC, and references to the "**Virgin Money Group**" refer to Virgin Money and its subsidiaries. "**Combined Group**" refers to the Group and the Virgin Money Group, taken as a whole.

This Registration Document provides information about Issuer and incorporates by reference (as per the section entitled "*Documents Incorporated by Reference*" below) certain sections from: (i) the audited consolidated financial statements as of and for the period ended March 31, 2025 and the auditors' report thereon in the Society's annual report for the period ended March 31, 2025, (ii) the audited consolidated financial statements as of and for the year ended April 4, 2024 and the auditors' report thereon in the Society's annual report for the year ended April 4, 2024, (iii) the audited consolidated financial statements as of and for the year ended April 4, 2023 and the auditors' report thereon in the Society's annual report for the year ended April 4, 2023. The sections of the 2025 annual report and financial statements include the latest publicly available financial information relating to the Issuer and its subsidiary undertakings and other information in relation to the Group, which is relevant to investors. This Registration Document (including such information incorporated by reference) contains information necessary for investors to make an informed assessment of the Issuer. Investors must read this Registration Document together with the sections of the documents incorporated by reference herein. Where further information is provided in the sections of the documents incorporated by reference herein on matters covered by this Registration Document, this is highlighted in this Registration Document.

This Registration Document is split up into a number of sections, each of which is briefly described below:

The **Risk Factors** provides details of the principal risks relating to Nationwide that may affect the Issuer's ability to fulfil its obligation under its Securities.

The **Documents Incorporated by Reference** provides details of the documents incorporated by reference which form part of this Registration Document and which are publicly available.

The **Important Notices** sets out important information about the Issuer's responsibility for this Registration Document and provides information about its authorized use.

The **Description of Business** provides information about Nationwide, including on its history and development, the legislation under which it operates, its principal activities and markets, its organizational structure, trends affecting the Issuer, its credit ratings and its management.

The **General Information** provides additional, general disclosure in relation to the Issuer.

TABLE OF CONTENTS

Page

Important Notices ... 4
Presentation of Financial Information ... 6
Documents Incorporated by Reference ... 11
Risk Factors ... 14
Capitalization and Indebtedness ... 37
Unaudited Pro Forma Financial Information ... 38
Selected Consolidated Financial and Operating Information ... 42
Management's Discussion and Analysis of Financial Condition and Results of Operations ... 46
Description of Business ... 94
Selected Statistical Information ... 109
Financial Risk Management ... 122
Management ... 138
Competition ... 149
Supervision and Regulation ... 153
General Information ... 156

IMPORTANT NOTICES

The Issuer accepts responsibility for the information contained in this Registration Document. To the best of the knowledge of the Issuer, the information contained in this Registration Document is in accordance with the facts and this Registration Document does not omit anything likely to affect the import of such information.

This Registration Document is to be read and construed with any supplements hereto and all documents incorporated by reference into it.

This Registration Document may be combined with a securities note approved by the FCA to form a prospectus, or may be incorporated by reference into a base prospectus approved by the FCA, for the purposes of the UK Prospectus Regulation. The requirement to publish a prospectus under the Financial Services and Markets Act 2000 (the "**FSMA**") only applies to Securities which are to be admitted to trading on a UK regulated market as defined in UK MiFIR and/or offered to the public in the UK other than in circumstances where an exemption is available under section 86 of the FSMA. References in this Registration Document to "**Exempt Securities**" are to Securities for which no prospectus is required to be published under the UK Prospectus Regulation and the FSMA. If this Registration Document forms a constituent part of a base prospectus or is otherwise incorporated by reference in whole or in part into another offering circular or similar document (however called), which provides for the issue of Securities which are Exempt Securities, the FCA has neither approved nor reviewed information contained in this Registration Document in connection with any such Exempt Securities. Information contained in any such base prospectus or other offering circular or similar document regarding Exempt Securities will not form part of a prospectus or base prospectus for the purposes of the UK Prospectus Regulation and the FCA acting under Part VI of the FSMA has not approved, verified or reviewed information contained in this Registration Document in connection with the offering and sale of Exempt Securities.

No person has been authorized to give any information or to make any representation not contained in or not consistent with this Registration Document, including any documents incorporated by reference herein, and, if given or made, such information or representation must not be relied upon as having been authorized by the Issuer, or any trustee or any dealer appointed in relation to any issue of Securities by the Issuer.

This Registration Document, including any documents incorporated by reference herein should not be considered as a recommendation by the Issuer, any trustee or any dealer appointed in relation to any issue of Securities by the Issuer that any recipient of this Registration Document, including any document incorporated by reference herein, should purchase any Securities issued by the Issuer. Each investor contemplating subscribing for or purchasing Securities issued by the Issuer should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. No part of this Registration Document, including any documents incorporated by reference herein, constitutes an offer or invitation by or on behalf of the Issuer, any trustee or any dealer appointed in relation to any issue of Securities by the Issuer or any of them to any person to subscribe for or to purchase any of the Securities issued by the Issuer.

None of the delivery of this Registration Document or any documents incorporated by reference herein or any prospectus or base prospectus prepared by the Issuer in relation to which this Registration Document is incorporated by reference and forms a constituent part (a "**Prospectus**") or any relevant Final Terms or Pricing Supplement or the offering, sale or delivery of any Securities shall, in any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof, or that the information contained in this Registration Document including any documents incorporated by reference herein is correct at any time subsequent to the date hereof or that any other written information delivered in connection herewith or therewith is correct as of any time subsequent to the date indicated in such document. Any dealer or trustee appointed in relation to any issue of Securities by the Issuer expressly does not undertake to review the financial condition or affairs of the Issuer or its subsidiary undertakings during the life of such Securities.

The distribution of this Registration Document, including any document incorporated by reference herein, and the offer or sale of Securities issued by the Issuer may be restricted by law in certain jurisdictions. Persons into whose possession this Registration Document or any document incorporated by reference herein or any Securities issued by the Issuer come must inform themselves about, and observe, any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Securities issued by the Issuer and on the distribution of this Registration Document, including any document incorporated by reference herein, see the applicable description of arrangements relating to subscription and sale of the relevant Securities in the relevant Prospectus or the relevant Final Terms. In this Registration Document and in relation to any Securities issued by the Issuer, references to the "**relevant dealers**" are to whichever of the dealers enters into an agreement for the issue of such Securities issued by the Issuer as described in the applicable description of arrangements relating to subscription and sale of the relevant Securities in the relevant Prospectus and references to the "**relevant Final Terms**" are to the Final Terms or Pricing Supplement relating to such Securities.

PRESENTATION OF FINANCIAL INFORMATION

The financial information included in this Registration Document as of and for the period ended March 31, 2025 and the years ended April 4, 2024 and 2023 has been extracted from our audited consolidated financial statements prepared in accordance with the International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board, as adopted by the European Commission for use in the European Union (the "**EU**").

The consolidated financial statements as of and for the period ended March 31, 2025 and the years ended April 4, 2024 and 2023 have been audited by Ernst & Young LLP, independent auditors, as stated in their reports incorporated by reference herein.

We have made rounding adjustments to reach some of the figures included in this Registration Document. Accordingly, numerical figures shown as totals in some tables may not be an arithmetic aggregation of the figures that preceded them.

Unless otherwise indicated, all references in this Registration Document to "**pounds sterling**," "**sterling**" and "**£**" are to the lawful currency of the United Kingdom, all references to "**U.S. dollars**," "**dollars**," "**USD**" and "**$**" are to the lawful currency of the United States, all references to "**Canadian dollars**" or "**C$**" are to the lawful currency of Canada and all references to "**euro**," "**EUR**" or "**€**" are to the single currency of the participating Member States of the European and Monetary Union of the Treaty Establishing the European Community, as amended from time to time.

Accounting reference period for the Acquisition

On October 1, 2024, the Issuer acquired the entire issued and to be issued share capital of Virgin Money by means of a court-sanctioned scheme of arrangement between Virgin Money and its shareholders (the "**Scheme**"), which was sanctioned by the High Court of Justice of England and Wale (the "**Acquisition**" or the "**Virgin Money Acquisition**"). As a consequence of the Acquisition and in line with other entities of the Group, on October 1, 2024, Virgin Money extended its accounting reference period ending September 30, 2024 to March 31, 2025.

The financial information presented in this Registration Document includes the historical financial information of the Issuer for the period ended March 31, 2025 and historical financial information for Virgin Money for the six-months ended September 30, 2024. The unaudited pro forma financial information included in this Registration Document reflects the Virgin Money Acquisition and is presented to show the results of operations and financial position of the Combined Group as if the Acquisition had occurred on April 5, 2024.

Pro forma and supplementary financial information

Reflecting the Virgin Money Acquisition, this document also includes:

- an unaudited condensed pro forma income statement of the Combined Group (the "**pro forma income statement**") for the period ended March 31, 2025. The pro forma income statement gives effect to the Virgin Money Acquisition as if this had occurred on April 5, 2024. See "*Pro Forma Financial Information*"; and
- the unaudited interim condensed consolidated financial statements of Virgin Money in respect of the six months ended September 30, 2024.

This document also includes the supplementary financial information regarding Virgin Money set forth below;

- Virgin Money's unaudited interim condensed consolidated financial statements and the independent review report in respect of the six months ended March 31, 2024;

- Virgin Money's unaudited interim condensed consolidated financial statements and the independent review report in respect of the six months ended September 30, 2024; and
- Virgin Money's audited consolidated financial statements and the independent auditor's report in respect of the 18-months ended March 31, 2025.

Alternative performance measures and other non-IFRS financial information

Alternative performance measures

This Registration Document includes certain financial information which has not been prepared in accordance with IFRS and which also constitutes Alternative Performance Measures ("**APMs**") as defined in the European Securities and Markets Authority Guidelines on Alternative Performance Measures. Certain APMs are discussed below under "*—Underlying profit before tax*" and are also identified under "*—Selected ratios and other financial data*" in "*Pro Forma Financial information*" and in "*Selected Statistical Information*". None of this financial information is subject to any audit or review by independent auditors.

APMs are not a measure of financial performance under IFRS and should not be considered in isolation or as a substitute for operating profit, cash flow from operating activities or other financial measures of our results of operations or liquidity computed in accordance with IFRS. Other companies, including those in the financial services industry, may calculate the APMs presented differently from Nationwide. As all companies do not calculate these APMs in the same manner, our presentation of the APMs may not be comparable to other similarly titled APMs presented by other companies.

Total underlying income

Certain sections of this Registration Document, including "*Pro Forma Financial Information*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", discuss total underlying income, which is not a measure of financial performance under IFRS and which is an APM. In determining total underlying income, we take the sum of net interest income and net other income. Accordingly, the purpose of disclosing total underlying income is to present our view of our underlying performance with like for like comparisons of performance across each financial year. However, total underlying income is not a measure of financial performance under IFRS and should not be considered in isolation or as a substitute for operating profit, cash flow from operating activities or other financial measures of our results of operations or liquidity computed in accordance with IFRS. Other companies, including those in our industry, may also calculate underlying financial performance measures differently from Nationwide. As all companies do not calculate these financial measures in the same manner, our presentation of such financial measures may not be comparable to other similarly titled measures of other companies.

Underlying profit before tax

Certain sections of this Registration Document, including "*Pro Forma Financial Information*", "*Selected Statistical Information*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", discuss underlying profit before tax, which is not a measure of financial performance under IFRS and which is an APM. In determining underlying profit before tax, we adjust reported profit before tax for certain items which we regard as subject to one-off volatility or as otherwise not being reflective of our ongoing business activities. These items are the costs of the Financial Services Compensation Scheme (the "**FSCS**"), bank levy charges and transformation costs (each of which is added back to reported underlying profit before tax) and losses or gains from derivatives and hedge accounting (which are respectively added to or deducted from reported underlying profit before tax). Accordingly, the purpose of disclosing underlying profit before tax is to present our view of our underlying performance with like for like comparisons of performance across each financial year. However, underlying profit before tax is not a measure of financial performance under IFRS and should not be considered in isolation or as a substitute for operating profit, cash flow from operating activities or other financial measures of our results of operations or liquidity computed in accordance with IFRS. Other companies, including those in our industry, may also calculate underlying financial performance measures differently from Nationwide.

As all companies do not calculate these financial measures in the same manner, our presentation of such financial measures may not be comparable to other similarly titled measures of other companies.

The following table sets out a reconciliation of reported profit before tax to underlying profit before tax for the period ended March 31, 2025 and for the years ended April 4, 2024 and 2023.

Underlying and statutory results	**For the period ended March 31,**	**For the year ended April 4,**	
	2025	**2024(1)**	**2023**
		(*£ million*)	
Net interest income	4,992	4,450	4,498
Net other income	180	214	175
Total underlying income	**5,172**	**4,664**	**4,673**
Underlying administrative expenses	(3,550)	(2,549)	(2,314)
Impairment (charge)/ release on loans and advances to customers	(632)	(112)	(126)
Underlying profit before tax(2)	**990**	**2,003**	**2,233**
Gains/ (losses) from derivatives and hedge accounting(3)	12	117	(4)
Acquisition and other adjustments(4)	2,300	—	—
Member reward payments(5)	(1,000)	(344)	—
Statutory profit before tax	**2,302**	**1,776**	**2,229**
Taxation	36	(476)	(565)
Profit after tax	**2,338**	**1,300**	**1,664**

Notes:

(1) Comparative financial information for the year ended April 4, 2024 was restated in the 2025 Financial Statements, to present provisions for liabilities and charges within administrative expenses. See Note 1 to the 2025 Financial Statements.

(2) Underlying profit represents management's view of underlying performance. Member reward payments, gains or losses from derivatives and hedge accounting (presented separately within total income in the income statement) and any FSCS costs and refunds from institutional failures (included within provisions for liabilities and charges) are excluded from statutory profit to arrive at underlying profit. There were no FSCS costs or refunds from institutional failures for the for the financial period ended March 31, 2025 and the financial years ended April 4, 2024 and April 4, 2023.

(3) Although we only use derivatives to hedge market risks, income statement volatility can still arise.

(4) On October 1, 2024, the Group acquired Virgin Money, with the results of Virgin Money sub-group included from that date. Underlying net interest income excludes amortization of fair value adjustments which were recognized on the Virgin Money Acquisition. The gain recognized on the Virgin Money Acquisition, as detailed in note 38 to the 2025 Financial Statements, has been excluded from underlying result. Underlying administrative expenses exclude certain costs relating to the Virgin Money Acquisition. These comprise £36 million of transaction-related costs incurred by the Society, £56 million of amortization relating to acquired intangible assets and £275 million of one-off costs (and related VAT) associated with the amended Trade Mark License Agreement between Virgin Money UK PLC and Virgin Enterprises Limited. Excluded from the underlying impairment charge are the one-off impacts of recognizing IFRS 9 provisions on the Virgin Money Acquisition. This includes the initial recognition of the 12-month expected loss for all acquired loans, the impact of the first application of staging criteria and the alignment of key elements of the impairment provision methodology.

(5) Member reward payments represent discretionary payments to members of the Society which may be determined by the Board from time to time, depending on the financial strength of the Society. Member reward payments were first recognized in the financial year ended April 4, 2024, and have been excluded from underlying profit on the basis that management does not consider such payments to be part of the Group's underlying business performance.

Net interest margin

Net interest margin is not a measure of financial performance under IFRS. In determining net interest margin, we divide our net interest income for each financial year (as shown in our consolidated annual financial statements) by our weighted average total assets. Weighted average total assets are calculated by taking the average of closing monthly total assets over the financial year. We believe that net interest margin is an important supplemental measure of our operating performance and believes that it may be used by securities analysts, investors and other interested parties in the evaluation of our performance in comparison with other building societies and financial institutions. However, net interest margin is not a measure of financial performance under

IFRS and should not be considered in isolation or as a substitute for operating profit, cash flow from operating activities or other financial measures of our results of operations or liquidity computed in accordance with IFRS. Other financial institutions may calculate net interest margin differently from Nationwide and our presentation of net interest margin may not be comparable to other similarly titled measures of other financial institutions.

The following table sets out the calculation of our net interest margin on a statutory basis for the period ended March 31, 2025 and the years ended April 4, 2024 and 2023.

	For the period ended March 31,	**For the year ended April 4,**	
	2025	**2024**	**2023**
	(*£ million, except percentages*)		
Net interest income..................	4,992	4,450	4,498
Weighted average total assets..	327,130	285,128	285,610
Net interest margin................	**1.54%**	**1.56%**	**1.57%**

Other APMs

The other APMs included in this Registration Document are certain ratios set out in "*Pro Forma Financial Information*" under the heading "*Selected ratios and other financial data*". Each ratio that constitutes an APM is identified as such in that section. These ratios have been included in this Registration Document because we consider them to be important supplemental measures of our operating performance and financial position and believe that they may be used by securities analysts, investors and other interested parties in the evaluation of our performance in comparison with other building societies and financial institutions.

Other non-IFRS financial information

Capital and leverage ratios

This Registration Document includes references to capital and leverage ratios applied under the UK prudential regulation regime (the "**UK Prudential Framework**") for banks and building societies, which derives in large part from the EU prudential framework set out under the Capital Requirements Directive (2013/36/EU) as amended ("**CRD**") and, the EU Capital Requirements Regulation (575/2013) as amended ("**CRR**", and together with the CRD, "**CRD IV**"), which implement the Basel III reforms developed in response to the global financial crisis in the European Union. The Society's prudential regulator is the Prudential Regulation Authority (the "**PRA**").

The CRD IV framework, as applicable in the EU as at the end of the transition period (December 31, 2020) relating to the UK's exit from the EU, has broadly been reflected in the United Kingdom, with CRR and related EU regulations (which had direct binding effect in the United Kingdom until expiration of the transition period) being retained and subsequently assimilated as domestic UK law, with certain exceptions and adjustments, primarily through the European Union (Withdrawal) Act 2018, as amended, and ancillary legislation (the CRR as so assimilated into domestic UK law and as amended, "**UK CRR**", and the CRD IV framework as it applies in the UK, "**UK CRD IV**").

These capital and leverage ratios measure our capital adequacy and financial strength, respectively. The capital ratios comprise:

- the Common Equity Tier 1 capital ratio ("**CET1 ratio**"), which expresses Common Equity Tier 1 ("**CET1**") capital as a percentage of risk weighted assets ("**RWA**s"). CET1 capital is considered the highest quality form of capital defined in the UK CRR and comprises accumulated reserves and qualifying instruments after regulatory deductions. RWAs represent the value of assets as adjusted in accordance with the UK CRR to reflect the degree of risk that they represent;

- the tier 1 capital ratio, which expresses total tier 1 capital as a percentage of RWAs. Tier 1 capital comprises CET1 capital and additional tier 1 ("**AT1**") capital instruments (which are instruments meeting defined criteria under the UK CRR, including that they convert to CET1 or their principal is written down on the occurrence of a trigger event); and

- the total capital ratio, which expresses total regulatory capital (which is capital defined under applicable regulations less required adjustments and deductions) as a percentage of RWAs.

Each of these capital ratios has been reported in this Registration Document on an end point basis under the UK Prudential Framework.

The leverage ratios measure tier 1 capital as a proportion of exposures on a non-risk weighted basis and comprise:

- the UK CRR leverage ratio (which measures exposures as the sum of (i) on-balance sheet exposures, adjusted for derivatives and securities financing exposures, and (ii) off-balance sheet items); and

- the UK leverage ratio (which is calculated in this Registration Document as at April 4, 2023, as at April 4, 2024 and as at March 31, 2025 on the basis of measurement announced by the PRA in October 2017, which is the same as that used in the UK CRR leverage ratio save that the exposure measure excludes eligible central bank reserves).

Although the capital and leverage ratios and measures included in this Registration Document are not IFRS measures, we believe that they are important to understanding the background of, and rationale for, the offer as well as our capital and leverage position.

None of the capital and leverage ratios and measures included in this Registration Document are APMs.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents have previously been published or are published simultaneously with this Registration Document and shall be deemed to be incorporated in, and form part of, this Registration Document:

(1) our audited consolidated financial statements as of and for the period ended March 31, 2025 and the independent auditors' report thereon (contained on pages 205 to 217 (inclusive) of our annual report for the period ended March 31, 2025) (the "**2025 Financial Statements**");

(2) our audited consolidated financial statements as of and for the year ended April 4, 2024 and the independent auditors' report thereon (contained on pages 220 to 315 (inclusive) of our annual report for the year ended April 4, 2024) (the "**2024 Financial Statements**");

(3) our audited consolidated financial statements as of and for the year ended April 4, 2023 and the independent auditors' report thereon (contained on pages 219 to 317 (inclusive) of our annual report for the year ended April 4, 2023) (the "**2023 Financial Statements**");

(4) Virgin Money's unaudited interim condensed consolidated financial statements and the independent review report in respect of the six months ended March 31, 2024 set out on pages 59 to 83 (inclusive) of Virgin Money's Interim Financial Report for the six months to March 31, 2024;

(5) Virgin Money's unaudited interim condensed consolidated financial statements and the independent review report in respect of the six months ended September 30, 2024 set out on pages 56 to 82 (inclusive) of Virgin Money's Interim Financial Report for the six months to September 30, 2024;

(6) Virgin Money's audited consolidated financial statements and the independent auditor's report in respect of the 18-months ended March 31, 2025 set out on pages 106 to 196 (inclusive) of Virgin Money's Interim Financial Report for the 18-months March 31, 2025 (the "**Virgin Money Financial Statements**").

We will, at our registered office, make available for inspection during normal business hours and free of charge, upon oral or written request, a copy of this Registration Document including any document incorporated by reference in this Registration Document. Written or oral requests for inspection of such documents should be directed to our registered office. Additionally, this Registration Document will be available for viewing at https://www.nationwide.co.uk/investor-relations/usmtn-terms-of-access/usmtn-programme/, https://www.nationwide.co.uk/investor-relations/covered-bond-terms-of-access/covered-bond-programme/, https://www.nationwide.co.uk/investor-relations/emtn-terms-of-access/emtn-programme/ and all the documents incorporated by reference herein will be available for viewing at https://www.nationwide.co.uk/about/investor-relations.

For the avoidance of doubt, unless specifically incorporated by reference into this Registration Document, any websites referred to in this Registration Document or any information appearing on such websites and pages do not form part of this Registration Document. Any information incorporated by reference in the above documents does not form part of this Registration Document and, to the extent that only certain parts of the above documents are specified to be incorporated by reference hereunder, the non-incorporated parts of such documents are either not relevant for investors or are covered elsewhere in this Registration Document.

The table below sets out the relevant page references for our audited consolidated financial statements for the period ended March 31, 2025 and the years ended April 4, 2024 and 2023 and the auditor's reports thereon.

Audited consolidated annual financial statements as of and for the period ended March 31, 2025	
Independent Auditors' Report..	Pages 205 - 217

Income statement.. Page 218
Statement of comprehensive income.. Page 219
Balance sheet.. Page 220
Statement of movements in members' interests and equity .... Pages 221 - 222
Cash flow statement .... Page 223
Notes to the consolidated annual financial statements .... Pages 224 - 312

Audited consolidated annual financial statements as of and for the year ended April 4, 2024

Independent Auditors' Report.. Pages 220 - 234
Income statement.. Page 235
Statement of comprehensive income.. Page 236
Balance sheet.. Page 237
Statement of movements in members' interests and equity .... Pages 238 - 239
Cash flow statement .... Page 240
Notes to the consolidated annual financial statements .... Pages 241 - 315

Audited consolidated annual financial statements as of and for the year ended April 4, 2023

Independent Auditors' Report.. Pages 220 - 233
Income statement.. Page 234
Statement of comprehensive income.. Page 235
Balance sheet.. Page 236
Statement of movements in members' interests and equity .... Pages 237 - 238
Cash flow statement .... Page 239
Notes to the consolidated annual financial statements .... Pages 240 - 317

The table below sets out the relevant page references for the Virgin Money Financial Statements.

Audited consolidated financial statements for the 18-months ended March 31, 2025

Independent Auditors' Report .... Pages 106 – 118
Income statement.. Page 119
Statement of comprehensive income.. Page 120
Balance sheet.. Page 121
Statement of changes in equity... Page 122
Statement of cash flows.. Page 123 – 124
Notes to the consolidated financial statements... Pages 125 – 196

Unaudited condensed consolidated interim financial statements for the six months ended September 30, 2024

Independent Review Report .... Pages 56 – 57
Income statement.. Page 57
Statement of comprehensive income.. Page 58
Balance sheet.. Page 59
Statement of changes in equity... Page 60
Statement of cash flows.. Page 61
Notes to the interim condensed consolidated financial statements.................. Pages 62 – 82
Independent review report.. Page 56

Unaudited condensed consolidated interim financial statements for the six months ended March 31, 2024

Independent Review Report .... Page 59

Income statement.. Page 60
Statement of comprehensive income.. Page 61
Balance sheet.. Page 62
Statement of changes in equity... Page 63
Statement of cash flows.. Page 64
Notes to the interim condensed consolidated financial statements.................. Pages 65 - 83
Independent review report.. Page 59

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Registration Document.

RISK FACTORS

We believe that the following factors may affect our ability to fulfill our obligations under any Securities.

In purchasing any Securities, investors will assume the risk that we may become insolvent or otherwise be unable to make all payments due in respect of the Securities. There is a wide range of factors which individually or together could result in us becoming unable to make all payments due in respect of the Securities. The following is a description of the principal risks associated with our business as of the date of this Registration Document; however, we do not represent that the risks set out in the statements below are exhaustive. A description of the principal risks associated with any Securities, and any market for Securities generally, will be set out in the securities note or base prospectus prepared in connection with the relevant Securities.

This section of this Registration Document is divided into four main sections—"Economic and Financial Risks", "Regulatory Risks", "Business and Operational Risks" and "Risks related to the Virgin Money Acquisition."

1) Economic and Financial Risks

a) The UK economy

Our business and prospects are largely driven by the UK mortgage, savings and personal current account markets and the level of interest rates, which in turn are driven by the UK economy, the outlook for which is inherently uncertain. Consequently, we are subject to inherent risks arising from general economic conditions in the UK but also indirect risks arising from volatility in global financial markets in the Eurozone and elsewhere.

We offer a range of banking and financial products and services to UK retail customers with our business activities concentrated in the UK retail deposit and residential mortgage markets. Under current building society legislation, our ability to diversify our business is limited. Accordingly, a decline in the UK economy or the predominantly retail markets in which we operate could have a material adverse impact on our financial performance and business operations. We are also directly and indirectly subject to inherent risks arising from general economic conditions in the UK, global macro-economic conditions and geopolitical conditions in our economies, particularly the Eurozone.

Domestic and international conditions are subject to fluctuations which can adversely affect our operating performance, financial conditions and/or prospects, through a wide range of potential channels, including but not limited to; changes in unemployment levels, rates of inflation, level of interest rates, consumer confidence, the state of the UK housing market (including house prices), counterparty risk and the availability and cost of credit in wholesale and retail markets.

Such fluctuations can occur as a result of different types of shocks, which in recent years have included global financial crises, the Covid-19 pandemic and increased geopolitical tensions and conflict. Furthermore, potential sources of future shocks are many and varied and often difficult to foresee in advance.

Economic conditions may also be affected by long-term structural changes such as demographic shifts and/or climate change, as well as by changes to government or regulatory policies domestically or globally. The latter may include significant changes to monetary, fiscal or macro-prudential policies which could have a negative impact on our markets or wider economic conditions. Political uncertainty and/or significant changes to government policy could also affect our markets and/or wider economic prospects. For example, the UK's exit from the European Union is likely to have implications for the UK's trading relationships and wider economic performance for many years to come. These fluctuations, future shocks and long-term structural changes may have an adverse impact on our operating performance, financial conditions and/or prospects.

In addition, there was significant market turbulence following the UK Government's (the "**Government**") "mini-Budget" announcement in late September 2022. Sterling fell to all-time lows against the dollar while swap rates surged.

Market conditions have since improved. However, market turbulence could re-emerge as the scope for policy change is large and the political backdrop remains uncertain. The UK has a large current account deficit which is funded by attracting capital inflows, leaving the UK vulnerable to shifts in public sentiment. Investors may continue to attach risk premia to UK assets as a result of recent events and ongoing uncertainty. Market volatility, driven by the macro-economic environment, also has the potential to affect the cost and availability of wholesale funding for UK-based institutions. For example, the United States government has recently enacted and proposed to enact significant new trade tariffs. Such tariffs and related restrictions may disrupt trade patterns across the world and may negatively affect the economies of certain countries, such as the UK, that are highly reliant upon exports. While a prudent approach continues to be taken in managing our liquidity and funding position, continued volatility may have an adverse impact on our financial performance and business operations.

There is also an increased risk that the UK's sovereign credit rating may be downgraded by rating agencies, which could increase funding costs for lenders. If market interest rates remain elevated, economic activity is likely to be adversely impacted. As well as restraining demand, higher interest rates could damage the supply side of the economy. If demand and supply sides of the economy both deteriorate, inflation may not decline very much or very quickly, which may also mean that interest rates stay higher for longer and could have an adverse impact on our financial performance and business operations.

b) Credit Risk

The prevailing level of interest rates and the provision or withdrawal of other accommodative monetary and fiscal policies, which are impacted by factors outside of our control, including the fiscal and monetary policies of governments and central banks, as well as UK and international political and economic conditions, affect our results of operations, financial condition and return on capital. The Bank of England has had to tighten monetary policy in response to high inflation and a tight labor market. The Bank of England base rate of interest has been at 4.50% since February 2025, an increase of 440 basis points since December 2021. Policymakers have indicated that the restrictive monetary policy has helped to bring inflation back towards target, and that they expect to be able to reduce interest rates soon, as long as inflation continues to decline. However, there remains considerable uncertainty about the timing and extent of any such interest rate cuts, as well as with regard to any estimates of what the neutral rate of interest may be.

The relatively long period of stimulus measures in the UK and elsewhere has increased uncertainty over the impact of its reduction, which could lead to generally weaker than expected growth, or even contracting gross domestic product, reduced business confidence, higher levels of unemployment or under-employment, adverse changes to levels of inflation, potentially higher interest rates and falling property prices in the markets in which we operate, and consequently to an increase in delinquency rates and default rates among our customers. Moreover, higher prevailing interest rates would affect our cost of funding with depositors and creditors, which could adversely affect our profitability, to the extent our margins decline.

The personal financial services sector in the UK remains vulnerable to increases in unemployment, rising interest rates and/or falling house prices. Between 2009 and 2022, both variable and fixed interest rates have been at relatively low levels. Changes in the Bank Rate affect interest rates payable on a significant portion of our outstanding mortgage loan products over time. Rising interest rates would put pressure on borrowers whose loans are subject to a variable rate of interest, or who following a fixed rate period can only re-mortgage at a higher rate of interest. Such borrowers may experience financial stress in repaying at increased rates in the future, which ultimately may result in higher delinquency rates and losses in the future. Increased unemployment or underemployment could also lead to impacted borrowers being unable to service their loan repayments in a timely fashion, which would result in higher levels of arrears, thus increasing our impairment charges in respect of these portfolios. These events, alone or in combination, may contribute to higher delinquency rates and losses.

The value of the properties in our mortgage portfolio is also influenced by UK house prices, and a significant portion of our revenue is derived from interest and fees paid on our mortgage portfolio. A decline in house prices in the UK such as the recent fall in house prices could lead to a reduction in the recovery value of real estate assets held as collateral in the event of a customer default, and could lead to higher impairment provisions, which could reduce our capital and our ability to engage in lending and other income-generating activities. A significant increase in house prices over a short period of time could also have a negative impact on our business by reducing the affordability of homes for buyers, which could lead to a reduction in demand for new mortgages. Sustained volatility in house prices could also discourage potential homebuyers from committing to a purchase, thereby limiting our ability to grow the residential mortgage portfolio.

In addition, we also have a significant portfolio of buy to let ("**BTL**") mortgages. The BTL market in the UK is predominantly dependent upon yields from rental income to support mortgage interest payments and capital gains from capital appreciation. Falling or flat rental rates and decreasing capital values, whether coupled with higher mortgage interest rates or not, could reduce the potential returns from BTL properties. Furthermore, if the Government passes legislation that increases tax burdens or requires costly upgrades to BTL properties, such as legislation that would increase Minimum Energy Efficiency Standards for BTL properties, it could reduce potential returns on certain BTL property investments.

The Government's intervention into the housing market through buyer assistance schemes, changes to stamp duty thresholds, enforced or recommended payment holidays or other concessions or allowances on mortgage payments, or indirectly through measures that provide liquidity to the banking sector (as was the case with FLS, TFS and TFSME), may also contribute to volatility in house prices. This could occur, for example, as a result of the extension of funding scheme to the banking sector, which would maintain excess funding liquidity in the mortgage market which has supported a low mortgage interest rate environment, and which could lead to inflation in house prices.

A reduction in UK house prices, or other deterioration in economic conditions, may also have an adverse impact on our CET1 ratio. The results of the concurrent stress testing undertaken by the Bank of England, available on the Bank of England's website, illustrate the impact that certain economic scenarios are projected to have on our capital position.

c) Liquidity and Funding

Retail depositors with the Society are a significant source of funding for us and, under current legislation, a minimum of 50.0% of our aggregate shares and borrowings (calculated in accordance with the UK Building Societies Act 1986, as amended (the "**UK Building Societies Act**")) is required to be in the form of deposits which we accept from members of the public and which are classified as "shares" in our balance sheet as they confer member status on the depositors. Retail deposits classified as shares totaled £207 billion as at March 31, 2025, £193 billion as at April 4, 2024 and £187 billion as at April 4, 2023, equal to 62.8%, 77.4% and 74.6%, respectively, of our total shares and borrowings (for the purposes of the UK Building Societies Act) at each such date.

The ongoing availability of retail deposit funding is dependent on a variety of factors outside our control, such as:

- general economic conditions and market volatility;
- the general level of retail deposits in the economy;
- the confidence of retail depositors in the economy in general and in us in particular;
- contagion impact due to concerns about the financial conditions of other UK banks;
- the impact of technology and 'Open Banking' as further discussed in "—*Competition*" below
- the risk that significant portions of the UK savings and private current accounts market move to digital currencies such as the Bank of England's proposed Central Bank Digital Currency, as further discussed in "—*Competition*";
- the financial services industry specifically; and

- the availability and extent of deposit guarantees, such as under the FSCS.

The maintenance and growth of our lending activities depends in large part on the availability of retail deposit funding on appropriate terms. Increases in the cost of such funding could have a negative impact on our margins and profit. These or other factors could lead to a reduction in our ability to access retail deposit funding on appropriate terms in the future.

Like all major financial institutions, we are also dependent on the short- and long-term wholesale funding markets for liquidity. Though our dependence on wholesale funding is less than other financial institutions, due to the requirements of current building society legislation, our business is subject to risks concerning liquidity, which are inherent in financial institutions' operations. If access to liquidity is constrained for a prolonged period of time, this could affect our profitability.

Under exceptional circumstances, our ability to fund our financial obligations could be negatively impacted if we are unable to access funding on commercially practicable terms, or at all. We expect to have sufficient liquidity to meet our funding requirements in a market-wide stress scenario. However, under extreme and unforeseen circumstances a prolonged and severe restriction on our access to liquidity (including as a result of the withdrawal of government and central bank funding and liquidity support, or a change in the structure, term or cost of any such funding or liquidity support) could increase our cost of funding, resulting in a material adverse effect on our profitability or results of operations. Further, such circumstances could affect our ability to meet our financial obligations as they fall due, meet our regulatory minimum liquidity requirements, or fulfil our commitments to lend.

These risks could be exacerbated by many enterprise-specific factors, including an over-reliance on a particular source of funding, changes in credit ratings, or market-wide phenomena such as market dislocation and major disasters. There is also a risk that the funding structure employed by us may prove to be inefficient, giving rise to a level of funding cost that is not sustainable in the long term for us to grow our business or even maintain it at current levels. Our ability to access retail and wholesale funding sources on satisfactory economic terms is subject to a variety of factors outside of our control, such as general market conditions, regulatory requirements and loss of confidence in the UK banking system.

The Government has in recent years provided significant support to UK financial institutions. The continuation and extension of Government schemes designed to support lending may increase or perpetuate competition in the retail lending market, resulting in sustained or intensifying downward pricing pressures and consequent reductions in net interest margins. We also expect to face continued competition in the retail lending market driven by certain ring-fenced banks as they deploy surplus liquidity in lending markets.

We expect to face continuing competition for funding, particularly retail funding on which we are reliant, in the future. Deposit market competition is being driven by smaller lenders with largely non-mortgage loan books whose high asset yields enable them to offer attractive deposit rates. These potential pressures could be exacerbated over time once the sector seeks to replace the funding it obtains from the Bank of England funding schemes. This competition could further increase, impacting our funding costs and adversely affecting our financial position.

In addition to the factors mentioned above, if sentiment towards banks, building societies and/or other financial institutions operating in the United Kingdom, including us, were to deteriorate, or if our ratings and/or the ratings of the sector were to be adversely affected, this may have a material adverse impact on the liquidity and funding of all UK financial services institutions, including us. Such a loss of sentiment could also potentially occur as a result of a downgrade to the UK's sovereign rating or loss of confidence in the creditworthiness of the Government more generally. Any declines in those aspects of our business identified by the rating agencies as significant could adversely affect the rating agencies' perception of our credit and cause them to take negative ratings actions. Any downgrade in our credit ratings could adversely affect our liquidity and competitive position, particularly through cash outflows to meet collateral requirements on existing contracts; undermine confidence in our business; increase our borrowing costs; limit our access to the capital markets; or lead to a loss of customers and counterparties willing to trade with us.

Any downgrades may also create new obligations or requirements for us under existing contracts with our counterparties. For example, the amount of additional collateral the Group would need to provide in the event of a one notch and two notch downgrade by external credit rating agencies would be £0.6 billion (April 4, 2024: £nil) and £1.0 billion (April 4, 2024: £0.7 billion) respectively (subject to management actions that could be taken to reduce the impact of the downgrades). For further information see the section entitled "*Management's Discussion and Analysis of Financial Condition and Results of Operations—External Credit Ratings."*

d) Competition

We operate in an intensely competitive UK personal financial services market. We compete mainly with other providers of personal finance services, including banks, building societies and insurance companies. In addition, recent technological advances have allowed new competitors to emerge both from within the traditional financial services arena and from outside it, and continued advances in technology may lead to further new entrants from the fintech sector.

For example, both financial institutions and their non-banking competitors face the risk that payments processing and other banking services could be significantly disrupted by technologies, such as private sector 'stablecoins' and other digital currencies, that require no intermediation. New technologies could require us to spend more to adapt our products, propositions and infrastructure to ensure we remain competitive and can continue to attract and retain new and existing members, respectively. Moreover, we will need to ensure our brand remains relevant and attractive to our customers in light of both existing and emerging competition.

Each of the main personal financial services markets in which we operate is mature and relatively slow growing, which intensifies pressure for firms to take market share from competitors if they are to expand. See *"Competition"* below. As a consequence, there is a risk that this will create downward pressure on prices, negatively impacting our ability to deliver our strategic income targets and our financial performance. Competition may also intensify in response to consumer demand, further technological changes, brand relevance and the impact of consolidation among our competitors.

As a member-owned business, we are able to provide a financial benefit to our members through the offer of competitive savings and mortgage products. Our member financial benefit is delivered in the form of differentiated pricing and incentives, which we quantify as the sum of our interest rate differential, member reduced fees and incentives. For the period ended March 31, 2025, we have provided our members with a financial benefit of £1,795 million (April 4, 2024: £1,850 million) as a result of our strong savings and mortgage products which seek to provide good value to members.

We are subject to regulation and possible enforcement action by the Competition and Markets Authority (the "**CMA**"). The CMA is central to the enforcement of competition law in the UK, including the Competition Act 1998 (the "**Competition Act**"). The CMA is responsible for the enforcement of infringement of both any prohibited activity under Chapter I or Chapter II of the Competition Act (where civil penalties are imposed on undertakings) and criminal offences committed by individuals under the Enterprise Act 2002 (the so called "cartel offenses"). When conducting an investigation the CMA has the power to require disclosure of information or documents and to carry out 'dawn raids' on company premises. The CMA may also require a company to comply with interim measures whilst the investigation is ongoing. Civil penalties available to the CMA at the conclusion of an investigation include settlement, commitments, infringement decisions, director's disqualification, and financial penalties. Most notably, the CMA has the power to impose penalties of up to 10% of turnover on an undertaking found to have infringed a prohibited activity under Chapter I or Chapter II of the Competition Act. We are not currently subject to any enforcement actions by the CMA.

Certain sectoral regulators have concurrent powers to those of the CMA for those undertakings operating within their respective sectors. The Financial Conduct Authority is the sectoral regulator for the financial markets industry and Payment Services Regulator is the sectoral regulator for the payment systems industry. They have the same enforcement powers as the CMA under the Competition Act.

The CMA launched a full market investigation into competition in the SME banking and personal current account ("**PCA**") markets in November 2014 and published its final report on August 9, 2016, followed by the Retail Banking Market Investigation Order 2017 on February 2, 2017. The key final remedies include: the introduction of "Open Banking", the publication of service quality information and customer information prompts. Recommendations were also made regarding improvements to current account switching, monthly maximum charges for PCA overdraft users, overdraft notifications and additional measures to assist small business in comparing the different products available. The FCA has also undertaken market reviews in each of the major retail product markets and introduced remedies to help customers compare products and switch between products and product providers. These and future recommendations could shift the competitive landscape in the sector and have an adverse impact on our results.

We continue to experience heightened competition across our products, with new entrants looking to compete primarily via digital channels, including well established financial services companies, seeking to gain a share of the current account market. Additionally, the rise of digital banking is changing customer expectations of the availability of banking services. As digital changes make transactions easier and more convenient, we expect customers to transact more frequently, and in many different ways. The pandemic has further accelerated the digital transformation, and we invested in building greater capacity and resilience into our payments platform, systems and controls. Upgrading systems comes with some risk, and we experienced some payments outages linked to the upgrades. We may not be able to manage service provision ahead of rising customer expectations or may have competitors who are more successful in meeting demand for digital banking services, both of which may negatively impact our brand relevance.

In addition, if our customer service levels were perceived by the market to be materially below those of competitor UK financial institutions, we could lose existing and potential new business. If we are not successful in retaining and strengthening customer relationships, we may lose market share, incur losses on some or all of our activities or fail to attract new deposits or retain existing deposits, which could have a material adverse effect on our business, financial condition or results of operations.

e) Financial Performance

We seek to maintain a secure and dependable business for our members through, among other things, generating a level of profit sufficient to meet regulatory capital and future business investment requirements and focusing on how we spend members' money through driving a culture of efficiency.

As a member-owned mutual organization, we aim to make the right level of profit to maintain our financial strength and invest for the future, and we balance these longer-term priorities with delivering value to our members through better rates, incentives, and through our product and service propositions. In recent years, our financial planning and stress testing has focused on parameters that have allowed us to calibrate future performance with a view to achieving the right balance between distributing value to members, investing in the business and maintaining financial strength, including a target profitability range that would enable sustainable capital strength.

Costs are targeted to remain below cumulative inflation which requires cost efficiencies to be delivered, some of which are already committed and the remainder are supported by a number of planned strategic initiatives. However, there can be no assurance such targeted cost savings can be achieved. Any failure by us to make sufficient profits to maintain our financial strength and invest for the future and/or to achieve our targeted efficiencies could adversely impact our capital ratios and the results of operations.

f) Climate change

The risks associated with climate change are coming under an increasing focus, both in the UK and internationally, from governments, regulators, and large sections of society. These risks include, but are not limited to: physical risks, arising from climate and weather-related events of increasing severity and/or frequency; transition risks resulting from the process of adjustment towards a lower carbon economy; nature risks amplifying the physical and transition risks associated with climate change; and liability and compliance risks arising from experiencing litigation or reputational damage as a result of sustainability issues.

Physical risks from climate change arise from a number of factors and relate to specific weather events and longer term shifts in the climate. The nature and timing of extreme weather events are uncertain but they are increasing in frequency and their impact on the economy is predicted to be more acute in the future. The potential impact on the economy includes, but is not limited to, lower GDP growth, higher unemployment, and significant changes in asset prices and profitability of industries. Physical risks from climate change also impact us specifically, including the flood exposure within our mortgage book which could lead to a decline in the value of the associated properties. In addition, our premises and resilience may also suffer physical damage due to weather events leading to increased costs or lost income for us.

The move towards a low-carbon economy will also create transition risks, due to potential significant and rapid developments in the expectations of policymakers, regulators, and society resulting in policy, regulatory, and technological changes which could impact us directly, as well as have a more indirect impact due to macroeconomic effects on the UK and the EU's energy import dependency, investment costs, energy costs, industrial competitiveness, GDP and employment. These risks may cause the impairment of asset values and impact defaults among retail customers (including through the ability of customers to repay their mortgages, as well as the impact on the value of the underlying property), which could result in currently profitable business deteriorating over the term of agreed facilities.

Nationwide is in the early stages of considering how nature risk is embedded into its Enterprise Risk Management Framework ("**ERMF**"). Nature and climate change are interconnected, with nature loss and degradation potentially compounding the risks associated with climate change. The potential impact on the economy includes, but is not limited to, lower GDP growth, and significant changes in asset prices and profitability of industries. Nature risks are being considered in relation to the material locations for our business operations and supply chain, and not on our lending portfolios.

If we do not adequately embed the management of the risks associated with climate change identified above into our risk frameworks to appropriately measure, manage and disclose the various financial and operational risks we face as a result of climate change, or fail to adapt our strategy and business model to the changing regulatory requirements and market expectations on a timely basis, this could have an adverse impact on our operations, financial condition and prospects. Furthermore, inadequate climate risk disclosure could result in the loss of our investor base as it may not be perceived to be a green investment. Implications of inadequately managing or disclosing climate-related risk or evidencing progress in line with expectations could also result in potential reputational damage, member attrition or loss of investor confidence.

Governments and regulators may introduce increasingly stringent rules and policies designed to achieve targeted outcomes, which could increase compliance costs for us, drive asset impairments and result in regulatory fines or other action if we are unable to implement adequate reforms sufficiently quickly. How we assess and respond to these developments and challenges could increase our costs of business, and a failure to identify and adapt our business to meet new rules or evolving expectations, or any perception that we are underperforming relative to our competitors, could result in reputational damage and/or the risk of legal claims.

We are committed to a net-zero future. It is our aspiration to support the UK in achieving its ambition to be net-zero by 2050. This aspiration is embedded into our strategy, supported by our Mutual Good Commitment – we aim to build a more sustainable world by supporting progress towards a greener society. Environmental and climate consciousness are also aligned to our mutual purpose. We have set intermediate (by 2030) science-based emissions targets, across scope 1, 2, and 3 emissions, and in December 2023, we published our inaugural Intermediate (by 2030) net-zero-aligned Transition Plan, detailing the actions and potential actions needed for us to progress towards our targets. We had previously stated that we do not believe that our intermediate (by 2030) science-based scope 3 target for mortgages will be achieved, as we have very limited influence over practical measures to reduce emissions from properties which are owned by our borrowers, and no control over government policy needed to green UK homes and social housing. The Climate Change Committee's ("**CCC**'s") Progress in Reducing Emissions: 2024 Report to Parliament stated that the UK requires 'urgent action' to reach net-zero and noted the uptake in the number of retrofitting measures, such as heat pump installations for UK residential properties, was low and needed to increase substantially by the end of the decade. The outcomes of the CCC's report, and action by the Government, customers and cross-industry to date, continue to indicate that the UK is not going to achieve the emissions reductions required to green UK homes in line with net-zero. Considering this, we have reflected, over the past 12 months, on the appropriateness of our science-based target for our mortgage portfolio, conducting internal modelling to estimate the potential estimated impact of committed government policy on our ability to achieve our target. Our internal modelling continues to demonstrate that our intermediate (by 2030) science-based target for mortgages is not going to be achieved. For the time being, we have retained our target and aligned to a consistent set of intermediate (by 2030) science-based targets across the Group, where feasible, to ensure transparency around the challenges we face and the extent of progress being made on this important issue and the roles which government and other parties need to play to move towards net-zero. However, we will be keeping our targets under active review as we continue to monitor the UK's progress towards its net-zero ambition, including market and policy developments.

g) Financial Reporting

The preparation of the Group's financial statements in accordance with IFRS involves management making judgements and estimates when applying those accounting policies that affect the reported amounts of assets, liabilities, income and expense. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Actual results may differ from those on which management's estimates are based.

We have identified certain accounting policies in the notes to the audited consolidated financial statements for the period ended March 31, 2025 incorporated by reference in this Registration Document involving a higher degree of judgement or areas involving significant sources of estimation uncertainty made by management in applying the Group's accounting policies. These policies include those covering impairment provisions on customer loans and advances (see Note 10 to the 2025 Financial Statements), deferred taxation (see Note 11 to the 2025 Financial Statements) and retirement benefit obligations (see Note 30 to the 2025 Financial Statements).

A variety of factors could affect the ultimate value that is obtained either when earning income, recognizing an expense, recovering an asset or reducing a liability. We have established detailed policies and control procedures that are intended to ensure that these judgments (and the associated assumptions and estimates) are well controlled and applied consistently. In addition, the policies and procedures are intended to ensure that the process for changing methodologies occurs in an appropriate manner. Because of the uncertainty surrounding our judgments and the estimates pertaining to these matters, we cannot guarantee that we will not be required to make changes in accounting estimates or restate prior period financial statements in the future and any such changes or restatements could be material in nature.

From time to time, the International Accounting Standards Board (the "**IASB**") proposes changes to the IFRS, as adopted for use within the UK. These standards govern the preparation of our financial statements. These changes could materially impact how we record and report our financial condition and results of operations. In some cases, we could be required to apply a new or revised standard retroactively, resulting in restating prior period financial statements.

The IASB may make other changes to financial accounting and reporting standards that govern the preparation of our financial statements, which we may adopt prior to the date on which such changes become mandatory if we determined to be appropriate, or which we may be required to adopt. Any such change in our accounting policies or accounting standards could materially affect our reported financial condition and results of operations.

h) Market risk

Market risk is the risk that the net value of, or net income arising from, our assets and liabilities is impacted as a result of changes in market prices or rates, including interest rates or foreign exchange rates.

Changes in interest rate levels, yield curves and spreads may affect the interest rate margin realized between lending and borrowing costs. Changes in currency rates, particularly in the sterling-dollar and sterling-euro exchange rates, affect the value of assets and liabilities denominated in foreign currencies and may affect income from assets and liabilities denominated in foreign currency.

The performance of financial markets may cause changes in the value of our investment and liquidity portfolios. Although we have implemented risk management methods designed to mitigate and control market risks to which we are exposed and our exposures are constantly measured and monitored, there can be no assurance that these risk management methods will be effective, particularly in unusual or extreme market conditions. It is difficult to predict with accuracy changes in economic or market conditions and to anticipate the effects that such changes could have on our financial performance and business operations. Unanticipated market risks could have a material adverse effect on our financial performance or results of operations.

i) Pension Risk

Pension risk is defined as the risk that the value of the pension schemes' assets will be insufficient to meet the estimated liabilities, creating a pension deficit. Pension risk could negatively impact our capital position and may result in increased cash funding obligations to the pension schemes.

The Group has funding obligations to several defined benefit pension schemes, including the Nationwide Pension Fund (the "**NPF**") and, following the Virgin Money Acquisition, the Yorkshire and Clydesdale Bank Pension Scheme ("**YCBPS**").

In November 2020, Nationwide and the Trustee of the NPF entered into an arrangement whereby Nationwide has agreed to provide collateral in the form of retained Silverstone notes to provide additional security to the NPF. The NPF would have access to these notes in the case of certain events such as insolvency of Nationwide.

As the NPF is closed to future accrual, there were no employer contributions made in respect of future benefit accrual during the year. There were also no employer deficit contributions into the NPF for the year ended March 31, 2025 and none are scheduled for the year ending March 31, 2026. In line with UK pensions legislation, a formal actuarial valuation ("**Triennial Valuation**") of the assets and liabilities of the NPF is carried out at least every three years by independent actuaries. As the March 31, 2022 Triennial Valuation indicated a funding surplus, a recovery plan requiring employer deficit contributions was not required. The effective date of the NPF's Triennial Valuation is March 31, 2025.

The YCBPS was closed to future accrual on August 1, 2017 for most members. A small number of members remain on defined benefit accruals basis subject to certain conditions. Employer contributions for benefit accrual and expenses were £6 million for the year ended March 31, 2025. As the YCBPS September 30, 2022 Triennial Valuation indicated a funding surplus, a recovery plan requiring employer deficit contributions was not needed. The effective date of the next YCBPS Triennial Valuation is September 30, 2025.

Employer deficit contributions of £0.3 million were made in respect of the Nationwide sub-group's defined benefit scheme in its Nationwide (Isle of Man) Limited subsidiary.

Any change in the contributions which we are required to pay in respect of our defined benefit pension schemes, including as a result of a future Triennial Valuation of the NPF or YCBPS, could have a negative impact on our results of operations. In addition, any IAS19 accounting deficit in our defined benefit pension scheme would be reflected in our CET1 capital. Accordingly, a deficit can result in a reduction in our capital ratios.

The NPF's liabilities are well hedged by matching assets, primarily government bonds and corporate bonds. In addition, the NPF invests in alternative matching assets such as property ground rents and property leases (included in property above) that are expected to generate inflation-linked income over the long term. The NPF also holds return-seeking assets which are expected to generate a return over and above its liabilities in the long term but may create risk and volatility in the short to medium term.

The YCBPS liabilities are also well hedged with matching assets and a portfolio of corporate bonds which are expected to deliver a long-term rate of return in excess of the YCBPS's liabilities. The value of these assets is sensitive to changes in interest rates. Additionally, the YCBPS holds return-seeking assets, including alternative matching assets such as property ground rents and property leases and in renewable energy funds, which are expected to generate a return over and above the YCBPS's liabilities in the long term but may create risk and volatility in the short to medium term.

In May 2023, the NPF entered into a longevity swap transaction to manage the scheme's longevity risk in relation to £1.7 billion of pension liabilities, covering approximately 7,000 pensioners. This transaction provides income to the NPF in the event that pensions are paid out for longer than expected, mitigating the financial impact and reducing the scheme's longevity risk exposure by approximately one third. In April 2023, the YCBPS Trustee also entered into a longevity swap transaction to cover approximately 9,000 pensioners, around 40% of the scheme's longevity risk. The swaps are included in the respective scheme assets at fair value. Future changes to the fair value of these longevity swaps are expected to broadly offset changes in the scheme's liabilities relating to updates to life expectancy for those pensioners covered.

In January 2022, the NPF Trustee completed a pensioner buy-in for the smaller Cheshire & Derbyshire section of the NPF, removing the investment and longevity risk to the NPF in relation to members in this section.

The Group actively engages with the Trustee Boards to ensure broad alignment on investment objectives and implementation. Potential risk management initiatives include, but are not limited to, adjusting the asset allocation (altering the allocation to return-seeking assets and to liability matching assets), longevity hedging and implementing derivative and other hedging strategies.

The above-mentioned risks and failure to successfully implement risk management initiatives could have a material adverse effect on the performance of the pension schemes, our business, financial condition, results of operations, liquidity and/or prospects.

j) Systemic Risk

Given the high level of interdependence between financial institutions, we are and will continue to be subject to the risk of deterioration of the commercial and financial soundness, or perceived soundness, of other financial services institutions. Within the financial services industry, the default of any one institution could lead to defaults by other institutions. Concerns about, or a default by, one institution could lead to significant liquidity problems, losses or defaults by other institutions, as was the case after the bankruptcy of Lehman Brothers in 2008, because the commercial and financial soundness of many financial institutions may be closely related as a result of their credit, trading, clearing or other relationships. More recently, mid-sized banks in the US came under similar pressure following the collapse of Silicon Valley Bank and Signature Bank and the subsequent distressed purchase of First Republic Bank by JP Morgan. Even the perceived lack of creditworthiness of, or questions about, a counterparty may lead to market-wide liquidity problems and losses or defaults by us or by other institutions. This risk is sometimes referred to as "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with whom Nationwide interacts on a daily basis. Systemic risk could have a material adverse effect on our ability to raise new funding and on our business, financial condition, results of operations, liquidity and/or prospects.

2) Regulatory Risks

a) We are subject to extensive legislation and regulation.

We conduct our business subject to ongoing regulation by the PRA and the FCA, which oversee our prudential arrangements and the sale of financial products, including, for example, residential mortgages, commercial lending, savings, investment, consumer credit and general insurance products. The regulatory regime requires us to be in compliance across many aspects of activity, including the training, authorization and supervision of personnel, systems, processes and documentation. The financial sector has seen an unprecedented volume and pace of regulatory change in the years following the global financial crisis, compounded by the UK's exit from the European Union, and significant resources have been required to assess and implement necessary changes. If we fail to comply with any relevant regulations, there is a risk of an adverse impact on our business due to sanctions, fines or other action imposed by the regulatory authorities.

This is particularly the case in the current market environment, which continues to witness significant levels of Government intervention in the banking, personal finance and real estate sectors.

Consumer Duty

For example, on July 27, 2022, the FCA introduced the Consumer Duty which set higher and clearer standards of consumer protection across financial services and requires firms to deliver good outcomes for customers. The Consumer Duty is constituted of four high-level outcomes:

- a new Principle for Businesses, applicable to us, and a new individual conduct rule, applicable to certain of our staff, to "deliver good outcomes for retail customers";
- three cross-cutting rules to (i) act in good faith, (ii) avoid foreseeable harm to retail customers, and (iii) support those customers to pursue their financial objectives; and
- four outcomes for the key elements of the firm-consumer relationship, namely (i) the quality of products and services, (ii) price and value, (iii) consumer support and (iv) consumer understanding.

Firms were required to implement the Consumer Duty for all new and existing products and services that were on sale by July 31, 2023 and the rules have applied to closed book products (i.e., those which are no longer on sale) since July 31, 2024.

In March 2025, the FCA published FS25/2: Immediate areas for action and further plans for reviewing FCA requirements following introduction of the Consumer Duty, in which the FCA committed to reviewing the FCA's responsible lending and advice rules for mortgages to remove some detailed requirements where these are covered by the remit of the Consumer Duty.

The Consumer Duty also includes requirements for firms to ensure fees and charges are fair value for money, make it as easy to switch or cancel products as it was to take them out in the first place, provide helpful and accessible customer support, act quickly to respond to customer queries, provide timely, clear and easily understandable information to customers regarding products and services, provide products and services that are appropriate for their customers, and focus on the real and diverse needs of their customers, including those in vulnerable circumstances, at every stage and in each interaction. Firms will also need to monitor, evidence and report against many of the requirements. If we fail to comply with these new rules, there is a risk of an adverse impact on our business due to penalties imposed by the FCA, costs and payments associated with any investigations and/or required remediation and potential reputational damage. Future changes in regulation, fiscal or other policies are unpredictable and beyond our control and could materially adversely affect our business or operations.

A range of other legislative and regulatory changes have been made or proposed which could impose operational restrictions on us, causing us to raise further capital, increase our expenses and/or otherwise adversely affect our business results, financial condition or prospects.

As at the date of this Registration Document it is difficult to predict the full effect that any of these changes and proposals will have on our operations, business and prospects. Following the UK's departure from the EU and the end of the Brexit transition period at the end of 2020, it appears likely that the UK regulatory position will diverge to a material extent from that of the EU in the medium term. HM Treasury set out the Government's approach to repealing and replacing retained EU law ("**REUL**") on financial services in December 2022 in the so-called **"Edinburgh Reforms"**. The Edinburgh Reforms may result in material changes to the UK regulatory regime. Regulatory change looks set to continue following the 2024 general election, with HMT issuing a call for evidence in November 2024 on a new "Financial Services Growth & Competitiveness Strategy" and a policy paper titled "A new approach to ensure regulators and regulation support growth", published March 31, 2025, each of which could result in changes to U.K. regulation. Depending on the specific nature of the requirements and how they are enforced, the changes could have a significant impact on our operations, structure, costs and/or capital requirements. Accordingly, we cannot assure investors that the implementation of any of the foregoing matters will not have a material adverse effect on our operations, business, results, financial condition or prospects.

Furthermore, we cannot assure investors that any other regulatory or legislative changes or any other Governmental interventions that may have been proposed or which may materialize in the future will not have a material adverse effect on our operations, business, results, financial condition or prospects. While the scope and nature of any such changes are unpredictable, any interventions or regulations designed to increase the protections for UK retail and other customers of banks and building societies, for example through stricter regulation on repossessions and forbearance by mortgage lenders, could materially adversely affect our business or operations.

We are also subject to a number of legal and regulatory requirements that are targeted at more effectively preventing and managing the risks of economic crime (including fraud, money laundering, terrorist financing, sanctions contravention, bribery and corruption and the facilitation of tax evasion). While we are committed to operating a business that deters and detects economic crime in accordance with such requirements, if there are breaches of existing laws and regulations relating to economic crime, we could face significant administrative, regulatory and criminal sanctions as well as reputational damage which may have a material adverse effect on our operations, financial condition or prospects.

We are investing significantly to ensure that we will be able to comply with these developing requirements. If we are unsuccessful in efficiently adopting any requisite new compliance practices, by using a risk-based approach, this may adversely impact our ability to operate in the financial services markets and to deliver an appropriate level of operational and financial performance.

In recent years, the FCA has undertaken several studies on the mortgage market and has published advice according to its findings, including the Customer Duty. It is possible that further changes may be made to the FCA's Mortgages and Home Finance: Conduct of Business sourcebook ("**MCOB**") as a result of current and future reviews, studies and regulatory reforms which could have a material adverse effect on our business, finances or operations. Any failure to comply with these rules may entitle a borrower to claim damages for loss suffered or set-off the amount of the claim against monies owing under a regulated mortgage contract and the new rules may also negatively affect mortgage supply and demand.

In the UK, the PRA published its near-final Policy Statement on the implementation of the final Basel IV standards (which the PRA refers to as Basel 3.1) in December 2023 and September 2024. This was followed on December 12, 2023 and September 12, 2024 by two policy statements (PS17/23 and PS9/24, respectively) containing near-final rules. On January 17, 2025, the PRA announced that it was delaying the implementation of the Basel 3.1 rules by a year until January 1, 2027, with the transitional period reduced from four to three years so that it will continue to end on December 31, 2029. In the near-final rules set out in PS9/24, the PRA confirmed that it would introduce changes to the risk weight treatment that applies to certain covered bonds. Should covered bonds meet the definition of a "CRR covered bond" (CRR covered bonds are, among other things, issued by a credit institution with its registered office in the UK) and be secured by exposures which meet the collateral eligibility criteria (including additional requirements for immovable property collateral), they may qualify for lower risk weighting.

b) Capital and liquidity requirements

We are subject to extensive and evolving regulatory capital and liquidity requirements, as further described in "*Supervision and Regulation*".

Changes to the regulatory capital and liquidity requirements, and/or the prudential framework, under which we operate could hinder growth by prescribing more stringent requirements than those with which we currently comply. Our capital ratios may be adversely affected not only by a reduction in our capital (including if we suffer financial losses) but also by changes in the manner in which we are required to calculate our capital and/or the risk-weightings applied to our assets. For example, we are currently authorized to apply an 'internal ratings based' ("**IRB**") approach to calculating our risk-weighted assets. An IRB approach enables an institution to tailor more closely risk-weights to its particular assets than standardized risk-weights, and accordingly in many cases can be expected to be lower than risk-weights which would apply under a standardized approach. Changes to how we apply our IRB model, or which may require us to calculate our risk-adjusted assets on the basis of standardized or loan-to-value-based standardized risk-weights, could have a material adverse impact on our capital ratios, even if we remain profitable. In particular, RWA output floors are due to be implemented through a transitional period, expected from January 1, 2027 to December 31, 2030. From January 1, 2022, policy statements came into force which changed the industry-wide calibration of IRB models used for calculating RWAs. Nationwide's new mortgage IRB models were approved by the PRA and have been in force from November 2024. Whilst the models were pending approval, a model adjustment was made to ensure that the outcomes were consistent with the revised IRB regulations. The impact of this adjustment was a significant increase in RWAs. Although this has reduced our CET1 ratio, our reported CET1 ratio remains well in excess of the minimum requirements. Virgin Money's new mortgage IRB models are pending PRA approval with a model adjustment continuing to be maintained.

In addition, a failure to adequately manage capital, liquidity and our minimum requirement for own funds and eligible liabilities ("**MREL**") requirements could have a material adverse effect on us. While we monitor current and expected future capital, liquidity and MREL requirements, including having regard to both leverage and RWA-based requirements, and seek to manage and plan our prudential position accordingly and on the basis of current assumptions regarding future capital and liquidity requirements, there can be no assurance that our assumptions will be accurate in all respects or that we will not be required to take additional measures to strengthen our capital or liquidity position.

On October 15, 2024, the Bank of England published a Consultation Paper entitled "Amendments to the Bank of England's approach to setting a minimum requirement for own funds and eligible liabilities (MREL)" (the "**October Consultation**"). At a high level, the October Consultation proposes the potential restatement (with modifications) of provisions currently found in UK CRR into the Bank of England's MREL Statement of Policy, and contains proposals relating to the thresholds at which the Bank of England will determine that either a modified insolvency or a bail-in preferred resolution strategy will be more appropriate. These thresholds, which were last reviewed as part of the introduction of end-state MREL requirements in 2021, are currently stated to be as follows: (a) 40,000-80,000 transactional accounts, at which the Bank will consider whether a transfer preferred resolution strategy (e.g. a sale to a private sector purchaser) is appropriate, and (b) GBP 15-25 billion in total assets, at which the Bank will consider whether a bail-in preferred resolution strategy is appropriate. In the October Consultation, the Bank of England is proposing two changes: (a) increasing the total assets threshold for the transfer preferred resolution strategy from GBP 15-25 billion to GBP 20-30 billion, and (b) for transfer preferred resolution strategy firms, MREL being expected to be set equal to the firm's minimum capital requirements (in contrast to the current expectation of two times the firm's minimum capital requirement). The consultation closed on January 24, 2025 and the Bank of England has stated that any changes following from the October Consultation would be expected to come into force on January 1, 2026 (at the earliest).

Separately, in a Policy Statement on the UK leverage ratio framework that was published on October 8, 2021 (PS21/21), the PRA stated that it would keep the leverage ratio requirements under review to ensure they remain consistent with the Bank of England's concurrent stress testing framework. On September 10, 2024, the PRA confirmed that it was reviewing the leverage ratio requirements (the "**Leverage Ratio Review**"). Change to the leverage ratio threshold recently proposed (in PRA CP 2/25: Leverage Ratio, published on 5 March 2025) will not impact us, as we would remain above the threshold. However, further changes to the leverage ratio cannot be ruled out.

The PRA is also consulting on the restatement of the existing UK CRR requirements in the PRA Rulebook (CP 13/24). This consultation closed on 15 January 2025 and a policy statement relating to this consultation is yet to be published. In addition, the PRA is consulting on a similar restatement of UK CRR requirements in relation to the own funds framework (CP 8/24), as well as minor amendments to the UK capital buffers framework and its associated materials (CP 10/24). Both of these consultations closed in December 2024 and policy statements are yet to be published.

Effective management of our capital and regulatory authorizations is critical to our ability to operate and grow our business and to pursue our strategy. Any change that limits our ability to manage our balance sheet and capital resources effectively (including, for example, reductions in profits and retained earnings as a result of credit losses, write-downs or otherwise, increases in RWAs (which may be pro-cyclical under the current capital framework, resulting in risk-weighting increasing in economic downturns), delays in the disposal of certain assets or the inability to raise capital or funding through wholesale markets as a result of market conditions or otherwise) could have a material adverse impact on our business, financial condition, results of operations, liquidity and/or prospects.

Furthermore, if we fail, or are perceived to be likely to fail, to meet our minimum regulatory capital, leverage, liquidity requirements, or MREL, including in connection with any stress tests performed by the Bank of England or any other relevant authority, this may result in administrative actions or regulatory sanctions. In addition, any actual or perceived weakness relative to our competitors could result in a loss of confidence, which could result in high levels of withdrawals from our retail deposit base, upon which we rely on for lending and which could have a material adverse effect on our business, financial position or results of operations.

c) We are exposed to the risk of changes in tax legislation and its interpretation and to increases in the rate of corporate and other taxes

Our activities are principally conducted in the UK, and we are therefore subject to a range of UK taxes at various rates. Future actions by the Government to increase tax rates or to impose additional taxes would reduce our profitability. Revisions to tax legislation or to its interpretation might also affect our financial condition in the future. In addition, we are subject to periodic tax audits which could result in additional tax assessments relating to past periods of up to six years being made. Any such assessments could be material which might also affect our financial condition in the future.

d) We are exposed to risks relating to the mis-selling of financial products, acting in breach of legal or regulatory principles or requirements and giving negligent advice.

There continues to be significant regulatory scrutiny of the sales practices and reward structures that financial institutions have used when selling financial products. No assurance can be given that we will not incur liability for past, current or future actions, including failure to comply with applicable regulatory requirements, which are determined to have been inappropriate and any such liability incurred could be significant and materially adversely affect our results of operations and financial position. In particular:

- certain aspects of our business may be determined by the Bank of England, the PRA, FCA, HM Treasury, the CMA, the Financial Ombudsman Service (the "**FOS**") or the courts as not being conducted in accordance with applicable laws or regulations, or, in the case of the FOS, with what is fair and reasonable in the Ombudsman's opinion;
- the alleged mis-selling of financial products, including as a result of having sales practices and/or rewards structures that are deemed to have been inappropriate, may result in disciplinary action (including significant fines) or requirements to amend sales processes, withdraw products, or provide redress to affected customers, all of which may require additional provisions to be recorded in our financial statements and could adversely impact future revenues from affected products; and
- we may be liable for damages to third parties harmed by the conduct of our business.

In addition, we face both financial and reputational risk where legal or regulatory proceedings, or complaints before the FOS, or other complaints are brought against us or members of our industry generally in the UK High Court or elsewhere. For example, compliance with a Financial Services Authority Policy Statement on "[t]he Assessment and Redress of Payment Protection Insurance Complaints" published in 2010 resulted in very significant provisions for customer redress made by several UK financial services providers with respect to Payment Protection Insurance (**PPI**) policies over a number of years.

Furthermore, the FCA announced a review in January 2024 of discretionary commission arrangements ("**DCAs**") in the motor finance market and other related developments, in particular the Court of Appeal decision and Supreme Court appeal hearing which concluded on April 3, 2025, in relation to three motor finance commission cases (*Hopcraft v Close Brothers, Wrench v FirstRand Bank Limited and Johnson v FirstRand Bank Limited*). A judgment is pending and expected to be issued as July 2025. As of the date of this Document, no decisions has been published. The FCA has confirmed that it will confirm within 6 weeks of the Supreme Court decision whether it is proposing a redress scheme and, if so, how it will take that forward. The FCA's review may also be informed by the outcome of a judicial review of a final decision by the FOS against another lender that was heard in October 2024. Judgment in this case was handed down in December 2024 and permission for leave to appeal to the Court of Appeal has been granted. There is significant uncertainty with regard to the implications of these judicial proceedings, the FCA review and the nature, extent and timing of any subsequent regulatory interventions regarding commissions paid in the motor finance market. Although the Group does not engage in any motor finance business, it is possible that the principles articulated in relation to the motor finance market could have a broader application extending to other types of commission-based lending, although the scope and extent of any exposure or required changes to commission-based lending arrangements is unclear. The impact cannot be accurately assessed in full until the FCA's approach is known and the legal cases in relation to motor finance commission disclosure are resolved. As a result, we are subject to the risk of ongoing legal and regulatory uncertainty in relation to all commission-based lending, which may have a material adverse effect on our operations and financial condition.

The U.K. Government has acknowledged that there is a need to review the U.K.'s redress system particularly with respect to so-called 'mass redress events' where there are large numbers of complaints about the same issue and the FCA and FOS launched a joint call for input to this effect in November 2024.

We hold provisions for customer redress to cover the costs of remediation and redress in relation to past sales of financial products and ongoing administration, including non-compliance with consumer credit legislation and other regulatory requirements. Our customer redress provision was £21 million for the period ended March 31, 2025 (year ended April 4, 2024: £24 million) relating to issues with historical quality control procedures, past sales and administration of customer accounts, and other such matters.

No assurance can be given that we will not incur liability in connection with any past, current or future non-compliance with legislation or regulation. Any such non-compliance could be significant and materially adversely affect our results of operations, financial position or our reputation.

e) We are subject to wide-ranging regulatory action in the event that we are considered likely to fail and our failure poses a threat to the public interest.

In the UK, the Banking Act 2009 as amended (the "**Banking Act**") introduced a package of early intervention and resolution-related tools and powers which the UK resolution authorities may apply in respect of in-scope UK financial institutions, including the Society and our group, and provided for special rules for cross-border groups. Under the Banking Act, substantial powers have been granted to HM Treasury, the Bank of England (including the PRA) and the FCA (together, the "**Authorities**") as part of a special resolution regime (the "**SRR**"). These powers enable the Authorities, among other things, to resolve a bank or building society by means of several resolution tools (the "**Stabilization Options**") in circumstances in which the Authorities consider its failure has become likely and a resolution is considered to be in the public interest. In respect of UK building societies, the relevant tools available to the Authorities under the Stabilization Options include:

(i) modified property transfer powers which also refer to cancelation of shares and conferring rights and liabilities in place of such shares;

(ii) in place of the share transfer powers, a public ownership tool which may involve (among other things) arranging for deferred shares in a building society to be publicly owned, cancelation of private membership rights and the eventual winding up or dissolution of the building society; and

(iii) modified bail-in powers such that exercise of the tool may be immediately preceded by the demutualization of the building society through the conversion of it into a company or the transfer of all of our property, rights or liabilities to a company.

In each case, the Banking Act grants additional powers to modify contractual arrangements in certain circumstances and powers for HM Treasury to disapply or modify laws (with possible retrospective effect) to enable the powers under the Banking Act to be used effectively.

The Banking Act also provides that the UK as a last resort, after having assessed and used the Stabilization Options to the maximum extent practicable while maintaining financial stability, and where certain other mandatory conditions of the Banking Act have been satisfied, may provide extraordinary public financial support through additional financial stabilization tools. These consist of the public equity support and temporary public ownership tools. There can be no assurance that investors in any Securities would benefit from such last resort support even if it were provided.

Secondary legislation which defines the scope of application of the Stabilization Options under the SRR to certain "banking group companies" came into force on August 1, 2014. The definition of "banking group company" encompasses certain of our subsidiaries and affiliates, and allows the Stabilization Options under the SRR and the bail-in stabilization power to be applied to any of our group companies that meet the definition of a "banking group company."

In addition, the Banking Act contains a separate power, often referred to as the "write-down and conversion tool", enabling the Authorities – independently of, or in conjunction with, the use of resolution powers – to cancel or transfer CET1 instruments away from the original owners, or write down (including to nil) an institution's Additional Tier 1 capital instruments and Tier 2 capital instruments, or to convert them into CET1 instruments, if the Authorities consider that the institution or the group is at the "point of non-viability" and certain other conditions are met. The write-down and conversion tool must be applied before any of the Stabilization Options provided for in the SRR may be used in practice and may be used whether or not the institution subsequently enters into resolution. Additionally, in respect of building societies, the resolution authority may write-down or convert instruments issued by the building society itself or by a successor entity formed through exercise of Stabilization Options. Any Securities that are tier 1 or tier 2 own funds instruments could be subject to the write-down and conversion tool.

The SRR may be triggered prior to our insolvency. The purpose of the Stabilization Options is to address the situation where all or part of a business of a relevant entity has encountered, or is likely to encounter, financial difficulties, giving rise to wider public interest concerns. Accordingly, the Stabilization Options may be exercised if:

(i) the PRA is satisfied that a relevant entity is failing or is likely to fail;

(ii) having regard to timing and other relevant circumstances, the Bank of England determines that it is not reasonably likely that (ignoring the Stabilization Options) action will be taken that will result in the relevant entity no longer failing or being likely to fail;

(iii) the Bank of England considers the exercise of the Stabilization Options to be necessary, having regard to certain public interest considerations (such as the stability of the UK financial system, public confidence in the UK banking system and the protection of depositors); and

(iv) the Bank of England considers that the specific resolution objectives would not be met to the same extent by the winding up of the relevant entity.

It is therefore possible that one or more of the Stabilization Options could be applied prior to the point at which any insolvency proceedings with respect to the relevant entity could be initiated.

The European Banking Authority (the "**EBA**") has published guidelines on the circumstances in which an institution shall be deemed by supervisors and resolution authorities as "failing or likely to fail" within the meaning of Directive 2014/59/EU (the "**Bank Recovery and Resolution Directive**" or "**BRRD**"), as amended by Directive (EU) No. 2019/879 (the "**BRRD II**") (which was broadly transposed into English law by amendments to the Banking Act). The guidelines set out the objective criteria which should apply when supervisors and Authorities make such a determination. While the EBA guidelines are not binding on the Authorities when considering their powers under the Banking Act, the Authorities may continue to have regard to them as part of their deliberations, even now after Brexit.

Additionally, HM Treasury has issued a Code of Practice on the SRR, in accordance with sections 5 and 6 of the Banking Act, which supports the legal framework of the SRR, and provides guidance as to how and in what circumstances the Authorities will use the special resolution tools.

Although the Banking Act provides for conditions to the exercise of any resolution powers and the EBA guidelines and HM Treasury Code of Practice set out objective elements which the Authorities may elect to consider when determining whether an institution is failing or likely to fail and which powers to use, it is uncertain how the Authorities would assess such conditions in any particular situation. The relevant Authorities are also not required to provide any advance notice to holders of Securities of their decision to exercise any resolution power. Therefore, holders of Securities may not be able to anticipate a potential exercise of any such powers nor the potential effect of any exercise of such powers on us or the Securities.

In a letter to the chief financial officers of the major UK banks, the Bank of England discussed the second resolvability assessment cycle of the major UK firms, including the Issuer, in 2023-2024, and its more detailed assessment of firms' preparations for resolution. Utilizing firms' resolution assessment reports submitted in October 2023, it conducted activities to evaluate firms' work to address issues identified as part of the first assessment and continued progress in maintaining and enhancing their ability to achieve the three resolvability outcomes. Although the Bank of England places significant importance on firms' ability to achieve all three resolvability outcomes on a continuing basis, their focus in the second cycle was on the adequate financial resources outcome and firms' capabilities to support a resolution transaction and remove the MREL, valuations, and funding in resolution barriers to resolution.

f) We are required to pay levies under the FSCS and are exposed to future increases in such levies, which might impact our profits.

The FSMA established the FSCS, which pays compensation to eligible customers of authorized financial services firms which are unable, or are likely to be unable, to pay claims against them. For further information, please refer to the section entitled "*Supervision and Regulation.*" Based on our share of protected deposits, Nationwide paid levies to the FSCS to enable the scheme to meet claims against it. The FSCS published the 2025/2026 levy on May 22, 2025.

On June 30, 2023, the PRA published a Policy Statement PS7/23 on depositor protection. In particular, the PRA has amended depositor protection rules to confirm that a trust can hold monies that fall within the scope of the temporary high balance regime and when a surviving joint account holder is entitled to temporary additional protection, among other things. The potential increase of maximum compensation payable to a surviving joint account holder could impact levies payable by the Issuer under the FSCS.

The EU Directive on deposit guarantee schemes (the "**DGSD**") required EU Member States (including, at the time the DGSD was required to be transposed, the UK) to ensure that temporary high balances were protected up to £1 million, for up to twelve months (protection temporarily extended from six to twelve months in response to the impact of Covid-19) from when the amount was deposited for certain limited types of deposits and changes to the types of depositors that are eligible for compensation.

The FSCS is funded by way of ex-ante and ex-post levies on the financial services industry. There is a maximum aggregate levy amount of £1.5 billion per year and, in respect of compensation costs, a maximum of 0.5% of total covered deposits (excluding temporary high balances) of all deposit guarantee scheme members can be levied in any one financial year. It is possible that future FSCS levies on us may differ from those we have incurred historically, and that such reforms could result in us incurring additional costs and liabilities, which may adversely affect our business, financial conditions and/or results of operations.

There can be no assurance that there will be no further actions taken under the Banking Act that may lead to further claims against the FSCS, and concomitant increased FSCS levies payable by us. Any such increases in our costs and liabilities related to the levy may have a material adverse effect on our results of operations. Further costs and risks may also arise from discussions at governmental levels around the future design of financial services compensation schemes, such as increasing the scope and level of protection and moving to pre-funding of compensation schemes.

Moreover, the PRA published a consultation on its depositor protection rules on March 31, 2025 (CP 4/25), which proposes changes to the Depositor Protection Part of the PRA Rulebook to enable the FSCS to fulfil the new responsibilities proposed under the Bank Resolution (Recapitalisation) Bill. The PRA proposes to make separate provisions for recapitalization within the Depositor Protection Part, adding new rules for recapitalization, which sit alongside, but separate from, those relating to compensation. The PRA's proposed new rules primarily relate to the powers of the FSCS in relation to levies in respect of recapitalization payments and detail the circumstances in which they can be used. In the same consultation, the PRA is consulting on increasing the depositor protection limit from £85,000 to £110,000 with effect from December 1, 2025. These proposals may result in an increase to the levies paid by Nationwide.

The Financial Services and Markets Act 2023 ("**FSMA 2023**") includes provisions that allowed the Bank of England to introduce a Bank of England levy, which covers the costs of the Bank of England's monetary policy and financial stability functions. The Bank of England levy came into effect and replaced the existing cash ratio deposit scheme on March 1, 2024.

3) Business and Operational Risks

a) Our guidelines and policies for risk management may prove inadequate for the risks faced by our business and any failure to properly manage the risks which it faces could cause harm to us and our business prospects.

The management of financial and operational risks requires, among other things, robust guidelines and policies for the accurate identification and control of a large number of transactions and events. Such guidelines and policies may not always prove to be adequate in practice. We face a wide range of risks in our business activities, including, in particular:

- liquidity and funding risk, see "—*Liquidity and Funding*" above;
- credit risk, which is the risk that a borrower or a counterparty fails to pay interest or to repay the principal on a loan or other financial instrument;
- market risks, in particular interest rate risk as well as foreign exchange and bond and equity price risks. Changes in interest rate levels, yield curves and spreads may affect our interest rate margin realized between lending and borrowing costs. Changes in currency rates, particularly in the sterling-dollar and sterling-euro exchange rates, affect the value of assets and liabilities denominated in foreign currencies and may affect income from assets and liabilities denominated in foreign currency. The performance of financial markets may also cause changes in the value of our investment and liquidity portfolios. See also, "—*Credit risk*" and "—*Market risk*" above; and operational risk, see "—*Operational risk*" below.

We have a range of tools designed to measure and manage the various risks which we face. Some of these methods, such as value-at-risk analysis, are based on historic market behavior. The methods may therefore prove to be inadequate for predicting future risk exposure, which may prove to be significantly greater than what is suggested by historic experience. Historical data may also not adequately allow prediction of circumstances arising due to Government interventions and stimulus packages, which increase the difficulty of evaluating risks.

Other methods for risk management are based on evaluation of information regarding markets, customers or other information that is publicly known or otherwise available to us. Such information may not always be correct, updated or correctly evaluated. In addition, even though we constantly measure and monitor our exposures, there can be no assurance that our risk management methods will be effective, particularly in unusual or extreme market conditions. It is difficult to predict with accuracy changes in economic or market conditions and to anticipate the effects that such changes could have on our financial performance and business operations. Unanticipated economic changes or Government interventions could expose us to increased liquidity and funding risk, credit risk, market risks or operational risk, which could have a material adverse effect on the our business prospects or results of operations.

b) Operational risk

Our success as a financial institution depends on our ability to process a very large number of transactions efficiently and accurately. Operational risk and losses can result from a range of internal and external factors. Internal factors include internal fraud, errors by employees, failure to document transactions properly or to obtain proper internal authorization, failure to comply with regulatory requirements and conduct of business rules and equipment failures, particularly in relation to electronic banking applications. External factors include natural disasters, war, pandemics, terrorist action or the failure of external systems, for example, those of our suppliers or counterparties. These could, for example, prevent our customers from withdrawing cash from our ATMs or from having their salary credited to their accounts with us and, if customers associate their problem with us rather than with the institution causing the problem, this would have an operational and financial impact on our performance. A feature of operational risk is that financial institutions rely on systems and controls such as standard form documentation and electronic banking applications to process high volumes of transactions. As a result, any error in our standard documentation or any defect in our electronic banking applications can be replicated across a large number of transactions before the error or defect is discovered and corrected and this could significantly increase the cost to us of remediating the error or defect, could expose us to the risk of regulatory sanction, unenforceability of contracts and, in extreme cases, could result in significant damage to our reputation.

The impacts of the war in Ukraine are wide reaching and have affected our operational risk profile. Our response to sanctions on Russia has required focus due to the increased size and complexity of the sanctions list. In addition, in line with National Cyber Security Centre ("**NCSC**") guidance, a proactive and proportionate package of measures has been progressed to reflect the changes to the cyber security profile.

Increased digital interconnectivity across our customers and suppliers, and the need for resilient IT systems, including hardware, software, cloud computing services and cyber-security, remains an evolving risk to financial institutions including us. We consider that, within the operation and conduct risks profile, IT resilience and cyber security present the main risks, and we focus on striving to protect service availability and customer data. The challenges of ensuring that data is used ethically and appropriately, including in relation to emerging AI developments, are becoming ever more complex. Our implementation of new systems, infrastructures and processes, alongside the maintenance of legacy systems, introduces a level of operational complexity. In an increasingly digital world, customer expectations are rising, with a significantly lower tolerance of service disruption. Ensuring a highly reliable and widely available service requires resilient IT, business systems and processes. Any loss in the integrity and resilience of key systems and processes, data thefts, cyber-attacks, denial of service attacks or breaches of data protection requirements could significantly disrupt our operations and cause significant financial loss and reputational damage to us. This could in turn result in a loss of confidence in us, potentially resulting in existing customers withdrawing deposits and/or deterring prospective new customers.

Meanwhile the significant rise in data used in digital services increases the complexity and cost of managing data securely and effectively. The rapid growth of digitization and demand for enhanced customer experience leads to greater volumes of data to control. This in turn leads to more complex challenges in ensuring that data is used ethically and appropriately, including in relation to emerging developments in artificial intelligence. Further, the maturity and sophistication of organized cyber-crime continues to increase and has been highlighted by a number of recent attacks in the financial and non-financial sectors, including payment services. Such attacks have also increased the public awareness of cyber-threats. As a result of the continued increasing threat from cyber-crime, security controls have needed to keep pace to prevent, detect and respond to any threats or attacks. The constant threat posed by a cyber-attack directly impacts the existing risks associated with external fraud, data loss, data integrity and availability. Although we maintain measures designed to ensure the integrity and resilience of key systems and processes, we may be the victim of cyber-attacks, including denial of service attacks which could significantly disrupt our operations and the services we provide to our customers or attacks designed to obtain an illegal financial advantage. Any such attack or any other failure in our IT systems could, among other things, cause significant financial loss and reputational damage to us, and could result in a loss of confidence in us, potentially resulting in existing customers withdrawing deposits and/or deterring prospective new customers.

Although we have implemented risk controls and loss mitigation actions, and substantial resources are devoted to technology, developing efficient procedures and staff training, it is not possible to implement procedures which are fully effective in controlling each of the operational risks noted above. If such operational risks are not effectively controlled, we may lose market share or, in extreme cases, risk regulatory sanction or reputational damage.

c) Reputational risk

Our reputation is one of our most important assets and any damage to it, or to the reputation of the Nationwide or, following the Virgin Money Acquisition, the Virgin Money brands, could adversely affect our ability to attract and retain customers and conduct business with our counterparties. Failure to address, or appearing to fail to address, various issues that could give rise to reputational risk could cause harm to us and our business prospects. Reputational risks may arise not only from our direct actions, but also from the actions, behavior or performance from our employees, affiliates, suppliers, counterparties, regulators, customers, other activists or the financial services industry.

Reputational issues include, but are not limited to:

- failing to appropriately address potential conflicts of interest;
- breaching or facing allegations of having breached legal and regulatory requirements (including money laundering and anti-terrorism financing requirements);
- acting or facing allegations of having acted unethically (including having adopted inappropriate sales and trading practices, see "*—We are exposed to risks relating to the mis-selling of financial products, acting in breach of legal or regulatory principles or requirements and giving negligent advice*" below);
- failing or facing allegations of having failed to maintain appropriate standards of customer privacy, customer service and record-keeping;
- technology failures that impact upon customer service and accounts or the failure of intermediaries or third parties on whom we rely;
- limiting hours of or closing branches due to changing customer behavior;
- failing to properly identify legal, operational, conduct, reputational, credit, liquidity and market risks inherent in products offered;
- a failure to identify and respond appropriately to the challenges and threats presented by climate change;
- accusations of greenwashing, or a failure to achieve decarbonization or other environmental and social goals; and
- generally poor business performance.

Any failure to address these or any other relevant issues appropriately could make customers, depositors and investors unwilling to do business with us, which could adversely affect our business, financial condition and results of operations and could damage our relationships with our regulators. We cannot ensure that we will be successful in avoiding damage to our business from reputational risk.

4) Risks related to the Virgin Money Acquisition

a) There can be no assurance that the Virgin Money Acquisition will deliver the benefits anticipated by the Issuer.

On March 21, 2024, the Issuer announced that its board of directors (the "**Nationwide Board**" or "**Board of Directors**") and the board of directors of Virgin Money (the "**Virgin Money Board**") agreed the terms of the Acquisition, to be implemented by means of the Scheme. On October 1, 2024, the Issuer announced that the Scheme had become effective, and the Acquisition was completed. We are preparing to transfer the majority of the assets and liabilities of Virgin Money's main operating subsidiary, Clydesdale Bank PLC, into the Group, which we expect to complete prior to March 31, 2027, through a proposed banking business transfer under Part VII of the FSMA, subject to legal and regulatory approval and completion of internal governance processes. This will be part of the wider integration program that we expect to take several years to complete.

In connection with the Acquisition, the Issuer has incurred, and will continue to incur, irrecoverable costs (such as advisor fees) and senior management has devoted considerable time and resources to the implementation of the Acquisition and the consequent integration. The Issuer will explore opportunities to achieve cost synergies across the Combined Group where possible. However, there can be no assurance that the Combined Group will identify any such cost synergies or, even if identified, that all or any of such cost synergies will be achieved. The potential benefits are based on a number of assumptions that are inherently uncertain and subject to risks that could cause the actual results to differ materially from those envisaged by the Issuer. These risks include, but are not limited to, the following factors:

- the Issuer is assessing the systems of the Combined Group and is assessing the potential to rationalize with a view of enhancing its capabilities to fulfil service commitments to the Combined Group's customers. Unforeseen challenges in such rationalization could prevent or delay the implementation thereof, give rise to complications or errors, result in increased costs, and/or increase the risk of cyber threat, data loss, service outage or other major IT incidents;

- management time devoted to the integration may distract from the efficiency, accuracy, continuity and consistency of the Combined Group's control, administrative and support functions, such as financing operations, cash management, hedging, insurance, financial control and reporting, information technology, communications and compliance functions;

- the ongoing success of the Issuer will depend, in part, on its ability to attract, hire and train qualified management and well as qualified technical personnel which may be impacted by the integration of Virgin Money into the Group including due to alignment of governance and reporting structures, organization cultures, employee benefits and engagement terms. In addition, over the course of the integration process, there is a risk that key staff may leave leading to a loss of critical knowledge and expertise and increase in costs.

- the Acquisition and integration may lead to additional unforeseen costs for the Combined Group, such as in relation to accounting harmonization or otherwise that have not been planned for, with the risk of negative pressure on the Issuer's and/or the Combined Group's financial performance and operations; and

- reputational risks may arise from possible service disruptions from integration activities or other changes, leading to poor public perception and potential customer attrition (with associated loss of revenue, loss of deposits and/or a higher cost of funding). Additionally, uncertainty surrounding the integration could negatively impact employee morale, which could negatively impact productivity and service quality.

- regulatory risks may arise from the integration process, including any additional supervision requirements or any impact on capital and liquidity reserve requirements.

In addition, Virgin Money continues to maintain and operate the Virgin Money brand under license, which will continue to be in use for a period of four years following the Acquisition, after which a two-year re-brand period will commence. Any reputational issues affecting the brand could negatively impact customer perceptions, marketing effectiveness, or product performance. The loss of the right to use the Virgin Money brand, ahead of the planned exit of the brand, could materially affect the Issuer and the Combined Group's business.

There is no guarantee that the commercial or strategic advantages anticipated at the time of the Acquisition will materialize in full or in part.

b) The Pro Forma Financial Information should not be relied upon as an indication of what Issuer's results of operations might have been had the Acquisition occurred on the date indicated nor should it be used as an indication of the results the Issuer might achieve in the future.

The Pro Forma Financial Information is presented for illustrative purposes only in order to provide information about what the Issuer's results of operations might have looked like had the Acquisition been completed as of the date presented therein as the Issuer believes this enables investors to better assess its current business. The Pro Forma Financial Information is unaudited and is presented for illustrative purposes only. This information addresses a hypothetical situation and, therefore, does not represent the Issuer's actual financial position or results for any period of time. It is not necessarily indicative of the operating results or financial position that might have occurred had the Acquisition occurred on the dates indicated, nor is it necessarily indicative of the future operating results or financial position of the Issuer. The pro forma adjustments reflecting the Acquisition are based on certain estimates and assumptions that may be inaccurate. Accordingly, investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Acquisition and the impact on the Issuer's future operating results or financial condition.

c) The Issuer's historical consolidated financial statements following the completion of the Acquisition may be difficult to compare to those for prior periods

Although the Issuer has included certain pro forma financial information in connection with the Acquisition in this document, see "Pro Forma Financial Information", this information will not necessarily provide an accurate indication of the Issuer's financial condition and results of operations for periods following the completion. The Acquisition has resulted in a significant increase in the size of the Issuer's consolidated balance sheet including, in particular, the Combined Group's loan book and deposit portfolio. Prior to completion of the Acquisition, the Issuer did not have any control (financially, legally or operationally) over Virgin Money, nor any oversight over the preparation of the audited financial statements of Virgin Money, due to UK competition laws. Furthermore, while both the Issuer and Virgin Money are subject to the prudential supervision of the PRA, there may have been and continue to be differences in the treatment of specific assets, risks, exposures and/or positions for regulatory capital purposes, including under their respective internal models. Accordingly, the *pro-forma* historical financial information and the historical financial statements of the Issuer and Virgin Money reflected in this Registration Document may not accurately reflect the future financial performance of the Issuer, and there remain significant risks with the assumptions made in preparing such pro-forma financial information.

d) Impairment of intangible assets

As a result of the Acquisition, the purchase price allocation prepared in accordance with IFRS 3 "*Business Combinations*" resulted in the identification of newly acquired intangible assets. Under IFRS, intangible assets with a finite life are amortized on a straight-line basis over their estimated useful lives and reviewed for impairment whenever there is an indication of impairment. In particular, if the future performance of the acquired business differs from expectations, impairment charges may be incurred in the future, which could be significant and which could have a material adverse impact on the Combined Group's business and financial condition.

e) Due diligence conducted by the Issuer may not have revealed all of the risks associated with the Acquisition

The Issuer cannot be certain that its due diligence investigation in connection with the Acquisition had revealed all relevant facts and circumstances that were necessary or helpful in evaluating the merits of the Acquisition, the existence of which could have a material adverse effect on the financial condition, business, results of operations or prospects of the Issuer or the Combined Group. Such facts and circumstances may include (without limitation): any material actual, contingent or prospective liabilities, including legal, regulatory, pensions and tax liabilities; the level and status of Virgin Money's non-performing assets; regulatory conduct or compliance issues; any issues relating to violations of sanctions, anti-money laundering laws, anti-bribery and corruption laws, or other fraudulent or illegal activities; or any IT system failures or weaknesses, including data breaches. Any such events or circumstances which come to light in the future could, individually or in the aggregate, result in significant additional costs and liabilities that are not described in this Registration Document, have a material adverse effect on the financial condition, business, results of operations or prospects of the Issuer, and/or result in reputational harm.

f) The Issuer continues to consider the structure, capital, leverage, liquidity, and MREL profile of the Combined Group

While the Issuer intends to integrate Virgin Money gradually, over multiple years, into the Combined Group and, accordingly, in the medium term, the Issuer intends that Virgin Money will continue to operate as a separate legal entity within the Combined Group, with a separate board of directors and a separate banking license held by Clydesdale Bank, there can be no assurance that integration of the Combined Group will proceed as planned.

The Acquisition has already and will continue to affect the overall liquidity, capital, leverage, MREL and resolution profile of the Issuer. As of March 31, 2025, the Issuer's common equity tier 1 ratio was 19.1% and leverage ratio was 5.2%, both above regulatory minimums.

The Combined Group represents the second largest provider of mortgages and savings in the UK (as determined by the Issuer based on publicly available information from the Bank of England), which may increase the actual or perceived systemic importance of the Issuer within the UK financial system. If the PRA or the Bank of England were to impose additional capital, leverage, liquidity, MREL or resolution requirements or buffers on the Combined Group, or any other requirements or constraints on the structure or operations of the Combined Group, in the future, this could affect the Issuer's planned integration of Virgin Money, increase the cost of capital of the Combined Group, and/or result in the Issuer incurring additional costs relating to the integration of the Combined Group. Any such outcomes could have a material adverse effect on the financial condition, business, results of operation or prospects of the Combined Group.

CAPITALIZATION AND INDEBTEDNESS

The following is a summary of our consolidated capitalization and indebtedness extracted from our audited consolidated financial statements as at March 31, 2025:

	March 31, 2025
	(£ million)
Consolidated Indebtedness[1]	
Deposits from banks and similar institutions	6,053
Other deposits	74,667
Debt securities in issue	51,109
Total Senior Debt	**131,829**
Subordinated liabilities[1][2][6]	**2,444**
Permanent Interest Bearing Shares[1][3][4]	**129**
Members' Funds	
CCDS[1]	1,157
Other equity instruments[1]	1,485
General reserve	17,086
Revaluation reserve	35
Cash flow hedge reserve	132
Fair value through other comprehensive income reserve	(119)
Other hedging reserve	(53)
UK retail member deposits[1][4]	207,428
Total members' funds	**227,151**
Total capitalization	**361,553**

Notes:

(1) If we were to go into liquidation, the claims in respect of senior preferred notes and other unsubordinated creditors would rank junior to obligations required to be preferred by law (which includes certain member share accounts which are given preferential status by law but would rank before those of senior non-preferred and subordinated debt holders. The claims of holders of permanent interest bearing shares ("**PIBS**") rank behind those of all other creditors, including subordinated debt holders. The claims of the holders in respect of our AT1 instruments would rank behind those in respect of our PIBS, and the claims in respect of our CCDS would rank behind claims in respect of our AT1 instruments.

(2) For consistency with other indebtedness, accrued interest of £5.5 million is included in subordinated liabilities.

(3) For consistency with other indebtedness, accrued interest of £1.5 million is included in subscribed capital.

(4) The fixed rate PIBS are repayable, at the option of the Society, in whole on the initial call date or every fifth anniversary thereafter. If not repaid on a call date then the interest rate is reset at a margin to the yield on the then prevailing five year benchmark gilt rate. Initial call dates are in October 2024, February 2026 and March 2030, respectively. The floating rate PIBS payable at 4.2% above SONIA is callable on September 2030.

(5) Our rules provide that members may withdraw all or any of their investments by giving appropriate notice specifying the amount to be withdrawn. Members may also make an immediate withdrawal of their investments subject to a possible loss of interest. The Nationwide Board has the power to suspend or limit the payment of withdrawals when, in its discretion, it considers it necessary.

(6) Subordinated debt comprises of eight issues maturing 2026, three issues maturing 2027, seven issues maturing 2028, four issues maturing 2029, two issues maturing 2030, one issue maturing 2032, one issue maturing 2033 and one issue maturing in 2036, a number of which are callable ahead of maturity.

Except as otherwise disclosed in this Registration Document, there has been no material change in our consolidated capitalization, indebtedness, guarantees or contingent liabilities since March 31, 2025.

UNAUDITED PRO FORMA FINANCIAL INFORMATION

Section A – Unaudited pro forma financial information of the Group

The unaudited condensed pro forma income statement of the Group (the "**pro forma income statement**") has been prepared to illustrate the effect on the results of operations of Nationwide Building Society for the period from April 5, 2024 to March 31, 2025 as if the acquisition of Virgin Money UK PLC had taken place on April 5, 2024.

On October 1, 2024, the Group acquired Virgin Money UK PLC. The results of Virgin Money Group are included in the Group's consolidated financial results for the period from October 1, 2024 to March 31, 2025. and therefore the pro forma income statement is adjusted to include the consolidated results of Virgin Money Group as published in the unaudited Virgin Money Interim Financial Report for the six months from April 1, 2024 to September 30, 2024.

The pro forma income statement set out below has been prepared in accordance with Annex 20 of Commission Delegated Regulation (EU) 2019/980 supplementing Regulation (EU) 2017/1129, as it forms part of retained European Union Law in the United Kingdom as defined in the EUWA.

The pro forma income statement has been prepared on the basis described in the notes to the unaudited pro forma income statement and on a basis consistent with the accounting policies adopted by Nationwide Building Society in preparing its March 31, 2025 consolidated financial statements.

The pro forma income statement has been prepared for illustrative purposes only and, by its nature, addresses a hypothetical situation and does not, therefore, represent the Group's actual financial results. The unaudited pro forma income statement does not constitute individual accounts within the meaning of Section 72A or 72B of the UK Building Societies Act 1986.

The pro forma income statement does not purport to represent what the Group's results of operations actually would have been if the Virgin Money Acquisition had been completed on the date indicated, nor does it purport to represent the results of operations for any future period of Nationwide Building Society, Virgin Money UK PLC or the Group at any future date.

The adjustments to the pro forma income statement are expected to have a continuing impact, unless stated otherwise. The consolidated results of Nationwide Building Society for the period ended March, 31 2025 include certain transaction-related impacts which are expected to be non-recurring in future periods, including the £2.3 billion gain recognized on acquisition of Virgin Money.

Potential investors in the Notes should read the whole of this Registration Document, together with any Base Prospectus of which it forms a part and not rely on the summarized financial information contained in this section. Ernst & Young LLP's Accountant's Report on the pro forma income statement is set out in Section B - Accountant's Report on the Pro Forma Financial Information.

Unaudited pro forma income statement for the period ended March 31, 2025

	Historical	**Pro forma adjustments**			**Pro forma**
	Issuer as of and for period ended March 31, 2025(1)	**Virgin Money Group for six months ended September 30, 2024(2)**	**Accounting policy adjustments (3)**	**Transaction accounting adjustments(4)**	**Group - Period ended March 31, 2025(5)**
			£ (million)		
Net interest income	4,992	904	(61)	(21)	5,814
Total other income	2,492	94	(5)	(40)	2,541
Total income	**7,484**	**998**	**(66)**	**(61)**	**8,355**
Administrative expense	(3,550)	(635)	(10)	(56)	(4,251)
Impairment losses on loans and advances to customers	(632)	(84)	—	—	(716)
Profit before member reward payments and tax	**3,302**	**279**	**(76)**	**(117)**	**3,388**

Member reward payments	(1,000)	—	—	—	(1,000)
Profit before tax	**2,302**	**279**	**(76)**	**(117)**	**2,388**
Taxation credit/(charge)	36	(137)	16	28	(57)
Profit after tax	**2,338**	**142**	**(60)**	**(89)**	**2,331**

Notes:

(1) *NBS financial information for the period from April 5, 2024 to March 31, 2025*. The information for Nationwide has been extracted without material adjustment from the audited consolidated financial statements of the Group as of and for the period ended March 31, 2025, which are incorporated by reference in this Registration Document as set out on page 11 and have been prepared in accordance with:

- the requirements of the Building Societies Act 1986 and with those parts of the Building Societies (Accounts and Related Provisions) Regulations 1998 (as amended) that are applicable; and
- International accounting standards which have been adopted for use within the UK.

The year end date of the Society has been changed to March 31, and the consolidated financial statements were prepared for the period from April 5, 2024 to March 31, 2025.

(2) *Virgin Money financial information for the six months ended September 30, 2024*. The information for Virgin Money has been extracted without material adjustment from the Virgin Money unaudited interim condensed consolidated financial statements for the six months to September 30, 2024, which have been prepared in accordance with UK adopted International Accounting Standard 34 'Interim Financial Reporting' (IAS 34), and are incorporated by reference in this Registration Document as set out on page 11. The results of Virgin Money Group are inclusive of the 4-day period from April 1, 2024 to April 4, 2024. No adjustment has been made to exclude the results for this 4-day period on the basis that this would have an immaterial impact on the unaudited pro forma income statement.

(3) *Accounting policy adjustments*. Adjustments have been made to the published Virgin Money Group consolidated results for the six months ended September 30, 2024 to reflect alignment with accounting policies of the Group. These adjustments have been summarized below:

Presentation reclassification adjustment

A presentation reclassification adjustment has been applied to the Virgin Money Group consolidated income statement information for the six months ended September 30, 2024 in order to conform with Nationwide Building Society's consolidated financial statement presentation. This relates to the reclassification of interest income recognized on the Virgin Money defined benefit pension scheme totaling £15 million from administrative expenses to net interest income.

Other changes in accounting policies

To conform with Nationwide Building Society's group accounting policies, the historical Virgin Money Group consolidated income statement information for the six months ended September 30, 2024 has been adjusted, as described below:

- Changes have been made to the Virgin Money accounting policies for effective interest rate accounting on mortgages and credit cards, resulting in a £76 million decrease to net interest income. The tax effect of this change was to decrease the tax charge by £16 million.
- Properties are presented on a revaluation basis, as opposed to the previous Virgin Money accounting policy which measured them at depreciated cost less impairment. This has resulted in a reduction to administrative expenses and an increase to revaluation losses recognized within total other income of £5 million.

(4) *Transaction accounting adjustments*. Transaction accounting adjustments include pro forma adjustments to reflect the fair value of identifiable assets acquired and liabilities assumed in accordance with IFRS 3 'Business Combinations' ("**IFRS 3**") as determined based on the purchase accounting applied at the acquisition date, and the subsequent amortization of such adjustments in the pro forma income statement.

The fair value measurement of identifiable assets acquired and liabilities assumed may be adjusted following management's finalization of its acquisition date fair value estimates if new information about facts and circumstances existing on the date of the acquisition is obtained, as allowed by IFRS 3 for a maximum of one year from the acquisition date. As a consequence, the final fair value adjustments may differ from the amounts presented here.

In determining these adjustments, management has assumed that the fair value adjustments that arose on acquisition as part of the purchase price allocation would have been the same if the acquisition had occurred on April 5, 2024. Fair value adjustments are amortized or depreciated over the remaining life of the related assets and liabilities. Adjustment has been included in the pro forma income statement for the following items to illustrate the effect on the results of operations of the Society as if the Virgin Money Acquisition had taken place on April 5, 2024:

- Amortization of fair value adjustments on the banking book totaling a £21 million reduction to net interest income.
- As all Virgin Money hedge accounting relationships were required to be re-designated upon acquisition, adjustment has been made to reflect amortization of the initial fair values of derivative financial instruments resulting in a reduction of £40 million in total other income.
- Amortization of acquired core deposit and purchased credit card relationship intangible assets totaling £56 million within administrative expenses.
- The tax effect of the above adjustments was to decrease the tax charge by £28 million.

(5) *Other matters*. In preparing the pro forma income statement, no account has been taken of the trading activity of the Society, Virgin Money or the Group since March 31, 2025.

Section B – Accountant's Report on the Pro Forma Financial Information

The Directors
Nationwide Building Society
Nationwide House
Pipers Way
Swindon SN38 1NW
United Kingdom

July 3, 2025

Dear Sirs/Madams

Nationwide Building Society (the "Society")

We report on the pro forma financial information set out in Section A of the Part titled "Unaudited Pro Forma Financial Information" of the Registration Document (the "Registration Document") dated 3 July 2025 of the Society (the "Pro Forma Financial Information").

This report is required by Section 3 of Annex 20 of the UK version of Commission Delegated Regulation (EU) 2019/980 and is given for the purpose of complying with that section and for no other purpose.

Save for any responsibility that may arise under Prospectus Regulation Rule 5.3.5R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 1.3 of Annex 7 to the UK version of Commission Delegated Regulation (EU) 2019/980, consenting to its inclusion in the Registration Document.

Opinion

In our opinion:

- the Pro Forma Financial Information has been properly compiled on the basis stated; and
- such basis is consistent with the accounting policies of the Society.

Responsibilities

It is the responsibility of the directors of the Society to prepare the Pro Forma Financial Information in accordance with Sections 1 and 2 of Annex 20 of the UK version of Commission Delegated Regulation (EU) 2019/980.

It is our responsibility to form an opinion, as required by Section 3 of Annex 20 of the UK version of Commission Delegated Regulation (EU) 2019/980, as to the proper compilation of the Pro Forma Financial Information and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of Preparation

The Pro Forma Financial Information has been prepared on the basis described in the notes thereto, for illustrative purposes only, to provide information about how the acquisition of Virgin Money UK PLC ("Virgin Money") might have affected the financial information presented on the basis of the accounting policies adopted by the Society in preparing the financial statements for the period ended 31 March 2025.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom. We are independent in accordance with the FRC's Ethical Standard as applied to Investment Circular Reporting Engagements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the directors of the Society.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Society.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Declaration

For the purposes of item 1.2 of Annex 7 of the UK version of Commission Delegated Regulation (EU) 2019/980 we are responsible for this report as part of the Registration Document and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and that the report makes no omission likely to affect its import. This declaration is included in the Registration Document in compliance with item 1.2 of Annex 7 of the UK version of Commission Delegated Regulation (EU) 2019/980.

Yours faithfully

Ernst & Young LLP

SELECTED CONSOLIDATED FINANCIAL AND OPERATING INFORMATION

The following tables present selected consolidated information which has been extracted from our audited consolidated financial statements as at and for the period ended March 31, 2025 and the years ended April 4, 2024 and 2023.

As a consequence of the Acquisition and in line with other entities of the Group, Virgin Money extended its accounting reference period ending September 30, 2024 to March 31, 2025. The following data should be read in conjunction with our audited consolidated financial statements and the notes thereto incorporated by reference herein as well as the section entitled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and our unaudited condensed pro forma financial information found in the section titled "*Pro Forma Financial Information*":

	For the period ended March 31,		For the year ended April 4,	
	2025[(1)]	**2025**	**2024[(2)]**	**2023**
	($ million)		*(£ million)*	
Income Statement Data:				
Interest receivable and similar income....	20,409	16,082	14,025	8,825
Interest expense and similar charges.......	(14,074)	(11,090)	(9,575)	(4,327)
Net interest income	**6,335**	**4,992**	**4,450**	**4,498**
Fee and commission income..................	654	515	426	432
Fee and commission expense.................	(452)	(356)	(292)	(311)
Other operating income/(expense)..........	27	21	80	54
Gains/(losses)from derivatives and hedge accounting	15	12	117	(4)
Gain on the acquisition of Virgin Money	2,919	2,300	—	—
Total income...	**9,498**	**7,484**	**4,781**	**4,669**
Administrative expenses........................	(4,505)	(3,550)	(2,422)	(2,323)
Impairment (charge)/release on loans and advances to customers...	(802)	(632)	(112)	(126)
Provisions for liabilities and charges	—	—	(127)	9
Profit before member reward payment and tax	**4,191**	**3,302**	**2,120**	**2,229**
Member reward payments	(1,269)	(1,000)	(344)	—
Profit before tax...................................	**2,922**	**2,302**	**1,776**	**2,229**
Analyzed as:				
Underlying profit before member reward payment and tax	2,351	1,852	2,003	2,233
Gain on the acquisition of Virgin Money	2,919	2,300	—	—
Amortization of acquisition fair value adjustments	(49)	(39)	—	—
Costs relating to the acquisition of Virgin Money	(466)	(367)	—	—
Initial impairment provisions recognized following acquisition	(579)	(456)	—	—
Member reward payments	(1,269)	(1,000)	(344)	—
Gains/(losses) from derivatives and hedge accounting	15	12	117	(4)
Statutory profit before tax	**2,922**	**2,302**	**1,776**	**2,229**
Taxation...	46	36	(476)	(565)
Profit after tax......................................	**2,968**	**2,338**	**1,300**	**1,664**

Note:

(1) Dollar amounts are unaudited and have been derived from the 2025 Financial Statements using the average exchange rate of \$1.26909 to £1.

(2) Comparative financial information for the year ended April 4, 2024 was restated in the 2025 Financial Statements, to present provisions for liabilities and charges within administrative expenses. See Note 1 to the 2025 Financial Statements.

	As at March 31,		As at April 4,	
	2025[1]	**2025**	**2024[2]**	**2023**
	($ million)		*(£ million)*	
Balance Sheet Data				
Assets:				
Cash and balances at central banks	38,055	29,483	25,231	25,635
Loans and advances to banks and similar institutions	2,336	1,810	918	2,860
Investment securities	36,997	28,663	26,532	27,615
Derivative financial instruments	6,121	4,742	6,290	6,923
Fair value adjustment for portfolio hedged risk	(2,629)	(2,037)	(3,330)	(5,011)
Loans and advances to customers	388,373	300,889	213,440	210,782
Intangible assets	1,912	1,481	848	862
Property, plant and equipment	1,027	796	656	744
Accrued income and prepaid expenses	509	394	294	302
Deferred Tax	359	278	109	119
Current tax assets	338	262	54	15
Other assets	289	224	435	101
Retirement benefit assets	1,151	892	610	946
Total assets	**474,838**	**367,877**	**272,087**	**271,893**
Liabilities and members' interest in equity:				
Shares	267,738	207,428	193,366	187,143
Deposits from banks and similar institutions	7,813	6,053	16,388	25,056
Other deposits	96,376	74,667	4,530	5,191
Fair value adjustment for portfolio hedged risk	35	27	50	2
Debt securities in issue	65,969	51,109	34,749	27,626
Derivative financial instruments	1,997	1,547	1,451	1,524
Other liabilities	3,139	2,432	859	695
Provisions for liabilities and charges	90	70	149	82
Accruals and deferred income	1,579	1,223	405	334
Subordinated liabilities	3,155	2,444	2,075	6,755
Subscribed capital	167	129	173	173
Deferred Tax	343	266	206	406
Current tax liabilities	—	—	—	—
Core capital deferred shares (CCDS)	1,493	1,157	1,157	1,233
Other equity instruments	1,917	1,485	1,336	1,336
General reserve	22,054	17,086	15,119	14,184
Revaluation reserve	45	35	36	38
Cash flow hedge reserve	170	132	127	176
Other hedging reserve	(68)	(53)	(51)	(47)
Fair value through other comprehensive income reserve	(154)	(119)	(38)	(14)
Non-controlling interests	980	759	—	—
Total members' interests, equity and liabilities	**474,838**	**367,877**	**272,087**	**271,893**

Note:

(1) Dollar amounts are unaudited and have been derived from the 2025 Financial Statements using the closing exchange rate of $1,29075 to £1.

(2) Certain balance sheet items in the comparative financial information as at April 4, 2024 were restated in the 2025 Financial Statements. These changes have no impact on the Group's net assets or members' interest and equity as at April 4, 2024. See Note 1 to the 2025 Financial Statements.

	As at and for the period ended March 31,	As at and for the year ended April 4,	
	2025	2024[(1)]	2023
Other Financial Data		*(percentages)*	
Return on average total assets[(2)]	0.71	0.46	0.58
Net interest margin (statutory)	1.54	1.56	1.57
Underlying cost income ratio [(3)]	61.1	54.7	49.7
Ratio of administrative expenses to mean total assets[(4)]	1.10	0.94	0.85
Capital ratios			
CET1	19.1	27.1	26.5
Total Tier 1	**21.7**	**29.5**	**29.1**
Total regulatory capital	**23.8**	**32.6**	**32.7**
Leverage ratio[(5)]	5.2	6.5	6.0

Notes:

(1) Comparative financial information for the year ended April 4, 2024 was restated in the 2025 Financial Statements, to present provisions for liabilities and charges within administrative expenses. See Note 1 to the 2025 Financial Statements.

(2) Return on average total assets represents profit on ordinary activities after tax as a percentage of average total assets. Average balances are based on the balance as at the end of each month during the financial year.

(3) These ratios, which are APMs, are measures of efficiency and present administrative expenses as a proportion of total income.

(4) This ratio represents administrative expenses as a percentage of the average of total assets at the start and end of each period.

(5) The PRA simplified the leverage framework by applying a single Leverage Exposure Measure (LEM), which excludes central bank claims, from January 1, 2022. This metric is used by the PRA for the purposes of supervising the capital adequacy of financial institutions in the UK. The simplification of the leverage framework has resulted in the removal of the CRR leverage ratio, which included central bank claims, from the table. The "UK" prefix that was included in 2021 to distinguish between the two ratios is no longer required and we now only refer to the leverage ratio.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion is based on, and should be read in conjunction with, our selected consolidated financial and operating information and our audited consolidated financial statements incorporated by reference herein. We prepared our financial statements in accordance with IFRS, which differs in certain significant respects from generally accepted accounting principles in the United States.

Overview

We are a building society, regulated by the FCA in relation to conduct of business matters and by the PRA in relation to prudential requirements. Our core business is providing personal financial services, primarily residential mortgage lending funded largely through retail savings. As a mutual organization, other than in respect of a relatively small amount of funding provided by investors in our deferred shares (including our PIBS, AT1 instruments and CCDS), we are not funded by shareholders, which means that we are managed for the benefit of our members, who are our current account, retail savings and residential mortgage customers (as well as the holders of our deferred shares), rather than for equity shareholders. We return value to our members by offering typically higher interest rates on savings and lower interest rates on loans than those offered by our main competitors. As a result, we generally earn lower pre-tax profits than our main competitors, which are primarily banks or other non-mutual organizations. As a mutual organization, we pay no dividends (although we pay periodic investment returns on our CCDS at our discretion and interest on our AT1 and tier 2 capital securities), and our net earnings are put into reserves and constitute CET1 capital for our capital adequacy requirements. For information regarding UK capital adequacy requirements, see the subsection entitled "*—Financial Condition of Nationwide—Capital Resources*" below.

Financial Performance

Underlying profit before tax for the period ended March 31, 2025 decreased to £1,852 million (year ended April 4, 2024: £2,003 million), with the reduction largely reflecting £195 million in profit reduction, which was partially offset by the inclusion of profits of £44 million from six months of operations of Virgin Money. Statutory profit before tax for the period ended March 31, 2025 increased to £2,302 million (year ended April 4, 2024: £1,776 million), due to the £2,300 million gain as a result of the Virgin Money Acquisition, which was partially offset by our decision to share value with our members through The Big Nationwide Thank You one-off payment of £615 million and the Nationwide Fairer Share Payment of £385 million distributed in June 2024, a £456 million charge for the accounting treatment of credit impairment charges following the Virgin Money Acquisition and £367 million of costs relating to the Virgin Money Acquisition. The macroeconomic outlook continues to remain uncertain with many of our members facing a cost of living increase, persistent inflation and higher interest rates.

Total underlying income for the period ended March 31, 2025 increased to £5,211 million (year ended April 4, 2024: £4,664 million) due to the Virgin Money Acquisition. Net interest margin ("**NIM**") decreased slightly to 1.55% (year ended April 4, 2024: 1.56%). During the period, a combined £2,800 million of value was delivered to members. This was comprised of member financial benefit of £1,795 million (year ended April 4, 2024: £1,850 million) supported by the strength of our savings rates, the second Nationwide Fairer Share Payment to eligible members in June 2024 of £385 million and The Big Nationwide Thank You of £615 million.

Our capital position remains strong. During the period ended March 31, 2025, the CET1 ratio decreased to 19.1% (year ended April 4, 2024: 27.1%) primarily as a result of the utilization of capital through the Virgin Money Acquisition. The leverage ratio decreased to 5.2% (year ended April 4, 2024: 6.5%), with Tier 1 capital increasing by £1,598 million primarily as a result of the Virgin Money Acquisition. The CET1 and leverage ratio remain well above the regulatory capital requirements of 12.7% and 4.3%, respectively.

We have continued to support our members' borrowing and lending needs during the year, and as a result have delivered robust growth in our deposit and mortgage balances. Total gross residential mortgage advances increased to £44.7 billion for the year (April 4, 2024: £26.3 billion) due to the inclusion of Virgin Money in the

Group from October 1, 2024 onwards as well as an increase in lending by the Group. Our market share of mortgage balances increased to 16.2% in the period ended March 31, 2025 (April 4, 2024: 12.3%). Over the period, customer deposits increased by £67.3 billion (April 4, 2024: £6.3 billion) to £260.7 billion (April 4, 2024: £193.4 billion), which included £53.3 billion of Virgin Money balances and a record-high organic growth in balances of £14.0 million. Our market share of all deposit balances increased to 12.2% (April 4, 2024: 9.5%).

Total costs for the period ended March 31, 2025 increased by £1,001 million to £3,550 million (year ended April 4, 2024: £2,549 million) largely due to £698 million in costs incurred by Virgin Money which includes continued investment in customer service, asset quality reviews and branches, £36 million of Acquisition related costs, £275 million of costs associated with the amended Trade Mark License Agreement between Virgin Money and Virgin Enterprises Limited and £56 million of amortization of acquired assets arising from the Virgin Money Acquisition.

Credit impairment charges for the period ended March 31, 2025 increased to £632 million for the year (April 4, 2024: £112 million), reflecting a £12 million underlying charge for the Group (excluding Virgin Money) driven by reductions in adjustments made to the modelled provision where the previously anticipated increase in arrears has not materialized, a £164 million underlying charge relating to Virgin Money and £456 million in one-off charges relating the Virgin Money Acquisition. These one-off charges include the initial recognition of the 12-month expected loss, the impact of the first application of staging criteria and the alignment of key elements of the Combined Group's impairment provision methodology.

Impact of Economic Conditions in the UK Generally and Outlook

Residential mortgage arrears have increased slightly following the Virgin Money Acquisition but remain well below the industry average. In relation to our mortgage portfolio, a £70 million adjustment to the modelled provisions has been made as of March 31, 2025 to reflect affordability risks including the impact of elevated mortgage interest rates. Consumer lending arrears have decreased during the period, driven by the change in product mix as a result of the Virgin Money Acquisition, and remain at low levels.

The Group expects modest growth in the UK economy, with inflation close to its target level in the years ahead. House prices are expected to continue to grow steadily, whilst the Bank rate is forecast to be reduced gradually over the next twelve months. The outlook remains uncertain, given ongoing heightened geopolitical tensions, emerging policies of the UK Government and U.S. trade policies. To date, borrowers have remained resilient to affordability pressures. Arrears rates are expected to rise but remain below the industry average.

Net Interest Income

Net interest income ("**NII**") increased by £542 million, or 12.2% in the period ended March 31, 2025 to £4,992 million from £4,450 million in the year ended April 4, 2024. The increase was primarily related to the Virgin Money Acquisition and the contributions thereof to the NII and was partially offset by the timing of changes in the Bank Rate and continued reduction in overall mortgage margins.

The table below shows the calculation of net interest margin on a statutory basis for the period ended March 31, 2025 and for the years ended April 4, 2024 and 2023.

	For the period ended March 31,	For the year ended April 4,	
	2025	2024	2023
	(*£ million, except percentages*)		
Net interest income	4,992	4,450	4,498
Weighted average total assets	327,130	285,128	285,610
Net interest margin	**1.54%**	**1.56%**	**1.57%**

Interest Rate Management

Because the majority of our assets and liabilities are either floating rate instruments or synthetically converted to floating rate instruments using derivatives, variations in market interest rates have a direct impact on our interest income and interest expense. Fluctuations in market interest rates, however, give us the opportunity to manage our interest rate margins and, for most of our assets and liabilities, we can re-price the interest rate that we offer, subject to market and competitive pressures.

The table below shows the daily average SONIA rates and average Bank of England base rates for the period ended March 31, 2025 and the years ended April 4, 2024 and 2023.

	For the period ended March 31,	For the year ended April 4,	
	2025	2024	2023
		(percentages)	
Daily average SONIA	4.89	4.97	2.28
Average Bank of England base rate	4.94	5.04	2.34

Interest rate risk arises from the mortgage, savings and other financial services products that we offer. The varying interest rate features and maturities of retail products and wholesale funding create exposures to interest risks. This is due to the imperfect matching of variable interest rates, in particular the Bank of England base rate, and timing differences on the re-pricing of assets and liabilities. The risk is managed through the use of derivatives and other appropriate financial instruments and through product design.

Interest rates started to rise in December 2021 to combat higher inflation embedding within the economy. As at April 4, 2022, the rate was 0.75%. The Bank of England Monetary Policy Committee voted to raise its Bank Rate on eleven consecutive occasions since April 2022 to a rate of 5.25% as of October 2023, with the aim of returning inflation to the 2% target in the medium term.

The BMR is guaranteed to be no more than 2% above the Bank Rate. This rate is significantly lower than the equivalent standard variable rate charged by our competitors and the SMR onto which our mortgages advanced since April 2009 revert. This has the effect of compressing our mortgage margins and reducing the flexibility with which these margins can be managed. However, the BMR portfolio is well seasoned, has low arrears rates and low possession rates, which partly compensates for the low margin it yields.

Results of Operations for the Period Ended March 31, 2025 Compared with the Year Ended April 4, 2024

Introduction

During the year, the UK economy continued to face challenges as interest rates were increased with the intent to prevent elevated inflation from becoming an entrenched problem after the surge in global energy and food prices caused in large part by the war in Ukraine. Additionally, the increases to the Bank Rate have raised the cost of borrowing and put further pressure on household affordability. Despite this, Nationwide's observed credit quality and performance have remained broadly stable. Our performance has benefited from the impact of government energy support schemes, with residential mortgages and consumer lending arrears remaining at a low level.

Underlying profit before tax for the period ended March 31, 2025 was £1,852 million (year ended April 4, 2024: £2,003 million), with statutory profit before tax for the year increasing to £2,302 million (year ended April 4, 2024: £1,776 million). This profitability has supported us in maintaining a capital position materially above regulatory requirements, with our CET1 and leverage ratios at 19.1% and 5.2%, respectively (year ended April 4, 2024: 27.1% and 6.5%, respectively).

Our total underlying income increased to £5,211 million (year ended April 4, 2024: £4,664 million) due to the Virgin Money Acquisition, and the addition to the total underlying income thereof. NIM on an underlying basis decreased slightly to 1.55% (year ended April 4, 2024: 1.56%). Retail deposit balances increased to £260.7

billion (year ended April 4, 2024: £193.4 billion) with our market share of balances increasing to 12.2% (April 4, 2024: 9.5%). During the year, mortgage balances also increased to £275.6 billion (April 4, 2024: £204.1 billion) with market share increasing to 16.2% (April 4, 2024:12.3%).

Credit impairment charges for the period ended March 31, 2025 increased to £632 million for the year (April 4, 2024: £112 million), reflecting a £12 million underlying charge for the Group driven by reductions in adjustments made to the modelled provision where the previously anticipated increase in arrears has not materialized, a £164 million underlying charge relating to Virgin Money and £456 million in one-off charges relating to the Virgin Money Acquisition. These one-off charges include the initial recognition of the 12-month expected loss, the impact of the first application of staging criteria and the alignment of key elements of the Combined Group's impairment provision methodology. Administrative expenses increased by £1,001 million to £3,550 million (year ended April 4, 2024: £2,549 million) largely due to £698 million in costs incurred by Virgin Money which includes continued investment in customer service, asset quality reviews and branches, £36 million of Acquisition related costs, £275 million of costs associated with the amended Trade Mark License Agreement between Virgin Money and Virgin Enterprises Limited and £56 million of amortization of acquired assets arising from the Virgin Money Acquisition.

We maintain a strong liquidity position, with an average Liquidity Coverage Ratio ("**LCR**") of 174% for the twelve months ended March 31, 2025 (April 4, 2024: 191%). We continue to manage our liquidity against internal risk appetite which is more prudent than regulatory requirements.

Profit before tax on a reported basis and underlying basis are set out below. Certain aspects of our results are presented to reflect management's view of the underlying results and to provide a clearer representation of our performance.

	For the period ended March 31, 2025				
	Underlying profit	**FSCS and bank levy**	**Gain from derivatives and hedge accounting**	**Acquisition and other adjustments**	**Statutory profit**
Net interest income	5,031	—	—	(39)	4,992
Other income	180	—	—	—	180
Movements on derivatives and hedge accounting(1)	—	—	12	—	12
Gain on the acquisition of Virgin Money	—	—	—	2,300	2,300
Total income	**5,211**	**—**	**12**	**2,261**	**7,484**
Administrative expenses	(3,183)	—	—	(367)	(3,550)
Pre-provision underlying profit	**2,028**	**—**	**12**	**1,894**	**3,934**
Impairment charge	(176)	—	—	(456)	(632)
Profit before member reward payments and tax(2)	**1,852**	**—**	**12**	**1,438**	**3,302**

Notes:

(1) Although derivatives are only used to hedge market risks, income statement volatility can still arise due to hedge accounting ineffectiveness or because hedge accounting volatility is largely attributable accounting rules which do not fully reflect the economic reality of the hedging strategy.

(2) Underlying profit represents management's view of underlying performance. The following items are excluded from statutory profit to arrive at underlying profit:

- Although we only use derivatives to manage risks, their impact can be volatile. This volatility is largely due to accounting rules that do not fully reflect the economic reality of our approach to hedging financial risks.

- FSCS credits, which are excluded from statutory profit, are from FSCS recoveries related to failures provided for in previous years. Ongoing FSCS management expenses are included within underlying profit.

	For the year ended April 4, 2024			
	Underlying profit	FSCS and bank levy	Gain from derivatives and hedge accounting	Statutory profit
	(£ million)			
Net interest income	4,450	—	—	4,450
Other income	214	—	—	214
Movements on derivatives and hedge accounting(1)	—	—	117	117
Total income	**4,664**	—	**117**	**4,781**
Administrative expenses(2)	(2,549)	—	—	(2,549)
Pre-provision underlying profit	**2,242**	—	**117**	**2,359**
Impairment charge	(112)	—	—	(112)
Profit before tax(3)	**2,003**	—	**117**	**2,120**

Notes:

(1) Although derivatives are only used to hedge market risks, income statement volatility can still arise due to hedge accounting ineffectiveness or because hedge accounting volatility is largely attributable accounting rules which do not fully reflect the economic reality of the hedging strategy.

(2) Comparative financial information for the year ended April 4, 2024 was restated in the 2025 Financial Statements, to present provisions for liabilities and charges within administrative expenses. See Note 1 to the 2025 Financial Statements.

(3) Underlying profit represents management's view of underlying performance. The following items are excluded from statutory profit to arrive at underlying profit:

- Although we only use derivatives to manage risks, their impact can be volatile. This volatility is largely due to accounting rules that do not fully reflect the economic reality of our approach to hedging financial risks.
- FSCS credits, which are excluded from statutory profit, are from FSCS recoveries related to failures provided for in previous years. Ongoing FSCS management expenses are included within underlying profit.

The following discussion considers our results for the period ended March 31, 2025 compared to our results for the year ended April 4, 2024:

Total income

Our total income increased to £7,484 million in the period ended March 31, 2025 compared to £4,781 million in the year ended April 4, 2024. The following table sets forth the components of income for the period ended March 31, 2025 and the year ended April 4, 2024, respectively:

	For the period ended March 31,	For the year ended April 4,
	2025	2024
	(£ million)	
Net interest income	4,992	4,450
Net fees and commissions	159	134
Other operating income	21	80
(Losses) /gains from derivatives and hedge accounting	12	117
Gain on acquisition of Virgin Money	2,300	—
Total	**7,484**	**4,781**

Net interest income

NII increased by £542 million, or 12.2% in the period ended March 31, 2025 to £4,992 million from £4,450 million in the year ended April 4, 2024. The increase was primarily related to the Virgin Money Acquisition and the contributions thereof to NII and was partially offset by the timing of changes in the Bank Rate and continued reduction in overall mortgage margins.

The following table sets forth the components of net interest income for the period ended March 31, 2025 and the year ended April 4, 2024, respectively:

	For the period ended March 31, 2025	For the year ended April 4, 2024
	(£ million)	
Interest and similar income:		
On residential mortgages	8,904	6,424
On other loans	1,399	718
On investment securities	—	1
On investment securities measured at FVOCI	644	522
On other liquid assets, including reserves at central banks	1,647	1,962
Net income on financial instruments hedging assets in a qualifying hedge accounting relationship	3,416	4,335
Interest on net defined benefit pension surplus	45	44
Other interest and similar income	27	19
Total interest and similar income	**16,082**	**14,025**
Interest expense and similar charges:		
On shares held by individuals	(6,001)	(5,217)
On non-member retail deposits	(834)	—
On subscribed capital	(10)	(11)
On deposits and other borrowings:		
Subordinated liabilities[1]	(96)	(72)
Deposits from banks and similar institutions and other deposits	(1,246)	(1,723)
Debt securities in issue [1]	(1,837)	(1,449)
Net expense on financial instruments hedging liabilities	(1,066)	(1,103)
Total interest expense and similar charges	**(11,090)**	**(9,575)**
Net interest income	**4,992**	**4,450**

Notes:

(1) Comparative financial information for the year ended April 4, 2024 was restated in the 2025 Financial Statements, to align with the reclassification of senior non-preferred notes from subordinated liabilities to debt securities in issues. See Note 1 to the 2025 Financial Statements.

On investment securities

Interest and similar income from investment securities comprise interest income earned on the corporate and government investment securities that we purchase for our own account to manage our liquidity portfolios and net realized gains and losses on our sales of these instruments.

Interest and similar income from investment securities measured at FVOCI increased by 23.4% to £644 million for the period ended March 31, 2025, compared with £522 million for the year ended April 4, 2024. The increase in interest income is primarily attributable to balance sheet growth in mortgages, which represents the majority of the Group's loans and advances to customers for the period ended March 31, 2025. Gross balances of loans and advances to customers increased by £88 billion, of this £72 billion came from our purchase of Virgin Money on October 1, 2025 and £15.9 billion from more mortgages issued by the Society.

Net income on financial instruments hedging assets in a qualifying hedge accounting relationship

Derivative instruments are used to synthetically convert fixed rate assets to floating rate assets. If derivatives are subject to hedge accounting, the floating rate income and fixed rate expense on these derivatives are included as "net income on financial instruments hedging assets in a qualifying hedge accounting relationship." In the period ended March 31, 2025, we generated a net income of £3,416 million on these instruments, compared with a net income of £4,335 million in the year ended April 4, 2024.

Interest expense and similar charges

The average interest rate that we paid to UK retail member depositors increased to 3.0% for the period ended March 31, 2025, compared with 2.7% for the year ended April 4, 2024. Retail deposit balances increased by £67.3 billion to £260.7 billion (year ended April 4, 2024: £193.4 billion) while our market share of balances increased to 12.2% (year ended April 4, 2024: 9.5%).

On deposits and other borrowings

Interest expense on deposits and other borrowings includes interest that we pay on subordinated debt instruments and other deposits and borrowings. In the period ended March 31, 2025, interest on subordinated liabilities increased to £96 million from £72 million in the year ended April 4, 2024. Average balances increased by £190 million to £2,262 million in the period ended March 31, 2025 from £2,072 million in the year ended April 4, 2024.

Other interest expense on deposits and other borrowings includes the interest that we pay on retail deposits by non-members, deposits from other banks and other money market deposits. In the period ended March 31, 2025, other interest expense on deposits and other borrowings decreased by 27.7% to £1,246 million from £1,723 million in the year ended April 4, 2024. The decrease was primarily due to movement in collateral balances.

Debt securities in issue

Debt securities in issue include interest that we pay on certificates of deposit, time deposits, commercial paper, covered bonds, medium-term notes and securitizations. In the period ended March 31, 2025, interest expense on debt securities in issue increased by 26.8% to £1,837 million from £1,449 million in the year ended April 4, 2024. The increase was primarily due to the Virgin Money Acquisition.

Net expense on financial instruments hedging liabilities

We use derivative instruments to synthetically convert fixed rate liabilities to floating rate liabilities. The floating rate expense and fixed rate income on these derivatives are included as "Net expense on financial instruments hedging liabilities." In the period ended March 31, 2025, net expense on financial instruments used to hedge our fixed rate liabilities was £1,066 million, compared with £1,103 million in the prior year ended April 4, 2024.

Net fees and commissions

The following table sets forth the components of net fees and commissions for the period ended March 31, 2025 and the year ended April 4, 2024, respectively:

	For the period ended March 31, 2025			For the year ended April 4, 2024		
	Income	**Expense**	**Net**	**Income**	**Expense**	**Net**
			(£ million)			
Current account and savings	352	(265)	87	300	(234)	66
Insurance, protection and investments	55	—	55	67	—	67
Mortgage	13	(31)	(18)	12	(20)	(8)
Credit card	69	(43)	(26)	41	(33)	8
Other fees and commissions	26	(17)	9	6	(5)	1
Fee and commission	**515**	**(356)**	**159**	**426**	**(292)**	**134**

Income from net fees and commissions consists of income that we earn from lending, banking and savings fees and insurance sales commissions less lending fees and commission expense.

In the period ended March 31, 2025, net fees and commissions increased by 18.66% to £159 million compared with £134 million in the year ended April 4, 2024.

Other operating income

In the period ended March 31, 2025, other operating income decreased by £59 million to a £21 million gain (April 4, 2024: £80 million gain).

(Losses)/gains from derivatives and hedge accounting

All derivatives we enter into are recorded on the balance sheet at fair value with any fair value movements accounted for in the income statement. Derivatives, our use of which is regulated by the UK Building Societies Act, are only used to limit the extent to which we could be affected by changes in interest rates, exchange rates or other factors specified in building society legislation. These derivatives are therefore used exclusively to hedge risk exposures and are not used for speculative purposes.

Where effective hedge accounting relationships can be established, the movement in the fair value of the derivative instrument is offset in full or in part by opposite movements in the fair value of the underlying asset or liability being hedged. Any ineffectiveness arising from different movements in fair value will likely trend to nil over time.

In addition, we enter into certain derivative contracts which, although efficient economically, cannot be included in effective hedge accounting relationships. Consequently, although the implicit interest cost of the underlying instrument and associated derivatives are included in "Net interest income" in the income statement, fair value movements on such derivatives are included in "Gains from derivatives and hedge accounting."

Gains from derivatives and hedge accounting were £12 million in the period ended March 31, 2025 compared to gains of £117 million in the year ended April 4, 2024. These gains were primarily driven by movement in interest rates and foreign exchange rates. Income statement volatility arises due to accounting ineffectiveness of designated hedges, or because hedge accounting has not been adopted or is not achievable.

Operating expenses and similar charges

Operating expenses and similar charges increased in the period ended March 31, 2025 to £3,302 million compared to £2,120 million in the year ended April 4, 2024. This increase was primarily due to the Virgin Money Acquisition. The impairment charge of £632 million (April 4, 2024: £112 million charge) consists mainly of a £12 million underlying charge for the Group driven by reductions in adjustments made to the modelled provision where the previously anticipated increase in arrears has not materialized, a £164 million charge relating to Virgin Money and £456 million in one-off charges relating to the Virgin Money Acquisition, including alignment of accounting policy and key judgments.

The following table sets forth the components of operating expenses and similar charges for the period ended March 31, 2025 and the year ended April 4, 2024, respectively:

	For the period ended March 31,	**For the year ended April 4,**
	2025	**2024**
	(£ million)	
Administrative expenses	2,958	2,088
Depreciation and amortization	592	461
Total Administrative expenses[1]	**3,550**	**2,549**
Impairment charge on loans and advances to customers	(632)	(112)
Total	**4,182**	**2,661**

Note:

(1) Comparative financial information for the year ended April 4, 2024 was restated in the 2025 Financial Statements, to present provisions for liabilities and charges within administrative expenses.

Administrative expenses

Administrative expenses increased by £1,001 million to £3,550 million (April 4, 2024: £2,549 million). This was primarily due to £698 million in costs incurred by Virgin Money which includes continued investment in customer service, asset quality reviews and branches, £36 million of Acquisition related costs, £275 million of costs associated with the amended Trade Mark License Agreement between Virgin Money and Virgin Enterprises Limited and £56 million of amortization of acquired assets arising from the Virgin Money Acquisition.

The following table sets forth the employee components of administrative expenses for the period ended March 31, 2025 and the year ended April 4, 2024, respectively:

	For the period ended March 31,	For the year ended April 4,
	2025	2024
	(£ million)	
Employee costs:		
Wages and salaries	839	660
Bonuses	132	83
Social security costs	116	86
Total	*1,087*	*829*
Pension costs	204	168
Other administrative expenses	1,667	1,545
Total	**2,958**	**2,088**

Note:

(1) Comparative financial information for the year ended April 4, 2024 was restated in the 2025 Financial Statements. Administrative cost categories have been updated to include customer redress, legal and regulatory provisions cost which were previously shown separately in the income statement. Other staff costs have been recategorized from other administrative expenses to staff costs. Other staff costs include credits of £99 million (2024: £96 million) for capitalized permanent, contract and temporary staff costs which were previously included within technology costs. Technology costs include credits of £93 million (2024: £196 million) for capitalized statement of work contractors. All prior period comparatives have been restated on a consistent basis. See Note 1 to the 2025 Financial Statements.

Employee costs are made up of salaries, bonuses and social security costs (which consist entirely of mandatory UK national insurance contributions) and pension costs.

In the period ended March 31, 2025, wages and salaries, bonuses and social security costs increased to £1,087 million from £829 million in the year ended April 4, 2024.

The Group operates three defined contribution pension schemes in the UK – the Nationwide Group Personal Pension Plan ("**GPP**"), Virgin Money's "My Retirement" scheme and the Nationwide Temporary Workers Pension Scheme. New employees are automatically enrolled into one of these schemes. Outside of the UK, there are defined contribution pension schemes for a small number of employees in the Isle of Man.

The Group also has funding obligations to several defined benefit pension schemes, which are administered by boards of trustees. Pension trustees are required by law to act in the interests of all relevant beneficiaries and are responsible for the investment policy of fund assets, as well as the day-to-day administration.

The Society's pension scheme is the NPF. This is a defined benefit pension scheme, with both final salary and career average revalued earnings ("**CARE**") sections. The NPF was closed to new entrants in 2007 and since that date employees have been able to join the GPP. The NPF was closed to future accrual on March 31, 2021. Following the Virgin Money Acquisition, the Group has funding obligations to the YCBPS. This scheme, with both final salary and CARE sections, was closed to new entrants in 2004 and to future accrual for almost all current employees on August 1, 2017.

In line with UK pensions legislation, a formal actuarial valuation (the "**Triennial Valuation**") of the assets and liabilities of each of the defined benefit pension schemes is carried out at least every three years by independent actuaries. The main differences between the assumptions used for assessing defined benefit liabilities for purposes of the actuarial funding valuation and those used for accounting under IAS 19 'Employee Benefits' are that the financial and demographic assumptions used for the funding valuation are generally more prudent than those used for the IAS 19 valuation. As the March 31, 2022 Triennial Valuation indicated a funding surplus for the NPF, a recovery plan requiring employer deficit contributions was not needed. The September 30, 2022 Triennial Valuation of the YCBPS also indicated a funding surplus, and therefore a recovery plan requiring employer deficit contributions was not needed.

In November 2020, Nationwide and the Trustee of the NPF entered into an arrangement whereby Nationwide agreed to provide collateral (a contingent asset) in the form of self-issued residential mortgage backed securities to provide additional security to the NPF. The NPF would have access to these notes in the case of certain events such as insolvency of Nationwide.

Other administrative costs increased by 43.2% to £2,213 million for the period ended March 31, 2025, from £1,545 million for the year ended April 4, 2024, primarily due to certain costs relating to the Virgin Money Acquisition.

The cost income ratio increased on an underlying basis to 61.1% (April 4, 2024: 54.7%) largely as a result of the Virgin Money Acquisition.

Depreciation and amortization

For the period ended March 31, 2025, depreciation and amortization expenses increased by 28.4% to £592 million from £461 million for the year ended April 4, 2024.

Impairment losses on loans and advances to customers

Impairment provisions on financial assets are calculated on an ECL basis for assets held at amortized cost and at FVOCI. ECL impairment provisions are based on an assessment of the probability of default, exposure at default and loss given default, discounted to give a net present value. Provision calculations for retail portfolios are typically performed on a collective rather than individual loan basis. For collective assessments, whilst each loan has an associated ECL calculation, the calculation is based on cohort level data for assets with shared credit risk characteristics such as origination date, origination loan to value or term.

Impairment charges on loans and advances to customers for the period ended March 31, 2025 were £632 million (year ended April 4, 2024: £112 million).

This includes a £12 million underlying charge for the Group driven by reductions in adjustments made to the modelled provision where the previously anticipated increase in arrears has not materialized, a £164 million underlying charge relating to Virgin Money and £456 million in one-off charges relating to the Virgin Money Acquisition. These one-off charges include the initial recognition of the 12-month expected loss, the impact of the first application of staging criteria and the alignment of key elements of the Combined Group's impairment provision methodology. The underlying arrears performance of our residential mortgage and consumer lending portfolios remained broadly stable and at low levels. The following table analyzes the impairment losses on loans and advances to customers for the period ended March 31, 2025 and the year ended April 4, 2024, respectively:

Impairment charge

	For the period ended March 31,	**For the year ended April 4,**
	2025	**2024**
	(£ million)	
Residential lending	33	44
Consumer lending	514	51
Retail lending	**547**	**95**
Business and commercial lending	85	17
Impairment losses on loans and advances	**632**	**112**

The following table analyses the impairment provisions on loans and advances to customers for the period ended March 31, 2025 and the year ended April 4, 2024, respectively:

Impairment provisions

	For the period ended March 31, 2025	For the year ended April 4, 2024
	(£ million)	
Residential lending	351	321
Consumer lending	824	436
Retail lending	**1,175**	**757**
Business and commercial lending	113	24
Total	**1,288**	**781**

Total impairment provision balances increased to £1,288 million (April 4, 2024: £781 million), primarily due to the recognition of Virgin Money balance sheet provisions, which amounted to £580 million.

Taxes

The main rate of UK corporation tax remained as 25%, the annual banking surcharge allowance remained at £100 million, and the banking surcharge rate remained at 3%. The Group tax credit for the year of £(36) million (April 4, 2024: £476 million) represents an effective tax rate of (1.6)% (April 4, 2024: 26.8%) which is lower than the statutory UK corporation tax rate of 25% (April 4, 2024: 25%). The low Group effective tax rate is primarily due to the accounting gain which arose upon the Virgin Money Acquisition, as detailed in Note 38 to the 2025 Financial Statements. As the gain was recognized only on consolidation, it is not a taxable item in any of the individual entities within the Group. The Society effective tax rate was 21.7% (April 4, 2024: 27.3%).

	For the period ended March 31, 2025	For the year ended April 4, 2024
	(£ million)	
Current tax:		
UK corporation tax	96	483
Adjustments in respect of prior years	(77)	(28)
Total current tax	**19**	**455**
Deferred tax:		
Current year charge/(credit)	(114)	(3)
Adjustments in respect of prior years	59	24
Total deferred taxation	**(55)**	**21**
Statutory tax charge	**(36)**	**476**

Balance Sheet Review

Total assets increased to £367.9 billion as at March 31, 2025 (April 4, 2024: £272.1 billion).

Loans and advances to customers

Lending remains predominantly concentrated on high quality secured products, with residential mortgages accounting for 91.7% of our total loans and advances to customers at March 31, 2025 (April 4, 2024: 95.8%).

	As at March 31, 2025		As at April 4, 2024	
	(£ million, except percentages)			
Owner-occupied mortgages	215,467	71.7%	160,891	75.5%
BTL and legacy residential mortgages	60,108	20.0%	43,255	20.3%

	As at March 31, 2025		As at April 4, 2024	
	(£ million, except percentages)			
Total residential mortgages	**275,575**	**91.7%**	**204,146**	**95.8%**
Business and commercial lending	14,754	4.9%	5,117	2.4%
Consumer lending	10,283	3.4%	3,827	1.8%
Sub-total	**300,612**	**100%**	**213,090**	**100%**
Fair value adjustments for micro hedged risk	277		350	
Total	**300,889**		**213,440**	

Residential mortgage portfolio

Total gross mortgage advances in the period were £44.7 billion (April 4, 2024: £26.3 billion) representing a market share of 16.3% (April 4, 2024: 11.5%).

Total residential mortgage balances increased to £275.9 billion as at March 31, 2025 (April 4, 2024: £204.5 billion). Owner-occupied mortgage and buy to let and legacy balances increased to £215.5 billion (April 4, 2024: £161.0 billion) and our BTL and legacy residential mortgage balances increased to £60.3 billion (April 4, 2024: £43.5 billion). Growth in mortgage balances was driven by record performance in the Group and the acquisition of Virgin Money balances of £55.6 billion. The total market share of mortgage balances was 16.2% (April 4, 2024: 12.3%).

The average LTV of new lending in the period ended March 31, 2025, weighted by value was 73% (April 4, 2024: 70%). The average LTV of owner-occupied new business completed in the period increased to 75% (April 4, 2024: 71%). The strategy to support first time buyers has increased the proportion of lending at higher LTVs, with the proportion of new Group lending at 80% LTV and above increasing to 42% (April 4, 2024: 34%). In the BTL portfolio, the average LTV of new business increased to 65% (April 4, 2024: 62%). The Nationwide House Price Index showed a 3.9% increase year on year, resulting in limited movements in the average LTV of loan stock.

Residential mortgage lending continues to have a low risk profile as demonstrated by the low level of arrears compared to the industry average. The proportion of cases more than three months in arrears for the Combined Group increased slightly to 0.43% (April 4, 2024: 0.41%) following the Virgin Money Acquisition. The Group (excluding Virgin Money) arrears remained broadly stable at 0.40% (April 4, 2024: 0.41%) of the total portfolio.

	As at March 31, 2025	As at April 4, 2024
Cases three months or more in arrears as (%) of total book of residential mortgages	*(percentages)*	
Owner-occupied	0.40	0.36
BTL and legacy	0.51	0.60
Total Combined Group residential mortgages	**0.43**	**0.41**
UK Finance (UKF) industry average	**0.89**	**0.94**

The following table shows the Combined Group's residential mortgage lending balances carried at amortized cost, the stage allocation of the loans, impairment provisions and the resulting provision coverage ratios.

	As at March 31, 2025							
	Stage 1	Total Stage 2	Up to date Stage 2	1-30 DPD Stage 2(1)	>30 DPD Stage 2(1)	Stage 3	POCI(2)	Total
	(£ million)							
Gross balances								
Owner-occupied	200,586	13,740	12,434	841	465	833	387	215,546
Buy to let and legacy	35,822	23,821	23,261	344	216	504	197	60,344
Total	**236,408**	**37,561**	**35,695**	**1,185**	**681**	**1,337**	**584**	**275,890**

	Stage 1	Total Stage 2	Up to date Stage 2	1-30 DPD Stage 2(1)	>30 DPD Stage 2(1)	Stage 3	POCI(2)	Total
Provisions								
Owner-occupied	14	58	41	7	10	41	2	115
Buy to let and legacy	31	150	131	10	9	54	1	236
Total	**45**	**208**	**172**	**17**	**19**	**95**	**3**	**351**
Provisions as a (%) of total balance				*(percentages)*				
Owner-occupied	0.01	0.42	0.33	0.82	2.05	4.99	-	0.05
Buy to let and legacy	0.09	0.63	0.56	2.84	4.49	10.62	-	0.39
Total	**0.02**	**0.55**	**0.48**	**1.41**	**2.82**	**7.11**	**-**	**0.13**

	As at April 4, 2024							
		Total	Up to date	1-30 DPD	>30 DPD			
	Stage 1	**Stage 2**	**Stage 2**	**Stage 2(1)**	**Stage 2(1)**	**Stage 3**	**POCI(2)**	**Total**
				(£ million)				
Gross balances								
Owner-occupied	147,573	12,676	11,597	785	294	692	-	160,941
Buy to let and legacy	19,922	22,910	22,371	362	177	541	113	43,486
Total	**167,495**	**35,586**	**33,968**	**1,147**	**471**	**1,233**	**113**	**204,427**
Provisions								
Owner-occupied	7	46	31	7	8	37	-	90
Buy to let and legacy	15	151	126	15	10	65	-	231
Total	**22**	**197**	**157**	**22**	**18**	**102**	**-**	**321**
Provisions as a (%) of total balance				*(percentages)*				
Owner-occupied	-	0.36	0.27	0.89	2.72	5.37	-	0.06
Buy to let and legacy	0.07	0.66	0.56	4.28	5.55	12.03	-	0.53
Total	**0.01**	**0.55**	**0.46**	**1.96**	**3.78**	**8.29**	**-**	**0.16**

Notes:

(1) Days past due ("**DPD**") is a measure of arrears status.

(2) POCI loans are those which were credit impaired on purchase or acquisition. The POCI loans shown in the table above were recognized on the balance sheet when the Derbyshire Building Society was acquired in December 2008 and Virgin Money was acquired in October 2024. The provision coverage for POCI loans has not been included due to the gross balance being reported net of the lifetime ECL.

On October 1, 2024, Virgin Money balances were recognized as either stage 1 or POCI. Since this date, the acquired balances have transferred from stage 1 to stages 2 or 3 if they have met the stage allocation criteria relative to their credit risk at the acquisition date.

Stage 2 balances of £37.6 billion (April 4, 2024: £35.6 billion) include £2.2 billion of Virgin Money balances where lending has transferred to stage 2 since acquisition. The Group's stage 2 balances have remained broadly stable at £35.4 billion (April 4, 2024: £35.6 billion).

Stage 3 balances of £1,337 million (April 4, 2024: £1,233 million) include £118 million of Virgin Money balances. The Group's stage 3 balance has remained broadly stable. Of the total stage 3 balance, £910 million (April 4, 2024: £800 million) is in respect of loans which are more than 90 days past due, with the remainder being impaired due to other indicators of unlikeliness to pay such as forbearance.

The POCI balance of £584 million (April 4, 2024: £113 million) includes £484 million of Virgin Money loans which were credit impaired at acquisition. The POCI gross balance is presented net of lifetime ECL of £21 million (April 4, 2024: £5 million).

Residential mortgage provisions have increased to £351 million (April 4, 2024: £321 million), primarily due to the recognition of £37 million of provisions for the acquired Virgin Money loans. Group provisions have remained broadly stable at £314 million (April 4, 2024: £321 million). The Combined Group provisions include a modelled adjustment of £70 million (April 4, 2024: £72 million) to reflect an increase to the PD to account for ongoing affordability risks, including those related to higher interest rates.

Residential mortgage forbearance

Nationwide is committed to supporting borrowers facing financial difficulty by working with them to find a solution through proactive arrears management and forbearance. The Group applies the EBA definition of forbearance. Types of forbearance include interest or payment arrangements, where the borrower is granted a concession which varies from contractual terms and repayments during a time of financial difficulty.

Residential mortgage subject to forbearance at March 31, 2025 total £1,425 million (April 4, 2024: £1,000 million), which includes £517 million of Virgin Money balances.

Balances subject to forbearance 2025	Owner-occupied	BTL and legacy	Total
		(£ million)	
Total forbearance	1,048	377	1,425
Total forbearance as a % of total gross balances (%)	0.5	0.6	0.5
Impairment provision on forborne loans	16	24	40

Balances subject to forbearance 2024	Owner-occupied	BTL and legacy	Total
		(£ million)	
Total forbearance	661	339	1,000
Total forbearance as a % of total gross balances (%)	0.4	0.8	0.5
Impairment provision on forborne loans	15	29	44

Business and commercial lending portfolio

Business and commercial lending comprise lending to non-retail customers, including loans to registered social landlords.

The Combined Group gross balances have increased during the year to £15.1 billion (April 4, 2024: £5.5 billion), of which £9.5 billion relates to Virgin Money lending. Virgin Money balances include term lending, asset and lease financing, specialist finance and other business lending, including business overdrafts and credit cards. The Virgin Money business lending portfolio is diversified across a range of sectors, with the highest risk concentration being across the agriculture, business services, and government, health and education sectors.

Group lending balances total £5.6 billion (April 4, 2024: £5.5 billion) and comprise loans which have been provided to meet the funding requirements of registered social landlords, project finance initiatives ("**PFI**") and commercial real estate investors. An increase in lending to registered social landlords, both through new lending and the refinancing of existing facilities, demonstrates the continued support for this sector.

Business and commercial lending gross balances	As at March 31, 2025	As at April 4, 2024
	(£ million)	
Business and commercial lending (excl. registered social landlords)	9,817	753
Registered social landlords	5,001	4,386
Business and commercial lending balances at amortized cost	**14,818**	**5,139**
Fair value adjustment for micro hedged risk	277	350
Business and commercial lending balances - FVTPL	49	2
Total	**15,144**	**5,491**

Credit risk concentration by industry sector	As at March 31, 2025	As at April 4, 2024
	(£ million)	
Registered social landlords	5,001	4,386
Agriculture	1,246	—
Business services	1,286	—
Commercial real estate (CRE)	842	257
Government, health and education	1,595	—

Hospitality	1,020	—
Manufacturing	659	—
Project finance	440	496
Resources	169	—
Retail and wholesale trade	878	—
Transport and storage	391	—
Utilities, post and telecoms	578	—
Other	713	—
Commercial balances at amortized cost	**14,818**	**5,139**
Fair value adjustment for micro hedged risk	277	350
Commercial lending balances - FVTPL	49	2
Total	**15,144**	**5,491**

Registered social landlords is the largest sector exposure and aligns to the Group strategic purpose. The acquired Virgin Money business lending portfolio is diversified across a range of sectors, with the highest risk concentration being across the agriculture, business services, and government, health and education sectors. Group exposures are limited to registered social landlords, PFI and commercial real estate.

Impairment charge for the year for business and commercial

	For the period ended March 31, 2025	For the year ended April 4, 2024
	(£ million)	*(£ million)*
Total	**85**	**17**

Note:

(1) Impairment losses represent the total amount charged through the profit and loss account, rather than amounts written off during the year.

The Combined Group impairment charge for the year includes a charge for Virgin Money of £88 million. This charge is primarily due to the initial recognition of provisions for the acquired Virgin Money loans, including alignment to key elements of the Group's impairment provision methodology. The Group impairment release for the year was £3 million (April 4, 2024: £17 million charge) reflecting updated case assessments for a small number of individually assessed exposures.

The following table shows business and commercial lending balances carried at amortized cost on the balance sheet, with the stage allocation of the exposures, impairment provisions and resulting provision coverage ratio:

	For the period ended March 31, 2025					For the year ended April 4, 2024			
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	(£ million)								
Gross balances									
Business and commercial lending (excl. registered social landlords)	7,991	1,354	137	335	9,817	623	63	67	753
Registered social landlords	4,731	270	—	—	5,001	4,182	204	—	4,386
Total	**12,722**	**1,624**	**137**	**335**	**14,818**	**4,805**	**267**	**67**	**5,139**
Provisions									
Business and commercial lending (excl. registered	34	39	35	4	112	—	2	21	23

social landlords)									
Registered social landlords	1	—	—	—	1	1	—	—	1
Total	**35**	**39**	**35**	**4**	**113**	**1**	**2**	**21**	**24**
Provisions as a (%) of total balance					*(percentages)*				
Business and commercial lending (excl. registered social landlords)	0.42	2.87	**25.42**	—	1.14	0.11	2.93	31.58	3.15
Registered social landlords	0.02	0.13	—	—	0.02	0.01	0.13	—	0.02
Total	**0.27**	**2.41**	25.42	—	**0.76**	**0.03**	**0.79**	**31.58**	**0.48**

On October 1, 2024, Virgin Money loans were recognized as either stage 1 or POCI. Since this date, the acquired balances have transferred from stage 1 to stages 2 or 3 if they have met the stage allocation criteria relative to their credit risk at the acquisition date. Stage 2 balances of £1,624 million (April 4, 2024: £267 million) include £1,272 million of Virgin Money balances where lending has transferred to stage 2 since acquisition. Of the total stage 2 balance, £11 million (April 4, 2024: £1 million) were in arrears by 30 days or more.

Stage 3 balances of £137 million (April 4, 2024: £67 million) includes £71 million of Virgin Money balances. The Group stage 3 balance has remained broadly stable at £66 million (April 4, 2024: £67 million). The POCI balance of £335 million represents the Virgin Money loans which were credit impaired at acquisition, with this balance presented net of lifetime ECL of £50 million.

During the year, total provisions increased to £113 million (April 4, 2024: £24 million), which is primarily due to the recognition of £91 million of provisions for the acquired Virgin Money loans.

Business and commercial lending forbearance

We are committed to supporting borrowers facing financial difficulty by working with them to find a solution through proactive arrears management and forbearance.

Forbearance is recorded and reported at borrower level and applies to all business and commercial lending, including impaired exposures and borrowers subject to enforcement and recovery action. The Combined Group applies the European Banking Authority definition of forbearance. Accounts that are currently subject to a concession are all assessed as either stage 2, or stage 3 (credit impaired) where full repayment of principal and interest is no longer anticipated.

The table below provides details of business and commercial lending that is currently subject to forbearance. The main types of forbearance are associated with covenants and deferrals of interest or capital repayments.

	As at March 31,	As at April 4,
	2025	2024
	(£ million)	
Total	**659**	**184**
Total forbearance as a % of total gross balances..........................	4.4%	3.6%
Total impairment provision on forborne loans.............................	42	23

Gross balances subject to forbearance (excluding FVTPL) have increased to £659 million (April 4, 2024: £184 million), including £481 million of Virgin Money balances. The Group's forbearance balances remain broadly unchanged at £178 million (April 4, 2024: £184 million).

Possession balances represent loans against which we have taken ownership of properties pending their sale. Assets over which possession has been taken are realized in an orderly manner via open market or auction sales to derive the maximum benefit for all interested parties, and any surplus proceeds are distributed in accordance with the relevant insolvency regulations. We do not normally occupy repossessed properties for our business use or use assets obtained in our operations.

Although collateral can be an important mitigant of credit risk, it is our practice to lend on the basis of the customer's ability to meet their obligations out of cash flow resources rather than rely on the value of the security offered. In the event of default, we may use the collateral as a source of repayment.

Primary collateral is a fixed charge over freehold or long leasehold properties, but may be supported by other liens, floating charges over company assets and, occasionally, unsupported guarantees. The collateral will have a significant effect in mitigating our exposure to credit risk.

Our valuation policy stipulates the maximum period between formal valuations, relative to the risk profile of the lending. Particular attention is paid to the status of the facilities, for instance whether it is, or is likely to require an impairment review where our assessment of potential loss would benefit from updated valuations, or there are factors affecting the property that might alter the case assessment and the most appropriate action to take.

Collateral held in relation to secured loans that are either past due or impaired is capped at the amount outstanding on an individual loan basis.

Consumer lending

Consumer lending gross balances increased to £11.1 billion (April 4, 2024: £4.3 billion), with the Virgin Money Acquisition driving the majority of this increase. The composition of the consumer lending portfolio has materially changed as a result of the acquisition, with credit card lending now making up 70% (April 4, 2024: 37%) of the consumer lending portfolio.

The Combined Group arrears rate is 1.11% (April 4, 2024: 1.36%), with the lower rate being predominantly driven by the increased credit card book as a result of the Virgin Money acquisition. The Virgin Money credit cards arrears rate is 1.06%, which has been broadly stable over the period since acquisition. The Group arrears levels have remained low during the year and, excluding charged off accounts, balances more than 3 months in arrears represent 1.23% (April 4, 2024: 1.36%) of the portfolio.

	As at March 31, 2025		**As at April 4, 2024**	
	(£ million)	*(percentages)*	*(£ million)*	*(percentages)*
Overdrawn current accounts	338	3	347	8
Personal loans	2,962	27	2,353	55
Credit cards	7,807	70	1,563	37
Total consumer lending	**11,107**	**100**	**4,263**	**100**

All consumer lending loans continue to be classified and measured at amortized cost.

Impairment charge for the year

	2025	**2024**
	(£ million)	
Overdrawn current accounts	21	15
Personal loans	75	37
Credit cards	418	(1)
Total	**514**	**51**

Note: Impairment losses represent the net amount charged through the profit and loss account rather than amounts written off during the year.

The Combined Group impairment charge for the year includes the recognition of £452 million of provisions for the acquired Virgin Money loans. This provision includes the impact of recognizing initial provisions for the acquired loans, including alignment to the key elements of the Combined Group's impairment provision methodology. The Group impairment charge of £18 million (April 4, 2024: £51 million) includes the impact of the reduction in balance sheet provisions to £372 million (April 4, 2024: £436 million) where the previously anticipated increase in arrears has not materialized, combined with broadly stable losses due to write-offs.

The following table shows consumer lending balances by stage, with the corresponding impairment provisions and resulting provision coverage ratios:

	As at March 31, 2025				As at April 4, 2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
				(£ million)				
Gross balances								
Overdrawn current accounts	179	115	44	338	187	120	40	347
Personal loans	2,131	488	342	2,962	1,274	950	129	2,353
Credit cards	6,311	1,304	165	7,807	1,099	380	84	1,563
Total	**8,621**	**1,907**	**551**	**11,107**	**2,560**	**1,450**	**253**	**4,263**
Provisions								
Overdrawn current accounts	5	22	40	67	5	23	36	64
Personal loans	16	41	158	215	10	54	113	177
Credit cards	104	323	119	542	16	105	74	195
Total	**125**	**386**	**317**	**824**	**31**	**182**	**223**	**436**
Provisions as a (%) of total balance				*(percentages)*				
Overdrawn current accounts	2.77	19.39	90.17	19.74	2.81	18.89	90.00	18.39
Personal loans	0.76	8.39	46.18	7.25	0.76	5.82	86.93	7.54
Credit cards	1.65	24.78	71.64	6.94	1.43	27.52	88.26	12.46
Total	**1.46**	**20.26**	**57.32**	**7.42**	**1.20**	**12.58**	**87.86**	**10.23**

On October 1, 2024, Virgin Money balances were recognized as either stage 1 or POCI. Since this date, the acquired balances have transferred from stage 1 to stages 2 or 3 if they have met the stage allocation criteria relative to their credit risk at the acquisition date. Stage 2 balances of £1,907 million (April 4, 2024: £1,450 million) include £1,031 million of Virgin Money balances where lending has transferred to stage 2 since acquisition. Group stage 2 balances of £876 million (April 4, 2024: £1,450 million) include £66 million (April 4, 2024: £473 million) of balances where the PD has been uplifted by the model adjustment for affordability risks. The reduction in balances impacted by this PD uplift, combined with an update to the personal loans PD models, has driven the reduction in stage 2 balances.

Stage 3 balances of £551 million (April 4, 2024: £253 million) include £299 million of Virgin Money balances. The Virgin Money stage 3 balances include £211 million of personal loans balances which relate to a loan to the Salary Finance joint venture. A combination of the joint venture's historic trading losses and the decision not to extend any additional lending to the joint venture beyond 2025 means that the loan meets the conditions to be transferred to Stage 3. The associated provision for this loan is £45 million, which has reduced the overall provision coverage for the stage 3 loans category. The Group's stage 3 balances have remained broadly stable at £252 million (April 4, 2024: £253 million).

The POCI gross balance of £28 million represents the Virgin Money loans which were credit impaired at acquisition; this balance is presented net of lifetime ECL of £29 million.

Consumer lending stage 3 gross balances and provisions include charged off balances. These are accounts which are closed to future transactions and may be held on the balance sheet for an extended period (up to 36 months) whilst recovery activities take place. The charged off balances and provisions were £178 million (April 4, 2024: £178 million) and £171 million (April 4, 2024: £170 million) respectively. Excluding these charged off balances and related provisions, provisions amount to 6.0% (April 4, 2024: 6.5%) of gross balances.

Total consumer lending provisions have increased to £824 million (April 4, 2024: £436 million), primarily due to the recognition of £452 million of provisions for the acquired Virgin Money loans. The Group's balance sheet provisions of £372 million (April 4, 2024: £436 million) include a modelled adjustment of £13 million (April 4, 2024: £73 million) for affordability risks. This adjustment has reduced during the year due to the continued resilience of the portfolios, where the previously anticipated increase in arrears has not materialized.

Consumer lending forbearance

We are committed to supporting customers facing financial difficulty by working with them to find a solution through proactive arrears management and forbearance. The Combined Group applies the European Banking Authority definition of forbearance. The main type of forbearance offered are interest payment concessions, which result in reduced monthly payments and may be offered to customers with an overdraft, credit card or personal loan. Interest payments are suppressed during the period of the concession and arrears do not increase. Cases subject to this concession are classified as impaired.

Gross balances subject to forbearance of £191 million (April 4, 2024: £81 million) include £131 million of Virgin Money balances. The Group's forbearance balance has decreased to £60 million (April 4, 2024: £81 million). This reduction is largely the result of overdrawn current accounts, which were previously granted 0% interest rate concessions, reaching the end of the forbearance probation period.

	As at 31 March, 2025			As at April 4, 2024		
	Total forbearance	Total forbearance as a % of total gross balances	Impairment provision on forborne loans	Total forbearance	Total forbearance as a % of total gross balances	Impairment provision on forborne loans
Overdrawn current accounts	15	4.40%	10	30	8.60%	12
Personal loans	27	0.90%	21	30	1.30%	24
Credit cards	149	1.90%	47	21	1.30%	10
Total	**191**	**1.70%**	**78**	**81**	**1.90%**	**46**

Results of Operations for the Year Ended April 4, 2024 Compared with the Year Ended April 4, 2023

Introduction

During the year, the UK economy continued to face challenges as interest rates were increased with the intent to prevent elevated inflation from becoming an entrenched problem after the surge in global energy and food prices caused in large part by the war in Ukraine. Additionally, the increases to the Bank Rate have raised the cost of borrowing and put further pressure on household affordability. Despite this, Nationwide's observed credit quality and performance have remained broadly stable. Our performance benefited from the impact of government energy support schemes, with residential mortgages and consumer lending arrears remaining at a low level.

Underlying profit before tax for the year ended April 4, 2024 was £2,003 million (April 4, 2023: £2,233 million), with statutory profit before tax for the year increasing to £1,776 million (April 4, 2023: £2,229 million). This profitability supported us in maintaining a capital position materially above regulatory requirements, with our CET1 and leverage ratios at 27.1% and 6.5%, respectively (April 4, 2023: 26.5% and 6.0%, respectively).

Our total underlying income remained broadly stable at £4,664 million (April 4, 2023: £4,673 million) as the increased income from the impact of the rising interest rates was largely offset by a highly competitive mortgage market. Our net interest margin ("**NIM**") decreased slightly to 1.56% (April 4, 2023: 1.57%). Member deposit balances increased to £193.4 billion (April 4, 2023: £187.1 billion) with our market share of balances reducing slightly to 9.5% (April 4, 2023: 9.6%). During the year, mortgage balances also increased to £204.5 billion (April 4, 2023:£201.7 billion) with market share increasing to 12.3% (April 4, 2023:12.2%).

Credit impairment charges were lower at £112 million for the year (April 4, 2023: £126 million release), reflecting the resilience of our lending, whilst retaining provisions for the continued economic uncertainty and affordability pressure on borrowers across the UK. Administrative expenses increased by £99 million to £2,422 million (April 4, 2023: £2,323 million), which included £36 million recognized in the year for the 2024/2025 Bank of England levy. The increases have been partially mitigated by efficiencies within strategic investment and the non-repeat of restructuring costs incurred in the prior year.

We maintain a strong liquidity position, with an average Liquidity Coverage Ratio (LCR) of 191% for the 12 months ended April 4, 2024 (April 4, 2023: 180%). We continue to manage our liquidity against internal risk appetite which is more prudent than regulatory requirements.

Profit before tax on a reported basis and underlying basis are set out below. Certain aspects of our results are presented to reflect management's view of the underlying results and to provide a clearer representation of our performance.

	For the year ended April 4, 2024			
	Underlying profit	**FSCS and bank levy**	**Gain from derivatives and hedge accounting**	**Statutory profit**
	(£ million)			
Net interest income	4,450	—	—	4,450
Other income	214	—	—	214
Movements on derivatives and hedge accounting[(1)]	-	—	117	117
Total income	**4,664**	—	**117**	**4,781**
Administrative expenses	(2,422)	—	—	(2,422)
Pre-provision underlying profit	**2,242**	—	**117**	**2,359**
Impairment charge	(112)	—	—	(112)
Provisions for liabilities and charges	(127)	—	—	(127)
Profit before tax[(2)]	**2,003**	—	**117**	**2,120**

Notes:

(1) Although derivatives are only used to hedge market risks, income statement volatility can still arise due to hedge accounting ineffectiveness or because hedge accounting volatility is largely attributable to accounting rules which do not fully reflect the economic reality of the hedging strategy.

(2) Underlying profit represents management's view of underlying performance. The following items are excluded from statutory profit to arrive at underlying profit:

- Although we only use derivatives to manage risks, their impact can be volatile. This volatility is largely due to accounting rules that do not fully reflect the economic reality of our approach to hedging financial risks.
- FSCS credits, which are excluded from statutory profit, are from FSCS recoveries related to failures provided for in previous years. Ongoing FSCS management expenses are included within underlying profit.

	For the year ended April 4, 2023			
	Underlying profit	**FSCS and bank levy**	**Gain from derivatives and hedge accounting**	**Statutory profit**
	(£ million)			
Net interest income	4,498	—	—	4,498
Other income	175	—	—	175
Movements on derivatives and hedge accounting	—	—	(4)	(4)
Total income	**4,673**	—	**(4)**	**4,669**
Administrative expenses	(2,323)	—	—	(2,323)
Pre-provision underlying profit	**2,350**	—	**(4)**	**2,346**
Impairment charge	(126)	—	—	(126)
Provisions for liabilities and charges	9	—	—	9
Profit before tax	**2,233**	—	**(4)**	**2,229**

The following discussion considers our results for the year ended April 4, 2024 compared to our results for the year ended April 4, 2023:

Total income

Our total income increased to £4,781 million in the year ended April 4, 2024 compared to £4,669 million in the year ended April 4, 2023. The following table sets forth the components of income for the years ended April 4, 2024 and 2023, respectively:

	For the year ended April 4,	
	2024	**2023**
	(£ million)	
Net interest income	4,450	4,498
Net fees and commissions	134	121
Other operating income	80	54
(Losses) /gains from derivatives and hedge accounting	117	(4)
Total	**4,781**	**4,669**

Net interest income

NII decreased by 1.1% to £4,450 million for the year ended April 4, 2024 compared with £4,498 million for the year ended April 4, 2023. Increases in the interest rates during the year have led to an increase in net interest margin relating to deposit balances, reflecting the timing and level of pass-through of interest rate changes to savers and current account holders. The increase in deposit net interest margin was offset by an increase in mortgage interest margin, which was moderated by competition within the mortgage market. Member financial benefit increased, as Nationwide passed a greater proportion of interest rate rises to savers than the market average.

The following table sets forth the components of net interest income for the years ended April 4, 2024 and 2023, respectively:

	For the year ended April 4,	
	2024	**2023**
	(£ million)	
Interest and similar income:		
On residential mortgages	6,424	4,904
On other loans	718	602
On investment securities	1	2
On investment securities measured at FVOCI	522	310
On other liquid assets, including reserves at central banks	1,962	1,002
Net income on financial instruments hedging assets in a qualifying hedge accounting relationship	4,335	1,956
Interest on net defined benefit pension surplus	44	26
Other interest and similar income	19	23
Total interest and similar income	**14,025**	**8,825**
Interest expense and similar charges:		
On shares held by individuals	(5,217)	(1,915)
On subscribed capital	(11)	(11)
On deposits and other borrowings:		
Subordinated liabilities	(277)	(272)
Deposits from banks and similar institutions and other deposits	(1,723)	(1,070)
Debt securities in issue	(1,244)	(769)
Net expense on financial instruments hedging liabilities	(1,103)	(290)
Total interest expense and similar charges	**(9,575)**	**(4,327)**
Net interest income	**4,450**	**4,498**

On investment securities

Interest and other income from investment securities comprises interest income earned on the corporate and government investment securities that we purchase for our own account to manage our liquidity portfolios and net realized gains and losses on our sales of these instruments.

Interest and other income from investment securities increased by 68.4% to £522 million for the year ended April 4, 2024, compared with £310 million for the year ended April 4, 2023.

Net income on financial instruments hedging assets in a qualifying hedge accounting relationship

Derivative instruments are used to synthetically convert fixed rate assets to floating rate assets. If derivatives are subject to hedge accounting, the floating rate income and fixed rate expense on these derivatives are included as "net income on financial instruments hedging assets in a qualifying hedge accounting relationship." In the year ended April 4, 2024, we generated a net income of £4,335 million on these instruments, compared with a net expense of £1,956 million in the year ended April 4, 2023.

Interest expense and similar charges

The average interest rate that we paid to UK retail member depositors increased to 2.72% for the year ended April 4, 2024, compared with 1.04% for the year ended April 4, 2023. Member deposit balances increased by £6.3 billion to £193.4 billion (April 4, 2023: £187.1 billion) while our market share of balances reduced slightly to 9.5% (April 4, 2023: 9.6%).

On deposits and other borrowings

Interest expense on deposits and other borrowings includes interest that we pay on subordinated debt instruments and other deposits and borrowings. In the year ended April 4, 2024, interest on subordinated liabilities increased to £277 million from £272 million in the year ended April 4, 2023. Average balances decreased by £495 million to £6,900 million in the year ended April 4, 2024 from £7,395 million in the year ended April 4, 2023.

Other interest expense on deposits and other borrowings includes the interest that we pay on retail deposits by non-members, deposits from other banks and other money market deposits. In the year ended April 4, 2024, other interest expense on deposits and other borrowings increased by 61.0% to £1,723 million from £1,070 million in the year ended April 4, 2023. The increase was due primarily to increases in interest rates.

Debt securities in issue

Debt securities in issue include interest that we pay on certificates of deposit, time deposits, commercial paper, covered bonds, medium-term notes and securitizations. In the year ended April 4, 2024, interest expense on debt securities in issue increased by 61.8% to £1,244 million from £769 million in the year ended April 4, 2023. The increase was due to a number of factors, including higher rates on new issuances and increase in book size.

Net expense on financial instruments hedging liabilities

We use derivative instruments to synthetically convert fixed rate liabilities to floating rate liabilities. The floating rate expense and fixed rate income on these derivatives are included as "Net expense on financial instruments hedging liabilities." In the year ended April 4, 2024, net expense on financial instruments used to hedge our fixed rate liabilities was £1,103 million, compared with £290 million in the prior year ended April 4, 2023.

Net fees and commissions

The following table sets forth the components of net fees and commissions for the years ended April 4, 2024 and 2023 respectively:

	For the year ended April 4,					
	2024			2023		
	Income	Expense	Net	Income	Expense	Net
	(£ million)					
Current account and savings	300	(234)	66	288	(251)	37
General insurance	34	—	34	27	—	27
Protection and investments	33	—	33	44	—	44
Mortgage	12	(20)	(8)	21	(27)	(6)
Credit card	41	(33)	8	44	(25)	19
Other fees and commissions	6	(5)	1	8	(8)	—
Fee and commission	**426**	**(292)**	**134**	**432**	**(311)**	**121**

Income from net fees and commissions consists of income that we earn from lending, banking and savings fees and insurance sales commissions less lending fees and commission expense.

In the year ended April 4, 2024, net fees and commissions increased by 10.7% to £134 million compared with £121 million in the year ended April 4, 2023.

Other operating income

In the year ended April 4, 2024, other operating income increased by £26 million to a £80 million gain (April 4, 2023: £54 million gain). Other operating income/(expense) in the year ended April 4, 2024 included a £42 million net gain relating to the disposal of the Society's investment advice business.

(Losses)/gains from derivatives and hedge accounting

All derivatives we enter into are recorded on the balance sheet at fair value with any fair value movements accounted for in the income statement. Derivatives, our use of which is regulated by the UK Building Societies Act, are only used to limit the extent to which we could be affected by changes in interest rates, exchange rates or other factors specified in building society legislation. These derivatives are therefore used exclusively to hedge risk exposures and are not used for speculative purposes.

Where effective hedge accounting relationships can be established, the movement in the fair value of the derivative instrument is offset in full or in part by opposite movements in the fair value of the underlying asset or liability being hedged. Any ineffectiveness arising from different movements in fair value will likely trend to nil over time.

In addition, we enter into certain derivative contracts which, although efficient economically, cannot be included in effective hedge accounting relationships. Consequently, although the implicit interest cost of the underlying instrument and associated derivatives are included in "Net interest income" in the income statement, fair value movements on such derivatives are included in "Gains from derivatives and hedge accounting."

Gains from derivatives and hedge accounting were £117 million in the year ended April 4, 2024 compared to losses of £4 million in the year ended April 4, 2023. These gains were primarily from portfolio hedges of interest rate risk, due to a combination of amortization of existing balance sheet amounts and hedge ineffectiveness. Income statement volatility arose due to accounting ineffectiveness of designated hedges, or because hedge accounting was not adopted or was not achievable.

Operating expenses and similar charges

Operating expenses and similar charges increased in the year ended April 4, 2024 to £2,661 million compared to £2,440 million in the year ended April 4, 2023. This increase was primarily due to an increase in the provisions held to cover the costs of remediation and redress in relation to historical quality control procedures, past sales and administration of customer accounts, and other legal and regulatory matters. The charge of £127 million (April 4, 2023: £9 million release) consists mainly of a provision of £99 million which is the subject of ongoing litigation commenced by the Group against Allen & Overy and Bank of New York Mellon, and the Group expects to recover significant amounts from the defendants. No such amounts have been recognized as at April 4, 2024, on the basis that these are not yet considered to be virtually certain of receipt.

The following table sets forth the components of operating expenses and similar charges for the years ended April 4, 2024 and 2023, respectively:

	For the year ended April 4,	
	2024	2023
	(£ million)	
Administrative expenses	1,961	1,800
Depreciation and amortization	461	523
Total Administrative expenses	**2,422**	**2,323**
Impairment charge on loans and advances to customers	112	126
Provisions for liabilities and charges	127	(9)
Total	**2,661**	**2,440**

Administrative expenses

Administrative expenses increased by £99 million to £2,422 million (April 4, 2023: £2,323 million). This was primarily due to inflationary increases and £36 million recognized in the year as part of the 2024/25 Bank of England levy. The increases have been partially mitigated by efficiencies within strategic investment and the non-repeat of restructuring costs incurred in the prior year.

The following table sets forth the employee cost components of administrative expenses for the years ended April 4, 2024 and 2023, respectively:

	For the year ended April 4,	
	2024	2023
	(£ million)	
Employee costs:		
Wages and salaries	660	597
Bonuses	83	78
Social security costs	86	90
Total	*829*	*765*
Pension costs	168	153
Other administrative expenses	915	862
Total	**1,912**	**1,780**

Employee costs are made up of salaries, bonuses social security costs (which consist entirely of mandatory UK national insurance contributions) and pension costs.

In the year ended April 4, 2024, wages and salaries, bonuses and social security costs increased to £829 million from £765 million in the year ended April 4, 2023.

The Group operates three defined contribution pension schemes in the UK – the GPP, Virgin Money's "My Retirement" scheme and the Nationwide Temporary Workers Pension Scheme. New employees are automatically enrolled into one of these schemes. Outside of the UK, there are defined contribution pension schemes for a small number of employees in the Isle of Man.

The Group has funding obligations to several defined benefit pension schemes, including the NPF and, following the Virgin Money Acquisition, the YCBPS. The NPF has approximately 29,000 participants, the majority of whom are deferred members (former and current employee members, not yet retired). The NPF closed to new entrants in 2007 and closed to future accrual on March 31, 2021. The YCBPS has approximately 22,000 participants, with approximately half being deferred members. The YCBPS closed to new entrants in 2004 and to future accrual for almost all current employees on August 1, 2017.

In November 2020, Nationwide and the Trustee of the NPF entered into an arrangement whereby Nationwide agreed to provide collateral (a contingent asset) in the form of self-issued residential mortgage backed securities to provide additional security to the NPF. The NPF would have access to these notes in the case of certain events such as insolvency of Nationwide.

Other administrative costs increased by 6.1% to £915 million for the year ended April 4, 2024, from £862 million for the year ended April 4, 2023, primarily due to inflationary increases.

The cost income ratio increased on an underlying basis to 51.9% (April 4, 2023: 49.7%) as a result of increases in administrative costs and reduction in net interest income.

Depreciation and amortization

For the year ended April 4, 2024 depreciation and amortization expenses decreased by 11.9% to £461 million from £523 million for the year ended April 4, 2023.

Impairment charge on loans and advances to customers

We assess at each balance sheet date whether, as a result of one or more events that occurred after initial recognition, there is objective evidence that a financial asset or group of assets is impaired. Evidence of impairment may include indications that a borrower or group of borrowers is experiencing significant financial difficulty or default or delinquency in interest or principal payments.

Impairment charges on loans and advances to customers for the year ended April 4, 2024 were £112 million (April 4, 2023: £126 million).

This includes the impact of the deterioration in the economic outlook, which is reflected in the economic scenarios and associated weightings used to model expected credit losses. However, the underlying arrears performance of our residential mortgage portfolio improved slightly, with consumer arrears marginally deteriorating. An increase in arrears from current levels is expected due to affordability pressures. The following table analyzes the impairment losses on loans and advances to customers for the years ended April 4, 2024 and 2023, respectively:

	For the year ended April 4,	
	2024	**2023**
	(£ million)	
Residential lending	44	94
Consumer lending	51	31
Retail lending	**95**	**125**
Commercial and other lending	17	1
Impairment losses on loans and advances	**112**	**126**

The following table analyzes the impairment provisions on loans and advances to customers for the years ended April 4, 2024 and 2023, respectively:

Impairment provisions

	For the year ended April 4,	
	2024	**2023**
	(£ million)	
Residential lending	321	280
Consumer lending	436	469
Retail lending	**757**	**749**
Commercial and other lending	24	16
Total	**781**	**765**

Closing residential mortgage provisions increased to £321 million (April 4, 2023: £280 million), as stage 3 provisions increased due to the growth in the number of cases more than three months in arrears and adjustments for economic uncertainty being largely maintained.

Provisions for liabilities and charges

	For the year ended April 4,	
	2024	2023
	(£ million)	
FSCS	—	—
Customer redress provisions	24	**40**
Total	**24**	**40**

We hold provisions for customer redress to cover the costs of remediation and redress in relation to past sales of financial products and ongoing administration, including non-compliance with consumer credit legislation and other regulatory requirements.

At April 4, 2024, we held provisions of £24 million (2023: £40 million) in respect of the potential costs of remediation and redress in relation to issues with historical quality control procedures, past sales and administration of customer accounts, and other matters requiring customer redress.

Taxes

The UK corporate tax charge of £483 million for the year ended April 4, 2024 (April 4, 2023: £565 million) represents an effective tax rate of 26.8 % (April 4, 2023: 25.4%) which is higher than the statutory UK corporation tax rate of 25% (April 4, 2023: 19%). The effective tax rate is higher primarily due to the banking surcharge of £41 million (April 4, 2023: £145 million).

	For the year ended April 4,	
	2024	2023
	(£ million)	
Current tax:		
UK corporation tax	483	565
Adjustments in respect of prior years	(28)	17
Total current tax	**455**	**582**
Deferred tax:		
Current year charge/(credit)	(3)	(4)
Adjustments in respect of prior years	24	(13)
Total deferred taxation	**21**	**(17)**
Statutory tax charge	**476**	**565**

Balance Sheet Review

Total assets have remained stable at £272.1 billion as at April 4, 2024 (April 4, 2023: £271.9 billion).

Loans and advances to customers

Lending remains predominantly concentrated on high quality secured products, with residential mortgages accounting for 95.6% of our total loans and advances to customers at April 4, 2024 (April 4, 2023: 95.5%).

	As at April 4,			
	2024		2023	
	(£ million, except percentages)			
Owner-occupied residential mortgages	160,891	75.5%	157,474	74.9%
BTL and legacy residential mortgages	43,255	20.3%	43,908	20.9%
Total residential mortgages	**204,146**	95.8%	**201,382**	95.8%
Commercial and other lending	5,117	2.4%	5,031	2.4%
Consumer lending	3,827	1.8%	3,939	1.8%
Sub-total	**213,090**	**100%**	**210,352**	**100%**

	As at April 4,	
	2024	2023
	(£ million, except percentages)	
Fair value adjustments for micro hedged risk	350	430
Total	**213,440**	**210,782**

Residential mortgage portfolio

Total gross mortgage advances in the period decreased to £26.3 billion (April 4, 2023: £33.6 billion) due to subdued market growth and representing a market share of 11.5% (April 4, 2023: 10.8%).

Total residential mortgage balances increased to £204.5 billion as at April 4, 2024 (April 4, 2023: £201.7 billion). Owner-occupied mortgage balances increased to £161.0 billion (April 4, 2023: £157.6 billion) and our BTL and legacy residential mortgage balances decreased slightly to £43.5 billion (April 4, 2023: £44.1 billion) in a subdued BTL market.

The average LTV of new lending in the year ended April 4, 2024, weighted by value was 70% (April 4, 2023: 69%). The average LTV of prime new business completed in the period remained broadly stable at 71% (April 4, 2023: 70%). In the BTL portfolio, the average LTV of new business decreased to 62% (April 4, 2023: 66%). The proportion of new lending at 85% LTV and above increased to 21% (April 4, 2023: 15%). However, the average LTV remained broadly stable at 55% (April 4, 2023: 55%). The Nationwide House Price Index showed a 1.6% increase year on year.

Arrears remained relatively low but increased gradually during the year, with cases more than three months in arrears at 0.41% (April 4, 2023: 0.32%) of the total portfolio. Arrears levels were expected to further increase from current levels as a result of the continued inflationary environment and higher interest rates negatively impacting household finances. Impairment provision balances increased to £321 million (April 4, 2023: £280 million) primarily due to an increase in the provisions for stage 3 as a result of the growth in the number of cases more than three months in arrears and adjustments for economic uncertainty being largely maintained.

New business by borrower type remains diversified. The proportion of new owner-occupied lending increased to 88% (April 4, 2023: 83%), with the proportion of BTL lending reducing to 12% (April 4, 2023: 17%). This is due to the volume of both house purchases and remortgages reducing in the BTL market due to the increased interest rate environment which adversely affected landlord sentiment.

	As at April 4,	
	2024	2023
	(percentages)	
LTV distribution of residential mortgages:		
0% - 60%	28	28
60% - 75%	29	35
75% - 80%	9	9
80% - 85%	13	13
85% - 90%	16	12
90% - 95%	5	3
>95%	—	—
Total	**100**	**100**
Average loan to value of stock	55	55
Average loan to value of new business	70	69
New business profile:		
First-time buyers	31	29
Home movers	28	29
Remortgages	28	24
BTL	12	17
Other	1	1
Total	**100**	**100**

The analysis of the new business profile and the average LTV for new business excludes further advances and product switches.

	As at April 4,	
	2024	2023
Cases three months or more in arrears as (%) of total book of residential mortgages	*(percentages)*	
Owner-occupied	0.36	0.29
BTL and legacy	0.60	0.44
Total Group residential mortgages	**0.41**	**0.32**
UK Finance (UKF) industry average [(1)]	**0.94**	**0.72**

Note:

(1) The methodology for calculating mortgage arrears is based on the UKF definition of arrears, where months in arrears is determined by dividing the arrears balance outstanding by the latest monthly contractual payment.

The proportion of cases more than three months in arrears increased during the year to 0.41% (April 4, 2023: 0.32%) as a result of the rising cost of living, including higher mortgage payments. Our overall arrears percentage of 0.41% compares favorably with the UK Finance ("**UKF**") industry average of 0.94% (April 4, 2023: 0.72%) as reported by UKF.

The table below shows possessions as a percentage of our total residential mortgages as at April 4, 2024 and April 4, 2023:

	As at April 4,	
	2024	2023
Possessions as (%) of total residential mortgages (number of properties)	*(percentages)*	
Owner-Occupied	0.01	0.01
BTL and legacy	0.07	0.04
Total Group residential mortgages	**0.02**	**0.02**

Our approach to dealing with customers in financial difficulties combined with our historically cautious approach to lending, means that we only take possession of properties as a last resort. This is illustrated by the number of properties taken into possession compared with the total for the industry. During the year ended April 4, 2024, the properties taken into possession increased to 369, representing 0.02% of our book compared to the industry average of 0.03%.

The table below provides further information on the residential mortgage portfolio by payment due status as at April 4, 2024 and April 4, 2023:

	As at April 4,							
	2024				2023			
	Owner-occupied	BTL and legacy	Total	(%)	Owner-occupied	BTL and legacy	Total	(%)
	(£ million, except percentages)							
Not impaired:								
Not past due	159,036	42,524	201,560	98.6	155,849	43,270	199,119	98.7
Past due 0 to 1 month	1,080	418	1,498	0.7	1,044	376	1,420	0.7
Past due 1 to 3 months	352	207	559	0.3	310	213	523	0.3
Past due 3 to 6 months	213	121	334	0.2	155	108	263	0.1
Past due 6 to 12 months	173	101	274	0.1	111	65	176	0.1
Past due 12 months	110	79	189	0.1	76	50	126	0.1
Possession	17	36	53	—	13	22	35	—
Total	**160,981**	**43,486**	**204,467**	**100**	**157,558**	**44,104**	**201,662**	**100**

The balance of cases past due by more than three months increased to £850 million due to rising interest rates (April 4, 2023: £600 million). There was an increase in possessions to £53 million (April 4, 2023: £35 million).

As at April 4, 2024, the mortgage portfolios include 1,634 (April 4, 2023: 1,329) mortgage accounts, including those in possession, where payments were more than 12 months in arrears. The total principal outstanding in these cases was £218 million (April 4, 2023: £147 million), and the total value of arrears was £35 million (April 4, 2023: £26 million).

Nationwide is committed to supporting borrowers facing financial difficulty by working with them to find a solution through proactive arrears management and forbearance. The Group applies the EBA definition of forbearance. Residential mortgages subject to forbearance at April 4, 2024 were £1,000 million compared to £1,154 million at April 4, 2023. Loans where more than one concession event has occurred are reported under the latest event.

Balances subject to forbearance 2024	**Owner-occupied**	**BTL and legacy**	**Total**
		(£ million)	
Past term interest only	97	140	237
Interest only concessions	360	20	380
Capitalization	76	17	93
Capitalization – notification of death of borrower	79	118	197
Term extensions (within term)	48	13	61
Permanent interest only conversions	1	31	32
Total forbearance	**661**	**339**	**1,000**
Impairment provision on forborne loans	**15**	**29**	**44**

Balances subject to forbearance 2023	**Owner-occupied**	**BTL and legacy**	**Total**
		(£ million)	
Past term interest only concessions	101	149	250
Interest only concessions	503	25	528
Capitalization	85	22	107
Capitalization – notification of death of borrower	75	105	180
Term extensions (within term)	41	18	59
Permanent interest only conversions	1	29	30
Total forbearance	**806**	**348**	**1,154**
Impairment provision on forborne loans	**11**	**20**	**31**

The balances outlined above apply to the owner-occupied residential mortgage portfolio. The table below shows outstanding loans as at April 4, in each of 2024 and 2023 that are subject to forbearance in alignment with European Banking Authority definitions.

	As at April 4,			
	2024		**2023**	
	(£ million)	*(percentages)*	*(£ million)*	*(percentages)*
Past term interest only concessions	237	23.7%	250	21.7%
Interest only concessions	380	38.0%	528	45.8%
Capitalization	290	29.0%	287	24.9%
Term extensions (within term)	61	6.1%	59	5.1%
Permanent interest only conversions	32	3.2%	30	2.5%
Total forbearance	**1,000**	**100%**	**1,154**	**100%**

The following table presents negative equity on residential mortgages:

	As at April 4,	
	2024	**2023**
	(£ million)	
Stage 1 and 2	9	10
Stage 3	4	3
Total	**13**	**13**

For commercial loans

Forbearance in the commercial portfolios is recorded and reported at borrower level and applies to all commercial lending including impaired exposures and customers subject to enforcement and recovery action. Impairment provisions on forborne loans are calculated on an individual borrower basis.

The table below provides details of the commercial loans which are subject to forbearance as at April 4, 2024 and 2023. Loans where more than one concession event has occurred are reported under the latest event.

	As at April 4,	
	2024	2023
	(*£ million*)	
Modifications:		
Payment concession	7	79
Extension at maturity	14	16
Breach of covenant	163	21
Total	**184**	**116**
Impairment provision on forborne loans	**23**	**14**

Consistent with the European Banking Authority reporting definitions, loans that meet the forbearance exit criteria are not reported as forborne.

Total forborne balances (excluding FVTPL) increased to £184 million (April 4, 2023: £116 million), comprising of registered social landlords of £41 million (April 4, 2023: nil), CRE of £31 million (April 4, 2023: £50 million) and project finance of £112 million (April 4, 2023: £66 million). The increase is driven by a small number of exposures in this registered social landlord and project finance portfolios, reflecting support measures in response to idiosyncratic risk events. In addition, a £67 million project finance exposure was moved from the payment concession category following a breach of covenant during the period.

For consumer lending

The table below provides details of the consumer lending exposures which are subject to forbearance as at April 4, 2024 and April 4, 2023. Where more than one concession event has occurred, exposures are reported under the latest event.

	As at April 4,									
	2024					2023				
	Payment concession	Interest suppressed payment arrangement	Balances re-aged/re-written	Total forbearance	Impairment provision on forborne loans	Payment concession	Interest suppressed payment arrangement	Balances re-aged/re-written	Total forbearance	Impairment provision on forborne loans
			(*£ million*)					(*£ million*)		
Overdrawn current accounts	4	26	—	30	12	4	28	—	32	12
Personal loans	—	28	2	30	24	—	33	2	35	28
Credit cards	11	8	2	21	10	13	9	2	24	12
Total	**15**	**62**	**4**	**81**	**46**	**17**	**70**	**4**	**91**	**52**

Notes:

(i) The figures as at April 4, 2023 for credit cards have been restated to reflect an update to forbearance definitions during the year ended April 4, 2024, which resulted in £12 million of payment concessions being classified as forbearance.

Commercial loan portfolio

The commercial portfolio comprises loans which have been provided to meet the funding requirements of registered social landlords, commercial real estate investors and project finance initiatives. The commercial real estate and project finance portfolios are closed to new business.

Commercial balances

	As at April 4,	
	2024	2023
	(£ million)	
Registered social landlords[1]	4,386	4,131
Commercial real estate (CRE)	257	326
Project finance[2]	496	537
Commercial balances at amortized cost	**5,139**	**4,994**
Fair value adjustment for micro hedged risk[3]	350	430
Commercial lending balances - FVTPL	2	53
Total	**5,491**	**5,477**

Notes:

(1) Loans to registered landlords are secured on residential property.

(2) Loans advanced in relation to project finance are secured on cash flows from government or local authority backed contracts under the Private Finance Initiative.

(3) Micro hedged risk relates to loans hedged on an individual basis.

(4) FVTPL balances have reduced to £2 million (April 4, 2023: £53 million) following CRE loan redemptions, with the remaining balance relating to loans to registered social landlords.

During the year, commercial balances have remained largely stable at £5.5 billion (April 4, 2023: £5.5 billion).

Impairment charge/(release) for the year for commercial

	For the year ended April 4,	
	2024	2023
	(£ million)	(£ million)
Total	**17**	**1**

Note:

(1) Impairment losses represent the total amount charged through the profit and loss account, rather than amounts written off during the year.

During the year, commercial provision charges increased to £17 million (April 4, 2023: £1 million) due to updated case assessments for a small number of individually assessed exposures.

The following table shows commercial balances carried at amortized cost on the balance sheet, with the stage allocation of the exposures, impairment provisions and resulting provision coverage ratio:

Commercial product and staging analysis

	For the year ended April 4,							
	2024				2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	(£ million)							
Gross balances								
Registered social landlords	4,182	204	—	4,386	4,061	70	—	4,131
CRE	221	21	15	257	274	19	33	326
Project finance	402	42	52	496	459	78	—	537
Total	**4,805**	**267**	**67**	**5,139**	**4,794**	**167**	**33**	**4,994**
Provisions								
Registered social landlords	1	—	—	1	1	—	—	1

CRE	—	—	6	6	1	—	6	7
Project finance	—	2	15	17	-	8	-	8
Total	**1**	**2**	**21**	**24**	**2**	**8**	**6**	**16**
Provisions as a (%) of total balance				*(percentages)*				
Registered social landlords	0.01	0.13	—	0.02	0.01	0.26	—	0.02
CRE	0.25	0.33	35.69	2.33	0.19	1.31	18.94	2.13
Project finance	0.03	4.21	30.39	3.57	0.02	10.65	—	1.57
Total	**0.03**	**0.79**	**31.58**	**0.48**	**0.02**	**5.26**	**18.94**	**0.32**

Over the year, the performance of the commercial portfolio remained broadly stable, with 94% (April 4, 2023: 96%) of balances in stage 1. Of the £267 million (April 4, 2023: £167 million) stage 2 loans, which represent 5.2% (April 4, 2023: 3.3%) of total balances, £1 million (April 4, 2023: £nil) were in arrears by 30 days or more.

Loans in the project finance portfolio benefit from long-term cash flows, which typically emanate from the provision of assets such as schools, hospitals, police stations, government buildings and roads, procured under the Private Finance Initiative (PFI). The stage 3 balance and provision is due to a distressed project finance exposure where a restructuring remains under negotiation .

Credit quality

Our goal is to adopt robust credit management policies and processes to recognize and manage the risks arising from the portfolio,

The credit quality of the CRE portfolio improved with 88% (April 4, 2023: 73%) of the portfolio balances rated as strong, good, or satisfactory.

Risk grades for the project finance portfolio use the same slotting approach for specialized lending, with 84% (April 4, 2023: 85%) of the exposure rated strong or good as of April 4, 2024.

The registered social landlord portfolio is risk rated using an internal PD rating model with the major drivers being financial strength, evaluations of the borrower's oversight and management, and their type and size. The distribution of exposures is weighted towards the stronger risk ratings and against a backdrop of zero defaults in the portfolio, the credit quality remains high, with an average 12-month PD as of April 4, 2024 of 0.04% (April 4, 2023: 0.04%) across the portfolio.

Credit risk concentration by industry sector

Credit risk exposure continues to be spread across the retail, office, residential investment, industrial and leisure sectors. For CRE exposures, excluding FVTPL balances, the largest exposure is to the residential sector, which represents 47% (April 4, 2023: 39%) of total CRE balances, with a weighted average LTV of 34% (April 4, 2023: 35%). Where a CRE loan is secured on assets crossing different sectors, the sector allocation is based upon the value of the underlying assets in each sector. The LTV distribution of CRE balances remained stable with 91% (April 4, 2023: 91%) of the portfolio having an LTV of 75% or less, and 58% (April 4, 2023: 47%) of the portfolio having an LTV of 50% or less. CRE balances with arrears have reduced to £14 million (April 4, 2023: £18 million). Of these, £9 million (April 4, 2023: £10 million) have arrears greater than 3 months and relate to loans that are in recovery or are being actively managed.

Possession balances represent loans against which we have taken ownership of properties pending their sale. Assets over which possession has been taken are realized in an orderly manner via open market or auction sales to derive the maximum benefit for all interested parties, and any surplus proceeds are distributed in accordance with the relevant insolvency regulations. We do not normally occupy repossessed properties for our business use or use assets obtained in our operations.

Although collateral can be an important mitigant of credit risk, it is our practice to lend on the basis of the customer's ability to meet their obligations out of cash flow resources rather than rely on the value of the security offered. In the event of default, we may use the collateral as a source of repayment.

Primary collateral is a fixed charge over freehold or long leasehold properties, but may be supported by other liens, floating charges over company assets and, occasionally, unsupported guarantees. The collateral will have a significant effect in mitigating our exposure to credit risk.

Our valuation policy stipulates the maximum period between formal valuations, relative to the risk profile of the lending. Particular attention is paid to the status of the facilities, for instance whether it is, or is likely to require an impairment review where our assessment of potential loss would benefit from updated valuations, or there are factors affecting the property that might alter the case assessment and the most appropriate action to take.

Collateral held in relation to secured loans that are either past due or impaired is capped at the amount outstanding on an individual loan basis.

Consumer lending

Credit risk in the consumer lending portfolios is primarily monitored and reported based on arrears status which is set out below:

	As at April 4,									
	2024					2023				
	Overdrawn current accounts	Personal loans	Credit cards	Total		Overdrawn current account	Personal loans	Credit cards	Total	
		(£ million)			(%)		*(£ million)*			(%)
Not past due	292	2,164	1,460	3,916	91.9	265	2,386	1,423	4,074	92.4
Past due 0 to 1 month	13	53	18	84	2.0	8	49	14	71	1.6
Past due 1 to 3 months	5	16	9	30	0.7	4	15	8	27	0.6
Past due 3 to 6 months	8	12	6	26	0.6	5	11	6	22	0.5
Past due 6 to 12 months	4	9	1	14	0.3	4	11	1	16	0.4
Past due over 12 months	2	13	—	15	0.3	2	11	—	13	0.3
Charged off [1]	23	86	69	178	4.2	22	91	72	185	4.2
Total	**347**	**2,353**	**1,563**	**4,263**	**100.0**	**310**	**2,574**	**1,524**	**4,408**	**100.0**

Note:

(1) Charged off balances related to accounts which are closed to future transactions and are held on the balance sheet for an extended period (up to 36 months, depending on the product) while recovery procedures take place.

Consumer lending balances decreased to £4.3 billion (April 4, 2023: £4.4 billion). Consumer lending comprises personal loan balances of £2.4 billion (April 4, 2023: £2.6 billion), credit card balances of £1.6 billion (2023: £1.5 billion) and overdrawn current account balances of £0.3 billion (April 4, 2023: £0.3 billion).

	As at April 4,			
	2024		2023	
	(£ million)	(*percentages*)	*(£ million)*	(*percentages*)
Overdrawn current accounts	347	8	310	7
Personal loans	2,353	55	2,574	58
Credit cards	1,563	37	1,524	35
Total consumer lending	**4,263**	**100**	**4,408**	**100**

Following the transition to IFRS 9, all consumer lending loans continue to be classified and measured at amortized cost.

Impairment charge for the year

	2024	2023

	(£ million)	
Overdrawn current accounts	15	9
Personal loans	37	28
Credit cards	(1)	(6)
Total	**51**	**31**

Note: Impairment losses represent the net amount charged through the profit and loss account rather than amounts written off during the year.

The following table shows consumer lending balances by stage, with the corresponding impairment provisions and resulting provision coverage ratios:

	As at April 4,							
	2024				2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	(£ million)							
Gross balances								
Overdrawn current accounts	187	120	40	347	160	91	59	310
Personal loans	1,274	950	129	2,353	1,378	1,063	133	2,574
Credit cards	1,099	380	84	1,563	845	591	88	1,524
Total	**2,560**	**1,450**	**253**	**4,263**	**2,383**	**1,745**	**280**	**4,408**
Provisions								
Overdrawn current accounts	5	23	36	64	5	21	38	64
Personal loans	10	54	113	177	9	54	117	180
Credit cards	16	105	74	195	11	136	78	225
Total	**31**	**182**	**223**	**436**	**25**	**211**	**233**	**469**
Provisions as a (%) of total balance	*(percentages)*							
Overdrawn current accounts	2.81	18.89	90.00	18.39	3.10	22.90	64.80	20.57
Personal loans	0.76	5.82	86.93	7.54	0.67	5.09	87.66	7.00
Credit cards	1.43	27.52	88.26	12.46	1.25	22.96	88.85	14.73
Total	**1.20**	**12.58**	**87.86**	**10.23**	**1.04**	**12.07**	**83.25**	**10.63**

At April 4, 2024, 60% (April 4, 2023: 54%) of the consumer lending portfolio is in stage 1. Credit performance continues to be strong, with the proportion of total balances in stage 3 decreasing slightly to 5.9% (April 4, 2023: 6.4%). The reduction in stage 3 balances is primarily due to up to date current account customers, who were granted a six-month 0% interest rate concession during 2023, moving back to stage 1 or 2, twelve months after such concession was granted. Consumer lending stage 3 gross balances and provisions include charged off balances. These are accounts which are closed to future transactions and are held on the balance sheet for an extended period (up to 36 months) whilst recovery activities take place. Excluding these charged off balances and related provisions, provisions amount to 6.5% (April 4, 2023: 6.9%) of gross balances.

During the year, provision balances reduced to £436 million (April 4, 2023: £469 million) due to the reduction in the estimated impact of inflation on future credit performance. This includes a modelled adjustment to provisions totaling £73 million (April 4, 2023: £100 million) to reflect the ongoing economic uncertainty, including the higher risks of non-repayment in a high inflation and interest rate environment. As per the prior year, this adjustment was applied by uplifting the probability of default ("**PD**") on borrowers who were most likely to be impacted by affordability pressures and resulted in £473 million (April 4, 2023: £585 million) of balances being moved to stage 2.

Liquidity and Funding

Funding strategy

Our funding strategy is to remain predominantly retail funded; retail customer loans and advances are therefore largely funded by customer deposits. Non-retail lending, including treasury assets and commercial customer loans, are largely funded by wholesale debt, as set out below.

	As at March 31,	As at April 4,	
	2025	2024	2023
		(£ billion)	
Liabilities:			
Retail funding	282	197	187
Wholesale funding	57	52	58
Capital and reserves	23	20	24
Other	6	3	3
Total	**368**	**272**	**272**
Assets:			
Retail mortgages	276	204	201
Treasury (including liquidity portfolio)	60	53	56
Consumer lending	10	4	4
Commercial lending	15	5	6
Other assets	7	6	5
Total	**368**	**272**	**272**

Managing liquidity and funding risk

We manage liquidity and funding risk within a comprehensive risk framework which includes policies, strategy, limit setting and monitoring, stress testing and robust governance controls. See "*Risk Factors—Economic and Financial Risks— Liquidity and Funding*" for additional information on funding and liquidity risk.

Our management of liquidity and funding risk aims to ensure that at all times there are sufficient liquid assets, both as to amount and quality, to cover cash flow mismatches and fluctuations in funding, to retain public confidence and to enable us to meet financial obligations as they fall due, even during episodes of stress. This is achieved through the management and stress testing of business cash flows and through translation of Board risk appetite into appropriate risk limits. This ensures a prudent funding mix and maturity profile, sufficient levels of high quality liquid assets and appropriate encumbrance levels are maintained.

We continue to maintain sufficient liquid assets, in terms of both amount and quality, to meet daily cash flow needs as well as stressed requirements driven by internal and regulatory liquidity assessments. The composition of the liquid asset buffer (which includes both the on-balance sheet liquidity and investments and excludes encumbered assets) is subject to limits, set by the Board and the Group ALCO, in relation to issuer, currency and asset type. The liquid asset buffer predominately comprises:

- reserves held at central banks; and
- highly rated debt securities issued by a restricted range of governments, central banks and supranationals.

We also hold a portfolio of other high quality, central bank eligible, covered bonds, RMBS and asset backed securities. Other securities are held that are not eligible for central bank operations but can be monetized through repurchase agreements with third parties or through sale.

For contingent purposes, unencumbered mortgage assets are pre-positioned at the Bank of England which can be used in the Bank of England's liquidity operations if market liquidity is severely disrupted.

At its special meeting ending March 10, 2020, the Monetary Policy Committee voted unanimously for the Bank of England to introduce a new Term Funding Scheme with additional incentives for Small and Medium-sized Enterprises ("**TFSME**"). The scheme is designed to incentivize eligible participants to provide credit to businesses and households to bridge through the current period of economic disruption caused by the outbreak of

Covid-19. The scheme includes additional incentives to provide credit to SMEs. The TFSME opened for drawings on April 15, 2020, and as at March 31, 2025, we had TFSME drawings of £0.9 billion (April 4, 2024: £9.3 billion).

The CET1 ratio decreased to 19.1% (April 4, 2024: 27.1%) as a result of an increase in CET1 capital of £0.8 billion, offset by an increase in Risk Weighted Assets of £27.2 billion. These movements were primarily driven by the Virgin Money Acquisition.

On December 23, 2020, EU Regulation 2020/2176 came into force, removing the deduction of certain intangible assets from CET1 resources. The PRA indicated in CP5/21 "Implementation of Basel standards" that they found no credible evidence that software assets would absorb losses effectively in a stress. Subsequently, as part of PS17/21, they confirmed the reversal of this amendment from January 1, 2022 which increased deductible intangible assets thus reducing CET1 capital by £0.5 billion as above.

RWAs increased by £27.2 billion, mainly driven by the inclusion of £27.7 billion of Virgin Money RWAs, with Virgin Money Group RWAs equal to £27.7 billion. The Group's RWAs reduced by £0.5 billion, driven by a £3.0 billion reduction in RWAs following the approval of Hybrid Internal Ratings Based ("**IRB**") mortgage models, which are used for exposures at the Nationwide individual level of consolidation. This was partially offset by an increase in RWAs due to increased residential mortgage balances.

On February 12, 2021, the PRA published CP5/21 "Implementation of Basel standards". The purpose of the rules was to implement the remaining Basel international standards. The consultation paper included a revised standardized approach to counterparty credit risk (SA-CCR) and the revised Basel framework for exposures to central counterparties ("**CCP**s") amongst other changes. On July 22, 2021, the PRA published PS17/21 confirming the changes set out in CP5/21, which took effect on January 1, 2022. The changes did not materially impact capital requirements.

The Capital Requirements Directive V (Directive (EU) 2019/878) framework as assimilated into domestic UK law ("**UK CRD V**") requires firms to calculate a leverage ratio, which is non-risked based, to supplement risk-based capital requirements. The leverage ratio decreased to 5.2% (April 4, 2024: 6.5%), primarily due to the Virgin Money acquisition as outlined above and increased Combined Group residential mortgage balances. This position remains in excess of our leverage capital requirement of 4.3%, which comprises a minimum Tier 1 capital requirement of 3.25% and buffer requirements of 1.05%. The buffer requirements include a 0.7% UK countercyclical leverage ratio buffer, in force from July 2023, and a 0.35% additional leverage ratio buffer.

On October 8, 2021, as part of its policy statement PS21/21, the PRA confirmed its intention to simplify the leverage framework by applying a single Leverage Exposure Measure ("**LEM**") for all purposes from January 1, 2022. This measure aligned to the previous UK leverage exposure definition, which excludes central bank claims.

Liquidity

We monitor our liquidity position relative to internal risk appetite and the regulatory short-term liquidity stress metric, the LCR. Our average LCR over the period ended March 31, 2025 was 174% (year ended April 4, 2024: 191%), which is above the regulatory minimum of 100%.

We also monitor our position against the longer-term funding metric, the Net Stable Funding Ratio ("**NSFR**"). Our NSFR for the period ended March 31, 2025 was 147% (four quarters ended April 4, 2024: 151%) which exceeds the 100% minimum requirement.

Wholesale funding

An analysis of our wholesale funding is set out in the table below:

	As at March 31, 2025		As at April 4, 2024	
	(£ billion, except percentages)			
Repos	1.5	2%	1.9	4%
Deposits	3.8	7%	5.5	11%
Certificates of deposit	1.8	3%	1.5	3%
Commercial paper	0.7	1%	—	—
Covered bonds	21.2	37%	15.5	30%
Senior preferred	14.9	26%	11.6	22%
Senior non-preferred	8.2	14%	5.4	11%
Securitizations	5.0	9%	2.0	4%
Term Funding Scheme with additional incentives for SMEs (TFSME)	0.9	2%	9.3	18%
Other	(0.6)	(1)%	(1.3)	(2)%
Total	**57.4**	**100%**	**51.4**	**100%**

	As at April 4, 2024		As at April 4, 2023	
	(£ billion, except percentages)			
Repos	1.9	4%	2.1	4%
Deposits	5.5	11%	11.0	12%
Certificates of deposit	1.5	3%	1.0	2%
Commercial paper	—	—	—	—
Covered bonds	15.5	30%	14.4	25%
Securitizations	2.0	4%	2.5	4%
Senior preferred	11.6	22%	11.1	19%
Senior non-preferred	5.4	11%	4.8	8%
Term Funding Scheme with additional incentives for SMEs (TFSME)	9.3	18%	17.2	29%
Other	(1.3)	(3)%	(1.4)	(3)%
Total	**51.4**	**100%**	**62.7**	**100%**

The table below sets out our wholesale funding by currency as at March 31, 2025:

	As at March 31, 2025				
	GBP	**EUR**	**USD**	**Other**	**Total**
			(£ billion)		
Repos	1.2	0.2	0.1	—	1.5
Deposits	3.8	—	—	—	3.8
Certificates of deposit	1.8	—	—	—	1.8
Commercial paper	0.1	—	0.6	—	0.7
Covered bonds	9.1	9.6	1.2	1.3	21.2
Senior preferred	3.1	7.0	3.6	1.2	14.9
Senior non-preferred	1.8	2.7	3.2	0.5	8.2
Securitizations	5.0	—	—	—	5.0
Term Funding Scheme with additional incentives for SMEs (TFSME)	0.9	—	—	—	0.9
Other	—	(0.5)	(0.1)	—	(0.6)
Total	**26.8**	**19.0**	**8.6**	**3.0**	**57.4**

The table below sets out our wholesale funding by currency as at April 4, 2024:

	As at April 4, 2024				
	GBP	**EUR**	**USD**	**Other**	**Total**
			(£ billion)		
Repos	0.1	1.7	0.1	—	1.9
Deposits	5.5	—	—	—	5.5
Certificates of deposit	1.5	—	—	—	1.5
Commercial paper	—	—	—	—	—
Covered bonds	5.7	7.4	1.2	1.2	15.5
Senior preferred	1.5	5.9	2.9	1.3	11.6

	As at April 4, 2024				
	GBP	EUR	USD	Other	Total
			(£ billion)		
Senior non-preferred	0.8	0.9	3.2	0.5	5.4
Securitizations	1.9	—	0.1	—	2.0
Term Funding Scheme with additional incentives for SMEs (TFSME)	9.3	—	—	—	9.3
Other	—	(0.9)	(0.3)	(0.1)	(1.3)
Total	**26.3**	**15.0**	**7.2**	**2.9**	**51.4**

The table below sets out our wholesale funding by currency as at April 4, 2023:

	As at April 4, 2023				
	GBP	EUR	USD	Other	Total
			(£ billion)		
Repos	1.4	0.1	0.6	—	2.1
Deposits	11.0	—	—	—	11.0
Certificates of deposit	1.0	—	—	—	1.0
Commercial paper	—	—	—	—	—
Covered bonds	6.0	7.2	—	1.2	14.4
Securitizations	2.3	—	0.2	—	2.5
Senior preferred	1.1	4.8	3.9	1.3	11.1
Senior non-preferred	0.7	—	3.0	0.2	4.8
Term Funding Scheme with additional incentives for SMEs (TFSME)	17.2	—	—	—	17.2
Other	—	(1.1)	(0.2)	(0.1)	(1.4)
Total	**40.7**	**11.0**	**7.5**	**2.6**	**62.7**

To mitigate cross-currency refinancing risk, we prudently manage the currency mix of our liquid assets to ensure there is no undue reliance on currencies not consistent with the profile of stressed outflows.

At March 31, 2025, cash, government bonds and supranational bonds included in the liquid asset buffer represented 316% (April 4, 2024: 220%) of wholesale funding maturing in less than one year, assuming no rollovers.

The tables below set out the residual maturity of the wholesale funding book as at March 31, 2025 and April 4, 2024 respectively:

	As at March 31, 2025		As at April 4, 2024	
	(£ billion, except percentages)			
Less than one year	14.2	24.7%	15.3	38.6%
One to two years	14.4	25.1%	14.5	20.0%
More than two years	28.8	50.2%	21.6	41.4%
Total	**57.4**	**100%**	**51.4**	**100%**

The table below sets out a more detailed breakdown of the residual maturity on the wholesale funding book:

	As at March 31, 2025							
	Not more than one month	Over one month but not more than three months	Over three months but not more than six months	Over six months but not more than one year	Sub-total less than one year	Over one year but not more than two years	Over two years	Total
	(£ billion, except percentages)							
Repos	1.5	-	-	-	1.5	-	-	1.5
Deposits	3.7	0.1	-	-	3.8	-	-	3.8
Certificates of deposit	1.5	0.2	0.1	-	1.8	-	-	1.8
Commercial paper	-	0.7	-	-	0.7	-	-	0.7
Covered bonds	-	0.1	0.2	2.1	2.4	5.2	13.6	21.2
Senior preferred	0.1	0.4	2.5	0.4	3.4	3.1	8.4	14.9

	As at March 31, 2025							
	Not more than one month	**Over one month but not more than three months**	**Over three months but not more than six months**	**Over six months but not more than one year**	**Sub-total less than one year**	**Over one year but not more than two years**	**Over two years**	**Total**
	(£ billion, except percentages)							
Senior non-preferred	0.1	-	-	-	0.1	4.3	3.8	8.2
Securitizations	0.1	0.1	0.1	0.2	0.5	0.9	3.6	5.0
TFSME	-	-	-	-	-	0.9	-	0.9
Other	-	-	-	-	-	-	(0.6)	(0.6)
Total	**7.0**	**1.6**	**2.9**	**2.7**	**14.2**	**14.4**	**28.8**	**57.4**
Of which secured	1.6	0.2	0.3	2.3	4.4	7.0	16.8	28.2
Of which unsecured	5.4	1.4	2.6	0.4	9.8	7.4	12.0	29.2
% of total	**12.2**	**2.8**	**5.1**	**4.6**	**24.7**	**25.1**	**50.2**	**100**

	As at April 4, 2024							
	Not more than one month	**Over one month but not more than three months**	**Over three months but not more than six months**	**Over six months but not more than one year**	**Sub-total less than one year**	**Over one year but not more than two years**	**Over two years**	**Total**
	(£ billion, except percentages)							
Repos	1.9	—	—	—	1.9	—	—	1.9
Deposits	5.3	0.1	-	0.1	5.5	—	—	5.5
Certificates of deposit	1.5	—	—	—	1.5	—	—	1.5
Commercial paper	—	—	—	—	—	—	—	—
Covered bonds	0.1	0.5	—	0.6	1.2	1.5	12.8	15.5
Senior preferred	—	0.1	0.1	0.8	1.0	3.2	7.4	11.6
Senior non-preferred	—	—	—	—	—	4.5	0.9	5.4
Securitizations	0.1	—	—	0.1	0.2	0.2	1.6	2.0
TFSME	—	—	—	4.0	4.0	5.3	—	9.3
Other	—	—	—	—	—	(0.2)	(1.1)	(1.3)
Total	**8.9**	**0.7**	**0.1**	**5.6**	**15.3**	**14.5**	**21.6**	**51.4**
Of which secured	2.1	0.5	—	4.7	7.3	7.0	13.8	28.1
Of which unsecured	6.8	0.2	0.1	0.9	8.0	7.5	7.8	23.3
% of total	**17.3**	**1.4**	**0.2**	**10.9**	**29.8**	**28.2**	**42.0**	**100.0**

External Credit Ratings

Our long-term and short-term credit ratings from the major rating agencies as at the date of this Registration Document are as set out below. The long-term rating for both Standard & Poor's (S&P) and Moody's is the senior preferred rating. The long-term rating for Fitch is the senior non-preferred rating:

	Senior Preferred	**Short-Term**	**Senior Non-Preferred**	**Tier 2**	**Outlook**
S&P	A+	A-1	BBB+	BBB	Stable
Moody's	A1	P-1	A3	Baa1	Stable
Fitch	A+	F1	A	BBB+	Stable

In October 2021, S&P upgraded our long term issuer credit rating and senior preferred rating to A+ and changed the outlook to stable; all other ratings were unchanged. This followed a change to a positive outlook in June 2021. S&P stated that the upgrade was due to our performance in the last 12 months in reducing costs, writing profitable new business, and maintaining strong asset quality. All ratings were affirmed in January 2022, August 2022, January 2023 and March 2024.

In July 2021, Moody's upgraded our senior non-preferred debt rating to Baa1 from Baa2 following the introduction of Moody's revised Advanced Loss Given Failure framework. All other ratings were affirmed. All ratings were affirmed in February 2022. In October 2022, Moody's affirmed our long term and senior preferred rating and confirmed the stable outlook. At the same time our senior non-preferred, tier 2 and additional tier 1 ratings were all upgraded by one notch. All ratings were affirmed in March 2023, March 2024 and September 2024.

In July 2021, Fitch revised the outlook on us to stable from negative and affirmed all ratings. The revision of the outlook primarily reflected the revision of Fitch's outlook on the UK's AA- rating to stable. Fitch affirmed the ratings in January 2022, September 2022, January 2023, March 2024 and November 2024.

Treasury Assets

Our liquidity and investment portfolio held on the balance sheet at March 31, 2025 of £60.0 billion (April 4, 2024: £52.7 billion) is held in two separate portfolios: liquid assets and other securities.

The liquid assets portfolio comprises cash held at central banks, highly rated debt securities issued by a limited range of governments, central banks multi-lateral development banks (referred to as "supranationals"), and government guaranteed agencies. In addition, cash is invested in highly rated liquid assets (covered bonds, residential mortgage backed securities and asset-backed securities) that are eligible for accessing central bank funding operations. The other securities portfolio comprises available for sale investment securities, with movements reflecting legacy asset disposals, market prices and the Group's operational and strategic liquidity requirements.

Our Treasury Credit Policy ensures all credit risk exposures align to the Board's risk appetite with investments restricted to low risk assets and proven market counterparties; an analysis of our on-balance sheet portfolios by credit rating and geographical location of the issuers is set out below.

	As at March 31, 2025									
		Credit Rating				Geography				
Liquidity and investment portfolio by credit rating[1]:	**£ million**	**AAA**	**AA**	**A**	**Other**	**UK**	**USA & Canada**	**Europe**	**Japan**	**Other**
	(£ million)					*(percentages)*				
Liquid assets:										
Cash and reserves at central banks	29,483	—	100	—	—	100	—	—	—	—
Government bonds	18,324	8	82	10	—	45	29	16	10	—
Supranational bonds	4,653	64	36	—	—	—	—	—	—	100
Covered bonds.............................	4,343	100	—	—	—	50	32	12	—	6
Residential mortgage backed securities (RMBS)	721	100	—	—	—	54	—	46	—	—
Asset-backed securities (other).....	157	100	—	—	—	100	—	—	—	—
Liquid assets total......................	**57,681**	**16**	**81**	**3**	—	**70**	**12**	**7**	**3**	**8**
Other securities:					—					
RMBS FVOCI.............................	400	100	—	—	—	100	—	—	—	—
RMBS amortized cost..................	—	—	—	—	—	—	—	—	—	—
Other investments........................	65	—	—	—	100	99	—	1	—	—
Other securities total	**465**	**86**	—	—	**14**	**100**	—	—	—	—
Loans and advances to banks........	1,810	—	50	50	—	71	21	8	—	—
Total	**59,956**	**16**	**79**	**5**	—	**70**	**12**	**7**	**3**	**8**

Note:

(i) The ratings used are obtained from Standard & Poor's (S&P), Moody's or Fitch. For loans and advances to banks and similar institutions, internal ratings are used.

A monthly review of the current and expected future performance of all treasury assets is undertaken, with regular independent review, underpinned by robust risk reporting and performance metrics, to measure, mitigate and manage credit risk. In accordance with accounting standards, assets are impaired where there is objective evidence that current events or performance will result in a loss. In assessing impairment we evaluate, among other factors, normal volatility in valuation, evidence of deterioration in the financial health of the obligor, industry and sector performance and underlying cash flows.

Collateral held as security for treasury assets is determined by the nature of the instrument. Treasury liquidity and portfolios are generally unsecured with the exception of reverse repos, asset-backed securities ("**ABS**") and similar instruments, which are secured by pools of financial assets.

Fair value through other comprehensive income reserve

Of the total £59,956 million (April 4, 2024: £52,681 million) liquidity and investment portfolio at March 31, 2025, £28,663 million (April 4, 2024: £26,528 million) was held as fair value. These assets are marked to market, with fair value movements recognized in reserves or through profit and loss.

Of these assets, £65 million (April 4, 2024: £63 million) were classified as Level 3 (valuation not based on observable market data) for the purposes of IFRS 13. Further detail on the Level 3 portfolio is provided in note 22 in our audited consolidated financial statements for the period ended March 31, 2025.

As at March 31, 2025, the balance on the FVOCI reserve was a £119 million loss, net of tax (April 4, 2024: £38 million loss). The movements in the FVOCI reserve reflect general market movements. The fair value movement of FVOCI assets that are not impaired has no effect on our profit. As at March 31, 2025 investment securities classified as FVTPL totaled £5 million (April 4, 2024: £6 million).

The following table provides an analysis of financial assets and liabilities held on our balance sheet at fair value, grouped in levels 1 to 3 based on the degree to which the fair value is observable:

	As at March 31, 2025			
	Level 1	**Level 2**	**Level 3**	**Total**
	(£ million)			
Financial Assets:				
Government, government guaranteed and supranational investments	22,977	—	—	22,977
Other debt investment securities	4,344	1,277	3	5,624
Investment in equity shares	—	—	62	62
Total investment securities(i)	**27,321**	**1,277**	**65**	**28,663**
Interest rate swaps	—	2,884	—	2,884
Cross currency interest rate swaps	—	1,608	—	1,608
Foreign exchange swaps	—	13	—	13
Inflation swaps	—	182	41	223
Other derivatives	—	8	6	14
Total derivative financial instruments	—	**4,695**	**47**	**4,742**
Loans and advances to customers	—	47	38	85
Total financial assets	**27,321**	**6,019**	**150**	**33,490**
Financial liabilities:				
Interest rate swaps	—	367	—	367
Cross currency interest rate swaps	—	1,118	—	1,118
Foreign exchange swaps	—	4	—	4
Inflation swaps	—	23	25	48
Other derivatives	—	8	2	10

	As at March 31, 2025			
	Level 1	Level 2	Level 3	Total
		(£ million)		
Total derivative financial instruments	—	**1,520**	**27**	**1,547**
Financial liabilities	—	**1,520**	**27**	**1,547**

Note:

(i) Investment securities exclude nil (2024: £4 million) of investment securities held at amortized cost.

	As at April 4, 2024			
	Level 1	Level 2	Level 3	Total
		(£ million)		
Financial Assets:				
Government, government guaranteed and supranational investments	22,173	—	—	22,173
Other debt investment securities	2,980	1,312	3	4,295
Investment in equity shares	—	—	60	60
Total investment securities[(i)]	**25,153**	**1,312**	**63**	**26,528**
Interest rate swaps	—	4,103	—	4,103
Cross currency interest rate swaps	—	1,761	—	1,761
Foreign exchange swaps	—	31	—	31
Inflation swaps	—	200	195	395
Bond forwards and futures	—	—	—	—
Total derivative financial instruments	—	**6,095**	**195**	**6,290**
Loans and advances to customers	—	—	42	42
Total financial assets	**25,153**	**7,407**	**300**	**32,860**
Financial liabilities:				
Interest rate swaps	—	(543)	—	(543)
Cross currency interest rate swaps	—	(839)	—	(839)
Foreign exchange swaps	—	(2)	—	(2)
Inflation swaps	—	(62)	(3)	(65)
Bond forwards and futures	—	—	—	—
Other derivatives	—	—	(2)	(2)
Total derivative financial instruments	—	**(1,446)**	**(5)**	**(1,451)**
Financial liabilities	—	**(1,446)**	**(5)**	**(1,451)**

Note:

(i) Investment securities exclude £4 million (2023: £40 million) of investment securities held at amortized cost.

	As at April 4, 2023			
	Level 1	Level 2	Level 3	Total
		(£ million)		
Financial Assets:				
Government, government guaranteed and supranational investments	22,968	—	—	22,968

	As at April 4, 2023			
	Level 1	Level 2	Level 3	Total
	(£ million)			
Other debt investment securities	2,843	1,707	2	4,552
Investment in equity shares	—	3	52	55
Total investment securities[(i)]	**25,811**	**1,710**	**54**	**27,575**
Interest rate swaps	—	4,617	—	4,617
Cross currency interest rate swaps	—	1,801	—	1,801
Foreign exchange swaps	—	13	—	13
Inflation swaps	—	265	157	422
Bond forwards and futures	—	70	—	70
Total derivative financial instruments	—	**6,766**	**157**	**6,923**
Loans and advances to customers	—	—	100	100
Total financial assets	**25,811**	**8,476**	**311**	**34,598**
Financial liabilities:				
Interest rate swaps	—	(774)	—	(774)
Cross currency interest rate swaps	—	(663)	—	(663)
Foreign exchange swaps	—	(6)	—	(6)
Inflation swaps	—	(52)	(8)	(60)
Bond forwards and futures	—	(18)	—	(18)
Swaptions	—	—	(3)	(3)
Total derivative financial instruments	—	**(1,513)**	**(11)**	**(1,524)**
Financial liabilities	—	**(1,513)**	**(11)**	**(1,524)**

Note:

(i) Investment securities exclude £40 million (2022: £118 million) of investment securities held at amortized cost.

Our Level 1 portfolio comprises government and other highly rated securities for which traded prices are readily available.

Asset valuations for Level 2 investment securities are sourced from consensus pricing or other observable market prices. None of the Level 2 investment securities are valued from models. Level 2 derivative assets and liabilities are valued using observable market data for all significant valuation inputs.

The main constituents of the Level 3 portfolio are loans and advances to customers, investment securities and derivative financial instruments (inflation swaps).

Loans and advances to customers

Certain loans and advances to customers have been classified as FVTPL. Level 3 assets in this category include a closed portfolio of residential mortgages and a small number of commercial loans.

Investment securities

The Level 3 items in this category primarily include investments made in FinTech companies, of which £60 million (April 4, 2024: £57 million) were equity investments which have been designated at FVOCI as the investments are being held for long term strategic purposes.

Derivative financial instruments (inflation swaps)

Inflation swaps are used to hedge the Group's investments in index-linked government debt. Adjustments to the inflation curve to reflect seasonality in inflation index publications is required to determine a valuation; however, unlike most derivative valuation inputs, this market data is not available and therefore the input is internally derived rather than observable.

Financial Condition of Nationwide

Capital Resources

Capital is held by us to protect our depositors, cover our inherent risks, provide a cushion for stress events and support our business strategy. In assessing the adequacy of our capital resources, we consider our risk appetite in the context of the material risks to which we are exposed and the appropriate strategies required to manage those risks. We manage our capital structure to ensure we continue to meet minimum regulatory requirements, as well as meeting the expectations of other key stakeholders. As part of the risk appetite framework, we target strong capital ratios relative to both regulatory requirements and major banking peers. Any planned changes to the balance sheet, potential regulatory developments and other factors (such as trading outlook, movements in the fair value other comprehensive income reserve and pension deficit) are all considered.

The capital strategy is to manage capital ratios through retained earnings, supplemented by external capital where appropriate. In line with the Society's capital management practices, opportunities have been taken to reduce excess capital resources through liabilities and equity management exercises, including a CCDS repurchase of £0.1 billion in June 2023. The capital disclosures included below are reported on a CRD IV end point basis unless otherwise stated. This assumes that all CRD IV requirements are in force during the period, with no transitional provisions permitted. In addition, the disclosures are on a Group (consolidated) basis, including all subsidiary entities, unless otherwise stated.

The table below reconciles the general reserves to total regulatory capital.

	As at March 31,	As at April 4,	
	2025	2024	2023
		(£ million)	
General reserve	17,086	15,119	14,184
Proportional consolidated gains/losses arising from joint venture[1]	9	—	—
Core capital deferred shares (CCDS)[2]	1,334	1,334	1,334
Revaluation reserve	35	36	38
FVOCI reserve	(119)	(38)	(14)
Cashflow hedge and other hedging reserves	79	76	129
Regulatory adjustments and deductions:			
Cashflow hedge and other hedging reserves[3]	(79)	(76)	(129)
Direct holdings of CET1 instruments[2]	(177)	(177)	(101)
Foreseeable distributions[4]	(100)	(63)	(67)
Prudent valuation adjustment[5]	(82)	(73)	(119)
Own credit and debit valuation adjustments[6]	(4)	(11)	(27)
Intangible assets[7]	(1,226)	(812)	(839)
Goodwill[7]	(12)	(12)	(12)
Defined-benefit pension fund asset[7]	(669)	(454)	(614)
Excess of regulatory expected losses over impairment provisions[8]	(247)	(51)	(45)
Deferred tax asset[9]	(217)	—	
IFRS 9 transitional arrangements[10]	—	—	15
Total regulatory adjustments and deductions	(2,813)	(1,729)	(1,938)
CET1 capital	**15,611**	**14,798**	**13,733**
Other equity instruments (Additional Tier 1)[11]	2,121	1,336	1,336
Total Tier 1 capital	**17,732**	**16,134**	**15,069**
Dated subordinated debt[12]	1,757	1,650	1,835
Excess of impairment provisions over regulatory expected losses[8]	—	24	14
IFRS 9 transitional arrangements[10]	—	—	(10)
Tier 2 capital	**1,757**	**1,674**	**1,839**
Total regulatory capital	**19,489**	**17,808**	**16,908**

Notes:

1. The Group applies a proportional consolidation approach to the Salary Finance Loans Limited joint venture, which is accounted for in the consolidated financial statements using the equity method.
2. The CCDS amount does not include the deductions for the Group's repurchase exercise completed in February and June 2023. This is presented separately as a regulatory adjustment in line with UK CRR article 42.

3. In accordance with UK CRR article 33, institutions do not include the fair value reserves related to gains or losses on cash flow and other hedges of financial instruments that are not valued at fair value.
4. Foreseeable distributions in respect of CCDS and AT1 securities are deducted from CET1 capital under UK CRD V rules.
5. A prudent valuation adjustment (PVA) is applied in respect of fair valued instruments as required under regulatory capital rules.
6. Own credit and debit valuation adjustments are applied to remove balance sheet gains or losses of fair valued liabilities and derivatives that result from changes in own credit standing and risk, as per UK CRD V rules.
7. Intangible, goodwill and defined benefit pension fund assets are deducted from capital resources after netting associated deferred tax liabilities.
8. Where capital expected loss exceeds accounting provisions, the excess balance is removed from CET1 capital, gross of tax. In contrast, where provisions exceed capital expected loss, the excess amount is added to Tier 2 capital, gross of tax. This calculation is not performed for equity exposures, in line with Article 159 of UK CRR. The expected loss amounts for equity exposures are deducted from CET1 capital, gross of tax.
9. Deferred tax assets that rely on future profitability excluding those arising from temporary differences as per CRR article 38, net of related tax liability where the conditions in CRR article 38 (3) are met.
10. The IFRS 9 transitional adjustments to capital resources apply scaled relief until March 31, 2025, due to the impact of the introduction of IFRS 9 and anticipated increases in expected credit losses as a result of the Covid-19 pandemic. The relief for the introduction of IFRS 9 ended in the financial year, which led to the reduction of IFRS 9 transitional arrangements adjustment to zero.
11. Minority interest haircuts are applied to Virgin Money's externally issued Additional Tier 1 capital instruments in line with CRR article 85.
12. Subordinated debt includes fair value adjustments relating to changes in market interest rates, adjustments for unamortized premiums and discounts that are included in the consolidated balance sheet, and any amortization of the capital value of Tier 2 instruments required by regulatory rules for instruments with fewer than five years to maturity.

Our key capital measures are summarized in the table below:

	As at March 31,	**As at April 4,**	
	2025	**2024**	**2023**
	(£ million, except percentages)		
Solvency ratios			
CET1 ratio	19.1%	27.1%	26.5%
Total Tier 1 ratio	21.7%	29.5%	29.1%
Total regulatory capital ratio	23.8%	32.6%	32.7%
Leverage			
UK leverage exposure[(1)]	344,018	249,263	249,299
Total Tier 1 capital	17,732	16,134	15,069
Leverage ratio	5.2%	6.5%	6.0%

Notes:

(1) The UK leverage ratio is calculated using the Capital Requirements Regulation (CRR) definition of Tier 1 for the capital amount and the Delegated Act definition of the exposure measure, excluding eligible central bank reserves.

Risk-based capital ratios remained in excess of regulatory requirements with the CET1 ratio of 19.1% (April 4, 2024: 27.1%) above Nationwide's CET1 capital requirement of 12.7%. The CET1 capital requirement includes a 7.2% minimum Pillar 1 and Pillar 2A requirement and the UK CRD V combined buffer requirements of 5.5% of RWAs.

The CET1 ratio decreased to 19.1% (2024: 27.1%) primarily as a result of the Virgin Money Acquisition. CET1 capital resources increased by £0.8 billion and RWAs increased by £27.2 billion.

UK CRD V requires firms to calculate a leverage ratio, which is non-risked based, to supplement risk-based capital requirements. The Combined Group's leverage ratio was equal to 5.2% (April 4, 2024: 6.5%), with Tier 1 capital increasing by £1.6 billion as a result of the Virgin Money Acquisition. In addition, leverage exposure increased to £344 billion. This position remains in excess of the Combined Group's leverage capital requirement of 4.30%, which comprises a minimum Tier 1 capital requirement of 3.25% and buffer requirements of 1.05%. The buffer requirement reflects a 0.7% countercyclical leverage ratio buffer in-force from July 2023, and a 0.35% additional leverage ratio buffer.

On October 8, 2021, as part of its policy statement PS21/21, the PRA confirmed its intention to simplify the leverage framework by applying a single Leverage Exposure Measure (LEM) for all purposes from January 1, 2022. This measure aligned to the previous UK leverage exposure definition, which excludes central bank claims.

Leverage requirements continue to be Nationwide's binding Tier 1 capital constraint, as they are in excess of risk-based and regulatory buffer requirements, despite the significant increase in RWAs following IRB model adjustments. This is also expected to remain following Basel III reforms on risk-based capital requirements in 2027. Our internal assessment, however, is still subject to PRA approval of Virgin Money's new IRB mortgage models and the forthcoming PRA consultation on the Basel III reforms. The expected impact of the reforms on Nationwide's leverage ratio is negligible. The risk of excessive leverage is managed through regular monitoring and reporting of the leverage ratio, with the leverage surplus above regulatory requirements forming part of risk appetite.

	As at March 31,	**As at April 4,**	
	2025	**2024**	**2023**
Credit risk [1]		***(£ million)***	
Retail mortgages	45,914	37,373	34,609
Retail unsecured lending	9,481	4,750	5,145
Business and commercial lending	11,274	1,818	1,883
Treasury	1,903	1,736	1,559
Counterparty credit risk[2]	801	777	989
Other[3]	2,686	1,676	1,715
Total credit risk	**72,059**	**48,130**	**45,900**
Total operational risk [4]	**9,812**	**6,498**	**5,831**
Total risk weighted assets (RWAs)	**81,871**	**54,628**	**51,731**

Notes:

(1) This column includes credit risk exposures, securitizations, counterparty credit risk exposures and exposures below the thresholds for deduction that are subject to a 250% risk weight.

(2) Counterparty credit risk relates to derivative financial instruments, securities financing transactions and exposures to central counterparties.

(3) Other relates to equity, fixed, intangible software and other assets.

(4) RWAs have been allocated according to the business lines within the standardized approach to operational risk, as per article 317 of UK CRR.

For further information and analysis of our capital resources, see "*Capitalization and Indebtedness*."

Short-Term Borrowings

Our short-term borrowings fluctuate considerably depending on our current operating needs. The terms of our short-term borrowings are less than one year.

Investments

Our principal investments are targeted at three distinct areas: meeting regulatory and mandatory requirements; ensuring that technology and property infrastructure is resilient and secure; and, providing strategic investment. The strength of our business means we are well placed to invest confidently in our future. We will develop new propositions, further enhance our service, simplify our operations and build new skills for the future.

The key drivers for recent strategic activity are to ensure that the customer product offerings remain relevant and efficient across all distribution channels with a particular focus on digital technologies. Significant investment has been made on our mobile and tablet applications and the underlying infrastructure to support these as well as enabling real time online opening of savings products. Looking forward, there is a commitment to the roll out of an innovative new branch design, the digitization and simplification of customer journeys across main product lines of banking, savings and mortgages and investment in data and analytics. We are also developing our response to Open Banking regulation and the opportunities this creates.

FSCS

In common with other financial institutions subject to the FSCS, we continue to have a potential exposure to future levies resulting from the failure of other financial institutions and consequential claims which arise against the FSCS as a result of such failure.

Bank Levy

Bank levy requirements were introduced in the UK in July 2011. The levy applies to UK banking groups, building societies and the operations of non-UK banks in the UK and is based on the chargeable equity and liabilities at the balance sheet date. An allowance is given against the first £20 billion of chargeable equity and liabilities, meaning that smaller institutions are effectively exempted from the levy. Non-chargeable equity and liabilities include Tier 1 capital, insured retail deposits, repos secured on sovereign debt, retirement benefit obligations and tax liabilities. Additionally, certain high quality liquid assets on the balance sheet are eligible to reduce the amount of equity and liabilities subject to the levy. From January 1, 2016, the Government has been implementing a gradual reduction in bank levy rates combined with the introduction of a corporation tax surcharge (at 8% for the year ended April 4, 2023 and 3% thereafter) on the taxable profits of banking companies and building societies within the charge to corporation tax. The bank levy charge for the period ended March 31, 2025 was £34 million (April 4, 2024: £13 million).

Contractual Commitments

For details of the amounts of certain of our financial and other contractual liabilities and when payments are due, without taking into account customer deposits, deposits by other financial institutions and debt securities in issue and derivative financial instruments, please see notes 28 and 29 to the 2025 Financial Statements.

Off-Balance Sheet Arrangements

For a description of off-balance sheet commitment items under IFRS, please see note 29 to the 2025 Financial Statements.

Critical Accounting Policies

For details on our critical accounting policies under IFRS, please see note 2 to the 2025 Financial Statements.

DESCRIPTION OF BUSINESS

OVERVIEW

We are the largest building society in the world in terms of total assets, with £367.9 billion of assets as at March 31, 2025. We have approximately 605 Nationwide-branded branches and 91 Virgin Money-branded branches. Our core business is providing personal banking products and services, which is mainly residential mortgages (owner-occupier and buy to let), retail savings and personal current accounts. Following the completion of the Virgin Money Acquisition on October 1, 2024, we have broadened our product range to include Virgin Money's business banking services, which we intend to offer to more customers across the Group over time. Our business customer portfolio primarily comprises small and medium-sized enterprises. We also offer a broader range of retail financial services that complement our core products, including credit cards, personal loans and insurance. In addition, we maintain a portfolio of debt securities for our own account for liquidity management purposes.

We are currently the second largest provider of residential mortgages in the United Kingdom (based on our internal analysis of company financial reports), with a market share of 16.2% (according to Bank of England data), as at March 31, 2025. We also have a 12.2% market share of household deposit balances (as calculated by us based on Bank of England data), as at March 31, 2025.

As a mutual organization, we are owned by, and managed for, the benefit of our members, who are our customers who have a Nationwide-branded current account, mortgage or savings. Our main focus is serving our members' interests, and we balance our need to retain sufficient profit to remain financially strong, with delivering value in banking and rewarding members, and investing in product and service propositions that meet the needs and expectations of existing and future customers.

We benchmark our products and performance against a group of leading retail banks operating in the UK (including Barclays, Halifax, HSBC, Lloyds Bank, NatWest, Santander UK and TSB) and seek to return value to our members by offering typically better product pricing on savings and mortgages than is offered by this peer group. In addition to returning value to customers and members through our competitive products, we aim to return additional value to eligible members with the deepest banking relationships with us through our Nationwide Fairer Share Payments. We also believe that we provide better service to our customers than that offered by most of our competitors and this remains a key component of our strategy.

On March 21, 2024, the Issuer announced that the Nationwide Board and the Virgin Money Board agreed the terms of the Acquisition, to be implemented by means of the Scheme. On October 1, 2024, the Issuer announced that the Scheme had become effective. See "*—Recent Developments—Virgin Money Acquisition*" for more details.

STRATEGY

In 2022/23, Nationwide set a new strategic direction and business purpose: "*Banking—but fairer, more rewarding, and for the good of society*". Our purpose-led strategy ensures we do business in a way that positively impacts our customers, communities and society as a whole. Following the Virgin Money Acquisition, we have retained our overarching purpose and refreshed our strategic drivers to reflect the best of both businesses. The combined strategy reflects the strengths of each business and is centered on delivering long-term, sustainable member and customer value. Our strategic drivers that underpin our strategy are:

- Simply brilliant experience – collaborating to deliver a personal, seamless and easy experience for our customers, from start to finish
- More rewarding relationships – building deeper, broader, more lifelong relationships with our customers that provide the best value in banking
- Beacon for mutual good – focusing our impact on the issues that matter most to customers, businesses and society, in a way that only we can

- Simplify, integrate and grow – unlocking our combined potential and delivering more for customers, together

More detail on our strategic drivers and our key performance indicators, which help us to track the effective delivery of our strategy, are provided below. Our key performance indicators for 2024/25 were set at the start of our financial year, prior to the Virgin Money Acquisition. Therefore, whilst our leverage ratio is reported on a Group basis for 2024/25, all other key performance indicators for 2024/25 are reported in relation to the Nationwide brand and products only. We are reviewing our 2025/26 measures to reflect the delivery of our Group strategy, following the Virgin Money Acquisition.

Our environmental, social and governance ("**ESG**") ambitions are embedded within our Group strategy and are articulated through five Mutual Good Commitments. These seek to measure the positive impact we have on our customers, communities and wider society, and demonstrate how our business aligns to, and supports, the UN Sustainable Development Goals and our net-zero ambitions. More detail on our Mutual Good Commitments is provided below.

Simply brilliant experience

We are collaborating to deliver a personal, seamless, and easy experience for our customers, from start to finish.

We provide customers with great value products, choice in the way they bank with us, and service excellence. We aim to combine a seamless mobile banking experience with modern branches, where our colleagues provide personalized and trusted support.

We delivered leading levels of service through our Nationwide brand and were ranked first for customer satisfaction for the 13th year running compared to our peer group[1]. Following the Virgin Money Acquisition, we increased investment to improve customer experience. We created 350 new jobs dedicated to customer service in Virgin Money contact centers and online chat channels, which has significantly improved answer rates across both channels. We also created 15 new customer service jobs to support our business banking customers. In addition, we extended the opening hours of our business banking telephone lines and launched a new online chat platform.

Our Nationwide-branded and Virgin Money-branded mobile banking apps make it easy, quick and straight forward for customers to manage their money. We continued to add new features and functionality, improving our customers' banking experience. We will continue to innovate and deliver new functionality on our apps that further improves our customers' experience.

We know that branches are important to customers, some of whom rely on our branches, prefer to speak to us face to face, or value choice in the way they bank. We are committed to our Branch Promise – we promise to keep every one of our branches open until at least the start of 2028[2]. We have extended our Branch Promise to include Virgin Money branches. Together, we now have almost 700 branches across the UK. Our Nationwide brand has the largest single-brand branch network across the UK financial services sector. At the 2025 Moneyfacts Consumer Awards, we won the Branch Network of the Year award for the third year running.

As well as being able to interact with us through our banking apps and branches, customers can reach us through our telephone channels and 24/7 online chats.

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[1] Source: Ipsos 2025, Financial Research Survey (FRS), for the 12 months ending March 31, 2013 to 12 months ending March 31, 2025. Results based on sample of around 47,000 adults(aged 16+). The survey contacts around 50,000 adults (aged 16+) a year in total across Great Britain. Interviews were face to face, over the phone and online, taking into account (and weighted to) the overall profile of the adult population. The results reflect the percentage of extremely satisfied and very satisfied customers minus the percentage of customers who were extremely or very or fairly dissatisfied across those customers with a main current account, mortgage or savings. Those in our peer group are Barclays, Halifax, HSBC, Lloyds Bank, NatWest, Santander and TSB. Prior to April 2017, those in our peer group were Barclays, Halifax, HSBC, Lloyds Bank (Lloyds TSB prior to April 2015), NatWest and Santander.

[2] All our 605 Nationwide branches and 91 Virgin Money branches will remain open until at least January 1, 2028. Opening hours may vary. There may be exceptional circumstances outside of our control that mean we have to close a branch, but we will only do this if we do not have another workable option.

Key performance indicator: We measure our success through our customer experience score. This is based on the feedback score customers of Nationwide-branded products provide when they complete our survey after they interact with us, in our branches, by telephone and through our digital channels. Customers are asked to rate their satisfaction with our service. This enables us to act on their feedback and improve our services further. Our customer experience score of 83.8% was slightly above our target of 83.6%. Customers were satisfied with our service across our channels, particularly the support provided by colleagues in our branches. Our new banking app, and enhancements made through the year, also supported our score.

Mutual Good Commitment: "We will offer customers a choice in how they bank with us, and support their financial resilience".

Our Branch Promise supports our ambitions, and we seek to support our customers' financial wellbeing through building their financial resilience and help them to more confidently manage their money, encourage good savings habits and protect them from economic crime by providing specialist support for our customers in vulnerable circumstances.

More rewarding relationships

We aim to build deeper, broader, more lifelong relationships with our customers, that provide the best value in UK banking. Our mutual model is intrinsically more rewarding than our banking peers, as we deliver value to our customers, rather than paying dividends to shareholders. We will increase value and reward loyalty for those customers who do more with us, including through targeted and competitive mortgage, savings and current account products. And we will continue to focus on helping first time buyers into homes. Our acquisition has broadened our product range to include Virgin Money's business banking services, which we intend to offer to more customers across the Group over time. It will also enable us to provide a more comprehensive credit card offering.

As a mutual, we create value for our members. For the period ended March 31, 2025, we delivered £2,795 million in value to our members. This included member financial benefit of £1,795 million (2024: £1,850 million) from better pricing and incentives than the market average, largely relating to our member deposits. It also included £385 million (2024: £344 million) in Nationwide Fairer Share Payments, distributed in June 2024 to 3.85 million eligible members with the deepest banking relationships with us. We also distributed £615 million through The Big Nationwide Thank You – a one-off payment of £50 made to over 12 million eligible members, recognizing the role our members played in building our financial strength to make our purchase of Virgin Money possible. These are positive and tangible ways of demonstrating our mutual difference, and align with our purpose.

We launched a number of standout products that rewarded loyalty and supported our success, including our member-exclusive current account switching incentive, our Member Exclusive Bond, and Flex Regular Saver.

Key Performance Indicator: We measure our success through the number of engaged customers we have. Engaged customers have deeper, active, banking relationships with us, and have a Nationwide-branded main personal current account with us, plus either a Nationwide-branded savings account with a balance of at least £100, or Nationwide-branded mortgage account of at least £100. In March 2025, we had 4.1 million engaged customers, above our 3.9 million target for 2024/25.

Mutual Good Commitment: "We will help more people into safe and secure homes, both our customers who have relationships with us and more broadly".

While we support all our mortgage customers, we provide targeted support to help first time buyers into homes, support quality homes for those that rent, and lending to support the social housing sector.

Beacon for mutual good

We focus our impact on the issues that matter most to customers, businesses and society, in a way that only we can.

We aim to have a positive and meaningful impact in communities. We will use our voice to drive positive change and fairer banking practices and support charitable activities that align with our purpose and ambitions.

Over 2024/25, we committed more than £20 million to charitable activities. This included £18.7 million (2024: £15.5 million) as part of the 1% of pre-tax profits[3] that we commit to good causes each year, as well as donations awarded by Virgin Money. Our £18.7 million commitment was primarily used to support Nationwide Fairer Futures, our new social impact strategy. It also included our commitment to the Nationwide Foundation, and the internal costs of managing our social impact activity.

We launched Nationwide Fairer Futures in June 2024, focused on tackling three of the biggest issues we see in society today – youth homelessness, families living in poverty and people living with dementia. We have partnered with three charities: Centrepoint, Action for Children, and Dementia UK, to help us make a meaningful difference. In April 2025, we added a fourth partnership with The Royal Marsden Cancer Charity, to additionally focus on better outcomes and fairer futures for those experiencing cancer.

We regularly engage and seek feedback from customers on the issues that are important to them. This helps us improve our services and propositions and supports our engagement program with regulators and policymakers.

We are also committed to a net-zero future and supporting the UK in its progress towards its ambition to be net zero by 2050. More on this can be found in the "*Climate change*" section of this Registration Document.

Key performance indicator: We measure the reputation of our Nationwide brand through an independent brand survey, which allows us to understand how recognized we are for doing good things[4]. This asks consumers: "Which of the brands have you heard good things about?". Respondents are asked to rate the Nationwide brand and peer brands from a list.

The Nationwide brand ranked first among its peer group when rated by non-customers as to which brands they had 'heard good things about'. This was above our target of at least third place.

Mutual Good Commitments:

"We will make a positive difference for our customers, communities and society as a whole". Our commitment to charitable activities supports our ambitions.

"We aim to build a more sustainable world by supporting progress towards a greener society". Our intermediate (by 2030) science-based targets support our net-zero ambitions. More information on this can be found in the "*Climate change*" section of this Registration Document.

"We will enhance our performance by better reflecting the diversity of our society". Inclusion is at the heart of our modern mutual. Having a diverse range of perspectives, skills and experiences will help us continue to benefit our customers, through offering the products and leading levels of service that matter most to them. We have seven measures that span across gender, ethnicity, disability and sexual orientation, and will support us in achieving our ambitions. Our Board is committed to progressing our inclusion and diversity approach and receives regular updates on these diversity measures. We continue to embed inclusive practices and initiatives into our Group strategy, including through our policies, processes and propositions. Together with our employee networks, we focus on initiatives that support our ambition of being an inclusive employer.

[3] Our charitable commitment of 1% of pre-tax profits is based on average profits over the previous three years. For 2024/25, this preceded the Virgin Money Acquisition. Our commitment of £18.7 million included £17.0 million of charitable donations and £1.7 million relating to supporting activity and staff costs of the business

[4] Based on a study conducted by an international market research company commissioned by Nationwide. Based on non-customer responses for the 12 months ended March 2025. Financial brands included are Nationwide, Barclays, Chase, Co-operative Bank, First Direct, Halifax, HSBC, Lloyds, Monzo, NatWest, Santander, Starling Bank, TSB and Virgin Money.

Simplify, integrate and grow

We will unlock our combined potential and deliver more for customers, together.

Our acquisition of Virgin Money has grown and diversified our business and means that we can continue to invest in service excellence and additional customer and member value. We are taking a careful and considered approach to managing and mitigating the risks around integration, ensuring we prioritize good customer outcomes.

More broadly, we continue to invest in the technology foundations, enhancements and innovations that will help us provide an even better customer experience, and improve how we do things, including the propositions we can offer. We commenced the migration of Nationwide-branded savings accounts onto a modern, core banking platform, that further improves our customers' experience when opening and managing their savings accounts. We also migrated inbound payments to our cloud-based payments platform, improving resilience. We are also enhancing our digital customer experience, such as through automating key processes at Virgin Money, including for ISA maturities.

We have continued to simplify our broader IT application estate, and further improved how we maintain and enhance customer data, to enable us to deliver new and innovative customer propositions.

Aligned with our ambition of being a modern mutual, we are progressing generative artificial intelligence (GenAI) capabilities where it helps our colleagues to deliver better experiences and outcomes for customers. We are carefully exploring where it is appropriate to use the technology and have adopted responsible artificial intelligence principles to ensure any solution that we adopt provides the right outcomes for our customers and colleagues.

Key performance indicator: Our Group leverage ratio demonstrates the financial strength of our Group, and our ability to withstand economic shocks. Our financial strength helps us to progress the delivery of our strategy. Our Group leverage ratio of 5.2% (2024: 6.5%) exceeded both regulatory requirements and our own internal minimum target threshold of at least 4.5%. Our Group leverage ratio was lower than the previous year, primarily as a result of the Virgin Money Acquisition.

Climate change

Nationwide is committed to a net-zero future. It is our aspiration to support the UK in achieving its ambition to be net-zero by 2050. This aspiration is embedded into our strategy; supported by our Mutual Good Commitment – we aim to build a more sustainable world by supporting progress towards a greener society. Our green ambitions also demonstrate how our business aligns to, and supports, the UN Sustainable Development Goals ("**SDGs**").

We have set highly challenging intermediate (by 2030) science-based targets, in accordance with the methodologies of the Science-based Target Initiative, which provides the industry standards for the setting of science-based targets. In December 2023, we published our net-zero aligned transition plan to help track against our net-zero ambition and intermediate (by 2030) science-based targets over the short-to-medium term. Last year, we explained that we do not believe that our scope 3 (downstream) intermediate (by 2030) science-based target for mortgages would be achieved. This is due to the UK's progress towards net-zero, particularly the greening of homes, being much slower than anticipated, and not at the pace needed to deliver the emissions reductions required to support progress towards our residential mortgages target. We also committed to reflecting, over the past 12-months, on the appropriateness of our residential mortgages target. This year, we enhanced our internal modelling to estimate the potential impact of green homes policy and customer behavior on emissions reductions, to understand the potential impact on our residential mortgages target. Our internal modelling continues to demonstrate that our mortgages target is not going to be achieved. For the time being, we have retained our target and aligned to a consistent set of intermediate (by 2030) science-based targets across the Group, where feasible, to ensure transparency around the challenges we face as we progress towards them. However, we will be keeping our targets under active review as we continue to monitor the UK's progress towards its net-zero ambition

With UK homes producing around 13%[5] of the UK's carbon emissions, and many of the new homes being built today not meeting the highest energy efficiency standards, achieving the reduction in emissions to deliver net-zero will require a significant cross-industry collaborative effort, as well as large-scale government and customer action.

Climate change presents a risk to Nationwide and its customers, and so managing the risk from climate change and supporting progress towards a greener society is core to us being a responsible business. Nationwide is continually enhancing and embedding its capabilities to monitor and manage climate-related risk, including nature-related risk, and meet the requirements of the PRA's Supervisory Statement 3/19 (SS3/19 - Enhancing banks' and insurers' approaches to managing the financial risks from climate change). In May 2023, the Society shared an update with the PRA on its improved approach to managing climate-related risk, the enhancements to its scenario analysis capabilities, and the successful embedding of climate change risk management across the organization.

Because of its far-reaching implications, climate change has been embedded as a cause to Nationwide's principal risks and is considered across its entire ERMF. Consideration as a cause ensures appropriate identification, monitoring and management across all principal risk categories, along with full traceability. This year, we have started to consider nature-related risk alongside climate change as a cause to Nationwide's principal risks. This enables us to better assess potential climate and nature-related impacts, whilst considering possible future reporting frameworks, such as the Taskforce on Nature-related Financial Disclosures ("**TNFD**").

We consider climate change and nature-related risk to manifest across the following:

Physical risk

- **Climate change** – the risks arising from the increasing severity and frequency of weather-related events such as flooding (acute), or longer-term shifts in climate (chronic).

- **Nature** – the risks which could result from our exposure to, or impact from, nature loss, such as soil degradation contributing to an increase in flooding.

Transition risk

- **Climate change** – the risks which could result from the process of adjustment towards a lower carbon economy such as through developments in policy and regulation, emergence of disruptive technology or business models, shifting societal preferences, or evolving legal interpretations.

- **Nature** – the risks which could result from the process of adjustment towards a nature-conscious economy. We continue to adopt the following climate-related risk appetite statement: "We are committed to working towards alignment to a net-zero emissions pathway to 2050. We will seek to minimize the impact of physical and transition climate risk on Nationwide and our customers".

We conduct physical risk assessments on properties we lend on at the point of mortgage origination, in line with our lending criteria. This allows different methods of valuation (the automated valuation model, desktop assessment, or full physical inspection) to be mandated, and informs whether the property is fit for mortgageable purposes and the property's current value.

We use EPC data to inform our transition risk assessment and the application of lending policy. An EPC is required every time a property is built, sold, or rented, and is valid for 10 years; therefore, around half of our mortgage properties have a current EPC. We have developed an internal model to forecast the EPC ratings of properties within our mortgage portfolio, based on a property's unique characteristics and that of similar properties, for those properties which do not have a valid EPC. We continue to monitor the EPC composition of our mortgage book, including the proportion that has an EPC of C or better. As at December 31, 2024, around

[5] 2023 UK Greenhouse Gas Emissions, Final Figures

46% of the homes in our mortgage portfolio that has a valid EPC (owner-occupier and buy to let) were rated EPC C or better.

We continue to disclose our carbon emissions in line with the Government's Streamlined Energy and Carbon Reporting regulation requirements. Our scope 1 emissions are the direct emissions from owned sources, such as emissions from burning gas to heat our buildings, while our scope 2 energy emissions come from the indirect emissions from the generation and consumption of purchased electricity, such as the electricity bought by us to power our branches. We have also disclosed our scope 3 (other indirect emissions that occur in our value chain) emissions associated with our mortgage lending, lending to commercial real estate, lending to registered social landlords, lending to our highest emitting business sectors, and the majority of our upstream (supply chain) emissions, in line with the Partnership for Carbon Accounting Financials' methodology.

Our emissions are detailed in our climate-related financial disclosures and are aligned to the recommendations of the Financial Stability Board's Taskforce on Climate-related Financial Disclosures ("**TCFD**") and its objective to improve and increase the reporting of climate-related financial information.

Since 2018, we have sourced 100% renewable electricity, and are committed to continuing to do so. As at the end of 2024, we had removed the use of gas from over 95% of our Nationwide branch network and are on track to remove 100% of gas from our Nationwide branches by the end of 2025, replacing it with electrical solutions.

We have been offering green finance since 2020, to enable our customers to make their homes more energy efficient. We offer our customers, and The Mortgage Works ("**TMW**") customers, preferential rate additional borrowing to support green home improvements (through our Green Additional Borrowing and Green Further Advance products), as well as incentivizing the purchase of more energy efficient properties (through our Green Reward mortgage which offers cashback to customers purchasing a home rated EPC A or high B).

In June 2023, we launched a 0% interest Green Additional Borrowing pilot. This proposition offers 5,000 existing owner-occupier mortgage customers the opportunity to borrow between £5,000 and £20,000, at up to a maximum 90% LTV across 2 and 5-year terms, to finance a range of retrofit home improvements. All of the loan must be used to fund non-structural, energy-efficient home improvements, such as solar panels and air source heat pumps. It is our aim to understand if this product increases customer take-up to make green home improvements.

We recognize that we alone cannot improve the energy efficiency of UK homes, which is why we continue to engage and work with policymakers, to encourage the development of green policies which support wider society, in making the changes needed to achieve a just transition to net-zero. Our cross-industry Green Homes Action Group continues to campaign for a National Retrofit Hub to support greening homes.

HISTORY AND DEVELOPMENT OF THE SOCIETY

Building societies have existed in the United Kingdom for over 200 years. From the outset, they were community-based, cooperative organizations created to help people purchase homes. The main characteristic of building societies is their mutual status, meaning that they are owned by their members, who historically were primarily retail savings and residential mortgage customers. Our origins date back to the Southern Co-operative Permanent Building Society founded in London in 1884. Over time, this entity has merged with around 250 other building societies to create today's Nationwide Building Society.

We formally changed our name to Nationwide in 1970 as it more accurately reflected our wider sphere of business and removed any misconception that we were legally part of the Co-operative Group. During the 1970s and 1980s we grew our branch network to increase our reach and introduced new products such as current accounts which allowed us to offer the full range of financial services to members. The 1990s saw a dramatic decline in number of building societies in the UK as many demutualized and transferred their businesses to existing or specially formed banks. This meant that by 1997, Nationwide emerged as the biggest building society in the UK. We believe that our mutual status allows us to compete successfully with banks, and it is our long-held strategy to remain a building society.

In the late 1990s there were two attempts by new members to force Nationwide to demutualize so they could receive associated windfall distributions. We successfully defended our mutual status and from 1997 all new members opening accounts are required to assign to charity any windfall benefits that may accrue as a result of a future demutualization. This has significantly lessened the incentive to vote for demutualization and there have been no further attempts to force a vote on the issue.

During the financial crisis of 2007-9, our business model stood up well in comparison to our banking competitors who were much more exposed to the contagion of the crisis. We merged with Portman Building Society in August 2007 and with Cheshire Building Society and Derbyshire Building Society in December 2008. In March and June 2009, we also acquired selected assets and liabilities of Dunfermline Building Society. We believe these developments have added value, improved our distribution footprint, helped to grow the membership and are a testament to our strength and our ability to provide support to other building societies during this time.

The merger with the Portman Building Society brought with it TMW – a subsidiary which focused on specialized lending with a strong focus on the Buy-to-Let market. This has since emerged as the leading player in this market in the UK and a strong generator of profit for Nationwide.

In 2023, we refreshed our strategy centered around our purpose – *Banking – but fairer, more rewarding, and for the good of society*. Our purpose-led strategy ensures we do business in a way that positively impacts our customers, communities and society as a whole.

On March 21, 2024, we announced the agreement to the terms of the Virgin Money Acquisition that was to be implemented by means of a court-sanctioned scheme of arrangement. The Acquisition completed on October 1, 2024.

GROUP STRUCTURE AND PRINCIPAL SUBSIDIARIES

We are the principal holding entity of the Group and the main business of the Group is conducted by the Society. Our interests in our principal subsidiary undertakings, all of which are consolidated, as at March 31, 2025 are set out below:

100% held subsidiary undertakings	**Nature of business**
Virgin Money UK PLC[(1)]	Retail and commercial banking business
Nationwide Syndications Limited	Syndicated lending
The Mortgage Works (UK) plc	Centralized mortgage lender
Derbyshire Home Loans Limited	Centralized mortgage lender
E-Mex Home Funding Limited	Centralized mortgage lender
UCB Home Loans Corporation Limited	Centralized mortgage lender

Note:

(1) Virgin Money UK PLC is the holding company for Clydesdale Bank plc, which is the operating entity for Virgin Money UK PLC.

All the above subsidiary undertakings are limited liability companies which are registered in England and Wales and operate in the UK and, with the exception of Nationwide Syndications Limited, they are all regulated entities.

Nationwide Syndications Limited is a wholly owned mortgage lender specializing in syndicated commercial loans to registered social landlords. Nationwide Syndications Limited has ceased to offer new lending.

TMW is a wholly owned centralized mortgage lending subsidiary, specializing mainly in residential BTL lending to individuals.

Each of Derbyshire Home Loans Limited, E-Mex Home Funding Limited ("**E-Mex**") and UCB Home Loans Corporation Limited ("**UCB**") is a wholly owned subsidiary that has ceased to offer new lending.

We also have interests in structured entities. A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control. Structured entities are consolidated when the substance of the relationship indicates control.

The table below provides details of these entities as at March 31, 2025.

Group undertaking	Nature of business	Country of registration	Country of operation
Nationwide Covered Bonds LLP	Mortgage acquisition and guarantor of covered bonds	England and Wales	UK
Silverstone Master Issuer plc	Funding vehicle	England and Wales	UK
Silverstone Funding No. 1 Limited	Funding vehicle	England and Wales	UK

BUSINESS OF THE SOCIETY

Retail business

Our retail business aims to offer its customers a full range of personal financial services products comprising residential mortgage lending, a range of savings products as well as investments and general insurance solutions, both directly and through intermediary sales channels.

Residential mortgage lending

The vast majority of our lending portfolio consists of UK residential mortgage loans to individuals. These loans are secured on the residential property of the borrower on terms which allow for repossession and sale of the property if the borrower breaks the terms and conditions of the loan. This lending can take the form of either owner-occupied residential lending (where the borrower is the owner and occupier of the mortgaged property and meets our credit requirements for prime lending) or BTL and legacy residential lending (which are loans advanced to borrowers who intend to let the mortgage property). Our policy is for all residential mortgage loans to individuals to be fully secured first priority loans on the mortgaged property, to ensure that our claim to the property, in the event of default, is senior to those of other potential creditors. As a result, our residential mortgage lending to individuals carries lower risk than many other types of lending.

As at March 31, 2025, we were the second largest mortgage lender in the United Kingdom (as measured by total loans outstanding and calculated by us based on Bank of England data and publicly available financial information). Our residential mortgages are generally for terms of 20 to 30 years. While many customers remain with us for much or all of this term, some customers redeem their mortgage earlier than this in order to remortgage to another lender or for other reasons. The minimum life of a mortgage is usually between two and five years, depending on the terms of the customer's initial product, although we generally retain approximately 70 to 80% of customers when they reach the end of a product.

The table below shows a breakdown of our owner-occupied, BTL and legacy residential mortgage lending outstanding balances as at March 31, 2025.

	As at March 31, 2025
	(*£ billions*)
Owner-occupied	215.6
BTL and legacy[(1)]	60.3
Total	275.9

Note:

(1) This category of lending was previously referred to as specialist lending.

Source: Nationwide Building Society – audited consolidated financial statements for the period ended March 31, 2025.

We offer BTL and legacy UK residential mortgage lending to individuals, comprising lending to private landlords (BTL) and smaller portfolios in run-off (legacy). As at March 31, 2025, our outstanding BTL and legacy UK residential mortgage lending to individuals was £60.3 billion. The BTL and legacy residential mortgage balance is made up of advances made through our specialist lending brands, including TMW. Our outstanding legacy lending loans were advanced primarily in the BTL and self-certification markets. New lending in this category is restricted to BTL through TMW with us having withdrawn from the self-certified lending market in 2009.

Our BTL and legacy mortgages continue to perform well with cases three months or more in arrears representing only 0.51% of the total mortgage book as at March 31, 2025. Arrears levels are expected to increase as a result of the rising cost of living, including higher mortgage payments, but to remain low relative to the industry average.

We have a national franchise within the United Kingdom, with a regional distribution of UK residential mortgage lending to individuals generally matching the regional gross domestic product distribution in the United Kingdom.

We offer fixed rate and tracker rate mortgages. These products establish a set rate or set methodology for determining a variable rate for a set term, after which the rate reverts to one of our two general variable rates. Our fixed-rate products currently offer a term of two, three, four, five or ten years, but we have from time to time offered longer fixed terms, including 25 years. Our tracker rate products bear interest during the set term (currently two or three years) at a variable rate that is a fixed percentage above the Bank Rate. After the end of the set fixed rate or tracker period, the interest rate reverts to either our BMR (if the mortgage was originated on or before April 29, 2009) or our SMR (if the mortgage was originated on or after April 30, 2009). Both the BMR and the SMR are variable rates set at our discretion, except that the BMR is guaranteed not to be more than 2% above the Bank Rate.

To reduce the costs associated with early repayment of mortgages and to recover a portion of the costs of mortgage incentives, we impose early repayment charges on some products. The early repayment charges generally apply for repayment made prior to the expiration of the fixed or tracker rate for the particular product.

Total gross mortgage advances was higher than in the prior year at £44.7 billion (2024: £26.3 billion) and our market share of gross advances increased to 16.3% (2024: 11.5%). Net lending in the year was supported by our continued focus on retention through highly competitive products provided to existing members, whilst also continuing to focus on first time buyers. Owner-occupied mortgage balances increased to £215.6 billion (2024: £161.0 billion) and buy to let and legacy mortgage balances increased to £60.3 billion (2024: £43.5 billion).

The average LTV of owner-occupied new business completed in the period has increased to 75% (April 4, 2024: 71%). The average LTV of new business for buy to let increased to 65% (April 4, 2024: 62%).

House prices measured through the Nationwide House Price Index have increased over the past 12 months by 3.9% (2024: increase of 1.6%) with the Group average stock LTV increasing to 56% (2024: 55%). We believe that asset quality has remained strong as a result of our continued prudent approach to lending, including our continued support of first time homebuyers. The proportion of mortgage accounts three months or more in arrears increased to 0.43% as at March 31, 2025, which compares favorably with the UK Finance average of 0.89% as at the same date.

The table below shows our residential mortgage loans which are three months or more in arrears as a percentage of its total residential mortgage loans as at March 31, 2025, 2024 and 2023 and the UK Finance average.

	As at March 31,	**As at April 4,**	
	2025	**2024**	**2023**
		(percentages)	
Owner-occupied	0.40	0.36	0.29
BTL and legacy	0.51	0.60	0.44
Total	**0.43**	**0.41**	**0.32**

	As at March 31,	As at April 4,	
	2025	2024	2023
UK Finance average	0.89	0.94	0.72

Source: Audited financial statements for the period ended March 31, 2025 and the years ended April 4, 2024 and April 4, 2023.

We utilize an automated credit scoring system to assist in minimizing credit risk on residential mortgage lending. Our credit procedures for residential mortgage lending take into account the applicant's credit history, loan-to-value criteria, income multiples and an affordability calculation, or shock test, that tests the applicant's ability to service the loan at higher interest rates. For additional information regarding how we manage credit risk in connection with new lending, see "*Financial Risk Management—Credit risk*."

We focus our residential mortgage sales efforts on first-time buyers, subsequent purchasers moving home and the remortgage market. We are particularly keen to support our existing members and have a range of products to support first-time buyers. First-time buyers offer a significant potential for additional sources of income through the distribution of insurance and personal investment products.

In addition to residential mortgage loans, we offer further secured advances on existing mortgaged property to customers consistent with our lending criteria for new residential mortgage loans.

Unsecured retail banking products consists of loans that we make to individuals that are not secured on real or personal property. We offer three different forms of unsecured consumer retail banking products: personal unsecured loans, credit card lending and current accounts with overdraft facilities.

There is a greater risk of loss on unsecured consumer lending than there is on residential mortgage lending because we have no security if the borrower defaults on the loan. Accordingly, unsecured consumer lending products bear higher interest rates than our residential mortgage products. To manage this risk, we use an automated credit scoring system that is designed to evaluate a borrower's ability to repay the loan. In addition, we assess all unsecured consumer loans to ensure they remain affordable alongside any mortgage.

Savings and Current accounts

Member deposit balance growth of £14.0 billion to £207.4 billion (April 4, 2024: £193.4 billion) represents increases in savings balances with the Virgin Money Acquisition contributing a further £53.3 billion of non-member retail deposits. Our total market share of retail deposit balances increased to 12.2% (April 4, 2024: 9.5%).

Current account balance growth was driven by strong new account openings as a result of switching incentives and increasing the credit interest rate payable on the Flex Direct current account to 5% on balances up to £1,500. Operating in a dynamic savings market, balance growth has been supported by competitive fixed rate products and our Triple Access Online Saver. Our market share of deposit balances increased to 12.2% as of March 31, 2025 (April 4, 2024: 9.5%).

We provide a wide range of retail savings products that may be repayable on demand or on notice and which may pay a variable or fixed rate of interest. On most retail savings products, we determine variable interest rates at our discretion according to market conditions. Generally, the more restrictions on withdrawal of retail savings, the higher the rate of interest. Balances on all of our notice deposit accounts are, by their terms, withdrawable on demand but, in some cases, subject to loss of interest.

We believe that the primary determinant for attracting retail savings is the interest rate offered to savers. As a mutual organization, we typically set higher interest rates on our retail savings products than those set by our main competitors. We gather UK retail member deposits from a number of sources, chiefly from our branch network but also by mail and internet-based deposit accounts.

The UK retail savings market is highly competitive among building societies and banks, including those banks owned by insurance companies and retailers. This competition has increased the relative cost of retail funds, especially new retail funds.

Our retail business also manages a range of business savings accounts that are offered to UK-domiciled small- and medium-sized enterprises, including companies, housing associations, charities and educational organizations. We provide a wide range of savings products that may be repayable on demand or on notice and which may pay a variable or fixed rate of interest. On all business savings products, we determine variable interest rates at our discretion according to market conditions. Generally, the more restrictions on withdrawal of business savings, the higher the rate of interest.

Consumer Lending

Consumer lending balances increased to £11.1 billion (April 4,2024: £4.3 billion). Consumer lending comprised credit card balances of £7.8 billion (April 4, 2024: £1.6 billion), personal loan balances of £3.0 billion (April 4, 2024: £2.4 billion) and overdrawn current account balances of £0.3 billion (April 4, 2024: £0.3 billion).

Arrears performance improved slightly during the year, with balances more than three months in arrears (excluding charged off accounts) representing 1.11% (April 4, 2024: 1.36%) of the total portfolio. Provision balances increased to £824 million (April 4, 2024: £436 million) including £452 million for Virgin Money.

Other retail services

Our other retail services principally comprise insurance business and investment business.

Insurance

In conjunction with our core business of providing residential mortgage loans and retail savings, we develop and market insurance products branded with our name that are underwritten by third-party insurers and distribute insurance products of other companies.

The insurance products that we market are:

- buildings and contents insurance, which we market to our residential mortgage customers and non-mortgage customers;
- life insurance which offers a one-off cash payment to pay off the mortgage for mortgage customers or to pay for rent and bills for non-mortgage customers. Critical illness cover is available as an add-on; and
- an income protection benefit which pays out monthly when customers are too ill or injured to work.

We typically use leading insurers as third-party underwriters for these insurance products. We receive a commission and, in some cases, participate in the profits, but not the losses, from third-party underwritten insurance products that we market. We generally market our insurance products to new and existing customers, and it is our policy to offer insurance products at competitive prices and with more comprehensive coverage than those products generally offered by our main competitors.

Distribution network

Our integrated and diversified distribution network allows our customers to choose how and when to undertake their transactions with us and has enabled us to expand our business while controlling costs. The distribution network helps us to achieve volume growth principally in personal current accounts and savings accounts, supporting our retail funding activities. Central to this is our Branch Promise to remain in every town or city we are in today until at least the start of 2028, including the Virgin Money branch network.

We distribute our products primarily through:

- branches;
- contact centers;
- internet and mobile banking; and
- intermediaries.

We also maintain a network of ATMs.

Branches

Our branch network continues to be a major source of our retail funding. As at March 31, 2025, we had approximately 605 branches of Nationwide Building Society in the United Kingdom.

Our goal is to utilize our branch network efficiently. All of our branches market our residential mortgage, retail savings account, personal current account, personal lending, personal investment and insurance products. We continue to make significant investment in transforming our products and delivery channels through the implementation of new systems and organizational structures and to meet consumer expectations of digital banking.

Contact centers

Our contact centers are open 24 hours a day in order to provide support to customers on a variety of customer needs. These range from basic enquiries like lost and stolen cards, balance enquiries and general account administration to more sensitive needs such as reporting fraud, queries around bereavement administration or struggling to pay monthly bills. Alongside telephony, we also offer a 24/7 chat service, allowing customers to speak to us in the medium that suits them best.

Internet and mobile banking

We first launched an internet banking service in 1997 and have continued to update the service in line with technological advances and increasing customer expectations. Our website allows customers to transact on their accounts and apply for a broad range of our products online. We also allow customers to access and carry out transactions on their accounts using our mobile and tablet applications.

Intermediaries

A substantial amount of our mortgage sales is introduced to us by third-party intermediaries. Intermediaries range from large UK networks to small independent mortgage advisors. We remunerate intermediaries for introducing mortgage business through procuration fees and disclose these to the customers.

ATMs

Our customers have access to our own network of ATMs, as well as access to ATMs in the United Kingdom through the LINK network and world-wide through the Visa network.

Business and commercial lending

Combined Group business and commercial lending balances have increased to £15.1 billion (4 April, 2024: £5.5 billion) following the Virgin Money acquisition. Virgin Money business lending balances total £9.5 billion and include term lending, asset and lease financing, specialist finance and other business lending, including business overdrafts and credit cards. The Virgin Money portfolio is diversified across a range of sectors, with the highest risk concentration being across the agriculture, business services, and government, health and education sectors. The Group lending is primarily to registered social landlords which have a low risk profile.

Head office functions

Our head office functions comprise the executive management and the treasury function together with a range of support functions such as legal and secretariat services, human resources, strategic planning and external relations, finance, risk management, property services and internal audit.

The treasury division centrally manages liquid asset portfolios as well as most of financial risk exposures and is responsible for wholesale funding activities. See the sections entitled "*Financial Risk Management*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" for further details of risk management.

Recent developments

The changing economic and political landscape in the UK, and particularly the cost-of-living crisis and high inflation, has led to households being under financial pressure for some time. While inflation has declined considerably from its peak, there remain lingering concerns about mortgage refinancing costs, and, for tenants, rising rents. We have, over the course of the current financial year, rolled out a number of measures to respond to these concerns. Some of the measures announced include:

- returning over £600 million to over 12 million members as part of our Big Nationwide Thank You in recognition of their custom supporting our financial strength to enable the Virgin Money Acquisition;
- returning additional value to our members who have the deepest banking relationships with us, through our Nationwide Fairer Share Payment (around £385 million), and exclusive interest rate products for members;
- extending our branch promise, to remain in every town or city we are in today until at least 2028 (previously 2027) to include the Virgin Money branch network;
- launching a member-exclusive current account switching incentive that offered £200 cashback to those members who switched their account to one of our three main current account products, using the Current Account Switch Service; and
- demonstrating our mutual good in the communities we serve, committing £20.0 million over the year to charitable activities and continuing the roll out of the Nationwide Databank program in Virgin Money branches, providing free, data-loaded SIM cards for those impacted by data poverty.

Virgin Money Acquisition

The Acquisition

On March 21, 2024, the Issuer announced that the Board of Directors and the Virgin Money Board agreed the terms of the Acquisition, to be implemented by means of the Scheme.

The Acquisition completed on October 1, 2024 upon the Scheme becoming effective. In the publication of the Issuer's interim results for the period ended September 30, 2024, the Issuer noted the following in connection with the Acquisition:

- gain on acquisition of £2.3 billion, resulting from a net asset value well in excess of the £2.8 billion acquisition price. The gain on acquisition is expected to provide significant headroom to cover costs associated with integration, investment in customer service and delivery of value under Nationwide's mutual model;
- Combined Group common equity tier 1 ratio of 19.6% and Combined Group leverage ratio of 5.4% at October 1, 2024, both comfortably above regulatory minimums;

- the Acquisition broadens Nationwide's product range to include business banking, which it intends to offer to more customers over time. This will diversify Nationwide's funding and strengthen it financially, enabling it to deliver even greater value for its customers, including through its Branch Promise supporting an extensive network of 696 branches across the UK, focus on customer service, and competitive deposit and lending rates; and
- the Combined Group is the UK's second largest provider of mortgages and retail deposits, with total assets of around £370 billion.

We preparing to transfer the majority of the assets and liabilities of Virgin Money's main operating subsidiary, Clydesdale Bank PLC, into the Combined Group, which we expect to complete prior to March 31, 2027, through a proposed banking business transfer under Part VII of the FSMA, subject to legal and regulatory approval and completion of internal governance processes. This will be part of the wider integration program that we expect to take several years to complete.

Credit ratings

Following the announcement of the Acquisition, each of Moody's, S&P and Fitch affirmed the credit ratings it had assigned to the Issuer. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction, or withdrawal at any time by the assigning rating agency.

Senior Management changes following the Acquisition

In connection with the Acquisition, Muir Mathieson (formerly Deputy Chief Financial Officer and Treasurer of the Issuer) became an Executive Director and was appointed as the Chief Financial Officer of the Issuer with effect from September 6, 2024, and Chris Rhodes (formerly the Chief Financial Officer and an Executive Director of the Issuer) was appointed as the Chief Executive Officer of Virgin Money with effect from October 1, 2024.

BUSINESS OF VIRGIN MONEY

The Virgin Money Group operates a full-service UK-focused retail and commercial banking business under the brand names 'Virgin Money' as well as 'Clydesdale Bank' and 'Yorkshire Bank'. The bank provides residential mortgages, personal and business current accounts, savings, personal loans and credit cards, loans for small and medium businesses, and payment and transaction services.

SELECTED STATISTICAL INFORMATION

The following information has been extracted from our management information systems. This information is unaudited. The information contained in this section should be read in conjunction with our consolidated financial statements as well as the section entitled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*."

Average Balance Sheets and Interest Rates

The tables below present, in accordance with IFRS, the average balances for our interest-earning assets and interest-bearing liabilities together with the related interest income and expense amounts, resulting in the presentation of the average yields and rates for the period ended March 31, 2025 and the years ended April 4, 2024 and 2023, respectively:

	For the period ended March 31, 2025		
	Average balance[1]	**Interest**[2]	**Average yield/ rate**
	(£ million, except percentages)		
Interest-earning assets:			
Loans to credit institutions	35,201	1,667	4.74%
Investment securities & derivative financial instruments	33,408	1,701	5.09%
Unwind of discount on net defined benefit pension asset[3]	-	45	-
Loans to customers	256,998	12,670	4.93%
Total average interest-earning assets	**325,607**	**16,083**	**4.94%**
Non-interest-earning assets:			
Tangible fixed assets	707		
Fair value adjustment for hedged risk	(2,693)		
Other assets	2,080		
Goodwill and intangible fixed assets	1,187		
Deferred tax assets	241		
Investment Properties	1		
Total average assets	**327,130**		
Interest-bearing liabilities:			
UK retail member deposits	201,785	6,167	3.06%
Other deposits	54,011	1,990	3.68%
Debt securities in issue and derivative financial instruments[2]	47,141	2,749	5.83%
Subordinated liabilities	2,262	174	7.69%
Subscribed Capital	152	10	6.58%
Total average interest-bearing liabilities	**305,351**	**11,090**	**3.63%**
Non-interest-bearing liabilities:			
Other liabilities	21,674		
Fair value adjustment for hedged risk	23		
Reserves	-		
Current taxes	82		
Total average liabilities	**327,130**		

Notes:

(1) Average balances are based on the balance as of the end of each month during the financial year.

(2) For the purpose of the average balance sheet, the interest income and expense amounts are stated after allocation of interest on financial instruments entered into for hedging purposes.

(3) The pension fund surplus is classified as non-interest-bearing within Other Assets, however the unwind of the discount is included within net interest income.

	For the year ended April 4, 2024		
	Average balance[1]	Interest[2]	Average yield/ rate
	(£ million, except percentages)		
Interest-earning assets:			
Loans to credit institutions	41,281	1,969	4.77%
Investment securities & derivative financial instruments	33,817	1,506	4.45%
Unwind of discount on net defined benefit pension asset[3]	-	44	-
Loans to customers	211,795	10,506	4.96%
Total average interest-earning assets	**286,893**	**14,025**	**4.89%**
Non-interest-earning assets:			
Tangible fixed assets	689		
Fair value adjustment for hedged risk	(5,172)		
Other assets	1,765		
Goodwill and intangible fixed assets	853		
Deferred tax assets	123		
Investment Properties	2		
Total average assets	**285,153**		
Interest-bearing liabilities:			
UK retail member deposits	191,675	5,330	2.78%
Other deposits	32,233	1,466	4.55%
Debt securities in issue and derivative financial instruments[2]	40,225	2,616	6.50%
Subordinated liabilities	2,072	152	7.34%
Subscribed Capital	171	11	6.43%
Total average interest-bearing liabilities	**266,376**	**9,575**	**3.59%**
Non-interest-bearing liabilities:			
Other liabilities	1,066		
Fair value adjustment for hedged risk	43		
Reserves	17,341		
Current taxes	327		
Total average liabilities	**285,153**		

Notes:

(1) Average balances are based on the balance as of the end of each month during the financial year.

(2) For the purpose of the average balance sheet, the interest income and expense amounts are stated after allocation of interest on financial instruments entered into for hedging purposes.

(3) The pension fund surplus is classified as non-interest-bearing within Other Assets, however the unwind of the discount is included within net interest income.

	For the year ended April 4, 2023		
	Average balance[1]	Interest[2]	Average yield/ rate
	(£ million, except percentages)		
Interest-earning assets:			
Loans to credit institutions	42,364	1,005	2.37%
Investment securities & derivative financial instruments	33,588	746	2.22%
Unwind of discount on net defined benefit pension asset[3]	-	26	-
Loans to customers	212,184	7,048	3.32%
Total average interest-earning assets	**288,136**	**8,825**	**3.06%**
Non-interest-earning assets:			
Tangible fixed assets	787		
Fair value adjustment for hedged risk	(5,502)		
Other assets	2,219		
Goodwill and intangible fixed assets	895		
Deferred tax assets	84		
Investment Properties	15		
Total average assets	**286,634**		

	For the year ended April 4, 2023		
	Average balance(1)	Interest(2)	Average yield/ rate
	(£ million, except percentages)		
Interest-bearing liabilities:			
UK retail member deposits	182,839	1,905	1.04
Other deposits	42,688	917	2.15%
Debt securities in issue and derivative financial instruments(2)	40,761	1,399	3.43%
Subordinated liabilities	2,243	99	4.41%
Subscribed Capital	176	18	10.23%
Total average interest-bearing liabilities	**268,707**	**4,327**	**1.61%**
Non-interest-bearing liabilities:			
Other liabilities	1,081		
Fair value adjustment for hedged risk	5		
Reserves	16,382		
Current taxes	459		
Total average liabilities	**286,634**		

Notes:

(1) Average balances are based on the balance as of the end of each month during the financial year.

(2) For the purpose of the average balance sheet, the interest income and expense amounts are stated after allocation of interest on financial instruments entered into for hedging purposes.

(3) The pension fund surplus is classified as non-interest-bearing within Other Assets, however the unwind of the discount is included within net interest income.

Average Net Interest Margin and Spread

The following tables show our average interest-earning assets, average interest-bearing liabilities and net interest income and illustrate the comparative net interest margin and net interest spread for the period ended March 31, 2025 and the years ended April 4, 2024 and 2023, respectively:

	As at March 31, 2025
	(£ million, except percentages)
Net average interest-earning assets	325,607
Net average interest-bearing liabilities	305,351
Net interest income(1)	4,992
Average yield on average interest-earning assets	4.94%
Average rate on average interest-bearing liabilities	3.63%
Net interest spread(2)	1.31%
Net interest margin(3)	1.54%

Notes:

(1) Defined as total interest income less total interest expense.

(2) Defined as the difference between the average yield on interest-earning assets and the average rate on interest-bearing liabilities.

(3) Defined as net interest income divided by weighted average interest-earning assets (statutory basis).

	As at April 4, 2024
	(£ million, except percentages)
Net average interest-earning assets	286,893
Net average interest-bearing liabilities	266,376
Net interest income(1)	4,450
Average yield on average interest-earning assets	4.89%
Average rate on average interest-bearing liabilities	3.59%
Net interest spread(2)	1.29%

	As at April 4, 2024
	(£ million, except percentages)
Net interest margin[3]	1.56%

Notes:

(1) Defined as total interest income less total interest expense.

(2) Defined as the difference between the average yield on interest-earning assets and the average rate on interest-bearing liabilities.

(3) Defined as net interest income divided by weighted average interest-earning assets.

	As at April 4, 2023
	(£ million, except percentages)
Net average interest-earning assets	288,136
Net average interest-bearing liabilities	268,707
Net interest income[1]	4,498
Average yield on average interest-earning assets	3.06%
Average rate on average interest-bearing liabilities	1.61%
Net interest spread[2]	1.45%
Net interest margin[3]	1.57%

Notes:

(1) Defined as total interest income less total interest expense.

(2) Defined as the difference between the average yield on interest-earning assets and the average rate on interest-bearing liabilities.

(3) Defined as net interest income divided by weighted average interest-earning assets.

Changes in Interest Income and Expenses – Volume and Rate Analysis

The following table allocates the changes in our interest income and expense between changes in average volume and changes in the average rates for the period ended March 31, 2025 compared to the year ended April 4, 2024. We calculated volume and yield/rate variances based on movements of average balances over the period and changes in average interest yields/rates on interest-earning assets and interest-bearing liabilities. The net change attributable to changes in both volume and rate has been allocated in line with the amounts derived for pure rate and volume variances. Pension interest income and expense has been excluded from the table as the assets and liabilities to which they relate are held net on the balance sheet. More information on the net pension liability can be found in our audited consolidated financial statements incorporated by reference herein:

	Period ended March 31, 2025 compared to year ended April 4, 2024		
	Increase/(decrease) in net interest due to changes in:		
	Volume	Yield/rate	Total net change
		(£ million)	
Interest income:[1]			
Loans to credit institutions	(290)	(12)	(302)
Debt securities and derivative financial instruments	(18)	213	195
Loans to customers	2,242	(78)	2,164
Unwind of discount of pension assets	**1**	**-**	**1**
Total interest income	**1,935**	**123**	**2,058**
Interest expense:[1]			
UK retail member deposits	281	556	837
Other deposits	990	(466)	524
Debt securities in issue and derivative financial instruments	450	(316)	134
Subordinated liabilities	14	8	22
Subscribed capital	(1)	-	(1)
Total interest expense	**1,734**	**(218)**	**1,516**
Net interest income	**201**	**341**	**542**

Note:
(1) Interest income and expense amounts are stated after allocation of interest on financial instruments entered into for hedging purposes.

The following table allocates the changes in our interest income and expense between changes in average volume and changes in the average rates for the year ended April 4, 2024 compared to the year ended April 4, 2023. We calculated volume and yield/rate variances based on movements of average balances over the period and changes in average interest yields/rates on interest-earning assets and interest-bearing liabilities. The net change attributable to changes in both volume and rate has been allocated in line with the amounts derived for pure rate and volume variances. Pension interest income and expense has been excluded from the table as the assets and liabilities to which they relate are held net on the balance sheet. More information on the net pension liability can be found in our audited consolidated financial statements incorporated by reference herein:

	Year ended April 4, 2024 compared to year ended April 4, 2023		
	Increase/(decrease) in net interest due to changes in:		
	Volume	Yield/rate	Total net change
		(£ million)	
Interest income:(1)			
Loans to credit institutions	(26)	990	964
Debt securities and derivative financial instruments	5	755	760
Loans to customers	(13)	3,471	3,458
Unwind of discount of pension assets	18	-	18
Total interest income	(16)	5,216	5200
Interest expense:(1)			
UK retail member deposits	92	3,333	3,425
Other deposits	(225)	774	549
Debt securities in issue and derivative financial instruments	(18)	1,235	1,217
Subordinated liabilities	(8)	61	53
Subscribed Capital	-	4	4
Net interest income	**143**	**(191)**	**(48)**

Note:
(1) Interest income and expense amounts are stated after allocation of interest on financial instruments entered into for hedging purposes.

The following table allocates the changes in our interest income and expense between changes in average volume and changes in the average rates for the year ended April 4, 2023 compared to the year ended April 4, 2022. We calculated volume and yield/rate variances based on movements of average balances over the period and changes in average interest yields/rates on interest-earning assets and interest-bearing liabilities. The net change attributable to changes in both volume and rate has been allocated in line with the amounts derived for pure rate and volume variances. Pension interest income and expense has been excluded from the table as the assets and liabilities to which they relate are held net on the balance sheet. More information on the net pension liability can be found in our audited consolidated financial statements incorporated by reference herein:

	Year ended April 4, 2023 compared to year ended April 4, 2022		
	Increase/(decrease) in net interest due to changes in:		
	Volume	Yield/rate	Total net change
		(£ million)	
Interest income:(1)			
Loans to credit institutions	(8)	894	886
Debt securities and derivative financial instruments	19	619	638
Interest on net defined benefit pension asset	22	-	22
Loans to customers	150	2,617	2,767
Total interest income	**183**	**4,130**	**4,313**
Interest expense:(1)			

UK retail member deposits	14	1,456	1,470
Other Deposits	(1)	850	849
Debt Securities in Issue and Derivative Financial Instruments	(16)	1,027	1,011
Subordinated liabilities	(11)	55	44
Subscribed Capital	(1)	4	3
Total interest expense	**10**	**3,367**	**3,377**
Net interest income	**173**	**763**	**936**

Note:

(1) Interest income and expense amounts are stated after allocation of interest on financial instruments entered into for hedging purposes.

Investment Securities Portfolios

As at March 31, 2025, our investment securities portfolios were carried at a book value of £28,663 million, representing 7.8% of our total assets. We only purchase investment-grade debt securities and do not operate a trading portfolio. The following table provides information on the breakdown of our investment securities as at March 31, 2025, April 4, 2024 and April 4, 2023, respectively:

	As at March 31,	**As at April 4,**	
	2025	**2024**	**2023**
		(£ million)	
Government, government guaranteed and supranational investment securities	22,977	22,173	22,968
Other debt investment securities	5,624	4,299	4,592
Investments in equity shares	62	60	55
Total	**28,663**	**26,532**	**27,615**

Investment portfolio by credit rating & country/region

	As at March 31, 2025									
	Credit Rating					**Geography**				
Liquidity and investment portfolio by credit rating:	**£ million**	**AAA**	**AA**	**A**	**Other**	**UK**	**US and Canada**	**Europe**	**Japan**	**Other**
	(£ million)					*(percentages)*				
Liquid assets:										
Cash and reserves at central banks	29,483	-	100	-	-	100	-	-	-	-
Government bonds[2]	18,324	8	82	10	-	45	29	16	10	-
Supranational bonds	4,653	64	36	-	-	-	-	-	-	100
Covered bonds	4,343	100	-	-	-	50	32	12	-	6
Residential mortgage backed securities (RMBS)	721	100	-	-	-	54	-	46	-	-
Asset-backed securities (other)	157	100	-	-	-	100	-	-	-	-
Liquid assets total	**57,681**	**16**	**81**	**3**	**-**	**70**	**12**	**7**	**3**	**8**
Other securities[3][1]:										
RMBS FVOCI	400	100	-	-	-	100	-	-	-	-
RMBS amortized cost	-	-	-	-	-	-	-	-	-	-
Other investments[4]	65	-	-	-	100	99	-	1	-	-
Other securities total	**465**	**86**	**-**	**-**	**14**	**100**	**-**	**-**	**-**	**-**
Loans and advances to banks	1,810	-	50	50	-	71	21	8	-	-
Total	**59,956**	**16**	**79**	**5**	**-**	**70**	**12**	**7**	**3**	**8**

Notes:

(1) Ratings used are obtained from Standard & Poor's (S&P), and from Moody's or Fitch if no S&P rating is available.

(2) Balances classified as government bonds include government guaranteed and agency bonds.

(3) Includes RMBS (UK buy to let and UK Non-conforming) not eligible for the Liquidity Coverage Ratio (LCR)

(4) Includes investment securities held at FVTPL of £5 million for 2025 (April 4, 2024: £6 million).

Liquidity and investment portfolio by credit rating:	As at April 4, 2024[2]									
	Credit Rating[1]					Geography				
	£ million	AAA	AA	A	Other	UK	US and Canada	Europe	Japan	Other
	(£ million)					*(percentages)*				
Liquid assets:										
Cash and reserves at central banks	25,231	-	100	-	-	100	-	-	-	-
Government bonds[3]	19,080	5	81	14	-	39	35	14	12	-
Supranational bonds	3,093	44	56	-	-	-	-	-	-	100
Covered bonds..............................	2,980	99	1	-	-	46	29	17	-	8
Residential mortgage backed securities (RMBS)........................	631	100	-	-	-	63	-	37	-	-
Asset-backed securities (other).....	137	100	-	-	-	100	-	-	-	-
Liquid assets total.......................	**51,152**	**12**	**83**	**5**	**-**	**67**	**15**	**7**	**4**	**7**
Other securities[4]:										
RMBS FVOCI.............................	544	100	-	-	-	100	-	-	-	-
RMBS amortized cost..................	4	100	-	-	-	100	-	-	-	-
Other investments[5]	63	-	-	-	100	100	-	-	-	-
Other securities total	**611**	**90**	**-**	**-**	**10**	**100**	**-**	**-**	**-**	**-**
Loans and advances to banks........	918	-	84	16	-	80	16	4	-	-
Total	**52,681**	**13**	**81**	**6**	**-**	**68**	**15**	**7**	**4**	**6**

Notes:

(1) Ratings used are obtained from Standard & Poor's (S&P), and from Moody's or Fitch if no S&P rating is available.

(2) Comparatives have been restated as detailed in Note 1 to the 2025 Financial Statements.

(3) Balances classified as government bonds include government guaranteed, agency and government sponsored bonds

(4) Includes RMBS (UK buy to let and UK Non-conforming) not eligible for the LCR.

(5) Includes investment securities held at FVTPL of £6 million for 2024 (April 4, 2023: £13 million).

The following table shows the contractual maturity of investment securities held as at March 31, 2025, April 4, 2024 and April 4, 2023:

	As at March 31,	As at April 4,	
	2025	2024	2023
		(£ million)	
Due less than 1 month	207	58	81
Due between 1 and 3 months	411	212	151
Due between 3 and 6 months	515	272	41
Due between 6 and 9 months	381	239	68
Due between 9 and 12 months.......................	966	325	402
Due between 1 and 2 years............................	2,237	2,016	772
Due between 2 and 5 years............................	9,117	10,639	8,880
Due after more than 5 years	14,829	12,771	17,220
Total..	**28,663**	**26,532**	**27,615**

Loan Portfolio

As at March 31, 2025, total loans to customers excluding fair value adjustments for hedge accounting, including accrued interest, were £300,889 million, representing 82% of our total assets. Our loan portfolio net of allowances has increased by 41% during the last year from £214,708 million as at April 4, 2024 to £302,976 million as at March 31, 2025.

The following table summarizes our loan portfolio, net of allowances, as at March 31, 2025, April 4, 2024 and April 4, 2023, respectively:

	As at March 31,	As at April 4,	
	2025	2024	2023
		(£ million)	
Residential mortgage loans	215,467	160,891	157,474
Buy to let and legacy residential mortgages	60,108	43,255	43,908
Consumer lending	10,283	3,827	3,939
Business and commercial lending	15,031	5,467	5,461
Total loans to customers	**300,889**	**213,440**	**210,782**
Fair value adjustment for micro hedged risk(1)	277	350	430
Loans and advances to banks and similar institutions	1,810	918	2,860
Total	**302,976**	**214,708**	**214,072**

Note:

(1) Under IFRS, the carrying value of the hedged item is adjusted for the change in value of the hedged risk.

The following table presents the contractual maturity distribution for repayment for the loan portfolio held by us as at March 31, 2025:

	As at March 31, 2025					
	Due in less than 1 month	**Due in 1 month to 3 Months**	**Due in 3 months to 1 year**	**Due in 1 year to 5 years**	**Due after 5 years**	**Total(1)**
			(£ million)			
Loans and advances to customers	3,271	10,434	8,592	41,992	236,600	300,889
Loans and advances to banks	1,676	-	-	-	134	1,810
Total Loans portfolio net of impairment provisions	**4,947**	**10,34**	**8,592**	**41,992**	**236,734**	**302,699**

Note:

(1) The maturity analysis is produced on the basis that where a loan is repayable by installments, each installment is treated as a separate repayment.

Residential mortgage loans in arrears

Loans in arrears refer to amounts that are unpaid at their contractual date. A customer is in arrears when they are behind in fulfilling their obligations such that an outstanding loan payment is overdue. Such a customer can also be said to be in a state of delinquency. When a customer is in arrears, the entire outstanding balance is said to be delinquent, meaning that delinquent balances are the total outstanding loans on which payments are overdue.

The proportion of cases more than three months in arrears for the Combined Group increased slightly to 0.43% (April 4, 2024: 0.41%) following the Virgin Money Acquisition. Group (excluding Virgin Money) arrears remained broadly stable at 0.40% (April 4, 2024: 0.41%) of the total portfolio. Residential mortgage provisions have increased to £351 million (April 4, 2024: £321 million), primarily due to the recognition of £37 million of provisions for the acquired Virgin Money loans.

The following tables show the payment status of all residential mortgages as at April 4, 2024 and 2023:

	As at April 4, 2024				As at April 4, 2023			
	Owner-occupied	**Buy to let and legacy**	**Total**		**Owner-occupied**	**Buy to let and legacy**	**Total**	
		(£ million)		%		(£ million)		%
Not past due	159,036	42,524	201,560	98.6	155,849	43,270	199,119	98.7
Past due 0 to 1 month	1,080	418	1,498	0.7	1,044	376	1,420	0.7
Past due 1 to 3 months	352	207	559	0.3	310	213	523	0.3
Past due 3 to 6 months	213	121	334	0.2	155	108	263	0.1
Past due 6 to 12 months	173	101	274	0.1	111	65	176	0.1
Past due over 12 months	110	79	189	0.1	76	50	126	0.1
Possessions	17	36	53	-	13	22	35	-
Total residential mortgages	**160,981**	**43,486**	**204,467**	**100**	**157,558**	**44,104**	**201,662**	**100**

The proportion of loans more than three months in arrears increased to 0.41% (April 4, 2023: 0.32%) and arrears levels remain low across prime and specialist lending. Impairment provision balances increased to £321 million (April 4, 2023: £280 million) due to deterioration in the economic assumptions used to model expected credit losses, including an increase in provisions for the impact of increasing interest rates on mortgage affordability. In total, £337 million (April 4, 2023: £245 million) of buy to let and legacy balances were more than 3 months past due or in possession, which included the impact of the change.

As at April 4, 2024, the mortgage portfolios include 1,634 (April 4, 2023: 1,329) mortgage accounts, including those in possession, where payments were more than 12 months in arrears. The total principal outstanding in these cases was £218 million (April 4, 2023: £147 million), and the total value of arrears was £35 million (April 4, 2023: £26 million).

Impairment provisions

Impairment provisions on financial assets are calculated on an ECL basis for assets held at amortized cost and at FVOCI. ECL impairment provisions are based on an assessment of the probability of default, exposure at default and loss given default, discounted to give a net present value. Provision calculations for retail portfolios are typically performed on a collective rather than individual loan basis. For collective assessments, whilst each loan has an associated ECL calculation, the calculation is based on cohort level data for assets with shared credit risk characteristics, such as origination date, origination loan to value and term.

Impairment provisions are calculated using a three-stage approach depending on changes in credit risk since original recognition of the assets:

- a loan which is not credit impaired on initial recognition and has not subsequently experienced a significant increase in credit risk is categorized as being within stage 1, with a provision equal to a 12-month ECL (losses arising on default events expected to occur within 12 months);
- where a loan's credit risk increases significantly, it is moved to stage 2. The provision recognized is equal to the lifetime ECL (losses on default events expected to occur at any point during the life of the asset); and
- if a loan meets the definition of credit impaired, it is moved to stage 3 with a provision equal to its lifetime ECL.

In addition to the stage allocation outlined above, loans which have been purchased or originated with a credit-impaired (POCI) status are reported separately. At initial recognition, POCI assets do not carry an impairment provision; instead, gross balances are presented net of lifetime expected credit losses at acquisition. All changes in lifetime expected credit losses subsequent to acquisition are recognized as an impairment charge or release.

The following table sets forth the movement in our allowances for loan losses for the period ended March 31, 2025:

Reconciliation of net movements in balances and impairment provisions

	Non-credit impaired				Credit impaired [1]			
	Subject to 12 month ECL		Subject to lifetime ECL		Subject to lifetime ECL		Total	
	Stage 1		Stage 2		Stage 3 and POCI			
Group	Gross balances	Provisions	Gross balances	Provisions	Gross balances	Provisions	Gross balances	Provisions
				(£ millions)				
At April 5, 2024	174,860	54	37,303	381	1,666	346	213,829	781
Stage transfers:								
Transfers from Stage 1 to Stage 2....	(12,976)	(6)	12,976	6	-	-	-	-
Transfers to Stage 3	(158)	(1)	(495)	(35)	653	36	-	-

Transfers from Stage 2 to Stage 1	12,112	104	(12,112)	(104)	-	-	-	-
Transfers from Stage 3	58	2	222	12	(280)	(14)	-	-
Net remeasurement of ECL arising from transfer of stage	-	(87)	-	64	-	61	-	38
Net movement arising from transfer of stage[2]	**(964)**	**12**	**591**	**(57)**	**373**	**83**	**-**	**38**
New assets originated or purchased[3]	105,242	160	7,223	371	1,432	209	113,897	740
Net impact of further lending/repayments[4]	(7,268)	(14)	(546)	(17)	(11)	2	(7,825)	(29)
Changes in risk parameters in relation to credit quality[5]	-	(2)	-	(14)	-	20	-	4
Other items impacting income statement charge/(reversal) including recoveries	-	-	-	-	-	(58)	-	(58)
Redemptions[6]	(14,119)	(5)	(3,479)	(31)	(283)	(27)	(17,881)	(63)
Income statement charge for the year								33
Decrease due to write-offs	-	-	-	-	(205)	(183)	(205)	(183)
Other provision movements	-	-	-	-	-	58	-	58
March 31, 2025	**257,751**	**205**	**41,092**	**633**	**2,972**	**450**	**301,815**	**1,288**
Net carrying amount		**257,546**		**40,459**		**2,522**		**300,527**

Notes:

(1) Group balances of credit impaired loans include £584 million (2024: £113 million) of purchased or originated credit impaired (POCI) loans, which are presented net of lifetime ECL impairment provisions on transition to IFRS 9 of £21 million (2024: £5 million).

(2) The remeasurement of provisions arising from a change in stage is reported within the stage to which the assets are transferred.

(3) If a new asset is originated in the year, the values included are the closing gross balance and provision for the year. The stage in which the addition is shown reflects the stage of the account at the end of the year.

(4) This comprises further lending and capital repayments where the asset is not derecognized. The gross balances value is calculated as the closing gross balance for the year less the opening gross balance for the year. The provisions value is calculated as the change in exposure at default ("**EAD**") multiplied by opening provision coverage for the year.

(5) This comprises changes in risk parameters, and changes to modelling inputs and methodology. The provision movement for the change in risk parameters is calculated for assets that do not move stage in the year.

(6) For any asset that is derecognized in the year, the value disclosed is the provision at the start of the year.

The following table sets forth our impairment provisions for the period ended March 31, 2025 and the years ended April 4, 2024 and 2023:

Impairment provisions	**2025**	**2024**	**2023**
		(£ million)	
Owner-occupied residential	115	90	84
Buy to let and legacy residential	236	231	196
Consumer lending	824	436	469
Commercial and other lending	113	24	16
Total	**1,288**	**781**	**765**

The following tables show the allowances for loan losses as a percentage of total loans, analyzed by category for the period ended March 31, 2025 and the years ended April 4, 2024 and April 4, 2023:

March 31, 2025	Total Balance	(%) of Total	Provision	Provision/Total Balance
Owner-occupied residential mortgages......	215,546	71%	115	0.05%
Buy to let and legacy residential mortgages..	60,344	20%	236	0.39%
Consumer lending	11,107	4%	824	7.42%
Commercial and other lending	14,818	5%	113	0.76%
Total..	**301,815**	**100%**	**1,288**	**0.43%**

April 4, 2024	Total Balance	(%) of Total	Provision	Provision/Total Balance
Owner-occupied residential mortgages......	160,941	75%	90	0.06%
Buy to let and legacy residential mortgages..	43,486	20%	231	0.53%
Consumer lending	4,263	2%	436	10.23%
Commercial and other lending	5,139	3%	24	0.48%
Total..	**213,829**	**100%**	**781**	**0.37%**

April 4, 2023	Total Balance	(%) of Total	Provision	Provision/Total Balance
Owner-occupied residential mortgages......	157,511	75%	84	0.05%
Buy to let and legacy residential mortgages..	44,104	21%	196	0.44%
Consumer lending	4,408	2%	469	10.63%
Commercial and other lending	4,994	2%	16	0.32%
Total..	**211,017**	**100%**	**765**	**0.36%**

Deposits

The following table sets out the average balances and average interest rates for each deposit type for the period ended March 31, 2025:

	For period ended March 31, 2025	
	Average balance	Average rate paid
	(£ million, except percentages)	
UK retail member deposits..	201,784	3.02%
Other customer deposits and amounts due to banks[1].................	54,011	3.68%

Note:
(1) Amounts owed to other customers include time deposits, call deposits and retail deposits that do not grant "member" status.

The following table sets out the average balances and average interest rates for each deposit type for the year ended April 4, 2024:

	For year ended April 4, 2024	
	Average balance	Average rate paid
	(£ million, except percentages)	

UK retail member deposits	191,675	2.78%
Other customer deposits and amounts due to banks[(1)]	32,233	4.55%

Note:
(1) Amounts owed to other customers include time deposits, call deposits and retail deposits that do not grant "member" status.

The following table sets out the average balances and average interest rates for each deposit type for the year ended April 4, 2023:

	For year ended April 4, 2023	
	Average balance	Average rate paid
	(£ million, except percentages)	
UK retail member deposits	182,839	1.04%
Other customer deposits and amounts due to banks[(1)]	42,688	2.15%

Note:
(1) Amounts owed to other customers include time deposits, call deposits and retail deposits that do not grant "member" status.

Maturity of Deposits

The following table shows the maturity analysis of time deposits over £100,000 and certificates of deposit as at March 31, 2025:

	As at March 31, 2025			
	Time deposits	Certificates of deposit	Total	(%)
	(£ million, except percentages)			
Less than 3 months	192	1,666	1,858	92%
3 months to 6 months	41	106	147	7%
6 months to 1 year	20	-	20	1%
Over 1 year	-	-	-	-
Total	**253**	**1,772**	**2,025**	**100%**

Return on Assets

The following table represents net income as a percentage of total average assets:

	For the period ended March 31,	For the year ended April 4,	
	2025	2024	2023
	(£ million, except percentages)		
Net income[(1)]	2,338	1,300	1,664
Total average assets[(2)]	327,130	285,128	285,610
Return on total average assets	0.71%	0.46%	0.58%

Notes:
(1) Net income represents profit for the financial year after tax.
(2) Total average asset is based on the total assets as of the end of each month during the financial year.

As a mutual organization, we are managed for the benefit of our members, primarily our retail savings and residential mortgage customers, rather than for equity shareholders. We return value to our members by offering generally higher interest rates on savings and lower interest rates on loans than those offered by our main competitors. As a result, we typically earn lower profits than our main competitors, which are typically banks or other non-mutual organizations. However, most of our net earnings are put into reserves and constitute Tier 1 capital for our capital adequacy requirements.

We have not presented any information regarding returns on equity because, as a mutual organization, we do not have equity.

FINANCIAL RISK MANAGEMENT

Strategy in using financial instruments

Financial instruments incorporate the vast majority of our assets and liabilities, both on a Group level and for the Society. Given the dominant position of the Society within the Group structure, the term 'Group' is used in the remainder of this section to cover the activities of both Group and Society.

We accept deposits from customers at fixed and variable interest rates for various periods and seek to earn an interest margin by investing these funds in high quality assets, predominantly mortgages. The principal risks which arise from this core activity, and which need to be managed by Nationwide, are interest rate risk (including basis risk), currency risk, credit risk and liquidity and funding risks.

All risks are monitored and managed within the ERMF. The ERMF comprises a Board-approved risk appetite, detailed risk management frameworks (including policies and supporting documentation), and independent governance and oversight functions.

We use derivative instruments to manage various aspects of risk. However, in doing so we comply with the UK Building Societies Act in relation to the use of derivatives for the mitigation of consequences arising from changes in interest rates, exchange rates or other factors defined by the UK Building Societies Act.

Derivatives

Our risk management approach is to use interest rate and currency derivatives to economically hedge the fair value of fixed rate assets and liabilities. The market risk from fixed rate assets and liabilities may be netted down before deciding to use derivatives. The derivatives used are predominantly interest rate swaps, which convert fixed rate cash flows to a benchmark floating rate such as SOFR or SONIA, and cross currency swaps which convert foreign currency cash flows to GBP cash flows. In addition, bond forwards are used to reduce swap spread risk within the investment securities portfolio and inflation swaps are used to economically hedge contractual inflation risk within investment securities.

While our derivative financial instruments are held for risk mitigation purposes, not all of these derivatives are designated as hedging instruments as defined by IFRS 9.

The following table describes the significant activities we have undertaken, the risks associated with such activities and the types of derivatives which are used in managing such risks. Such risks may alternatively be managed using cash instruments as part of an integrated approach to risk management:

Activity	Risk	Type of derivative instrument used
Savings products and funding activities involving instruments which are fixed rate or which have embedded options	Sensitivity to changes in interest rates and inflation risk including differential between Base Rate and SOFR/SONIA or inflation risk	Interest rate swaps including basis swaps, interest rate futures, swaptions, forward rate agreements and inflation swaps
Mortgage lending and investment activities involving instruments which are fixed rate or which include explicit or embedded options	Sensitivity to changes in interest rates, including differential between Base Rate and SOFR/SONIA and inflation risk.	Interest rate swaps including basis swaps, interest rate futures, swaptions, caps, collars, forward rate agreements
Investment and funding in foreign currencies	Sensitivity to changes in foreign exchange rates	Cross-currency swaps, FX swaps, foreign exchange transactions

The accounting policy for derivatives and hedge accounting is described in the Statement of Accounting Policies. Where possible, we apply hedge accounting to derivatives in order to reduce accounting volatility. We currently use two of the three types of hedge accounting permitted by IFRS 9: fair value hedge accounting and cash flow hedge accounting, but not hedging of a net investment in a foreign operation.

The Board and the Group ALCO are responsible for setting certain parameters respectively over our exposure to interest rates, foreign exchange rates and other indices. The Credit Committee sets our credit policy and regularly monitors and reviews credit exposures arising in all aspects of Group operations, including derivatives. All risk committees are overseen by the Executive Risk Committee, while the Board Risk Committee provides oversight of the risk framework for Nationwide including governance.

All exchange-traded instruments are subject to cash requirements under the standard margin arrangements applied by the individual exchanges. Such instruments are not subject to significant credit risk. Credit exposures arising on derivative contracts with certain counterparties are collateralized (e.g. with cash deposits), to mitigate credit exposures. To comply with EU regulatory requirements, we, as a direct member of a central counterparty ("**CCP**"), have central clearing capability which we use to clear standardized derivatives. Where derivatives are not cleared at a CCP they are transacted under the International Swaps and Derivatives Association ("**ISDA**") Master Agreement.

Each of the principal financial risks to which we are exposed (interest rate, credit, foreign exchange, liquidity and funding risk) is considered below.

Market risk

Market risk is the risk that the net value of, or net income arising from, the Group's assets and liabilities is impacted by changes in market prices or rates, specifically interest or currency rates. The Group has limited appetite for market risk and does not have a trading book. Market risk is closely monitored and managed to ensure the level of risk remains within appetite.

Market risks are not taken unless they are essential to core business activities, provide stability of earnings, minimize costs or enable operational efficiency. Following the Virgin Money Acquisition, the Nationwide sub-group and Virgin Money sub-group continue to manage their market risk exposure separately. Market risk management strategy, governance and monitoring approach are similar across both entities.

Our main market risk is interest rate risk. Interest rate risk is the risk of an adverse impact to market values or income due to changes in market interest rates It arises in relation to the Group's non-traded assets and liabilities, specifically loans, deposits and financial instruments Basis risk (risk associated with assets and liabilities repricing with reference to differing interest rate benchmarks) and structural risk (risk associated with the impact of interest rate movement on earnings and value due to the Group's reserves) are included under this broad interest rate risk category.

To reduce the impact of such movements, hedging activities are undertaken by our Treasury function. For example, interest rate risks generated by lending to and receiving deposits from customers are offset against each other internally where possible. The remaining net exposure is managed using derivatives, within parameters set by Group ALCO.

In addition to primary lending and borrowing activities, income volatility arising from certain rate insensitive products (including reserves and CCDS) are structurally hedged.

Product option risk is the risk that changes to hedging may be required if customer behavior deviates from expectations, which may result in a loss if derivatives need to be unwound. The key product risks the Group is exposed to are repayment risk (early redemption or underpayment/overpayment of fixed rate mortgages), access risk (early withdrawal of fixed rate savings), and take-up risk (higher or lower completions of fixed rate mortgage reservations than expected). These risk exposures are quantified under a range of stress scenarios using models that predict customer behavior in response to changes in interest rates.

Foreign Exchange risk is the risk to market values due to changes in exchange rates. The risk arises due to assets or liabilities being denominated in different currencies than the Group's base currency (sterling). Currency exposure is managed through natural offsetting on the balance sheet, with derivatives used to maintain the net exposures within approved limits.

Credit spread risk is the risk to the market value of Treasury investments arising from changes in the spread between bond yields and swap rates. A liquidity portfolio is held to manage the Group's liquidity risk. The assets in this portfolio are predominantly fixed rate sovereign debt securities. Interest rate swaps are used to hedge the interest rate risk associated with these assets. However, there remains a residual risk as sovereign debt yields and swap rates do not always move in the same way and to the same extent, meaning that the market value of the liquidity portfolio assets can change due to movements in bond yields and swap rates.

Our market risk is measured using a combination of value-based assessments and earnings sensitivity assessments.

The VaR model incorporates risk factors based on historic interest rate and currency movements. A 10-day horizon and a 99% confidence level is typically used in day to day VaR monitoring. VaR is used to monitor interest rate, swap spread, currency and product option risks and is not used to model income. Exposures against limits are reviewed daily by management. Actual outcomes are monitored on an ongoing basis by management to test the validity of the assumptions and factors used in the VaR calculation. The values reported below are on the same basis as those used internally.

Although VaR is a valuable risk measure, it needs to be viewed in the context of the following limitations which may mean that exposures could be higher than modelled:

- The use of a 99% confidence level, by definition, does not take account of changes in value that might occur beyond this level of confidence;
- VaR models often under-predict the likelihood of extreme events and over-predict the benefits of offsetting positions in those extreme events;
- The VaR model uses historical data to predict future events. Extreme market moves outside of those used to calibrate the model will deliver exceptions. In periods where volatility is increasing, the model is likely to under-predict market risks and in periods where volatility is decreasing it is likely to over-predict market risks;
- Historical data may not adequately predict circumstances arising from government interventions and stimulus packages, which increase the difficulty of evaluating risks.

To seek to mitigate these limitations, back testing of the VaR model is undertaken regularly to ensure that the model is appropriate. This process compares actual performance against the estimated VaR numbers. To evaluate the potential impact of more extreme but plausible events or movements in a set of financial variables, the standard VaR metric is supported with sensitivity and stress analysis.

The table below highlights our limited exposure to interest rate risk and credit spread risk. Interest Rate VaR does not include the impact of future changes in expected customer behavior, but it does reflect changes in expectations of customer behavior since the product was initially hedged. This is a refinement in methodology during the year and the 2024 values, which previously did not account for changes in expectations of customer behavior, have been restated on this basis.

	For the period ended March 31, 2025			**For the year ended April 4, 2024**		
	Average	**High**	**Low**	**Average**	**High**	**Low**
				(£ million)		
Interest Rate VaR (99%/10-day)	5.7	7.7	4.3	4.6	5.6	3.9

Credit Spread VaR (99%/10-day)	134.2	143.5	124.3	147.8	160.4	135.0

Earnings sensitivity assessments are also used to measure the risk that income is adversely impacted by changes in interest rates. These techniques apply rate shocks to the rates paid on liabilities and to the rates earned on assets and the impact on earnings is calculated. The absolute levels of interest rates can influence the flexibility to manage earnings. Illustratively, if interest rates were to fall or become negative, margins may be constrained because it is unlikely that the benefit to borrowers can be fully offset through current account or savings product rate changes.

We also measure interest rate risk through net interest income ("**NII**") and economic value of equity ("**EVE**") sensitivity measures, under a range of shock scenarios which include behavioral assumptions for retail products as interest rates change. These measures are assessed based on the standard shocks prescribed by regulatory guidelines, as well as against internally generated shock scenarios.

- NII sensitivities assess the impact to earnings in different interest rate shocks over a one-year period. Sensitivities are calculated based on a static balance sheet, where all assets and liabilities maturing within the year are reinvested in like for like products. The sensitivity also includes the impact arising from off-balance sheet exposures.

- EVE sensitivities measure the change in value of interest rate sensitive items, both on and off-balance sheet, under a range of interest rate shocks. Sensitivities are calculated on a run-off balance sheet basis.

Both NII and EVE sensitivities are measured regularly, with risk limits set against the various shocks.

Credit risk

Credit risk is the risk of loss as a result of a member, customer or counterparty failing to meet their financial obligations. Credit risk encompasses:

- borrower / counterparty risk – the risk of loss arising from a borrower or counterparty failing to pay, or becoming increasingly likely not to pay the interest or principal on a loan, financial product, or service on time;

- security / collateral risk – the risk of loss arising from deteriorating security / collateral quality;

- concentration risk – the risk of loss arising from insufficient diversification of region, sector, counterparties or other significant factor;

- refinance risk – the risk of loss arising when a repayment of a loan or other financial product occurs later than originally anticipated.

At Nationwide, we lend in a responsible, affordable and sustainable way to ensure we safeguard members and our financial strength throughout the credit cycle. To this end, the Board Risk Committee sets the level of risk appetite it is willing to take in pursuit of our strategy, which is articulated as Board risk appetite statements and underlying principles:

We safeguard our members by lending responsibly:

- We will only lend to members, customers or counterparties who demonstrate that they can afford to borrow.

- We will support members and customers buying mortgageable houses of wide-ranging types and qualities.

- We will work with members and customers to recover their financial position should there be a delay, or risk of delay, in meeting their financial obligations.

We safeguard our financial performance, strength and reputation:

- We will manage asset quality so that losses through an economic cycle will not undermine profitability, financial strength and our standing with internal/external stakeholders.
- We will ensure that no material segment of our lending exposes the Society to excessive loss.
- We will proactively manage credit risk and comply with regulation, ensuring that robust economic sanctions and financial crime checks are in place.

We operate with a commitment to responsible lending and a focus on championing good conduct and fair outcomes. In this respect, we formulate appropriate credit criteria and policies which are aimed at mitigating risk against individual transactions and ensuring that our credit risk exposure remains within risk appetite. The Board Risk Committee and, under a governed delegated mandate structure, the Credit Committee, the Executive Sanctioning Committee and individual Material Risk Takers make credit decisions, based on a thorough credit risk assessment, to ensure that customers are able to meet their obligations.

At a portfolio level, we measure and manage our risk profile and the performance of our credit portfolios on an ongoing basis, through a formal governance structure. Compliance with Board risk appetite is measured against absolute limits and risk metrics and is reported to our Credit Committee monthly, with adverse trends being investigated and corrective action taken to mitigate the risk and bring performance back on track.

We are committed to helping customers who may anticipate or find themselves experiencing a period of financial difficulty, offering a range of forbearance options tailored to their individual circumstances. This is the case for residential mortgages, consumer lending and commercial lending. Accounts in financial difficulty/arrears are managed by our specialist teams to ensure an optimal outcome for our members, customers and the Society.

Credit risk within the Treasury portfolio arises from the instruments held and transacted by the Treasury function for operational, liquidity, and investment purposes. In addition, counterparty credit risk arises from the use of derivatives to reduce exposure to market risks; these are only transacted with highly rated organizations and collateralized under market standard documentation.

The treasury credit risk function manages all aspects of credit risk in accordance with our risk governance frameworks, under the supervision of the Credit Committee.

In accordance with IFRS 9, Treasury assets are assessed for credit risk deterioration each month. Scorecards are used to test current and expected performance and the results determine expected credit loss ("**ECL**") provisions. This process is part of an established governance structure that identifies under-performing assets and assesses the likelihood of, and options to minimize, future losses.

We have no exposure to emerging markets, hedge funds or credit default swaps.

The following table presents our maximum exposure to credit risk of on-balance sheet and off-balance sheet financial instruments, before taking into account any collateral held or other credit enhancements and after allowance for impairment where appropriate. The maximum exposure to loss for off-balance sheet financial instruments is considered to be their contractual nominal amounts:

	2025			2024		
	Carrying value	**Commitments**	**Maximum credit risk exposure**	**Carrying value**	**Commitments** (1)(2)	**Maximum credit risk exposure**
			(£ million)			
Cash	29,483	—	29,483	25,231	—	25,231
Loans and advances to banks	1,810	—	1,810	918	—	918
Investment securities	28,663	5	28,668	26,532	5	26,537

Derivative financial instruments	4,742	—	4,742	6,290	—	6,290
Fair value adjustment for portfolio hedged risk	(2,037)	—	(2,037)	(3,330)	—	(3,330)
Loans and advances to customers	300,889	19,458	320,347	213,440	13,339	226,779
Total	**363,550**	**19,463**	**383,013**	**269,081[(3)]**	**13,344**	**282,425**

Notes:

(1) In addition to the amounts shown above, we have revocable commitments of £23,352 million (2024: £10,394 million) in respect of credit card and overdraft facilities. These commitments represent agreements to lend in the future, subject to certain considerations. Such commitments are cancellable by Nationwide, subject to notice requirements, and given their nature are not expected to be drawn down to the full level of exposure.

(2) The fair value adjustment for portfolio hedged risk and the fair value adjustment for micro hedged risk (which relates to the commercial lending portfolio) represent hedge accounting adjustments. They are indirectly exposed to credit risk through the relationship with the underlying loans covered by Nationwide's hedging programs.

(3) Comparatives have been restated as detailed in Note 1 to the 2025 Financial Statements.

Liquidity and funding risk

Liquidity risk is the risk that we are unable to raise cash to settle our financial obligations as they fall due and maintain member and other stakeholder confidence. Funding risk is the risk that we are unable to maintain diverse funding sources in wholesale and retail markets and manage retail funding risk that can arise from excessive concentrations of higher risk deposits.

Our management of liquidity and funding risks aims to ensure that there are sufficient liquid assets at all times, both as to amount and quality, to:

- cover cash flow mismatches and fluctuations in funding
- retain public confidence
- meet financial obligations as they fall due, even during episodes of stress.

This is achieved through the management and stress testing of business cash flows, and through the translation of Board risk appetite into appropriate risk limits. This ensures a prudent funding mix and maturity profile, sufficient levels of high-quality liquid assets and appropriate encumbrance levels are maintained.

The liquidity and funding risk framework is reviewed by the Board as part of the annual Internal Liquidity Adequacy Assessment Process ("**ILAAP**"). Group ALCO is responsible for managing the balance sheet structure, including the Funding Plan, and its risks. This includes setting and monitoring more granular limits within Board limits. A consolidated cash flow forecast is maintained and reviewed weekly to support Group ALCO in monitoring key risk metrics.

A Liquidity Contingency Plan (LCP), which is part of the wider recovery plan framework, is maintained which describes early warning triggers for indicating an emerging liquidity or funding stress as well as escalation procedures and a range of actions that could be taken in response to ensure sufficient liquidity is maintained. The LCP is tested annually to ensure it remains robust. Our Recovery Plan describes potential actions that could be utilized in a more extreme stress.

For contingency purposes, we pre-position unencumbered mortgage assets at the Bank of England which can be used in the Bank of England's liquidity operations if market liquidity is severely disrupted.

The table below segments the carrying value of financial assets and financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for the period ended March 31, 2025 and the year ended April 4, 2024. In practice, customer behaviors mean that liabilities are often retained for longer than their contractual maturities and assets are repaid faster. This gives rise to mismatches in funding on the balance sheet. The balance sheet structure and risks are managed and monitored by Group ALCO. We use judgment and past behavioral performance of each asset and liability class to forecast our likely cash flow requirements.

	As at March 31, 2025					
	Not more than one month[(2)]	**1 – 3 months**	**3 – 12 months**	**1 – 5 years**	**More than 5 years**	**Total**
			(£ million)			
Assets						
Cash	29,483	-	-	-	-	29,483
Loans and advances to banks and similar institutions	1,810	-	-	-	-	1,810
Investment securities	207	411	1,862	11,354	14,829	28,663
Derivative financial instruments	13	95	1,048	1,880	1,706	4,742
Fair value adjustment for portfolio hedged risk	(19)	(17)	(255)	(1,522)	(224)	(2,037)
Loans and advances to customers	3,271	10,434	8,592	41,992	236,600	300,889
Total financial assets	**34,631**	**10,923**	**11,247**	**53,704**	**253,045**	**363,550**
Liabilities						
Shares	151,469	9,128	42,597	3,422	812	207,428
Deposits from banks	5143	-	10	900	-	6,053
Other deposits	52,358	3,858	17,068	1,383	-	74,667
Fair value adjustment for portfolio hedged risk	-	4	22	1	-	27
Secured funding – ABS and covered bonds	111	175	2,688	17,237	5,632	25,843
Senior unsecured	1,569	1,337	2,977	15,447	3,936	25,266
Derivative financial instruments	13	16	151	841	526	1,547
Subordinated liabilities	25	7	2	843	1,567	2,444
Subscribed capital[(2)]	-	-	1	-	128	129
Total financial liabilities	**210,688**	**14,525**	**65,516**	**40,074**	**12,601**	**343,404**
Financial guarantees	5	7	33	18	37	100
Off balance sheet commitments[(3)]	19,363	-	-	-	-	19,363
Net liquidity difference	**(195,425)**	**(3,609)**	**(54,302)**	**13,612**	**240,407**	**683**
Cumulative liquidity difference	**(195,425)**	**(199,034)**	**(253,336)**	**(239,724)**	**683**	**-**

Notes:

(1) The analysis excludes certain financial assets and liabilities relating to accruals, trade receivables, trade payables and settlement balances which are generally short-term in nature and lease liabilities.

(2) Due less than one month includes amounts repayable on demand.

(3) The principal amount for undated subscribed capital is included within the due after more than five years column.

(4) Off-balance sheet commitments include amounts payable on demand for undrawn loan commitments, customer overpayments on residential mortgages where the borrower can draw down the amount overpaid, and commitments to acquire financial assets.

	As at April 4, 2024					
	Not more than one month[(2)]	**1 – 3 months**	**3 – 12 months**	**1 – 5 years**	**More than 5 years**	**Total**
			(£ million)			
Assets						
Cash...........................	25,231	-	-	-	-	25,231
Loans and advances to banks and similar institutions.................	2,378	-	-	-	100	918
Investment securities	58	212	836	12,655	12,771	26,532
Derivative financial instruments................	20	41	338	3,906	1,985	6,290
Fair value adjustment for portfolio hedged risk.............................	(41)	(18)	(496)	(2,512)	(263)	(3,330)
Loans and advances to customers...................	2,806	1,321	5,805	30,124	173,384	213,440
Total financial assets	**29,038**	**1,556**	**6,483**	**44,173**	**187,977**	**269,081**
Liabilities						
Shares........................	139,238	4,595	35,379	13,254	900	193,366
Deposits from banks...	7,129	7	3,982	5,270	-	16,388
Other deposits............	1,283	1,585	1,582	80	-	4,530
Fair value adjustment for portfolio hedged risk	1	3	40	6	-	50
Secured funding – ABS and covered bonds	176	533	762	9,315	6,488	17,274
Senior unsecured	1,557	75	875	13,550	1,418	17,475
Derivative financial instruments................	21	42	102	732	554	1,451
Subordinated liabilities....................	7	-	13	832	1,223	2,075
Subscribed capital[(3)] ...	1	-	1	-	171	173
Total financial liabilities	**149,413**	**6,840**	**42,736**	**42,039**	**10,754**	**252,782**
Off balance sheet commitments[(4)]	13,344	-	-	-	-	13,344
Net liquidity difference..................	**(135,422)**	**(3,727)**	**(36,253)**	**1,134**	**177,223**	**2,955**
Cumulative liquidity difference..................	**(135,422)**	**(139,003)**	**(492,312)**	**(362,283)**	**2,955**	**-**

Notes:

(1) The analysis excludes certain financial assets and liabilities relating to accruals, trade receivables, trade payables and settlement balances which are generally short-term in nature and lease liabilities.

(2) Due less than one month includes amounts repayable on demand.

(3) The principal amount for undated subscribed capital is included within the due after more than five years column.

(4) Off-balance sheet commitments include amounts payable on demand for undrawn loan commitments, customer overpayments on residential mortgages where the borrower can draw down the amount overpaid, and commitments to acquire financial assets.

(5) Comparatives have been restated as detailed in Note 1 to the 2025 Financial Statements.

The following is an analysis of gross undiscounted contractual cash flows differs from the analysis of residual maturity due to the inclusion of interest accrued at current rates for the average period until maturity, on the amounts outstanding at the balance sheet date.

	For the period ended March 31, 2025					
Gross contractual cash flows	**Not more than one month(1)**	**1 – 3 months**	**3 – 12 months**	**1 – 5 years**	**More than 5 years**	**Total**
			(£ million)			
Shares	151,470	9,684	43,367	3,696	812	209,029
Deposits from banks and similar institutions	5,142	-	39	933	-	6,114
Other deposits	52,406	3,917	17,441	1,422	-	75,186
Secured funding – ABS and covered bonds	134	244	3,309	19,164	6,647	29,498
Senior unsecured funding	1,579	1,352	3,549	17,650	4,644	28,774
Subordinated liabilities	26	12	62	1,286	1,813	3,199
Subscribed capital(2)	-	-	8	33	127	168
Total non-derivative financial liabilities	**210,757**	**15,209**	**67,775**	**44,184**	**14,043**	**351,968**
Gross settled derivative outflows	296	635	3,089	18,805	8,433	31,258
Gross settled derivative inflows	(242)	(572)	(2,692)	(17,859)	(8,735)	(30,100)
Gross settled derivatives – net flows	54	63	397	946	(302)	1,158
Net settled derivative liabilities	20	3	38	193	246	500
Total derivative financial liabilities	**74**	**66**	**435**	**1,139**	**(56)**	**1,658**
Total financial liabilities	**210,831**	**15,275**	**68,210**	**45,323**	**13,987**	**353,626**
Financial guarantees	5	7	33	18	37	100
Off-balance sheet commitments(3)	19,368	-	-	-	-	19,463
Total financial liabilities including off-balance sheet commitments	**230,199**	**15,282**	**68,243**	**45,341**	**14,024**	**373,089**

Notes:

(1) Due less than one month includes amounts repayable on demand.

(2) The principal amount for undated subscribed capital is included within the due more than five years column.

(3) Off-balance sheet commitments include amounts payable on demand for undrawn loan commitments, customer overpayments on residential mortgages where the borrower is able.

	For the year ended April 4, 2024					
Gross contractual cash flows	**Not more than one month(1)**	**1 – 3 months**	**3 – 12 months**	**1 – 5 years**	**More than 5 years**	**Total**
			(£ million)			
Shares	139,238	5,206	36,382	13,726	900	195,452
Deposits from banks and similar institutions			4,311	5,281		

Gross contractual cash flows	Not more than one month[1]	1 – 3 months	3 – 12 months	1 – 5 years	More than 5 years	Total
	For the year ended April 4, 2024					
	(£ million)					
....	7,129	128			-	16,849
Other deposits.............	1,283	1,612	1,600	82	-	4,577
Secured funding – ABS and covered bonds	191	564	1,196	10,978	7,222	20,151
Senior unsecured funding	1,563	89	1,247	15,400	2,125	20,424
Subordinated liabilities	8	-	61	1,067	1,342	2,478
Subscribed capital[2] ...	1	-	9	44	188	242
Total non-derivative financial liabilities	**149,413**	**7,599**	**44,806**	**46,578**	**11,777**	**260,173**
Gross settled derivative outflows......................	366	841	2,812	14,948	7,758	26,725
Gross settled derivative inflows........................	(314)	(787)	(2,625)	(14,386)	(7,670)	(25,782)
Gross settled derivatives – net flows.	52	54	187	562	88	943
Net settled derivative liabilities.....................	33	16	87	400	160	696
Total derivative financial liabilities	**85**	**70**	**274**	**962**	**248**	**1,639**
Total financial liabilities	**149,498**	**7,669**	**45,080**	**47,540**	**12,025**	**261,812**
Off-balance sheet commitments[3]	13,344	-	-	-	-	13,344
Total financial liabilities including off-balance sheet commitments.............	**162,842**	**7,669**	**45,080**	**47,540**	**12,025**	**275,156**

Notes:

(1) Due less than one month includes amounts repayable on demand.

(2) The principal amount for undated subscribed capital is included within the due more than five years column.

(3) Off-balance sheet commitments include amounts payable on demand for undrawn loan commitments, customer overpayments on residential mortgages where the borrower is able.

(4) Comparatives have been restated as detailed in Note 1 to the 2025 Financial Statements.

Fair values of financial assets and liabilities

The following table summarizes the carrying amounts and fair values of those financial assets and liabilities not presented on our balance sheets at fair value:

	For the period ended March 31, 2025	
	Carrying value	Fair value
	(£ million)	
Financial assets		
Loans and advances to banks and similar institutions.........	1,810	1,810
Investment Securities – Amortized Cost	-	-
Loans and advances to customers......................................		

	For the period ended March 31, 2025	
	Carrying value	Fair value
	(£ million)	
Residential mortgages	275,539	272,365
Consumer lending	10,283	10,596
Business and commercial lending	14,982	14,627
Total	**302,614**	**299,398**
Financial liabilities		
Shares	207,428	207,459
Deposits from banks	6,053	6,053
Other deposits	74,667	74,581
Debt securities in issue	51,109	51,441
Subordinated liabilities	2,444	2,464
Subscribed capital	129	129
Total	**341,830**	**342,127**

Note:

(1) The table above excludes cash and other financial assets and liabilities such as accruals, trade receivables, trade payables and settlement balances which are short-term in nature and for which fair value approximates carrying value.

	For the year ended April 4, 2024	
	Carrying value	Fair value
	(£ million)	
Financial assets		
Loans and advances to banks and similar institutions	918	918
Investment Securities – Amortized Cost	4	4
Loans and advances to customers		
Residential mortgages	204,106	198,123
Consumer lending	3,827	3,737
Commercial and other lending	5,465	4,981
Total	**214,320**	**207,763**
Financial liabilities		
Shares	193,366	193,333
Deposits from banks	16,388	16,388
Other deposits	4,530	4,531
Debt securities in issue	34,749	35,211
Subordinated liabilities	2,075	2,091
Subscribed capital	173	173
Total	**251,281**	**251,727**

Notes:

(1) The table above excludes cash and other financial assets and liabilities such as accruals, trade receivables, trade payables and settlement balances which are short-term in nature and for which fair value approximates carrying value.

(2) Comparatives have been restated as detailed in Note 1 to the 2025 Financial Statements.

Loans and advances to banks

The fair value of loans and advances to banks is estimated by discounting expected cash flows at a market discount rate.

Loans and advances to customers

The fair value of loans and advances to customers is estimated by discounting expected cash flows to reflect current rates for similar lending.

Consistent modeling techniques are used across the different loan books. The estimates take into account expected future cash flows and future lifetime expected losses, based on historic trends and discount rates appropriate to the loans, to reflect a hypothetical exit price value on an asset by asset basis. Variable rate loans are modeled on estimated future cash flows, discounted at current market interest rates. Variable rate retail mortgages are discounted at the currently available market standard variable interest rate (the "**SVR**") which, for example, in the case of our residential base mortgage rate (the "**BMR**") mortgage book, generates a fair value lower than the amortized cost value as those mortgages are priced below the SVR.

For fixed rate loans, discount rates have been based on the expected funding and capital cost applicable to the book. When calculating fair values on fixed rate loans, no adjustment has been made to reflect interest rate risk management through internal natural hedges or external hedging via derivatives.

Shares, deposits and borrowings

The estimated fair value of deposits with no stated maturity (including non-interest bearing deposits) is the amount repayable on demand. The estimated fair value of fixed interest rate shares, deposits and other borrowings without quoted market price represents the discounted amount of estimated future cash flows based on expectations of future interest rates, customer withdrawals and interest capitalization. For variable interest rate deposits, estimated future cash flows are discounted using current market interest rates for new debts with similar remaining maturity. For fixed rate shares and deposits, the estimated future cash flows are discounted based on market offer rates currently available for equivalent deposits.

Debt securities in issue

The estimated fair values of longer dated liabilities are calculated based on quoted market prices where available or using similar instruments as a proxy for those liabilities that are not of sufficient size or liquidity to have an active market quote. For those notes, where quoted market prices are not available, a discounted cash flow model is used based on a current yield curve appropriate for the remaining term to maturity.

Subordinated liabilities and subscribed capital

The fair value of subordinated liabilities and subscribed capital is determined by reference to quoted market prices of similar instruments.

Fair value measurement

The following table provides an analysis of financial assets and liabilities held on our balance sheet at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

	For the period ended March 31, 2025			
	Level 1(1)	**Level 2(2)**	**Level 3(3)**	**Total**
		(£ million)		
Financial Assets				
Investments in debt securities(4)......	27,321	1,277	3	28,601
Investments in equity shares...........	-	-	62	62
Derivative financial instruments.....	-	4,695	47	4,742
Loans and advances to customers	-	47	38	85
Total..	**27,321**	**6,019**	**150**	**33,490**
Financial Liabilities	-	-	-	-
Derivative financial instruments.....	-	1,520	27	1,547
Total..	**-**	**1,520**	**27**	**1,547**

Notes:

(1) Level 1: Fair value derived from unadjusted quoted prices in active markets for identical assets or liabilities, e.g. G10 government securities.

(2) Level 2: Fair value derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. a price) or indirectly (i.e. derived from prices), e.g. most investment grade and liquid bonds, ABS, certain CDOs, CLOs and OTC derivatives.

(3) Level 3: Inputs for the asset or liability are not based on observable market data (unobservable inputs), e.g. private equity investments, derivatives including an equity element, deposits including an equity element, some CDOs and certain ABS and bonds.

(4) Investment securities exclude £nil (2024: £4 million) of investment securities held at amortized cost.

	For the year ended April 4, 2024			
	Level 1[(1)]	**Level 2[(2)]**	**Level 3[(3)]**	**Total**
	(£ million)			
Financial Assets				
Investments in debt securities[(4)]......	25,153	1,312	3	26,528
Investments in equity shares...........	—	—	60	60
Derivative financial instruments.....	—	6,095	195	6,290
Loans and advances to customers	—	—	42	42
Total...	**25,153**	**7,407**	**300**	**32,860**
Financial Liabilities				
Derivative financial instruments.....	—	1,446	5	1,451
Total...	**—**	**1,446**	**5**	**1,451**

Notes:

(1) Level 1: Fair value derived from unadjusted quoted prices in active markets for identical assets or liabilities, e.g. G10 government securities.

(2) Level 2: Fair value derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. a price) or indirectly (i.e. derived from prices), e.g. most investment grade and liquid bonds, ABS, certain CDOs, CLOs and OTC derivatives.

(3) Level 3: Inputs for the asset or liability are not based on observable market data (unobservable inputs), e.g. private equity investments, derivatives including an equity element, deposits including an equity element, some CDOs and certain ABS and bonds.

(4) Investment securities exclude £4 million (2023: £40 million) of investment securities held at amortized cost.

Other financial assets represent fair value movements in mortgage commitments entered into where a loan has not yet been made. We fair value a portion of the mortgage commitments on the balance sheet.

Our Level 1 portfolio comprises government and other highly rated securities for which traded prices are readily available. Asset valuations for Level 2 investment securities are sourced from consensus pricing or other observable market prices. None of the Level 2 investment securities are valued using models. Level 2 derivative assets and liabilities are valued using observable market data for all significant valuation inputs.

Instruments move between fair value hierarchies primarily due to increases or decreases in market activity or changes to the significance of unobservable inputs to valuation, and are recognized at the date of the event or change in circumstances which caused the transfer. There were no transfers between the Level 1 and Level 2 portfolios during the year.

The main constituents of our Level 3 portfolio are as follows:

Loans and advances to customers

Certain loans and advances to customers have been classified as FVTPL. Level 3 assets in this category include a closed portfolio of residential mortgages and a small number of commercial loans.

Investment securities

The Level 3 items in this category primarily include investments made in FinTech companies, of which £60 million (2024: £57 million) are equity investments which have been designated at FVOCI as the investments are being held for long term strategic purposes.

Derivative financial instruments

Inflation swaps are used to hedge the Group's investments in index-linked government debt. Adjustments to the inflation curve to reflect seasonality in inflation index publications is required to determine a valuation; however, unlike most derivative valuation inputs, this market data is not available and therefore the input is internally derived rather than observable. During the year, the Group began transacting Euro and US Dollar inflation swaps, for which seasonality is a more significant input than for equivalent sterling swaps.

The tables below set out movements in the Level 3 portfolio, including transfers in and out of Level 3.

Level 3 portfolio – movements analysis

The table below analyzes movements in the Level 3 portfolio:

	For the period ended March 31, 2025			
	Investment securities	Derivative financial assets	Derivative financial liabilities	Loans and advances to customers
	(£ million)			
As at April 5, 2024	63	195	(5)	42
Gains/(losses) recognized in the income statement:				
Net interest income/(expense)	-	95	5	1
(Losses)/gains from derivatives and hedge accounting	-	(163)	16	-
Other operating (expense)/income	(3)	99	1	-
(Losses)/gains recognized in other comprehensive income:				
Fair value movement taken to members' interests and equity...	(2)	-	-	-
Additions...	6	-	-	-
Acquisition of Virgin Money	2	-	-	-
Disposals	(1)	(97)	(1)	-
Settlements/repayments......................................	-	(82)	(47)	(5)
Transfers out of Level 3 portfolio	-	-	4	-
As at March 31, 2025..	**65**	**47**	**(27)**	**38**

	For the year ended April 4, 2024			
	Investment securities	Derivative financial assets	Derivative financial liabilities	Loans and advances to customers
	(£ million)			
As at April 5, 2023	54	157	(11)	100
Gains/(losses) recognized in the income statement:				
Net interest income/(expense)	-	97	2	4

	For the year ended April 4, 2024			
	Investment securities	Derivative financial assets	Derivative financial liabilities	Loans and advances to customers
(Losses)/gains from derivatives and hedge accounting	-	58	7	-
Other operating (expense)/income	(4)	24	-	(2)
(Losses)/gains recognized in other comprehensive income:				
Fair value movement taken to members' interests and equity	5	-	-	-
Additions	8	-	-	-
Disposals	-	(24)	-	-
Settlements/repayments	-	(117)	(3)	(60)
Transfers out of Level 3 portfolio	-	-	-	-
As at April 4, 2024	**63**	**195**	**(5)**	**42**

	For the year ended April 4, 2023			
	Investment securities	Derivative financial assets	Derivative financial liabilities	Loans and advances to customers
	(£ million)			
As at April 4, 2022	**63**	**260**	**(176)**	**116**
Gains/(losses) recognized in the income statement:				
Net interest income/(expense)	-	(113)	(16)	4
(Losses)/gains from derivatives and hedge accounting	-	509	75	-
Other operating income	(3)	-	(9)	(11)
(Losses)/gains recognized in other comprehensive income:				
Fair value movement taken to members' interests and equity	(3)	-	-	-
Additions	1	-	-	-
Disposals	(4)	-	9	-
Settlements/repayments	-	(16)	4	(9)
Transfers out of Level 3 portfolio	-	(483)	102	-
As at April 4, 2023	**54**	**157**	**(11)**	**100**

Level 3 portfolio – sensitivity analysis

The table below provides sensitivity analysis of reasonably possible alternative valuation assumptions for the assets in the Level 3 portfolio:

	For the period ended March 31, 2025		
	Fair value	**Favorable changes**	**Unfavorable changes**
		(£ million)	
Investment securities	65	16	(16)
Net derivative financial instruments	20	5	(5)
Loans and advances to customers	38	2	(1)
Total	**123**	**23**	**(22)**

	For the year ended April 4, 2024		
	Fair value	**Favorable changes**	**Unfavorable changes**
		(£ million)	
Investment securities	63	16	(16)
Net derivative financial instruments	190	29	(29)
Loans and advances to customers	42	2	(2)
Total	**295**	**47**	**(47)**

	For the year ended April 4, 2023		
	Fair value	**Favorable changes**	**Unfavorable changes**
		(£ million)	
Investment securities	54	16	(14)
Net derivative financial instruments	146	32	(32)
Loans and advances to customers	100	3	(2)
Total	**300**	**51**	**(48)**

Reasonable alternative assumptions applied take account of the nature of valuation techniques used, as well as the availability and reliability of observable proxy and historic data. The scenarios applied are considered for each product and varied according to the quality of the data and variability of the underlying market.

MANAGEMENT

Our business is under the control of our Board of Directors. Each director is elected annually by the members. The executive directors are the Group Chief Executive Officer and the Group Chief Financial Officer. All other directors are non-executive directors. The business address of all of the directors and officers is Nationwide House, Pipers Way, Swindon SN38 1NW, England.

Under our rules, the Board of Directors must consist of not less than eight directors of whom not less than five must be present at a Board meeting to form a quorum.

No potential conflicts of interest exist between any duties to us, as Issuer, of the persons on the Board of Directors and their private interests or other duties.

Management and Director Changes

In connection with the Virgin Money Acquisition, Muir Mathieson (formerly Deputy Chief Financial Officer and Treasurer of the Issuer) became an Executive Director and was appointed as the Chief Financial Officer of the Issuer with effect from September 6, 2024, and Chris Rhodes (formerly the Chief Financial Officer and an Executive Director of the Issuer) was appointed as the Chief Executive Officer of Virgin Money with effect from October 1, 2024.

On October 1, 2024, Anand Aithal was appointed to the Board of the Issuer as a non-executive director.

On November 13, 2024, David Bennett, the Board Chair of Virgin Money, was appointed to the Board of the Issuer as a non-executive director.

Directors

The following table presents information with respect to current directors:

Name	Date of Birth	Position	Other Directorships
Debbie Crosbie DBE	March 30, 1970	Group Chief Executive Officer	SSE plc UK Finance Limited
Kevin Parry OBE	January 29, 1962	Chairman	Daily Mail and General Trust plc K A H Parry Limited Marie Curie
Albert Hitchcock	January 16, 1965	Non-Executive Director	
Phil Rivett	June 27, 1955	Non-Executive Director	Standard Chartered Plc Standard Chartered Bank
Tamara Rajah MBE	August 24, 1982	Non-Executive Director	Live Better With Limited Parkrun Global Limited
Debbie Klein	August 10, 1968	Non-executive Director	Guardian Media Group plc Gwanda Global Limited Gwanda Properties Limited Showmax Africa Holdings Limited The Multichoice Group Xyon Health Inc
Alan Keir	October 16, 1958	Non-executive Director	
Gillian Riley	December 6, 1967	Non-executive Director	Roynat Capital Inc. St Michael's Hospital Foundation
Tracey Graham	July 20, 1965	Senior Independent	Close Brothers Group plc Close Brothers Limited

Name	Date of Birth	Position	Other Directorships
		Director and Non-executive Director	Clydesdale Bank PLC Pension Insurance Corporation plc Pension Insurance Corporation Group Limited Virgin Money UK PLC
Sally Orton	March 5, 1970	Non-executive Director	
Muir Mathieson	August 15, 1974	Group Chief Financial Officer	Derbyshire Home Loans Limited E-Mex Home Funding Limited FN1 Nationwide Housing Trust Limited Nationwide Syndications Limited NBS Ventures Management Limited Silverstone Securitisation Holdings Limited The Mortgage Works (UK) plc UCB Home Loans Corporation Limited
David Bennett	March 26, 1962	Non-Executive Director	Allfunds Group plc Allfunds Bank S.A. Clydesdale Bank PLC Department of Work and Pensions PayPal UK LTD PayPal Digital Incorporation Virgin Money UK PLC
Anand Aithal	February 14, 1968	Non-Executive Director	Institute for Government Persimmon plc Polar Capital Holdings plc Saga plc

Biographies

Kevin Parry OBE

Chairman

Kevin Parry is a chartered accountant and brings to the Board expertise in audit, regulation, risk management, and finance. He has used his deep knowledge of commercial and mutual organizations to help shape and transform the Society into a modern mutual organization. Additionally, as a former Chairman of the Homes and Communities Agency, his perspective on housing is an asset to the Group.

He has a wealth of experience across a broad range of organizations. He has held the positions of Chairman of Royal London Mutual Insurance Company Limited and Intermediate Capital Group plc and Senior Independent Director of Standard Life Aberdeen plc, as well as having been the Chief Financial Officer of Schroders plc and the Chief Executive Officer of Management Consulting Group plc. Kevin is Chairman of the Board of Trustees for Marie Curie, an organization whose charitable purpose is aligned with the Group's Fairer Futures initiative.

Current external positions include:

Non-executive director of Daily Mail & General Trust plc

Chairman of the Board of Trustees for Marie Curie

Chairman of Mutuals and Cooperative Council

Previous positions include:

Chairman, Royal London Mutual Insurance Company Limited

Chairman, Intermediate Capital Group plc

Trustee, Royal National Children's Springboard Foundation

Chief Financial Officer, Schroders plc

Chief Executive Officer, Management Consulting Group plc

Managing Partner, Information Communications and Entertainment, KPMG LLP

Senior Independent Director, Standard Life Aberdeen plc

Debbie Crosbie

Group Chief Executive (CEO) and Executive Director

Debbie Crosbie joined Nationwide as Chief Executive Officer in June 2022. Since then, she has worked with the Board to develop the Society's new business strategy, created a new Purpose, and refreshed its brand, marketing and member rewards. Debbie has over 25 years of experience in financial services and has led many successful large-scale technology and customer service transformations. She was previously CEO at TSB Bank where she created and delivered its three-year growth strategy a year early and, while Acting CEO of Clydesdale Bank, Debbie led preparations for its successful demerger and subsequent initial public offering.

Debbie contributes to many industry bodies, including the FCA Practitioner Panel, UK Finance, and the Banking on Barnardo's Charity.

Current external positions include:

Non-executive Director, SSE plc

Director, UK Finance Limited

Previous positions include:

CEO, TSB plc

Group Chief Operating Officer and Executive Director, CYBG

Albert Hitchcock

Non-Executive Director

Albert Hitchcock is a leader in information technology with over 30 years in the technology industry and consumer sector. His experience is of huge value to Nationwide as we continue our ambitious transformation program to meet the expectations of our members and customers today and in the future.

He has held executive positions as Chief Technology and Operations Officer of Pearson plc and Group Chief Information Officer at Vodafone plc and Nortel Networks. He was previously a technology adviser to the Board of the Royal Bank of Scotland plc.

Current external positions include:

LLP Member, Cumberland House BPRA Property Fund LLP

Previous positions include:

Technology Advisor to the Board, Royal Bank of Scotland plc

Group Chief Information Officer, Vodafone plc

Global Chief Information Officer, Nortel Networks

Chief Technology and Operations Officer, Pearson plc

Philip Rivett

Non-Executive Director

Philip Rivett is a chartered accountant with over 40 years' experience of professional accountancy and audit, with a focus on banks and insurance companies. He has a wealth of experience, advising major financial services providers in the UK and on a global basis. He has held various senior positions at PricewaterhouseCoopers LLP and was Chair of its Global Financial Services Group prior to retiring from the firm. He has an exceptional leadership track record, advocating a collaborative and inclusive approach.

Current external positions include:

Non-executive director and Audit Committee Chair, Standard Chartered Plc

Non-executive director of Standard Chartered Bank

Previous positions include:

Global Chair, Financial Services Group, PricewaterhouseCoopers LLP

Tamara Rajah MBE

Non-Executive Director

Tamara Rajah has extensive experience in entrepreneurial ventures and technology and ran an award-winning, venture capital backed global consumer healthcare platform. She has published widely on high growth entrepreneurship and was formerly a non-executive director of the ScaleUp Institute Limited, London & Partners Limited and Entrepreneur First Operations Limited. Tamara is currently CEO of Wellness Solutions and Chief Transformation Officer of Holland and Barrett, so brings a strong consumer focus to the boardroom.

Prior to launching her own company, Tamara was one of the youngest partners at strategy firm McKinsey where she spent a decade in the healthcare practice and led McKinsey's knowledge and client work on entrepreneurship and technology clusters in life sciences, digital and technology. She brings to the Board vast experience of digital transformation, entrepreneurship and innovation.

Current external positions include:

CEO Holland & Barrett Wellness Solutions and Chief Transformation Officer

Trustee of ParkRun Global Limited

Previous positions include:

Partner, McKinsey & Co

Scale Up Institute

Debbie Klein

Non-Executive Director

Debbie Klein has extensive experience in consumer, commercial brand, marketing and people roles. Until 2023, she was Group Chief Marketing, Corporate Affairs and People Officer at Sky where her remit included responsibility for overall brand and marketing development, as well as leading corporate communications, public affairs, internal communications and human resources. She was responsible for Sky's corporate social responsibility (CSR) program, leading Sky's challenge to meet its 2030 net-zero goals approved by the Science Based Targets Initiative. Her expertise in sustainability and CSR matters assists in building Nationwide's Environmental, Social and Corporate Governance (ESG) agenda.

She was previously Chief Executive Europe and Asia Pacific at The Engine Group, an integrated marketing services business, and held various leadership roles in her 20 years at the firm. Earlier in her career she worked in Strategy and Insight at Saatchi & Saatchi and Nielsen.

Current external position:

Non-executive director of Guardian Media Group plc

Non-executive director of The Multichoice Group

Non-executive director of Showmax Africa Holdings Limited

Non-executive Director, Xyon Health Inc

Previous positions include:

Group Chief Marketing, Corporate Affairs and People Officer, Sky

Alan Keir

Non-Executive Director

Alan Keir is an experienced banker who began his non-executive career when he retired as a Group Managing Director and CEO of EMEA at HSBC in 2016, where he had been leading operations in 30 countries, including the UK home market. He has extensive experience in a full range of banking activity, including retail branches and investment banking from his previous roles as Chair of Sumitomo Mitsui Banking Corporation Bank International plc and non-executive director of Majid Al Futtaim.

His expertise in the retail and commercial banking sector, and his proven track record of delivering a successful commercial banking strategy, whilst redefining the culture and values of a large organization, assists the Board in setting and delivering strategic performance. He was previously non-executive director of HSBC Bank plc between 2018 and 2021.

Previous positions include:

Chair of Sumitomo Mitsui Banking Corporation Bank International plc (Non-Executive Director)

Majid Al Futtaim (Non-Executive Director)

HSBC UK Bank plc (Non-Executive Director)

Gillian Riley

Non-Executive Director

Gillian Riley is a senior banker with an accomplished track record in consumer and commercial banking at Bank of Nova Scotia, Canada's third largest bank. Between 2018 and 2024, she was President and CEO of its subsidiary, Tangerine Bank, which she evolved from being a digital deposits bank to an everyday digital bank that is profitable, has a full suite of banking solutions and which consistently wins awards for its client satisfaction.

She founded The Scotiabank Women Initiative to strengthen equality and support for women entrepreneurs. She is a champion for diversity and community values, contributing to areas such as health, youth issues and gender equality.

Current external positions include:

Chair, Non-executive Director, Roynat Capital Incorporation

Non-executive Director, St Michael's Hospital Foundation

Tracey Graham

Senior Independent Director

Tracey Graham is an experienced non-executive director, having served on several listed companies and mutual boards across a range of sectors, including financial services. She has considerable experience as a remuneration committee chair and as a senior independent director at both Ibstock plc and discoverIE plc. Tracey also has extensive consumer experience, having been Chair of LINK Consumer Council for nine years until December 2024.

She was Chief Executive of Talaris Limited, an international cash management business. Before that she held a number of senior roles in De La Rue plc, HSBC and AXA Insurance.

Current external positions include:

Non-executive director and Senior Independent Director of Pension Insurance Group Limited and Pension Insurance Corporation plc

Non-executive director of Close Brothers Group plc

Non-executive director of Close Brothers Limited

Previous positions include:

Non-executive Director, LINK Scheme Ltd

Non-executive Director, Ibstock plc

Non-executive Director Royal London Mutual Insurance Society

Non-executive Director, discoverIE plc

Sally Orton

Non-Executive Director

Sally Orton is a dual-qualified chartered accountant in Australia and the UK, with a career spanning 30 years in financial services and professional services, bringing to the Board expertise in audit, regulation and finance. She was previously Group Chief Financial Officer at GAM Holdings AG (listed on the SIX Swiss Exchange), where her remit included responsibility for all financial matters in the Group, including reporting, tax, treasury, capital management and related regulatory matters.

Prior to joining GAM, she held CFO roles at LCH Ltd (part of the London Stock Exchange Group) and Howden Broking Group, and also held senior roles at Man Group plc. Having started her career at KPMG in

Australia, she moved to London in 1997 to join the Banking and Capital Markets industry groups of PwC and then EY.

Current external positions include:

Court Assistant, Committee Member, Worshipful Company of Chartered Accountants in England and Wales

Member, ICAEW Investment Management Committee

Previous positions include:

Group Chief Financial Officer, GAM Holding AG

Non-executive Director, GAM (Switzerland) Holding AG

Muir Mathieson

Group Chief Financial Officer and Executive Director

Muir Mathieson was appointed Chief Financial Officer in September 2024, having previously held various senior leadership roles at Nationwide since 2010. He is a chartered accountant and his previous positions within Nationwide include Deputy CFO, Treasurer and Director of Financial Planning and Stress Testing. Prior to this, he began his career at PwC, as well as holding roles at Barclays Investment Bank and Chelsea Building Society.

His significant financial services experiences across finance and treasury disciplines mean that he has a deep understanding of Nationwide, and the mutual business model, and he is ideally placed to oversee the long-term financial stability of the Group.

Current external positions include:

Director of Silverstone Securitisation Holdings Limited

Member of the PRA's Practitioner Panel

Previous positions include:

Deputy CFO and Treasurer, Nationwide Building Society

David Bennett

Non-Executive Director

David is an experienced board chairman and non-executive director and brings to the Board extensive experience of retail banking, strategy, risk management, corporate activity and organization and operational and structural change, gained from his long career in financial services.

He has served as Chairman of Virgin Money UK PLC since 2020, and prior to that was Deputy Board Chair from 2015.

Current external positions include:

Chairman of AllFunds Group Plc

Chairman of PayPal UK Limited

Chairman of PayPal Digital Incorporation

Board Member of the Department of Work and Pensions

Previous positions include:

Group CEO, Alliance & Leicester plc

Executive Director, Abbey National plc

Chairman, Homeserve Membership Limited

Chairman, Together Financial Services Limited

Non-Executive Director, Bank of Ireland (UK) PLC,

Chairman, Ashmore Group plc

Anand Aithal

Non-Executive Director

Anand Aithal has over 30 years of international experience across financial, business, government and professional services. For five years he was Lead Non-Executive Board Member of the Cabinet Office and he has also served on not-for-profit boards in the education and international development arenas.

Prior to his non-executive career, Anand was a Managing Director at Goldman Sachs before starting his own firm, which was a pioneering provider of data analytical services.

Current external positions include:

Non-executive director of Saga plc

Non-executive director of Polar Capital Holdings plc

Non-executive director of Persimmon plc

Trustee of the Institute for Government

Non-executive advisor to the Association of Chartered Certified Accountants

Previous positions include:

Non-Executive Board Member of the Cabinet Office

Committees of Our Board of Directors

Our **Board of Directors** operates through its meetings and through its four main committees, the Audit Committee, the Nomination and Governance Committee, the Remuneration Committee and the Board Risk Committee. To the extent that matters are not reserved to our Board of Directors, responsibility is delegated to the Group Chief Executive Officer, who is assisted by the Group Management Committee, Group Risk Committee, Group Assets and Liabilities Committee, Executive Committee (Exco) and the Executive Risk Committee.

The **Audit Committee** provides oversight and advice to the Board in respect of among other things, financial reporting, financial crime, internal and external audit, and the adequacy and effectiveness of internal controls and risk management systems.

The purpose of the **Nomination and Governance Committee** is to assist the Chairman in keeping the composition of the Board under review, making recommendations to the Board on succession planning, executive level appointments and leading the appointments process for nominations to the Board. The Committee oversees the implementation of the Group's Inclusion and Diversity strategy and objectives. It also reviews the Board's governance arrangements and makes recommendations to the Board to ensure that the arrangements are consistent with best practice.

The **Remuneration Committee** is responsible for determining and agreeing with the Board the framework or broad policy for remuneration of the Chairman, the directors and other senior executives of the Combined Group including employees who are identified as material risk takers under the PRA Remuneration Code. It determines, within the terms of the agreed policy, the specific remuneration packages for these roles. The Committee also reviews the ongoing appropriateness and relevance of the remuneration policy across the Combined Group.

The purpose of the **Board Risk Committee** is to provide oversight and advice to the Board in relation to current and potential future risk exposures and future risk strategy, including determination of risk appetite. In addition, the Committee is responsible for monitoring compliance oversight, and the effectiveness of the Combined Group's Enterprise Risk Management Frameworks ("**ERMFs**"). It also advises the Remuneration Committee on any risk adjustments to be made, including risk appetite, risk monitoring, and risk adjustments to remuneration.

Management Committees

The purpose of the **Group Management Committee** is to review the performance and strategy of the Combined Group. It acts as a forum to assist the Group Chief Executive Officer with their responsibilities in relation to the Combined Group and provide executive oversight and challenge of Combined Group-wide matters prior to their consideration by the Board. The Committee's membership is composed of the Group Chief Executive Officer, the Chief Executive Officer of Virgin Money UK PLC, the Group General Counsel, the Group Chief Financial Officer, the Chief Risk Officer, the Chief Operating Officer and the Chief People Officer.

The purpose of the Group Risk Committee is to review, monitor and control the Combined Group's risk appetite, controls and exposures. It acts as a forum to assist the Group Chief Executive Officer and the Group Chief Risk Officer with their responsibilities in relation to the Group and provides a forum for executive consideration of Combined Group-wide risk matters prior to their consideration by the Board and separately to the broader non-executive oversight and challenge provided by the Board Risk Committee. The Committee's membership comprises the Group Chief Executive Officer, the Chief Executive Officer of Virgin Money UK PLC, the Group General Counsel, the Chief Financial Officer, the Chief Risk Officer, the Chief Operating Officer and the Chief People Officer.

The purpose of the Group ALCO is to be responsible for the strategic direction of the Group's assets and liabilities and the profit and loss implications of balance sheet management actions. It acts as a forum to assist the Group CEO and the Group CFO with their responsibilities in relation to the Combined Group and provides a forum for executive consideration of balance sheet related matters prior to their consideration by the Board. The Committee's membership comprises the Group Chief Financial Officer, Group Chief Executive Officer, the Chief Financial Officer of Virgin Money UK PLC, the Group Chief Risk Officer, as well as the Society's Director of Retail, Director of Retail Products, and Director of Mortgages and Financial Wellbeing.

The **Executive Committee** is the Society's key operational committee which oversees the day-to-day operations of the Society's business. This Committee meets weekly, reviews all matters that are to be presented to the Board of Directors, and is composed of the Group Chief Executive Officer, Chief Financial Officer and the Society's senior leadership team (this includes the Chief Internal Auditor who is an attendee of the Committee).

The **Executive Risk Committee**, which meets on average once a month, is responsible for ensuring a coordinated approach across all risks across the Society's business and oversight of its risk committees. The Committee's membership comprises members of the Executive Committee and it is chaired by the Chief Risk Officer. The sub committees of the Executive Risk Committee comprise:

- Credit Committee; and
- Model Risk Oversight Committee.

Credit Committee is responsible for determining and amending the Society's attitude to lending risk and set thresholds for endorsement by the Executive Risk Committee and the Board Risk Committee. It also manages the Society's lending risk profile in accordance with its Enterprise Risk Management Framework, Board Risk Appetite, Strategy and the Financial Plan.

The Committee's membership comprises the Chief Credit Officer (Chair), Group Chief Risk Officer, Group Chief Financial Officer, Head of Secured Credit Risk, Head of Unsecured Credit Risk, Director of Mortgages and Financial Wellbeing, Head of Credit Risk Management, Director of Modelling. For more information about the Credit Committee, see the section entitled "*Financial Risk Management—Credit risk*."

The **Model Risk Oversight Committee** is responsible for overseeing the Society's model risk, assessing whether models are fit for purpose and reviewing and challenging the Society's 1st Line use and management of models to manage the risk.

The Committee is comprised of the Head of Model Risk Oversight: Credit, Head of Model Risk Oversight; Finance, Head of Model Risk Management; Head of Business Risk Oversight, Head of Treasury Risk Oversight; Director of Modelling; Head of Credit Risk Management; Head of Balance Sheet Reporting and Forecasting, Head of Provision Reporting and Head of Balance Sheet Risk Framework and Modelling.

The **Economic Crime Risk Committee** was disbanded in April 2025.

The ALCO was disbanded in June 2025, upon the formation of the Group ALCO.

Compensation

For the period ended March 31, 2025 the aggregate amount of compensation that we paid to the executive directors on the Board as a group totaled £4.0 million. We operate an annual performance pay plan for executive directors that only pays out if performance targets are met under a broad range of individual, strategic and financial corporate metrics. From the year ended April 4, 2023, we introduced a long-term performance pay plan for executive directors that will only pay out if sustainable long-term performance targets linked to financial and strategic objectives are met. Minimum regulatory deferral requirements apply across combined performance pay awards, with a portion of combined awards deferred for between three and seven years. The Remuneration Committee sets the performance targets under both the annual and long-term plans each year. For the period ended March 31, 2025, the maximum combined award opportunity under both plans for the current Group Chief Executive and Group Chief Financial Officer was 400% and 200% of base salary, respectively.

In addition, executive directors receive other benefits including travel, accommodation and other business-related costs incurred in connection with the performance of their duties, as well as medical insurance, car allowance and security.

Directors' Loans

As at March 31, 2025, we had loans to directors totaling approximately £0.01 million. All of these loans were granted in the normal course of business and were largely made up of residential mortgage loans and balances on credit cards. While the Society previously offered directors and other employees' discounts on residential mortgage loans, these offers have been ceased. Some such loans originated before the offer cessation date may still be extant.

We maintain a register containing the details of all loans, transactions and other arrangements made between our directors (and persons connected with our directors) and the Society or its subsidiaries. This register is available for inspection at our annual general meetings and during normal business hours at our principal office during the 15 days prior to our annual general meeting.

Management Employee Pension Schemes

Executive directors (Debbie Crosbie and Muir Mathieson) receive a cash allowance in lieu of pension.

Related-Party Transactions

For information on transactions with related parties, see Note 35 to 2025 Financial Statements.

COMPETITION

Industry Background

Our main competitors are the five largest UK banking groups. In addition, we also compete with a range of other smaller challenger banks, with other building societies and with insurance companies. In recent years, new competitors have emerged in all areas of the UK personal financial services market where evolving technology and innovation have widened the range of competitive threats. A description of the traditional types of organizations with which we continue to compete as well as a description of certain new competitors is set forth below.

Major UK Banks

The UK financial services market is dominated by the five largest banking groups, namely Lloyds Banking Group, NatWest Group, Barclays, HSBC UK and Santander UK. These are our principal competitors in our core mortgages, savings and personal account markets.

In the recent past, prior to the coronavirus pandemic, mortgage competition was being driven by certain ring-fenced banks as they deployed surplus liquidity in lending markets. They had a further advantage from the lower cost of their deposits which stemmed from their significant market shares in low/zero cost transactional balances associated with personal current accounts. The COVID-19 pandemic accentuated this advantage, with the growth in retail deposits due to changes in customer behavior accruing in the ring-fenced banks, enhancing excess liquidity advantages.

In personal current accounts, and their associated non-rate-sensitive deposit balances, the scale of the existing customer bases and strategic investment programs of these banks makes them prime competitors.

Smaller UK "Challenger Banks"

We also compete with a series of smaller UK banks that have emerged as challengers to the industry leaders ("**challenger banks**") (e.g. TSB, Co-operative Bank and Metro Bank). These banks have struggled to gain scale, with lending ambitions disadvantaged by higher cost of funds and profit impacted by relatively high cost-to-serve models. As a result, these banks have been targeted for acquisition (Virgin Money by Nationwide, Co-op Bank by Coventry Building Society) or have strategically pivoted into specialist segments where loan yields are higher (Metro Bank).

Building Societies

Over the past 30 years, many building societies have merged with other building societies or, in a number of cases, transferred their businesses to the subsidiary of another mutual organization or demutualized and transferred their businesses to existing or specially formed banks. As a result, the number of authorized building societies in the United Kingdom has fallen from 137 in 1985 to 42 as at June 2, 2025 (according to Bank of England data). Building societies today continue to hold an important share of the UK mortgage and savings market, but typically operate on narrower margins than the banks. To mitigate this, some of the larger providers have either become full service banking providers (Coventry Building Society through its acquisition of Co-operative Bank) or diversified their business models (Skipton Group via Connells estate agency). For further information about the UK residential mortgage market and UK retail deposit market see below.

UK Insurance Companies

The UK insurance industry is dominated by large general and life insurance companies originating a range of products, distributed through building societies, banks, direct sales forces and independent financial advisors.

Other Competitors

A number of large retailers sell financial services to their customers, often through cooperation arrangements with existing banks and insurance companies. Retailing groups, namely Tesco and Sainsburys, have been active in the retail banking market (largely via savings and unsecured lending), but have both recently exited, selling operations to Barclays and NatWest respectively. Specialist lenders such as Paragon Banking Group, OneSavings Bank, Shawbrook and Aldermore offer competitive savings products which back high-yield business lending (Metro Bank has recently pivoted into this market). At their perimeter, these banks also compete with the Society in the professional buy-to-let markets. In addition, foreign banks, investment banks, insurance and life assurance companies have at various times been active in UK personal financial services, particularly the mortgage and retail savings markets, and a number of companies have expressed a desire to enter the market. In recent years, two US global banks, JPMorgan Chase and Goldman Sachs have entered the UK banking market, with digital only subsidiaries, Chase UK and Marcus respectively.

The growth of internet price comparison sites has enabled consumers to have access to information that has increased price competition particularly in certain insurance markets. Online automated advice is likely to have an increasing impact on investment and protection markets. Companies are using low-cost telephone, internet and mobile distribution channels to offer competitively priced retail savings accounts, mortgages and other financial products. The internet and mobile communications technology provide opportunities for further competition from organizations from outside the traditional banking sector. This includes new banks specifically providing mobile-phone based banking (e.g. Starling, Revolut, Atom and Monzo) and large technology companies either already using their core businesses as a platform for financial services, particularly in the payments arena, or being in a strong position to do so in the future should they choose to (e.g. the so-called Big Tech). The continued development of the intermediary sector also allows new entrants to gain access to the UK mortgage market and increase price-based competition on larger mortgage lenders. Competition regulation has and may eventually further assist potential entrants if it enforces the breakup of some of the larger participants or the sale of those in public ownership.

The UK Residential Mortgage Market

The table below sets out information for the last three years concerning year-end balances of UK lending secured on residential property and the proportions held by building societies, banks and us:

Year ended December 31,	Total Balances(1)	Banks & Building Societies(1)	Others	Society's share of total UK residential mortgages(1)
		(£ billion, except percentages)		
2024	1,678.2	90.2%	9.8%	12.7%
2023	1,619.0	89.9%	10.1%	12.3%
2022	1,628.1	89.1%	10.9%	12.2%

Note:

(1) *Source*: Bank of England, except for information regarding our balances which are taken from our own data. Building society figures include our own balances.

Although the overall size of the new mortgage market has shrunk considerably since 2007, the nature of competition is essentially unchanged, in that it involves defending the existing stock of balances and competing for the flow of new lending.

Competition for new lending remains fierce and is driven by first-time buyers or next-time buyers remortgaging, moving homes or extending their mortgages. During the first period of lockdown from March 2021 to June 2021, mortgage activity across the UK fell sharply as a result of the measures imposed by the Government in response to the Covid-19 pandemic, and had since recovered strongly, particularly for house purchases. There has been a decline in the proportion of the UK population owning their own homes, from a peak of around 71% in 2003 to around 64% in 2021 (source: English Housing Survey). The aftermath of the global financial crisis is still evident in the mortgage market, with more limited credit availability at higher LTV ratios. This has been improving in recent years and though the pandemic initially led to increased caution amongst lenders and high LTV products (>85% LTV) are now commonly available in the market and recent market innovation on affordability is supporting first-time buyers. For further information, see "*Risk Factors—Risks Related to Our Business—Changes to interest rates or monetary policy, whether by the UK, US or other central banking authorities, could affect the financial condition of our customers, clients and counterparties, which could in turn adversely affect us.*" Competition is driven by a combination of price, risk profile and access to funding by lenders.

Our market share of gross advances of 16.3% during the period ended March 31, 2025 was slightly above the prior year (April 4, 2024: 11.5%).

The UK Retail Deposit Market

The UK retail deposit market is dominated by banks, building societies and NS&I and has increasingly become a commoditized market driven primarily by price, particularly for the flow of new money that generally seeks the most attractive rates available. However, the limits of the FSCS appear to have led some customers to spread their savings across a number of different companies.

In the last few years, competition for UK retail deposits has increased as new participants, such as foreign banks, supermarkets, insurance/life assurance companies and direct online banking providers have entered the market by offering attractive rates of interest and packaged features. These new entrants have caused the cost of attracting new retail deposits to increase for existing players in the market and have impacted the flow of new retail deposits.

We believe that increased consumer awareness driven by the press and increased competition in the context of greater trust of smaller brands supported by FSCS guarantees has created potentially greater volatility of retail deposit balances both between different organizations and between different accounts within organizations. This has resulted in a reduction in the differential between rates paid to new and existing customers as organizations balance retaining existing customers whilst attracting new funds.

The Combined Group deposit balances grew by £67.3 billion in the twelve-month period ended March 31, 2025, including £53.3 billion of Virgin Money balances, and our market share of deposit balances increased slightly to 12.2% (March 31, 2024: 9.5%), which reflected the competitiveness of our savings products.

Competitive Outlook

Prior to the coronavirus pandemic, while some weaknesses remained, the major banks had largely completed the process of financial repair upon which they embarked following the financial crisis. The end of significant costs for PPI customer redress and the completion of costly and disruptive ring-fencing re-organization had also left this group better able to compete and in recent years the major banks had begun to compete more aggressively.

With the onset of the Covid-19 pandemic, despite the availability of cheap Bank of England funding, the sharp fall in Base Rate has compressed the net interest margins of the ring-fenced banks, which, with their cost of deposits already very low, are left with less scope than other competitors to widen deposit spreads. As Base Rate has increased post-pandemic in response to inflationary pressures, ring-fenced banks have enjoyed improved net interest margins, even as consumers have been incentivized to move funds from 0% rated current accounts to higher cost savings products. Given the ring-fenced banks' large corporate and consumer finance loan exposures, the cost of living crisis may lead to increased credit losses, although investor guidance suggests the credit environment remains benign. Moreover, increased digitization (both front and back end) and rightsizing is expected to moderate costs and improve customer advocacy moving forward. As such, competitive pressure will remain high, with higher deposit income from the ring-fenced banks ensuring the mortgage pricing environment remains challenging, given high volume appetite from banks with meaningful levels of excess liquidity.

Competition for personal current accounts also looks set to remain intense as regulatory measures to allow customers to switch provider more easily are accompanied by both an increased appetite by providers to grow, or at least maintain, a current account base as a driver of active customer relationships and net interest income through structural hedging programs, given a smaller overall market due to a more competitive savings market. Investment in new digital capabilities will continue at high levels, as major participants look to compete digitally against their existing competitors and to frustrate newer entrants and fintech innovators as they urgently seek to establish a volume base to secure their financial viability.

SUPERVISION AND REGULATION

Regulatory environment

Our principal regulators are the PRA and the FCA.

The PRA has four statutory objectives, including *inter alia*: (i) to promote the safety and soundness of the firms which it supervises; (ii) with respect to insurers, to contribute to the securing of an appropriate degree of protection for policyholders; (iii) a secondary objective to facilitate effective competition; and (iv) facilitate the international competitiveness of the UK economy (in particular the financial services sector) and its growth in the medium to long term. The PRA's regulatory and supervisory approach incorporates three key characteristics: to take a judgment-based approach, to take a forward-looking approach and to focus on key risks.

The FCA has a strategic objective to ensure that the relevant markets function well. In support of this, the FCA has three operational objectives: to secure an appropriate degree of protection for consumers; to protect and enhance the integrity of the UK financial system and to promote effective competition in the interests of consumers. The Financial Services and Markets Act 2023 also gives the FCA, as well as the PRA, a secondary objective to facilitate the international competitiveness of the UK economy and its growth, in the medium to long term.

The regulators are also required to have regard to certain regulatory principles when exercising their regulatory functions, including the need to contribute towards achieving compliance by the Secretary of State with section 1 of the Climate Change Act 2008 (which contains the UK net zero emissions target) and section 5 of the Environment Act 2021 (which sets out other environmental targets) where they consider the exercise of their functions to be relevant to the making of such a contribution.

We operate in a heavily regulated environment, which continues to evolve. Certain elements of the regulatory environment which continue to attract regulatory focus are set out below; however, this does not purport to be a comprehensive overview of the regulatory regimes in which we operate.

Our capital, leverage and MREL requirements

Risk-based capital requirements

Under the prudential framework as at the date of this Registration Document, we are required to hold a minimum amount of regulatory capital equal to 8% of its RWAs (the "**Pillar 1 requirement**"), plus certain additional CET1 capital buffers (the "**buffer requirement**"). Certain buffer requirements may be extended to credit institutions designated as 'global systemically important institutions'("**G-SIIs**") or 'other systemically important institutions' ("**O-SIIs**"). We are not presently designated as a G-SII but we have been designated as an O-SII. The PRA has indicated that the O-SII buffer will be used to reflect an institution's domestic and global systemic importance, while a separate Systemic Risk Buffer ("**SRB**") will be used to prevent and mitigate macroprudential or systemic risks not otherwise covered by Pillar 1 requirements or the O-SII buffer.

Our total buffer requirement, as at the date of this Registration Document, is equal to 5.5% of RWAs (comprised of a capital conservation buffer of 2.5%, a counter-cyclical buffer of 2.0% and an O-SII buffer of 1.0%). The PRA is required to review O-SII buffer rates once a year and reassessed O-SII buffer rates in November 2024 with Nationwide's O-SII buffer set at 1.5%.

In addition, the PRA may impose additional individual capital requirements on us, which may comprise an add-on to the Pillar 1 requirement (the "**Pillar 2A requirement**") to address risks to us which the PRA considers are not adequately covered by Pillar 1 requirements, and/or an add-on to the buffer requirement (the "**PRA buffer**") to provide for additional capital buffers as a mitigation against future possible stress periods. We are subject to a Pillar 2A requirement which is set on an annual basis by the PRA based on the submission of the results of the annual internal capital adequacy assessment process. As at March 31, 2025, our Pillar 2A capital requirement was 4.7% of RWAs. The PRA presently requires that the level of the PRA buffer is not publicly disclosed and is set for each institution individually. Like the Pillar 2A requirement, the PRA buffer is a point in time assessment that, in respect of UK firms, is made by the PRA and is expected to vary over time. A failure to satisfy the PRA buffer could result in the Society being required to prepare a capital restoration plan.

We may also decide to hold additional amounts of capital, as part of its risk and growth strategies.

As at March 31, 2025, our CET1 ratio was 19.1% and our total regulatory capital ratio was 23.8%.

Leverage-based requirements

As of January 1, 2022 and in accordance with Policy Statement PS21/21, the leverage ratio framework applicable in the UK was simplified into a single leverage exposure measure. This includes mandatory leverage requirements for in-scope firms (such as the Society), as well as a PRA supervisory expectation with respect to the risk of excessive leverage for firms not subject to a minimum requirement.

The leverage ratio framework is intended to mirror aspects of the risk-weighted capital requirement. The calculation determines a ratio based on the relationship between Tier 1 capital and total exposures (i.e. non-risk-weighted assets), including off-balance sheet items. The leverage ratio does not distinguish between unsecured and secured loans, nor recognize the ratio of loan to value of secured lending. As at the date of this Registration Document, the leverage ratio requirement is set at 3.25% of exposures excluding central bank reserve exposures. At least three-quarters of the leverage ratio requirement must be met with CET1 capital and up to one-quarter may be met with Additional Tier 1 capital.

In addition, the leverage ratio framework includes two additional buffers that are to be met using CET1 capital only: an Additional Leverage Ratio Buffer ("**ALRB**"), applying to the largest UK banks and building societies (including the Combined Group) and set at 35% of the relevant firm's G-SII or O-SII RWA-based buffer, and a macro-prudential Countercyclical Leverage Buffer ("**CCLB**"), which is set at 35% of the corresponding risk-weighted countercyclical buffer (and rounded to the nearest 0.1%, with 0.05% being rounded up).

Our leverage ratio was 5.2% at March 31, 2025. Given the nature of our balance sheet, which is underpinned by residential mortgage assets with a low risk profile (as demonstrated by a low level of arrears compared to the industry average), our current binding capital constraint is based on leverage-based (rather than risk-based) capital requirements. Based on our current understanding of the proposed changes to risk-weights, and subject to final implementation, we currently expect that the leverage ratio will continue to be our binding capital constraint in the near-term.

See "*Risk Factors – Regulatory Risks –Capital and liquidity requirements*" for more information on the proposed changes to the threshold for application of the leverage ratio.

MREL and resolution strategy

MREL requirements have been introduced as part of a regime designed to make it easier to manage the failure of banks and building societies in an orderly way, without reliance on taxpayer bail-outs. These rules require all in-scope institutions to meet an individual MREL requirement by issuing own funds (capital instruments) and (depending on the preferred resolution strategy for the relevant institution) other "eligible liabilities" which are available to be bailed-in (i.e. written down or converted to equity on the occurrence of certain trigger points), calculated as a percentage of total liabilities and own funds and set by the relevant resolution authorities.

MREL requirements are split into two elements: firstly, a loss absorption amount, to cover losses up to and in resolution, based on a firm's minimum going concern capital requirement; and secondly (to the extent relevant for the preferred resolution strategy for the relevant firm), a recapitalization amount, intended to enable the firm to continue as a going concern post-resolution and to access funds in the capital markets (and accordingly, for firms (such as the Society) with a "bail-in" resolution strategy, the recapitalization amount is likely to be at least equal to the minimum going concern capital requirement).

The Bank of England has set us an indicative MREL requirement of 6.5% of our leverage exposure. In addition to our MREL requirement, we must also hold applicable leverage ratio buffers of 1.05% of our leverage exposure. Together the MREL requirement and applicable buffers represent our "loss-absorbing capacity" requirement. As at March 31, 2025, our MREL resources were equal to 8.9% of our leverage exposure.

The preferred resolution strategy for us has been set by the Bank of England as "bail-in", reflecting our size and consequential risks of an insolvency process. 'Bail-in' would involve the write-down or conversion to equity instruments (such as core capital deferred shares ("**CCDS**")) of our liabilities, and would be expected to result in the write-down or conversion of all or a large part of our own funds and other eligible liabilities (and could in addition result in the write-down or conversion of our other, more senior-ranking liabilities). Notwithstanding this, the actual approach taken, should we require resolution, will depend on the circumstances at the time of a failure, and all available options would be considered by the Bank of England.

Stress Tests

Since 2014, the Bank of England has conducted annual stress tests of the UK banking system. The annual cyclical scenario ("**ACS**") includes all major UK banks and building societies with total retail deposits equal to, or greater than, £50 billion on an individual or consolidated basis, at a firm's financial year-end date. This group includes us.

On July 12, 2023, the Bank of England issued the results of its latest Concurrent Stress Test. The specified hypothetical annual cyclical scenario ("**ACS 2022**") considered a 31% decrease in house prices, 8.5% peak in unemployment and Bank Base Rate peak of 6% in the first year of the scenario. The results of the ACS 2022 show that the Society's capital position remained robust with our common equity tier 1 ratio at its lowest point in the stress, at 20.3%, remaining significantly above the 7.4% hurdle rate. Our leverage ratio remained unchanged at 5.6% which was above the 3.6% hurdle rate. Full distributions on all Tier 1 capital instruments continued to be made throughout the scenario. The PRA has confirmed we are not required to submit a revised capital plan or take additional actions as a result of the stress test exercise.

As set out in the Bank of England's updated Approach to Stress Testing the UK Banking System, published in November 2024, the ACS has now been succeeded by the 'Bank Capital Street Test' ("**BCST**") which the Bank of England expects to undertake every other year from 2025 onwards.

GENERAL INFORMATION

1. Our principal office is Nationwide House, Pipers Way, Swindon SN38 1NW, England.

2. There are no governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened) of which the Society is aware in the 12 months preceding the date of this Registration Document which may have or have had in such period a significant effect on the financial position or profitability of the Combined Group.

3. Since March 31, 2025, there has been no significant change in the financial performance or financial position of the Combined Group. There has been no material adverse change in the prospects of the Combined Group since March 31, 2025.

4. There are no material contracts having been entered into outside the ordinary course of our business, and which could result in any group member being under an obligation or entitlement that is material to our ability to meet our obligation to holders of Securities.

5. The financial statements as of and for the period ended March 31, 2025 and the years ended April 4, 2024 and 2023, incorporated by reference in this Registration Statement, have been audited by Ernst & Young LLP, independent auditors, as stated in their reports incorporated by reference herein.

   Ernst & Young LLP, independent auditors, has given and not withdrawn its written consent to the inclusion in this document of its accountant's report on the unaudited pro forma financial information relating to the Group set out in Section B of the Part titled "Unaudited Pro Forma Financial Information", and has authorized the contents of the part of this Registration Document which comprise its report for the purpose of 5.3.5R(2)(f) of the Prospectus Regulation Rules of the FCA and item 1.3 of Annex 7 of the UK version of Commission Delegated Regulation (EU) 2019/980.

6. For so long as the Issuer may issue Securities with respect to which this Registration Document forms a constituent part of a Prospectus prepared by the Issuer relating to such Securities, the following documents may be inspected at https://www.nationwide.co.uk/investor-relations/usmtn-terms-of-access/usmtn-programme/, https://www.nationwide.co.uk/investor-relations/covered-bond-terms-of-access/covered-bond-programme/ and https://www.nationwide.co.uk/investor-relations/emtn-terms-of-access/emtn-programme/:

   (a) the Memorandum and the Rules of the Society;

   (b) the most recent publicly available audited consolidated financial statements beginning with such financial statements as of and for the period ended March 31, 2025 and the years ended April 4, 2024 and 2023; and

   (c) the independent auditor's report of Ernst & Young LLP in respect of our audited consolidated financial statements as of and for the period ended March 31, 2025.

7. This Registration Document (including any documents incorporated by reference herein) will be available for viewing at https://www.nationwide.co.uk/about/investor-relations. For the avoidance of doubt, unless specifically incorporated by reference into this Registration Document, information contained on the website does not form part of this Registration Document.

8. The Legal Entity Identifier (LEI) code of the Issuer is 549300XFX12G42QIKN82.

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